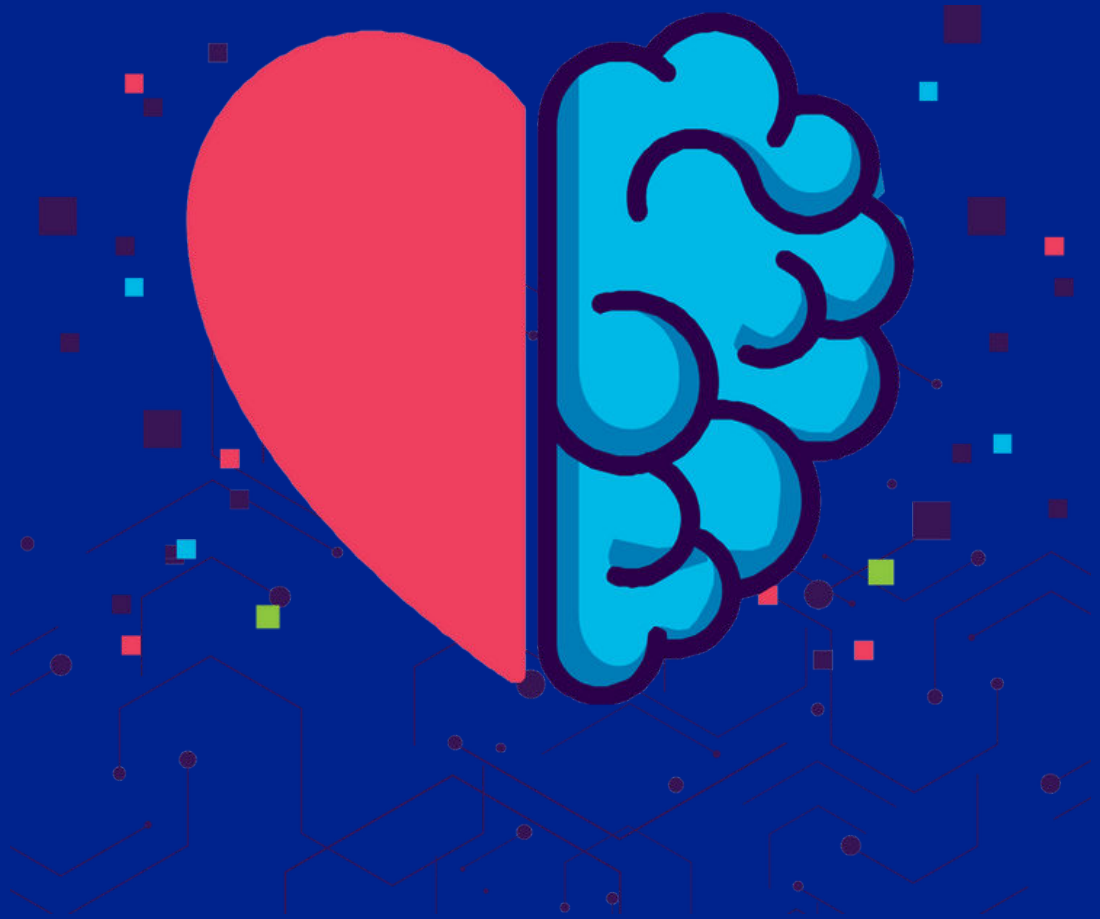


Emotional Intelligence— the essential skillset for the age of AI



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.

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.”

