

Zero in

ON KNOWLEDGE

Return on Emotion:

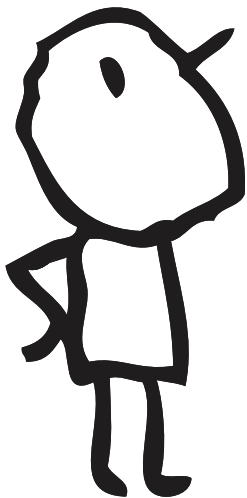
Predicting and Improving Human Performance

Written by Diana Durek and Wendy Gordon

February 2006

"A leader's intelligence has to have a strong emotional component. He has to have high levels of self-awareness, maturity, and self-control. She must be able to withstand the heat, handle setbacks, and when those lucky moments arise, enjoy success with equal parts of joy and humility. No doubt Emotional Intelligence is more rare than book smarts, but my experience says it is actually more important in the making of a leader. You just can't ignore it."

- Jack Welch, former Chairman and CEO, General Electric Co.



SUSAN'S DILEMMA

Susan was a dedicated employee in a fast-paced firm. She felt a good synergy with a few of her coworkers, while communication with others sometimes seemed to be an upwards battle. Over the last few projects, Susan noticed that two individuals heavily dominated brainstorming sessions, and that some of her team members felt like their ideas weren't being heard.

After a few hostile meetings, Susan began to wonder whether her team's performance was suffering—not from a lack of technical skills, but from the emotional and social skills of the group.

Susan's situation is a typical one, and her belief that emotional and social skills impact a group's performance is an idea that scientists are verifying through emotional intelligence testing. But there's hope for Susan: the unique thing about emotional and social skills is that unlike traditional cognitive intelligence, or "book smarts", emotional intelligence can be improved.

At a recent Human Capital Institute webcast, Return on Emotion: Predicting and Improving Human Performance (February, 2006), Diana Durek, a consultant with MHS, along with a group of expert panelists, explained how top companies are successfully improving their bottom line by applying emotional intelligence to selection, development, and team-building initiatives.

WHAT IS EMOTIONAL INTELLIGENCE?

Psychologists have been trying for years to define intelligence. Cognitive intelligence, which has traditionally been measured with IQ, attempts to indicate one's capacity to learn, understand, recall, and solve problems. Our understanding of intelligence evolved during the latter part of the 20th century to take into consideration certain aspects of intelligence that go beyond the cognitive components.

"IQ by itself is not a strong predictor of workplace performance," says Durek. "While many professions require a certain degree of cognitive ability, once one is in a given role, emotional intelligence becomes the better predictor of success."

Emotional intelligence (EI) is best defined as the ability to identify and manage emotional information in oneself and others and focus energy on required behaviors. Also known as "social intelligence" and commonly referred to as "soft skills", these skills and competencies complement a person's cognitive and technical skills.

The U.S. Air Force found that by using emotional intelligence to select recruiters, they increased their ability to predict successful recruiters by nearly three-fold. The immediate gain was a savings of \$3 million annually.

- Handley & Bar-On, 1998

EMOTIONAL INTELLIGENCE ASSESSMENT TOOLS

Top organizations are improving their bottom-line by using tools that help assess employees' emotional intelligence: The first year after reorganizing its selection and training program to address the EI determinants of success, the Air Force increased retention worldwide by 92%. A report to a congressional sub-committee stated that Air Force recruiters are twice as productive as recruiters in other branches of the armed forces. Since then, the Army and Navy have launched similar systems tailored to their specific recruitment needs.

Several emotional intelligence assessment tools have been used successfully in organizational selection and development initiatives worldwide. Dr. Larry Richard, VP at Hildebrandt International, recommends using only a test "that has been constructed through a scientific methodology, on which the publisher has validity and reliability statistics, and that has been tested and developed on a representative cross-section of the population." Development of these instruments, following scientific methodology, ensures that they assess emotional intelligence in a dependable and consistent manner. Without this careful attention to development, obtained scores could not be compared to a yardstick, and would merely be numbers providing no useful information.

Differing in the way they were constructed, three main models have emerged, each with its own particular emphasis and applications. The three main models outlined next are the archetypes of effective EI testing.

