Relationship marketing

The impact of emotional intelligence and trust on bank performance

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Received September 2007
Revised December 2007
Accepted January 2008

Abstract

Purpose – The two aims of this paper are to explore the development of trust for relationships between staff and customers in the banking sector and to investigate possible links between financial performance of relationship manager and their levels of emotional intelligence (EI) and trust.

Design/methodology/approach – An internet survey was undertaken, where respondents were asked to complete an EI test and questions relating to trusting behaviour. These data were integrated with financial performance data supplied by the bank. Exploratory and confirmatory factor analysis and correlation analysis was used to identify links.

Findings – Trust was found to be made up of three components: dependability; knowledge; and expectations. Further, there were significant correlations between both trust and EI, when compared to the financial performance of a relationship manager.

Research limitations/implications – The methods used by the bank to collect performance data have limited the analysis that could be conducted.

Practical implications – Increased awareness by the relationship managers of their own emotions, and how they perceive and act upon the emotions of others, should favourably impact financial performance.

Originality/value – This paper is an important initial step in highlighting the significance of EI and trust in the relationship marketing/selling arena.

Keywords Emotional intelligence, Relationship marketing, Banks, Financial performance, Trust, Australia

Paper type Research paper

Introduction

The banking sector is becoming increasingly competitive around the world. This is particularly true in the area of small-medium business banking. Further, the core and actual product being offered to business customers could be considered reasonably homogenous. Consequently, there is an increased need for banks to differentiate

International Journal of Bank Marketing
Vol. 26 No. 3, 2008
pp. 183-199
© Emerald Group Publishing Limited
0265-2323
DOI 10.1108/02652320810864652

themselves from competitors at the augmented product level. One way that this might be achieved is to develop longer-term relationships with their key customers. But what are the key constructs that enhance bank employees' ability to develop successful relationships with their customers? This paper examines the link between two important relationship commodities possessed by the relationship manager (that is, trust and emotional intelligence (EI)) and their impact on financial performance.

In the banking industry the importance of relationship development and maintenance with key customers has previously been investigated (Madill *et al.*, 2002). Some of the benefits of strong relationships with key customers include increased profit through reduced risk, improved communication links, and referrals (Hawke and Heffernan, 2006) and an increase in customer satisfaction leading to more loyal customers (Petersen and Rajan, 1994; Binks and Ennew, 1997; Ennew and Binks, 1999; Tyler and Stanley, 1999). Further, studies of the banking sector in different corners of the world have highlighted how the development of effective relationships has led to increased customer satisfaction (Armstrong and Seng, 2000; Jamal and Naser, 2002) and commitment (Abratt and Russell, 1999). Probably the most researched component of successful relationships is the development of trust (Morgan and Hunt, 1994). Consequently, the first agenda of this research is to explore the concept and dimensions of trust when dealing with customers in the banking sector. A second agenda is to investigate the relationship between financial performance and trust for relationship managers that deal with the banking needs of small to medium size business customers.

Further, this research examines the link between the emotional intelligence of relationship managers and their financial performance. As we discuss below, EI relates to the ability to understand and harness the emotions of the self and others. Over the past 15 years, considerable research into EI and its effects has been undertaken. Businesses have increasingly recognised the importance of EI, however, very little research has examined EI in the relationship marketing arena. More particularly, there is a scarcity of research linking EI to performance in a business relationship setting.

Consequently, after indentifying and definition the trust construct, the key aim of this paper is to identify the impact of trust and emotional intelligence on the performance outcomes of relationship managers in the banking sector. In an attempt to achieve the above, this paper is divided into the following sections. First, the research into relationship marketing, trust and emotional intelligence will be reviewed, leading to the identification of three research questions. This is followed by an explanation of the methodology adopted. Third, findings for the three research questions are presented. Fourth, managerial implications are given and finally, limitations of the research and conclusions are offered.

Literature review

Relationship marketing

Relationship marketing is concerned with establishing, maintaining and enhancing relationships with customers and other partners in an effort to sustain and improve an organisation's customer base and profitability (Gronroos, 1994, p. 9). The importance of relationship marketing was clearly articulated by Dwyer *et al.* (1987, p. 12):

> [. . .] both business marketing and consumer marketing benefit from attention to conditions that foster relational bonds leading to reliable repeat purchase.

Further, research has shown that an organisation's level of relationship marketing activities is positively correlated to its performance, staff satisfaction (Buchanan and Gillies, 1990; Reichheld and Kenny, 1990; DeSouza, 1992; Berry, 1983; Reicheld, 1993, 1994, 1996; Sharma and Sheth, 1997), new product success (Gemunden *et al.*, 1996; Campbell and Cooper, 1999), and the level of strategic competitive advantage that is achieved in the market place (Kraljic, 1983; Ganesan, 1994; Sharma and Sheth, 1997; Germain and Droge, 1997; Reck and Long, 1988). Relationship marketing activities have also been shown to be critical in the banking sector; for instance:

> To continue to be successful in the corporate sector, small banks must invest in the long-term relationship marketing infrastructure to support a customer orientated approach (Adamson *et al.*, 2003, p. 347).