*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

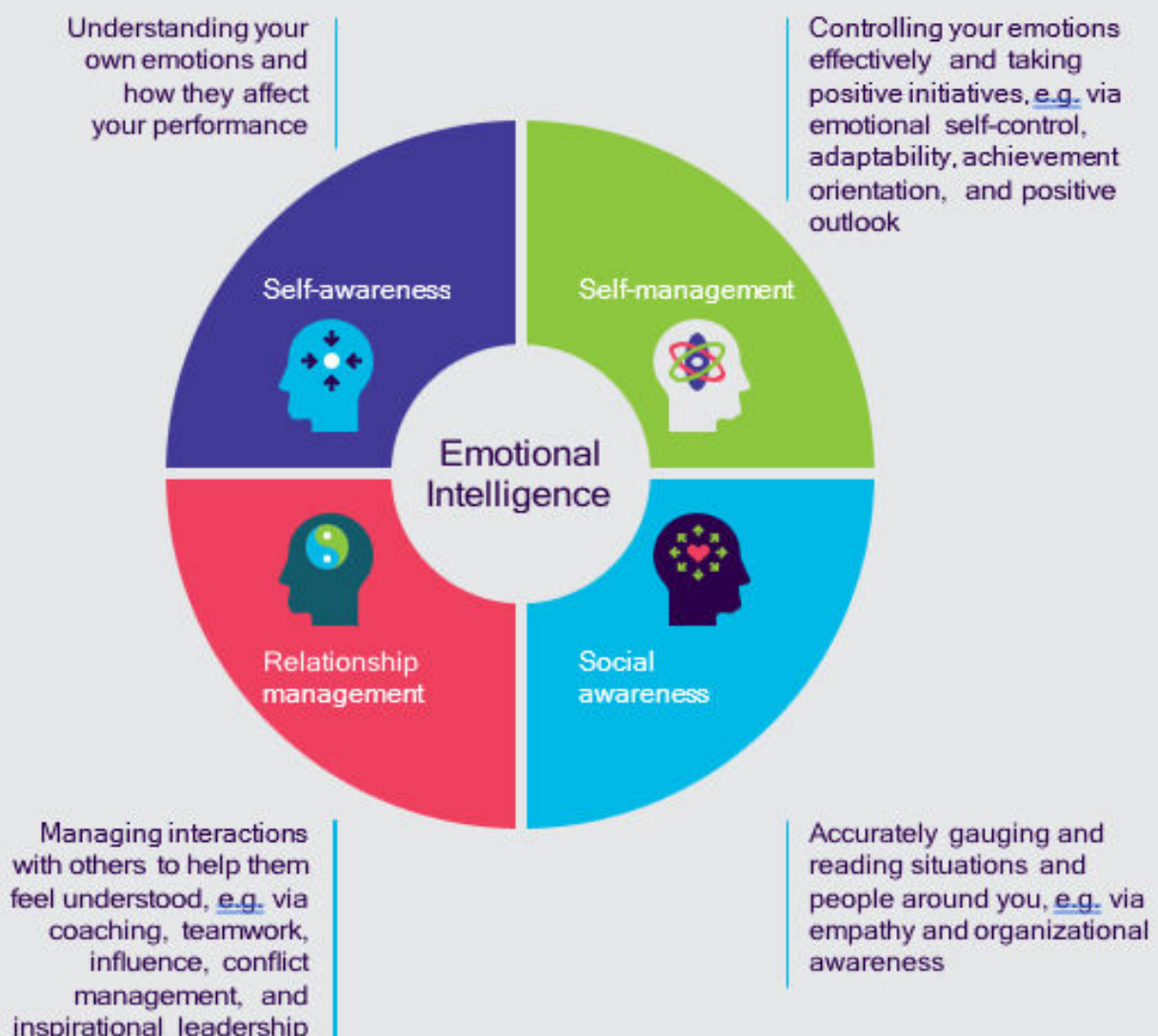
To understand whether organizations and employees recognize the growing importance of emotional intelligence (EI) in the age of automation and AI and its growing relevance, we surveyed 750 executives and 1,500 employees, and conducted in-depth interviews with over 15 industry experts, academics, and 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

