

## Emotional Intelligence's Impact on Salespeople's Behaviors and Performance

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Researchers believe that emotional intelligence (EI) is an important component in customer interfacing jobs such as in sales and service (O'Boyle, Humphrey, Pollack, Hawver, & Story, 2011). In this study, we look at the role of salesperson's emotional intelligence in that salesperson's development of positive behavioral strategies. In particular, we focus on the influence of emotional intelligence in the development of cohesive response to competitive actions and increased customer focus. It is believed that EI enables individuals to understand other's emotions making them better at social interactions (Chow, Chiu, & Wong, 2011). High EI individuals are able to develop a network of friends and peers within the organizations which in turn can aid them in achieving their objectives by tapping into the network for resources. A series of research studies have linked emotional intelligence to positive attitudes and behaviors and organizational success (Heffernan, O'Neill, Travaglione, & Droulers, 2008; Joseph & Newman, 2010; Webb, 2009). A recent meta-analysis showed a strong positive correlation between emotional intelligence and job performance (O'Boyle et al., 2011).

Goleman (1998) attributes the success of the high performers primarily to emotional intelligence rather than cognitive abilities. Individuals with high emotional intelligence are better able to grasp the messages communicated through unspoken words and gestures and understand the feelings of others. Salovey and Mayer (1990) believe that high EI provides the individuals with greater ability to identify, assess, understand, and manage their own as well as other's emotions and to shape their behaviors. When dealing with problems or problematic colleagues, high EI employees do not allow their own or other's negative feelings about the individual inhibit them.

This study examines the impact of the facets of EI on employees' ability to respond to competitive moves and customer orientation. Second, the impact of one's response to competition and customer orientation on job performance is examined. Third, the moderating role of two important demographic variables, generation gap and gender is explored

### **Conceptual Background**

Salovey and Mayer (1990) define emotional intelligence as "the subset of social intelligence that involves the ability to monitor one's own and others' feelings and emotions, to discriminate among them and to use this information to guide one's thinking and actions" (p. 189). Researchers termed an individuals' ability to assess their own emotions and regulate them as intrapersonal intelligence and the ability to understand other's emotions as individual's social competence. Joseph and Newman (2010) tested a cascading model of EI that lays out "the theoretical causal mechanism among EI sub facets" (p. 54) and suggested that the EI facets, emotional perception, understanding and regulation fit a progressive structure.

Individuals faced with a situation, modulate or change their feelings and behavior based on their evaluation of the feelings of their own and other's emotions. Salovey and Mayer (1990)

posit that the ability to understand other's emotions is likely to enable the individual to have empathy for others. This in turn may enhance their ability to regulate their own emotions. Based on this it is stated that:

H1: A salesperson's self-appraisal of emotions is positively related to his/her regulation of emotions.

### **Customer Orientation**

The effectiveness of employee performance and organizational success depends on healthy and constructive work environment wherein people share information and resources, seek and lend a helping hand to each other. Firms understand that customer orientation is one of the key strategies for attracting and retaining customers. Customer orientation is used for development of long term relationships with customers by providing products that meet and satisfy customer needs (Saxe & Weitz, 1982). Boswerth et al. (2003) suggest that success of customer oriented salespeople can be explained by their ability to structure solutions centered on customer needs. Researchers have attributed customer orientation of employees to desirable organizational outcomes such as customer trust, repurchase intentions, loyalty, satisfaction and job performance (Cross, Brashear, Rigdon, & Bellenger, 2007; Homburg, Müller, & Klarmann, 2011; Kumar, Venkatesan, & Reinartz, 2008). Salespeople who regulate their emotions because of their ability to understand their own and other's emotions display customer oriented behaviors (Kidwell, Hardesty, Murtha, & Sheng, 2011). Based on this, it is stated that:

H2: A salesperson's emotional regulation is positively related to his/her customer orientation.

### **Competitive Response**

One of the important tasks of the firm is to continuously monitor competitive moves to counter threats and to retain competitive advantage in the marketplace (Peteraf & Bergen, 2003). Firms generally depend on front line employees to gather information about competitive moves and pass it on to decision makers and other functional groups within their firm. When employees share competitive information, it encourages the learning process and results in increased knowledge (Hirst, Van Knippenberg, & Zhou, 2009). It is shown that salesperson's ability to manage emotions helps to reduce negative feelings and increase trust (Williams 2007). Interpersonal trust promotes sharing of accumulated knowledge with the group thus making it possible to take expeditious action to meet competitive threat. Since customer oriented activities are critical for customer retention in the face of competitive threat, a salesperson is more likely to adopt strategies to strengthen that customer relationship. Based on this:

H3: A salesperson's emotional regulation is positively related to that salesperson's competitive response.

