

## Impact of Emotional Intelligence on Sales Performance

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### **Abstract:**

**Purpose:** The aim behind selecting this topic for study is to find out the Impact of Emotional Intelligence on Sales Performance. Almost all businesses in the world need salespeople to grow their businesses. Emotional intelligence is the strongest determinant for success in the sales field. Understanding the relationship between EI and sales performance may help reduce the gap between successful and average sales performance.

**Research Methodology:** Both primary and secondary data will be present for comprehensive study.

**Managerial Implications:** The major groups of interest (i.e. management students, academicians, researchers, practicing managers) will be able to understand the Impact of Emotional Intelligence on Sales Performance in a better way.

**Findings:** As per the current study, Impact of Emotional Intelligence on Sales Performance is prevalent in Indian Industries.

**Scope for Further Research:** The similar kind of framework can be applied to any industry.

**Key Words:** Emotional Intelligence, Sales Performance, emotions, performance.

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Date of Submission: 02-04-2018

Date of acceptance: 17-04-2018

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### I. Introduction

Business leaders often overlook the wide gap between successful and average performance of salespeople because in both cases productivity exists. Bateman and Snell (2011) observed that a gap in performance could exist if “the difference between actual performance and the performance that should or could exist” is based on expectation which is significant. The gap in performance between successful and average salespeople can potentially make a huge difference to the economic outcome and objectives of an organization and also have a direct effect on the salespeople’s development and income. Hamilton (2008) has shown how Emotional Intelligence (EI) has a great positive effect on salespeople’s performance and this may serve as a crucial tool for consistent sales performance. Understanding the relationship between EI and sales performance may help reduce the gap between successful and average sales performance.

Almost all businesses in the world need salespeople to grow their businesses. Johnston and Marshall (2011) noted that “sales jobs are important to society” as this contributes to the organization’s business and also rewards the persons doing the sales job. This is why sales has become a profession that transforms organizations. Most companies rely on salespeople to grow business. According to Futrell (2011), organizations pay sales professionals to build relationships with customers which will generate higher income and grow business opportunities for the organizations. Such importance suggests that the sales team is the backbone of economic activity within an organization. According to Spiro, Rich, and Stanton (2008), sales outcome derives how well a company is managed and provides for its sales force. To improve success in sales, finding adequate tool is imperative to any organization. Nadler (2011) proposed that Emotional Intelligence could be that tool which helps establish more meaningful business interactions and help improve business outcomes.

Emotional intelligence is the strongest determinant for success in the work world (Nadler, 2011). The ability to use emotions properly to achieve favorable result is a desirable skill for almost all jobs. According to Goleman (1995), emotional intelligence defines and measures the level of control and understanding individuals have on their responses to impulses in relation to emotions. Based on Goleman’s assertion, EI could play a role in a person’s overall professional development process. Haakonstad (2011) and Enhelder (2011) proposed that a higher level of emotional intelligence has a direct relation in achieving higher levels of success in sales. Therefore, the possibility exists that sales professionals who use emotional intelligence well, as an inherited or learned skill, achieve sales success consistently.

## **II. Research Methodology**

Research methodology is the organized process of collecting and analysing information in order to increase our understanding of the phenomenon about which we are concerned or interested. The main aim of research is to find out the truth which is hidden and which has not been discovered as yet.

During the research the critical stage is the stage of data collection. It needs maximum attention of researcher, as data is the base for whole of research undertaken. In this research both primary and secondary data has been collected to present a comprehensive analysis of various Indian automobile companies.

- Primary Data: The study is mostly founded upon gathering of comprehensive data from primary sources like – in person survey, interviews of company HR etc. comes under primary data.
- Secondary Data: The research was carried out depending on secondary sources which require no direct contact to gather information and is effectively based upon postal mail, electronic mail, telephone, web-based surveys, newspapers, business journals and periodicals, etc. of the Indian Automobile industry.

This research comprises of the following tools for data collection:

- Interviews of Industry leaders
- Extensive literature survey
- Interaction with various Industry leaders

### **Objectives of the Study**

- To understand the concept of Emotional Intelligence.
- To Study various Models related to Emotional Intelligence.
- To study the impact of Emotional Intelligence on Sales Performance.

