ark was dreading his meeting with Dave. His team had identified significant control issues in the new purchasing system—significant enough to have a negative impact on the system’s stated objectives. Dave, the executive responsible for the system, had promised senior management it would not fail.

Mark walked into Dave’s office after deciding it was best to get right to the point. “You’ve seen the draft of the audit report,” he said. “It is apparent that the issues we identified reveal the program will not meet any of its agreed upon goals.”

To Mark’s surprise, Dave had no response—he just kept looking down at the report printout. But just as Mark was about to discuss potential corrective actions, Dave exploded. “I know how you auditors work,” he yelled. “You come into an area you don’t understand and dig until you find something wrong. You’re just trying to make a name for yourselves—you’ve always been out to get me.”

Mark was taken aback but refused to ignore the attack on himself and his department. “We know exactly what we’re doing,” Mark snapped back. “And our only problem with you is that your project’s failure will cost the organization a fortune.” The conversation then quickly devolved into a shouting match, with fingers pointed and accusations of incompetence and poor leadership thrown about. Eventually, Mark was summarily dismissed from Dave’s office.

As this scenario—based on real events—reveals, even the most well-intentioned meeting can go quickly awry. And while numerous reasons could be given for the communication breakdown, in essence both parties’ emotions superseded rational discussion.

The scenario shows that, despite frequent emphasis on the need for internal auditors to possess analytical, emotional intelligence can help auditors build and maintain positive, productive relationships throughout the organization.

J. Michael Jacka
Illustration by Sandra Dionisi
critical-thinking, and technical skills, the ability to establish effective interpersonal relationships is a much more important competency. An audit can be conducted with thorough attention to detail and accuracy, with meticulously supported findings, but one interpersonal misstep could shatter the entire process. Effective auditing requires practitioners to build and maintain positive relationships with clients and co-workers.

EMOTIONAL INTELLIGENCE

Understanding and managing one’s emotions, as well as understanding the emotions of others, is fundamental to successful interpersonal relationships. The degree to which an individual possesses this ability is known as emotional intelligence—also referred to as emotional quotient (EQ).

EQ is best understood through the Emotional Competence Framework, developed by psychologist Daniel Goleman. Encompassing several practical skills that underlie EQ, Goleman’s framework features a two-pronged structure consisting of personal competencies—how we manage ourselves—and social competencies—how we handle relationships. (For additional details on each of the framework components, see “The Emotional Competence Framework,” this page.)

Personal Competence These skills focus more on the individual than on the individual’s interactions with other people. They involve the ability to stay aware of internal emotions while managing personal behaviors and tendencies.

» Self-awareness—recognition of our emotions as they happen. An inability to notice one’s true feelings as they occur leaves that individual at their mercy. Conversely, the ability to monitor these feelings as they occur allows better control of them.

When Dave attacks Mark, he responds without considering how his emotions have taken control. To keep the situation from escalating, Mark needs to understand the reasons for his immediate reaction before continuing the conversation.

» Self-regulation—the ability to use self-awareness to better manage emotions (once they are recognized) and react appropriately. If Mark recognizes that anger is driving his reactions, he can pause, control his emotional response, and develop a response that does not escalate conflict.

» Motivation—understanding the emotional tendencies that guide or facilitate reaching goals. Any number of emotional motivations could be driving Mark’s behavior—pride in the work his team accomplished, fear that the audit schedule would not be met, and as the meeting played out, anger over the impediment to completing the assignment. By understanding his motivations, Mark could ensure that his needs align with Dave’s.

Social Competence These skills represent the ability to understand other people’s moods, behaviors, and motives. They enable individuals to improve the quality of their relationships.

THE EMOTIONAL COMPETENCE FRAMEWORK

The Emotional Competence Framework describes the skills that comprise EQ. While no one can be adept at all of the skills listed, individuals with a high EQ will have strengths in some, spread across all five areas. The framework should be of particular interest to practitioners, as it covers skills required of top internal audit professionals.

PERSONAL COMPETENCE—HOW WE MANAGE OURSELVES

Self-awareness—Recognizing your emotions as they happen.

» Emotional Awareness: Recognizing your emotions and their effect.
» Accurate self-assessment: Knowing your strengths and limits.
» Self-confidence: A strong sense of self-worth and capabilities.

Self-regulation—Using self-awareness to better manage emotions.

» Self-control: Keeping disruptive emotions and impulses in check.
» Trustworthiness: Maintaining standards of honesty and integrity.
» Conscientiousness: Taking responsibility for personal performance.
» Adaptability: Flexibility in handling change.
» Innovation: Being comfortable with novel ideas and approaches.

