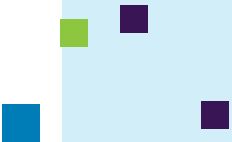
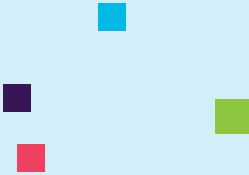


Emotional intelligence— the essential skillset for the age of AI





Key Findings

- 74% of executives and 58% of non-supervisory employees believe that EI will become a “must-have” skill:
 - 61% of executives and 41% of non-supervisory employees believe that it will become so in the next one to five years
 - On average, demand for EI is expected to increase by as much as six times:
 - The financial services sector will see the highest increase in demand for EI skills
 - Displacement of routine tasks, evolving job roles, and the inability to automate certain tasks will be key reasons for an increase in demand for EI skills
 - Although automation and AI will impact all career levels, organizations currently focus more on building EI skills at senior levels than at non-supervisory levels:
 - Organizations do not adequately assess or hire non-supervisory employees based on their EI skills
 - Only 26% of organizations provide feedback to non-supervisory employees based on their EI skills
 - Organizations do not conduct enough training in building EI skills for employees across grades, and particularly for those in non-supervisory roles
 - Organizations benefit from employees who display a high EI quotient:
 - Top benefits for organizations include enhanced productivity, high employee satisfaction, increased market share, and reduced attrition
 - Employee benefits include greater wellbeing, reduced fear of job loss, more openness to change, and the safeguarding of human jobs from machines
 - Organizations can achieve returns up to four times higher by investing in EI skills
 - Roadmap for organizations to develop a more emotionally intelligent workforce:
 - Customize existing learning programs to integrate EI and make them accessible to all
 - Modify recruitment processes to include the evaluation of EI
 - Apply an EI lens when promoting and rewarding talent
 - Use technology and data for building a high EI culture.
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Introduction



We need people in our workplace who can connect with others, who display empathy and understanding, (and) who understand emotions. More than ever, emotional intelligence is not just a 'nice to have' but a core capability for the future.”³

Pip Russell,

Strategy, innovation, and commercial operations vice-president, Schneider Electric

Emotional intelligence (EI) is the ability for people to recognize, understand and perceive their own and other people's emotions as well as to regulate their own emotions. It has been a core concept of leadership development in organizations for many years, but today, it is also becoming a critical skill for employees at all levels. Automation and AI are bringing new opportunities and greater efficiencies to both businesses and society while also blurring the lines between tasks performed by machines and those undertaken by humans. As a result, today's workforce is experiencing significant disruptive shifts, with new roles being created, and other jobs and tasks eliminated. In the long run, AI will affect the workforce at all levels – senior and junior. Senior roles will increasingly delegate knowledge and insight generation to AI. In the short term, however, automation of routine tasks will impact employees at the non-supervisory and more junior levels of the workforce. A recent study from the Organization for Economic Co-operation and Development (OECD) also found that youth jobs will be impacted significantly by automation.¹

In this environment, it is important for employees and organizations to focus on those unique human cognitive capabilities that machines simply cannot master. Emotional intelligence is one area that AI and machines find hard to emulate. While some organizations are focused on making AI understand and react to human emotions, a vast body of research suggests that it is impossible. A study commissioned by the Association for Psychological Science, for example, concluded, with reference to AI-based emotion recognition systems, that individuals express emotions in a variety of ways, which makes it difficult to infer their feeling reliably from a simple set of facial movements.² While there is currently ample discussion about and speculative research on emotionally intelligent AI systems, technology is still far from being able to understand and respond accurately to emotions.

In this research, we specifically focus on the emotional intelligence of humans in the workplace, and on its potential impact on organizations and employees.

Given the profound impact of automation and AI across all levels, and in light of the fact that these technologies still

haven't mastered emotional intelligence skills, we believe that every job level will benefit from an increased emotional intelligence quotient.

Specifically, in the age of the smart machine, emotional intelligence skills will enable non-supervisory employees to stay relevant, take up more value-adding activities and jobs, and progress in the organization. As we also heard from Nicolas Frassetto of Coty Inc., an American multinational beauty company, “Only those employees or people who rate highly on EI skills will have a higher chance of retaining their jobs, compared to the ones who just have their basic technical and digital skills in place.”

The changing job landscape and the need to constantly adapt to new roles will mean that EQ (emotional quotient) becomes increasingly more important. Pip Russell, strategy, innovation, and commercial operations vice-president at Schneider Electric, echoes this belief. “I (have) worked with plenty of really intelligent people – but this didn't mean that they were great bosses, colleagues or associates,” says Russell, who has completed a number of EQ training courses. “We need people in our workplace who can connect with others, who display empathy and understanding, (and) who understand emotions. More than ever, emotional intelligence is not just a 'nice to have' but a core capability for the future.”³

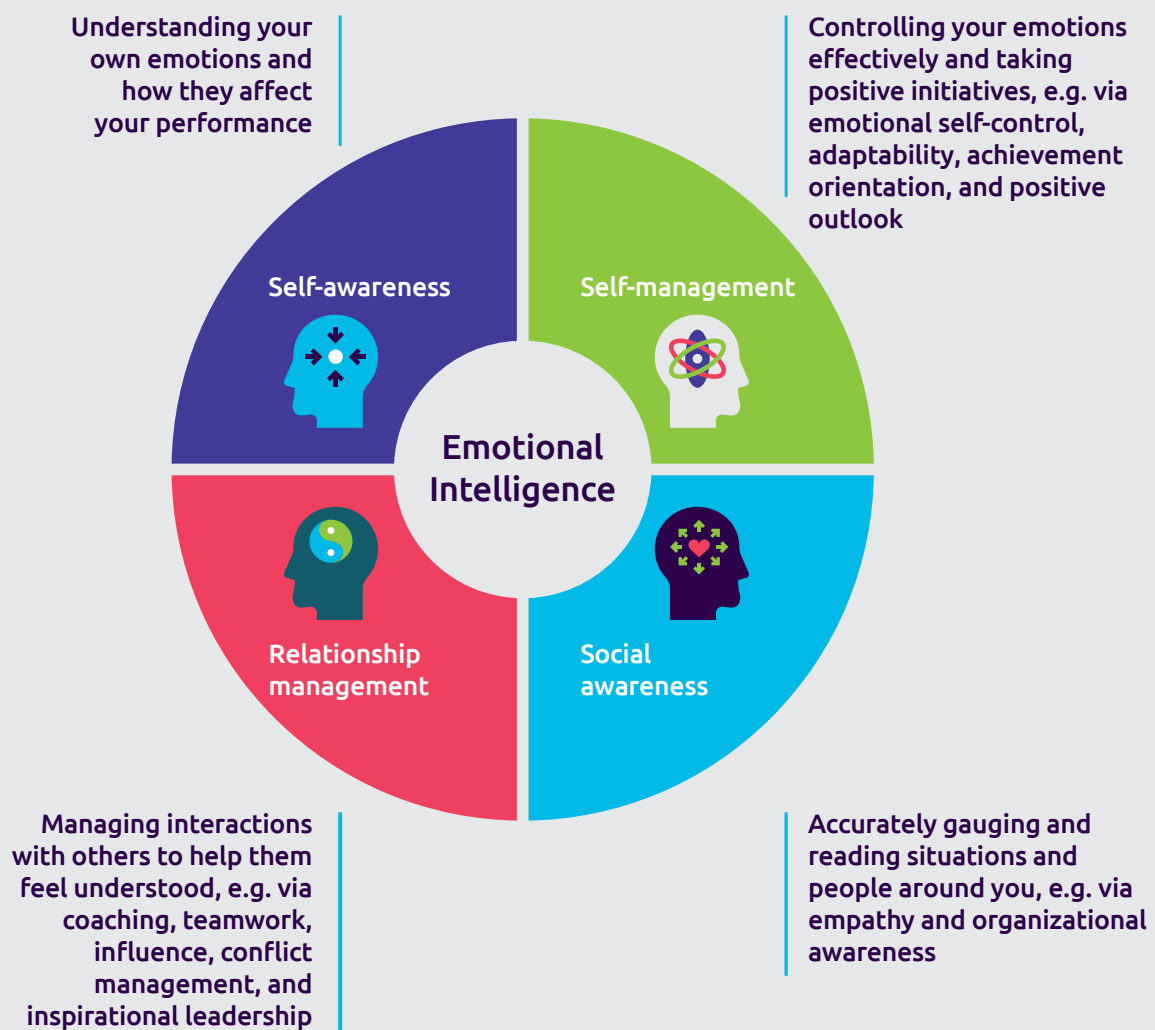
To understand whether organizations and employees recognize the growing importance of emotional intelligence (EI) in the age of automation and AI and its growing relevance, we surveyed 750 executives and 1,500 employees, and conducted in-depth interviews with over 15 industry experts, academics, and startup executives (see the research methodology at the end of the paper for more details).

Through this report we want to demonstrate:

1. Why emotional intelligence is set to become a “must-have” skill in the next one to five years
2. The need for organizations to take steps to build emotional intelligence
3. The benefits that emotional intelligence offers to the organization and workforce
4. Strategies for organizations to build a workforce displaying high levels of emotional intelligence.

What is Emotional Intelligence?

Emotional intelligence refers to the ability for people to recognize, understand, and perceive emotions effectively in everyday life. Daniel Goleman, psychologist, science journalist, and an expert on emotional intelligence, and Richard E. Boyatzis, author, professor and an expert in leadership development and emotional intelligence, group these skills into four main categories⁴ –



In the age of automation and AI, emotional intelligence is set to become a “must-have” skill

Our research establishes the growing relevance of EI in the workforce of the future. A large majority of executives believe that skills that make up EI are set to become “must-have” skills in the next five years. This demand for EI skills in employees will be up to six times greater than current levels across countries and sectors.

Emotional intelligence is set to become a “must-have” skill in the next one to five years

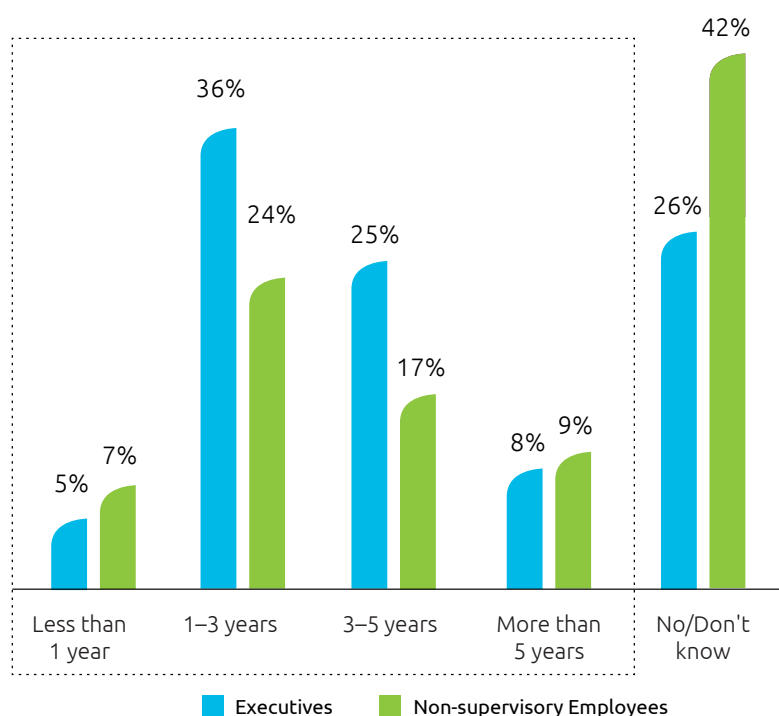
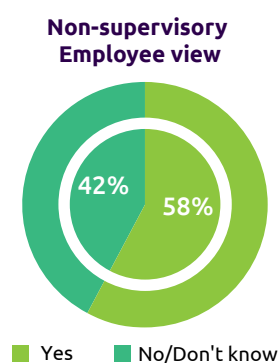
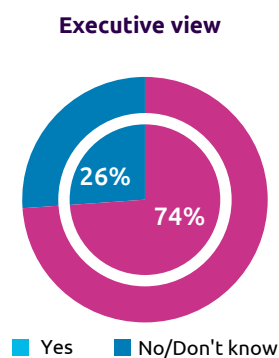
Our current research shows that EI will be critical to people transitioning to this new job landscape:

- Seventy-four percent of executives, and 58% of non-supervisory employees believe EI will become a “must-have” skill for all employees (Figure 1).
- Even within just the next one to five years, as Figure 1 shows, 61% of executives believe EI will become a “must-have” skill. In that same time period, 41% of non-supervisory employees echo this sentiment.

Figure 1: Emotional intelligence will become a “must-have” skill in 1–5 years

As AI and automation replaces routine tasks and jobs, do you think emotional intelligence will become a “must-have” skill?

By when do you think emotional intelligence will become a “must-have” skill?



Source: Capgemini Research Institute, Emotional Intelligence Research, Executive Survey, August–September 2019, N=750 executives; Employee Survey, August–September 2019, N=1,500 employees.

