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# Emotional, Social, and Cognitive Intelligence and Personality as Predictors of Sales Leadership Performance

Journal of Leadership & Organizational Studies  
19(2) 191–201  
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sagepub.com/journalsPermissions.nav  
DOI: 10.1177/1548051811435793  
<http://jlos.sagepub.com>  


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## Abstract

Leaders of sales organizations must recruit and inspire salespeople to grow the organization. Skepticism remains about the role of emotional and social intelligence (ESI) in effective leadership. ESI is criticized as not providing distinctive variance in leadership performance beyond general intelligence and personality. This study assessed the role of the behavioral level of ESI competencies on leader performance. The number of new recruits was shown to predict new cash invested 6 years later. ESI significantly predicted leader performance (i.e., recruitment) whereas measures of generalized intelligence and personality did not. Adaptability and influence were two competencies distinctively predicting sales leadership performance.

## Keywords

leadership, emotional intelligence, competencies, intelligence, personality

## Introduction

Good looks, a firm handshake, height, weight, extroversion, wit—these attributes have been linked to what makes a successful salesperson. Yet how does one sell to, motivate, or inspire (i.e., lead) salespeople? Although the characteristics of what leads to successful salespeople have long been an area of interest for both researchers and practitioners, the characteristics of leaders in sales organizations that affect performance has been largely neglected. Emotional intelligence (EI), the “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” (Salovey & Mayer, 1990, p. 189), has been associated with sales performance (Rozell, Pettijohn, & Parker, 2006). Emotional and social intelligence (ESI) also has an emerging track record of being linked to leadership performance (Kerr, Garvin, Heaton, & Boyle, 2006). Scholars have suggested that future research should look at the particular context of sales leadership and the impact of leader’s EI as a contributing factor in the success of sales organizations (Ingram, LaForge, Locander, MacKenzie, & Podsakoff, 2005). This study is an attempt to build insight and specify causal factors in understanding sales leadership.

Contingency theories of management and leadership effectiveness have contended that the leader should have characteristics and behavior suited to the job demands and organizational environment (Boyatzis, 1982). Building on

earlier contingency theories, such as Fielder’s (1967), Boyatzis (1982) claimed that competencies, as well as traits such as generalized intelligence and personality, would affect performance, depending on the job function and organization. Functional leadership theory also claimed that the leader’s job was to do anything necessary to make the organization effective (Hackman & Walton, 1986). Models of indirect leadership contend that influence processes, from a top-down perspective, include indirect leadership beginning with ideas and mental models of higher organizational-level managers on what to do (visions and goals), as well as how to get it done (implementation; Larsson, Sjöberg, Vrbanjac, & Bjorkman, 2005).

The current research sought to test how ESI competencies, cognitive intelligence (*g*), and personality would affect performance when the job—sales leadership—and organization—a specific financial services company—were held constant.

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To do this, we need to address the current issues with validity as it relates to EI and leadership. Although EI has been glorified as a key ingredient in leader effectiveness, it has also been labeled as misdirection and lacking sufficient empirical validation (Matthews, Zeidner, & Roberts, 2002). A primary cause of such skepticism stems from the belief that the EI construct does not add incremental value to *g* or personality (Davies, Stankov, & Roberts, 1998; Harms & Credé, 2010; MacCann, Roberts, Matthews, & Zeidner, 2003). As a result, scholars have suggested the need to study EI along with both *g* and personality in predicting real-world outcomes (Antonakis, Ashkanasy, & Dasborough, 2009; Brody, 2004; Cherniss, 2010). In fact, "EI's predictive utility beyond cognitive ability and personality is considered to be its litmus test" (Walter, Cole, & Humphrey, 2011, p. 47). Yet in the leadership literature, only one study to date examines EI beyond *g* and personality, looking at its impact on others' ratings of leader emergence (Cote, Lopes, Salovey, & Miners, 2010). The present study investigates EI's impact on leadership performance beyond *g* and personality in a context with a clear objective outcome. Sales leadership provides such a functional context. This is the potential contribution of the study to the empirical literature and, therefore, assists in further refining theoretical frameworks about EI and its impact on leadership.

