

1 **Emotional Intelligence in Leadership and Its Implications for Corporate**
2 **Sustainability and Employee Well-Being**

3

4 **Abstract**

5 Background: Contemporary organizations face accelerated change and increasing mental
6 health demands, which heighten the importance of leaders' socioemotional capabilities
7 beyond technical expertise. Objective: This article examines the strategic relevance of
8 emotional intelligence (EI) in leadership and its implications for employee well-being,
9 team productivity, organizational climate, and corporate sustainability—particularly
10 within the social and governance dimensions of ESG. Methods: The study adopts a
11 qualitative, exploratory, and bibliographic design, supported by document analysis of
12 institutional data and reports (e.g., social security and public health sources) and peer-
13 reviewed literature. Results: The reviewed evidence suggests that emotionally unprepared
14 leadership is associated with toxic climates, increased burnout and absenteeism, and
15 higher turnover, while emotionally intelligent leadership supports psychological safety,
16 engagement, and performance. Conclusion: EI emerges as a strategic leadership
17 competency that can strengthen sustainable organizational outcomes by promoting
18 healthier workplaces and more resilient performance over time.

19 Keywords: emotional intelligence; leadership; employee well-being; corporate
20 sustainability; ESG

21

22 **1. Introduction**

23 Over recent years, the organizational environment has been changing rapidly, driven by
24 technological advances, increased competitiveness, and a constant need for adaptation.

25 In parallel, data from Brazil's social security and health authorities indicate a substantial
26 increase in employee leaves of absence due to emotional and mental health conditions
27 such as burnout syndrome, generalized anxiety disorder (GAD), and depression
28 (Ministério da Previdência Social, 2025; Ministério da Saúde, 2021). These trends have
29 reinforced the widespread view that depression and anxiety are among the major health
30 challenges of this century (World Health Organization [WHO], 2022).

31 Such disorders directly affect team productivity and, consequently, can negatively impact
32 organizational results (Gallup, 2024). The motivation for this study arises from this
33 reality faced by many companies and from the author's direct professional experience.
34 Emotional illness among professionals is often associated with a lack of leadership
35 preparedness to manage human and emotional complexity in the workplace.

36 Inflexible, authoritarian, or emotionally indifferent leadership styles have aggravated this
37 context, highlighting the urgent need to prepare leaders for current corporate challenges
38 (Tepper, 2000). In addition, the ability to adapt to the workplace changes experienced in
39 recent years has become an organizational priority (Kouzes & Posner, 2017).

40 The absence of emotional intelligence in leadership practice can create dysfunctional and
41 suffocating work environments, resulting in lower productivity, higher turnover, and
42 more frequent leaves due to emotional issues (Momeni, 2009).

43 With the growing implementation of ESG (Environmental, Social, and Governance)
44 policies, corporate sustainability has expanded beyond economic and environmental
45 dimensions to include greater attention to the work environment and employees' mental
46 health (Cherniss & Goleman, 2001).

47 Accordingly, emotional intelligence has become one of the most valued and essential
48 competencies for leaders today (Mayer & Salovey, 1997).

49 Applying emotional intelligence to leadership can promote healthier and more supportive
50 work environments, leading to more motivated, engaged, and productive teams; as a
51 result, negative indicators tend to decrease (Gallup, 2024). Therefore, the central
52 objective of this article is to explore and analyze the strategic importance of emotional
53 intelligence in leadership practice, investigating how its development and effective
54 application positively influence employees' emotional well-being, enhance team
55 productivity, and consequently improve organizational outcomes, supporting corporate
56 sustainability.

57

58 **2. Literature Review and Theoretical Framework**

59 This study is primarily grounded in foundational authors who conceptualized emotional
60 intelligence as the ability to monitor one's own feelings and emotions, as well as those of
61 others, and to use this information to guide thinking and action (Mayer & Salovey, 1997).
62 Subsequently, the construct was popularized in the organizational context, with emphasis
63 on five essential pillars (Goleman, 1998):

64 Emotional self-awareness: recognizing one's emotions and their impacts.

65 Self-regulation: managing impulses and adapting to change.

66 Motivation: maintaining engagement and resilience in the face of challenges.

67 Empathy: understanding others' emotions and perspectives.

68 Social skills: building positive relationships and managing conflict.

69 In recent decades, organizations have been transforming rapidly due to technological
70 advances; however, post-pandemic challenges, hybrid work, and mental health demands
71 have required leaders to demonstrate enhanced emotional capabilities.