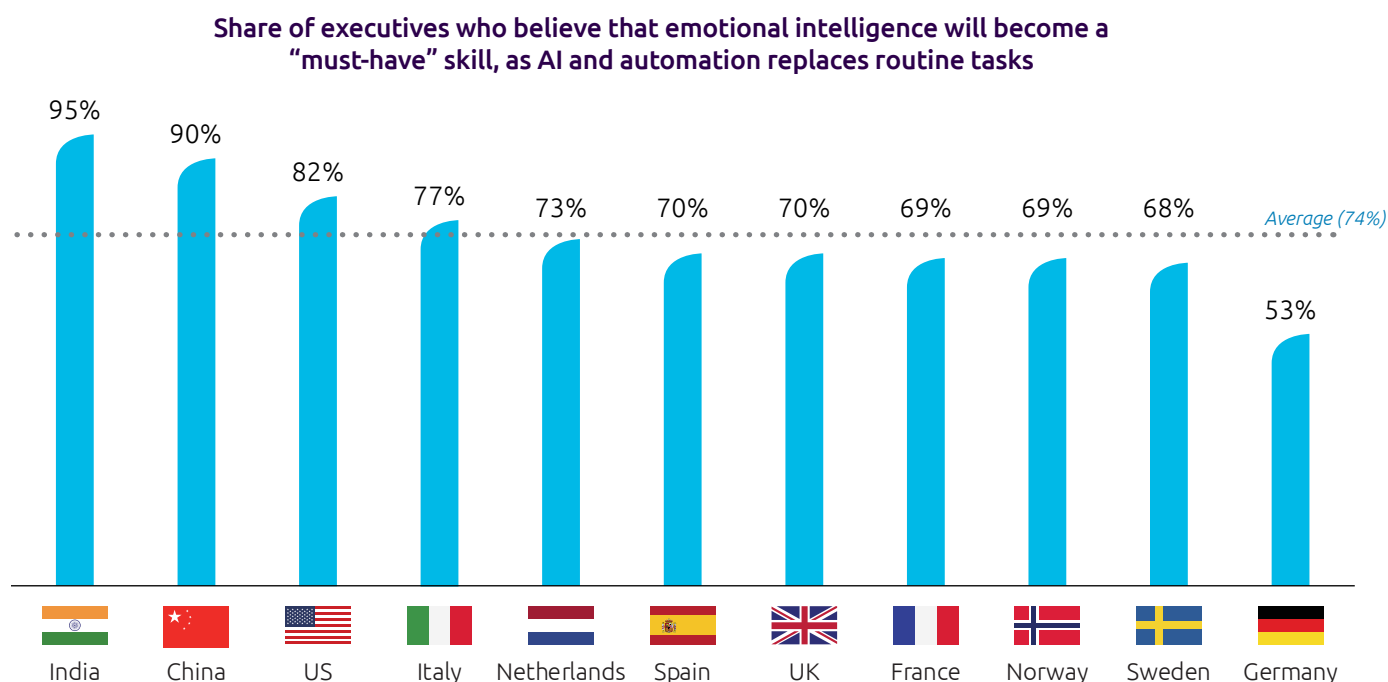
Executives: refers to senior management, mid management and HR, Employees: refers to employees in non-supervisory roles.

More than 80% of executives from India, China, and the US believe that EI skills will be a “must-have” with the advent of automation and AI. The number in Germany is just 53% (see Figure 2).

In addition to strongly believing that EI skills will be a “must-have,” more than 70% of Indian and Chinese organizations also have a strategy in place to build an emotionally intelligent workforce. In contrast, the percentage of organizations with a strategy to build EI skills is just 32% in Germany and 31% in Norway.

Previous analysis also found that Asian countries are more emotionally intelligent than western countries. According to a study published by Six Seconds, a non-profit organization dedicated to the development of emotional intelligence, the EI quotient is lowest in Europe, compared to countries in the Asia Pacific region and North America.⁵ Another piece of research explored the cultural differences in EI among top officers on board vessels of multicultural maritime companies. It showed that the Asian officers scored higher than their counterparts from Northern, Western, and Eastern Europe in instances of the utilization of emotions, handling relationships, and self-control.⁶

Figure 2: Emotional intelligence will become a “must-have” skill: executives by country



Source: Capgemini Research Institute, Emotional Intelligence Research, Executive Survey, August–September 2019, N=750 executives. *Executives: refers to senior management, mid management and HR.*

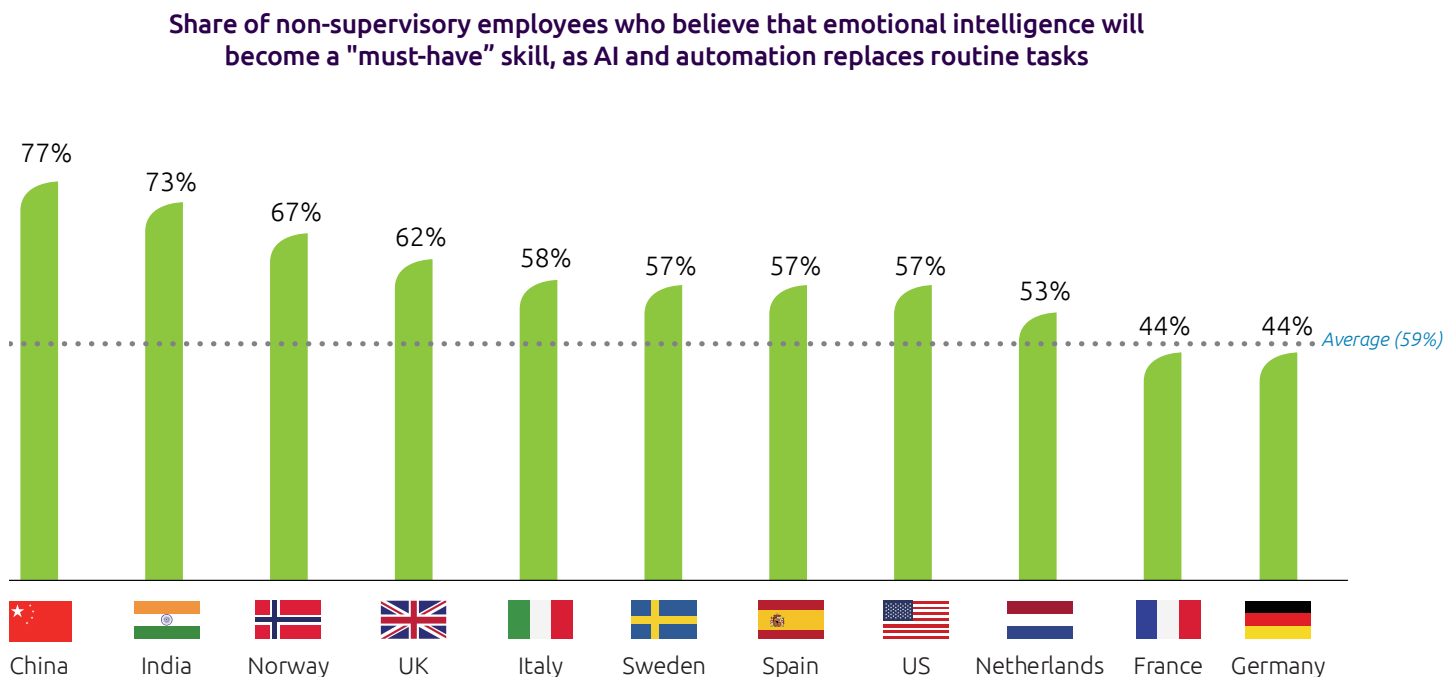
The share of non-supervisory employees who believe that EI skills will be a “must-have” is highest in China (77%), followed India (73%) and Norway (67%), and the least in France and Germany (44% each) (see Figure 3).

Talking about the importance of EI in the context of the evolving job landscape, Ramnarayan Subramaniam, clinical professor, Indian School of Business, says, “Organizations are constantly changing, and the demands from employees are shifting. And all these changes affect people, and so, employees need to understand how the change is affecting them. ‘Am I feeling nervous?’ ‘Am I feeling fearful?’ ‘How am I reacting to this change?’ That really is emotional self-awareness. At the same time, it is also very important to put yourself in the shoes of the other people going through changes, and reflect, ‘What is the other person going through?’ ‘How is this person dealing with it?’ This has to do with empathy, which is also a critical skill today.”

Demand for emotional intelligence skills will rise six times on average in the next three to five years

A large majority of the organizations we surveyed (83%) believe that a highly emotionally intelligent workforce will be a requisite for success in the years to come. We also see that demand for EI skills will multiply by, on average, six times across countries in the next three to five years (see Figure 4). This increase in demand will be the highest in India (8.3 times), followed by the US (6.4 times). Demand for emotional intelligence skills will be high across all sectors, the highest being financial services (insurance and retail banking) .

Figure 3: Emotional intelligence will become a “must-have” skill: non-supervisory employees by country

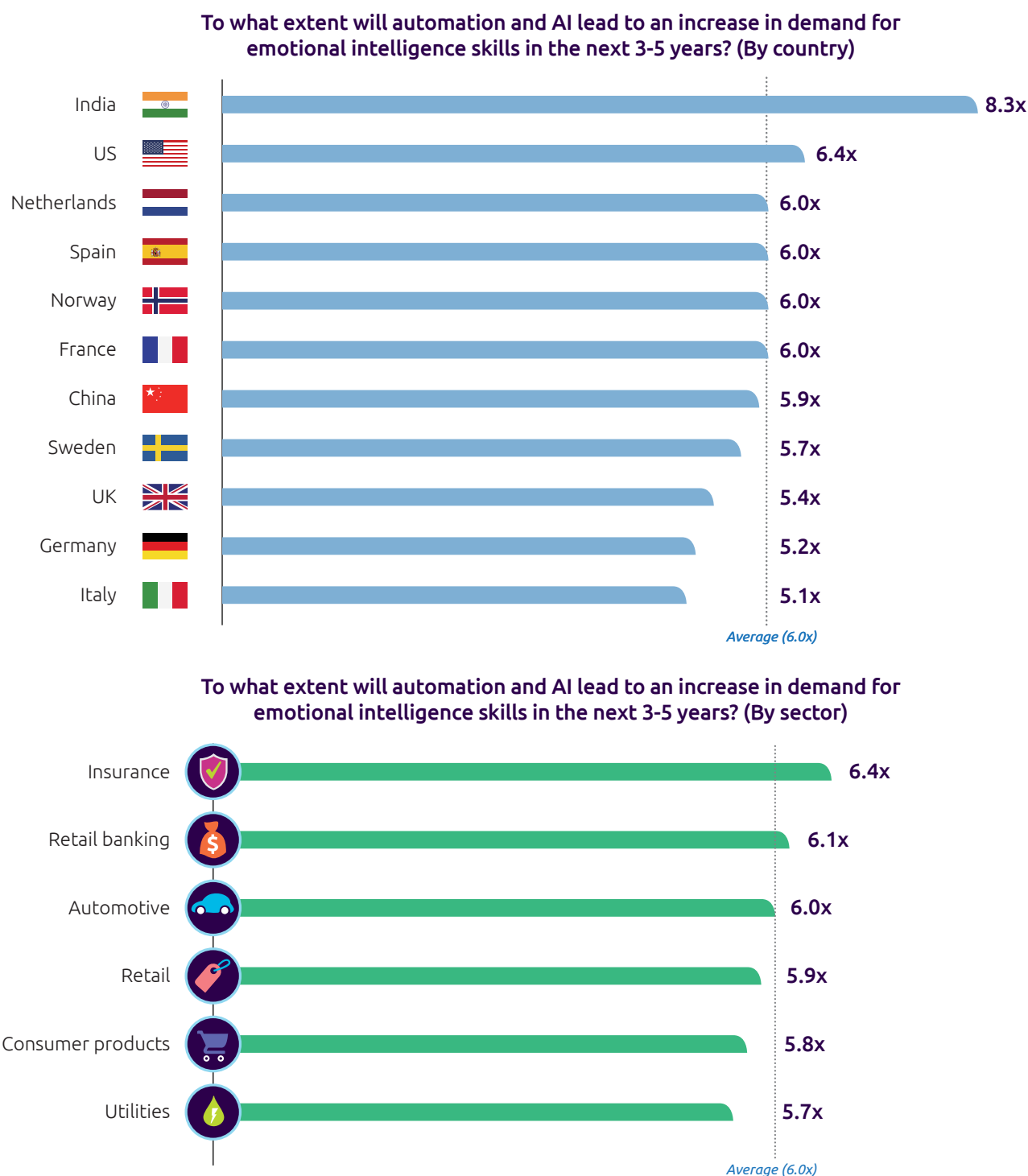


Source: Capgemini Research Institute, Emotional Intelligence Research, Employee Survey, August–September 2019, N=1,500 employees. *Employees: refers to employees in non-supervisory roles.*

In terms of functions, it is not surprising that the demand for EI skills will be the greatest in customer-facing functions (6.5 times). As Nicolas Frassetto, vice president, Luxury Procurement, Coty Inc., an American multinational beauty company, says, “In the context of client management, I would say maybe 10% to 15% of the time would be for pure technical skills in the near future, and all the rest will be

about emotional intelligence. This is because a lot of what we are doing will be automated, but teams generate value by engaging with the client.” However, it is interesting to note the strong demand for EI skills in functions like IT/digital roles as well (5.7 times). This demand could potentially be attributed to the need to build human-centered design of AI tools, greater cross-team collaboration, among others.

