

## **Impact of Emotional Intelligence on Sales Performance of Life Insurance Agents In Bangalore City - An Empirical Study**

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### **Abstract**

The insurance industry in India is the fifth largest life insurance market in the emerging insurance economies globally and is growing at 33% annually. A career in Indian Insurance sector can be quite challenging and an agency sales manager will have to plan and set targets for the sales team. He would be concentrating on formulating sales strategies in addition to recruitment and management of team members as well as training, motivating and developing team members. The skills required would be sales acumen, result orientation, interpersonal skills, and ability to work in stressful situations. This paper examines the impact of Emotional Intelligence parameters, on factors that determines sales performance of life insurance sales executives. The findings revealed that of all the parameters of Emotional Intelligence, Self Development had the greatest impact on Sales Performance of Insurance Sales Executives.

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### **1. Introduction**

Emotional Intelligence is a set of competencies, which direct and control one's feelings towards work and performance at work. The set of competencies is the ability of the individual being to control and manage his or her moods and impulses, which contribute to best of situational outcomes. Understanding one's own moods and impulses of others in any situation helps one to respond and behave in accordance with expectations. Knowing one's emotions and feelings as they occur, and tuning oneself to the changed situation, requires the emotional competency, emotional maturity and emotional sensitivity. Such knowledge determines the success of adaptability and adjustment with the changed scenario. In a work situation, since it involves a group of people with ideas, suggestions, and opinions, effective conglomeration of all these determine the best outcome.

### **2. Literature Survey**

Goleman's writing (e.g., 1995, 1998) has generated additional interest in the field of emotional intelligence primarily from the perspective of managers, individuals involved in leadership roles, and other practitioners (Mayer, 2001). Goleman's model of EI is a mixed conceptual model. In 1995 Goleman published his first book, Emotional Intelligence, in which he described the concept of EI as abilities including self-control, zeal, persistence, and the ability to motivate oneself. Goleman adds later that emotional intelligence abilities include "being able to motivate oneself and persist in the face of frustrations; to control impulse and delay gratification; to regulate one's emotions and keep distress from swamping the ability to think, to empathize, and to hope" (Goleman, 1995: p. 34).

### **Emotional Intelligence and its influence in the workplace:**

The relationship between emotional intelligence and work-related performance started to be investigated in the early 1980s, when several projects were carried out in the manufacturing industry to examine the non-financial, human factors influencing work outcomes. The first study did not investigate emotional intelligence as such, but it did investigate personality traits. Its focus was on the relation among stress, optimism, and financial outcomes such as productivity (Boyatzis 1982; Lusch and Serpkenci 1990; Seligman 1990). With the appearance of the emotional intelligence concept (Salovey and Mayer 1990), research studies started to investigate personality in further depth. For example, Spencer Jr. and Spencer's (1993) experimental study investigated the differences between the L'Oréal sales agents selected the 'usual' way and those selected on the basis of certain emotional intelligence competencies. The study showed that sales agents thus selected sold more than sales agents selected the 'usual' way and their turnover during the first year of employment was 63 per cent lower. Studies by McClelland (1998) and Goleman (1998) obtained similar results.

Goleman (1998), for example, found that employees hired on an emotional intelligence basis were 90 per cent more likely to complete their on-the-job training. In other research, Spencer Jr., McClelland, and Kelner (1997) examined 300 top executives from 50 international companies and identified six emotional competencies that distinguish star managers from the rest: influence, team leadership, organisational awareness, self-confidence, achievement-driven attitude, and leadership style. (Komlosi, 2013)

### **Emotional Intelligence and Sales Performance:**

A successful sales force is critical to the success of organizations that sell products or services (Churchill, Ford, Hartley, & Walker, 1985). Recruiting and selecting a potential salesperson can be an expensive and time consuming process. The process of selecting, hiring, training, and lost sales when there is turnover can exceed more than \$100,000 per salesperson (Churchill, Ford, & Walker, 1997; Sager, 1990). The qualitative research article by Sujan (1999) presents a statement of opportunity that posits, "salespeople who balance their street-smart intelligence across adapting, selecting, and shaping are significantly more successful and satisfied with their jobs than salespeople who focus on any one of these facets of sales intelligence" (p. 26). Sujan proposes research questions relating to the process by which salespeople's street smart moves improve their performance and satisfaction, and to examine the effect of each of the three elements of street smarts on performance and satisfaction. The purpose statement for the article by Sujan conveys an emphasis in sales research on understanding salesperson intelligence and how it can be developed. This is important to the current study, as if there is a way that recruiters and managers could screen potential successful salespeople, it could save organizations tremendous amounts of revenue.

Deeter-Schmelz and Sojka (2003) conducted an exploratory qualitative study that indicated a relationship between EI and sales performance. Data was collected via one-on-one personal interviews. Each salesperson interviewed was considered to be successful in sales by company standards and each demonstrated EI skills. This research combined with the results of research investigating EI and the performance of business leaders suggests that EI may be an important factor for sales success (Dulewicz, 2000; Goleman, 1998; Sosik & Megerian, 1999).