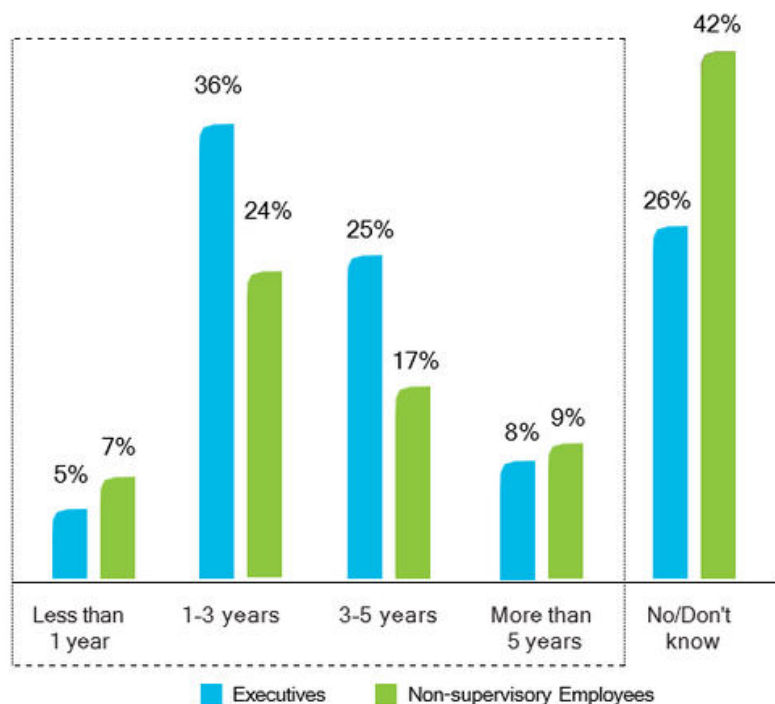
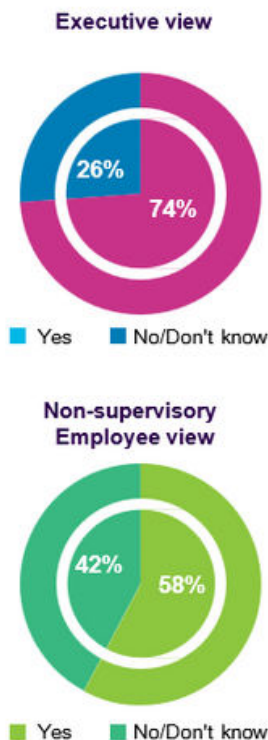
Our current research shows that EI will be critical to people transitioning to this new job landscape:

- 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.

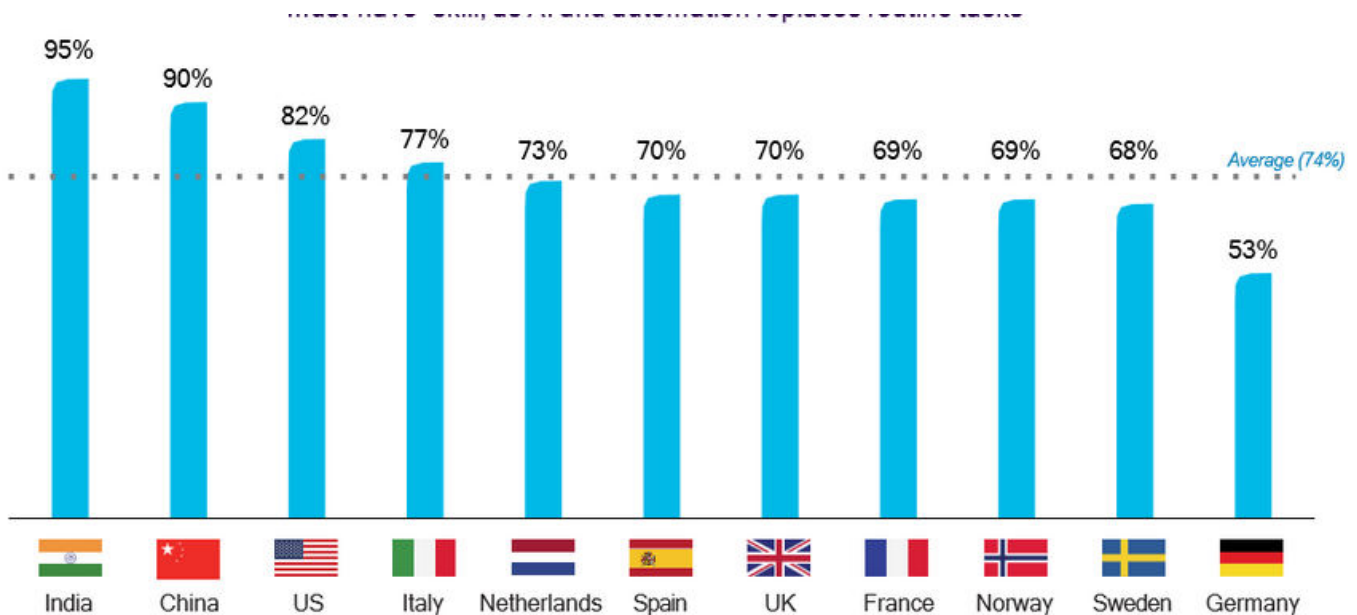
More than 80% of executives from India, China, and the US believe that EI skills will be a “must-have” with the advent of automation and AI. The number in Germany is just 53% (see Figure 2).