Figure 4: Growth in demand for emotional intelligence skills across countries and sectors



Source: Capgemini Research Institute, Emotional Intelligence Research, Executive Survey, August–September 2019, N=750 executives. The figures above suggest the number of times demand for emotional intelligence skills will grow in the next 3–5 years, compared to current levels.

Demand for emotional intelligence skills will surge to address emerging job roles brought about by automation and AI

Executives agree that the demand for EI skills will increase because employees will need to adapt as routine and logic-based tasks become automated. In addition, employees will have to take up more tasks and roles that cannot be automated, and that will require human skills (see Figure 5).

Evolving roles and skillsets will require employees to cope with change and be more adaptable. Crucially, they will need to develop their EI competency and be more responsive, as they transition into new situations, roles, and challenges. This ability to adapt comfortably to a changing workplace environment will help them gain a competitive edge.

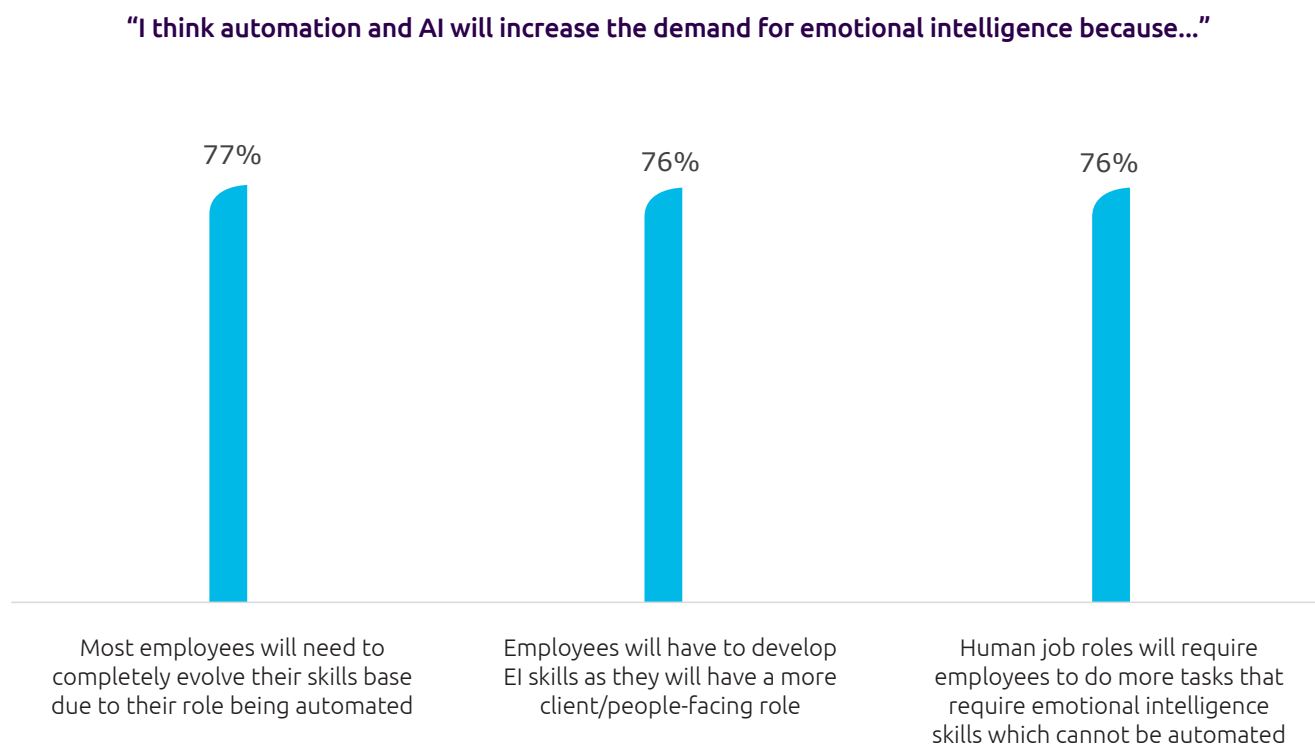
"It is increasingly important to work on your emotional intelligence skills, because most routine tasks could be automated tomorrow," says Nicolas Frassetto of Coty Inc. "Only those employees or people who rate highly on EI skills

will have a higher chance of retaining their jobs, compared to the ones who just have their basic technical and digital skills in place."

Speaking about the growing relevance of EI in the age of AI, Professor Rose Luckin, EDUCATE Director, UCL Knowledge Lab, University College London, states, "I think that workforce needs to change with AI. This is because you need to be much more in touch with your own emotions, your human intelligence, your social intelligence, and your emotional intelligence because these are aspects of our human intelligence that we can't automate."

76%
Executives agree that AI and automation will increase the demand for EI skills as employees will have a more client/people-facing role.

Figure 5: Evolving job roles and automation will lead to an increase in demand for emotional intelligence skills

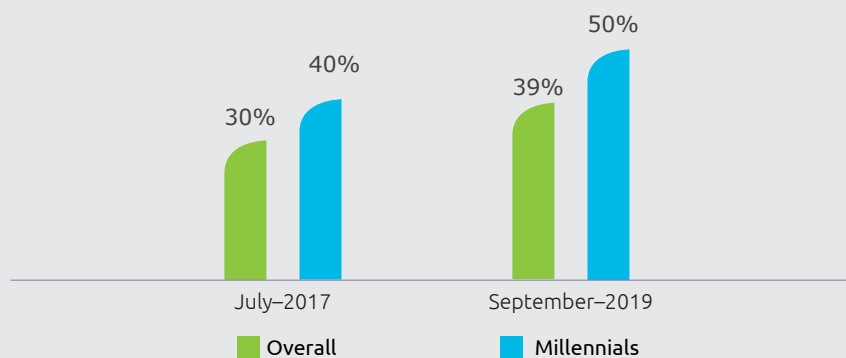


Source: Capgemini Research Institute, Emotional Intelligence Research, Executive Survey, August–September 2019, N=750 executives.

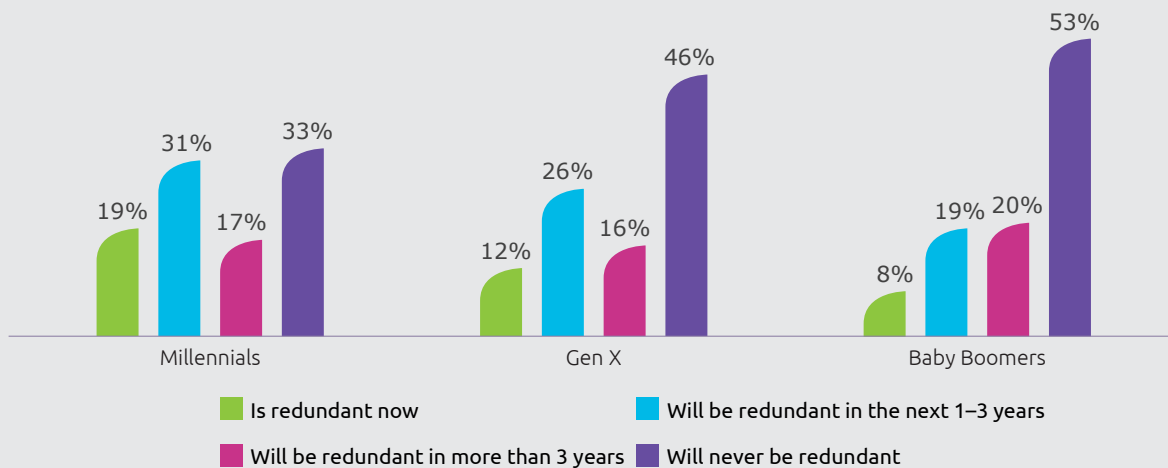
50% of millennials believe that their skills are or will be redundant in the next two to three years

The share of employees who believe that their skills are/will be redundant due to automation and AI has increased by 10% in two years.

Share of employees who believe that their skill set is redundant, or will be redundant in the next 2-3 years, July 2017 vs. September 2019



“As a result of increased automation and AI, my current skill set...”



Overall, the percentage of employees who believe their skills are already/will be redundant in the next one to three years has increased from 30% (as published in our Digital Talent Gap report, 2017⁷) to 39%. In addition, as shown in the figure above, the share of millennials, in particular, who believe this has increased from 40% (according to our Digital Talent Gap report) to 50%.

Evidently, millennials are aware of the impact of automation and AI, and are getting more anxious, because they realize that they will absorb the maximum impact of automation. Various studies on the impact of automation and AI show that jobs of the younger population run the highest risk of being automated. A report from the OECD states that automation is much more likely to result in youth unemployment than in early retirement.⁸

Source: Capgemini Research Institute, Emotional Intelligence Research, Employee Survey, August 2019–September 2019, N=1,500 employees; The Digital Talent Gap: Are companies doing enough, October 2017.

Millennials: Age 18–35 years, Gen X: 36–51 years, Baby Boomers: 52–70 years.

The hiring, learning, and feedback programs in organizations have not been adapted to the age of the machine

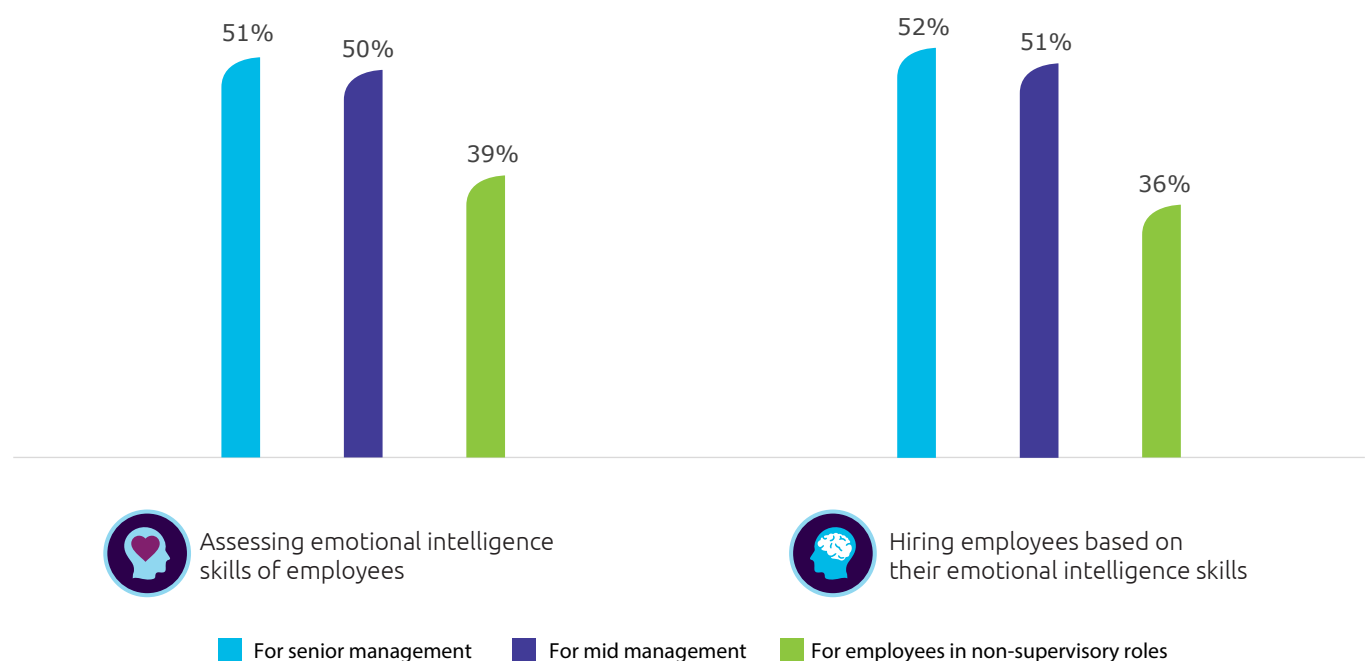
Employees in non-supervisory roles are not assessed or appraised adequately for their emotional intelligence skills

In the medium term, automation will largely impact employees at non-supervisory levels. The activities that are expected to be increasingly redundant between 2018 and 2022 because of advances in new technologies and process automation are routine-based and transactional tasks, such as those performed by data-entry clerks, accounting and payroll clerks, assembly and factory workers.⁹ While automation and AI will impact all career levels, organizations currently focus more on building EI skills at senior levels than at non-supervisory levels.

