Utilizing a Emotional Intelligence Model to Maximize ROI for Human Resources in Indian IT Industry

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1.1 Abstract

The Team Performance, Individual Performance and the overall work environment has a great effect on the success or failure of an IT Project. In case of large projects if a Project Manager has a handle on these parameters and if she can maneuver them towards positive direction to her advantage, the chances of success increase manifold. This paper briefly describes an Emotional Intelligence (EI) based model as a tool in the hands of a Project Manager to increase overall team performance and to cut down on unnecessary training and development costs. The model is discussed as a concept and from implementation point of view. ROI calculations and other matrices to measure the process effectiveness are also presented.

1.2 Keywords:

Emotional intelligence, Individual Performance, IT Project, Matrices, Process Effectiveness, ROI, Team Performance, EI Innervations-training programs conducted by HR on request of delivery teams.

Target Audience: Senior Management/Mid Level Managers in IT and Business.

1.3 Abbreviations Used

CEO, CTO, EI, EQ, EVA, HR, IQ, PM, PMO, ROI, TOC, VP-HR

1.4 Introduction

Project manager's today are appreciative of the heavy costs involved in doing things badly in the area of managing performance for the team as well as for a team member. Poor performance management practices can result in direct losses as reduced productivity. If the performance problems are proactively discovered and addressed many of those productivity problems can be eliminated. Employees subjected to poor performance management practices are likely to get upset, angry, demoralized and de-motivated.

An employee will never come to a manager with a problem, if she believes the manager will use that information to blame her later on; and going by experience we know, her worries are not totally baseless. In such a work environment, the manager looses respect from his team and he has hardly any idea of what's going on. All this can have a serious effect on quality of decisions due to that lack of information & ultimately on the probability of project's success.

In *Working With Emotional Intelligence, Daniel Goleman* reported that 80-90% of the competencies that differentiate top performers are in the domain of emotional Intelligence (EI).[4] While IQ and other factors are important, it's clear that emotional Intelligence is essential to optimal performance.

EQ & IQ are very familiar concepts now. They are repeated here just for the sake of completeness.

1.4.1 What is EQ?

Some people just know how to get along with others; some people are more self-confident, and some are great at inspiring people. All these come from a set of skills called emotional intelligence, or EQ. Additional EQ skills are identifying and changing emotions, motivating yourself, and empathizing with another person. Almost anyone can learn the EQ skills to build more successful relationships. For children, an important result of emotional intelligence is stronger friendships and better grades. For adults, EQ skills are critical for leadership, teamwork, customer care, personal relationships, and for health

1.4.2 What is IQ?

IQ is the measure of cognitive abilities, such as the ability to learn or understand or to deal with new situations; the skilled use of reason; the ability to apply knowledge to manipulate one's environment or to think abstractly as measured by objective criteria (as tests); mental acuteness; logic and analytical skills.

1.5 Fact Files (financial rewards of EQ Based Trainings)

The link between EQ and leadership was also clear at PepsiCo. In a pilot project, executives selected for EQ competencies far outperformed their colleagues, delivering:

- 10% increase in productivity.
- 87% decrease in executive turnover ($4m).
- $3.75m added economic value.
- Over 1000% return on investment [5]

In other words, emotional intelligence has a profound impact on productivity and Individual success. Perhaps that's one reason why after a Motorola manufacturing facility used Heart Math's stress and EQ programs, 93% of employees had an increase in Productivity. [6]

The Gallup research on "engagement" (a sense of emotional connection to the organization) makes the case for the financial rewards of enhancing EQ in organizations. Teams with higher engagement -- caring -- were:

- 50% more likely to have lower turnover.
- 56% more likely to have higher-than-average customer loyalty.
- 38% more likely to have above-average productivity.
- 27% more likely to report higher profitability.[7]

1.6 The Scope

Keeping all other factors constant, work environment & performance management practices alone can have a decisive effect on the fate of a project or a company. A flood of research on the topic gives clear indications of correlation between EI &

performance at work place. Unlike IQ a person can be trained to increase her level of Emotions Intelligence, to enhance individual performance as well as contribution as a team player. This paper discusses some EI based methodologies for managing work environment and performance. ROI calculations and usable matrices to measure the process effectiveness are also discussed.

1.7 EI @ Work – Project Managers

Project managers (as leaders) can stay ahead of the game, by managing the mood of the team, and by being both self-aware and open to the needs of those around them. This involves being personally knowledgeable about the dynamics of the emotions and having an appraisal system in place that encourages and notes how people express those emotions.

