

A Compelling Business Case For Emotional Intelligence

Develop the EI of Your Leaders and Lift Employee Engagement

For those of us working within the L&D or business consulting space who are passionate about the topic of emotional intelligence (EI) and its application in leadership development, the business case for EI over the last decade has usually coalesced around one of two themes:

Firstly, the body of global research that proves when higher levels of EI are present—in leaders, sales people, customer service reps, or just about any role within an organization that involves interaction with other people—greater individual effectiveness results. Sales people with higher levels of EI drive more sales than those with lower levels of EI; leaders with higher levels of EI are better at creating the conditions where motivation, inspiration, and innovation can flourish. The research and supportive conclusions are abundant in number (for specific examples of this research visit the EI Consortium website, www.eiconsortium.org, or the knowledge center of our website, www.genosinternational.com).

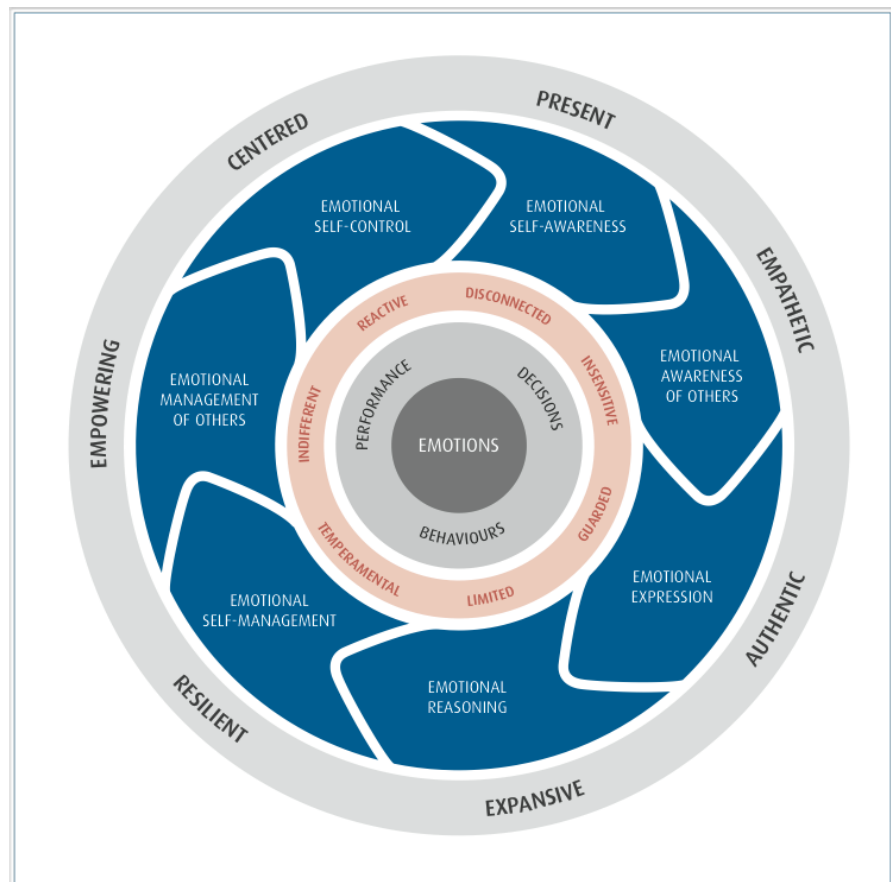
Secondly, and perhaps more potent, is the intuitive sense of what is possible when high levels of EI are present in business. Imagine what is possible when individuals, and leaders in particular, are self-aware, empathetic, authentic, expansive, resilient, empowering, and centered. These seven powerful words represent the ‘being states’ of the emotionally intelligent leader.

And yet, in spite of global research, powerful stories, and passionate proposals, at times there is still resistance to EI.

In business conversations—with heads of HR or L&D and with business leaders themselves, words used to describe EI still include ‘discretionary’, ‘soft’, ‘new age’ ‘touchy feely’, or the worst of all ‘fluffy.’

