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## Article

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# Emotional intelligence of the HR decision-maker and high-performance HR practices in SMEs

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## Abstract

**Purpose** – The purpose of this paper is to examine the influence of the emotional intelligence (EI) of the person in charge of making human resource management (HRM) decisions on the adoption of high-performance human resource (HR) practices in small- and medium-sized enterprises (SMEs).

**Design/methodology/approach** – This study takes evidences from 157 HR decision makers in SMEs who autonomously make the decisions in the HR area and were responsible for the HR practices in their firm. The authors used multiple linear regression analysis to test the hypotheses.

**Findings** – Results show that both the EI and the different EI competencies of which it is comprised affect the adoption of various HR practices. Thus, the main theoretical contribution of this work stems from the incorporation of a psychological variable (EI) as an antecedent of HRM. Managers of the SME will find guidance about which emotional competencies are the most important for them to be more successful in their roles and for improving HRM.

**Research limitations/implications** – First, the sample of firms the authors studied is limited to a specific geographic area in one country – Spain (Canary Islands) – that will necessarily limit generalisation of the results obtained to other populations of SMEs. Researchers should replicate the current model in other geographic areas. Second, and with regard the methodology, researchers could explore other tools to measure EI and emotional competencies. It would be interesting to measure this construct using qualitative analytical techniques, with 360 – or 180 – degree tools. Finally, the current study is cross-sectional in nature, which limits our ability to draw causal inferences from the data. This cross-sectional design prevents us, for example, from analysing EI's influence on the continued development of high-performance HR practices over time. Future research using longitudinal methodologies to study these variables could provide additional advances in this area. This work makes important contributions to both the literature and the business world. With regard to the theoretical implications, results confirm that EI as a whole, as well as in terms of its specific emotional competencies, affects the decision making related to the adoption of high-performance HR practices, which is known to contribute to the organisational performance.

**Practical implications** – With regard its practical implications, SMEs' owners-managers and HR practitioners may find our results and conclusions interesting. Indeed, recommendations in business management have often been accompanied by new approaches in HRM (Kent, 2005), as this study proposes. In particular, managers will find evidence of how a decision-maker's higher EI propitiates the adoption of high-performance HR practices, thus being able to improve HRM in their SMEs. Moreover, managers will obtain guidance on which emotional competencies are the most important for adopting each HR practice, and so find greater success in their HRM roles. SMEs could organise programmes to develop the HR decision-maker's emotional competencies, as large firms do for their executives.



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**Originality/value** – Thus, the main theoretical contribution of this work stems from the incorporation of a psychological variable (EI) as an antecedent of HRM. Managers of the SME will find guidance about which emotional competencies are the most important for them to be more successful in their roles and for improving HRM.

**Keywords** Emotional intelligence, High-performance HR practices, HR decision-maker, Small and medium- enterprises

**Paper type** Research paper

## Introduction

During the past few decades, and building on Huselid's (1995) study, research on high-performance human resource (HR) practices has primarily focused on testing the impact of these practices on employees' and organisations' performances, as some meta-analyses (e.g. Subramony, 2009) and further works (e.g. Kehoe and Wright, 2013) show. According to this research, these practices give rise to a number of intended work outcomes, so becoming relevant to firms. The academic interest in showing the positive outcomes of high-performance HR practices contrasts with a few studies interested in identifying organisational and individual antecedents of the adoption of these fruitful practices (Liu *et al.*, 2009). The antecedents, which arguably fall into the categories of market-related factors, business characteristics and access to HR expertise (Wu *et al.*, 2014), are: sector of activity (e.g. Hunter, 2000), firm size and the relative proportion of HR departments' employees within a firm (Huselid and Rau, 1997), competitive strategy and exposure to the HR profession – participation of HR managers in decision making and their position in the company hierarchy – (e.g. Horgan and Muhlau, 2003), organisational culture (e.g. Mavondo *et al.*, 2005), employee union membership rates (Liu *et al.*, 2009) and age of the firm (e.g. Geary, 1999).

However, despite organisations existing within emotional contexts (Radhakrishnan and UdayaSuriyan, 2010), to the best of our knowledge no previous theoretical or empirical study addresses the influence of managers' emotional intelligence (EI[1]) on the adoption of high-performance HR practices. Certainly, some previous studies have been interested in relationships between leaders' EI and followers' outcomes, such as motivation, job satisfaction or willingness to make an extra effort, but those studies recommend additional research along this line (e.g. Alston *et al.*, 2010; Miao *et al.*, 2016; Sy *et al.*, 2006), and its association with the adoption of HR practices in the firm has been not previously considered. Authors' claims have raised the point that research should analyse the importance of managers' EI (e.g. Jamali *et al.*, 2008), and particularly of each individual factor that it is comprised of (Alston *et al.*, 2010; De Haro *et al.*, 2018), in workplace contexts (Hwa and Amin, 2016). The present study aims to fill this gap. Whereas rationality – based on qualities such as the manager's academic background and technical knowledge – was traditionally considered as the key element of effective management (Brotheridge and Lee, 2008), some researchers put emotions at the heart of all work relationships (Goleman, 1998; McClelland, 1973).

Understanding emotion to be the individual systematic responses to stimuli, which includes biological, cognitive, motivational and experiential systems and psychosomatic subsystems (Salovey and Mayer, 1990), emotional displays during interactions at work can have a significant impact on employees' behaviour (e.g. Zampetakis and Moustakis, 2011). Workplaces need emotionally intelligent individuals “who are able to identify, manage, and focus their emotions effectively, and cope successfully with the demands of daily life” (Nafukho and Muyia, 2014, p. 625; in Farnia and Nafukho, 2016). Along with this line, managers with high levels of trait EI may regulate their emotional states by supporting effective courses of action to deal with situations in ways that create more positive emotional responses from subordinates. A manager who is poor at perceiving emotions may unknowingly miss important emotional signals from his or her team members. Similarly, a manager who is poor at managing his or her own emotions may allow emotions to interfere with effective action (Zampetakis and Moustakis, 2011).

According to this approach, emotions are the essence of the manager's work. Thus, EI is seen as a variable that affects the manager's decisions (Cherniss and Goleman, 2001), improves workplace performance, and helps to develop the individuals within organisations. All this has made it an attractive construct for HR development scholars and practitioners (Farnia and Nafukho, 2016).

Based on the above, and taking into account that recommendations in business management are usually preceded by the incorporation of new approaches in HRM (Kent, 2005), we propose that the HR manager's perception about the utility of adopting high-performance HR practices could be influenced not only by rational criteria – e.g., the balance between the additional labour costs and productivity-enhancing benefits associated with using such practices – but also by his/her EI. This proposal might be especially relevant for the setting of small- and medium-sized enterprises (SMEs). SMEs' management is often exercised by a single person who centralises decision making and makes a large number of decisions of hugely varying types and degrees of importance, among them those related to HR (Kotey and Slade, 2005). Since this type of firm does not usually form part of a business group, the owners are frequently entirely responsible for practically all the decision making (Suárez-Núñez, 2003). In addition, in SMEs, management is characterised by proximity, since the decision maker is physically and emotionally close to his or her subordinates (Suárez-Núñez, 2003; Kotey and Slade, 2005). This personal contact may affect the way HR policies and practices are applied, the impact of this proximal management being important for the development of the labour force within the firm. Based on all the above, we pose the following question:

*RQ1.* Does the HR decision-maker's EI directly affect the adoption of the different high-performance HR practices in SMEs?

However, EI is a multi-dimensional construct consisting of different emotional competencies (e.g. Boyatzis *et al.*, 2000; Goleman, 1998) – e.g., empathy, self-control, communication – and no previous studies examine the influence of each emotional competency on the adoption of the various HR practices. Therefore, a second research question arises:

*RQ2.* Which emotional competencies directly affect the adoption of each HR practice?

In order to answer these questions, we carried out fieldwork whereby we took evidence from 157 HR decision makers in SMEs who autonomously make the decisions in the HR area and were responsible for the HR practices in their firm.

The present study contributes to HR literature in three ways. First, it expands our knowledge about the impact of managers' EI in SMEs as an antecedent of the decision making in the HR area. Second, it specifically contributes towards understanding the impact of EI on the adoption of high-performance HR practices. Third, the variables in the study and the conclusions reached are pioneering in the HR literature, since an analysis of the effect of EI, and particularly of each emotional competency, is made regarding the HR decision maker on the adoption of every high-performance HR practice.

We will proceed in the following manner: we start by briefly outlining the theoretical issues of the study by conceptualising EI, contextualising high-performance HR practices in SMEs, and examining how the different dimensions of EI are likely to affect the adoption of high-performance HR practices in SMEs in the second section). In the third section, the methodological design of the empirical study is clarified. We analyse the empirical evidence in the fourth section, so answering the two research questions and testing the hypotheses in the study. The discussion raised from our research and stated in the fifth section provides new insights for research in the HRM field. Finally, in the sixth section, we conclude with some findings and recommendations for future works.

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## Theoretical framework

### *EI: conceptualisation and models*

Academics in the fields of management, psychology and health sciences, as well as practitioners in various industries have shown increasing interest in the term EI (Cho *et al.*, 2015; Jamali *et al.*, 2008; Rathore and Pandey, 2018; Ybarra *et al.*, 2014). Despite this interest, authors have not reached a consensus about its conceptualisation, so do not as yet agree on its definition (Cho *et al.*, 2015; Ciarrochi *et al.*, 2000; Mayer and Salovey, 1997). Nevertheless, the proposals of various authors do have similarities, so the different definitions are more complementary than diverging (Ciarrochi *et al.*, 2000).

Salovey and Mayer (1990) were the first authors to publish a scientific study of EI, starting from Gardner's (1983) intrapersonal and interpersonal intelligence. Later on, they revised their initial conceptualisation and proposed one of the definitions of EI that has gained most acceptance: "the ability to perceive accurately, appraise, and express emotion; the ability to access and/or generate feelings when they facilitate thought; the ability to understand emotion and emotional knowledge; and the ability to regulate emotions to promote emotional and intellectual growth" (Mayer and Salovey, 1997, p. 10). From this perspective, EI is conceptualised as "a set of interrelated abilities possessed by individuals to deal with emotions" (Wong and Law, 2002, p. 244). A large number of research works follow this approach (e.g. Schutte *et al.*, 1998; Arunachalam and Palanichamy, 2017). Another widely accepted definition that has become dominant in the management field is Goleman's (Joseph *et al.*, 2015), whereby EI is "the capacity for recognising our own feelings and those of others, for motivating ourselves, and for managing emotions well in ourselves and in our relationships" (Goleman, 1998, p. 317). According to this conceptualisation, EI involves a set of emotional competencies that allow people to adapt their personal functioning to the demands of their work and the environment, so that EI is observed when a person demonstrates the correct emotional competencies at the appropriate times and with sufficient frequency to be effective in practice (Boyatzis *et al.*, 2000). Focusing on emotional competencies, McClelland (1973) calls them critical differentiators of individual performance at work. These competencies facilitate the handling of one's own and others' emotions (Boyatzis *et al.*, 2000).

