



ROI of EI Training for HR and Enhanced Employee Retention

Majid Nazir

Research Scholar: SunRise University Alwar

Guide's Name: Dr Dillip Kumar Sharma

The investment into the Emotional intelligence (EI) training for organizations needs to be justified in terms of the return on investment (ROI) for the HR professionals as well as the employees of the organization. The present paper seeks to explore the benefits of EI training for HR professionals and its impact on employee retention and other metrics of employee wellbeing which bring returns for the organization.

Benefits of Emotional Intelligence (EI) Training in Organizations

The investment towards EI training can yield significant results in the form of enhanced employee retention as voluntary turnover leads to loss for the company (Finn, 2023). Studies have also shown that employees who perceive their managers as emotionally intelligent, are more likely to be satisfied and engaged leading to lower employee voluntary turnover rates (Cho et al., 2016). It has also found to enhance engagement and productivity of the employees which in turn leads to higher revenue and profitability for the organization. Additionally, HR professionals trained in EI can navigate sensitive situations, more effectively, foster better communications at the workplace and resolve conflicts without the need of escalating them (Coronado-Maldonado & Benítez-Márquez, 2023). This reduces the workplace stress and builds trust within the organization (Day & Harrison, 2007).

Research also shows that companies with a reputation for valuing emotional intelligence in the workplace can attract and retain high-performance who seek positive work environment and stronger employee branding (Finn, 2023). The investment shows that the company is focused on the well-being of its employees by placing resources in employee-first practices (George, 2000). However, the efforts

towards quantifying, the exact ROI for EI training can be complex due to the difficulty of expressing these benefits in numbers. Thus, emotional intelligence is a critical skill for the modern workplace as it influences the interpersonal relationships of the employees within the organization (Srivastava, 2013).

Costs Associated with Emotional Intelligence (EI)

Training in Organizations

While organizations are increasingly investing in various programs and learning and development opportunities for its employees, emotional intelligence training has been increasingly popular due to which association for boosting productivity, engagement, ultimately employee retention (Roche Martin, 2022). In modern organizations, data and evidence-based decision is a priority. Hence, there is a need to understand the cost associated with training and compared to its benefits to justify a balancing act between investment and return that can help support further investments into EI training. If organization obtains greater benefits compared to costs associated with EI training, they are more likely to support such programs due to their positive ROI. It would be important that quantifying the benefits or cost can be tricky as there are direct and indirect cost associated with it along with short-term and long-term gains (Chrusciel, 2006).

In terms of direct financial costs of EI training, the cost of the training program is high with variability dependent on the provider, format (such as online or in-person), and duration. The average cost per learner is about \$400 for EI training (Mattingly & Kraiger, 2019). Additionally, there are costs associated with training and materials such as having access to online platforms, assessment tools, and training materials which incur further investment. The time spend by the employees on the training is time lost for the organization as this time is not spent on directly contributing to the production of the key goods and services being offered by the organization, resulting in a temporary loss of productivity and revenue (Chrusciel, 2006).

The indirect costs associated with EI training include implementation challenges such as integration of the training within the workflow and development of an organizational culture conducive for employee-oriented policies (Freifeld, 2020). Some employees and managers may even resist these changes and there is a need for the HR professional to intervene through additional support and motivation. Sometimes, there may be unforeseen expenses such as technology glitches and other logistical challenges which would add to the overall cost of the operations. These require resources and

efforts from the organization (Mattingly & Kraiger, 2019).

Literature Review

There have been several efforts toward quantification and measurement of the benefits of employee benefit programs such as EI training, however, they suffer from their own limitations as the process is complex. The Kirkpatrick model (2009) evaluated the training effectiveness in terms of four levels of benefits – reaction, learning, behaviors, and results. However, it could only capture immediate or short-term outcomes. The Phillips ROI model focused on analyzing the financial benefits by comparing the training costs to tangible results such as increase in revenue or reduction in turnover (Freifeld, 2020). However, it struggled to analyze intangible outcomes such as employee commitment and morale.

Subramanian et al. (2012) found that there is a positive ROI of training programs with most programs offering 300% return on investment, including financial benefits. Bersin at Deloitte (2021) noted that learning transfer can be measured in terms of the application of the acquired skills on the job. A mix of assessments before and after the training can be used to develop performance metrics along with employee surveys to assess skill transfer along with

the financial impact of the training. Nicolau et al. (2023) examined the ROI associated with leadership development program for executives and found that there is a positive correlation between the investment in the development programs and leadership effectiveness, bringing in desirable outcomes for the performance of the team and organization.