72 Neuroscientific perspectives suggest that emotional intelligence is associated with the
73 prefrontal cortex, a region linked to emotional regulation and decision-making (Mayer &
74 Salovey, 1997). In addition, Kahneman's (2011) dual-system theory (fast vs. slow
75 thinking) helps explain how impulsive or emotionally dysregulated decisions - often
76 adopted under pressure - may compromise organizational climate and increase team
77 stress. This helps clarify why leaders with high emotional intelligence tend to be more
78 effective in people management and in achieving results.

79 The relationship between emotional intelligence and leadership has been widely studied,
80 with evidence indicating that emotionally intelligent leaders can reduce conflict (Druskat
81 & Wolff, 2001) and improve decision-making (Goleman, 1998).

82 A Gallup (2024) study with more than 500 executives reported that leaders with high
83 emotional intelligence can perform up to 20% better on productivity and organizational
84 climate metrics. The study also indicates that emotional intelligence may be a stronger
85 predictor of leadership effectiveness than IQ or technical skills.

86 Organizational productivity is directly linked to employees' emotional well-being.
87 Research indicates that: (a) organizations with emotionally intelligent leaders have 34%
88 less turnover (Cherniss & Goleman, 2001); (b) teams led by emotionally intelligent
89 managers can be up to 31% more productive (Momeni, 2009); and (c) employees in
90 emotionally healthy environments show greater creativity and resilience (Amabile &
91 Kramer, 2011).

92 A study highlighted that the most productive teams were those with high psychological
93 safety, fostered by empathic and communicative leaders (Google, 2016).

94 Recent literature points to two leadership styles that directly affect employees' mental
95 health: authoritarian leadership and democratic leadership. The following sections
96 summarize key characteristics and impacts of each style.

97 Authoritarian leadership, characterized by a directive, centralized, and often coercive
98 approach, has been associated with negative work environments, particularly regarding
99 employee well-being. Although it may deliver immediate results in urgent situations, it
100 tends to produce harmful consequences when sustained.

101 In this context, authoritarian or destructive leadership is directly associated with
102 increased occupational stress, burnout, and absenteeism (Skogstad et al., 2007). Abusive
103 behaviors such as humiliation, excessive control, and lack of support generate toxic

104 environments that harm employees' mental health, reducing motivation and engagement
105 and increasing turnover and stress-related leaves of absence.

106 The concept of abusive supervision describes sustained hostile verbal and nonverbal
107 behaviors by leaders (without physical contact) and has been correlated with emotional
108 exhaustion, lower job satisfaction, and turnover intentions (Tepper, 2000).

109 Studies on burnout emphasize that organizational factors - such as lack of recognition,
110 excessive workload, and perceived injustice - contribute significantly to professional
111 exhaustion; abusive leadership amplifies these factors because employees do not feel
112 heard or valued, strengthening helplessness and demotivation (Maslach & Leiter, 1997).

113 Research on workplace bullying also indicates that authoritarian, abusive, and punitive
114 leadership styles can catalyze such behaviors. Repeated negative criticism, unattainable
115 targets, and rigid monitoring can contribute to depression and anxiety and increase
116 occupational sick leave (Einarsen et al., 2007).

117 Evidence also suggests that destructive leadership affects collective trust and team
118 cohesion, reducing creativity and proactivity - elements essential to organizational
119 performance (Chiaburu et al., 2011). Therefore, authoritarian leadership is intrinsically
120 linked to higher stress, burnout, and absenteeism, directly affecting productivity.

121 Conversely, democratic leadership promotes a more collaborative and dialog-oriented
122 environment in which the leader acts as a facilitator. Employees are encouraged to
123 participate in decisions through active listening and the exchange of ideas and
124 perspectives, which can enhance morale and support mental health at work.

125 Early research on leadership styles indicates that democratic leadership is associated with
126 greater team-member satisfaction, better organizational climate, and higher performance.
127 In democratic contexts, workers tend to show more creativity, responsibility, and
128 commitment to group goals (Lewin et al., 1939).

129 Emotional intelligence is one of the pillars sustaining democratic leadership. Emotionally
130 intelligent leaders can recognize and manage their own emotions and understand and
131 positively influence others' emotions. These skills are essential for building healthy
132 relationships, preventing unnecessary conflicts, and maintaining team emotional balance,
133 even under pressure.