The different conceptualisations of EI and its morphological structure in emotional competencies and/or abilities have led to various theoretical models, which can be classified into two types: ability models and mixed models (Cho *et al.*, 2015; Mayer *et al.*, 2000). First, ability models study the individual's aptitude for processing affective information (Salovey and Mayer, 1990), and consider EI as a cognitive capability founded on the real potential of the individual to recognise, process and utilise emotionally charged information. According to Meisler and Vigoda-Gadot (2014), the ability model involves an intellectual understanding of emotion, and states how emotion can guide both thought and actions. This model considers EI as a form of pure intelligence; as a set of cognitive abilities (Mayer and Salovey, 1997; Mayer *et al.*, 2000). Referring its structure, authors have identified four levels of emotional abilities (Mayer *et al.*, 1999), with each level being built on the abilities achieved at the previous level. Moreover, each level has specific abilities: perception, appraisal and expression of emotion; emotion as a facilitator of thinking; understanding of emotion; and management and regulation of emotion (Day and Carroll, 2008). However, such internal structure has stimulated debate lasting nearly a decade with authors finding competing models, which range from one- to four-factor solutions (Fan *et al.*, 2010).

Second, the mixed or trait, models are more eclectic in their conceptualisation than the ability models (Day and Carroll, 2008), since they characteristically combine various personality-related dimensions (e.g. optimism, assertiveness or empathy) with cognitive and emotional factors (e.g. perception, assimilation, understanding and management of emotions) (Sosa-Correa, 2008). Pérez *et al.* (2005) see trait EI as emotional self-efficacy since they relate EI with the individual's behaviours and skills, just as the individual perceives them (Petrides and Furnham, 2001).

Their structure depends on the mixed model proposed by each author. Authors identify from four to two dozen emotional competencies which are mainly grouped into four main areas, although structures of three (e.g. Boyatzis *et al.*, 2000; Nowack, 2007), five (e.g. Goleman, 1998) and even seven areas of competencies have been also proposed. The most frequent structure is the following (Cherniss and Goleman, 2001; Kim and Liu, 2017):

- (1) self-awareness (i.e. knowing one's internal states, preferences and feelings), which includes competencies such as emotional awareness, accurate self-assessment and self-confidence;
- (2) self-management (i.e. skills to control emotions and recover from psychological distress), which encompasses competencies such as emotional self-control, adaptability, achievement orientation, initiative, optimism and transparency;
- (3) social awareness (i.e. knowing the emotions of people around you), which is comprised of competencies such as empathy, organisational awareness and service orientation; and
- (4) relationship management (i.e. skills to direct emotions toward constructive activities and induce desirable responses in others), which is comprised of competencies such as developing others, building bonds, influence, communication, conflict management, inspirational leadership, change catalyst, teamwork and collaboration.

In the literature, some models have gained general acceptance and empirical support (Jamali *et al.*, 2008): Mayer and Salovey's (1997) model, Goleman's (1995, 1998) model and Bar-On's (1997) model. The first is an ability model, while the other two are mixed models. After analysing their characteristics, Petrides and Furnham (2001) argued that the distinction between EI as an individual's trait – mixed model – and EI as an individual's capability – ability model – is not based so much on the theoretical model *per se*, but rather on the instruments that each model uses to operationalise and measure the concept. While the mixed models mostly use self-report measures (i.e. the individual's evaluation of their own behaviours and abilities), the ability models initially used only objective measures of performance (i.e. objective evidence consisting of responses to emotional stimuli), albeit recently an increasing number of works have also been using self-report measures (e.g. Meisler and Vigoda-Gadot, 2014; Arunachalam and Palanichamy, 2017). Harms and Credé's (2010) meta-analysis on EI and leadership show that trait measures of EI demonstrate higher validities than ability-based measures. These models also better predict some relevant variables related to HRM, such as job performance (Joseph *et al.*, 2015) and career decisions (Di Fabio and Saklofske, 2014). Accordingly, recent research on EI is heavily based on trait models (e.g. Hwa and Amin, 2016; Kim and Liu, 2017; Santos *et al.*, 2015) and particularly on Goleman-based models (e.g. Batista-Foguet *et al.*, 2008; Jamali *et al.*, 2008; Nowack, 2007). The current research follows this trend.

#### *High-performance HR practices in SMEs*

HRM is a key area that covers all the decisions affecting the nature of the relationships between the organisation and its employees (Boxall and Purcell, 2000). Boxall (1996) argues that a firm's advantage in its HR should be conceived of as the product of excellent HR and superior processes. HR practices are seen as the principal way in which firms can influence their employees' skills, attitudes and behaviour so they can do their work and help the organisation achieve its objectives (Chen and Huang, 2009). There is some disagreement about the exact HR practices that firms can adopt with that end. However, literature puts great emphasis on "utilising a system of management

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practices providing employees with the skills, information, motivation and latitude resulting in a work force which is a source of competitive advantage” (Guthrie *et al.*, 2009, p. 112). In this sense, literature has paid attention to high-performance work systems, which improve firm performance by contributing to employee development (Den Hartog *et al.*, 2013).

The AMO framework of Appelbaum *et al.* (2000) provides a basis for a stronger conceptualisation of high-performance HR practices (Obeidat *et al.*, 2016). The AMO model proposes three dimensions of practices that boost employees’ abilities, motivation and opportunities (Huselid, 1995; Jiang *et al.*, 2013). Therefore, many research works interested in the study of high-performance HR practices follow Appelbaum *et al.*’s (2000) AMO model in deciding the HR practices to include in their studies (e.g. Kroon *et al.*, 2013; Obeidat *et al.*, 2016). In particular, as the “A” dimension refers to the employee’s ability to perform, HR practices of personnel selection and training are of interest because they contribute towards enhancing those abilities (Appelbaum *et al.*, 2000). The “M” dimension, in turn, deals with motivation; HR practices of assessment, internal promotion, salary incentives or pay are of relevance as they can enhance the employee’s desire to perform (Appelbaum *et al.*, 2000). Finally, the “O” dimension of AMO refers to the opportunity to perform and HR practices that contribute to it encompass participation, teamwork or job design, as they provide employees with the autonomy to make decisions related to their post, to work together and share feedback about work goals and to have the opportunity to influence business decisions (Appelbaum *et al.*, 2000).

Because of SMEs’ size and lack of resources, some debate has existed about the factual possibility of these firms adopting the AMO model of the high-performance work system, but small business employers’ associations have proclaimed that their members do (Wu *et al.*, 2014), and some authors have found evidence of it. For example, Kroon *et al.* (2013) found high-performance work systems in SMEs, and although being smaller in terms of the number of practices adopted when compared to large firms, such systems encompassed coherent bundles of practices.

In SMEs, the manager – who is often also the owner (Lattimore *et al.*, 1997) – usually makes the firm’s decisions in their entirety. HR specialist advisers are often too expensive for SMEs (Matlay, 1999). Thus, the manager must invest time in formulating a more suitable HRM system. Consequently, he/she can be very influential in the application of HR practices (Cassell *et al.* 2002; Matlay, 1999). Indeed, HRM will differ between SMEs and large firms because in SMEs it is often more informal, intuitive and simple in its application (Nguyen and Bryant, 2004). Under this working premise, the SME’s manager plays a key role in the employment relationship. Thus, we think it is important to ask the following research question:

*RQ3.* What makes some managers adopt high-performance HR practices while others do not in SMEs?

Some authors attribute the low level of adoption of high-performance HR practices to size, and so the relative lack of resources available to the SME. However, according to Kroon *et al.*’s (2013) study, size alone is not enough to explain it. Other factors such as managers’ perceptions of the utility of HR practices (e.g. Boudreau and Ramstad, 2003) and their strategic decision making (Kroon *et al.*, 2013) provide additional and, in all likelihood, more accurate answers to the question. For example, the lack (or a low level of adoption) of HRM practices in small firms could be due to the fact that some managers are unaware of the importance of these practices for the effective management and development of their HR (e.g. Singh and Vohra, 2009). In addition, such low adoption can be related to managers’ strategic choices because their decision to adopt high-performance HR practices will depend on their beliefs with respect to the benefits

of such practices as a solution for business issues (Kroon *et al.*, 2013). If this is true, we need more research analysing the figure of the individual manager, since he/she makes the decision to adopt HR practices in SMEs.

*EI of HR decision maker and the adoption of high-performance HR practices in SMEs*

Irrespective of the EI model considered, research finds that EI as a whole gives the individual greater personal and social success. This occurs because people with higher EI frequently use adaptive and infrequently use maladaptive coping strategies due to their emotional abilities to appraise the circumstances and react to life events (Petrides *et al.*, 2007). EI involves a set of emotional competencies (Goleman, 1998) and evidence suggests that the control of a “critical mass” of competencies is necessary for individuals to reach a higher level of performance (Boyatzis *et al.*, 2000). Accordingly, we will refer below to managers with high EI as those having such a critical mass of competencies.

Looking at the HR managers in firms, literature states that it is their responsibility to provide a working environment that generates and maintains employees’ engagement (Brunetto *et al.*, 2012), that is, a work situation where employees find work meaningful, and, consequently, they wish to – and can – invest themselves in their work in order to achieve personal and career benefits (Kahn, 1990). Engagement is likely to be influenced more by management practices and the work environment and climate than by the demographic – e.g., age or gender – and personality characteristics of employees (Richman, 2006). In this respect, HR managers are responsible for providing employees with individual development plans, benefits such as salaries or opportunities to carry out their tasks with autonomy, among other practices, in order to generate such engagement. In SMEs, the HR manager mainly corresponds to the owner-manager, who is the person that makes HR decisions (Lattimore *et al.*, 1997; Matlay, 1999) and is also often responsible for implementing the adopted HR practices, so that he/she is in close contact with employees (Kroon *et al.*, 2013).

Focusing our attention on these HR managers, literature states that they are required to deal with their own emotions and those of others, it being important for people in this role to effectively generate emotions that create a positive setting and contribute to employee satisfaction and support (O’Brien and Linehan, 2014; Santos *et al.*, 2015). In other words, HR managers are required to have a high EI, which is a prerequisite for inducing positive responses from others, as well as positive emotional states, even in cases where there are challenging circumstances (Pérez *et al.*, 2005). In addition, managers with higher EI scores are considered to be more motivated to offer appropriate solutions to solve the difficulties and challenges that occur on a daily basis in a work setting (Rezvani *et al.*, 2016), and to choose adaptive coping strategies (Petrides *et al.*, 2007).