### *The Context of Sales Leadership*

Sales leadership is "the leadership activities performed by those in a sales organization to influence others to achieve common goals for the collective good of the sales organization and company" (Ingram et al., 2005, p. 137). Although selling may be thought of as a largely autonomous process, sales leaders have an impact on the environments they lead and on organizational performance outcomes (Dubinsky & Skinner, 2002; Mulki, Jaramillo, & Locander, 2009). Like any organizational leader, they are responsible for articulating a compelling vision and aligning followers in a way that motivates them to achieve on behalf of the organization. Yet sales leaders have some unique challenges that are not as pressing in leadership roles within other more traditional organizational structures (Colletti & Chonko, 1997). Central among these is the predicament of assessing performance by simultaneously using short-term and longer term metrics (Ingram et al., 2005). This challenge is evident in the context of the sales leaders we investigated for this study.

In the present study, we look at the sales leadership of divisional executives (DEs) who work for a leading financial services company. The DEs' personal compensation and that of their sales staff is entirely based on the office's financial performance. They sell financial products from an approved portfolio. They recruit and train financial advisors (FAs) and their managers, whose total compensation package is also entirely based on commissions for new cash invested by clients, as it is for the DEs. The firm provides

recommended systems for sales, service, recruitment, and development of financial consultants. Often, the DE conducts the training and mentoring of the FAs directly. This is an example of the combination of direct and, at times, indirect leadership (Waldman & Yammarino, 1999; Yammarino, 1994). Therefore, the most important aspect of the DE's job is to continually grow the organization's assets under management (AUM) through growing the number and quality of the FAs. Asset management firms make money on the AUM. There are only two ways in which to increase this: market effect (which can go up or down) and growth in net cash. The DE leads the organization of branch or office managers and FAs who sell the products and report to them directly. As FAs grow in their role over time and become senior, they begin to accumulate AUM on behalf of the organization.

Senior FAs are vital to the firm but are not enough to ensure long-term growth. Generally, more senior FAs have more tenured clients, and these sometimes leave the organization. Thus, the senior FAs' gross "cash in" may be good but once "cash out" is deducted (e.g., from clients taking investments elsewhere), there may be a decline, particularly if the total amount of their business is large. For example, a senior FA could bring in \$10 million in new cash invested by new clients but lose \$12 million in accounts from older clients who move to another AUM firm, which is reasonable if he or she has a total of \$150 million in client's AUM. The resulting net assets are down. Also, senior FAs are more likely to leave the firm, and when this happens, they often take their existing clients with them. To avoid the decline that comes with seasoned clients and to foster growth, a steady stream of new FAs need to be recruited to join the organization. Therefore, the number of new FAs recruited becomes a major performance indicator for the sales executive in this business.

### *Predicting Performance With Recruitment*

Recruiting FAs is considered an important measure in this sales context (Spiro, Stanton, & Rich, 2008). Put simply, the more FAs, the more cash comes in. The more *newer* FAs, the more "newer" cash comes in, increasing net cash. Although the number of FAs may not fully account for net cash invested (i.e., the quality of recruits and/or retention may also have an impact), it still predicts long-term AUM performance, as illustrated in the time lag analysis of this sales force offered in the Method section of this article. But there is a time lag in how new FAs can generate new clients and bring new cash invested into the firm.

### *A Sales Leader's ESI*

A sales leader, like any organizational leader, must create an alignment and direction to meet the needs of the organization. As an organizational leader, he or she is tasked with carrying out longer term objectives as opposed to short-term operations (Lussier, 2009). In the sales context of the

current study we are concerned with factors that affect a sales leader's ability to influence followers in the recruiting of new FAs as a way of demonstrating leadership performance. The purpose of this study is to show that in addition to intelligence and aspects of personality, a leader's EI will affect recruiting numbers.

All leadership interactions are, in part, emotional activities. Ashforth and Humphrey (1995) stated, "The experience of work is saturated with feeling" (p. 144). Therefore, a leader's ability to intra- and interpersonally understand and manage emotion affects how followers respond (Humphrey, Pollack, & Hawver, 2008; Rosete & Ciarrochi, 2005). As such, the EI of a leader should affect the organization at every level of interaction in both direct and indirect ways (Chrusciel, 2006).

