Impact of Emotional Intelligence on Sales Performance of Sales Personnel in the Insurance Industry of Ghana

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Abstract

The objective of the study is to identify the major factors of emotional intelligence that affect sales performance of sales personnel in the insurance industry of Ghana. The population of the study consists of sales personnel who have worked for a minimum of 2 years in the insurance industry. Data was collected from using cluster probability sampling technique. A total of 216 sales persons were used for the study. The study adopted WLEIS scale for self –rating of emotional intelligence. The response was measure using 5-point Likert scale (1 = Strongly Disagree, 2 = Disagree, 3 = Neutral Disagree, 4 = Agree, 5 = Strongly Agree. Factor analysis was used to identify the most important factors of emotional intelligence. The result of analyses shows that Self-Emotions (SE), Other Emotions (OE), Use of Emotion (UE) and Regulation of Emotion (RE) are the main emotional intelligence that affects Sales performance. The study suggested that salespersons must value the relationship they have with customers.

Introduction

The marketing environment of financial service is complex, the market is very competitive, and customers are less loyal and time demanding. This requires financial service to employ the best sales people. Good sales team generates sales through customer relationship (Paparoidomis, Guenzi, 2009). Hence, many researchers have invested time to study the factors that affect salesperson performance. Though in recent years there has been substantial interest in the concept of Emotional Intelligence (EI) it has not received sufficient attention in the sales performance literature. EI has not been well researched on though (Gibbs, 1995) initially made some level of headway into the subject area, little has been done.
Besides, the few studies have examined the components of EI domains on sales performance separately.

The concept of emotional intelligence was framed by Mayer et al. (2000), they identified four constructs namely: (1) the ability to accurately perceive, appraise and express emotion; (2) the ability to use emotion to facilitate thinking; (3) the ability to understand the temporal course and probable outcome of emotions; and (4) the ability to regulate emotions effectively. course and probable outcome of emotions; and (4) the ability to regulate emotions effectively.

Objectives of the study

This study aims to achieve the following objectives:
1. To identify the types of emotional intelligence of sales personnel in the insurance industry of Ghana.
2. To examine the impact of emotional intelligence on sales performance of sales personnel in the insurance industry of Ghana.

Hypothesis

H_0: Emotional intelligence does not impact sales performance of sales personnel in the insurance industry of Ghana.

H_1: Emotional intelligence impact sales performance of sales personnel in the insurance industry of Ghana.

Literature Review

A study conducted by (Dulewicz et al., 2005) showed a positive association between EI and sales performance. Many researchers claim that EI serve as a basic tool in every job most especially selling jobs (Pellitteri, 2002). Emotional intelligence has a way of enhancing the job performance of salespersons through quality social relationship with customers even in situations where the sales person has low cognitive skill (Côté & Miners, 2006). This means that sales performance is not sole attribute of cognitive intelligence but can be attained through interaction with co-workers, supervisors and support staff (Côté & Miners, 2006). A study conducted by Slaski & Cartwright, (2003) in the retail industry shows that EI reduces stress at the workplace and prompt high emotional wellbeing, morale quality works which then translate into high sales performance. However, Feyerherm and Rice (2002) concluded that sales team led by high EI person do not perform well because the leader ends up focusing on his own performance leaving the team behind. Salesperson a must understands their own emotions and the emotions of others to establish a rapport (Semadar et al., 2006).

Emotional intelligence helps sales persons to control anger and frustration which promotes (Newsome et al., 2000). Sales persons with sound interpersonal skill (one of the tools of emotional intelligence) can assess the emotional states of customers to identify what they need. This is a tool for competitive advantage (Chrusciel, 2006). The ability for sales persons to deal with his or her emotions enhances the relationship between the sales person and the client. (Churchill et al., 1988). Brownet al., (1997) explained that sales person's performance is influence by the ability of the sales person to manage his or her social problems of negative feedback and failures. A salesperson with high emotional intelligence is resilient and able to maintain self-control and deal with difficult situation (Sjoberb & Littorin, 2003).