Rationale

The gap in the current research literature indicates that there are challenges associated with the assessment of the ROI for EI training programs. Although the initial investment leads to significant long-term returns including employee retention, profitability, and customer satisfaction. It also reduces costs associated with replacing employees which can be as high as 200% of their annual salary suggesting that retention is profitable for the organization (Luca & Tarricone, 2001). This is particularly true for the managers and executive leaders for the organization. The present study seeks to assess the ROI for EI training for HR professionals in terms of enhanced employee retention.

Methodology

Design

The present research study has been designed as a quantitative study to understand the relationship between costs of EI training for human resources

(HR) professionals and the benefits in terms of employee turnover intention in modern organizations. The method of data collection would be online surveys to collect data about the emotional intelligence abilities of HR professionals in organizations which have EI training and those which don't. The employee retention was assessed in terms of percentage of employees who have left in the last year for the organizations. It has been designed as a quasi-experimental study as it seeks to study the effect of EI training on employee turnover. The research hypothesis states that EI training would reduce employee turnover and increase employee retention.

Participants

The organizations included in the study were identified through professional networks and divided into two groups. The first group had formal EI training programs for the HR professionals while the other group did not invest in EI training programs. A sample of 12 organizations were selected with six in each group. The study included 48 HR professionals from these organizations who were asked to take the online survey and the average EI score for each group was calculated. The employee turnover rate for the last year 2023 were also collected for the sampled organizations.

Materials

An online survey was designed to be administered to the HR professionals. It was anonymous and did not collect personally identifiable data. It included the items to collect the name of the organization, emotional intelligence (EI) assessment developed by Goleman (1994), and statistics for the employee turnover rate of 2023.

Data Analysis

The data which was collected was pooled in a spreadsheet for further analysis. It was cleaned to remove incomplete as well as invalid responses. The data was also organized by the name of the organization followed by the calculation of the average EI score for the HR professionals of the organizations in the two groups being studied. The employee turnover rate was also mapped. The resulting data was statistically analyzed using descriptive statistics to understand the data in terms of sample size, mean, and standard deviation. The inferential statistics were used to test the research hypothesis and check for the presence of significant differences between the organizations with and without formal EI training in terms of EI abilities of HR professionals and employee turnover rate.

Results

The data was collected from a sample of 48 HR professionals across 12 organizations. Out of these, 6 organizations had formal EI training programs and the other 6 did not. The average EI score and employee turnover rate for each organization type was calculated and has been presented in Table 1. It has also been visually represented using Figures 1 and 2.

Table 1

Descriptive Statistics

Organization Type	N	Mean EI	SD	Mean Turnover	SD
With EI Training	6	30	2.4	0.20	0.05
Without EI Training	6	24	2.3	0.45	0.06

Figure 1

Average EI Scores for HR Professionals

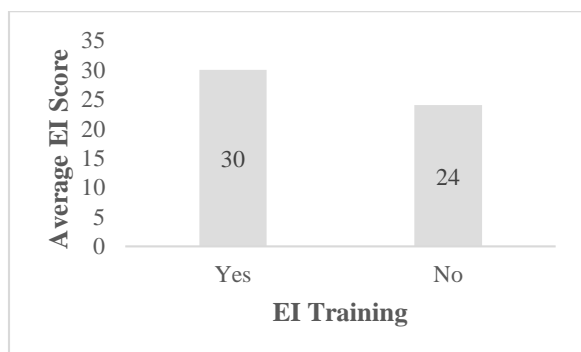
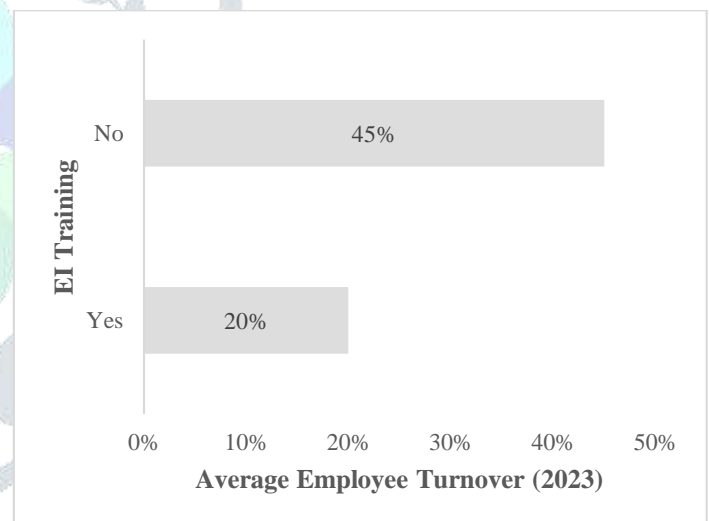