At the dyadic level, a DE's EI is used in supporting and influencing followers to execute the successful recruitment of new FAs. How sales leaders emotionally respond throughout the recruiting process will likely influence the followers' emotional response to it as well (Bono & Ilies, 2006; Sy, Cote, & Saavedra, 2005). Additionally a leader who manages emotions effectively can influence followers to carry out a recruitment process in more successful ways. A follower who works for an emotionally intelligent leader develops higher levels of trust and confidence in the leader and in the organization: both of which are important criteria for carrying out successful recruitment efforts. It is partially through an iterative process of relating well to followers (behaving with EI) that the leader is able to convey a sense of organizational identity, which then guides individuals collectively at the team, branch office, and organizational level (Gittell, 2001).

Prati, McMillan-Capehart, and Karriker (2009) suggest that strong organizational identity is fostered through the leader's proper use of emotional and relational skills. To build an organization that continues to recruit new FAs, the sales leader must establish a sense of organizational identity in which followers see the organization as a part of who they are (Mael & Ashforth, 1992). This can influence a clanlike culture (Deshpandé, Farley, & Webster, 1993) in which self-interest is regularly set aside for the larger needs of the organization (Prati et al., 2009). In a sales context, this is essential, as the group sees hiring new employees as a contribution to the needs of the whole. The leader plays a significant role in shaping this emotional community (Gittell, 2001) by setting an emotional tone and pace for others to follow (Mulki et al., 2009). The emotionally intelligent sales leader provides the affective environment in which motivation by the firm to recruit others is provided (Sosick & Megerian, 1999).

### *Emotional Intelligence*

This study tests the relationship between ESI and effectiveness of sales leaders beyond the effects of personality and g. In general, ESI represents "a set of interrelated abilities

for identifying, understanding, and managing emotions, both in the self and in others" (Matthews, Emo, Funke, Zeidner, & Roberts, 2006, p. 96). Although there have been various attempts to organize the differing forms of ESI, in general the ESI construct has been conceptualized as abilities, a mixed-model or trait approach, or a set of behavioral competencies. The ability model conceptualizes ESI as a mental skill assessed through a performance test (Mayer-Salovey-Caruso Emotional Intelligence Test [MSCEIT]; Mayer, Salovey, & Caruso, 2000). Other EI theories have been called mixed-models, because of the treatment of ESI as a combination of aspects of emotional skill, competencies, and traits (Mayer et al., 2000). For example, Bar-On's (1997) model is assessed using the Emotional Quotient Inventory (EQ-i), primarily a self-report. The EQ-i has strong theoretical overlap with aspects of personality as measured by the Big Five (MacCann et al., 2004).

The competency approach offers a behavioral perspective to ESI (Cherniss, 2010), based on 40 years of identifying *competencies* that predict work success. A competency is defined as a behavior with the associated intent of recognizing, understanding, and using emotional information about oneself or others that leads to or causes effective or superior performance (Boyatzis, 2009). This approach is based on behavioral observation or informant reports, not self-report.

This behavioral level of ESI complements the ability and trait theories (Mayer, 2009). Whereas some have argued that ESI is a manifestation of intelligence and personality (Matthews et al., 2002), others suggest that ESI competencies provide a more direct way of understanding workplace outcomes than general EI (Riggio, 2010). Although the "definitions of EI are often varied for different researchers, they nevertheless tend to be complementary rather than contradictory" (Ciarrochi, Chan, & Caputi, 2000, p. 540). It is likely that the underlying ability to manage one's emotions, as assessed through a performance measure such as the MSCEIT, will create a self-schema or self-image and self-attributions that would be evident in self-assessment measures of ESI-related themes (McClelland, 1951). Until the person has to respond to environmental, situational, or job demands, the behavioral manifestations of a person's ESI will not appear (Boyatzis, 2009). The latter emerges as demonstrated behavior, seen by others who live or work around the person. In this way, the behavioral level of ESI is most likely to relate to job performance and outcomes (Cherniss, 2010; Riggio, 2010).

*Hypothesis 1:* ESI competencies as seen by others will significantly predict sales leader performance.