EQ-I: AN EMOTIONAL & SOCIAL FUNCTIONING MODEL

The BarOn Emotional Quotient Inventory (EQ-i®) was the first scientifically validated instrument created to assess emotionally intelligent behavior. Defined by Reuven Bar-On as a model of emotional-social intelligence, the question driving his work was: "Why do some people in life with high IQ fail, while others with moderate IQ succeed?" Comprised of 15 skills and processes that contribute to success, the instrument consists of 125 first-person statements that probe one's use of these emotional and social skills in terms of their frequency and intensity. For example, results might indicate that compared to others, the respondent rates herself a frequently empathic person.

The EQ-i consists of 15 scales clustered into 5 composite areas of emotional and social functioning:

- 1. Intrapersonal*
- 2. Interpersonal*
- 3. Adaptability*
- 4. Stress Tolerance*
- 5. General Happiness*

Published by MHS, the EQ-i has been shown to be a strong predictor of success and is frequently used in employee selection and development.

The 15 factors it measures are often regarded as the building blocks of complex business skills such as conflict resolution and planning. "The EQ-i is used more than any other [EI] tool because it has more predictive validity," says Dr. Richard. The EQ-i model offers a multi-rater assessment, the EQ-360™, as well as a powerful framework through which to examine leadership potential (Leadership Report). In a multi-rater or "360°" assessment, an individual's managers, peers, and direct reports are invited to anonymously rate the emotional and social skills of the person being assessed. Dr. Dick Thompson, President and CEO of High Performing Systems, recommends using 360° tools for coaching. "I start with a thorough assessment of the individual using the EQ-360. It gives me feedback from peers and direct reports for a more rounded picture of the areas the person should improve upon."

MSCEIT: AN ABILITY-BASED MODEL

While the functioning model targets one's potential for success, the ability-based model measures a person's actual EI performance. The only ability-based EI tool is the widely-used Mayer-Salovey-Caruso Emotional Intelligence Test (MSCEIT™), pronounced "muh-skeet." John Mayer of the University of New Hampshire and Peter Salovey, now Dean at Yale University, coined the term Emotional Intelligence in 1990. They, along with co-author David Caruso, designed the MSCEIT to measure emotional abilities consistent with the intelligence-testing tradition. Published by MHS, the MSCEIT is one of the more recent exciting developments in the field of emotional intelligence, creating a unique focus on measuring EI through actual mental performance. For example, one may be given a picture and asked to identify how much of a given emotion is in it or given a scenario and asked how various individuals in the scenario may best respond under the circumstances described.

The MSCEIT abilities are classified as:

1. **Perceiving Emotion**
2. **Facilitating Thought**
3. **Understanding Emotion**
4. **Managing Emotion**

Of the four MSCEIT abilities, Dr. Thompson says each “gives you a guideline about something that you can do to prepare for stressful work situations.”

Whether you have a difficult meeting or an important sales call, you can ask yourself the following:

1. Are you aware of your own emotional state?
2. What emotional state do you want to be in? What emotional state do you want the other person to be in?
3. What outcomes do you want? What emotional state would you like this to lead to?
4. How do you prepare yourself to take the right emotional steps to reach your desired outcome?

The MSCEIT helps to pinpoint a person’s ability to apply these questions to everyday life. For example, results might indicate that compared to others, the respondent is less able to perceive the emotions of others. As in classic IQ testing, each of the 141 questions portrays a scenario, thus regarded as a “pure test of emotional intelligence” according to Dr. Richard. “You can’t fake on this test—you need to demonstrate these abilities.” Richard, who uses the MSCEIT primarily in his work with lawyers, finds it to be ideal in situations where test-takers are skeptical of self-report assessments.

The ECI is comprised of 18 competencies organized into 4 clusters that have been identified as highly tuned attributes in successful leaders. They are:

1. **Self-Awareness**
2. **Self-Management**
3. **Social Awareness**
4. **Relationship Management**

ECI: AN EMOTIONAL COMPETENCY MODEL

The Emotional Competence Inventory (ECI), authored by Dan Goleman and Richard Boyatzis and published by Hay Group, was created to test the competencies Goleman described in his best-selling book *Working with Emotional Intelligence*. Normative data focus heavily on individuals in upper management positions. Results, for example, include a person’s level of conflict management, as rated by managers, peers, and direct reports.