According to Manna and Smith (2004), while sales processes and tools are becoming more technologically advanced, the importance still lies in the successful interaction with the client. "A transactional sales representative will not have the effective personal skill set to become an effective sales representative in the near future as customers are becoming more empowered and expecting more in terms of service" (Manna & Smith, p. 67). There seems to be a human factor, which could be attributed to emotional intelligence that affects these sales interactions (Ingram, 1996). A medical

sales representative needs to be able to build rapport and have effective interactions with his or her clients in order to achieve business objectives.

There are many factors that contribute to the success of a salesperson. Age and tenure are two factors that have been documented in the literature (Fu, 2009; Ackerman, 1992; Ali & Davies, 2003; Avolio, Waldman, & McDaniel, 1990). Empirical studies will often use age and sales experience as control variables in studies evaluating performance (Farrell & McDaniel, 2001; Lawrence, 1996; Tesluk & Jacobs, 1998). The impact of age and tenure on sales performance both have been documented in several performance studies (Deadrick & Madigan, 1990; McEvoy & Cascio, 1989; Struman, 2003). Although tenure and age are often positively correlated, the respective effects on performance differ. For example, in a study conducted with 314 salespeople launching a new product, Fu (2009) found that: young and energetic salespeople are better candidates to build a winning new product sales team. First, they achieve the first unit of sales two-and-a-half months earlier than their older counterparts. Second, they perform almost five times more effectively than salespeople who are 20 years older. However, this does not imply that older sales people are not appropriate for selling new products. Sales experience accumulated over the years can be a strong weapon in tackling the challenges of selling new products (p. 16)

**Research Methodology:** A questionnaire was administered to 64 sales executives selling life insurance with a base in Bangalore City. The respondents were selected through stratified and convenient sampling methods. The questionnaire was a by- product of a larger questionnaire regarding a study on emotional intelligence. The extracted factors from the questionnaire were, Self-awareness, Empathy, Self-motivation, Emotional stability, Managing Relations, Integrity, Self-Development, Value orientation, Commitment and Altruistic behavior, relating to emotional intelligence. These factors have been extracted from a validated study by Hyde, Pethe and Dhar. These factors were correlated with the factors related to Sales Performance, which are: Customer engagement, Exploration, Learning, Judgement, Assessing resource levels, Technology usage, Setting clear direction and planning performance, Measuring, observing and coaching, Removing obstacles, Building the team and Rewarding and recognizing the efforts of of team members.

### **3. Objectives**

**The objectives of this paper are:**

- 1) To find out if the factors of Emotional Intelligence are related to the factors enhancing sales performance of salesmen in the insurance sector.
- 2) To determine the most important factor of Emotional Intelligence that impacts sales performance of executives selling life insurance.

The Cronbach's Alpha for the ten factors depicting the factors of Emotional Intelligence was 0.939. Any value of Alpha above 0.70 is considered reliable, and therefore the data collected herein, is contemplated as reliable for further analysis.

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4. **Data Analysis :** The table below display the profile of the respondents.

**Table - 1: Displaying the gender of the respondents:**

<b>GENDER</b>				
Gender	Frequency	Percent	Valid Percent	Cumulative Percent
Male	37	57.8	57.8	57.8
Female	27	42.2	42.2	100
<b>Total</b>	64	100	100	

There are 37 male and 27 female respondents.

**Table – 2 : Displaying the age of the respondents:**

<b>AGE</b>				
Age	Frequency	Percent	Valid Percent	Cumulative Percent
25 – 35	9	14.1	14.1	14.1
35 – 45	27	42.2	42.2	56.3
45 – 55	26	40.6	40.6	96.9
55 – 65	2	3.1	3.1	100
<b>Total</b>	64	100	100	

Nine respondents fall in the age bracket of 25 to 35 years, 27 between 35 and 45 years, 26 between 45 and 55 years and 2 respondents fall between 55 and 65 years.

**Table - 3: Displaying the educational background of respondents:**

<b>EDUCATION</b>					Frequency	Percent	Valid Percent	Cumulative Percent
<b>&lt;Degree</b>					14	21.9	21.9	21.9
Degree	24	38	38	59	24	37.5	37.5	59.4
Post Graduation	26	41	41	100	26	40.6	40.6	100
<b>Total</b>	64	100	100		64	100	100	

Fourteen respondents have not completed graduation, 24 have a Degree and 26 respondents have a Post Graduate Degree.

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**Table - 4: Displaying the work experience of the respondents:**

<b>Work Experience</b>				
	Frequency	Percent	Valid Percent	Cumulative Percent
< 5	9	14.1	14.1	14.1
10-May	11	17.2	17.2	31.3
15-Oct	17	26.6	26.6	57.8
15-20	9	14.1	14.1	71.9
20-25	8	12.5	12.5	84.4
>25	10	15.6	15.6	100
<b>Total</b>	<b>64</b>	<b>100</b>	<b>100</b>	

Nine respondents have less than 5 years experience, 11 have between 5 & 10 years, 17 of them have between 10 to 15 years, 9 have between 15 to 20 years, and 8 have between 20 to 25 years and 10 have greater than 25 years of work experience.