Methodology

Data Collection, Type and Source

Primary data was used for the study. Data was collected from sales personnel in the insurance industry of Ghana. The population was made up of sale's personnel with a minimum of 2 years' experience in the insurance industry. The cluster probability technique was use to group the various insurance companies. A total of 216 sales force were selected for the study.

Table 1: Data type and Source

Insurance companies	No of Respondents	Percentages
Provident Insurance	28	13.3
Done well Insurance	27	12.8
GLICO Insurance	25	11.9
Star Life Assurance	22	10.5
Priority Insurance	23	10.0
Allianz insurance	18	8.6
Vanguard Insurance	24	11.4
Phoenix insurance	18	8.6
Metropolitan Life Insurance	25	11.9
Total	210	100

Source: filed work 2019.

Out of 210 respondents, 28 representing 13.3% were customers of Providence insurance, 27 representing 12.8% were customers of Done Well insurance, 25 representing 11.9% , 22 representing 10.5% were customers of GLICO insurance, 22 representing 10.5% were customers of Star Life Assurance,, 23 representing 10% were customers of Priority Insurance, 18 representing 8.6 % were customers of Allianz insurance, 24 representing 11.4% were customers of Vanguard Insurance, 18 representing 8.6% were customers of Phoenix insurance, and 25 representing 11.9% were customers of Metropolitan Life Insurance. This indicates that majority of the respondents were customers of Provident Insurance.

Measures

The study adopted WLEIS self –rating emotional intelligence scale. WLEIS was developed from theoretical concept of EI and has been validated and accepted for replication by many scholars (Salovey 1997). The response was measured using the 5-point Likert scale (1 = Strongly Disagree, 2 = Disagree, 3 = Neutral Disagree, 4 = Agree, 5 = Strongly Agree). WLEIS consist of 16 items four from each of the constructs of EI: self-emotions appraisal, others-emotions appraisal, use of emotion, and regulation of emotion.

Data Analysis

Table 2: Scale Reliability Coefficients (Alphas)

Variables	Cronbach Alpha A	
	Sample	No. of items
Self-Emotions (SE)	.84	4
Others Emotion (OE)	.89	4
Use of Emotion (UE)	.88	4
Regulation of Emotion (RE)	.81	4

The study used factor analysis to examine the EI dimensions. With the use of Varimax rotation of factor analysis, 16 dimension of the IE were extracted from 4 factors. The result indicated that all the EI items can be grouped into four distinct variables: EI self-emotions, EI others emotions, use of emotion, and EI regulation of emotion. The sample accounted for 67.8% of the variance. This means a strong support of the EI items.

Table 3: KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.678
Bartlett's Test of Sphericity	Approx. Chi-Square	436.127
	Df	120
	Sig.	.000

The researcher tested the adequacy of the data using Kaiser-Meyer-Olkin (KMO) measure in table 2. The KMO measure of sampling adequacy of the study is 0.678, which shows that the data collected is suitable for factor analysis. Besides, the researcher adopted Bartlett's test of sphericity test the homogeneity of Variance. The result shows a significant value ($p < 0.001$); which implies that there is a sufficient correlation among the variables. Thus, there is a strong impact of emotional intelligence on sales performance.

Table 4: Total Variations Explained

Compo nent	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulati ve %	Total	% of Variance	Cumulati ve %	Total	% of Variance	Cumulati ve %
1	6.158	38.489	38.489	6.158	38.489	38.489	4.235	26.467	26.467
2	2.616	16.350	54.839	2.616	16.350	54.839	3.033	18.954	45.421
3	1.603	10.020	64.858	1.603	10.020	64.858	2.304	14.398	59.819
4	1.398	8.740	73.598	1.398	8.740	73.598	2.205	13.779	73.598
5	.977	6.104	79.702						
6	.906	5.664	85.366						
7	.677	4.229	89.594						
8	.490	3.060	92.655						
9	.375	2.343	94.998						
10	.302	1.888	96.886						
11	.211	1.320	98.206						
12	.129	.808	99.014						
13	.097	.607	99.621						
14	.049	.306	99.927						
15	.007	.045	99.972						
16	.005	.028	100.000						

Extraction Method: Principal Component Analysis.