Table 1 shows that there was a total of n = 12

organizations which were studied such that n = 6 organizations had formal EI training but n = 6 did not. The average EI score for organizations with EI training was 30 with a standard deviation of 2.4 while the average employee turnover was 20%. For organizations without EI training, the average EI score was 24 with a standard deviation of 2.3 and average employee turnover rate was 45%. This shows that organizations with EI training had higher EI abilities in the HR professionals and lower turnover rates for the employees.

Figure 2

Average Employee Turnover Rate for Employees



To check for the presence of significant differences in EI scores and employee turnovers between organizations with and without formal EI training, independent samples t-test were conducted. The findings show that there are statistically significant differences between the organizations in

terms of EI scores as $t(10) = 4.42, p < .001$. This means that organizations EI training has significantly higher EI scores for the HR professionals. It also shows that there are significant differences between the organizations in terms of employee turnover as $t(10) = 7.84, p < .001$. This means that organizations with EI training have significantly lower employee turnover rates. The findings from the results of the study show that the research hypothesis can be accepted.

Discussion

The present study was designed to evaluate the ROI of EI training programs for HR professionals in enhancing employee retention within organizations. The findings of the study suggest that investment in EI training leads to benefits in terms of better emotional intelligence skills of the HR professionals as well as lower employee turnover rates. This helps create an organizational culture characterized by employee retention. Thus, EI training provides positive return on investment (Cho et al., 2016).

The implications of the study include the evidence which supports investment in EI training programs as it helps reduce the costs associated with voluntary employee turnover. It would be important

to make a careful balance between the investment in the training program and the anticipated loss due to employee turnover (Chrusciel, 2006). The industry standard suggests that organizations consider employee turnover to lead to a loss of 200% of the annual salary (Coronado-Maldonado & Benítez-Márquez, 2023). Hence, the appropriate analysis can be made by the organizations to find the right budget for EI training (Ashkanasy & Daus, 2005).

Recommendations

Based on the research study, the following recommendations would be made for the organizations (Finn, 2023).

- Align the training goals with the strategic objectives through needs assessment
- Identify cost-effective options for training such as blended models
- Use diverse evaluation methods to assess the benefits of EI training
- Invest in technology which can reduce the cost of training and help in assessment of costs and benefits through advanced data analytical tools
- Create an organization culture which values continuous learning and development
- The success of the program is dependent on the support of the leadership

Limitations

The findings of the study also highlight the challenges associated with the assessment of benefits compared to the costs of training. It is difficult to conclude that the employee retention can be attributed solely to EI abilities as other factors such as compensation, benefits, industry, growth opportunities, and work culture also play a role in determining employee retention. Additionally, there are long-term benefits associated with EI training and short-term

benefits may be misleading (Cho et al., 2016).

The present study made a simple distinction between organizations on the basis of the presence of a formal EI training program, but did not evaluate the nature of the program or its duration. These factors can also influence the impact of training. It is also possible that there are intangible benefits which could not be captured by the study as they were not measured (Freifeld, 2020).

Conclusion

The present study sought to evaluate the ROI associated with EI training in terms of enhanced employee retention. A quantitative study was conducted using online surveys to collect and analyze data about the EI skills of HR professionals and employee turnover rates at 12 organizations. The findings show that EI training leads to significantly higher EI skills and employee retention. Thus, recommendations were drafted to enhance the benefits for the organization and generate positive ROI.