### *Seeking Incremental Validity*

As stated earlier, it is important when establishing validity of any of the EI models to demonstrate variance explained

beyond personality and *g*. Some measures of general mental ability have been predictive of job performance (Schmidt & Hunter, 2004) and leadership (Judge, Colbert & Ilies, 2004). Studies have cited cognitive intelligence as a major predictor of leadership effectiveness (Lord, De Vader, & Alliger, 1986). Measures of EI have been demonstrated to correlate significantly with *g* (Van Rooy & Viswesvaran, 2004). Specifically, the emotional understanding section of the MSCEIT correlates with crystallized intelligence (average  $r = .38$ ) across multiple studies (Roberts, Schulze & MacCann, 2008). Since *g* explains a considerable amount of variance in some studies of workplace performance and given its theoretical relationship to ESI, assessing the impact of *g* is important in establishing incremental predictive validity of ESI (Walter et al., 2011).

*Hypothesis 2:* Cognitive intelligence will significantly predict sales leader performance.

Like general intelligence, there is concern about ESI's ability to predict job success beyond personality, especially with the mixed-model or trait approaches (Matthews et al., 2002). A range of organizational outcomes have been associated with aspects of personality, including job performance (Barrick & Mount, 1991; Lord et al., 1986; Zaccaro, 2007) and leader performance (Judge, Bono, Ilies, & Gerhardt, 2002). Conscientiousness has been repeatedly cited as a predictor of effectiveness in many jobs, including leadership (Arvey, Rotundo, Johnson, Zhang, & McGue, 2006) and sales (Barrick, Mount, & Strauss, 1993). Scholars have suggested that EI is simply another way of studying personality under a revised naming convention (Davies et al., 1998). For example, the MSCEIT is correlated with Agreeableness (Mayer, Roberts, & Barsade, 2008), whereas the EQ-i, shows high correlations with traits in the Big Five (Dawda & Hart, 2000). Therefore, assessing the impact of personality is important in assessing the incremental, predictive capacity of ESI.

*Hypothesis 3:* Personality traits will significantly predict sales leader performance.

Results have been mixed in the few studies testing the incremental capacity of ESI beyond personality and intelligence (Bastian, Burns, Nettelbeck, 2005; Harms & Credé, 2010; Rode, Arthaud-day, Mooney, Near, & Baldwin, 2008; Rode et al., 2007). Although EI predicted academic success (Petrides, Frederickson, & Furnham, 2004), its significance disappears beyond measures of *g* and personality (Barchard, 2003; Newsome et al., 2000; Rode et al., 2007). Rode et al. (2007) found that the MSCEIT predicted a small but significant variance in students' public speaking beyond intelligence and personality but did not significantly predict GPA or the capacity to work well in groups.

In nonacademic life, the MSCEIT demonstrated unique variance explained beyond personality and *g* in predicting Anxious Thoughts ( $\Delta R^2 = .06$ ), yet failed to find incremental validity from self-report or ability EI in problem solving (Bastian et al., 2005). At work, the MSCEIT did not show unique variance in salary, perceived job, and career success of new workers when measured along with personality and *g* (Rode, Mooney, et al., 2008). Cote and Miners (2006) did not show direct effects of EI assessed with the MSCEIT in later steps of a hierarchical regression on bosses' assessment of job performance, but EI and *g* had a significant incremental variance ( $\Delta R^2 = .02$ ) of the interaction of EI and *g*. At the same time, Downey, Lee, and Stough (2011) showed that EI, assessed through a self-report, was a significant predictor of revenue for recruitment consultants, whereas *g* and personality were not.

Two recent meta-analyses have attempted to shed additional light on this question of incremental validity in the context of job performance. Mixed results were found regarding incremental validity of EI, concluding that ability measures (e.g., MSCEIT) do not demonstrate incremental validity (Joseph & Newman, 2010). Yet they found that self-report, mixed-model measures of EI did add incremental variance beyond intelligence and personality ( $\Delta R^2 = .14$ ). Similar findings for ability measures and slightly less robust findings for the mixed-model self-reports ( $\Delta R^2 = .068$ ) were reported by O'Boyle, Humphrey, Pollack, Hawver, and Story (2010).

This study attempts to add to the literature by testing the behavioral approach to EI in predicting sales leadership performance beyond *g* and personality. As explained earlier, recruiting capacity of the division leader is used as a measure of sales leadership performance.