Managers have to establish and maintain your own personal learning agenda. This means a continuing exploration of one's own limitations and insecurities. Goleman makes it clear that self awareness means facing fears and insecurities on an emotional level. Leaders then need to practice EI in the workplace and get constant feedback on their new skills.

Turning now, to practical learning terms, what methods can project managers put in place to raise their EQ? In short, the more emotions managers as leader are aware of in their daily life – the more options become available, as they start very easily to recognize certain traits in others. But the flip side of the coin is: they shouldn't get ruled by the emotions of others. They need to retain the setout course, and manage conflicts in a reasoned way. Rapport is essential, but in the end as a leader, they will be the decision makers.

Crash course in EI is needed? Goleman's research has shown that as with most new things we study, it can take time to re-educate the brain to behave differently, where perhaps habits are ingrained. But this has to be blended with the fact that some people, for example, already have much more sensory acuity than others; some have a genetic disposition or a natural understanding of emotions. So, EI is like everything that is worthwhile in life, it needs first, a sound understanding of the basics and then a regular application to develop it fully and effectively.

1.8 EI @ Work – Creating Star Performers

An individual competency can be measured reliably at statistical levels of significance. Figure 1 presents Goleman's EI framework - twenty competencies nest in four clusters of general EI abilities.

**Figure 1** – Gloeman's Framework of Emotional Competencies

	1.8.1.1 Self (Personal Competence)	1.8.1.2 Other (Social Competence)
1.8.1.4.1 Recognition	1.8.1.5 Self-Awareness • Emotional Self-awareness • Accurate self-assessment • Self-confidence	1.8.1.6 Social Awareness • Empathy • Service orientation • Organizational awareness
1.8.1.6.1 Regulation	1.8.1.7 Self-Management • Self-control • Trustworthiness • Conscientiousness • Adaptability • Achievement drive • Initiative	1.8.1.8 Relationship Management • Developing others • Influence • Communication • Conflict management • Leadership • Change catalyst • Building bonds • Teamwork & collaboration

For top performance a person must master a mix of competencies, not just one or two. Dr. David McClelland (a professor of Goleman) found that 'stars' are talented in competencies across the board. A 1997 study performed by Dr. Lyle Spencer of more than 300 top-level executives from fifteen global companies showed that six emotional competencies distinguished stars from the average: Influence, Team Leadership, Organizational Awareness, Self-Confidence, Achievement Drive, and Leadership.

Emotional competence can't be improved overnight – the emotional brain changes its habits over weeks and months, not hours and days. It just takes a realization that emotional learning is different from cognitive and technical learning, and it requires a different approach to development.

Figure-2 shows a team centered leadership methodology [1] designed for developing or increasing emotional competencies that closely follows these guidelines for emotional learning. This methodology has been successfully applied for IT projects involving large teams.

Figure 2 – Team Centered Leadership Process

Assess & Prepare	→	Build & Improve	→	Support & Re-evaluate
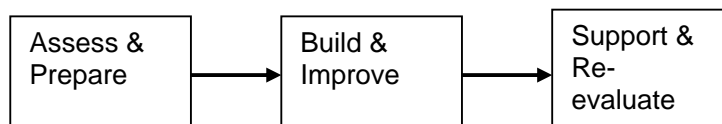
Individuals that show a desire to change/improve are more likely to perform as stars. Described below are the process steps.

1.8.2 Assess & Prepare

- Assessing what is required for success
- Assessing the individual
- Gauging readiness
- Motivating for change

1.8.3 Build & Improve

- Provide maximum opportunity for practice during the formal workshops and after
- Have focused and sustained feedback during the workshop as an individual practices new behaviors
- Use experiential methods in the workshop
- Use models in the workshops
- Build support for the individual

1.8.4 Support & Re-Evaluate

This part of the process should leverage off the Build & Improve step and should include:

- Providing reinforcement capabilities
- Providing access to coaching and other types of support
- Providing feedback
- Re-evaluating and changing as necessary

1.9 EI @ Work – Work Environment

The studies relating work environment & performance of a team are much more germane than it was 50 years back. Discussed here is the imPACT Model™ [1], an EI based framework, which illustrates how typical behaviors, attitudes and activities can impact any team's delivery capabilities.