Based on this, and taking into account the challenges SMEs face, we consider that the HR decision-makers’ perceptions about the utility of adopting HR practices and their decisions in this regard may be related to their EI. In particular, due to the small size of SMEs, it can be expected that HR decision makers with high EI greatly value the utility of adopting high-performance HR practices based on the AMO model. As the low number of employees in SMEs makes each individual especially relevant for firms’ daily operations and prospects of growth, managers with high EI will understand that the adoption of such HR practices may bestow upon the firm employees with superior abilities to perform, with desire (or motivation) to perform, and with opportunities to do so (Appelbaum *et al.*, 2000). Accordingly, authors have found that successful small firms use innovative HR practices that support their business philosophy, quite similar to high-performance HR practices, including the ones related to increasing ability, motivation and opportunity (Kroon *et al.*, 2013).



In this regard, Cherniss (2001) states that managers' EI influences organisational effectiveness in HR aspects such as employee recruitment and retention, development of talent and teamwork, among other things. Just by way of examples, we will refer to managers' EI and the recruitment, retention and development of talent. The effect of managers' EI on the recruitment of talent (Cherniss, 2001) is critical because such managers make the decision of using high-performance criteria (e.g. applicants' abilities to address and solve problems, to provide ideas for improvement, effort values, customer orientation).

The development of talent through the adoption of HR practices of training can be related to managers' views about the value of having increasingly qualified employees able to assume greater responsibilities within the SME. Therefore, they will encourage training practices as an investment in the SME to reach more skilled employees that can solve the challenges of their job by themselves and feel more confident to autonomously perform their tasks. However, managers with high EI will likely understand that having superior, qualified employees is not sufficient in and of itself. The SME must cultivate the retention of employees and facilitate their contributions as it has invested part of its scarce resources in increasing employees' abilities. For example, it has been found that in successful SMEs, HR decision makers invest more in incentive schemes (i.e. motivation practices) and have a strong belief in the advantages of involving employees in teamwork and in designing their job (i.e. opportunity practices) to facilitate their contribution to the SME (Kroon *et al.*, 2013). Thus, high-performance motivation and opportunity practices are also necessary. Accordingly, we posit:

- H1.* The higher the HR decision-maker's EI, the more they will adopt high-performance HR practices in the SME to enhance employees' abilities, motivation and opportunities.

EI is a multi-dimensional construct consisting of different emotional competencies that can be organised into categories such as self-awareness, self-management, social awareness and relationship management. According to examples provided by Boyatzis *et al.* (2000), competencies within each category can complement each other in functional behaviour (e.g. in a changing context and referring to self-management, the combined use of competencies of adaptability and initiative would increase individuals' effectiveness); alternate manifestations depending on the setting; be compensatory (e.g. a person with high-achievement orientation may innovate new ways of accomplishing tasks, so requiring to a lesser degree the use/availability of initiative); and be antagonistic (e.g. an employee with a high level of self-control, who is capable of preventing impulses and uncontrolled actions, would also face some difficulties demonstrating initiative). It becomes of interest to identify the specific set of emotional competencies that influence the adoption of the various high-performance HR practices in the SME as it might happen that different competencies show positive, negative or no influence. It may also happen because different high-performance HR practices aim at different objectives (Appelbaum *et al.*, 2000).

In the absence of research specifically analysing the relationships under study; considering that HR managers are increasingly required to provide strategic leadership in organisations (Pauwe and Boselie, 2005); and taking into account that this role highly corresponds to the owner-manager of the SME (Lattimore *et al.*, 1997; Matlay, 1999), we turn when necessary to the literature on leadership to provide a theoretical foundation for our discussion.

Given the HR decision-maker's role in the SME, his/her competencies in the EI dimensions of self-awareness, self-management, social awareness and relationship management may be relevant in the adoption of high-performance HR practices. According to Boyatzis *et al.* (2000), the four-mentioned dimensions are expected to have a

developmental relationship. Specifically, as self-awareness refers to knowing one's internal states, preferences, resources and intuitions, such a dimension is needed for sustaining the dimension of self-management (i.e. managing one's internal states, impulses and resources). In other words, self-awareness can be considered a prerequisite for the competencies in the self-management dimension to be sustained. Similarly, the social awareness dimension that refers to the consciousness of others' feelings, needs and concerns can be considered a prerequisite for sustainable demonstration and use of the relationship management category of competencies (i.e. induce desirable responses in others). Accordingly, we will focus on the self-management and relationship management categories of competencies in our discussion below.

Self-management refers to EI competencies such as achievement orientation (i.e. striving to improve or meeting a standard of excellence), initiative (i.e. readiness to act on opportunities), optimism (i.e. persistence in pursuing goals despite obstacles and setbacks), among others (Goleman, 1995, 1998), which are related to the manager's strategic ambition and entrepreneurial orientation. Thus, HR decision makers high in these competencies will likely try to implement growth-oriented activities in SMEs and will display initiatives related to innovation and proactivity. As a consequence, high-performance HR practices will be considered an opportunity to achieve such intended growth since these managers need to complement their abilities with skilled employees in order to reach this growth and hence success (Kroon *et al.*, 2013). In terms of the AMO model, they will mainly adopt HR practices related to ability that allows them to select and develop employees. Motivation practices, albeit relevant, can require financial resources that SMEs often do not have and are necessary to boost the firms' growth. Finally, Kroon *et al.* (2013) warn that opportunity practices involve delegating responsibilities, which could be in stark contrast with the preference of an SME's manager to keep tight control in order to lead the firm to success, so it is possible that HR managers high in the self-management competency do not show a strong preference for HR practices of participation, teamwork and job design:

*H2a.* In SMEs, the higher the HR decision-maker's emotional competencies in the area of self-management, the more they will adopt high-performance HR practices to boost employee's abilities, this relationship being weaker for motivation – and especially for opportunity-enhancing practices.

HR decision-makers' EI competencies in the dimension of relationship management are also likely to affect the adoption of HR practices based on the AMO model. According to Goleman (1995, 1998), relationship management refers to EI competencies that help individuals to induce desirable responses in others. Among them, we find inspirational leadership (i.e. inspiring and guiding individuals and groups), communication (i.e. emitting clear and convincing messages), developing others (i.e. sensing others' developmental needs and bolstering their abilities) and influence (i.e. wielding effective tactics for persuasion). HR decision makers that have such emotional competencies are able to induce in employees a sense of being part of the firm and to get them to commit to their objectives. In this respect, Rezvani *et al.* (2016) found that managers with a high communication competency might connect effectively with their subordinates and facilitate both their motivation and inspiration towards addressing challenging tasks. Thus, these HR managers are able to boost employees' motivation as a substitute for formal high-performance motivation practices that are expensive and often unavailable to the SME. Even more, as these managers are equipped with the EI competency of developing others, they are aware of employees' needs to increase their abilities. So, they can display their communication and influence competencies to enhance employees' abilities through the daily and close contact they have with them, hence reducing the need for the SME to invest in resources related to ability-enhancing HR practices – which should be not at all or, at least, a low level of adoption.

In addition, the EI dimension of relationship management includes another set of emotional competencies that can be related to HR opportunity practices (e.g. participation, teamwork and job design). Specifically, competencies such as building bonds (i.e. nurturing helpful relationships, especially with people who can help us to reach our goals), teamwork and collaboration (i.e. working with others toward shared goals creating group synergy in pursuing collective goals), and conflict management (i.e. negotiating and resolving disagreements) (Goleman, 1995, 1998) may affect managers' opinions about the desirability and value of adopting opportunity practices. Specifically, the higher these competencies, the better the manager will understand the added benefit of using them:

*H2b.* In SMEs, the higher the HR decision-maker's emotional competencies in the area of relationship management, the more they will adopt high-performance HR practices to boost employees' opportunities and the less they will adopt ability- and motivation-enhancing practices.

## Methodology

### *Population and sample*

The population for the current work consists of SME managers responsible for the decision making in the HR area, that is, for the adoption of the HR practices operating in the firm at the time of the study. For the purposes of the research, we define small- and medium-sized firms as companies of between 10 and 249 employees. With regards the sector and geographic location, this study considers SMEs located in Spain (Canary Islands) that operate in different industrial and service sectors from the Spanish business classification (CNAE), but excluding public administration, education, agriculture, fishing and hunting.

The population in the study was 5,538 active SMEs. Due to the financial limitations of the study, we stated as an objective a sample error of 5.0 per cent, so that accepting a confidence level of 95.5 per cent, the defined sample size was 193 firms. We carried out the data collection on the two Canary Islands where the business activity is most developed: Tenerife and Gran Canaria. The sample selection followed a quota sampling method for the categories of small firms and medium-sized firms, and a proportional stratification sampling method for the sector and geographic location. The firms were contacted by phone to locate and ask for the collaboration of the decision makers in the HR area (i.e. the person who made the decisions about what HR practices to implement in the SME or, having arrived at the firm after this choice, had reconsidered and updated the content of such practices as he/she is currently responsible in this area). Finally, we achieved a valid sample of 157 HR decision makers. Therefore, the real sample error was eventually 5.56 per cent. The fieldwork was carried out in 2008, so the potential influence of Spain's financial and economic crisis on the results of this study can be disregarded.

With regard to the representativeness of the sample, the proportion of SMEs from the two Canary Islands in the population (48.56 per cent in Tenerife and 51.44 per cent in Gran Canaria) is similar to the proportion in the sample (46.50 per cent and 53.50 per cent, respectively). The sample includes industrial and services SMEs and the profile by sector is similar to the total population: industry 16.6 per cent (11.29 per cent in total population); building 18.4 per cent (19.18 per cent in total population); services 23.6 per cent (27.30 per cent in total population); trade 33.1 per cent (30.55 per cent in total population); hotel and catering 8.3 per cent (11.68 per cent in total population). In addition, the firms are small (46.5 per cent) and medium-sized (53.5 per cent), are on average between 16 and 25 years old and 75 per cent or more of their workforce are on permanent contracts.

Referring to the socio-demographic profile of the respondents, they are mostly male (61.1 per cent) and aged between 31 and 50 years old. Most respondents have full degrees (54 per cent), while 44 per cent have a secondary education or lower. The university

graduates studied business administration (24.8 per cent), or another social science degree (14 per cent), or law (14 per cent). A small percentage of the respondents is specialised in HR (4.5 per cent).

### *Measures*

To collect the data, we designed a self-administered questionnaire consisting of three sections: 74 items measuring the respondent's EI; 49 items measuring the firm's HR practices; and 13 items measuring aspects to do with the respondent and his/her firm. The EI and the HR practices were measured on seven-point Likert scales.