*Hypothesis 4:* ESI competencies as seen by others will predict sales leadership performance beyond personality and intelligence.

## Method

The independent variables were collected first, and the control and dependent variable were collected 12 months later. Data were collected before the global financial market crisis of 2008. The company functioned smoothly through the crisis and maintained its independence.

## Sample

Participants were DEs of a financial services company, with more than 4,000 full-time financial consultants. The company had 79 DEs. Each division had multiple offices serving individual, family, and organizational clients. Of the DEs, 67 fit the eligibility criteria: 1 or more years in the leadership

**Table 1.** Regression of Number of Financial Consultants Recruited Against New Cash Invested by Clients

Recruitment Variable	$\beta$	t	Significance
7 Years earlier	-.03	-0.152	.88
6 Years earlier	.40*	2.327	.02
5 Years earlier	-.04	-0.176	.86
4 Years earlier	.24	1.221	.23
3 Years earlier	-.03	-0.171	.87
2 Years earlier	.16	1.057	.29
1 Year earlier	.05	0.326	.75
R <sup>2</sup>	.41		
F change	9.357**		

NOTE: Over the 2 years from the start of this study, the number of divisions had grown to 86.

\* $p < .05$ . \*\* $p < .01$ .

role and in good standing with the firm. Of these, 62 completed assessment instruments, but 2 were incomplete. The final sample was 60.

## Measures

**Criterion measure of leader performance.** The ultimate measure of a DE's sales leadership in this company is new cash invested by clients. New cash invested might reflect client relationships built in the past or by a predecessor. The duration of client relationships for this firm is considered long within the industry.

A principal function of the DE in this company is to recruit and hire financial consultants, as evident in other sales management positions (Spira et al., 2008). So it was decided to use a more contemporaneous measure of performance in a 1-year horizon as the number of financial consultants recruited. The belief is that cash brought in during the 1 year will not adequately reflect a leader's performance, as it may be associated with existing relationships. Yet recruitment numbers over time will lead to cash brought into the firm.

In the time frame of this study (a 1-year period), the recruitment of FAs is the best measure available to predict long-term success. With compensation packages being 100% commission based and training costs being minimal, total recruitment should lead to longer term results. Table 1 shows the relationship of recruits by the entire organization over a 7-year period regressed against current cash brought in. Recruitment of FAs shows a significant impact on new cash invested by clients with a 6-year lag. This lag in FA recruitment impact is because of the natural maturation period in sales of growing new business. FAs usually move from nonsignificant business in the first few years to substantial production thereafter.

The company studied mirrored retention in the industry during this period: 4-year retention of financial consultants was about 31% (Honan, 2009). Therefore, although retention is a challenge, it is a constant in the industry. Yet with operations dependent 100% on commission, the impact of turnover (often accounting for 1.5 to 2.5 times the employee's salary) is of less concern. For this context, a challenge is continual recruiting even while many people maintain a pessimistic view of sales (Lysonski & Durvasula, 1998). Therefore, for a 1-year period, the best possible indicator of long-term sales success is recruitment numbers.

"g." The Ravens Advanced Progressive Matrices (APM) was used to measure cognitive intelligence (i.e., *g*; Ravens, 1962). It is a widely used nonverbal measure of fluid reasoning or Spearman's *g*. The APM consists of 36 items. Each item shows an array of geometric shapes and asks the respondent to choose from a set of alternatives for the missing graphic that fits the patterns present in the array. It is a paper-based test that is administered with or without a time limit. These tests were self-administered, so it was decided not to impose a time limit. Given that the Ravens APM and the Mill Hill Vocabulary (MHV) Scale administered together is one of the most widely used measures of cognitive intelligence in the past 60 years, the reliability and validity data are apparent in the literature.

The MHV Scale has been recommended for use along with the APM to compensate for gender differences in visual assessment (Ravens, 1962). It is a multiple-choice vocabulary test that measures crystallized intelligence. The two intelligence test scores (the APM and the MHV Scale), representing fluid intelligence and crystallized intelligence, were transformed into a composite factor score.