H4: A salesperson's competitive response is positively related to his/her customer orientation.

### **Job Performance**

Improving a salesperson's job performance is a major priority for sales managers since profits and business performance are very much dependent on sales revenue. Customer oriented salespeople are committed to meeting needs of customers to increase their level of customer satisfaction with an aim to develop long term relationship with customers. Numerous studies

have provided evidence of the positive relationship of customer orientation with salesperson's job performance, customer loyalty and repurchase intentions (Cross et al., 2007; Franke & Park, 2006; Kumar et al., 2008). Based on this, the following replication hypotheses are stated:

H5: A salesperson's customer orientation is positively related to his/her job performance.

## Method

### Sample

This study used responses from 850 salespeople working for financial institutions in Mexico. The survey was administered in Spanish but relied on items from published scales in English which were translated to Spanish and back translated to English to ensure consistency of meaning. Respondents ranged from 20 to 62 years of age and their tenure with their financial companies ranged from 1 to 33 years. Males comprised of 53% of the respondents. The latent constructs used in the study were measured with previously published instruments. SPSS 22 was used to run the correlations among the constructs used in the model which provided support for the stated hypotheses shown in Table 1.

**Table 1: Correlation Matrix and Descriptive Statistics**

		SEA	REG	COMP	COR	PER	AGE	EXP
SEA	Self-Appraisal of Emotions	<b>0.86</b>						
REG	Regulation of Emotions	<b>0.38</b>	<b>0.89</b>					
COMP	Competitive Response	<b>0.19</b>	<b>0.19</b>	<b>0.80</b>				
COR	Customer Orientation	<b>0.49</b>	<b>0.34</b>	0.12	<b>0.91</b>			
PER	Percent Goal Achieved	0.12	0.11	<b>0.14</b>	0.06	1		
AGE	AGE	-0.02	0.15	0.08*	0.02	0.23		
EXP	Current Experience	-0.10	0.03	0.07	-0.11	0.08	<b>0.50</b>	
GEN	GENDER	-0.07	0.13	0.08	0.04	0.11	0.24	
	Mean	5.69	1.46	6.03	6.12	36.07		
	Standard Deviation	0.94	0.94	0.96	0.66	7.55		
	Average Variance Extracted	<b>0.68</b>	<b>0.62</b>	<b>0.60</b>	<b>0.56</b>			

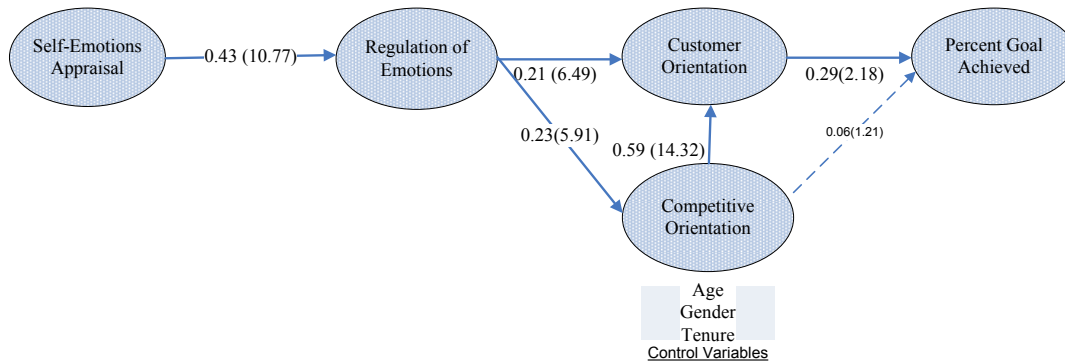
### Measurement Model

A confirmatory factor analysis was conducted using AMOS 22 to assess the properties of the latent variables. The measurement model indicated an adequate fit indexes for the data:  $\chi^2 = 790.213$ ;  $df = 146$ ,  $p < .01$ ; RMSEA = .0720, CI<sub>90%</sub> = .067 to .077; NFI = 0.92, CFI = 0.93, TLI = 0.91. Reliability was assessed with Cronbach's alpha and found to be in the acceptable range providing evidence of adequate reliability (Anderson and Gerbing, 1988). Average variance extracted statistics ( $r_v$ ) were in the acceptable range (Fornell and Larcker, 1981). Fornell and Larcker's (1981) approach was used to assess discriminant validity. A test of confidence intervals of factor correlations showed that none of the 95% confidence intervals of the factor correlations included one. In addition, the average variance extracted for each of the factors is greater than the squared correlations for all pairs of factors.