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

Share of executives who believe that emotional intelligence will become a “must-have” skill, as AI and automation replaces routine tasks



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).

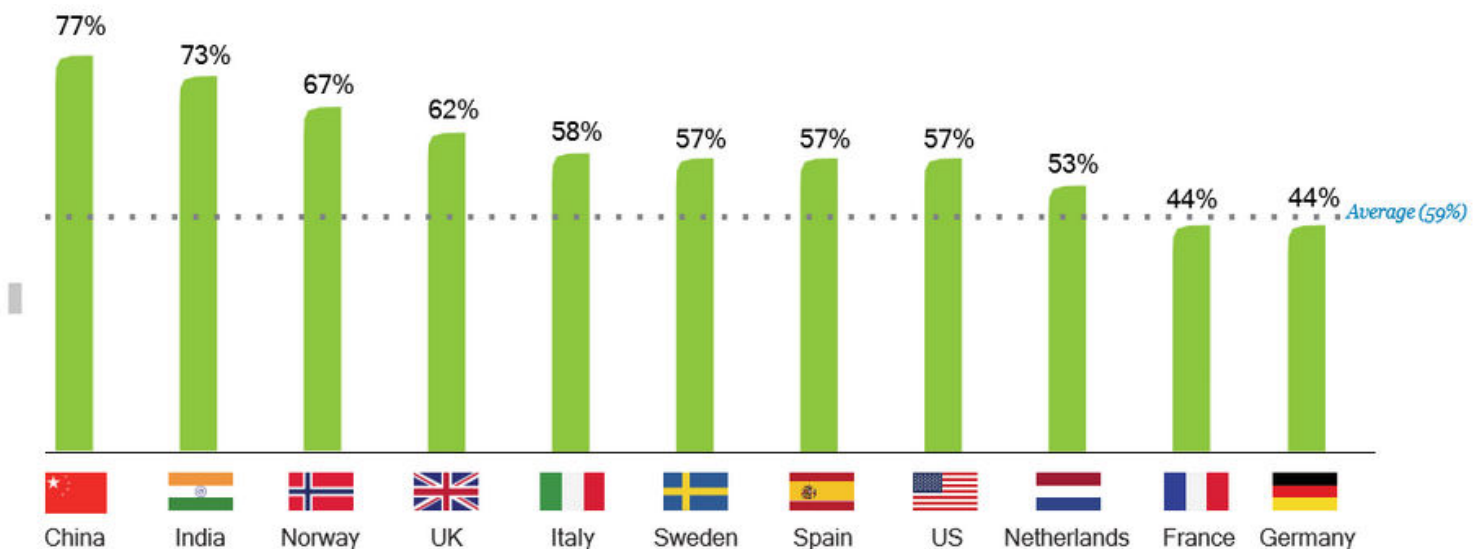
Talking about the importance of EI in the context of the evolving job landscape, Ramnarayan Subramaniam, clinical professor, Indian School of Business, says, “Organizations are constantly changing, and the demands from employees are shifting. And all these changes affect people, and so, employees need 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

Share of non-supervisory employees who believe that emotional intelligence will become a "must-have" skill, as AI and automation replaces routine tasks