**Personality.** The NEO Personality Inventory-Revised was used to measure personality traits (Costa & McCrae, 1992). It is a self-report with 240 items. It assesses five domains of personality: Openness, Conscientiousness, Extroversion, Agreeableness, and Neuroticism. Internal consistency coefficients range from .86 to .95 and stability coefficients ranging from .51 to .83 have been found in 3-, 6-, and 7-year longitudinal studies (Costa & McCrae, 1992). The NEO Personality Inventory-Revised has been validated against other personality inventories and projective techniques (Costa & McCrae, 1992). A scale score for each of the five traits was calculated as an average item score and then standardized.

**Emotional and social intelligence competencies.** The ESI competencies demonstrated by each subject were assessed with the Emotional and Social Competency Inventory (ESCI; Boyatzis & Goleman, 2007). The ESCI is an informant, multisource assessment, often called a "360°." For each of the 72 items, peers and subordinates of the executive described how frequently he or she typically demonstrated the behavior described in the item. Since it is a demonstration of behavior, self-assessment from the subjects was

**Table 2.** Correlation Matrix

Variable	1	2	3	4	5	6	7	8
1. Financial consultants recruited	—							
2. <i>g</i>	.23	—						
3. Agreeableness	-.08	-.03	—					
4. Conscientiousness	.30*	.14	.41**	—				
5. Extroversion	.09	-.08	.32**	.20	—			
6. Neuroticism	-.08	-.14	-.44**	-.47**	-.36**	—		
7. Openness	-.15	.16	.17	-.02	.33**	-.18	—	
8. Emotional and social intelligence	.33**	.04	-.15	-.14	.12	.10	-.17	—
9. Size	.84**	.11	-.15	.20	.10	.03	-.20	.23

\* $p < .05$ . \*\* $p < .01$ .

discarded for the analysis. The test has been shown to have desired reliability and validity (Wolff, 2007), good model fit, and convergent and divergent validity at the scale level in a sample of more than 67,000 test takers (Boyatzis & Gaskin, 2010). A variety of performance and job outcome validation studies are reviewed for this test and its earlier versions in Boyatzis (2009).

The ESCI assesses 12 competencies: Emotional Self-Awareness, Adaptability, Achievement Orientation, Emotional Self-Control, Positive Outlook, Empathy, Organizational Awareness, Inspirational Leadership, Influence, Conflict Management, Coach and Mentor, and Teamwork. Scales were calculated as an average item score per competency. The ESI composite was an average scale score across all 12 competencies. All scores were standardized for analysis.

A confirmatory factor analysis was then run on the 12 scales with these items ( $\chi^2 = 2005.91$ , degrees of freedom [ $df$ ] = 968, comparative fit index [CFI] = .919, root mean square error of approximation [RMSEA] = .045, standardized root mean square residual [SRMR] = .047) showing a good fit. A second confirmatory factor analysis with all of the competencies as a single score was conducted ( $\chi^2 = 1961.3$ ,  $df = 968$ , significance = .000, CFI = .923, RMSEA = .044, SRMR = .0566), also showing good fit.

The average “others” views of the target person calculates an estimate of consensus views about their behavior. The choice from whom to solicit such information is a dilemma. People completing such assessments typically choose which “others” from whom to collect the information in research and practice (Farr & Newman, 2001). It is believed that any bias in those asked to complete surveys would be distributed across the sample (Shipper, Hoffman, & Rotondo, 2007). Information came from an average of 9 informants per executive, with a range of 3 to 16. Informants were assured of the confidentiality of their responses. An aggregate others was calculated for each division executive ESI composite of others’ observations of the leader.

**Control variable: Size of division.** Since larger divisions could hire more financial consultants, size of the division

was calculated as the number of full-time financial consultants working in that division at the end of the year. It was treated as a control variable in the study. The number of financial consultants recruited is likely to be affected by the size of the division, so this was considered an important variable to include in the analysis.

## Results

The correlations among variables are described in Table 2. The size of the division was highly, positively correlated to the leadership performance measure, as was conscientiousness. The ESI composite of others’ observations of the leader was significantly, positively correlated with the number of FAs recruited. The measure of cognitive ability, *g*, did not significantly correlate with any other variable. ESI composite did not correlate with *g* or with any of the personality traits.