Approximately 40% of the ECI items were taken from an earlier competency assessment questionnaire, the Self-Assessment Questionnaire, developed by Richard Boyatzis. The ECI authors rewrote some items and added others to assess competencies not addressed in the earlier model. “The ECI is a very intuitive model,” Dr. Richard says, “although there is some overhead in using a 360°. They are more complicated to administer and thus more costly, so you have to balance the convenience of the model with the convenience of the cost.”

WHICH MODEL IS BEST?

“One of the things that is central to all three models of EI is the ability to understand yourself and accurately read your emotional state and the emotional states of others.” states Dr. Richard. Which EI determinants are most important varies by industry, organizational culture, and which stage of the business life cycle an organization is at. When it comes to selecting the right assessment tool, Dr. Richard emphasizes that the desired business outcomes should guide your choice. Each of the models “has advantages; it depends on what you are trying to accomplish,” Richard states.

HIGHER EI = BETTER LEADERSHIP

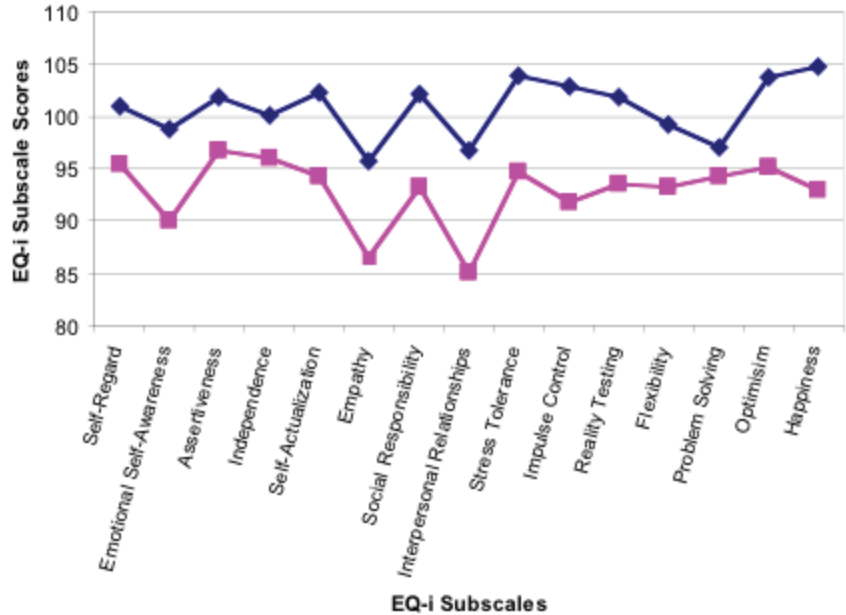
Researchers at the Center for Creative Leadership (CCL) had long believed that aspects of emotional intelligence were related to leadership effectiveness, but Center researchers had not explored this relationship in depth.

In 2001, they conducted a study to examine the relationship between EQ-i scores and Benchmarks®, their 360-degree leadership development tool. Benchmarks® is an instrument based on 24 years’ study of the skills and perspectives of leadership success.

CCL evaluated 236 leaders and found that ten of the sixteen Benchmarks factors were significantly related to EQ-i subscales. In linking the Benchmarks factors with EQ-i subscales, researchers identified those qualities that make the biggest difference in leadership performance. In addition to the correlational studies, researchers divided leaders into high and low performing groups based on their Benchmarks scores and then compared the EQ-i scores of high and low performers:

This graph illustrates that the more successful leaders had higher EQ-i scores across all subscales. Four areas (Interpersonal Relationships, Stress Tolerance, Impulse Control, and Happiness) accounted for 25% of the variance in performance between stars and non-stars.