*EI scale.* Following Kim and Liu (2017), we chose a self-report scale. In particular, we chose the People Index measure (Nowack, 2007), which is an instrument that is easy to understand and provides a global approach to analysing the emotional competencies that managers possess (Nowack and Learning, 2005). After studying EI in a Spanish sub-sample, Batista-Foguet *et al.* (2008) warn about translation problems of scales in the self-report measurements. Therefore, the People Index Scale was considered suitable for our research as this instrument is available in 16 languages, among them Spanish. Being a member of Daniel Goleman's Consortium for Research on EI in Organisations, Nowack developed this scale, albeit where possible, items were drawn from three previously validated multi-rater feedback tools (Nowack, 1992, 1997). The People Index Scale is conceptually based on the Goleman (1998) model and evaluates the same full range of personal and social EI dimensions included in that model through 17 theoretical competencies. In line with some previous studies that identify three dimensions of competences (e.g. Boyatzis *et al.*, 2000), and unlike other Goleman-based models that use four dimensions (e.g. Cherniss and Goleman, 2001), Nowack (2007) distributes the 17 competencies among the categories of personal conduct, interpersonal relationships and communication. These categories cover the dimensions of self-awareness, self-management, social awareness, and relationship management stated by Goleman *et al.*. We asked Envisia Learning[2] for a copyrighted 2004 version of the scale that included some revision in item content and wording after checking the psychometric properties of the instrument. This scale has been considered by further studies as Harms and Credé's (2010) meta-analysis.

Keele and Bell (2008, p. 487) warn that "[a]n unresolved but pertinent issue in the field of EI is factorial validity". Although a large number of researchers include validity issues in their studies (e.g. Saklofske *et al.*, 2003), most only analyse the existence of bivariate correlations between the items forming each theoretically defined subscale. These correlations are always high and statistically significant, leading the authors to conclude that the scales are unidimensional, albeit they are built on several different emotional competencies. This limitation also affects the People Index Scale.

So, we first ran a confirmatory factor analysis in order to test the existence of one factor that represents the manager's EI as a whole, based with that end on the 17 emotional competencies included in the Scale. Results indicate that Bartlett's test of sphericity and the Kaiser-Meyer-Olkin (KMO) test of sampling adequacy gave values of 3,312.931 ( $p = 0.000$ ) and 0.884, respectively; however, the obtained factor only explains 32.682 per cent of the total variance. So, results cannot be considered suitable. As an alternative for reducing the information to a global measure of the HR decision maker's EI, we carried out a non-hierarchical cluster analysis with the  $k$ -means algorithm, which allows us to differentiate individuals according to their EI. The pseudo- $F$  statistic (Calinski and Harabasz, 1974), which identifies the optimal number of groups, confirms that the solution that is most parsimonious and that offers the greatest explanatory power is obtained with two groups (pseudo- $F = 34.95$ ). This solution differentiates between individuals with low EI (48 individuals, 34 per cent of the sample) and a high EI (91 individuals, 66 per cent).

The method used allows us to work in line with McClelland (1998), who found that firms benefit from having leaders with a critical mass of strengths in EI competencies.

Second, as the present work aims to study not only the effect of EI, but also of each emotional competency on the adoption of every HR practice, we went beyond the use of global measures and identified the set of emotional competencies. We carried out a principal-component factor analysis with varimax rotation to empirically identify the emotional competencies of EI. This analysis found nine emotional competencies that explain 67.39 per cent of the total variance. These competencies cover all the three dimensions of EI proposed by the People Index, although the 17 theoretical competencies are empirically synthesised in 9. Specifically, the six original competencies proposed by the author for the dimension of personal conduct are summarised in 3; the six competencies in the dimension of interpersonal relationships in 4 and the five competencies in the dimension of communication in 2. Bartlett's test of sphericity and the KMO test of sampling adequacy gave values of 3,647.220 ( $p = 0.000$ ) and 0.889, respectively. The overall reliability of the EI scale is excellent (0.944), as are the individual reliabilities of the nine factors, since their Cronbach's  $\alpha$  range from 0.639 to 0.879. Appendix 1 shows the items that load significantly, information on loadings and explained variance for each factor. Results adjust to common magnitudes of communalities in social science, which are from 0.4 to 0.7 (Costello and Osborne, 2005), with factor loads above 0.5 in all the cases as we followed the criterion stated by Hair *et al.* (2009). For the sake of the quality of the factor structure, we disregard items under 0.5, although previous literature shows many examples of factor structures with items whose factor loadings are higher than 0.4 (e.g. Schutte *et al.*, 1998; Saklofske *et al.*, 2003; Arunachalam and Palanichamy, 2017). The obtained EI competencies group together in three theoretical dimensions proposed by models based on Goleman: orientation towards success, self-control and time management (i.e. dimension of self-management); empathy and service orientation (i.e. dimension of social awareness); and building internal relationships, promotion of cooperation and conflict management and communication and influence (i.e. dimension of relationship management). We did not find competencies in the dimension of self-awareness, which can be related to Spanish cultural background, as founded by Batista-Foguet *et al.*'s (2008) study. In particular, when comparing two samples of American and Spanish people, they dealt with problems for the self-awareness comparison and they argued a likely problem of emotional expression of self-awareness in the self-report measurement for the Spanish context (that which is observable by others in social and work settings).

*HR practices scale.* In developing a scale to measure the HR practices, we used as reference the scales previously proposed by other authors (e.g. Arthur, 1994; Delery and Doty, 1996; Sels *et al.*, 2006). We combined them and proposed 49 items to measure ten high-performance HR practices in the SME aimed at the AMO model (Appelbaum *et al.*, 2000; Huselid, 1995; Jiang *et al.*, 2013). This scale was pre-tested by three SME managers and four HRM experts, which confirmed its content validity.

The principal-components factor analysis with varimax rotation identified nine factors that explain 75.14 per cent of the total variance. Bartlett's test of sphericity and the KMO test of sampling adequacy gave values of 3,007.517 ( $p = 0.000$ ) and 0.856, respectively. Factors mirror the three categories of practices in the AMO model: personnel selection and training (i.e. ability practices); assessment, internal promotion, salary incentives and equity in fixed salary (i.e. motivation practices); and participation, teamwork and job design (i.e. opportunity practices). Results show that the HR practice initially called internal communication split into two, one part integrating into employee participation and the other into Salary incentives. Similarly, the HR practice initially called Remuneration separated into two factors: salary incentives and equity in fixed salary. Appendix 2 shows the items

that load significantly, information on loadings and the explained variance for each factor. We only considered variables with factor loads above 0.6, albeit 0.5 is the rule-of-thumb for research in social science (Hair *et al.*, 2009). Appendix 2 also shows the means and standard deviation of these items. Mean values show that all the HR practices, except for equity in fixed salary and salary incentives, have values higher than 4.0 on the seven-point used scale, so evidencing their use by SMEs in our sample. In general, practices stimulating motivation (except for internal promotion) are less frequently implemented than opportunity-enhances practices, which are in turn less frequently implemented (except for job design) than practices that enhance ability. Also, items in less frequently used HR practices (equity in fixed salary and salary incentives) range from 3.75 to 5.07, which are very close to the midpoint of 4. High values in some standard deviations indicate that whereas some SMEs make a good use of practices, others hardly use them at all.

The validity of the scale was also analysed. The construct validity is made clear, given that the principal-component factor analysis made it possible to summarise and synthesise the observed phenomenon. The content validity is guaranteed with both the theoretical and empirical literature review, as well as the pre-test of the questionnaire. The discriminant validity is corroborated as the correlation between each pair of factors obtained in this analysis has a correlation of 0.000, guaranteeing concepts of variance (Appendix 3). Finally, the overall reliability of the HR scale is excellent ( $\alpha = 0.932$ ), as are the individual reliabilities of the nine factors, since their Cronbach's  $\alpha$  range from 0.750 to 0.905.

*Control variables.* From the relevant work of Wiersema and Bantel (1992), educational specialisation is considered a key characteristic of managers as it shapes individuals' perspectives that condition their decision making. Thus, we controlled for the HR decision maker's academic background. We followed García-Cabrera and García-Soto's (2009) research on HR managers and used an ordinal variable ranging from basic science (1) – e.g., maths, physics – to human resource management (HRM) (4). We expect that the more specialised in the HR area the manager is, and so aware of benefits of high-performance HR practices, the more he/she will adopt these practices. We also controlled for gender (male is the reference category that takes value 0) and tenure in the SME. Since previous literature has highlighted that female owner-managers tend to operate in micro firms more than in small and medium firms, and it is less probable that micro firms will adopt high-performance HR practices (Kotey and Slade, 2005), we expect that where females are concerned, the possibilities of using such HR practices will be low. In addition, high-performance HR practices may be highly adopted by decision makers with less tenure in the SME given the possibility that both entrepreneurs' and HR specialists' awareness of such practices may have increased in recent years and hence these decision makers introduce into the SME the knowledge necessary to adopt the practices (Wu *et al.*, 2014). With regards to the firm, we followed Kotey and Slade's (2005) study and controlled for the percentage of permanent employees. According to these authors, permanent employees provide the stability in operations SMEs need to growth (as opposed to personnel on flexible contracts that mainly assist fluctuations in growth). Permanent employees increase the returns from investments in a high-performance HR practices (Huselid and Rau, 1997). Therefore, we expect that SMEs with higher percentage of permanent employees will be more likely to adopt HR practices that allow the performance of their employees to increase.

#### *Data analysis techniques*

First, in order to analyse relationships between decision-makers' EI and the adoption of the various HR practices in SMEs, we carried out a number of difference of means tests between decision makers with low and high EI. Therefore, to do this, our sample was split into two sub-samples. Second, in order to analyse the influence of each emotional competency of the

HR decision maker on the adoption of each HR practices, we estimated nine linear regression models, where the dependent variable in each case was one of the nine HR practices analysed. The independent variables were the nine EI factors along with the control variables. Typified values (factor scores) obtained from orthogonal solutions of the principal-components factor analysis for HR practices were used in the difference of means tests and regression analyses. They were also used for correlation analysis. We also carried out a multicollinearity diagnosis using: the variance inflation factor (VIF) and the condition number. The higher the index in each case, the greater the dependence between the variables concerned.

The current research is cross-sectional in nature and uses a single data source, which could result in a common method variance (Podsakoff *et al.*, 2003). To minimise this risk, respondents were guaranteed full anonymity and the questionnaire was pre-tested to provide evidence as to respondents' understanding of the questions (Podsakoff *et al.*, 2003). In addition, after building the database, we ran Harman's one-factor test to check that common method variance unlikely affected the significance of the relationships we measured, as previous authors have done (see, Koropp *et al.*, 2013) introducing all 120 variables measuring EI competences (independent variables) and HR practices (dependent variables). The results of this analysis show the existence of 17 factors with eigenvalues greater than 1. The results remained the same whether we used principal-components factor analysis without rotation (total variance explained = 72.62 per cent), principal-components factor analysis with varimax rotation (total variance explained = 72.62 per cent) or principal-axis factor analysis with varimax rotation (total variance explained = 66.94 per cent).

**Analysis of results**

Appendix 3 reports the results of the correlation analysis. The absence of bivariate correlations over 0.75 indicates that multicollinearity should not be a problem in the data. Correlations among HR practices are all zero and none of the correlations among EI dimensions are significant because, as stated above, we used for the analysis the factor scores resulting from orthogonal solutions of factor analysis. With respect to the estimated correlations, it can be observed that emotional competences of influence and service orientation have a negative and significant association to some HR practices (i.e. salary incentives and job design). As these negative associations are also found when estimating the regression equations, they will be discussed later on in this work.