Hierarchical, multiple regressions were calculated testing three models, first size, then *g* and personality, then ESI, as shown in Table 3. For number of FAs recruited, in Model 3, size and ESI are positively significant. Model 3 shows that only ESI adds significant, incremental, unique variance beyond all other variables ( $\Delta R^2 = .026$ ,  $p < .05$ ) in predicting number of FAs recruited. Interaction effects were tested for *g* and personality, ESI and *g*, and ESI and personality in regressions. None were significant nor did they add any unique variance. Additionally, as expected cash investments for the 1 year under study did not show any significant relationship to any of the independent variables.

To summarize, Hypothesis 1 was supported. Hypothesis 2 and 3 were not supported. Hypothesis 4 was supported.

## Discussion

This study sought to address the argument in the leadership literature as to whether ESI is merely a variation of traditionally constructed intelligence or personality. The literature has not previously seen a simultaneous test of these

**Table 3.** Hierarchical Regression on the Number of Financial Consultants Recruited

Variable	$\beta$	$R^2$	$\Delta R^2$
Step 1		.73	—
Size of division	.86**		
Step 2		.76	.02
<i>g</i>	.13		
Agreeableness	-.06		
Conscientiousness	.07		
Extroversion	.03		
Neuroticism	-.01		
Openness	-.02		
Step 3		.78	.03
Emotional intelligence/ social intelligence	.17*		

NOTE: Ranges of tolerance and variance inflation factor for the three steps were as follows: size, .784-1.275; *g*, .884-1.131; personality traits, .691-1.599; emotional intelligence/social intelligence, .830-1.205 ( $n = 60$ , Durbin-Watson = 1.739).

\* $p < .05$ . \*\* $p < .01$ .

three constructs against an objective measure of leader performance (Walter et al., 2011). This study examined ESI competencies as measured by “others’ observations” and found that ESI competencies improved prediction of leader performance beyond *g* and personality.

Although a small sample, this study showed that ESI competencies do add value to understanding leader performance as measured by the number of FAs recruited. Given the 1-year time frame of this study, this was believed to be the strongest predictor of future AUM.

The results provided no evidence for the predictive capacity of *g* and personality. Of the personality traits, only conscientiousness demonstrated a significant first-order correlation to effectiveness, but it failed to demonstrate any significance in the regressions. As predicted, ESI demonstrated unique variance beyond division size, *g*, and personality. This is surprising given the consistent evidence from other studies and meta-analyses about the importance of *g* and specific personality traits such as conscientiousness (Judge et al., 2002; Lord et al., 1986; Zaccaro, 2007). Given that this study assessed them controlling for a job and the organization, this suggests that there are more contingent factors that may be affecting the relationships reported in earlier studies. All of the subjects in this study were executives, so we might have witnessed a restricted range effect. Although the distribution of scores on the measures of *g* was similar to senior occupational samples according to the technical manuals, the restricted range could be a result of promotion policies or practices within this firm. The same argument might apply to the lack of unique variance from the personality traits assessed. Firm practices may have

resulted in less variation in these personality traits within this sample than shown in other studies.

Although the added variance is small, the overall finding is still an important contribution to help refute the claim that ESI does not provide any incremental validity beyond *g* and personality. A major difference in this study was that it tested incremental validity of the behavioral level of ESI competencies and an independent criterion measure of performance in a work setting (Cherniss, 2010; Riggio, 2010). Furthermore, the use of a sales leadership context provided an objective outcome measure.

Although it was stretching the statistical power of the small sample size, curiosity led to calculating regressions of the competencies within the EI and SI clusters on the one measure of leader effectiveness that had shown a significant relationship. Separate regressions were used because of the small sample size. The results showed that Adaptability and Influence were significant predictors of the number of financial consultants recruited within each of the clusters, as shown in Tables 4 and 5.

Adaptive selling has shown to predict sales for insurance agents along with a domain specific test of EI (Kidwell, Hardesty, Murtha, & Sheng, 2010). The particularly potent role of the influence competency is consistent with this being a sales organization with all levels of management and professionals on full commission-based compensation. Influence is how they sell to a client and, therefore, it appears how they help, inspire, motivate, or manage each other.