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

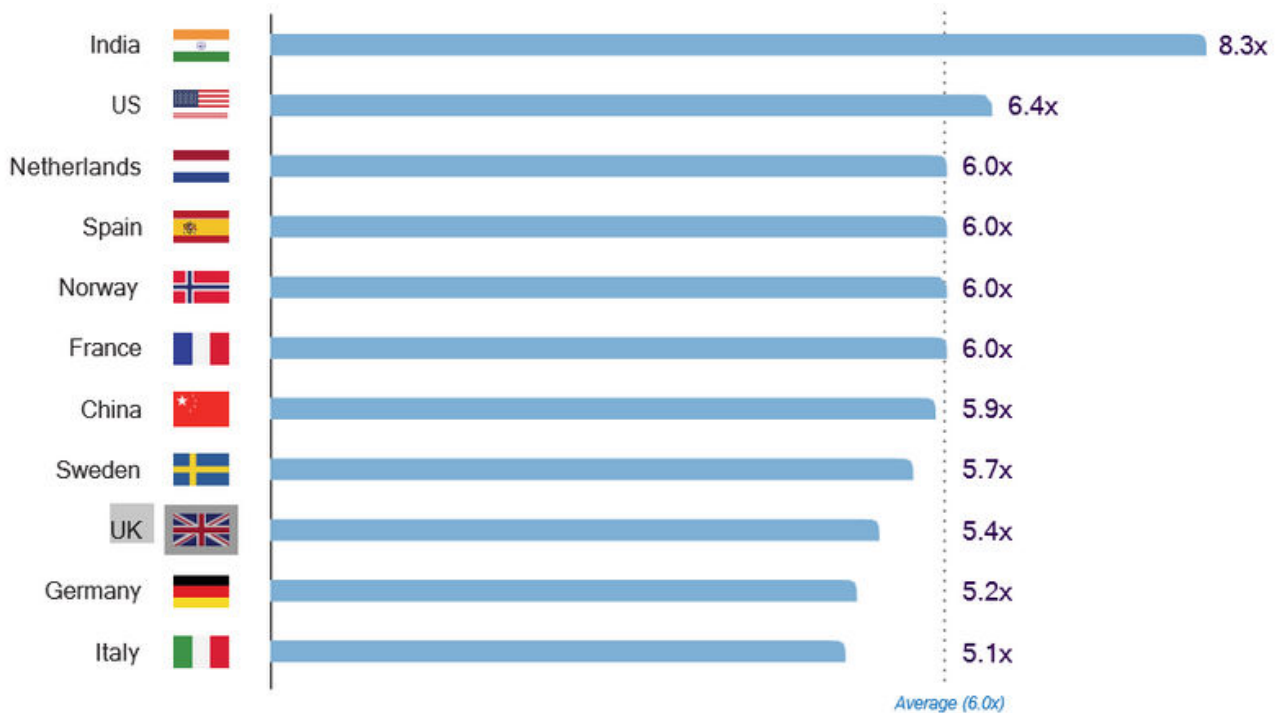
Employees: refers to employees in non-supervisory roles.

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."

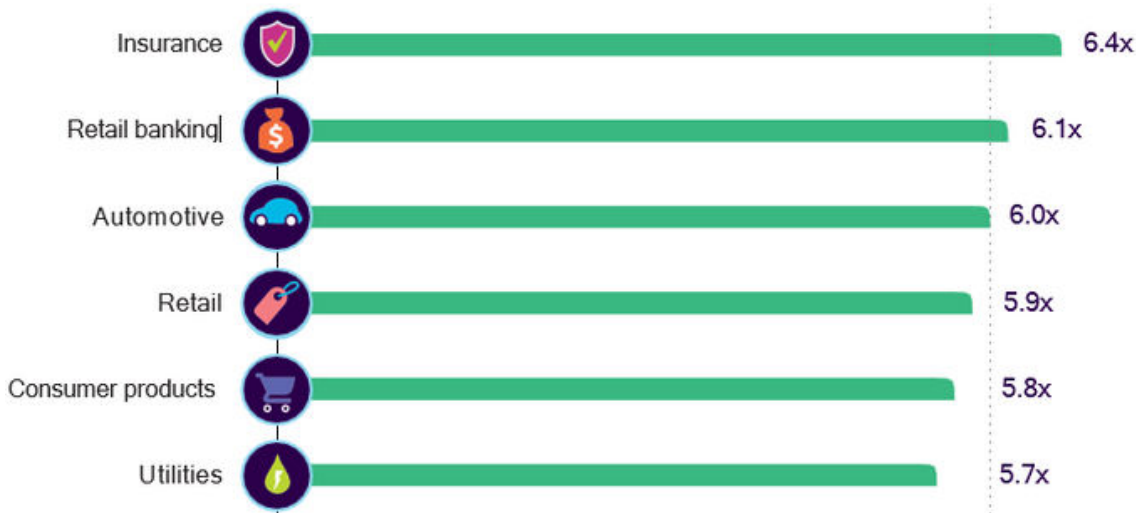
This is because a lot of what we are doing will be automated, but teams generate value by engaging with the client." However, it is interesting to note the strong demand for EI skills in functions like IT/digital roles as well (5.7 times). This demand could potentially be attributed to the need to build 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

To what extent will automation and AI lead to an increase in demand for emotional intelligence skills in the next 3-5 years? (By country)



To what extent will automation and AI lead to an increase in demand for emotional intelligence skills in the next 3-5 years? (By sector)



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.”