Figure -3 A graphical representation of imPACT Model™ used in assessments

imPACT Model

Behaviors and Activities Influencing Team Effectiveness

Analytic — Thinking Oriented
Driver — Action Oriented
Amiable — Relationship Oriented
Expressive — Intuition Oriented

Communication — Trust — Alignment — Productivity

Controls Emotions (Less responsive)
Emotes (More responsive)
Asks (Less assertive)
Tells (More assertive)

Vision

Argumentative, Demanding, Rejects involvement, Overly decisive, May seem not to care about people, Facts more important than people, Critical of others, Harsh, Non-Responsive, Judges others, Pushy, Appears not to listen to others, Acts Separately, Negative, Honesty, Provides clarity, Walks the talk, May seem overly independent, Confrontational, Stubborn, Respect, Inspirational leadership, Dominating, Not naturally team oriented, Supportive, Mentor/coach, Competitive, Difficulty with change, Improved processes, Influencing change, Bottom-line oriented, Impatient with others, Indecisive, Unity for common goal, Strong team, Visionary, Short attention span, Poor follow-thru, Does not provide input, Lack of initiative, Optimism, Decisions based on emotion, Undisciplined use of time, May appear to be lazy, Complacent, Harmony, Energy, Impulsive, Manipulative, Little concern for routine, Stubborn, Avoids change, Caring, Relationships may be superficial, Passive aggressive, Passive or indifferent, Drama, Appears not to care, Overly compliant, Over-reactive, Personal attacks, Speculates on others' actions & motives, Protects safety by withholding opinions, Inconsistent

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The model is divided into 4 quadrants each representing a personality style (Driver, Expressive, Amiable and Analytic). Personality styles are incorporated because it is an effective way to get everyone to understand his or her influence on the team. The 2 styles located in the upper quadrants typically control their emotions more than those in the lower quadrant. This creates a commonality for Driver and Analytic, and a commonality for Amiable and Expressive. Likewise, the two quadrants on the left are typically less assertive than those on the right creating a commonality for Analytic and Amiable, and a commonality for Driver and Expressive. This means that Driver and Amiable, and Analytic and Expressive have the least in common, creating greatest opportunities for tension and misunderstandings. This does not mean, however, that miscommunication cannot happen between any pairings. Each of the quadrants are broken into four elements –Communication, Trust, Alignment (how well the team is working toward a common vision of the future), and Productivity (how well resources are being utilized in a continuously improving manner) Each of the terms listed for the elements are typical behaviors, activities and attitudes that impact those elements. The Blue, or productive, terms represent behaviors, activities and attitudes that are assisting the organization to move toward its vision for the future. The Red, or counter-productive, terms are moving the organization away from the vision.

As a way to visualize this (in model) – Imagine that the black ring dividing the red and blue terms represents when you walk in the door in the morning. From the time you turn on the lights, every activity that takes place is going to cost resources. Some of those activities will take you toward your goals, others will pull you away. Thus, if an activity is pulling you away, you are spending money to go in the wrong direction. In order to move toward your vision, you must then spend money to get back to your baseline (the black ring) to undo the damage done by the counter-productive activities. Then you must expend funds to continue to move forward toward your vision. Thus, it is easy to reason that an organization could expend $3 for every $1 of forward movement if there is not a concerted effort to minimize all counterproductive behaviors, activities and attitudes. This also accounts for the red having a much larger representation on the template than blue.

If you look at a term in one quadrant and trace to the opposite quadrant in the same element, you will see typical cause/effect relationships. For example, look at Driver's communication. They may be perceived as being pushy. As a result, Amiables will tend to go passive when they encounter such behavior. The converse is also true. When an Amiable appears to be passive, a Driver can get pushier out of frustration. This helps individuals understand that they are often getting the wrong response from others because of their own actions. When behaviors, activities and attitudes remain in the blue or productive, the responses received are almost always also in the blue. The model is used effectively in numerous real life scenarios for an objective assessment [1].

1.10 EI Innervations: The Stake Holders

In EI based HR interventions (need based training programs by HR) to enhance project team performance, major stake holders are Project Manager, Team, Function Heads and Training / HR Managers. An external consultant may be needed as these trainings are not yet a main stream business. Training program may be of longer durations so sparing team and manager from day to day functioning can be a challenging task. This cost should also be added to investments while calculating ROI. HR managers have to present a robust business case to the top management and after the training the investments have to be justified in an objective way by validating the projected ROI against what is achieved [2]. Fortunately enough data is available in the literature to prepare initial case before a business case specific to the project team is made. EI based training programs can be more effective when included in the company's long term strategic plans. It may be worthwhile to include EI based training programs as an element of the strategic plan either at the company level or at the department level – to ensure that companies recognize the importance and budget accordingly.