### **Concept of Emotional Intelligence (EI)**

Emotional intelligence can provide an in-depth sales process for customer relationships, which could serve as an advantage to improve organization's sales outcomes and also help reorganize existing sales behavior constructs to improve sales performance.

The idea of emotional intelligence has continued to evolve in the academic community throughout the 20th century and the first decade of the 21st century to be recognized as a terminology. Fiedeldej-Van Dijk and Freedman (2007) explained that the academic community widely acknowledges research based on emotional intelligence and emotion on performance. The Emotional Intelligence term emerged into a more mainstream concept from outside the academic field with Daniel Goleman's (1995) works in Emotional Intelligence. In his book, Daniel Goleman defined emotional intelligence, in a more practical manner, as a level of control people have on their own emotions when responding to external influences. According to Caruso, Mayer, and Salovey (2002), "The ability-based approach to emotional intelligence posits four related abilities: identifying emotions accurately; using emotions to facilitate thinking; understanding emotional causes and progressions; and managing emotions to result in optimal outcomes". Mayer and Salovey used the term Emotional Intelligence in an academic paper by the same title in 1990. Authors in the field, such as Daniel Goleman and Nadler, proposed that emotional intelligence might serve as a key performance driver in businesses to engage in more effective and profitable business interactions.

The difference between average and successful performance in sales may serve as an important measure for the emotional intelligence or EI's effect on sales. Sales professionals and managers may stipulate that a number of different factors, related to both personal and market conditions affect sales performance. Johnston and Marshall (2009) stated, "Different types of selling situations appear to require salespeople with different personal traits and abilities."

Those who fail in sales, regardless of conditions and cannot justify their positions, are more commonly excluded from the sales force. However, for those who have an average performance to justify their positions in the organization, and those who have a higher performance record that re-affirms their position, the conditions that affect their performance become less evident. The conditions which influence the consistency between successful and average performance are, most likely, related to personal abilities than external factors or influence. As proposed by Johnston and Marshall (2011), performance by two individuals with the same training, background, qualifications, and experience may vary because of personal traits and abilities that affect their job performance. To understand what role, if any, emotional intelligence plays in a scenario where there is a gap in performance in more complicated market conditions becomes a very useful tool in the development of organizational sustainability. Fiedeldej-VanDijk and Freedman (2007) noted that workplace environments, in which an expectation of performance and success exists, are ideal for the implementation of processes to develop emotional intelligence.

### **III. Models of Emotional Intelligence**

#### **1. Goleman's Mixed Model of Emotional Intelligence**

In 1995, Goleman introduced the term emotional intelligence to the mainstream in the book by the same name. The proposal was that similar to regular intellect, people have the skills to manage and be aware of emotions to perform and interact with others more efficiently. Goleman's (1995) argument was that success could be achieved by adequately using emotions to create self-motivation and persistence along with adaptability and empathy. According to Goleman (2011), different from analytical intelligence (IQ), which does not use emotions to manage or process interactions with others, emotional intelligence relies on this fundamental component to develop the necessary influence to accomplish tasks. Goleman et al. (2002) proposed that using emotional intelligence responses to external influences are regulated more effectively, therefore formulating a more effective outcome.

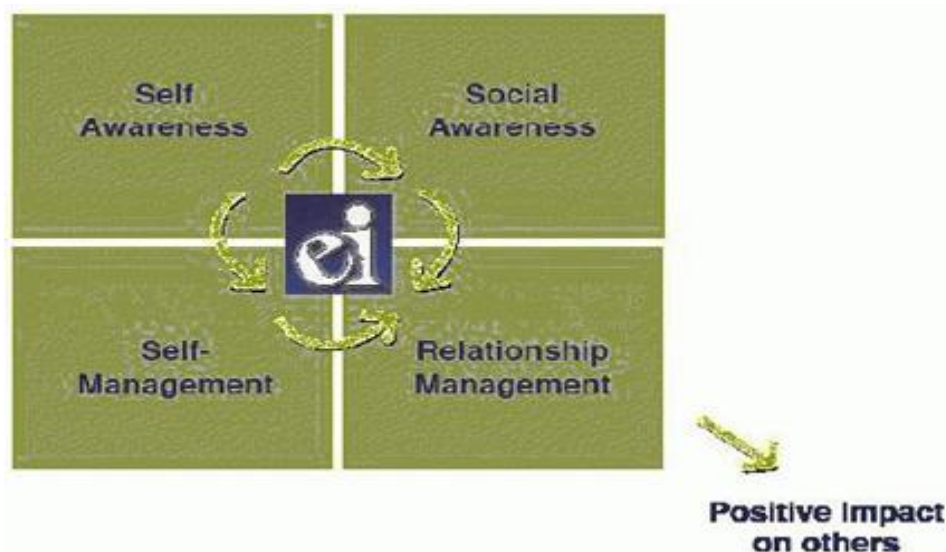
Goleman's model divided emotional intelligence into four domains of "Self-Awareness, Self-Management, Social Awareness, and Relationship Management" (Goleman et al., 2002, p. 552). Each of these domains has a set of competencies, which the person uses in executing the particular segment of emotional intelligence. The competencies in each of the domains identify a particular segment of abilities that a person uses as a measure of control or understanding of a specific influence of emotion.