Table I provides evidence of a significant difference in the use of HR practices of training (ability practice), assessment and internal promotion (motivation practices) and participation (opportunity practice) between decision makers with low and high EI, with

High performance HR practices		Mean values		F-test
		HR decision makers with low EI (n = 48)	HR decision makers with high EI (n = 91)	
Ability enhancing	Personnel selection	-0.013	0.116	0.645
	Training	-0.194	0.176	4.925*
Motivation enhancing	Assessment	-0.270	0.131	5.148*
	Internal promotion	-0.293	0.214	8.843**
	Salary incentives	0.073	-0.108	1.007
Opportunity enhancing	Equity in fixed salary	0.002	0.015	0.005
	Participation	-0.324	0.181	8.896**
	Teamwork	-0.049	0.031	2.31
	Job design	0.002	0.011	0.003

Notes: \*p < 0.05; \*\*p < 0.01

**Table I.**  
Anova test: comparing the adoption of HR practices by HR decision makers with low and high emotional intelligence

more emotionally intelligent managers demonstrating a higher level of adoption of such high-performance HR practices. Although these tests do not provide evidence on the relationship between EI and each HR practice under study, it is reasonable to say that they are sufficient to support *H1* as such a relationship is found for practices that cover all the three categories of the AMO model.

Table II shows the results of all the nine regressions carried out with their corresponding co-linearity diagnostics, albeit the analyses of the Equity in fixed salary practice give non-significant results ( $F = 1.261, p = 0.243$ ). The VIF and condition number for each model estimated are comfortably under 10 and 20, respectively – the cut-off points recommended in the literature. These results suggest that multicollinearity is not a problem in the data. The four control variables used to show, when significant, the expected effect in the estimated equations with one exception. SMEs with higher percentage of permanent employees will be more likely to adopt the HR practice of Salary incentives. The more specialised in the HR area the manager is, the more he/she will adopt the HR practice of participation. Considerations about the negative and significant influence of managers' specialisation in the HR area the manager on the practice of Equity in the fix salary must be disregarded, since according to *F*-test the model estimated is not significant. As expected, men make more use of HR practices of assessment and participation, but women of internal promotion. Finally, tenure in the SME relates to lower adoption of practices of participation and job design.

The results show that all the emotional competencies in the three categories of self-management, social awareness and relationship management contribute towards positively or negatively explaining at least one HR practice. Table III summarises these results. In particular, self-management competencies positively condition HR ability practices and, to a lesser degree, motivating and opportunity practices, *H2a* therefore being supported. Relationship management competencies positively condition the opportunity practices of Participation and teamwork, but not job design; have almost no significant effect on motivation practices and show low and mixed effect on ability practices. In this respect, as expected, the EI competencies of communication and influence reduce the use of ability practices. So *H2b* finds partial support.

## Discussion

When comparing HR decision makers with low and high EI, we found that more emotionally intelligent managers made greater use of some high-performance HR practices, specifically training, assessment, internal promotion and participation. These results are relevant because they support the expected relationships, so showing that managers' perceptions regarding the utility of adopting high-performance HR practices could be influenced not only by rational criteria, but also by his/her EI. However, relationships were not found for all the HR practices under study (e.g. teamwork, salary incentives, personnel selection, job design and equity in fixed salary are not related to managers' overall EI). In this respect, Wu *et al.* (2014) found that the extent of the adoption of high-performance HR practices in small businesses is positively related with workforce skill levels. Therefore, it is possible that the manager, despite having high EI competencies in wishing to adopt several high-performance HR practices, also takes into account employees' talent when making HR decisions. In addition, given that smaller firms have limited resources and deliberately adopt smaller sets of high-performance HR practices (Kroon *et al.*, 2013), it is possible that HR decision-makers' EI does not condition the choice of every practice of the whole package, but only those that can be considered, in the manager's eyes, the observable cues of high-performance, based on the AMO model for the SME. In this respect, we found evidence of positive relationships between EI-training (i.e. an employee ability practice), EI-assessment and EI-internal promotion (i.e. employee motivation practices) and EI-participation (i.e. an employee opportunity practice).



Variables	Personnel selection $\beta$	Training $\beta$	Assessment $\beta$	Internal promotion $\beta$	Salary incentives $\beta$	Equity in fixed salary $\beta$	Participation $\beta$	Teamwork $\beta$	Job design $\beta$
<i>Step 1: controls</i>									
Gender	0.005	-0.058	-0.123	0.146****	0.012	0.003	-0.142*	0.018	0.110
Tenure in the SME	-0.039	-0.029	-0.054	0.080	0.111	0.032	-0.168****	-0.043	-0.076
Respondent's academic background	0.089	0.012	0.029	0.034	-0.037	-0.146****	0.184*	-0.116	-0.069
% permanent employees	0.122	-0.039	0.066	0.081	0.186*	0.076	0.150****	0.026	-0.023
$\Delta R^2$ (%)	3	0.5	2.2	2.7	4.7	2.8	11.9	1.2	2.4
$\Delta F$	1.16	0.17	0.84	1.03	1.87	1.11	5.13	0.47	0.92
<i>Step 2: controls + main effects of EI competences</i>									
Gender	0.026	-0.073	-0.141****	0.167*	0.001	-0.009	-0.148*	0.026	0.050
Tenure in the SME	-0.012	-0.034	-0.081	0.075	0.113	-0.050	-0.182*	-0.039	-0.158****
Academic background	0.109	0.008	-0.024	0.026	-0.025	-0.189*	0.126****	-0.133	-0.101
% permanent employees	0.107	-0.048	0.061	0.089	0.162*	0.073	0.090	-0.046	0.005
Self-control	0.067	0.157*	0.090	0.199*	0.127	-0.072	-0.056	-0.023	0.139****
Orientated to success	0.149****	0.155*	-0.015	0.210**	-0.059	-0.134****	-0.006	-0.036	-0.100
Time management	0.098	0.147****	0.239**	0.019	-0.112	0.096	-0.018	0.024	0.262**
Empathy	-0.054	0.063	0.114	0.225**	0.036	0.172*	0.104	0.008	0.176*
Service orientation	0.068	-0.033	0.049	-0.076	-0.236**	-0.083	-0.140*	0.177*	-0.188*
Promotion of cooperation and conflict management	0.171*	0.006	0.119	0.026	0.059	0.023	0.193**	0.358****	-0.092
Building internal relationships	-0.121	0.248**	0.009	-0.003	-0.004	0.029	0.213**	0.210**	0.055
Communication	-0.172*	-0.021	0.166*	-0.070	0.037	0.012	0.256****	0.005	0.066
Influence	0.099	-0.136****	0.028	0.029	-0.112	0.088	0.059	-0.018	-0.176*
$\Delta R^2$ (%)	11.9	15.6	11.9	15.1	10.6	7.4	18.3	20.3	19.5
$\Delta F$	2.21*	2.94**	2.19*	2.91**	1.19*	1.31	4.15****	4.11****	3.97****
<i>F</i>	1.19*	2.1*	1.80*	2.37**	1.98*	1.26	4.74****	3.08**	3.08****
Dubin-Watson	1.756	2.147	2.104	2.097	1.902	2.011	1.741	2.222	2.039
Final adjusted $R^2$	7.10%	8.4%	6.3%	10.3%	7.60%	2.1%	23.8%	14.4%	14.80
Condition number	15.868	15.868	15.868	15.868	15.868	15.868	15.868	15.868	15.868
VIF (lower-upper limits)	1.009-1.335	1.009-1.335	1.009-1.335	1.009-1.335	1.009-1.335	1.009-1.335	1.009-1.335	1.009-1.335	1.009-1.335

Notes: \* $p < 0.05$ ; \*\* $p < 0.01$ ; \*\*\* $p < 0.001$ ; \*\*\*\* $p < 0.1$

**Table II.** High-performance HR practices: EI competences as antecedents

**Table III.**  
Effect of emotional  
competencies on  
adoption of  
high-performance  
HR practices

EI dimensions	EI competences	Ability enhancing Personnel selection		Training Assessment		Motivation enhancing Internal promotion		HR practices Salary incentives		Equity in fixed salary <sup>a</sup>		Opportunity enhancing Teamwork		Job design
		+	-	+	-	+	-	+	-	+	-	+	-	
Self-management	Self-control			+				+		n/a				+
	Orientation towards success			+				+		n/a				+
	Time management			+		+				n/a				+
Social awareness	Empathy						+			n/a				+
	Service orientation							-		n/a				-
Relationship management	Promotion of cooperation and conflict management			+						n/a			+	+
	Building internal relationships					+				n/a			+	+
	Communication									n/a			+	+
	Influence					-				n/a				-

**Notes:** <sup>a</sup>Relationships between EI competences and HR practices cannot be considered as the estimated regression for Equity in fixed salary was not significant according to *F*-Statistic

As HR practices related to different components of the AMO model are aimed at different objectives and are adopted to varying degrees by SMEs (Kroon *et al.*, 2013), as well as managers' emotional competencies being able to complement one another, alternate manifestations, both compensatory and antagonistic, can advance the current knowledge about HRM in SMEs from the analysis of how EI competencies condition the adoption of such practices. Accordingly, we studied such relationships and found evidence of them.

Specifically, we identified three categories of EI competencies (i.e. self-management, social awareness and relationship management) and all of them contribute to explaining at least one HR practice in the ability, motivation and opportunity dimensions of AMO, except for social awareness, whose competencies of empathy and service orientation do not directly affect ability practices. Self-management competencies positively condition HR ability practices and, to a lesser degree, motivating and opportunity practices. These competencies have a low level of influence on the choice of opportunity practices, only conditioning the choice of job design. This is probably the case because the higher the EI competencies in self-management (e.g. orientation towards success, self-control), the more confident the managers are and the more they prefer to control SME's activities by themselves instead of delegating, and so guaranteeing success. On the contrary, relationship management competencies have a greater impact on opportunity practices of participation and teamwork and have almost no significant effect on motivation practices. It can be explained because an HR decision maker with high relationship management abilities uses such emotional competencies needed to motivate employees through direct contact, which is possible in the context of an SME, so saving the limited financial resources that these firms have. Something similar happens with ability practices, since results show that some emotional competencies such as communication and influence reduce the manager's adoption of personnel selection and training.

In addition, and in order to better understand the found effects, we also looked at every HR practice in turn and offer some arguments that justify the results. Appendix 4 shows our extensive discussion and a final remark for each practice. In doing so, we referred to each HR decision-maker's emotional competency that significantly influences every HR practice.