More than half of the surveyed non-supervisory employees agree that more than 25% of their job activities will move to automation/AI in the next three years.

While executives in our survey acknowledge that EI skills will become particularly important for non-supervisory employees over the next three years, few organizations are putting enough effort into building emotional intelligence in that employee group. Fewer than 40% of organizations test for EI skills while hiring or assess these skills in their existing employees in non-supervisory roles (see Figure 6).

Figure 6: Share of organizations assessing and hiring employees across grades based on their emotional intelligence skills



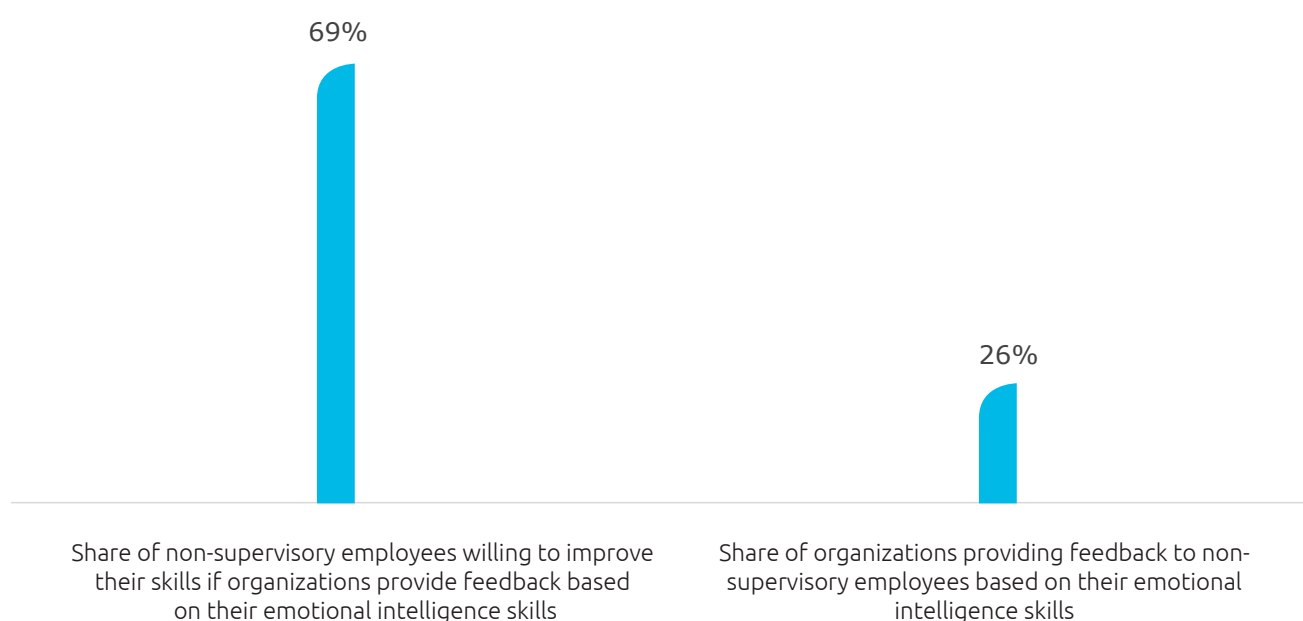
Source: Capgemini Research Institute, Emotional Intelligence Research, Executive Survey, August–September 2019, N=750 executives.

"I don't think organizations are focusing on emotional intelligence primarily, although some emotion education is often included. Many organizations that employ the phrase 'emotional intelligence' place the emphasis of their training on promoting self-confidence, optimism, and managing relationships. There is nothing wrong with that, but actual training for emotional intelligence would be focused on the capacity to problem-solve regarding emotions and

emotion-related information," says John Mayer, professor of Psychology, University of New Hampshire.

Nearly 70% of employees agree that they are willing to improve their EI skills, as long as doing so is part of the performance management system and they are adequately appraised for it. In contrast, only 26% of organizations consider EI skills while providing feedback or appraising employees in non-supervisory roles (see Figure 7).

Figure 7: Organizations do not consider emotional intelligence skills when providing feedback



Source: Capgemini Research Institute, Emotional Intelligence Research, Executive Survey, August–September 2019, N=750 executives; Employee Survey, August–September 2019, N=1,500 employees.

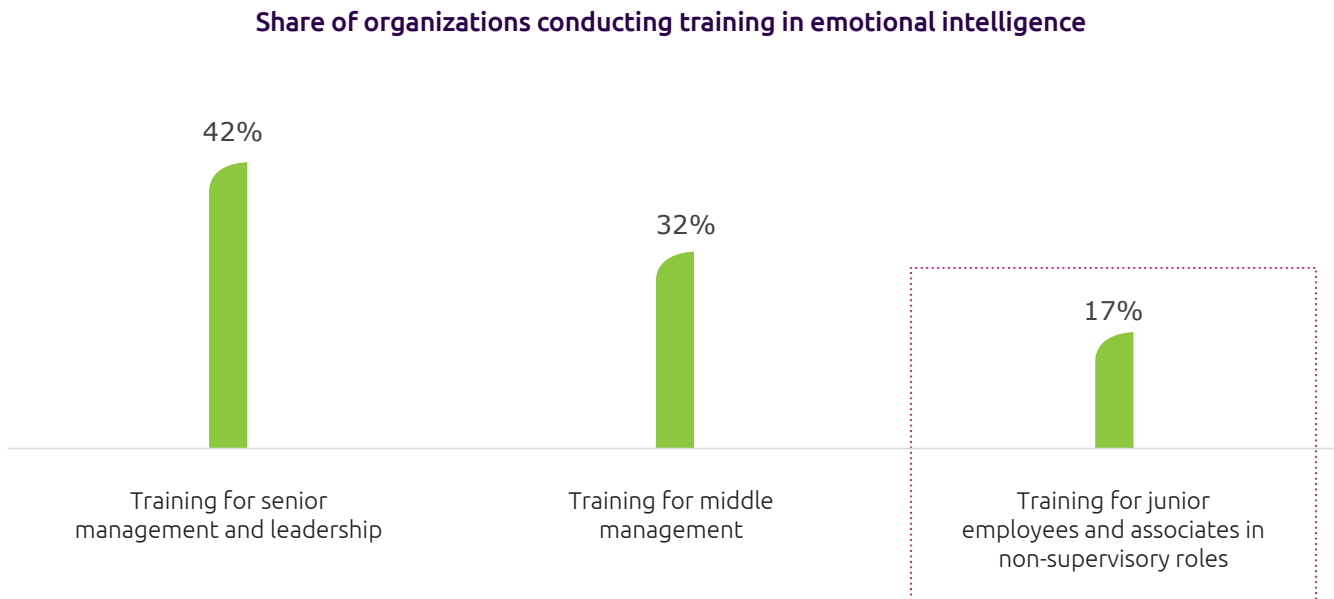
Fewer than one in five organizations train non-supervisory employees on emotional intelligence

Jack Ma, co-founder and former executive chair of Alibaba Group, the Chinese multinational conglomerate, famously said: "If you want to be successful, you should have great EQ (emotional quotient). Because you'd know how to work with people. No matter how smart you are, if you never know how to work with people, you will never be successful."¹⁰ In our research, 75% of organizations believe that they can build EI skills in employees – and yet they do not conduct enough training for employees across all grades to achieve that goal. Moreover, the number of training interventions falls even further when it comes to employees in non-supervisory roles. As we can see in Figure 8, only 17% of organizations conduct

this sort of training for such employees, while 42% conduct them for senior management and leadership.

"I see a lot of evidence of policies being drafted and put in place, but it's like a policy document that hasn't been put into action. There are a lot of words because people feel it is something that they should be doing, but there is very little difference to the way that people operate in reality," says Rose Luckin, University College, London.

Figure 8: Only 17% of organizations conduct emotional intelligence training for non-supervisory employees

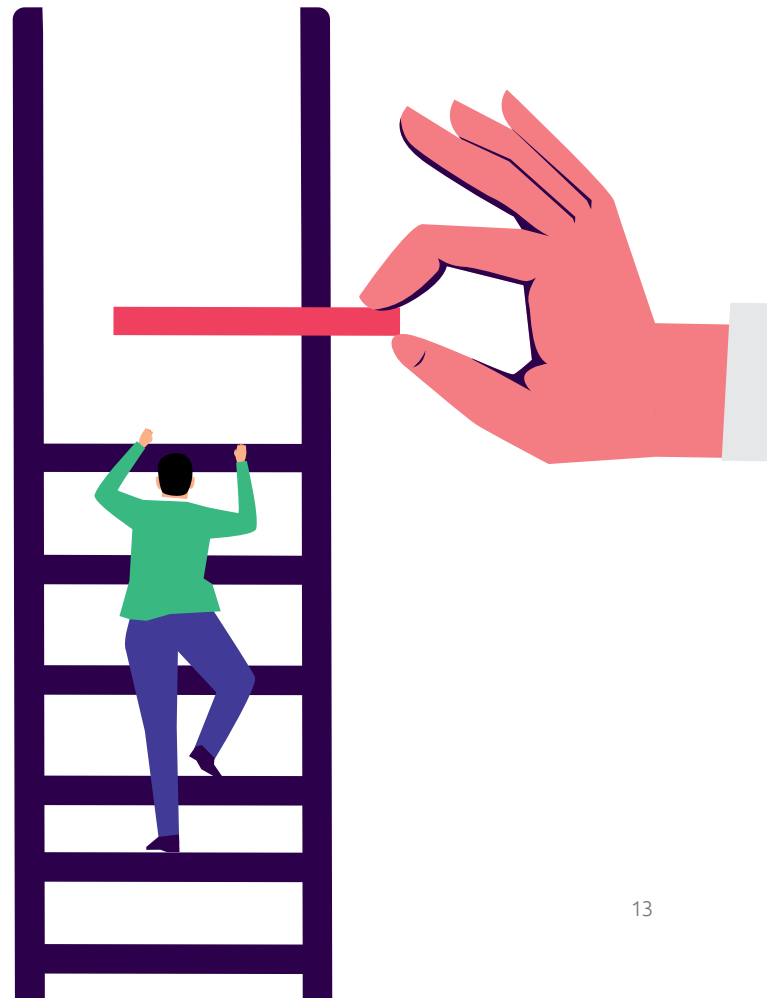


Source: Capgemini Research Institute, Emotional Intelligence Research, Executive Survey, August–September 2019, N=750 executives.

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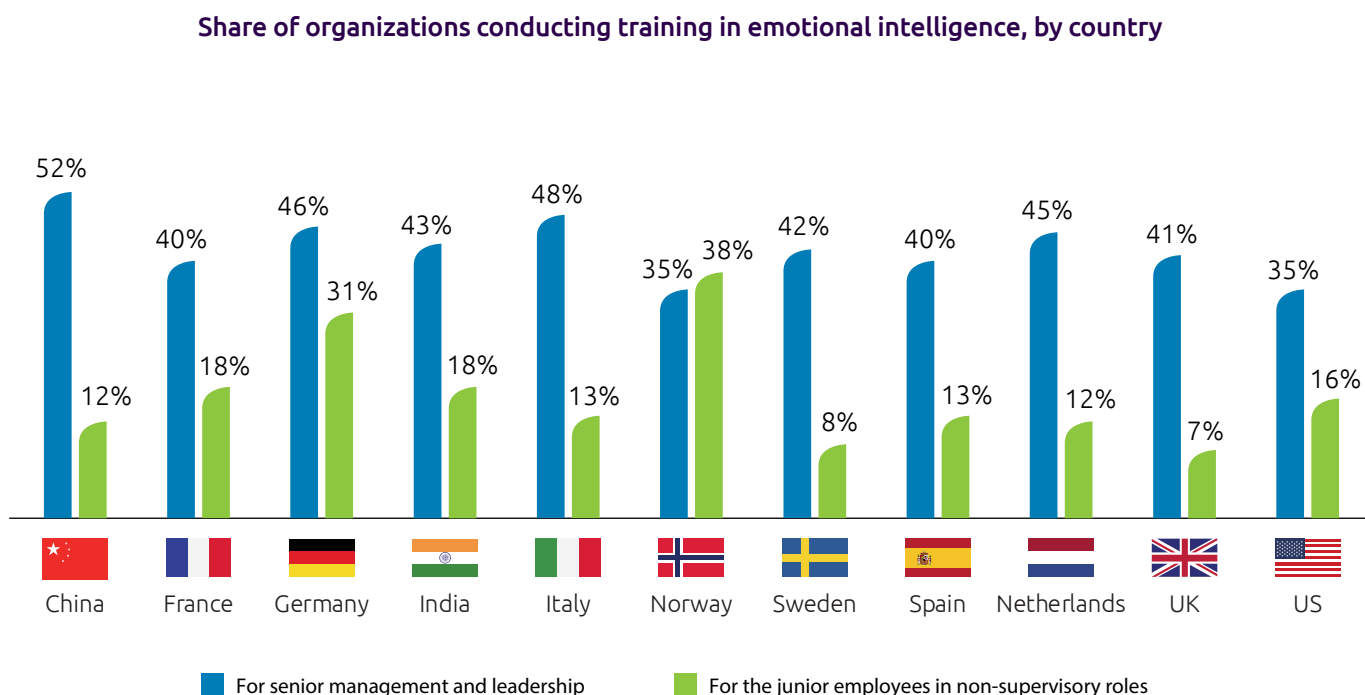
“I see a lot of evidence of policies being drafted and put in place, but it’s like a policy document that hasn’t been put into action. There are a lot of words because people feel it is something that they should be doing, but there is very little difference to the way that people operate in reality.”