### Structural Model

A structural equation model with AMOS 22 was used to test the relationship among dimensions of emotional intelligence with competitive orientation, customer orientation and job performance. Age, gender and tenure were used as control variables. The results of the structural model shown in Figure 1 indicate an acceptable fit with the data (McDonald & Ho, 2002):  $\chi^2 = 996.903$ ,  $df = 211$ ,  $p < .01$ ; RMSEA = 0.066,  $CI_{90\%} = 0.062$  to  $0.007$ ; CFI = 0.93; TLI = 0.90 and NFI = 0.91. As expected model results show that a salesperson's self-appraisal of emotions is positively related to his or her regulation of emotions ( $\beta = 0.43$ ,  $t = 10.77$ ). A salesperson's regulation of emotions is positively related to his/her competitive orientation ( $\beta = 0.23$ ,  $t = 5.91$ ) and customer orientation ( $\beta = 0.21$ ,  $t = 6.49$ ). A salesperson's competitive orientation shows a positive relationship with customer orientation ( $\beta = 0.59$ ,  $t = 14.32$ ) which in turn is positively related to job performance ( $\beta = 0.29$ ,  $t = 2.18$ ). The impact of a salesperson's competitive orientation on job performance is completely mediated by his/her customer orientation.

**Figure 1: Hypothesized Model**



Fit Indices:  $\chi^2 = 996.903$ ,  $df = 211$ ,  $p < .01$ ; RMSEA = 0.066,  $CI_{90\%} = 0.062$  to  $0.007$ ; CFI = 0.93; TLI = 0.90 and NFI = 0.91.

A post hoc analysis using  $\chi^2$  difference test was conducted to test for the moderating impact of gender. The difference in  $\chi^2$  between the two groups (male  $n = 449$ ; female  $n = 382$ ) using an unconstrained model and constrained path between regulation of emotions and customer orientation was statistically significant ( $\Delta\chi^2 = 8.72$ ,  $\Delta df = 1$ ; Critical  $\chi^2 = 3.84$ ,  $df = 1$ ,  $p < 0.05$ ). The path coefficient between regulation of emotions and customer orientation for males ( $\gamma = 0.04$ ,  $t = 1.04$ ) was statistically insignificant whereas the regulation of emotions-customer orientation path coefficient for females ( $\gamma = 0.23$ ,  $t = 4.85$ ) was positive and statistically significant. This shows that the impact of regulation of emotions on customer orientation is positive for female sales representatives.

### Discussion of Results

In the competitive market, customer acquisition and retention require customer oriented employees. Building superior value for customers requires a synergistic effort between various employees and departments (Narver & Slater, 1990). The study results show that employees should be aware of the need to regulate their emotions to improve inter-functional communication. This is critical because of the strong relationship between job performance and customer orientation that is heavily impacted by coordination between employees in different

functional areas. Emotions play a critical role in the interactions between salespeople, co-workers, and customers (Verbeke, 1997). Studies have shown that abilities such as self – appraisal and regulation of emotions can be possible with the right work environment and training. Sales managers should make it a priority to train salespeople to enhance their emotional intelligence and create conflict management mechanisms if they want to improve the job performance of their sales people.

Emotional regulation by the salesperson is shown to reduce interpersonal conflict and increase customer oriented behaviors. This study shows that impact of emotional regulation is positive and significant for females and insignificant for males suggesting the higher effectiveness of emotional control for female salespeople. This finding points out the need for further research. When salespeople have the ability to manage their emotions, they can effectively work across departments thus increasing the potential for the organization to meet customer needs in time and become their preferred supplier (Rahim & Marvel, 2011). Salespeople who are able to understand their own and other's emotions are considered better in understanding customer concerns and anxieties (Kidwell et al., 2011); this in turn allows them develop strategies and selling methods to win customer confidence.

Results of this study point out the importance of encouraging greater coordination among employees to respond to competitive threats and to improve customer orientation. Managers can gauge salesperson's emotional intelligence levels during hiring process using tests that are available to measure emotional intelligence. Mayer and Salovey (1997) state that people can be trained to acquire and enhance emotional intelligence levels. Kidwell et al. (2011) recommend that sales managers should assess and identify areas of EI gaps to focus and institute training programs aimed at filling these gaps.

### **Limitations**

This study has several limitations that are inherent to any organizational research. First is the social desirability bias because data is based on self-reports. To counter this, respondents were assured confidentially of responses. Second, this data is cross-sectional and hence causality of relationship cannot be assumed. Third, MacCallum et al. (1993) warn that there could be a number of equivalent models with fit indices similar to the model presented in this study. Our interpretation of the results regarding the relationships among the constructs in this model were developed and tested using established theories in sales and organizational literature. Finally, this study uses responses from salespeople in Mexico which is a highly collectivistic culture. Future research in other cultural contexts would be useful.

### **Partial List of References**

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