Finally, we distinguish two groups of HR practices in our analysis: those that are explained to a greater extent by EI competencies ( $R^2 > 14$  per cent), and those that are explained less extensively ( $R^2 < 14$  per cent). Examining both groups, we note that in the second group, adopting the practices requires a higher economic investment. Specifically, personnel selection, training, assessment, internal promotion, salary incentives and equity in fixed salary (all corresponding with ability-enhancement and motivation enhancement practices according to the AMO model) could be conditioned by the financial resources available to the firm, a variable that is particularly important in SMEs. In contrast, participation, teamwork and job design are opportunity-enhancement practices, which are less dependent on the availability of resources because these involve lower costs (Kroon *et al.*, 2013) and so are explained to a greater extent by emotional competencies. The adoption of these HR practices in SMEs that usually have scarce resources could depend more on the manager's own criterion, on the way he/she is and how he/she understands the value of the firm's employees and the best way to manage them. Along this line, Kroon *et al.* (2013) assert that the lower than average adoption of ability and motivation practices in smaller organisations compared to larger firms relates to the frequent resource poverty of SMEs.

Accordingly, we can conclude that the adoption by the SME of high-performance HR practices whose implementation is less dependent on the availability of financial resources, that is, opportunity practices, will be determined to a greater extent by the HR decision-maker's emotional competencies.

Globally considered, these findings about EI antecedents of the adoption of high-performance HR practices based on AMO corroborate the hypothesis that although

emotional competencies enforce each other and sometimes are complementary, they also can be antagonistic, with some of them having a positive effect whereas others have a negative influence on the same individual decision. Our results corroborate this for the case of HR decision makers in SMEs.

### **Conclusions, implications and limitations**

The current research is based on the premise that adopting high-performance HR practices in the SME depends not only on the HR decision-maker's technical skills, but also on his/her EI. With the aim of empirically analysing this premise, we considered the EI as a whole and as a set of different emotional competencies. Results provide evidence to confirm our initial premise.

First, and with respect to EI as a whole, we found that in SMEs, the more emotionally intelligent the HR decision makers were, the more they would adopt high-performance HR practices. It is worth noting that practices affected by managers' EI cover all the three components of the AMO model, in particular ability with training practices, motivation with assessment and internal promotion and opportunities with participation. According to this, it can be expected that SMEs nurtured by managers with high EI might adopt more HR practices that promote the abilities, motivation and opportunities of their employees. Unlike previous studies that have inquired about the antecedents of the adoption of high-performance HR practices in SMEs by focusing on market-related factors, business characteristics and access to HR expertise (e.g. Wu *et al.*, 2014), we provide an additional antecedent related to the human factor, which is the EI of the decision maker. Additionally, this study contributes towards clearing up doubts in relation to the adoption of high-performance HR practices in SMEs. SMEs are not a homogenous group of firms, although, in this regard, HR practices are almost always lacking because of the scant availability of economic resources or the more informal character of the organisational structure at those firms. Other reasons besides the economic ones and the non-existence of a separated HR department (and manager), which might otherwise guarantee SMEs' success in improving the ability, motivation and opportunities of their employees. The EI of the persons (owners or managers) in charge of making decisions in the firm will condition the importance attached to the adoption and ulterior implementation of high-performance HR practices in SMEs. Thus, SMEs will be heterogeneous in their approach to HRM, as well as in the efforts they make to implement high-performance HR practices. However, if we consider the managers' EI not as a whole, but rather as their different emotional competencies, we can obtain some additional conclusions, as we present below.

We can also confirm that the emotional competencies do have a significant and differential effect on the adoption of high-performance HR practices, as this effect can be positive, negative or nonexistent. In general, the majority of the HR decision-maker's emotional competencies explain the adoption of at least three high-performance HR practices. The competencies that must explain the use of these practices are: self-control, orientation towards success, time management, service orientation, promotion of cooperation and conflict management, building internal relationships and communication. In contrast, the EI competencies that explain the adoption of a fewer number of high-performance HR practices are empathy and influence. If we pay attention to the theoretical dimensions in which we can classify the EI competences and the categories of the AMO model, further considerations can be raised. Whereas managers' emotional self-management mainly affects the adoption of ability-related, high-performance HR practises (i.e. personnel selection and training) and, to a lesser extent, motivation-related HR practices (specifically, assessment and internal promotion), managers' social awareness and relationship management mainly condition opportunity-related HR practices (i.e. participation, teamwork and job design). In addition, it must be highlighted

that the motivation-related HR practices of Salary incentives and Equity in fixed salary are the practices that are almost always not conditioned by managers' emotional competencies. It likely happens because in SMEs the availability of financial resources can be more relevant than other consideration in the choice of such specific practices. An important conclusion for SMEs in terms of the emotional competencies of their owner-managers is that SMEs with managers high in emotional self-management will undertake growth-oriented activities (improving the ability and motivation of the employees) because the emotional competencies in which they are high (self-control, orientation towards success, time management) are related to the manager's entrepreneurial orientation. Similarly, if owner-managers in SMEs are high in emotional competencies related to social awareness and relationship management (service orientation, promotion of cooperation and conflict management, building internal relationships and communication), the SMEs will build strong bonding internal social capital through the encouragement of participation and teamwork as an opportunity for improving internal networks inside the firm. Given that it is desirable for managers to have a critical mass of emotional competencies that include those in the three dimensions (self-management, social awareness and relationship management), it would be a guarantee for SMEs to grow based on strong internal bonds that would constitute a very important source of competitive advantage for them.

This work makes important contributions to both the literature and the business world. With regard to the theoretical implications, results confirm that EI as a whole, as well as in terms of its specific emotional competencies, affect the decision making related to the adoption of high-performance HR practices, which is known to contribute to the organisational performance. One of the novelties of the current work lies in its analysis of the managers' EI – and their particular emotional competencies – in the specific case of SMEs, rather than in firms in general. Thus, this work contributes to the management literature by offering a theoretical framework in which a psychological variable – the HR decision makers EI – acts as an antecedent of the adoption of high-performance HR practices in SMEs, showing the heterogeneity of SMEs in HRM. Moreover, based on the new insights provided, we shed light on the concept of EI as applied to management and on the specific emotional competencies that condition the use of different high-performance HR practices and in turn the success of the SME.

However, additional contributions can be made in the future if we consider the different roles that EI can play in explaining management decisions in SMEs, as well as certain behaviours of their employees. If we consider that EI influences organisational effectiveness in areas such as HRM (Cherniss and Goleman, 2001), the EI of the person in charge of making those decisions could be understood as a mediator variable in any research that relates some other ability or personality measure with successful management in such areas. In that research, the proposal could be that personality traits and some other abilities (e.g. cognitive intelligence) are related to the likelihood of being more or less emotionally intelligent (Cavazotte *et al.*, 2012; De Haro *et al.*, 2018). Given that being more emotionally intelligent is linked to achieving greater success in practically any job and particularly in leadership positions (Adetula, 2016; Boyatzis *et al.*, 2012; Brackett *et al.*, 2011; Cheung *et al.*, 2015; Goleman, 2001), EI dimensions would act as mediators in the relationship between the personality or other non-emotional abilities and the successful leadership in HRM.

Moreover, the moderating role of the EI could be also considered. Some recent research has contributed towards filling this unexplored role (e.g. Hwa and Amin, 2016) by analysing the moderating role played by EI in the influence exerted by emotional labour – the management of workplace emotions – on employees' outcomes (e.g. job satisfaction, burnout, turnover intention). Their results indicate to us that EI may act as a mechanism that moderates the dysfunctional effects of emotional labour since it protects the firm from high levels of deviant work behaviour. In the context of HRM, this finding invites us to

analyse the protective role of the HR decision-makers' EI. Their EI could exert a moderating role on the potential negative relationship between a complex and turbulent organisational and environmental context for the SME's – and the resulting negative individual and team performance – in terms of burnout, absenteeism, job dissatisfaction and turnover.

The entrepreneurial activity has its origin in both cognitive and emotional competencies besides personality traits. Due to frequent interaction and close social and/or physical distance between leaders and subordinates in SMEs, subordinates may feel more strongly and directly that they can derive benefit or harm from owners-managers' competencies (Miao *et al.*, 2016). Thus, inquiring into the role of each of these competencies and in the way they positively or negatively relate to each other to define the SMEs' decisions and the behaviour of their personnel has become crucial. Specifically, it would be interesting to discover the role that EI plays in relation to this whole set of entrepreneurial competencies. The direct, moderator and mediator effect of managers' EI can open a new research avenue that provides suggestions for improving HRM and people development in organisations in general and in SMEs in particular.

From a methodological point of view, our study supports the research proposals that suggest analysing the specific dimensions of EI, rather than only assessing the impact of general EI measures, which seems to have provided unclear results (Rode *et al.*, 2008).

With regard its practical implications, SMEs' owners-managers and HR practitioners may find our results and conclusions interesting. Indeed, recommendations in business management have often been accompanied by new approaches in HRM (Kent, 2005), as this study proposes. In particular, managers will find evidence of how a decision maker's higher EI propitiates the adoption of high-performance HR practices, thus being able to improve HRM in their SMEs. Moreover, managers will obtain guidance on which emotional competencies are the most important for adopting each HR practice, and so find greater success in their HRM roles. SMEs could organise programmes to develop the HR decision-maker's emotional competencies, as large firms do for their executives. Executive training should emphasise managing and expressing emotions, since these abilities are directly linked to leadership, communication and influence processes (Humphrey *et al.*, 2008; Lopes, 2016). We also consider that SMEs can benefit from incorporating measures of emotional competencies into managers' selection and promotion decisions.

Likewise, designers of syllabuses for business-oriented university courses could consider incorporating the development of emotional competencies as a fundamental objective, since some of the students will be destined for the management posts of the future.

The current work suffers from a number of limitations, which we urge researchers to tackle in future works. First, the sample of firms we studied is limited to a specific geographic area in one country – Spain (Canary Islands) – that will necessarily limit generalisation of the results obtained to other populations of SMEs. Researchers should replicate the current model in other geographic areas. Second, and with regard the methodology, researchers could explore other tools to measure EI and emotional competencies. It would be interesting to measure this construct using qualitative analytical techniques, with 360 – or 180 – degree tools.

Finally, the current study is cross-sectional in nature, which limits our ability to draw causal inferences from the data. This cross-sectional design prevents us, for example, from analysing EI's influence on the continued development of high-performance HR practices over time. Future research using longitudinal methodologies to study these variables could provide additional advances in this area.