134 Self-awareness, self-regulation, motivation, empathy, and social skills distinguish leaders
135 who master these competencies, enabling more effective management and creating
136 environments of trust, mutual support, and respect, which promote psychological well-
137 being (Goleman, 1998).

138 Boyatzis and McKee (2005) reinforce that resonant leadership, sustained by emotional
139 intelligence, can inspire and energize teams, reducing stress and strengthening
140 interpersonal relationships while increasing productivity.

141 In democratically led and emotionally intelligent environments, employees feel valued,
142 heard, and recognized. Such management supports psychological safety and trust, which
143 are critical for mental health at work. Moreover, sharing power and responsibility can
144 enhance organizational results by increasing commitment, innovation, and productivity
145 (Kouzes & Posner, 2017).

146 Therefore, democratic leadership grounded in emotional intelligence is an effective
147 alternative for building healthy organizational environments, supporting employee well-
148 being and collective performance by reducing stress, preventing burnout, and decreasing
149 absenteeism.

150 Current organizational challenges related to productivity and competitiveness have
151 reinforced the need to develop emotionally intelligent leaders, particularly in
152 environments characterized by pressure for results and extended work hours.

153 According to the WHO (2022), Brazil has one of the highest prevalences of anxiety
154 disorders worldwide, with direct impacts on work-related leaves. The International
155 Labour Organization (ILO) reports that mental disorders account for up to 12% of global
156 medical leaves (ILO, 2022).

157 In parallel, corporate sustainability agendas have expanded with the consolidation of ESG
158 criteria. Within the social pillar, employee well-being, diversity, inclusion, psychological
159 safety, and human-centered management practices are increasingly considered essential
160 for long-term sustainability. In this context, emotional intelligence emerges as a strategic
161 leadership competency, enabling empathy, active listening, emotional balance, and a
162 human-development orientation - elements aligned with ESG principles and the United
163 Nations Sustainable Development Goals (United Nations, 2015).

164 Organizations that foster emotional intelligence in leadership may reduce turnover and
165 absenteeism, improve organizational climate, increase engagement and productivity,
166 strengthen corporate reputation, and attract investors and talent aligned with sustainable
167 values (Cherniss & Goleman, 2001).

168 Within contemporary organizations, Human Resources (HR) has shifted from an
169 operational function to a strategic and transformative role. Among its most critical
170 responsibilities is developing emotionally intelligent leaders who can promote well-
171 being, engagement, and high performance without neglecting employees' mental health.

172 Through structured leadership development programs - learning pathways, mentoring,
173 coaching, structured feedback, and behavioral assessments - HR can directly support the
174 formation of leaders prepared for the human challenges of management.

175 Resonant leadership, as described by Boyatzis and McKee (2005), is frequently
176 highlighted as an ideal model for organizational sustainability; it supports inspiration,
177 open dialogue, and belonging, which are critical for retention and prevention of
178 psychological illness.

179 Gallup (2024) reports that organizations with cultures based on empathy and active
180 listening can achieve higher profitability and lower absenteeism, demonstrating the
181 strategic value of integrating human-centered practices with performance logic.

182 Beyond qualitative gains, investing in emotional intelligence through HR can yield
183 tangible benefits, including reduced costs from mental health leaves, improved
184 institutional reputation, attraction of talent seeking healthy environments, and improved
185 decision-making and crisis management (Damasio, 1996).

186

187 **3. Methodology**

188 To examine the increase in leaves of absence due to mental health disorders and how
189 emotional intelligence applied to leadership styles can contribute to organizational
190 sustainability and employees' emotional health, this study adopted a qualitative,
191 exploratory, and bibliographic research design, grounded in document analysis of public
192 data from Brazil's National Social Security Institute (INSS) and international
193 organizations such as the WHO and ILO, covering the period from 2014 to 2024. The
194 analysis followed an interpretive approach, seeking to establish relationships among
195 leadership styles, emotional intelligence, mental health indicators, and productivity in the
196 organizational environment. National and international studies available in books,
197 scientific articles, and institutional reports were also used.

198

199 **4. Results**

200 The institutional data reviewed indicate a pronounced increase in leaves of absence due
201 to mental and behavioral disorders over the last decade. Table 1 summarizes selected
202 values and predominant causes reported for the period 2014–2024.