Professor Rose Luckin,
EDUCATE Director, UCL Knowledge Lab, University College London



The bias towards senior leadership rather than non-supervisory employees is evident across all countries, except Norway (see Figure 9).

Figure 9: Emotional intelligence training for senior leadership and non-supervisory employees, by country



Source: Capgemini Research Institute, Emotional Intelligence Research, Executive Survey, August–September 2019, N=750 executives.

Employees also have preferences regarding the training formats adopted by organizations to train them on EI. In this digital age, employees believe that face-to-face classroom training and coaching sessions on EI will be more impactful than virtual sessions. This is true even for millennials, who have grown up with the internet and are constantly surrounded by digital technologies.

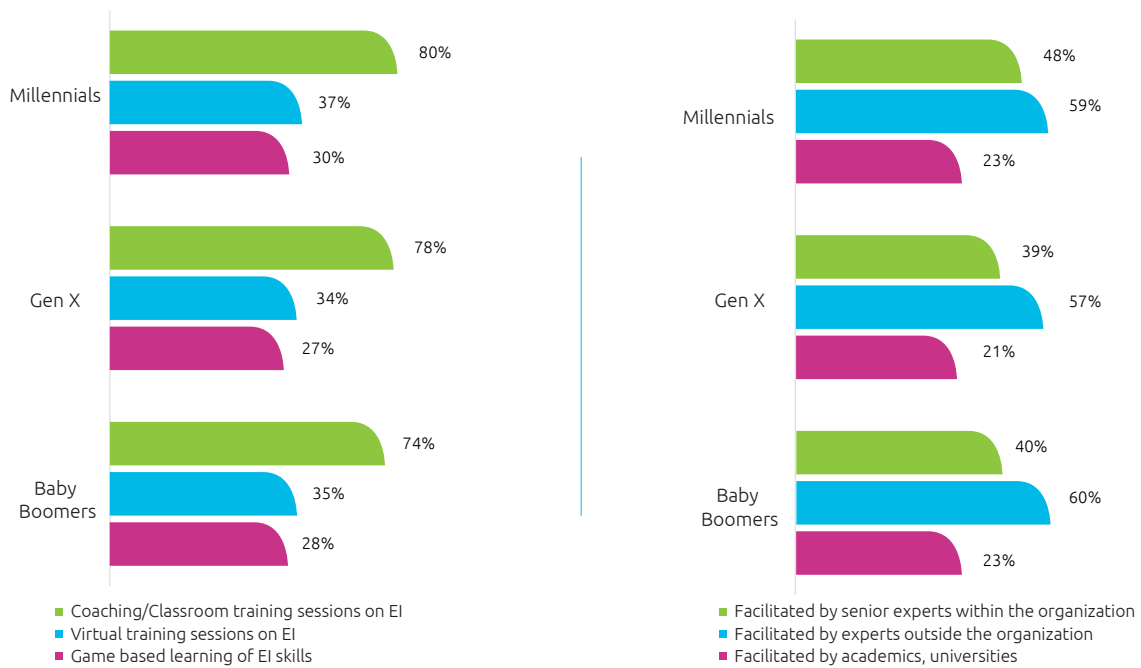
In addition, there are a few informal methods of teaching that could help employees further develop EI skills. In our research we found that both leadership and employees in non-supervisory roles called out certain top practices which could help all employees further develop emotional intelligence

skills. These included: specific exercises to recognize and label one's and others' emotions, receiving specific counseling for EI skills, answering self-evaluation questionnaires, and reading stories to develop emotional vocabulary and empathy.

Also, nearly 60% of employees in all age brackets prefer to be trained by external experts who are not a part of their organization (see Figure 10).

Nearly **80%**
of millennials prefer face-to-face
training sessions on EI compared to
virtual ones

Figure10: Training formats that are most helpful to learn emotional intelligence skills



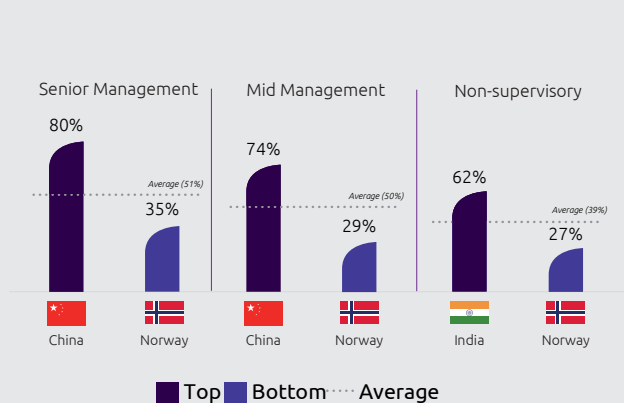
Source: Capgemini Research Institute, Emotional Intelligence Research, Employee Survey, August–September 2019, N=1,500 employees.



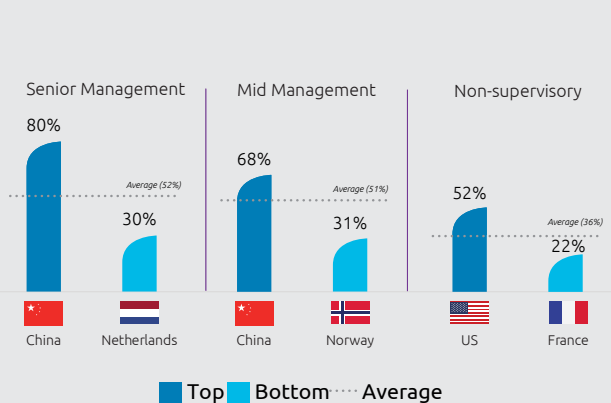
Incorporation of EI in hiring, learning, and feedback programs varies significantly by geography

On average, more than 50% of the organizations across countries are assessing and hiring based on EI skills for senior and mid-management executives. This percentage drops to ~40% for non-supervisory employees.

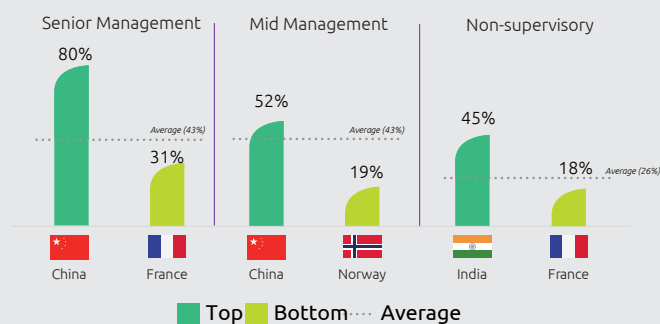
Share of organizations assessing emotional intelligence skills of employees, by employee grade



Share of organizations hiring based on emotional intelligence skills, by employee grade



Share of organizations providing feedback based on emotional intelligence skills, by employee grade



Source: Capgemini Research Institute, Emotional Intelligence Research, Executive Survey, August–September 2019, N=750 executives.





Emotional intelligence offers big benefits to the organization and the workforce

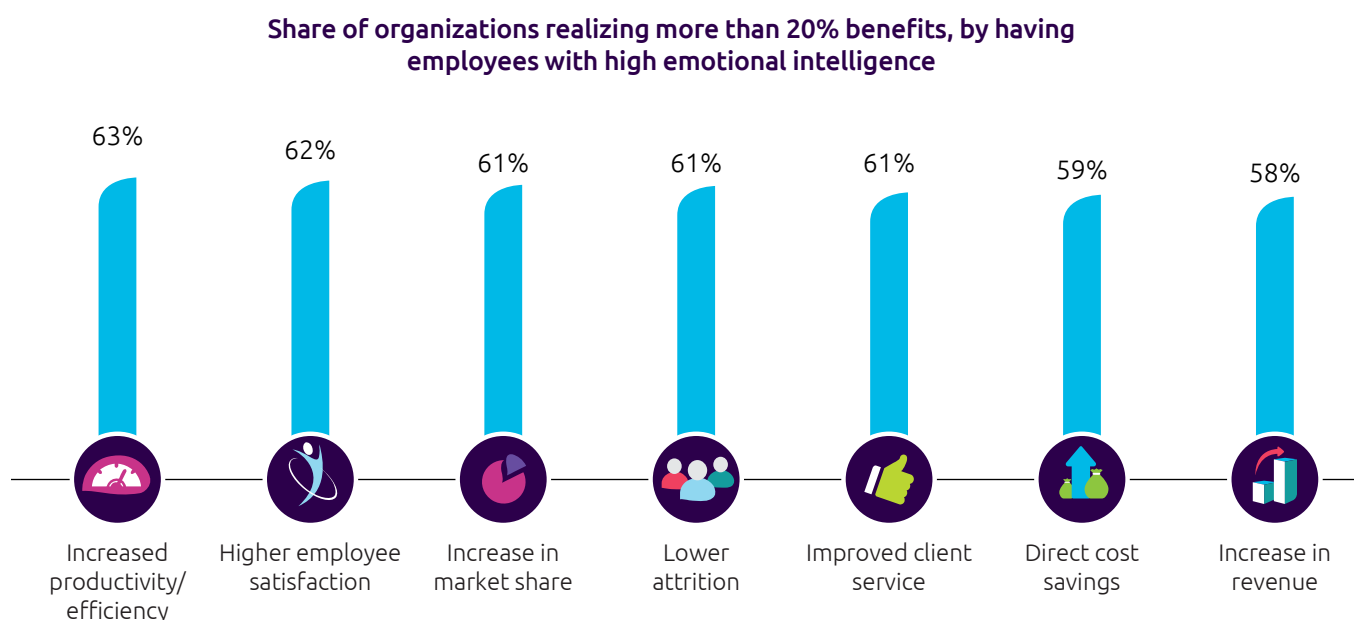
60%

of organizations, on average, attested to benefits in the excess of 20% by having highly emotionally intelligent employees

Employees with a higher degree of emotional intelligence have driven greater organizational benefits

Our research found that organizations have benefited by having employees who display high EI. The top quantitative benefits include enhanced productivity, high employee satisfaction, increased market share, and reduced attrition. On average, 60% of organizations have witnessed improvements in areas of productivity, employee satisfaction, market share and lower attrition to the extent of 20% or more over their previously existing levels (see Figure 11).

Figure 11: Emotional intelligence helps organizations drive significant benefits



Source: Capgemini Research Institute, Emotional Intelligence Research, Executive Survey, August–September 2019, N=750 executives.

A study was conducted on the hiring practices of sales agents for L'Oréal based on certain EI skills. The study discovered that employees with high EI skills outsold other salespeople, on an annual basis, by \$91,370, resulting in a net revenue increase of \$2,558,360. In addition, these employees with high EI skills had 63% less turnover during the first year than those selected by the firm's standard selection procedure.¹¹

Another study conducted on AMADORI, a supplier of McDonald's in Europe, assessed the emotional quotient scores (EQ) of managers across the three largest production plants. The study revealed that plants with the highest EQ scores scored higher on the Organizational Engagement Index. Seventy-six percent of the variation in engagement was predicted by variation in manager EQ — suggesting that increasing manager EQ is imperative for organizations concerned with increasing employee engagement. In addition, during this period, the sales manager participated in EQ training and coaching sessions. This resulted in a drastic reduction of personnel attrition in Amadori's sales force.¹²