Figure 1: Top Performing Leaders Score Higher on EQ-i

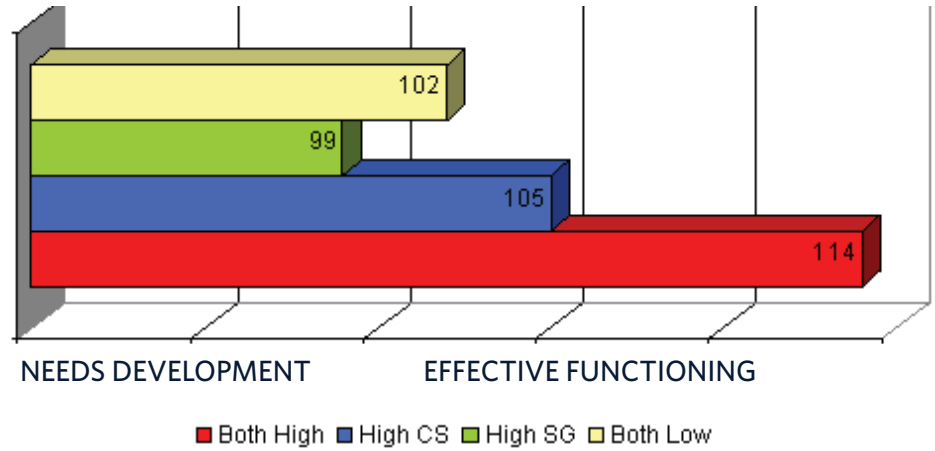


Roger Pearman, President of Qualifying.org, Inc. and Senior Adjunct Staff for CCL, points out that coaching and training leader competencies may be enhanced by zeroing in on their supporting elements. For example, conflict management may be improved with a focus on the underlying skill set, including impulse control, assertiveness, and self-regard.

THE AMERICAN EXPRESS CHALLENGE

MHS conducted a study for American Express in Fort Lauderdale to determine the EI skill set that best predicted success for customer-focused Sales Associates. American Express offered open positions in this department to top telephone service center representatives. Two metrics were used: customer satisfaction (feedback regarding customer service based on 13 behaviors) and sales goal attainment (profitability of associates' work). MHS quickly realized that while some associates had high customer service (CS) skills and some had high sales group (SG) skills, few were strong in both performance criteria.

Figure 2: Top Performers Score Highest on EQ-i



“Those who excelled in sales as well as meeting customers’ needs clearly outperformed those who did not,” says Durek. In fact, “one-half of the skill set that existing successful telephone service centre reps need to be successful in their new role is comprised of emotional and social skills.”

Associates who scored high in both performance categories scored significantly higher on the EQ-i as compared to those who only scored well in one performance area, or were low in both. In other words, high emotional intelligence was a strong predictor of associates with both required skill sets.

THE BUSINESS CASE FOR EMOTIONAL INTELLIGENCE

Companies often need proof that more effective leaders, teamwork, and communication contribute to the bottom line. The prospect of introducing EI tools into an organization may generate some questions about the value of EI in the workplace.

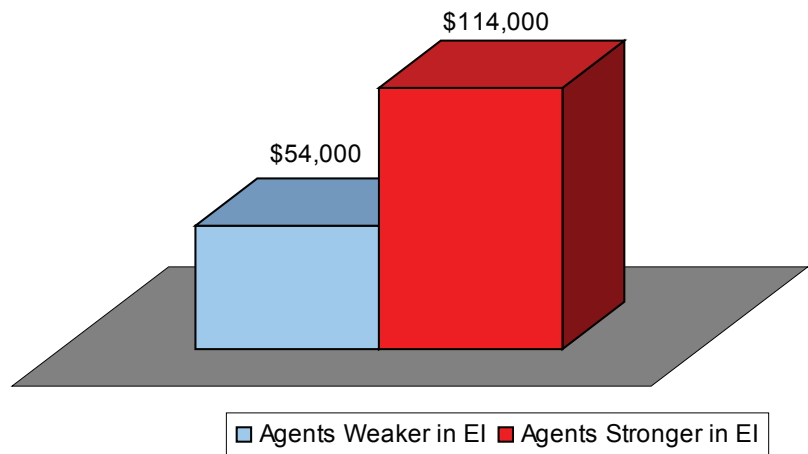
“You’re going to be asked, ‘How is this going to make the organization better and how is this going to make us money?’” says Kelley Marko, President of Marko Consulting Services. Marko suggests you always start by “looking at the outcome that you want to achieve by engaging EI assessment and development in your organization. For example, having more effective leadership is often an outcome that organizations are looking for. Defining this objective—the ‘what’—gives a solid anchor point for participants. Emotional intelligence training then provides the ‘how’ to achieve this outcome in a strategic and informed way.”