Motivation—Understanding the emotional tendencies that guide or facilitate reaching goals.

» Achievement drive: Striving to improve or meet a standard of excellence.
» Commitment: Aligning with the goals of the group or organization.
» Initiative: Readiness to act on opportunities.
» Optimism: Persistence in pursuing goals.
Employees who rated supervisors as having high EQ felt more engaged and that their work was more meaningful, according to a 2016 Yale Center for Emotional Intelligence survey.

> **Empathy** — awareness of others’ feelings, needs, and concerns. Empathy is fundamental to building good relationships, though many internal auditors disregard empathy in their effort to maintain objectivity, logic, and a reliance on facts. Mark sees discussion of the audit results strictly as a logical exercise, and he expects the same from Dave. But Dave’s emotions are driven by his attachment to the project—a project he perceives as under attack. The disconnect immediately causes a conflict and impedes successful communication.

> **Social skills** — the art of inducing desirable responses in others. Mark could have approached the meeting differently had he understood the audit’s potential impact on Dave or at least given more thought to the reason for Dave’s negative response. He could have instead focused on the shared goals of process improvement and ensuring project success.

**EQ AND INTERNAL AUDIT**
The story of Mark and Dave provides just one example of how EQ principles can help internal audit work more effectively with clients. Because almost all aspects of internal auditing benefit from improved interpersonal relationships, the impact of enhanced EQ is far-reaching and spans numerous applications.

**SOCIAL COMPETENCE—HOW WE MANAGE RELATIONSHIPS**

**Empathy** — **Awareness of others’ feelings, needs, and concerns.**
- Understanding others: Sensing other’s feelings and perspectives, and taking an active interest in their concerns.
- Developing others: Sensing others’ development needs and bolstering their abilities.
- Service orientation: Anticipating, recognizing, and meeting the needs of customers.
- Leveraging diversity: Cultivating opportunities through different kinds of people.
- Political awareness: Reading a group’s emotional currents and power relationships.

**Social Skills** — **The art of inducing desirable responses in others.**
- Influence: Using effective tactics for persuasion.
- Communication: Listening openly and sending convincing messages.
- Conflict management: Negotiating and resolving disagreements.
- Leadership: Inspiring and guiding individuals and groups.
- Change catalyst: Initiating or managing change.
- Building bonds: Nurturing instrumental relationships.
- Collaboration and cooperation: Working with others toward shared goals.
- Team capabilities: Creating group synergy in pursuing collective goals.

Adapted from *Working With Emotional Intelligence* by Daniel Goleman.

**Interviewing** The key to successful interviewing is gaining the interviewee’s trust, allowing him or her to feel comfortable sharing information openly and honestly. Applying EQ during interviews begins with understanding any emotions the interviewee may be experiencing—such as fear of saying something wrong, anger at interrupting a daily routine, or apathy about the entire process—and addressing these concerns up front. Auditors should explain the purpose of the interview, as well as what can be expected during the process.

As the interview progresses, the auditor also should be aware of reactions that indicate the interviewee’s emotions may be inhibiting free exchange of information. The auditor should address these emotions—not just the words spoken. This can be as simple as pausing the interview to ensure the interviewee is comfortable—in the room, in the situation, and with the approach being used. It also provides an opportunity to reiterate the purpose of the interview and explain how it is intended to benefit all parties. If the interviewee still seems reticent, the auditor needs to determine whether the interviewee has concerns about the process, with the questions, or with something in the work environment. Similarly, internal auditors should consider how their own emotions may be interfering with effective communication, try to bring those emotions under control, and then proceed with a calmer state of mind.

**Meetings** Many of the EQ principles used during interviews also apply to meetings. Auditors should pay close attention to participants’ emotions before the meeting, watch for any escalation of negative emotions, and avoid getting swept up in their own emotions.

Nonetheless, the emotional dynamics of meetings can be more complicated than interviews because...
of the number of people involved. The auditor must watch for and balance participants’ reactions to ensure no one projects negative emotions that could derail the meeting’s objective. At the same time, the emotions of any other auditors in the meeting must be monitored to ensure the discussion remains focused. For these reasons, everyone within the internal audit department should have an understanding of EQ. If the entire team is adept at applying

EQ concepts, they can work together to monitor and manage their responses, as well as those of the other attendees. As with interviews, explaining what to expect before a meeting can benefit all participants. By providing an agenda ahead of time, internal auditors can help ensure meetings run efficiently and smoothly. On a more fundamental level, the agenda can assuage any concerns or fears clients may have about the scheduled discussion.