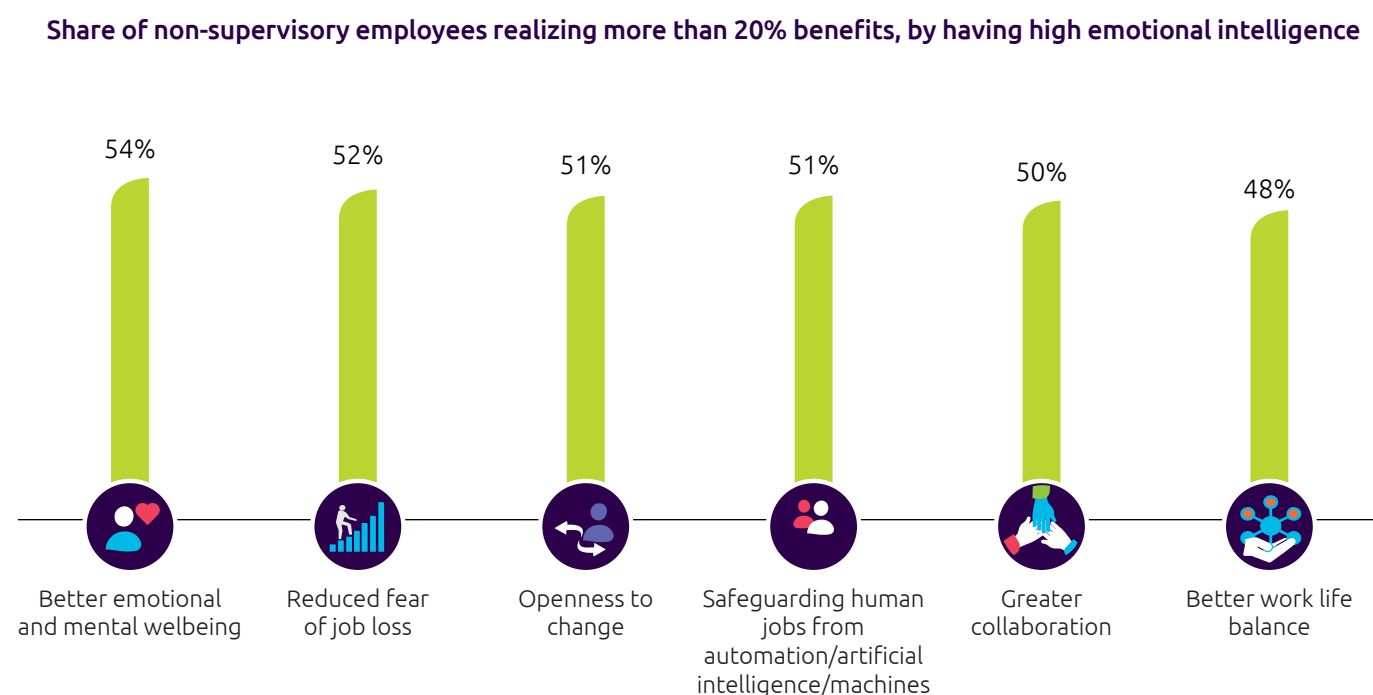
Given the positive impact of EI, executives see huge potential in extending its reach across the organization. In our survey, 82% said that it was in fact mid-management who can benefit the most from these skills.

"A more emotionally intelligent workforce is likely to build better relationships with customers, either directly in their interactions or through the design of new products and services," says Howard Davies, COO and major programme director, Freeformers, a future of work consultancy, helping major organisations to achieve workforce agility and digital readiness. "I think when you have high emotional intelligence, you tend to be more honest and authentic. These qualities have far-reaching, positive impacts on the business and the workforce alike."

Non-supervisory employees benefit from a higher level of emotional intelligence

Employees in non-supervisory roles also see advantages from EI skills in the workplace. Figure 12 displays the share of employees who feel they have experienced benefits in excess of 20% from displaying a high level of EI. The top benefits they identify include better wellbeing, reduced fear of job loss, openness to change, safeguarding human jobs from automation/artificial intelligence/machines, greater collaboration, and better work life balance.

Figure 12: Employees have benefited by having high emotional intelligence



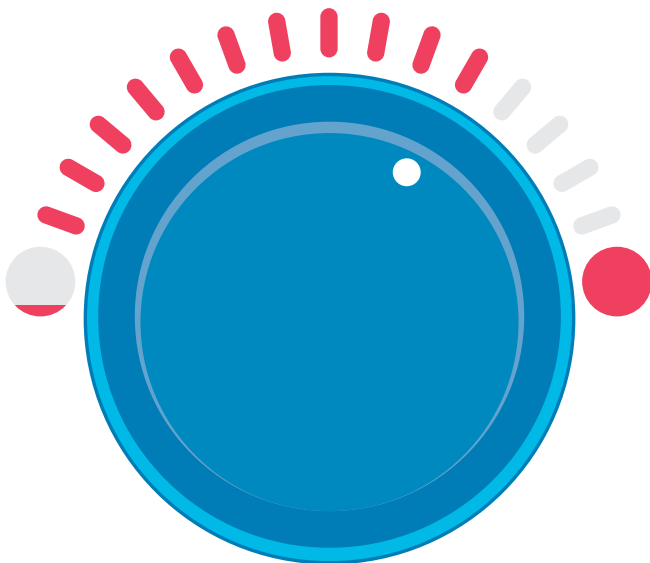
Source: Capgemini Research Institute, Emotional Intelligence Research, Employee Survey, August–September 2019, N=1,500 employees.

Speaking about how EI skills can benefit employees, the vice president of a giant manufacturer of commercial vehicles says, “One of the big ways in which emotional intelligence could help employees is by equipping them to take better and more thought out decisions, and that in turn will benefit the organization.”



A more emotionally intelligent workforce is likely to build better relationships with customers, either directly in their interactions or through the design of new products and services. I think when you have high emotional intelligence, you tend to be more honest and authentic. These qualities have far-reaching, positive impacts on the business and the workforce alike.”

Howard Davies,
COO and major programme director, Freeformers



Investment in emotional intelligence can potentially bring twice as much return in three years

Of the organizations surveyed, 58% have made investments in building EI in their workforce. In order to estimate the benefits of an emotionally intelligent workforce, we:

1. Calculated the average investment made by organizations to build EI – \$3.1mn (from our survey)
2. Calculated the share of marketing and sales executives in an organization – 12% (from our survey)
3. Calculated how many of these executives are trained and assessed in EI (from our survey)
4. Arrived at a proportion of average revenue that can be attributed to those organizations who have invested in EI, and that are assessing and training their marketing and sales executives for EI – \$95mn
5. Used the following benefits, as indicated by executives, to arrive at incremental gains to revenue:
 - a. Increase in revenue: 27%
 - b. Increased productivity/operational efficiency: 30%
 - c. Direct cost savings: 28%
 - d. Lower attrition: 28%
6. Compared the incremental gains to the investment made in EI by organizations, and estimated the return on investment in two dimensions: conservative and optimistic.

- **Taking a conservative approach, we assume 10% of benefits from our survey results translate into an actual return for organizations, leading to an incremental gain of \$6.8mn. This amounts to a return of up to 2.2 times the investment made, i.e. an annualized return of up to 30%**
- **Taking an optimistic approach, we assume 20% of benefits from our survey results translate into actual return for organizations, leading to an incremental gain of \$13.7mn. This amounts to a return of up to 4.4 times the investment made, i.e. an annualized return of up to 64% (more details in the appendix).**

How can organizations develop a more emotionally intelligent workforce?

Our research has shown how important it is to build emotional intelligence in organizations today. It is essential that companies embed it into their various people practices and take both bottom-up and top-down approaches to build a high EI workforce. This does not necessitate a complete overhaul of all people programs in organizations, but rather calls for modifications to existing processes to allow for evaluation and development of EI. While EI trainings have largely been deployed for senior leaders, organizations must focus on making EI trainings accessible to the larger workforce. Accessibility of the trainings could depend on the training format, cost of trainings, complexity of training modules, among other things. Organizations will also need to create a culture that values EI and strives for continuous improvement. Based on our extensive primary research, our experience in the field with our clients, and our conversations with industry experts, startup executives, and leading academics in this field, we believe there are four key areas on which organizations should focus to build a more emotionally intelligent workforce:



Consider math ability. Each of us is born with some capacity to work with mathematics. But if we don't take the courses in school that are devoted to teaching subjects like algebra, we will have little capacity to come up with ways of manipulating variables and equations by ourselves. Similarly, with emotional intelligence we can acquire knowledge in the area which will increase the effectiveness with which people use their intelligence in the area."

John Mayer,
Professor of Psychology,
University of New Hampshire

1. Customize existing learning programs to integrate EI and make them accessible to all.
2. Modify recruitment processes to include the evaluation of EI.
3. Apply an EI lens when promoting and rewarding talent.
4. Use technology and data for building a high EI culture.

Customize existing learning programs to integrate EI make them accessible to all

Organizations need to design, develop, and deploy targeted training programs for developing EI. While EI trainings have largely been deployed for senior leaders, organizations must focus on making EI trainings accessible to the larger workforce. Accessibility of the trainings could depend on the training format, cost of trainings, complexity of training modules, among other things. Daniel Goleman, psychologist, science journalist, and an expert on emotional intelligence, maintains that EI is teachable, and there are several ways in which individuals can increase their EI. This is something that we also found in our conversations with experts. For example, John Mayer suggested, "Consider math ability. Each of us is born with some capacity to work with mathematics. But if we don't take the courses in school that are devoted to teaching subjects like algebra, we will have little capacity to come up with ways of manipulating variables and equations by ourselves. Similarly, with emotional intelligence there is a certain amount of teaching and tutoring that can be helpful. We can acquire knowledge in the area which will increase the effectiveness with which people use their intelligence in the area."

Similarly, Howard Davies, COO and major programme director at Freeformers, said, "I think we all know someone who's got very good emotional intelligence and he/she probably had it from childhood. And we all know someone who has got poor emotional intelligence. In general, however, I think most people are somewhere in between those extremes and you can definitely learn to get better at it. For example, if you are exposed to people who have good emotional intelligence, and you see the benefits of greater empathy towards others and see the world through their eyes, then I think it tends to rub off on you a bit. I don't think it's something you've got or something you haven't got."

For embedding learning programs for EI into their existing competency models and training curriculum, organizations need to focus on two critical areas:

- **Identify the key EI skills that are important for their workforce:** Different organizations in different sectors will have different areas of focus in terms of key EI skills, as we also heard in our interviews. Pitney Bowes, a global technology company best known for its shipping and mailing solutions, and other e-commerce services, is looking in particular for the ability of its employees to adapt. As Shemin Hirji-Nurmohamed, global vice president Business Strategy SMB at Pitney Bowes, said, “There’s a lot of emotional intelligence required to adapt. The first is to be aware of the changing dynamics, like the shifts in the market, and not be rigid about these shifts. The second is to come up with a plan as to how you’re going to pivot in this new marketplace, and how you can take the values and the assets that you’ve built over time – not lose them – but pivot them in a certain sense so that you can address the current market needs. There is a need for emotional intelligence to be able to achieve this.” Amit Mohan, India HR Head for Ecolab, an American company which is the global leader in water, hygiene and energy technologies and services, suggested that self-awareness is one of the key EI skills needed for success of managers in India. Speaking about the criticality of self-awareness in his organization, he said, “This is very important in terms of our organization’s business model where building relationships with both internal as well as external customers is very important. If one is not self-aware, they won’t be able to manage their emotions well and therefore strong interpersonal skills are critical for business success.” A study conducted on the claims process of insurers revealed that empathy emerged as the most impactful factor for customer satisfaction in the claims process.¹³



“Our flagship manager development program is conducted internally and is mandated for each new manager. A large portion of that is focused around having the right mindset as a leader where self-awareness is key.”

Amit Mohan,
India HR Head, Ecolab

Automation can even be used to help employees deliver this empathy, by freeing representatives to be available when a customer needs personal attention, and by providing the information needed to help representatives customize their interaction and personalize the claims process.

- **Identify and develop targeted training by career levels and functions** (rather than a one-size-fits-all approach): Our research has highlighted the need for EI skills across the workforce, but especially for non-supervisory roles, for more junior positions, and for younger employees who are convinced that their jobs will become redundant in the coming years, and who also face the risk of the automation of routine tasks within their roles. While training programs for leadership still exist, the focus also needs to shift towards mid-management and more junior levels. While discussing a training program for people managers, Amit Mohan said, “Our flagship manager development program is conducted internally and is mandated for each new manager. A large portion of that is focused around having the right mindset as a leader where self-awareness is key. The program has multiple facets of self-discovery including stakeholder interviews, team discussions, a strengths-finder assessment and in-person practice of lessons learnt followed by intensive peer coaching circles, all this over a period of sixteen weeks.”

Bureau Veritas, an international certification agency, has taken active steps towards developing EI among select employees. In Latin America, the organization launched the “Conscious Leadership” program for 61 high-potential employees covering four countries – Mexico, Peru, Colombia, and Ecuador. This program, which focuses on the three virtues of accountability, procedure, and collaboration, was designed to raise awareness of the benefits of team management and its impact on the group’s overall performance. One particular focus for this training was EI, and how the high-potential employees could develop key EI skills to improve communication within their respective teams.¹⁴

Modify recruitment processes to include the evaluation of EI

With the shifting workforce landscape and a rising demand for EI skills, organizations will increasingly need to “hire for attitude” rather than just for technical skills. Increasing the overall EI of the organization starts with recruiting talent with a strong EI skill set. Thus, an evaluation of EI should be an integral part of every good hiring decision.¹⁵ Four Seasons, which employs more than 50,000 people globally today, consistently hires for attitude, seeking out individuals with a high level of EI – those who are genuinely motivated, self-aware, empathetic, and socially engaged. This has an impact on how Four Seasons is able to deliver more personalized services to its customers, resulting in a workforce that is productive, innovative and engaged.¹⁶ There are various

competency-based frameworks with specific questions that could be used to assess EI for potential candidates, over and above their core and technical skills.