The first of these four emotional intelligence domains, according to Goleman et al. (2002), is self-awareness, which included three competencies. The first competency is the appreciation and understanding of one's own emotions (Goleman et al., 2002). This outcome refers to the recognition of impact on performance and relationship with others. The second competency, according to Goleman et al., is composed of an accurate assessment of self to determine one's strengths and limitations. The last competency for self-awareness is self-confidence that includes a strong and positive belief of self-worth. According to Goleman et al., self-awareness is not only fundamental to understanding inner emotions but also can recognize and empathize with others emotions.

The second domain for emotional intelligence, according to Goleman et al. (2002), is self-management, which is composed of five competencies. Self-control is the first of these five, which is the ability to control impulses and disruptive emotions (Goleman et al., 2002). The second competency proposed by Goleman et al. is transparency, which is the management ability to maintain standards of integrity and responsibilities. The flexibility to manage change and overcome obstacles, Goleman et al. explained is the third competency of adaptability. A drive to meet and exceed expectations is part of achievement orientation identified as the fourth competency by Goleman et al. Finally in this domain is initiative, which Goleman et al. mentioned is the ability to recognize and take advantage of opportunity. According to Goleman et al., self-management should focus the drive to achieve goals.

The third of the four of Goleman et al.'s (2002) emotional intelligence domains is social awareness. Comprised of three competencies, the first competency for this domain is empathy, which is the ability to understand and have true interest in others (Goleman et al., 2002). According to Goleman et al., organizational awareness is comprised of the ability to understand the current organizational conditions and be able to work and perform within these conditions effectively. The final competency proposed by Goleman et al. for this domain is service orientation, which is the ability to recognize and service the needs of others. Goleman et al. proposed that social awareness is attunement to the shared values and priorities that guides any particular group.

The last of the four emotional intelligence domains as proposed by Goleman et al. (2002) is relationship management, which encompasses the largest of group of competencies. The first, according to Goleman et al., is vision, which is the ability to develop inspiration and guidance for others. Development, Goleman et al. explained, is the ability to support, guide, and strengthen abilities of others. Goleman et al. referred to influence as the ability to persuade others strategically with clear convincing ideas and doing this with integrity. Being the catalyst for change, as mentioned by Goleman et al., is the ability to propose and lead people to a new direction. Conflict management relates to the person's skill in finding equitable resolutions through collaboration (Goleman et al., 2002). The ability to build bonds and establish relationships Goleman et al. proposed to be sixth competency. The seventh and final competency is teamwork, which translates to an effective promotion of cooperative process among members of the organization. "Relationship Management is friendliness with a purpose: moving people in the right direction" (Goleman et al., 2002, p. 279). All of the competencies in each of the domains provide a foundation for internal and external controls that work together to create the skill of emotional intelligence. (see Figure 1).



**Figure 1.** Emotional Intelligence Domain Framework and Their Interaction (Goleman, 2011).

Goleman (2011) explained that each of the four domains interrelates with the others to create a consistent and combined process of emotional analysis and regulation that allows the individual to manage his or her condition more favorably. This model is a mixed model that establishes emotional intelligence uses both personal abilities and attributes in formulating a more comprehensive response to interactions (Hughes et al., 2011). Goleman et al., (2002) contended that leadership or performance analysis necessarily must include considerations for emotional processes. Haakonstad (2011) proposed that because emotional intelligence may serve as a predictor for candidate selection to sales positions, EI can have useful applications beyond those intended for leadership purposes. Even though Goleman et al. initially proposed this model for use in leadership applications because the model can be applied to non-leadership practical situations such as sales, EI can be considered a skill for other areas of personal and professional development.