The table 5 identified the Eigen values that are related to each linear component (factor) before and after the data was extracted and rotated. The Eigen factors related to each factor represent the variance explained by the linear component and explain the percentage of variance. Before conducting the rotation of the data, it was identified that some variables contribute to the variance than the others. It was clear that the first few factors explained comparatively a large amount of the variance most especially factor 1 while the remaining variable explain only small amount of the variance. All the Eigen values greater than1 were extracted, which gave the researcher 4 factors. According to Kaiser Criterion, only first 10 factors should be used because subsequent Eigen values are less than 1.

After the researcher has extracted and rotated, all the four factors explained the following percentage of total variance. Factor 1 explained 38.489 of the total variance, factor 2 explained 16.35 of the total variance, and factor 3 explained 10.020 of the total variance whiles factor 4 explained 8.740 of the total variance.

The researcher found out that from the total 16 components of EI on sales performance, 4 factors were extracted accounting to 87.1356 of the total variance and led to a reduction of number from 16 to 4. There by sacrificing around 16.432 % of the total variance. As evident from the table-4.1.2**. (Total Variations Explained)** The researcher found out that from the total 16 components (play role in EI on sales persons), 4 factors are extracted and these 16 factors together account for only 73.598% of the total variance therefore reduced the number of variable from 16 to 4 underlying factors. There by sacrificing around 26.41% of the total variation or Information.
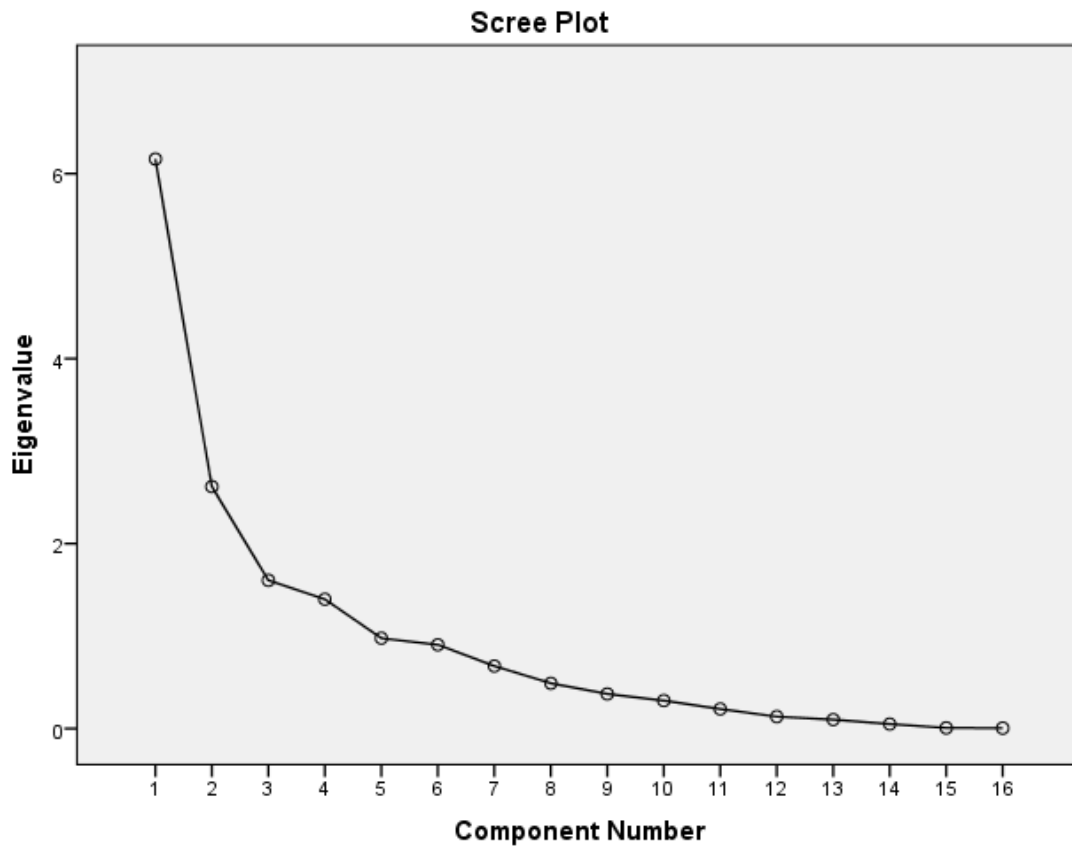
Figure 1: Cartell"s Scree test