Results of this study again demonstrate that those with higher EI scores performed better than those with lower EI scores. Various combinations of competencies—in this case 5 to 8—can create a competitive advantage.

Durek reveals that outcomes of applying EI in the workplace can be quantified in dollar amounts:

In a national insurance company, insurance sales agents weak in emotional competencies such as self-confidence, initiative, and empathy sold policies with an average premium of \$54,000. Those who were strong in at least 5 of 8 key emotional competencies sold policies worth \$114,000. (Hay/McBer Research and Innovation group, 1997).

Figure 3: Salespeople with High EI Make Bigger Sales



American Express Financial Advisors' sales increased 18% after attending an Emotional Competence Program. As a separate study revealed, sales in regions where the managers attended the program increased 10% over sales where sales managers did not attend the program. (Consortium for Research on Emotional Intelligence, n.d.)

Recognizing that the higher one is in an organization, the more influence one has on others, American Express prefers to offer training opportunities to leaders first. Imagine increasing your organization's sales by 11% by training a single manager in emotional intelligence competencies.

EQ was used to evaluate which scores predict success for debt collectors. Star performers collected 100% of quota while low performers collected 47%. New recruits who had been hired on the basis of their high scores and those who received special training collected 163% of quota over 3 months. (Bachman, 2000)

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New recruits hired for debt collection, tested for EI, and trained in EI skills performed even better than existing star performers who met 100% of their quota. In other words, improving emotional intelligence can help raise the bar for an organization's performance.

IMPROVING EI

In the examples shown here, those who scored well on EI assessments vastly outperform their colleagues who do not.

Likewise, those who participate in EI-based training demonstrated increased productivity. From the question and answer section that followed, it was clear that webcast participants valued the bottom-line impact of EI and were eager to discuss implementing training and development programs. Topics on EI development and coaching will certainly be a focus for future HCI EI web casts and white papers.

Cary Cherniss, Professor of Applied Psychology at Rutgers University, ended the webcast by outlining a successful four-step development process:

1. Assess. Get feedback on what areas to improve.
2. Demonstrate. What does the skill look like? Get specific, concrete examples during training and coaching.
3. Practice. Role-play these skills in practice and job-based scenarios.
4. Feedback. Get an idea of how close you are getting to the ideal.

"There is good evidence that improving leadership is best done by figuring out what strengths the leader has," said Dr. Richard. People prefer increasing strengths over weaknesses, "and evidence shows that there is a big payoff."

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PRESENTER

Diana Durek, Consultant, Multi-Health Systems

Diana is an expert in the area of emotional intelligence and its bottom-line impact on selection, development, and leadership initiatives in organizations across a wide range of industries. During her 6 years with MHS, a leading global psychological test publisher, she has worked closely with organizations to develop star performer systems powered by an emotional intelligence framework. Through comprehensive integration of star performer models into selection and performance management systems, Diana has helped organizations increase revenue and save money by predicting and improving individual and organizational performance. She frequently presents at conferences that cover business, human resources, and psychology. Prior to joining MHS, she held clinical and research positions as a mental health professional, providing a variety of services to children and adults.