References

1. Ashkanasy, N. M., & Daus, C. S. (2005). Rumors of the death of emotional intelligence in organizational behavior are vastly exaggerated. *Journal of Organizational Behavior*, 26(4), 441–452. <https://doi.org/10.1002/job.320>
2. Cho, Y., Rutherford, B. N., Friend, S. B., Hamwi, G. A., & Park, J. (2016). The role of emotions on frontline employee turnover intentions. *Journal of Marketing Theory and Practice*, 25(1), 57–68. <https://doi.org/10.1080/10696679.2016.1235960>
3. Chrusciel, D. (2006). Considerations of emotional intelligence (EI) in dealing with change decision management. *Management Decision*, 44(5), 644–657. <https://doi.org/10.1108/00251740610668897>
4. Coronado-Maldonado, I., & Benítez-Márquez, M. D. (2023). Emotional intelligence, leadership, and work teams: A hybrid literature review. *Heliyon*, 9(10), e20356. <https://doi.org/10.1016/j.heliyon.2023.e20356>
5. Day, D. V., & Harrison, M. M. (2007). A multilevel, identity-based approach to leadership development. *Human Resource Management Review*, 17(4), 360–373. <https://doi.org/10.1016/j.hrmr.2007.08.007>
6. Deloitte. (2021). *Leading in Learning*. Bersin by Deloitte. <https://www2.deloitte.com/content/dam/Deloitte/global/Documents/HumanCapital/gx-cons-hc-learning-solutions-placemat.pdf>
7. Finn, L. M. (2023, July 11). Emotionally intelligent leadership and employee retention. *Forbes*. <https://www.forbes.com/sites/forbeshumanresourcescouncil/2023/07/11/emotionally-intelligent-leadership-and-employee-retention/>
8. Freifeld, L. (2020, December 17). 2020 *Training Industry Report*. Training. <https://trainingmag.com/2020-training-industry-report/>
9. George, J. M. (2000). Emotions and leadership: The role of emotional intelligence. *Human Relations*, 53(8), 1027–1055. <https://doi.org/10.1177/0018726700538001>
10. Goleman, D. (1995). *Emotional intelligence: Why it can matter more than IQ*. <http://ci.nii.ac.jp/ncid/BA28658620>

11. Goleman, D. (2000). Leadership that gets Results. In *Routledge eBooks* (pp. 85–96). <https://doi.org/10.4324/9781315250601-9>
12. Goleman, D., & Boyatzis, R. E. (2023, October 13). *Emotional intelligence has 12 elements. which do you need to work on?* Harvard Business Review. <https://hbr.org/2017/02/emotional-intelligence-has-12-elements-which-do-you-need-to-work-on>
13. Jorfi, H., Jorfi, S., Fauzy, H., Yaccob, B., & Nor, K. M. (2014). The impact of emotional intelligence on communication effectiveness: Focus on strategic alignment. *African Journal of Marketing Management*, 6(6), 82–87. <https://doi.org/10.5897/ajmm2010.036>
14. Kirkpatrick, D. L. (2009). *Evaluating training programs : The four levels*. <https://ci.nii.ac.jp/ncid/BA53731154>
15. Luca, J., & Tarricone, P. (2001). Does emotional intelligence affect successful teamwork. *18th Annual Conference of the Australasian Society for Computers in Learning in Tertiary Education*. <https://eric.ed.gov/?id=ED467954>
16. Mattingly, V., & Kraiger, K. (2019). Can emotional intelligence be trained? A meta-analytical investigation. *Human Resource Management Review*, 29(2), 140–155. <https://doi.org/10.1016/j.hrmr.2018.03.002>
17. Nicolau, A., Candel, O. S., Constantin, T., & Kleingeld, A. (2023). The effects of executive coaching on behaviors, attitudes, and personal characteristics: a meta-analysis of randomized control trial studies. *Frontiers in Psychology*, 14. <https://doi.org/10.3389/fpsyg.2023.1089797>
18. Roche Martin. (2022, January 13). Assessing the cost of emotional intelligence training. Is it worth it? *Roche Martin Blog*. <https://www.rochemartin.com/blog/assessing-the-cost-of-emotional-intelligence-training-is-it-worth-it>
19. Srivastava, K. (2013). Emotional intelligence and organizational effectiveness. *Industrial Psychiatry Journal*, 22(2), 97. <https://doi.org/10.4103/0972-6748.132912>
20. Subramanian, K. S., Sinha, V., & Gupta, P. (2012). A study on return on investment of training programme in a government enterprise in India. *Vikalpa*, 37(1), 31–48. <https://doi.org/10.1177/0256090920120103>