**Table 5: Displaying the location of the workplace of respondents:**

<b>Location of Workplace</b>				
	Frequency	Percent	Valid Percent	Cumulative Percent
Bangalore South	9	14.1	14.1	14.1
Bangalore North	13	20.3	20.3	34.4
Bangalore East	19	29.7	29.7	64.1
Bangalore West	10	15.6	15.6	79.7
Bangalore Rural	13	20.3	20.3	100
<b>Total</b>	<b>64</b>	<b>100</b>	<b>100</b>	

Nine respondents have their workplace in Bangalore South, 13 in Bangalore North, 19 in Bangalore East, 10 in Bangalore West and 13 in Bangalore rural. The profile of the respondents above, signify the representativeness of the samples chosen for the study.

**Analysis of the study:**

**Reliability Statistics**

Cronbach's Alpha	N of Items
0.939	10

The Cronbach's alpha for the ten factors depicting the factors of Emotional Intelligence was 0.939. any value of Alpha above 0.70 is considered reliable, and therefore the data collected herein, is contemplated as reliable for further analysis.

High values (close to 1.0) of the **Kaiser-Meyer-Olkin Measure of Sampling Adequacy** indicate the suitability of the factor analysis, which was conducted later. The KMO Bartlett's test indicated a value of 0.912.

The **factor analysis** extracted one component, which is Self Development with a score of 0.868. Therefore among the Emotional Intelligence components, Self Development of the Insurance salesmen may be decided as the most important factor that affect sales of insurance policies.

The KMO and Bartlett's Test value was 0.728, indicating the suitability of the factor analysis. The **factor analysis** extracted six components, which are Exploration, Rewarding and recognizing the efforts of team members, Measuring, Observing and Coaching, Technology usage, Building teams and Removing obstacles.

### **Hypothesis testing:**

The following Hypotheses were tested.

H<sub>0</sub>: These parameters do not determine Emotional Intelligence of sales executives

H<sub>1</sub>: These parameters determine Emotional Intelligence of sales executives.

The Chi square analysis was done for the ten parameters determining Emotional Intelligence. For all the factors, the Null Hypothesis was rejected, the alternative Hypothesis was accepted, which means that the ten factors do determine Emotional Intelligence. Next, the Hypothesis regarding the parameters, that determine sales performance were tested through the Chi square analysis.

H<sub>0</sub>: These parameters do not determine the Sales performance of the Insurance sales executives

H<sub>1</sub>: These parameters determine the Sales performance of the Insurance sales executives.

For all the factors, the Null Hypothesis was rejected, the alternative Hypothesis was accepted, which means that the eleven factors do determine the sales performance of the Insurance salesmen. Then, the Hypothesis for relating the factors of Emotional Intelligence to the factors determining the sales performance of the Insurance salesmen was tested.

H<sub>0</sub>: The given parameters of Emotional Intelligence are not related to the said parameters of sales performance of the Insurance salesmen.

H<sub>1</sub>: The given parameters of Emotional Intelligence are related to the said parameters of sales performance of the Insurance salesmen.

The Chi square values rejected the Null Hypothesis and the alternative Hypothesis was accepted. Therefore the Hypothesis was proved. This means that the parameters of Emotional Intelligence have a positive relationship with the factors determining the sales performance of the Insurance salesmen.

### **5. Findings:**

- 1) Out of the ten factors determining Emotional Intelligence, Self- development is the most important factor for sales executives in the insurance sector.
- 2) Out of the eleven factors determining the sales performance of the insurance salesmen, Exploration, Rewarding and recognizing the efforts of team members, Measuring, observing and coaching, Technology usage, Building teams and Removing obstacles are the more important factors.

### **6. Recommendations:**

- 1) Insurance Companies should acknowledge the contribution of Emotional Intelligence to sales performance of the salesmen.
- 2) Self development needs to be concentrated upon in training, so that the Emotional quotient of the Insurance salesmen becomes higher. Sales executives have to be experts in every aspect of life insurance by memorizing and understanding each provision in the contract.
- 3) Exploration, rewarding and recognizing the efforts of team members, measuring, observing and coaching, technology usage, building teams and removing obstacles are outcomes of higher Emotional Intelligence, which Insurance Companies should recognize and utilize for their benefit.

## 7. Conclusion:

Customers want a positive and success oriented message regarding the purpose and value of life insurance. They don't want to know what happens if they die, retire, or become disabled. Instead they want happiness, financial freedom and security. Life insurance has been a reliable source for many families during times their greatest need. Clients should be made to understand that buying life insurance is not an option but a necessity. Probably nowhere else is the need for Emotional Intelligence been felt more than when selling life- insurance. It would do well for life insurance sales executives to understand the importance of Self-development as an important factor of their Emotional Intelligence which would help them to improve their sales performance.

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