## **2. Mayer, Salovey, and Caruso’s Ability Model of Emotional Intelligence**

Psychologists Mayer, Salovey, and Caruso began background work on emotional intelligence by studying why people with high intellect at times would fail in a professional environment. Mayer, Salovey, and Caruso discussed how people with higher analytical intellect were lacking in skills that are more interpersonal and the ability to empathize with others. The abilities to recognize emotions in others as well as one’s own feelings would be defined as emotional intelligence (Salovey& Mayer, 1990). These researchers wrote several academic papers related to emotional intelligence as a standardized form of intelligence.

An ability model, according to (Hughes et al., 2009), includes the process of conception, planning, choosing, and execution of ideas. The model comes from on the four-branch model that establishes four separate segments to using emotional intelligence. Rather than proposing that emotional intelligence is an entity that people can manage as an individual concept, the ability model indicates that people have four different abilities, which can be executed as part of emotional intelligence. According to Mayer, Salovey, and Caruso (2004a), these abilities operate of cognition of both personal and professional importance. Whether executed completely or in part by just working with the individual concept, any use of these abilities would constitute emotional intelligence from the person.

The first emotional intelligence ability branch, according to Caruso et al. (2002), is to perceive emotions both internally and from others correctly. The task of identifying emotions provides a different level of awareness to situations and provides the person increased ability to manage the interactions or situation at hand. Mayer et al. (2004a) explained that increased perception of emotions includes nonverbal and corporal expressions that are also an indirect communication channel. This ability avoids a disconnection in interpersonal and situational conditions in which emotions are prevalent.

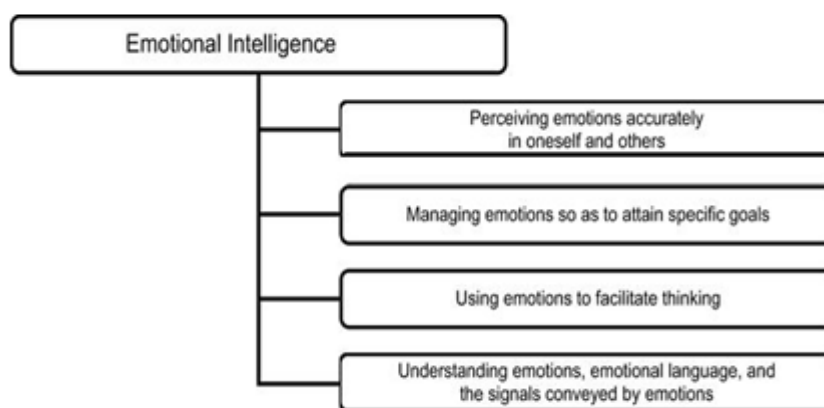
The second emotional intelligence ability branch proposed by Caruso et al. (2002) is to manage such emotions effectively. This ability would permit the formulation of actions that

adequately fit the current situation by establishing a controlling process that effectively directs our emotional responses. Mayer et al. (2004b) proposed that such management involves the capacity of emotions to assist in the decision process. Based on this proposal, managed responses to emotional influences can provide

more effective outcomes. The consideration that such an ability entails regulation not just of internal emotions but the ability to manage the emotions others emit as well is important.

Caruso et al. (2002) explained that the next emotional ability branch is using emotions. With this ability, the person seeks emotions in the creation of thought and the idea process. Rather than establishing a decision process on an empirical basis, this ability would seek to derive conception ideas, which come from emotional perspective (Caruso et al., 2002). Mayer et al. (2004a) suggested the use of emotions affects the ability of understanding the outcomes of actions and how such outcomes influence emotional state. This ability to understand outcomes would not be a process used to establish an exclusive emotional thought process but rather inserts emotion within the regular analytical process to develop a more comprehensive conceptualization of ideas.