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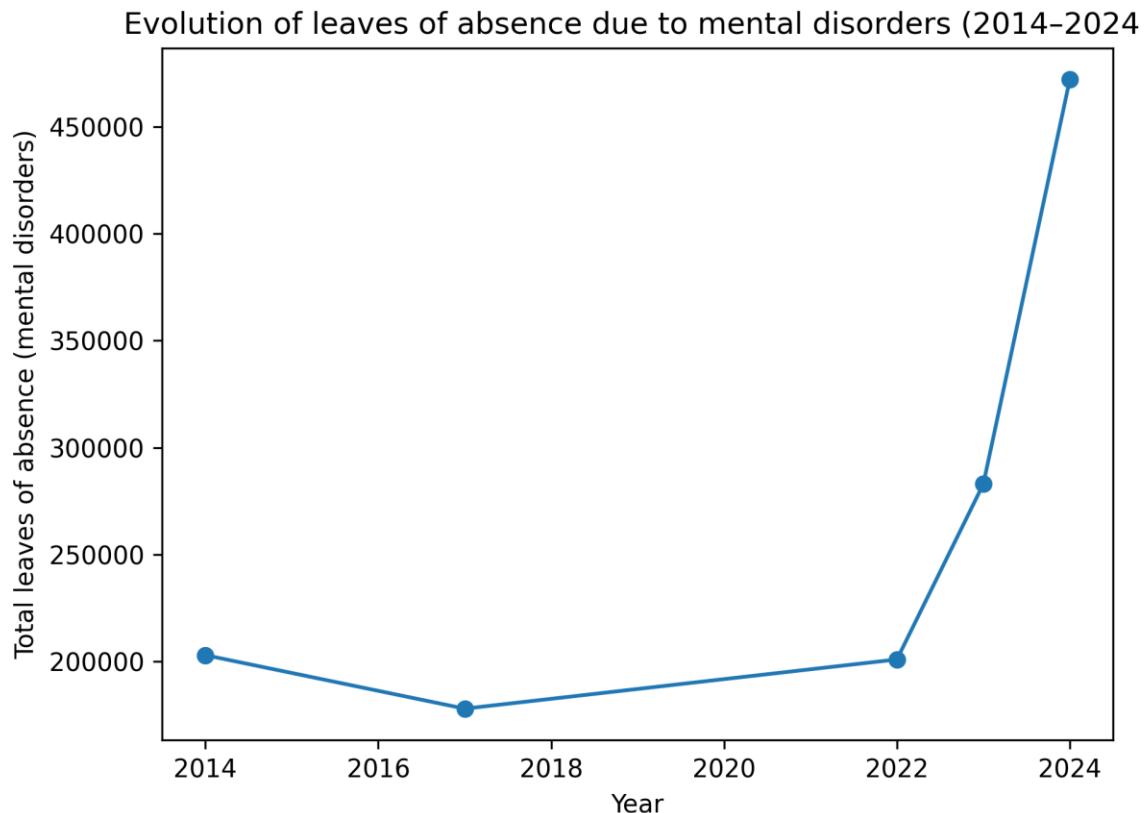
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206 Table 1. Leaves of Absence Due to Mental Disorders in Brazil (2014–2024)

Year	Total leaves due to mental disorders	Main identified causes
2014	203,000	Anxiety disorders (32,000), depressive episodes
2017	178,000	General data on mental and behavioral disorders
2022	201,000	Stress reactions (28.6%), anxiety (27.4%), depressive episodes (25.1%)
2023	283,000	Anxiety disorders (80,276), depressive episodes (67,399), recurrent depressive disorder (32,892)
2024	472,000	Anxiety disorders (141,414), depressive episodes (113,604), recurrent depressive disorder (52,627)

207 Note. Sources: Ministry of Social Security; Ministry of Labor and Employment; National
208 Social Security Institute (INSS).

209 Figure 1. Evolution of leaves of absence due to mental disorders in Brazil (2014–2024).



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211 Figure 2. Leaves of absence due to mental disorders by year in Brazil (2014–2024).