In short, organizations need to think more creatively about hiring. They need to determine the recruiting channels where they could also look for candidates for high EI and attract a more diversified talent pool. In our research, we found that 72% of executives believe that developing a workforce with high EI will require the creation of a pool of employees with a more diverse gender/ethnic background than today. As we heard from Nalini George, head of HR at Rakuten India, “Our India teams operate in a multicultural, inter-generational environment and so in terms of hiring, we take steps to ensure that we are not only focusing on the technical aspects.”

It is essential that more organizations start thinking about building EI into their hiring practices, starting with effective assessment tools. Amit Mohan of Ecolab suggested ways in which the organization is beginning to assess EI skills

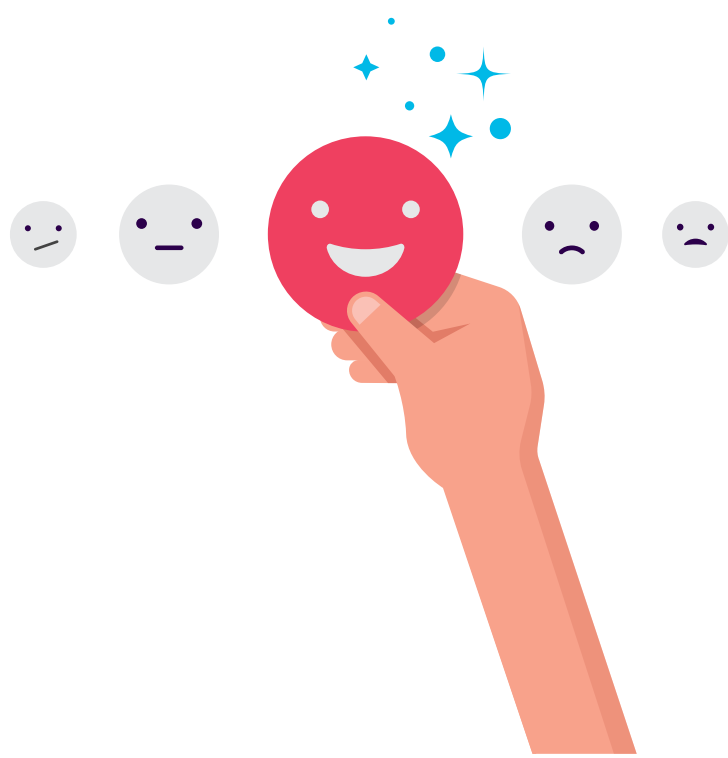
while hiring, “Some typical questions we ask candidates are about times when things didn’t go as planned and what their experience is in working in diverse teams. We also want to understand how they have built a winning team, if they have worked in a team leader capacity. Through these discussions, we check for their level of self-awareness, empathy for others, collaboration skills as well as their attitude towards inclusive teams.”

Apply an EI lens when promoting and rewarding talent

As we reported earlier in this paper, 69% of employees would be willing to invest in their EI skills if they are provided feedback on it. We also found that providing incentives and encouragement to employees for developing EI is crucial. In our research, employees ranked the following as the top three factors that could encourage them to learn EI skills:

Incentive	Rank
Monetary benefit (e.g., higher raises in wages/salary)	Rank 1
Organization sponsorship for EI trainings and value addition to their CV and profile to move jobs/roles	Rank 2
Opportunity to safeguard their job against increasing automation/AI	Rank 3

Thus, there is a greater need for organizations to incorporate EI assessment and evaluation into promotion, performance management, and reward practices. Howard Davies of Freeformers said, “I have seen appraisal processes where 90% of the assessment is based upon hard skills, and then emotional intelligence is like the icing on the cake, a good-to-have and not a must-have. I think it needs to be a more equal component in the performance management process, today more than ever.” Organizations can begin by identifying teams, functions, and employees that need high EI, and laying out performance-related goals for them. Organizations can also have rewards and recognition programs for employees who display high EI. Since the assessment and evaluation of EI is not as straightforward as certain other technical skills, organizations can also think about 360-degree feedback as a way for assessing employees. As we heard from Professor Ramnarayan from the Indian School of Business, “When you have a 360-degree assessment, you get feedback from different individuals. If people you work with perceive that you don’t listen, or lack in empathy or are selfish, then this feedback tends to act as a mirror to the individual. This is an indication for the employee and organization to take cognizance of these patterns and to find ways to improve.”



Use technology and data for building a high EI culture

Technology should be used to measure EI in the workforce and also to deploy programs for training employees in EI. This is still an area in which organizations are yet to invest significantly. As Rose Luckin of UCL said, “We haven’t really focused very much on how you might effectively help people to evaluate the development of emotional intelligence. I do think it’s an area where AI could be hugely helpful. There’s no question in my mind that technically this is what we can do to help people see how they are engaging with other people and how we can use that evidence. We can help people to visualize that development, and we can support them to develop that further. There has to be a concerted effort, and in the end that means we have to find a way of valuing it that has enough meaning for employers.”

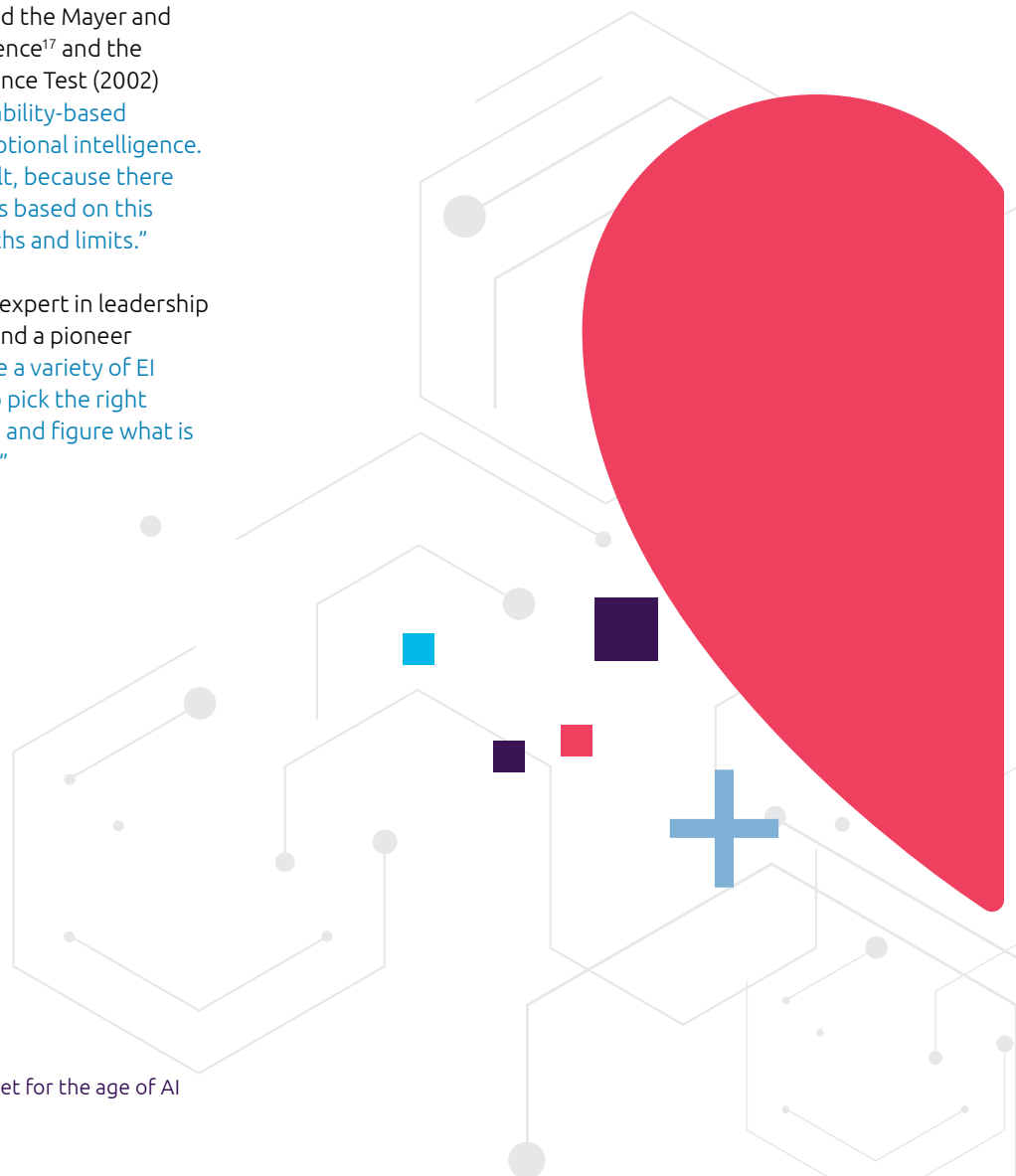
Organizations need to have a continuous EI assessment framework measuring the levels of EI across the workforce. This is important for the organization as well as for employees, enabling everyone to check for both organizational and individual progress. Data collected from EI assessment tools can go a long way in building resultant training and development programs.

We spoke to John Mayer, who co-developed the Mayer and Salovey (1997) model of emotional intelligence¹⁷ and the Mayer–Salovey–Caruso Emotional Intelligence Test (2002) for adults.¹⁸ In his view, “There are several ability-based measures that can be used to measure emotional intelligence. I am partial towards the instrument we built, because there has been a fair number of validation studies based on this measure, and I am very aware of its strengths and limits.”

Richard Boyatzis, author, professor and an expert in leadership development and emotional intelligence, and a pioneer of EI assessment suggests, “While there are a variety of EI assessment tools available, it is essential to pick the right tools, so as to collect the right type of data and figure what is it that organizations are trying to measure.”

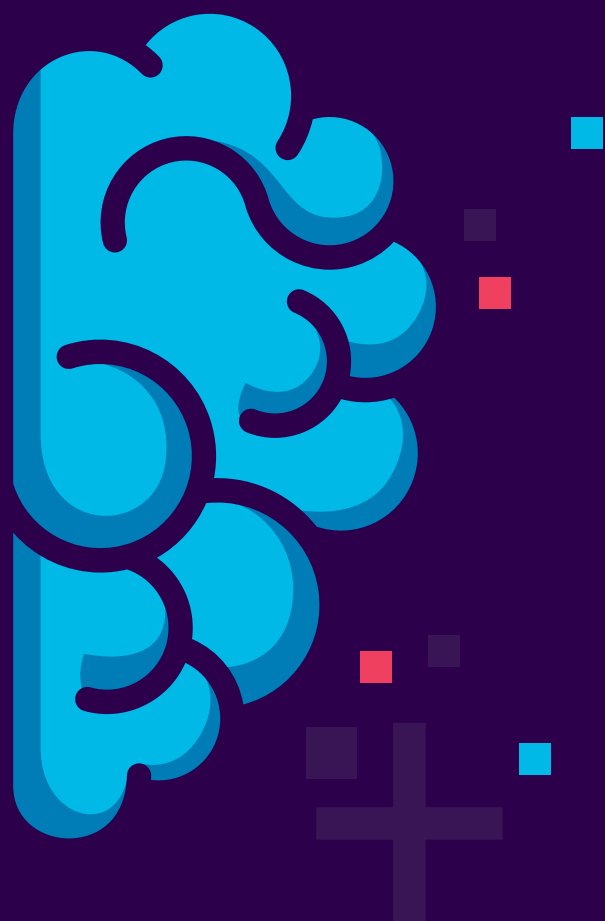
While the potential of tech-enabled assessment, response, and development of EI is yet to be fully tapped, some organizations are taking small steps in this direction. The Chicago Police Department is taking steps in piloting virtual reality (VR) empathy training. Developed by Axon, an Arizona-based company that develops technology and weapons products for law enforcement and civilians, the VR training program is designed to better equip police officers with the tools to de-escalate situations involving people suffering from mental health issues, crises, or psychotic episodes. The VR technology provides officers with immersive training in which trainees can put themselves in the shoes of both the officer responding to the scene and the person in crisis.¹⁹

The Oji Life Lab, a digital learning system, launched the Emotion Life Lab – a smartphone-based learning system geared towards helping individuals and teams improve performance by boosting emotional intelligence. The lab aims to deliver a curriculum for EI in such a format digitally such that lasting habits and insights are created.²⁰



Conclusion

Automation and AI exert a profound impact on the workforce, spreading uncertainty and change, and requiring new skills to deal with this transformation. Emotional intelligence, will equip employees and organizations with the skills they need and, is fast gaining prominence as a result. Our research shows that organizations will soon require a basic level of emotional intelligence as a necessary qualification even for non-supervisory roles. EI offers concrete benefits to employees and organizations in terms of higher productivity, higher job satisfaction, and lower attrition among others. However, organizations have yet to tune their hiring, learning, and performance management to this emerging skillset. Adapting these practices to incorporate a focus on building EI, coupled with using technology and data, can help organizations develop a more emotionally intelligent workforce.