The researcher adopted Cartell"s Scree test (Figure 1) which entails plotting each of the eigen values of the factor to find out the point at which the curve changes directions and becomes horizontal. From the curve, all the factors above the elbow are the factors that influence the explanation of the variance of the data. There are instances where the number of factors extracted on the screen plot however it's subjected. The analysis indicated that 4 factors may be obtained because the line afterwards was almost straight. The researcher worked with 4 factors as they produce the most meaningful solution.

Table 5: Component Matrix[a]

	Component			
	1	2	3	4
I always tell myself I am a competent person.	.783	-.401	.058	.372
I am a self-motivated Person.	.378	.092	.597	.483
I always set goals for myself and try my best to achieve them	.792	.092	.182	-.083
I would always encourage myself to try my best.	.519	.603	.217	-.395
I can always calm down quickly when I am angry.	.693	-.344	-.021	.197
I am able to control my temper so that I can handle difficulties rationally	.542	-.485	-.295	-.194
I am quite capable at controlling my own emotions.	.802	-.063	.234	-.348
I have a good control of my own emotions	.506	.369	.216	.412
I am a good observer of others' emotions.	.680	.341	-.150	.391
I always know my friends' emotions from their behaviour.	.564	-.491	-.506	-.038
I have a good understanding of the emotions of people around me	.525	.235	-.639	.177
I am sensitive to the feelings and emotions of people around me	.653	.498	-.334	-.094
I really understand what I feel.	.428	.705	-.110	-.299
I have a good understanding of my own emotions.	.585	-.536	.128	-.099
I have a good sense of why I have certain feelings most of the time	.523	-.362	.372	-.449
I always know whether I am happy or not	.743	.074	.090	-.025

Extraction Method: Principal Component Analysis.

a. 4 components extracted.

Table 6: Rotated Component Matrix[a]

	Component			
	1	2	3	4
I always tell myself I am a competent person.	.733	-.090	.541	.277
I am a self-motivated Person.	.096	.054	.838	-.164
I always set goals for myself and try my best to achieve them	.503	.512	.382	.121
I would always encourage myself to try my best.	.033	.899	.164	-.005
I can always calm down quickly when I am angry.	.670	-.008	.348	.260
I am able to control my temper so that I can handle difficulties rationally	.748	.006	-.166	.258
I am quite capable at controlling my own emotions.	.677	.570	.197	-.050
I have a good control of my own emotions	.004	.287	.686	.234
I am a good observer of others' emotions.	.144	.313	.540	.586
I always know my friends' emotions from their behaviour.	.729	-.103	-.162	.498
I have a good understanding of the emotions of people around me	.152	.221	.041	.835
I am sensitive to the feelings and emotions of people around me	.123	.650	.115	.587
I really understand what I feel.	-.125	.824	.037	.292
I have a good understanding of my own emotions.	.796	-.002	.137	-.054
I have a good sense of why I have certain feelings most of the time	.714	.313	.028	-.368
I always know whether I am happy or not	.467	.432	.350	.198

Extraction Method: Principal Component Analysis.
Rotation Method: Varimax with Kaiser Normalization.
a. Rotation converged in 11 iterations.