1.11 EI Based Interventions: Recommend Economic Value Analysis (EVA)

A five step model for developing business cases for, and evaluating,: Emotional Intelligence Competency (EI)-based HR trainings (interventions), is given below. Lyle Spencer [2]

1.11.1 Step 1: Define Performance Criterion

Most firms have explicit performance variables, but this needs to be analyzed to determine what management really values. Performance variables can vary depending upon the role; examples are revenues, improvement in productivity and operational efficiency, sales of new products and services, and customer satisfaction.

1.11.2 Step 2: Develop a Business Case

The first question in developing a business case should always be: is there enough variance in the value of performance to make investment in EI based trainings worthwhile? This will involve calculating Expected EVA and ROI. A sensitivity analyses may be needed to calculate the probability of achieving a significant ROI, details of which are out of scope of this paper.

1.11.3 Step 3: Design Course and Evaluation

Ideally, competency-based training uses experiential adult learning methods to develop individual competencies, gives trainees opportunities to practice using competencies, and follows training with on-the-job action learning projects in which trainees apply competencies (with coaching, feedback, and technical assistance from instructor-consultants) to implement best practices used by superior performers to improve results.

1.11.4 Step 4: Train, Monitor, and Coach

In this step the training is actually conducted and follow-up activities such as monitoring and coaching are provided to assist trainees in applying learning to improving business results.

1.12 EI Based Interventions: Measuring Training Effectiveness (ROI)

The objective rating of employees can measured by say $ value of goods sold, or value added in as estimated by employer in other jobs. ROI for EI based training program can be done by many ways. A more obvious method would be to establish an equivalent control Group and also establish a training group. The control group will not undergo the training. Now a comparison of revenue generated by both the groups will be an objective measure of training effectiveness. A comprehensive mathematical analysis on ROI calculation is not considered here due to space limitations. Lyle Spencer [2] gives an exhaustive mathematical treatment on EVA and ROI, which may be considered by the HR managers.

1.13 EI Based Interventions: Literature

Existing literature on EI has concentrated on demonstrating the effects of EI on either the mental health or on job outcomes such as job attitudes and performance. There is relatively little discussion concerning how EI, as a set of interrelated abilities about handling emotions, is developed. Understanding how EI is developed may be the significant first step for developing effective EI training programs for project teams. It is demonstrated that life experiences affect EI development. Based on samples of

university students from Singapore and Hong Kong, whether one of the parents was a full-time parent was a significant predictor of the students' EI.

1.14 EI Based Interventions: Critical Success factors

* Evaluating what the team really needs? HR interventions may always be based on realistic needs

* Choosing a right consultant

* Choosing participants, who can offer better ROI. This may involve screening prior to the training programs

* Commitment of PM and team towards training objectives. Every should appreciate what

* EI based trainings can d to them.

* Preparing a robust business case and convincing the top management as these trainings may be a costly affair. Some assistance from finance may be required in this regard.

* HR follow ups and practicing the leaning after the program

* Training effectiveness be always measured in terms of $. So that even in difficult time HR has an objective business case in favor of EI based trainings and how much they contribute in organization objectives

* Maintaining the seriousness in all such trainings so that EI based trainings become a norms across the organization

1.15 EI Based Interventions: Demonstrated Results

Lyle Spencer [2], in his research shows average computer programmers produce five Albrecht function points (AFPs) of debugged code per person per month. EI based HR interventions can produce star performers with productivity higher than 320% than that of average programmer. This is about $ 132,000 contribution resulting out of such trainings. Similar research with a group of construction managers shows productivity improvements of 47% over the average performance.

1.16 Conclusion

It is possible for the project teams to become more socially and emotionally competent and to improve their performance at work place. Developing emotional competence requires that we unlearn old habits of thought, feeling, and action that are deeply ingrained, and grow new ones. Such a process takes motivation, effort, time, support, and sustained practice, as the guidelines presented in this article make clear. Organizations increasingly are providing training and development that is explicitly labeled as "emotional intelligence" or "emotional competence" training. However, the model presented here applies to any development effort in which personal and social learning is a goal. This would include most management and team development

efforts as well as training in supervisory skills, diversity, leadership, conflict management, stress management, sales, customer relations, etc. The effect of adhering to the guide lines presented hare is multiplicative and synergistic: the more guidelines that trainers can follow the greater and more lasting will be their impact. If the current interest in promoting emotional intelligence at work is to be a serious, sustained effort, rather than just another management fad, it is important that practitioners try to follow guidelines based on the best available research. Only when the training is based on sound, empirically based methods will its promise be realized [3]. Need of the hour is, PMs and the top management appreciate the difference, EI based trainings can make to the work environment & performance of project teams and deploy.

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1.18 Authors Profile

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