#### Notes

1. EI is a learnable skill and a component of social intelligence (Thorndike, 1920) that enables a person to monitor, understand and respond appropriately to emotional cues in self and others (Salovey and Mayer, 1990).
2. [www.envisialearning.com/360\\_degree\\_feedback/emotional\\_intelligence\\_view](http://www.envisialearning.com/360_degree_feedback/emotional_intelligence_view)

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Factor	Items in the questionnaire	Factor load	EI dimensions
Self-control Variance explained = 8.65%	I manage tense situations without exaggerated or defensive reactions	0.790	Self-management
	I cope well under pressure and in stressful situations	0.750	
	I demonstrate aplomb and control in situations where interpersonal challenge or threat exists	0.750	
	I maintain a positive and constructive point of view although the plans are complicated	0.656	
	I am optimistic, and I get the best out of situations	0.598	
	I keep an open mind when others disagree, resisting the urge to react defensively	0.537	
	I take risks and make impulsive decisions in the absence of adequate information	0.699	
Orientation towards success Variance explained = 10.37%	I make quality and logical decisions based on adequate information and data	0.657	
	I fulfil the established commitments	0.657	
	I consider different options before making a decision	0.628	
	There is consistency between my words and my actions	0.590	
	I use written communication in an effective and appropriate way	0.570	
	I give clear, logical and concise answers	0.521	
	I manage time effectively and efficiently	0.831	
Time management Variance explained = 4.30%	I am able to balance work, family and personal life	0.826	
Empathy variance explained = 10.56%	I understand and care for others' feelings	0.728	Social awareness
	I develop friendly and useful work relationships	0.704	
	I show interest in the feelings and needs of others	0.703	
	I work collaboratively and not in competition	0.689	
	I recognise and appreciate contributions and achievements	0.591	
	I trust in peoples' skills and abilities	0.555	
	I keep an open, honest, and friendly attitude in interpersonal relationships	0.545	
Service orientation variance explained = 3.80%	I take time to listen to and understand others	0.570	
	I am sensitive to diversity in the workplace, and I treat others fairly and in a consistent way	0.503	
	I encourage cooperation and teamwork	0.702	
Promotion of cooperation and conflict management Variance explained = 6.38%	I strive to detect and resolve interpersonal conflicts	0.644	Relationship management
	I search for feedback and constructive criticism	0.631	
Building internal relationships Variance explained = 8.27%	I initiate and strengthen strategic internal alliances	0.777	
	I encourage others to express their opinions even if they are different from mine	0.710	
	I offer formal and informal help, training and coaching	0.655	
Communication Variance explained = 9.56%	I ask for and value others' thoughts and opinions	0.609	
	I clearly state and request information to/from others	0.714	
	I ask in a receptive and diplomatic way	0.698	
	I communicate information quickly, and in a timely fashion	0.670	

Table A1. Emotional competencies  
(continued)

Factor	Items in the questionnaire	Factor load	EI dimensions
Influence Variance explained = 5.50%	I maintain eye contact and I use a good non-verbal communication	0.662	
	When speaking, I clearly articulate and pronounce the words	0.578	
	When writing, I correctly use the language (grammar, tense, etc.)	0.545	
	I know how to convince and persuade others and how to get them to understand my ideas and perspectives	0.858	
	I know how to communicate and express ideas so that I persuade and influence others	0.834	
	I can summarise and paraphrase, making myself understood	0.541	

**Table AI.** Note: Factor loads from SPSS Pc 17.0

Items in the questionnaire	Descriptive statistics		Principal-component analysis	
	Mean	SD	Factor load	Factor
The ability to address and solve problems is a criterion to consider when we select employees	5.41	1.290	0.807	Personnel selection ("A") Variance explained = 6.65%
We select those employees who can provide ideas for improvement	5.01	1.540	0.738	
We consider the candidates' values relative to work (team spirit, good job, effort, customer orientation) as a criterion when we select employees	5.93	1.093	0.716	
Employees participate in training programmes that allow their continuous updating	4.87	1.738	0.854	Training ("A") Variance explained = 10.84%
We assign to training all the economic resources that our annual budget allows us	5.21	1.780	0.783	
Training programmes seek to teach new employees the skills they need to perform their jobs	4.75	1.808	0.742	
Training courses are developed for all the employees	5.25	1.785	0.747	Assessment ("M") Variance explained = 12.48%
Our firm offers training aimed at enabling employees to assume greater responsibilities at the firm	4.50	1.734	0.663	
Employees' assessment is regularly carried out at our company	4.08	2.018	0.810	
Employees' work performances are assessed following a previously established procedure	4.18	2.033	0.800	
Employees' assessment is carried out on the basis of quantifiable objectives known by them	4.66	1.927	0.773	
Employees are informed of the results obtained in their assessment	4.48	1.902	0.756	
Employees' work performances are assessed according to their results	4.97	1.761	0.674	
Operational employees with high capabilities have the opportunity of promotion to a better position in the firm	5.48	1.444	0.789	Internal promotion ("M") Variance explained = 7.09%
When a vacancy arises in our firm, we offer current employees the opportunity of promotion to that position before filling it with new employees	5.51	1.571	0.783	
In our firm, employees are clear about their actual promotion opportunities	5.06	1.440	0.636	Salary incentives ("M") Variance explained = 6.15%
In our firm, we offer additional incentives to fixed salary according to the firm results	4.22	2.232	0.785	
In our firm, we offer additional incentives to fixed salary according to the teams' productivity	3.76	2.181	0.611	
Economic and operational results achieved by the firm are shared with employees	3.75	1.904	0.624	Equity in fixed salary ("M") Variance explained = 6.06%
In our firm, the fixed part of the employees' salary is assigned according to his/her individual performance	3.85	2.067	0.893	
In our firm, the fixed part of the employees' salary is assigned according to his/her abilities	3.97	2.160	0.889	Participation ("O") Variance explained = 10.50%
The suggestions of our employees are evaluated and, if appropriate, implemented	5.29	1.533	0.772	
In our firm, the superiors ask their employees to participate in the decision-making process	4.85	1.482	0.746	

**Table AII.**  
HR practices scale.  
Descriptive statistics  
and factor loads

(continued)

Items in the questionnaire	Descriptive statistics		Principal-component analysis	
	Mean	SD	Factor load	Factor
In our firm, we have mechanisms to achieve the participation of the employees and to gather their suggestions and opinions (e.g. suggestion box, periodic meetings, etc.)	4.63	1.982	0.702	
We offer the employees the opportunity to suggest improvements in the way tasks are done	5.42	1.537	0.660	
In our firm, we allow employees to make decisions in their jobs	4.99	1.263	0.627	
Employees spend most of their working day working as a team	4.91	1.627	0.757	Teamwork ("O") Variance explained = 9.31%
Employees carry out a good part of their tasks organised as a team	4.99	1.621	0.744	
In our firm, we try to involve employees in the tasks assigned to the team	5.24	1.438	0.710	
In our firm, we set up teams only to solve problems	4.58	1.714	0.702	Job design ("O") variance explained = 6.03%
Job positions have an updated description of their tasks	5.57	3.85	0.858	
Tasks and duties of the job are clearly defined	5.69	3.97	0.845	

**Table AII.**

**Note:** <sup>a</sup>HR practices were measured on seven-point Likert scales



	HR1 person. select.	HR2 training	HR3 assessment	HR4 internal promotion	HR5 salary incent	HR6 Equity fix salary	HR7 participation	HR8 team work	HR9 job design	EI1 self- control	EI2 orient. towards success
HR1	1										
HR2	0.000	1									
HR3	0.000	0.000	1								
HR4	0.000	0.000	0.000	1							
HR5	0.000	0.000	0.000	0.000	1						
HR6	0.000	0.000	0.000	0.000	0.000	1					
HR7	0.000	0.000	0.000	0.000	0.000	0.000	1				
HR8	0.000	0.000	0.000	0.000	0.000	0.000	0.000	1			
HR9	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	1		
EI1	0.065	0.165*	0.103	0.195*	0.131	-0.064	-0.036	-0.023	0.143****	1	
EI2	0.142****	0.167*	-0.011	0.204*	-0.078	-0.136****	0.014	-0.039	-0.065	0.011	1
EI3	0.103	0.133****	0.210**	0.038	-0.116	0.090	-0.050	0.015	0.246**	-0.018	-0.007
EI4	-0.046	0.066	0.109	0.238**	0.039	0.150****	0.081	-0.003	0.146****	0.028	0.020
EI5	0.069	-0.031	0.053	-0.087	-0.248**	-0.089	-0.129	0.179*	-0.191*	0.010	0.002
EI6	0.183*	0.001	0.134****	0.031	0.083	0.030	0.230**	0.352****	-0.080	-0.009	-0.024
EI7	-0.102	0.243**	0.017	0.004	0.021	0.029	0.227**	0.199*	0.038	0.009	0.001
EI8	-0.144****	-0.037	0.158*	-0.063	0.020	-0.007	0.300****	-0.006	0.053	-0.005	0.001
EI9	0.089	-0.127	0.069	0.008	-0.097	0.096	0.102	-0.041	-0.175*	-0.008	-0.036
Gender	0.016	-0.047	-0.110	0.121	-0.032	-0.021	-0.090	0.020	0.128	-0.070	0.025
Tenure in SME	-0.075	-0.015	-0.031	0.024	0.113	0.077	-0.195*	-0.011	-0.083	-0.038	-0.158*
Acad. Back.	0.117	0.013	0.046	0.028	-0.051	-0.148****	0.248**	-0.097	-0.039	-0.015	0.027
Perm Emp %	0.134****	-0.033	0.079	0.075	0.177*	0.057	0.186*	0.013	-0.034	0.045	-0.036

(continued)

Table AIII.

	EI3 time management	EI4 empathy	EI5 service orient.	EI6 coop/ conflict manag	EI7 building internal relations	EI8 Communication	EI9 Influence	Gender	CONTROL variables Tenure SME	Acad. back	Perm emp %
HR1											
HR2											
HR3											
HR4											
HR5											
HR6											
HR7											
HR8											
HR9											
EI1											
EI2											
EI3	1										
EI4	0.017	1									
EI5	-0.014	-0.003	1								
EI6	-0.008	0.011	0.012	1							
EI7	-0.004	-0.014	-0.011	0.012	1						
EI8	-0.039	-0.002	-0.005	0.019	-0.005	1					
EI9	0.036	0.030	0.011	-0.036	0.017	0.060	1				
Gender	0.082	-0.034	-0.039	0.003	-0.048	0.068	-161*	1			
Tenure in SME	0.079	0.149****	-0.049	-0.054	0.047	-0.141****	0.053	-0.282**	1		
Acad. Back.	0.033	0.047	0.017	0.048	0.027	0.155****	0.061	0.072	-0.334***	1	
Perm Emp %	-0.049	-0.069	-0.048	0.173*	0.115	0.018	0.090	-0.054	-0.038	0.119	1