212 **4.1 International comparison: United States indicators**

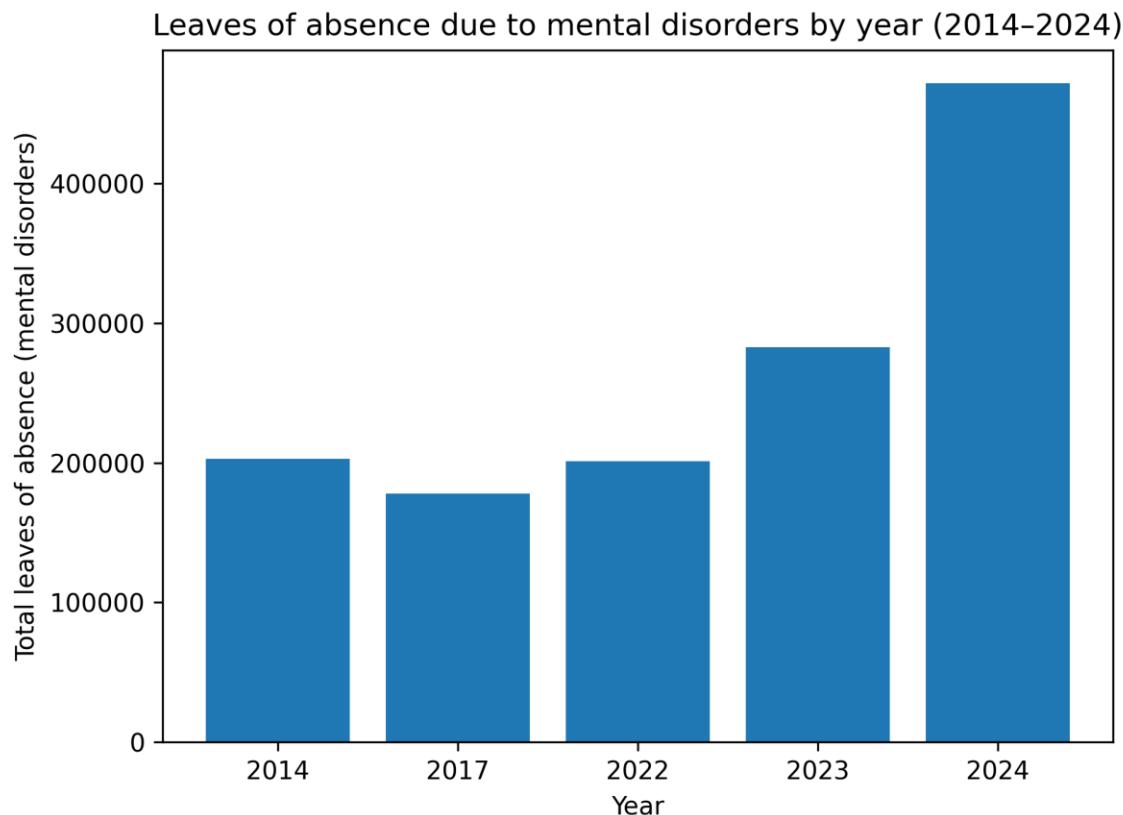
213 To strengthen the international relevance of the analysis, selected U.S. indicators are
 214 presented below. Because administrative sick-leave systems differ across countries, U.S.
 215 measures are reported primarily as population and workforce mental health indicators and
 216 self-reported mentally unhealthy days. These measures should be interpreted as
 217 complementary (burden and productivity impact) rather than as a one-to-one equivalent
 218 of Brazil's INSS administrative leaves of absence.

219 **Table 2. Selected U.S. mental health and work-related indicators (for international
 220 context)**

221 Note. U.S. indicators are drawn from CDC/NCHS (NHIS), CDC/NIOSH analyses of
 222 BRFSS worker data, CDC Vital Signs reporting, and SSA SSDI statistical reporting.

223 Taken together, these indicators reinforce the scale of mental health burden in the U.S.
 224 workforce and provide an international frame to interpret Brazil's administrative trends.
 225 In the Discussion section, the limitations of cross-country comparability and the
 226 implications for emotionally intelligent leadership and ESG-oriented people management
 227 are addressed.

Indicator	United States (source/year)	Interpretation for comparison
Adults with regular feelings of anxiety	12.1% (NHIS Early Release, 2024)	Population-level morbidity; not administrative leave.
Adults with regular feelings of depression	4.8% (NHIS Early Release, 2024)	Population-level morbidity; not administrative leave.
Workers reporting lifetime diagnosed depression	14.2% (BRFSS, 37 states, 2015–2019)	Workforce prevalence; supports burden comparison.
Mean mentally unhealthy days (past 30 days) among workers with depression vs without	9.5 days vs 2.2 days (BRFSS, 2015–2019)	Proxy for productivity loss and functional impact.
Poor mental health days among health workers (past 30 days)	5 days in 2022 (vs 3 in 2018) (CDC Vital Signs)	Sector-specific indicator; illustrates occupational impact.
Disability diagnostic group note	Depressive, bipolar, and related disorders are a leading disabling condition among SSDI beneficiaries who filed for workers' compensation/public disability (SSA SSDI report, 2024)	Administrative disability context; not short-term leave.



