

Your EQ skills: got what it takes? So you thought the CPA exam was your last test? Read on.

by Michael D. Akers , Grover L. Porter

Question: Is success in life and career determined primarily by rational intelligence (the IQ or intelligence quotient) or emotional intelligence (the EQ or emotional quotient)? In other words, what's more important: intelligence or intuition? Historically the professional accounting literature has placed little emphasis on behavioral issues such as EQ, although human behavior underlies most of what is written and taught about professional accounting. Now managers place increased value on behavioral skills that help people in the workplace. Look at this statistic: The productivity of one-third of American workers is measured by how they add value to information. Doesn't that describe CPAs exactly? This article will examine the ways in which EQ is crucial to CPAs' success and how they can cultivate EQ if they haven't got a lot of it.

The AICPA and the Institute of Management Accountants recognize that emotional intelligence skills are critical for the success of the accounting profession. In *CPA Vision 2011 and Beyond: Focus on the Horizon* (www.cpavision.org), the AICPA identifies emotional skills as extremely important, and an IMA research study says "interpersonal skills" are most important for success as professional accountants. In another study researchers examined the knowledge and abilities that students need to succeed in different professions and concluded they require a portfolio of skills that includes EQ. Is there a CPA or accounting student who can afford to ignore his or her EQ?

WHAT IS EQ?

"Basically, your EQ is the level of your ability to understand other people, what motivates them and how to work cooperatively with them," says Howard Gardner, the influential Harvard theorist.

THE EQ/IQ SKIRMISH

What factors are at play when people of high IQ fail and those of modest IQ succeed? How well you do in your life and career is determined by both. IQ alone is not enough; EQ also matters. In fact, psychologists generally agree that among the ingredients for success, IQ counts for roughly 10% (at best 25%); the rest depends on everything else--including EQ. A study of Harvard graduates in business, law, medicine and teaching showed a negative or zero correlation between an IQ indicator (entrance exam scores) and subsequent career success. Three examples illustrate the importance of emotional competencies.

Meeting with potential clients. At a planned three-hour meeting to discuss an audit engagement, a senior partner interrupted the prospective client after she had spoken for only one hour. The CPA's EQ told him something was not right; he asked if her company had a problem that it had not yet communicated, one that his accounting firm could help the company solve. These observations amazed the CEO because she had just received news of two major financial hits the company would take in the next year. Although the audit had been the original purpose of the meeting, it was no longer the most important issue. Because of the partner's intuition, listening skills and ability to ask

questions, his firm was selected to perform the annual audit as well as several consulting engagements. (From Executive EQ: Emotional Intelligence in Leadership and Organizations by Cooper and Sawaf). Since the Sarbanes-Oxley Act has placed limitations on the types of consulting services CPAs can perform, the importance of this example is not that both the audit and consulting services were obtained but rather that the partner identified the client's problems through effective EQ. The expectations created by the Sarbanes-Oxley Act as well as recent statements on auditing standards (for example, SAS no. 99, Consideration of Fraud in a Financial Statement Audit) will necessitate that auditors appropriately use EQ skills in their relationships with publicly traded clients and in the conduct of the audit.

Partners' contribution to profitability.

A study of partners at a large public accounting firm showed that those with significant strengths in self-management contributed 78% more incremental profit than partners who did not have these skills. Additionally, partners with strong social skills added 110% more profit than those with only self-management competencies. This resulted in a 390% incremental profit annually. Interestingly, those partners with significant analytical reasoning skills contributed only 50% more incremental profit. (From Primal Leadership: Realizing the Power of Emotional Intelligence by Goleman, Boyatzis and McKee.

EQ TRAINING

Organizations can assist employees in developing emotional competencies by providing appropriate training. The Consortium for Research on Emotional Intelligence in Organizations, which consists of researchers and practitioners from business schools, the federal government, consulting firms and corporations, has developed guidelines for best practices in teaching emotional intelligence competencies.

For most people EQ--even if they didn't recognize it as such--has always been more important than IQ in attaining success in their lives and careers. As individuals our success and the success of the profession today depend on our ability to read other people's signals and react appropriately to them. Therefore, each one of us must develop the mature emotional intelligence skills required to better understand, empathize and negotiate with other people--particularly as the economy has become more global. Otherwise, success will elude us in our lives and careers.

Additional Reading

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www.eiconsortium.org, the Consortium for Research on Emotional Intelligence in Organizations.

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