Often, these comments come from individuals in organizations who are probably in the greatest need of EI development, and bear the greatest competitive risks from ignoring it.

These organizations include those that sit in ‘left brained’ industry sectors such as technology, financial services,



health care, and pharmaceuticals—where rational, technical and logical thinking skills are developed, rewarded and celebrated, and inter and intra-personal effectiveness are relegated to the ‘nice to have’ column.

Relegated that is, until some of these organizations begin to hemorrhage key talent, productivity levels drop, innovation wanes, and more tellingly, employee engagement levels start to fall. And it is when some or all of these conditions appear that executive management calls us to help diagnose what is going on.

A Tale of Two Leaders

With these client conditions and resistance to EI as a backdrop, Genos International launched a global research study in 2010 to examine the correlation between the emotional intelligence of leaders and the higher order business outcome of employee engagement.

To illustrate the purpose of this study, let’s use an example. Think for a moment about two different leaders—one who frequently demonstrates emotionally intelligent behavior in the workplace, and a second one who is not aware, doesn’t value, or doesn’t care about EI, and therefore infrequently demonstrates these behaviors.

Recall the seven powerful words that describe leadership qualities of the emotionally intelligent leader—aware, authentic, empathetic, expansive, resilient, empowering, centered. Then think about a leader who demonstrates low levels of EI and the leadership qualities that might be associated with that individual. Words like disconnected, guarded, insensitive, limited, temperamental, indifferent, and reactive.

Now, think of the direct reports of these two individuals. Which leader is better equipped to lead, to inspire, to motivate, and ultimately, to engage their teams? It doesn’t take a PhD psychometrician to guess which leader will be more effective. Our intuition and experiences in business indicate quite clearly which leader is better equipped to create the conditions where motivation and engagement flourish.

Of course intuition is all well and good. But hard numbers and facts are better—particularly when one is making the business case for EI to ‘left-brained’, rational, logical, technical clients.

A Global Research Study – EI in Leaders and Employee Engagement

The Genos International global research study on EI and engagement commenced in November 2010. The ongoing study, which now includes participating organizations across 3 continents and is growing by the month, is aimed at proving this hypothesis:

Leaders who demonstrate high levels of EI in the workplace drive higher levels of employee engagement in the organization as evidenced by the individual engagement levels of their direct reports.

The structure of the research is fairly straightforward. Participating client organizations assess the level of emotionally intelligent behavior of leaders in their businesses with the Genos EI Multi-Rater assessment. This behavior-based multi-rater assessment tool reports self-perception and the perception of individuals who work with the leader-- their peers, manager, and most importantly for this research, their direct reports.

Direct reports of these leaders provide both their evaluation of the level of EI demonstrated by their direct managers, and then complete a supplemental 12-question engagement survey that measures their own level of engagement in three specific facets of employee engagement, and specifically the degree to which they:

- **Praise** the organization to others.
- **Perform** above and beyond what is expected of them.
- **Persist** in the face of adversity.

Together, these three dimensions of the Genos International engagement model (and other engagement models around the globe) correlate directly with a raft of company performance metrics, including productivity, retention, shareholder return, profitability, employee satisfaction, and customer satisfaction. When high levels of engagement are present, organizations out-perform their counterparts with low levels of engagement. Employee engagement, like EI, is a well-researched field with compelling business outcomes. The ‘hard’ nature of these outcomes has captured the attention of business leaders globally—including and especially those in ‘left-brained’ industry sectors. Correlate EI in leaders with driving employee engagement, and you have a powerful business case for EI.

Preliminary Results of The Study

While data continues to accumulate from around the world, the first preliminary data from the study is indicating what most of us already intuitively know.