Appendix

Organizations can realize huge returns by investing in emotional intelligence

Model Inputs

Average investments (A) (\$mn)	Average investments of organizations in emotional intelligence	3.1
Revenue in focus (B) (\$mn)	Average share of revenue owing to assessment and training of sales and marketing teams of organizations who are investing in EI, and are assessing and training their workforce	95.5*
Operating margin (C)	Average margin of all the sectors covered in this study ²¹	8%
Operating cost (D) (\$mn)	(1-C%) of B	87.9
Direct labor cost (E) (\$mn)	46% of D ²²	40.4
Attrition cost (F) (\$mn)	20% of E	8.1
Time (G) (years)	Investment holding period	3.0

Benefits from our survey results

Increase in revenue	27% of B	26.0
Increased productivity/operational efficiency	30% of B	28.6
Direct cost savings	28% of D	11.4
Lower attrition	28% of F	2.2
Total benefits (H)		68.3

Model Output

Conservative approach (I)	10% of benefits will translate into returns (10% of H)	6.8, 2.2x the investment
Annualized Return on Investment under conservative approach	$(I/A)^{(1/G)-1}$	30%
Optimistic approach (J)	20% of benefits will translate into returns (20% of H)	13.7, 4.4x the investment
Annualized Return on Investment under optimistic approach	$(J/A)^{(1/G)-1}$	64%

*Calculation for proportion of average revenue that is attributed to those organizations that have invested in EI and are assessing and training their marketing and sales executives for EI:

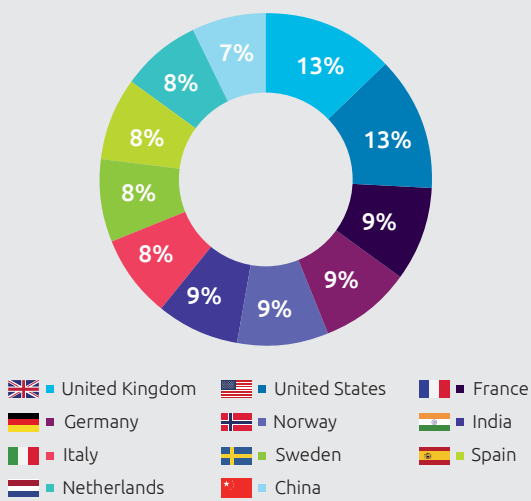
Functional area	Roles	Roles in functions	Training in EI	Assessment in EI	
Marketing	Senior management	41%	42%	51%	8.86% (A)
	Mid management	59%	32%	50%	9.38% (B)
Sales	Senior management	44%	42%	51%	9.48% (C)
	Mid management	56%	32%	50%	8.92% (D)
Workforce being trained (Average of A, B, C, D)					9.16% (E)
Marketing and sales employees					12% (F)
Average revenue (\$mn)					8,690.2 (G)
Revenue in focus (\$mn)					95.5 (G*E*F)

All the figures in the table above come from the survey data.

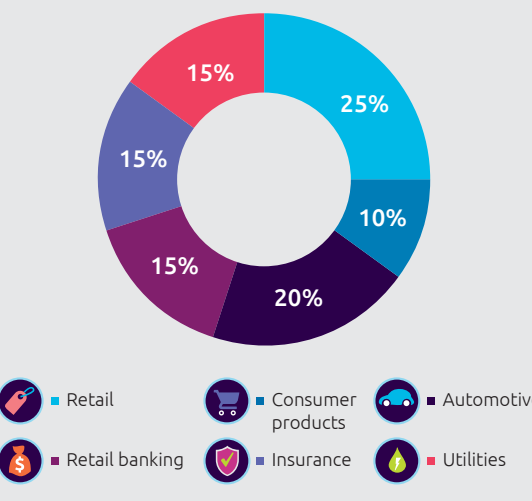
Research Methodology

We surveyed 1,500 non-supervisory employees in the consumer products and retail, retail banking and insurance, automotive, and utilities sectors.

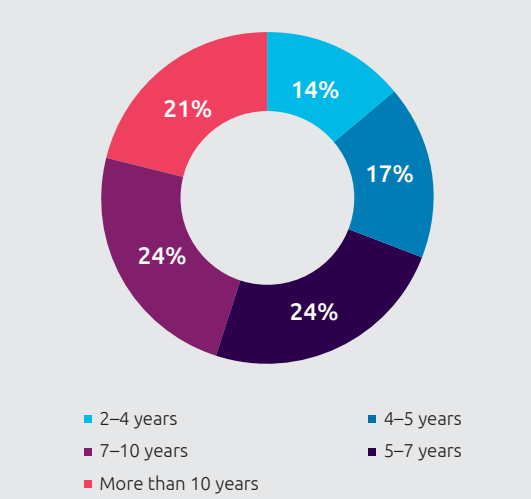
Employees by country



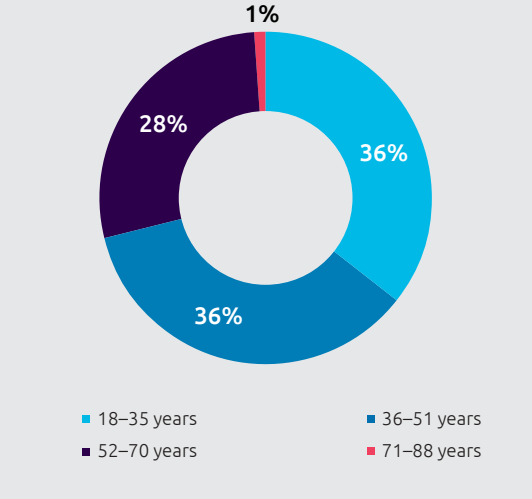
Employees by sector



Employees by work experience



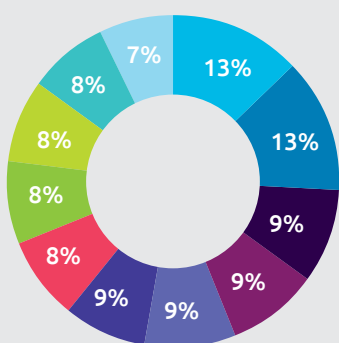
Employees by age



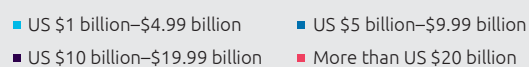
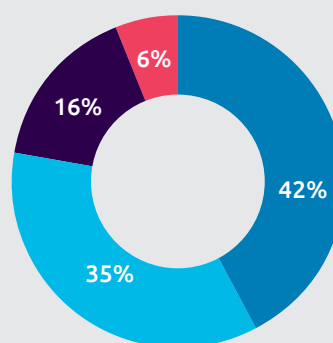
Source: Capgemini Research Institute, Emotional Intelligence Research, Employee Survey, Aug 2019–Sep 2019, N=1,500 employees.

We surveyed 750 executives from large organizations in the consumer products and retail, retail banking and insurance, automotive, and utilities sectors. We also conducted in-depth interviews with over fifteen industry experts and academicians.

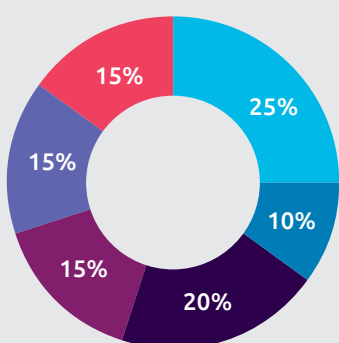
Organizations by country



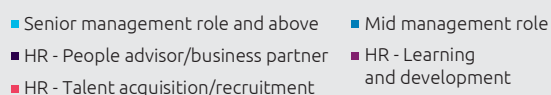
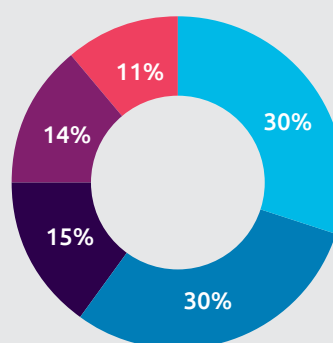
Organizations by revenue



Organizations by sector



Executives from organizations by grade



Source: Capgemini Research Institute, Emotional Intelligence Research, Executive Survey, Aug 2019–Sep 2019, N=750 executives.

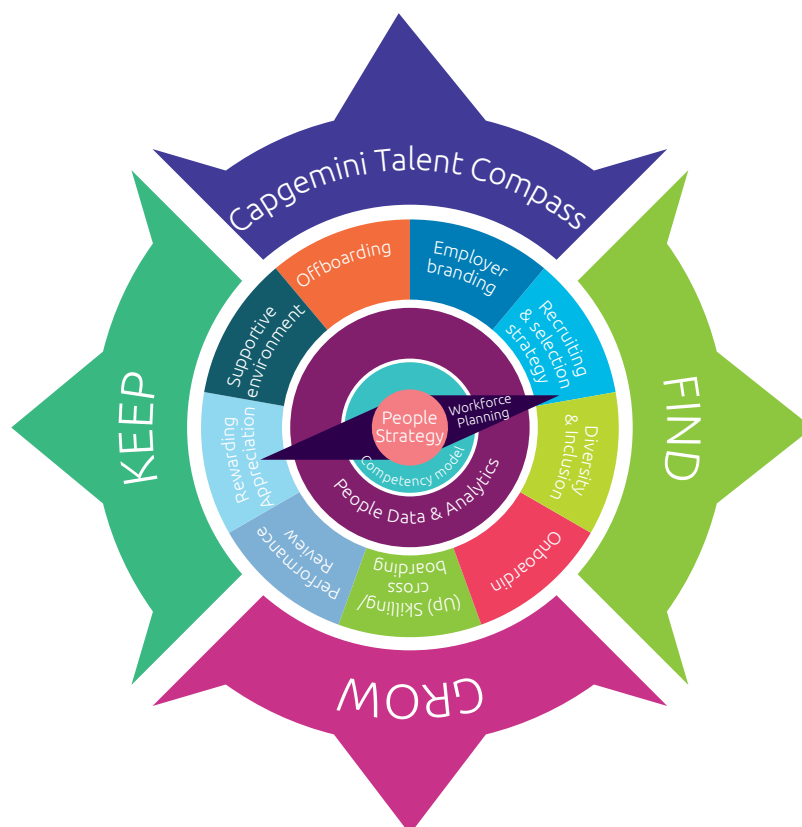
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Close the digital talent gap faster with Capgemini

Value proposition

Technology is radically disrupting our world – meaning that both employees and organizations have to (re)invent themselves to stay ahead. Our 2017 Talent Gap study showed that the gap in soft digital skills is actually deeper than it is for hard skills. In the age of automation and AI, emotional intelligence can be a key differentiator for employees across all levels. To successfully drive digital transformation, organizations need to attract, develop, and retain scarce talent.



Our approach

Talent activities have to be closely aligned with the business and organizational strategy. Infusing emotional intelligence into all talent activities is how we approach building this core skill for the individual, but especially for the organization.

- **Attract digital talent:** support clients in identifying the right strategy for where and how to find digital talent; potentially borrow digital talent ad interim to fill gaps immediately; design and deliver effective onboarding experience for new joiners; use analytics and AI to help in the selection process and UX design to support the employee experience.
- **Develop Digital Talent:** based on a strategic plan for the workforce, determine skills gaps and develop AI and digitally supported skilling journeys to fill them; match the right people to the right roles; enable high-performing

teams; enable leaders to drive digital transformation, commitment, and performance; incorporate into culture programs; design rewards strategies and tools/mechanisms to show appreciation.

- **Retain digital talent:** design retention strategies leveraging data; define and deliver a consistent workplace (incl. technology).

Why us?

Capgemini has a longstanding history of accompanying transformation and learning. We help answer key questions to start building a future-ready organization in the age of automation. We focus on different stakeholder groups, from leadership, to employee to customer; and we foster a conducive organizational setup and culture – enabled by a human-centered design approach – to change management. Our asset is strong collaboration with everyone, from clients to architect and the ability to deliver talent programs end-to-end.

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About the Capgemini Research Institute

The Capgemini Research Institute is Capgemini's in-house research center. The Institute publishes research on the impact of digital technologies on large traditional businesses. The team draws on the worldwide network of Capgemini experts and works closely with academic and technology partners. The Institute has dedicated research centers in India, the United Kingdom, and the United States. It was recently ranked Top 1 in the world for the quality of its research by independent analysts.

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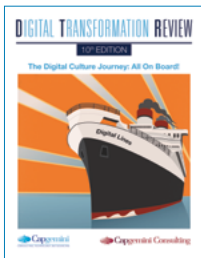
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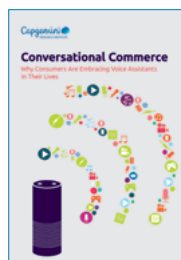
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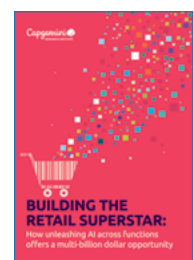
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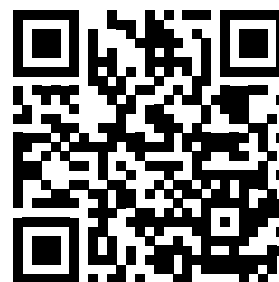
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