PANELISTS

Cary Cherniss, Professor of Applied Psychology, Rutgers University

Cary Cherniss received his Ph.D. in Psychology from Yale University in 1972. He went on to teach at the University of Michigan in Ann Arbor, the University of Illinois in Chicago, the Chicago Medical School, and the Illinois Institute of Technology. In 1983, he came to Rutgers University where he helped create the doctoral program in Organizational Psychology at the Graduate School of Applied and Professional Psychology. He currently is Professor of Applied Psychology and Director of the Organizational Psychology program. Dr. Cherniss specializes in the areas of emotional intelligence, work stress, leadership development, and planned organizational change. He has published over 60 scholarly articles and book chapters on these topics, as well as six books, including *The Emotionally Intelligent Workplace* (Jossey-Bass, with Daniel Goleman) and *Promoting Emotional Intelligence in the Workplace: Guidelines for Practitioners* (American Society for Training and Development, with Mitchel Adler). In addition to his research and writing, Dr. Cherniss has consulted with many organizations in both the public and private sectors, including American Express, Johnson & Johnson, the US Coast Guard, AT&T, Telcordia, the United States Office of Personnel Management, and PSEG Power. He currently is the director and co-chair of the Consortium for Research on Emotional Intelligence in Organizations. He is a fellow of the American Psychological Association, past president of its Division 27 (Society for Community Research and Action), and a member of the Academy of Management.

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Kelley Marko, President, Marko Consulting Services, Inc.

Kelley is President of Marko Consulting Services Inc., a leading Canadian firm working with organizations worldwide in developing high-performance leaders and enabling sustainable and meaningful change. In all his work, Kelley's ultimate focus is to move individuals and organizations to strategic and informed action that impacts the bottom line. Kelley is also a professional executive coach and a certified adult educator. He is a master trainer and coach of emotional intelligence (EQ) and has worked with hundreds of leaders across diverse industries to improve their leadership competencies. His background incorporates front line through senior leadership positions in industry and professional management consulting with McKinsey and PriceWaterhouseCoopers in the area of organization and change strategy. Kelley holds an MBA from York University, an MA in Leadership and Learning from Royal Roads University and delivers a program called "Developing EQ in Your Workplace" through the Schulich Executive Education Centre, York University and Texas A&M University.

Larry Richard, Vice President, Hildebrandt International

Dr. Richard is the head of the Leadership & Organization Development Practice Group, which helps law firms and legal departments on people issues. Since the early 1980's, he has pioneered the application of psychology and other behavioral sciences to the improvement of leadership and management practices in the legal profession. Dr. Richard is recognized as the leading authority on leadership effectiveness and organizational behavior in law firms. He is also a leading expert on lawyers' personalities. During his career, he has developed numerous innovations to help the leaders in large law firms acquire and retain talent, develop that talent, and motivate people. Over the past 20+ years, Dr. Richard has worked with hundreds of law firms and corporate law departments to improve human performance in ways that improve the bottom line, increase satisfaction, and promote teamwork. Prior to becoming a consultant, he was a trial lawyer for ten years in Pennsylvania and New York.

Dick Thompson, President and CEO, High Performing Systems

Henry L. (Dick) Thompson, Ph.D., is president & CEO of High Performing Systems, Inc. (HPS), an international management consulting and training firm he founded in 1984. Throughout his career, he has gained valuable experience, insights and expertise building and leading high performing teams-from the battlefield to the boardroom-using a systems approach.

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Dr. Thompson conducts research in areas that include Leadership, Emotional Intelligence, Cognitive Ability, Psychological Type (personality) and Group Dynamics (FIRO theory), and is recognized as a leading authority on assessing and integrating these concepts. He is a certifying/qualifying instructor for the Bar-On EQ-i, (Emotional Quotient Inventory), the MBTI instrument and Element B. His leading-edge work on selecting leaders, incorporating concepts such as Emotional Intelligence, has resulted in the Leadership Potential Assessment System, a unique scientific process for identifying best-fit leaders and determining their potential for growth across time.

MODERATOR

Joy Kosta, Director, HCI Communities, the Human Capital Institute

As Director of Talent Development and Leadership Communities at The Human Capital Institute, Joy brings twenty-five years of experience in multiple facets of organizational development, human resources and business management with an emphasis in customer satisfaction, service quality, process improvement, and applying the Malcolm Baldrige Criteria for Performance Excellence. As founder and President of Performance Partners in Health Care, a company dedicated to building better patient experiences, she has authored several curriculums in leadership and staff development, and co-authored with Harold Bursztajn, MD Senior Clinical Faculty member, Harvard Medical School, Building a Treatment Alliance with Patients and Families.

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