Note: \* $p < 0.05$ ; \*\* $p < 0.01$ ; \*\*\* $p < 0.001$ ; \*\*\*\* $p < 0.1$

AMO category	HPHRP	Discussion	Conclusion
Ability practices	Personnel selection	<p>Managers adopt this practice with high performance criteria more the higher their score in the competency promotion of cooperation and conflict management. In a selection process, managers evaluate candidates not only on their technical skills, but also on their aptitude for facing up to and solving problems and their team spirit. Doing this will guarantee the right working environment by hiring human resources with the right qualities. In addition, managers with orientation toward success will probably seek employees that contribute to the firm's success whereas they get their own development, following the criteria of a high-performance HR system. Thus, they will pay special attention to the Personnel selection practice</p>	<p>The HR decision maker will be more likely to adopt a high-performance personnel selection the higher his/her emotional competency is in promotion of cooperation and conflict management and in orientation toward success, and the lower his/her emotional competency is in communication</p>
	Training	<p>In contrast, this HR practice will be less formally developed when managers consider that they can guide their personnel's attitudes to get high performance through their communication. Therefore, personnel selection is not a key HR practice for developing managers with a high level of this emotional competency because of their confidence in their communication for granting the creation of a successful working environment</p> <p>When managers have a high level of building internal relationships, they are more likely to use Training as a means of improving employee qualifications and providing them with resources and capabilities. This training seems to affect the integral development of the HR, permitting their continuous recycling, increasing their capabilities and hence improving their potential and confidence about getting actively involved in their firm. Likewise, training as a mechanism to support new employees conceivably helps these new members to acquire the knowledge they need to do their jobs better and adapt to the firm as quickly as possible. Thus, through this HR practice the manager may encourage and facilitate the internal labour relationships thanks to employees' knowledge resources</p> <p>Furthermore, managers with the competency of self-control seem to be more likely to invest in Training to develop their firm's human capital, so that the employees are suitably qualified to do their jobs and handle complicated and tense situations. Such managers may project their self-control outwards and use training to help generate the same competency in their workforce. Thus, training would include not only task-related competencies, but also EI competencies. In addition, managers who develop orientation towards success are more likely to make decisions with the aim of improving not only their own skills and knowledge, but also those of their employees, given their importance in the firm's operations. Thus, orientation towards</p>	<p>The HR decision maker will be more likely to adopt high performance training the higher his/her emotional competencies are in building internal relationships, self-control, orientation towards success and time management, and the lower his/her emotional competencies are in influence</p>

(continued)

**Table AIV.**  
Effect of each emotional competencies on the adoption of every high-performance human resource practice

AMO category	HPPERP	Discussion	Conclusion
Motivation practices	Assessment	<p>success may increase the manager's predisposition to dedicate economic resources and time to training with the aim of making employees capable of doing their work successfully. Finally, when managers have the emotional competency of time management they will encourage training practices as an investment in the SMEs to reach more skilled employees that can solve by themselves the challenges of their job. This result in more options for managers make better use of their time managing the SME, instead of wasting it supporting employees in dealing with problems associated to daily operations. In addition, employees will feel more confident in their jobs as they are skilled to autonomously perform their tasks. In contrast, managers with a high Influence tend to adopt the Training practice less. In these cases, the HR decision maker may decide that training is less important, believing that his/her own skills to make others to understand his/her ideas may be sufficient to provide them with some concepts to assume higher responsibilities.</p> <p>Results suggest that the higher the manager's emotional competency in effective and efficient time management, the more likely he/she will adopt the assessment practice. A manager with this emotional competency may consider this HR practice to be worth investing in. The effort and time dedicated to employees' assessment may result in substantial improvements for the firm because of superior employee performance and the greater availability of information for the decision making, reducing future time loss and avoiding unforeseen events, since time management is founded on planning.</p> <p>The assessment is also determined by the emotional competency communication. Managers with a high level of this competency will easier transmit information to the employees about their level of performance and about what the firm wants from them, making the assessment more useful for the firm and for the employee.</p>	<p>The HR decision maker will be more likely to adopt Assessment with high performance criterion the higher his/her emotional competencies are in time management and communication</p>
	Internal promotion	<p>Managers with high empathy manage to develop an appropriate and fair promotion process, adequately channelling and distributing the opportunities and offering current employees the first option for a vacant post if they show they have the abilities, aptitudes, and attitudes required. In contrast, managers who lack empathy may not recognise their employees' achievements or be aware of their interests and needs. They will consequently be unaware of their expectations, and so may be less likely to use internal promotion.</p> <p>Managers with a high level of orientation towards success will also encourage Internal promotion, facilitating the advance of talented operations staff if they satisfy the requirements</p>	<p>The HR decision maker will be more likely to adopt Internal promotion the higher his/her emotional competencies are in empathy, orientation towards success and self-control</p>

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AMO category	HPHRP	Discussion	Conclusion
		<p>for the post. These managers seem to value work that is well done, on time and of the right quality, so they may seek to promote employees with the right profile to higher positions to help the firm and employees achieve their objectives</p> <p>The current research defines Internal promotion as offering higher level positions to those employees capable of occupying them. Thus, this HR practice also depends on managers having the right emotional competencies to be able to think clearly despite the pressures they may perceive from the different candidates for the post (self-control). Some employees may not accept the promotion of colleagues to a higher level, potentially leading to conflicts and tense situations. Self-control could help the manager stay balanced, positive and understanding even in the most critical moments</p>	
	Salary incentives	<p>The only emotional competency that has an influence, this time negative, on the adoption of salary incentives is Service orientation. When managers have developed this competency, they seem to value a subordinate more as a human asset than as a business resource, and consider other aspects relating to his/her contribution to the firm and value from a more integral perspective. In fact, these managers stand out for their fair and consistent treatment of employees. The factor explaining salary incentives in this work consists of items linking variable remuneration with the firm's financial and operational results or with group productivity, with individual performance being less relevant, so it seems logical that managers with a higher service orientation will not use such incentives</p>	<p>The HR decision maker will be more likely to adopt salary incentives associated with group performance the lower his/her emotional competency is in service orientation</p>
	Equity in fixed salary	<p>According to <i>F</i>-test (<math>F = 1.261, p = 0.243</math>) the model estimated to Equity in fixed salary is not significant; coherently its adjusted <math>R^2</math> is also too low (2.4%). So, we omit doing any interpretation about the influence of emotional competencies on this HR practice</p>	-
Opportunity practices	Participation	<p>Three emotional competencies of the HR decision maker affect the adoption of this HR practice. Managers with high communication levels seem to be more likely to encourage employees' participation, to value their contributions, and to establish mechanisms to formalise participation in the firm. These managers are used to timely and quick communication and so conceivably offer their employees transparent, useful information to do their jobs and adequately make evidence-based suggestions</p> <p>Managers with the competency promotion of cooperation and conflict management could also make more use of participation because they are confident of their ability to solve any conflicts</p>	<p>The HR decision maker will be more likely to adopt high performance participation the higher his/her emotional competencies are in communication, promotion of cooperation and conflict management, and building internal relationships and the lower his/her</p>

(continued)

Table AIV.

AMO category	HPIHRP	Discussion	Conclusion
		<p>that may arise as a consequence of the different opinions that participatory processes generate, and because they are sure that this participation could even reinforce cooperation between the members of the firm relationships. This emotional competency seems to make the manager more willing to encourage strategic interconnections and alliances within the firm (Chopra and Kanji, 2010). Through open participation and the expression of suggestions and opinions, the manager could be strengthening the building of such relationships.</p> <p>In contrast, managers' service orientation has a significant, negative influence on the participation practice. Managers with a high level of this emotional competency seem to be interested in investigating in employee diversity and understanding what is happening among their employees. This competency could help them to understand that not all employees are adaptable enough to take part in participation processes. Moreover, understanding situations often requires that the manager approaches the employees, rather than the employees showing initiative and participating. Rather than using formal mechanisms to channel employee participation, these managers are more likely to approach their employees themselves to obtain the information they need.</p>	<p>emotional competencies are in service orientation</p>
Teamwork		<p>Managers with a high level of promotion of cooperation and conflict management will value teamwork, try to achieve a good working environment in the organisation, and seek feedback and constructive criticism. The HR practice teamwork may therefore be a tool for achieving everything in the firm that managers with this competency consider important, since within teams' spaces, reflection commonly emerges, and people discuss solutions and measures to help improve how things are done, generating superior performance. Nevertheless, more employee interaction can sometimes generate interpersonal conflicts. Managers with that emotional competency may be able to handle problems of the type that teamwork can generate, which will also facilitate the adoption of this practice.</p> <p>Likewise, when managers are interested in building internal relationships, they implement teamwork with the aim of enriching the work carried out and consolidating those alliances in a more restricted, particular context. Similarly, teamwork is encouraged when managers manifest service orientation. This emotional competency seems to lead the managers to treat their employees fairly and consistently, demonstrating sensitivity towards diversity in the</p>	<p>The HR decision maker will be more likely to adopt Teamwork the higher his/her emotional competencies are in promotion of cooperation and conflict management, building internal relationships and service orientation</p>

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AMO category	Discussion	Conclusion
HPHRP	<p>workplace, so that adopting the teamwork practice may be a means of supporting the employees' need for inclusion. On the other hand, managers with this competency may appreciate when teams operate according to the particular characteristics of their members, in other words in function of each member's experience, culture and so on. Because of their attention to diversity, these managers will recognise that a team is a human group and as such is susceptible to showing all the phenomena that can naturally arise in such groups. The managers will be aware that each individual in the team will have a personal space that the other members must respect, and they will stress to all members the need to be sensitive to others' personal space</p>	<p>The HR decision maker will be more likely to adopt Job design the higher his/her emotional competencies are in time management, empathy and self-control and the lower his/her emotional competencies are in influence and service orientation</p>
Job design	<p>When managers carry out an effective and efficient time management, they encourage job design as a tool for optimising that resource and adequately organising the firm's activity. Individuals who manage their time well will conceivably prefer to dedicate time to job design rather than improvising. By adopting Job design, the employees' tasks are clearly defined, so managers seem to make better use of their time, not wasting time constantly giving out instructions. At the same time, fewer conflicts of function between jobs may arise, and hence overlaps and duplications that undermine employees' attempts to make full use of their working day. The managers may thereby ensure an adequate organisation of their employees' time, since the latter will be more efficient if they know what they should be doing. Employees normally feel better with a clear specification of their tasks and without uncertainties about which are their professional obligations. When the managers have the emotional competency of understanding this (Empathy), they will also encourage job design. Nevertheless, the definition of tasks can generate internal conflicts that must be resolved. Self-control may give managers the composure they need to tackle these situations more objectively</p> <p>In contrast, managers with a high level of Influence tend to adopt the Job design practice less. In these cases, the HR decision maker may decide that Job design is less important, believing that his/her verbal skills are sufficient to be able to clarify and communicate the functions of each post to the employees. The manager may expect to achieve similar results in this way to those obtained with a formal, up-to-date definition of functions</p> <p>Likewise, when the Service orientation defines the HR decision maker's EI, Job design receives less attention. Job design leads to rigidity rather than the flexibility the manager needs to be able to address diversity at any time. The management of diversity seems to make it possible to develop different types of person-job adjustment, understanding and listening to the employee, and considering their personal characteristics. This may explain why this emotional competency has a negative influence on the decision to adopt job design</p>	

Table AIV.