Reporting Auditors often approach reports as a logical exercise, methodically describing the audit process from background and purpose to final conclusions. However, the concepts of EQ show that readers bring much more than logic to the document. Anticipating potential reactions and crafting each report to mitigate them will help improve report content and establish better communication. Internal audit departments also may want to consider changing their report formats to an approach based on understanding of EQ. For example, most reports begin with the background, purpose, and scope. However, this structure has no bearing on what motivates the readers of the report. Beginning the report with a description of how results will impact the achievement of objectives may align more closely with the client’s needs.

Feedback Just as EQ is important to client interactions, it is equally important to interactions with other internal auditors. One of the more impactful areas is providing feedback. At some point in their career, most practitioners have received review notes that did not make sense, provided no value, or in general caused them to respond negatively. By understanding what caused these reactions, auditors can better determine how to prevent them when giving feedback to other members of the team.

The reviewer must consider that, no matter how well intentioned, any feedback can be construed as criticism. He or she must anticipate and prepare for this reaction by ensuring everyone understands the benefits of the review and by focusing on the facts—describing what needs to be improved—rather than on the personal traits of the individual being reviewed.

Team Dynamics When an audit department understands and practices EQ concepts, the team will be stronger. Team members will have a better understanding of how to work together effectively, with the ability to gauge and adjust their reactions with each other. They can also work in concert to better align their approaches with other departments, helping minimize negative reactions and build better relationships.

Auditors also should consider EQ when hiring. The right questions can help ensure candidates will work well within the department—and within the overall organization. Interviewers should determine not only how much candidates know about EQ, but how well they practice the necessary skills. For example,
one of the most commonly asked interview questions is, “What is your greatest weakness?” Generally, people are advised to answer this question by turning a strength into a weakness. But candidates with a high EQ will have already asked themselves this question and will be prepared to describe a true weakness, including how they are overcoming it.

HOW TO IMPROVE EQ

The process of enhancing one’s EQ can be an extensive journey, and it is an important enough topic that all internal auditors should explore available resources (see, for example, “Further Reading,” this page). Some basic steps can help practitioners get started.

First, auditors should look to understand and exert appropriate control over their emotions, always remaining mindful of how their emotions might be affecting interactions with both stakeholders and other auditors. And, as practitioners become more aware of how their reactions impact their work with others, they should determine how to better manage those emotions in ways that help improve relationships.

Beyond this initial step, all interactions should be viewed through the prism of the Emotional Competence Framework. Simple practices can enhance anyone’s EQ. These include giving listeners sincere appreciation, talking in terms of the listener’s interests rather than one’s own, saying “we” instead of “I,” welcoming constructive criticism, and not forcing one’s point of view on others. As internal auditors gain more familiarity with the concepts, they will begin to develop their own effective practices for improvement.

HIGH EQ, BETTER PERFORMANCE

Before recognition of EQ’s importance, attention to emotions in the business world was often frowned upon. In fact, many business people still feel uncomfortable talking about this soft area. But research consistently shows that star performers possess high EQ. Individuals with superior EQ excel in areas such as communication, conflict resolution, team building, and personnel development, all of which are among the most important soft skills for auditors to possess.

Understanding and practicing EQ competencies can help anyone build better and stronger relationships with those around them. And those strengthened relationships can play an instrumental role in an internal auditor’s ability to help protect and enhance organizational value.

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FURTHER READING

Numerous resources can be found on the basics of EQ and how it applies to business. A web search will yield some of the latest information, though several books, in particular, can provide a starting point for individuals who want to better understand the relevant concepts and improve their EQ.

Emotional Intelligence: Why It Can Matter More Than IQ
Daniel Goleman
This book introduced EQ to the general public. While it does not focus on the business world, it provides an in-depth introduction to the concepts of EQ, including details on the underlying research.

Working With Emotional Intelligence
Daniel Goleman
In this follow-up to his previous book, Goleman discusses and explores EQ as it relates to the business world. It includes numerous real-world examples of EQ done right and wrong.

HBR’s 10 Must Reads on Emotional Intelligence
This collection of articles from various authors represents the best that have appeared in the Harvard Business Review on the subject of EQ. The articles include detailed information on how EQ impacts areas such as leadership, teamwork, and feedback.

Emotional Intelligence 2.0
Travis Bradberry and Jean Greaves
Bradberry and Greaves are cofounders of TalentSmart, an organization that provides EQ testing and training. The book provides specific steps to increase one’s EQ as well as access to a free self-test to determine current EQ.

105 Tips for Creating an Emotionally Intelligent Organization
Patrick Merlevede and Gary Vurnum, editors
Various authors provide several short tips for improving EQ within an organization. Focused around seven aspects of organizational improvement, each tip is less than one page and intended to provide simple ideas that can be acted upon immediately.