Adaptability is also cited as a key ingredient in leadership effectiveness (Heifetz & Linsky, 2002). So although we can infer that ESI is an overall factor of importance to recruitment, it may also be important in the training and development of leaders in this context. Future research may focus on the role of the specific ESI competencies of Adaptability and Influence. Assessment centers assess characteristics related to the behavioral approach to ESI. A meta-analysis of assessment center studies found that *g*, personality, and behaviors similar to ESI contributed significant unique variance in job performance (Meriac, Hoffman, Woehr, & Fleisher, 2008). They also found that Influencing contributed one of the two highest unique variances with Organizing and Planning.

Recently there has been a call from EI scholars to pay attention to the specifics of context in the study job performance and EI (Chernis, 2010; O’Boyle et al., 2010). This study looks at sales leadership and its relationship to new cash invested by clients and recruitment of new FAs. In this context, recruitment is the primary driver of overall division success. Although results from the EQ-i have been shown to predict successful recruiters (Handley, 1997), this aspect of leader performance has not been previously studied with an ESI measure.

**Table 4.** Multiple Linear Stepwise Regression of Emotional Intelligence Competencies on Number of Financial Advisors Recruited ( $n = 60$ )

Model	Standardized Coefficients			Collinearity Statistics	
	$\beta$	$t$	Significance	Tolerance	Variance Inflation Factor
Constant	.0	0.000	1.000		
Adaptability	.343	2.439	.018	.651	1.537
Achievement Orientation	.204	0.1337	.187	.552	1.810
Positive Outlook	.200	1.388	.171	.617	1.620
Emotional Self-Awareness	-.114	-0.835	.407	.690	1.449
Emotional Self-Control	-.031	-0.250	.803	.850	1.177
$R^2$	.306				
$F$ change	4.771		.001		

**Table 5.** Multiple Linear Stepwise Regression of Social Intelligence Competencies on Number of Financial Advisors Recruited ( $n = 60$ )

Model	Standardized Coefficients			Collinearity Statistics	
	$\beta$	$t$	Significance	Tolerance	Variance Inflation Factor
Constant	.0	0.000	1.000		
Conflict Management	-.209	-1.372	.176	.670	1.492
Coach and Mentor	-.011	-0.062	.951	.497	2.011
Empathy	.003	0.017	.987	.477	2.097
Inspirational Leadership	.155	0.818	.417	.430	2.326
Influence	.334	2.168	.035	.651	1.536
Organizational Awareness	.169	0.951	.346	.493	2.029
Teamwork	-.031	-0.159	.874	.408	2.453
$R^2$	.194				
$F$ change	1.794		.108		

### Limitations and Future Research and Practice

A limitation of this study is the small sample size. The findings need to be replicated with a larger sample. The quality of FAs recruited and recruitment ability of the executive should also be examined in future research. The ESI of the branch managers and the FAs would also offer important data in assessing how EI affects organizational performance driven from multiple levels of an organization. Furthermore, important organizational outcome data could help explain the mediating factors between ESI and recruitment (e.g., commitment).

Another limitation that plagues most, if not all, research using 360° assessment is that we do not know the precise impact of allowing a participant to decide which others to ask for survey completion. The method used in this study is common practice and suspected to be lacking in possible selection bias, but it would be a contribution to the field if research was done to determine or eliminate this concern.

The findings suggest a refined focus for training and development activities in a sales context. To develop the FAs into effective leaders, the company could develop training, assessment and development, and coaching activities to help them develop and practice ESI behaviors. This may be especially important for a competency such as adaptability, which can be improved with training (Heslin, 2005). Generally, the findings suggest the importance of training future sales leaders about the emotional aspects of leadership in influencing followers to promote organizational objectives. Although EI is consistently linked to selling effectiveness (Rozell et al., 2006; Sojka & Deeter-Schmelz, 2002), current FAs may not be as aware of the impact that it continues to have on true “inside sales”—that within organizations.

In conclusion, ESI and the behavioral level of measurement of ESI appear to contribute significant, unique variance in predicting leadership effectiveness, specifically in recruitment, as compared with  $g$  and personality. If ESI competencies are different from  $g$  and personality, then using them in research and applications will be adding to the validity of the research and utility of the applications.

## Declaration of Conflicting Interests

The authors declared no potential conflicts of interest with respect to the research, authorship, and/or publication of this article.

## Funding

The authors received no financial support for the research, authorship, and/or publication of this article.

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