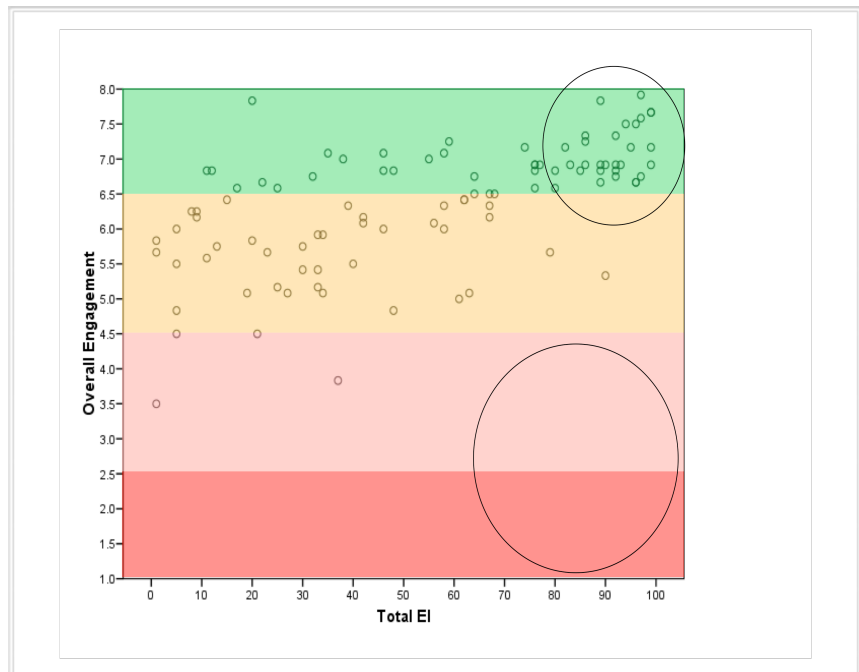
A sample of 99 direct reports, assessing the EI of 31 senior leaders in one client organization, found a positive correlation between the demonstrated EI of those leaders and the employee engagement of their direct reports as follows:

Praise the organization: +0.55 correlation
Perform above and beyond what is expected: +0.50 correlation
Persist in the face of adversity: +0.53 correlation

So, what do those correlations mean exactly? A positive correlation of 0.40 or above represents a **strong** statistical link between two independent variables. Correlations of between 0.5 and 0.6 suggest that, in fact, when high levels of EI are present, higher levels of employee engagement are also present.

The graphic below represents an even more compelling translation of this data.. Each point on the diagram represents a single direct report, with his or her level of engagement on the vertical axis, and perception of their manager’s EI on the horizontal axis. The green horizontal bar represents ‘engaged’ employees, and the yellow, pink, and red bars represent various degrees of ‘disengagement’ (from ‘nearly engaged’, to ‘not engaged’, and finally to ‘actively disengaged’.

This preliminary data suggests that leaders who are assessed at the 75 percentile or higher by their direct reports are almost uniformly ‘engaged’. More importantly, none of these individuals reported themselves as ‘not engaged’ or actively disengaged’ – engagement levels that are particularly problematic for organizations. Individuals at these lower levels of engagement are extremely difficult to shift into a state of ‘engagement’, and worse, might have effectively ‘retired on the job.’



As the perceived EI of leaders drops, levels of engagement begin to drift lower, with fewer and fewer employees reporting as engaged. To what degree does developing the EI of leaders, as a single ‘lever’ that drives engagement, actually create a better result? The difference, between top and bottom performing leaders in terms of EI, appears to be between 18 and 22 percentage points. In other words, develop the EI of your leaders as a single engagement driver, and organizations could see a lift of 18-22 points on a 100 point scale.

From Discretionary to Mission Critical

The results are preliminary. More extensive global research will be published in the coming months about the correlations between the EI of leaders and employee engagement. But the data is clear and compelling—and what was once intuitive is now becoming fact. Develop the EI of your leaders, and improve employee engagement in your business.

The next time a potential client says to you that EI is ‘soft’, ‘fluffy’, and ‘discretionary’, pull out some hard facts that will help them to see EI development in a whole new and different light.

For more information on our Global Research Study, or to explore how we might help you create the culture for an engaged workplace, please contact us at:

Genos Americas
1750 Montgomery Street
First Floor
San Francisco, CA 94111
888.974.3667
info@genosinternational.com