228

229

230 **5. Discussion**

231 Comparability note: The Brazilian figures reported in this manuscript derive from
232 administrative records of leaves of absence/benefit claims captured by the INSS, whereas
233 the U.S. indicators presented for international context are primarily population and
234 workforce measures of mental health burden and functional impact (e.g., NHIS
235 prevalence estimates and BRFSS ‘mentally unhealthy days’), alongside disability
236 program statistics (SSDI). Because these data sources reflect different systems and
237 measurement constructs, they are not directly equivalent on a one-to-one basis.
238 Nevertheless, when interpreted as complementary lenses on burden and productivity
239 impact, they converge in indicating the scale and organizational relevance of mental
240 health challenges and the importance of emotionally intelligent leadership and ESG-
241 aligned people management.

242 Overall, the literature and institutional indicators converge on a consistent pattern:
243 leadership behavior and the emotional climate created by leaders are materially
244 associated with employee well-being and organizational functioning.

245 Authoritarian, abusive, or emotionally indifferent leadership styles are frequently linked
246 to elevated occupational stress, emotional exhaustion, reduced job satisfaction, and
247 stronger turnover intentions. These dynamics can translate into higher absenteeism and
248 productivity losses.

249 By contrast, democratic and human-centered leadership approaches—supported by
250 emotional intelligence competencies such as empathy, self-regulation, and social skills—
251 are associated with higher psychological safety, stronger engagement, and healthier team
252 functioning.

253 From a sustainability perspective, these findings align with ESG expectations, especially
254 the Social and Governance pillars, which increasingly emphasize psychological safety,
255 ethical leadership, and responsible people management as determinants of long-term
256 resilience.

257

258 **6. Conclusion**

259 This study indicates that emotional intelligence is not only a desirable competency but a
260 strategic necessity for organizations. Drawing on authors such as Goleman (1998),
261 Boyatzis and McKee (2005), and Cherniss and Goleman (2001), leadership practice is
262 directly linked to employees' psychological well-being (including leaders themselves),
263 sustainable productivity, and long-term organizational health. In crisis contexts, adaptive
264 leadership becomes a determinant factor for organizational survival; emotionally
265 intelligent leaders tend to adapt with greater agility and empathy, sustaining team
266 engagement amid uncertainty (Dignam et al., 2022).

267 The statistical data presented by Brazil's social security system and international
268 organizations such as the WHO and ILO highlight an alarming increase in leaves of
269 absence due to mental disorders. These indicators suggest a persistent gap between
270 discourse about well-being and day-to-day leadership practices in many organizations.
271 Environments led by authoritarian, punitive, and emotionally unprepared leaders may
272 generate a destructive cycle of illness, absenteeism, and financial losses, as evidenced in
273 prior studies (Chiaburu et al., 2011; Maslach & Leiter, 1997; Ministério da Previdência
274 Social, 2025).

275 Conversely, evidence indicates that emotionally intelligent leadership can enable high
276 performance with emotional balance, engagement with empathy, and innovation in
277 psychologically safe environments (Damasio, 1996; Gallup, 2024; Goleman, 1995). This
278 requires a shift away from rigid hierarchical models toward a mindset that recognizes
279 people as the organization's primary asset.

280 Human Resources should move beyond an operational role and assume strategic
281 leadership in human development, including continuous socioemotional training
282 programs and robust evaluation of leadership behaviors that may be normalized or
283 concealed. Such efforts should prioritize capacity building over punishment, addressing
284 entrenched paradigms and biases that shape leadership behavior.

285 The ESG agenda and the United Nations Sustainable Development Goals can be
286 integrated into leadership and management practices. Neglecting the social pillar -
287 particularly emotional well-being and psychological safety - can have not only
288 operational consequences but also legal, reputational, and strategic impacts.

289 Leadership models such as servant leadership reinforce the role of the leader as a
290 facilitator aligned with emotional intelligence and genuine care for people (Van
291 Dierendonck, 2021). Maintaining abusive leaders in decision-making roles represents a
292 high-risk organizational choice, leading to losses that extend beyond financial outcomes,
293 including talent loss, reduced innovation, constrained creativity, and weakened
294 belonging.

295 In contrast, organizations that invest in human capital and emotionally intelligent
296 leadership are better positioned to build ethical, sustainable, and competitive workplaces
297 that attract professionals seeking psychologically healthy environments for career
298 development.

299

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