The factor analysis shows the factor loading of the variables of table 6 (Rotated Component Matrix) the researcher found out that:

Factor/Component 1 contains the 4 items (Self-Emotional Appraisal (SEA):
1. Has a good sense of why he/she has certain feelings most of the time?
2. Has a good understanding of his/her own emotions?
3. Really understands what he/she feels.
4. Always know whether or not he/she is happy.

Factor/Component 2 contains the 4 items Others' Emotional Appraisal (OEA):
1. Always know his/her friends' emotions from their behavior.
2. Is a good observer of others' emotions?
3. Is sensitive to the feelings and emotions of others?
4. Has a good understanding of the emotions of people around him/her?

Factor/Component 3 contains the 4 items Use of Emotion (UOE):
1. Always set goals for him/her and try to achieve them.
2. Always tell himself/herself he/she is a competent person.
3. Is a self-motivated person.
4. He/she is always encouraged to do his/her best.

Factor/Component 4 contains the 4 items Regulation of Emotion (ROE):
1. Is able to control his/her temper and handle difficulties rationally.
2. Is quite capable of controlling his/her own emotions.
3. He/she is able to calm down quickly when he/she is very angry.
4. Has good control of his/her own emotions.

Table 7 Component Transformation Matrix

Component	1	2	3	4
1 Self-Emotional Appraisal	.689	.480	.411	.356
2 Others' Emotional Appraisal	-.690	.663	.189	.223
3 Use of Emotion	.012	.138	.540	-.830
4 Regulation of Emotion	-.224	-.558	.710	.366

Extraction Method: Principal Component Analysis.
Rotation Method: Varimax with Kaiser Normalization.

The alternative hypothesis is accepted and the null hypothesis is rejected since emotional intelligence has great impact on sales performance.

Managerial Implications
In today's highly competitive market, sales personnel have a key role to play by understanding the needs of customers which promote sales to increase and maximize profit. Many studies have proven that good communication and delivering to customers through interpersonal relationship with customers; establishing and maintaining good relationship with customers affect sales positively. Adapting, empathizing and recognizing others' emotions in relation to customers is the best approach to get more customers for your products.

The study shows that sales personnel should be flexible in dealing with customers' feelings and emotions. Therefore, managers should help their sale force to improve upon the interpersonal and communication skills with customers. More time should be devoted to maintain relationship among sales force and customers to promote mutual benefit (Guenzi, 2009). In times of

recruiting of new sales forces, emphasize should be placed on candidates who can create social interactions, exhibit high emotional intelligence and has the ability to adapt to selling practices (Guenzi, 2009).

Conclusion

Customer relation management (CRM) is a key to satisfy and entice customers to your products and services. Sales personnel should exhibit passion and be committed to render services and sell products. Emotional intelligent is directly proportional to sales performance. The success of a sales' person relies on his or her ability to entice more customers and also to manage pressures from customers. Emotionally intelligent salespersons are committed to customers and accept responsibilities of their actions on the field; they are sympathetic, empathetic and value customers. Bad emotional intelligence may lead to miscommunications and misunderstanding; this may cause negative impact to customers as well as the company. Moreover, sales person should express their feelings in the right manner and adjust themselves to stress under pressure. Sales person with good emotional intelligent understands and manages customers during sales. This entice more customers to buy from your products more than your competitors. In situations where conflict arises during sales presentation, a good emotional intelligent salesperson is able to manage conflict to satisfy customers. Emotionally intelligent sales person knows how to talk to customers in a professional manner. Good sales person understands and reads customer's emotions and put together a way to either diminish it or reinforce it.

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