The last ability branch for emotional intelligence based on Caruso et al. (2002) is the understanding process of emotions. Effectively identifying the roots of emotion and their significance goes to the core of emotional intelligence. According to Mayer et al. (2004a), each emotion conveys a particular type of signal that if understood correctly can help establish more accurate communication. Seeking to understand those subtle components of communication that transmit emotion in essential in using this ability, overt signals would only be part of the equation. Many times finding and understanding the cause of emotion both internal and of others will lead to the most effective course of action (see Figure 2).



**Figure 2.**The Four-Branch Model of Emotional Intelligence (Mayer &Salovey, 1997).

Similar to the Goleman et al. (2002) and other models, such as Bar-On (1997), the ability model is meant for leadership applications. However, in the same manner the ability model (Caruso et al., 2002) could be used in practical applications such as sales. Mayer, Salovey, and Caruso (1997) defined these four abilities, as characteristic of a standard identification process for any application of emotional intelligence. Such standard identification could provide a simpler process to define if sales personnel have such assets in their skill set.

### **Impact of Emotional Intelligence on Sales Performance**

Emotional intelligence is the strongest determinant for success in the work world (Nadler, 2011). The ability to use emotions properly to achieve favorable result is a desirable skill for almost all jobs. According to Goleman (1995), emotional intelligence defines and measures the level of control and understanding individuals have on their responses to impulses in relation to emotions. Based on Goleman’s assertion, EI could play a role in a person’s overall professional development process. Haakonstad (2011) and Enhelder (2011) proposed that a higher level of emotional intelligence has a direct relation in achieving higher levels of success in sales. Therefore, the possibility exists that sales professionals who use emotional intelligence well, as an inherited or learned skill, achieve sales success consistently.

The main goal for the study was to identify what role emotional intelligence plays among salespeople of average success rates in comparison to those with successful success rates. Finding specific strategies for building effective personnel in business organizations is a continual process of analysis and consideration. According to Goleman et al. (2002), emotional intelligence reduces the effect of external influences and complications and focuses abilities to improve performance. In a competitive global marketplace, salespeople benefit from identifying abilities and competencies that allow them to meet and exceed growing expectations. According to Moncrief, Marshall, and Lassk (2006), the role of the salesperson has been altered by factors such as customer relationship focus, technology, global competition, shifting customer preferences and demands, forced downsizing, and increased competitive pressure. This focus for increased efficiency could be applied to the sales effort. Empirical confirmation of this proposal would suggest the need for further development of emotional intelligence not just as behavioral competency but as a practical tool for business development. An examination of

the performance gap from a behavioral standpoint provides additional evidence and information to define what type of characteristics performance-based success requires.

A significant part of the sales engagement is the process of choice, which is part of the process to measure emotional intelligence. Even though Mayer, Salovey, and Caruso (2004) explained emotional intelligence has no right or wrong answers, choice will demonstrate the ability of the person to influence outcomes. Emotional intelligence also influences the choices salespeople make to affect their performance outcome.

#### **IV. Conclusion**

Emotional intelligence is the ability to identify and manage our own emotions, as well as identify and influence the emotions of others. It is a concept that is becoming more and more prevalent in conversations about business, although it tends to be linked most often with leadership and teamwork. However, emotional intelligence is equally important in a sales relationship.

Being aware of our own emotions can contribute to improved self-confidence and as any experienced salesperson will tell you, confidence is key to sales success. The ability to regulate our own emotions helps improve perceptions of our trustworthiness and integrity, incredibly important attributes for the professional salesperson. Understanding our own emotions and those of others helps us to display more empathy, helping us to ask wiser questions, suggest better solutions, and handle objections more effectively.

Behaviour change is not easy, and working with emotions can be particularly challenging, especially if we are not used to it. Start by picking a realistic goal that we can achieve. Then create an action plan. We may choose to start out by identifying one specific emotion, say anger, and recording in a journal when you observe that emotion. Pay attention to how changes in our EI affect our ability to sell and our sales results. Celebrate successes. Don't give up, we will become more emotionally intelligent and increase our sales results if we put our mind, and our heart, to it.

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IOSR Journal of Business and Management (IOSR-JBM) is UGC approved Journal with SI. No. 4481, Journal no. 46879.

Md. Shaban "Impact of Emotional Intelligence on Sales Performance." *IOSR Journal of Business and Management (IOSR-JBM)* 20.4 (2018): 08-13.