However, to date there has only been limited research conducted within this context.

There are a number of components, which have emerged from the literature, that lead to the successful functioning of a business-to-business relationship (Wilson, 1995). Included are trust, commitment, communication, shared values, co-operation and social contacts (Wilson, 1995). However, trust is widely acknowledged as the most critical component in the successful functioning of a relationship (Nicholson *et al.*, 2001). Further, in Table I, a cross-section of the research into the components that lead to the success of a business-to-business relationship is presented. As can be seen, trust is a critical component of these studies. Consequently, the development of trust in business-to-business relationships will be an agenda for this research.

Trust

Trust is seen as a critical construct in a range of discipline areas (Nicholson *et al.*, 2001). Further, within the realm of relationship marketing, trust has been recognised as an important variable for the success of relationships in the supplier literature (Ganesan, 1994; Morgan and Hunt, 1994), the channel literature (Anderson and Narus, 1990; Weitz and Jap, 1995), end consumer relationships literature (Czepiel, 1990; Berry, 1995), and lateral relationships literature (Webster, 1992). Consequently, numerous conceptualisations of trust exist. Nevertheless, common to most definitions of trust is a confidence between the parties that the other party is reliable (Morgan and Hunt, 1994); and that the parties will act with a level of integrity when dealing with each other (O'Malley and Tynan, 1997).

Three common components of trust emerge from an examination of the literature (Sako, 1992; Mayer *et al.*, 1995; Sirdeshmukh *et al.*, 2002):

(1) a credibility component – whether the partner has the capability and expertise to undertake the purpose of the partnership (Ganesan, 1994);

(2) an integrity component – whether the partner will adhere to written or verbal promises (Nicholson *et al.*, 2001); and

(3) a benevolence component – whether the partner will be accommodating and act with equity when new conditions relating to the relationship arise (Ganesan, 1994).

Sako (1992) identified these components of trust as competency trust, contractual trust and goodwill trust. Competency trust refers to the expectation that a partner can perform at a set level. It is defined as "that group of skills, competencies, and characteristics that enable a party to have influence within some specific domain"

Table I.
Variables identified in the literature that are critical for the success of a relationship

Researcher	Industry	Relationship success variable
Adobor (2002)	Business-to-business	Trust, communication
Anderson and Narus (1990)	Man/distrib	Satisfaction, cooperation, Trust, communication
Barnes (1994)	Services	Communication, care, honesty, trust, commitment, satisfaction, no bonds
Blenkhorn and Mackenzie (1996)	Buyer-seller	Interactions, investments, satisfaction, trust, commitment
Czepiel (1990)	Services	Trust and commitment
Doney and Cannon (1997)	Buyer-seller	Trust increases the likelihood of a long-term relationship
Dwyer *et al.* (1987)	Buyer-seller	Trust, commitment
Ganesan (1994)	Retail/supplier	Commitment, trust, and satisfaction
Garbarino and Johnson (1999)	Customers	Commitment, trust, communication
Gummesson (1996)	Buyer-seller	Collaboration, trust, risk, longevity, closeness
Halinen (1996)	Services	Attraction, trust, and commitment impact on satisfaction
Han *et al.* (1993)	Industrial	Mutual Trust, commitment, and satisfactory role performance
Handfield and Bechtel (2002)	Supply chain	Trust
Hunt *et al.* (2002)	Business-to-business	Cooperation, trust, commitment, communication
Mohr and Spekman (1994)	Retail/supplier	Coordination, commitment, participation, and trust
Morgan and Hunt (1994)	Retail/supplier	Cooperation, trust, commitment, communication
Simpson and Mayo (1997)	Retail/supplier	Commitment, trust, satisfaction
Verhoef *et al.* (2002)	Customer	Trust, commitment, satisfaction
Wilson (1995)	Buyer-seller	Commitment, trust, satisfaction, adaptation, bonds, communication

(Mayer *et al.*, 1995, p. 717). Contractual trust refers to each partner adhering to specific written or oral agreements. Further, contractual trust is shown when partners uphold an ethical standard, namely that of keeping promises (Sako, 1992). Goodwill trust refers to a willingness to do more than is formally expected. Consequently, goodwill trust grows when a partner commits to be responsive to certain requests outside the norm (Sako, 1992; Sirdeshmukh *et al.*, 2002). Moreover, goodwill trust can be defined as a behaviour from one partner to place the other partner's interest ahead of his or her own interest (Sako, 1992).

Whilst the body of literature on trust has grown over recent years, little research has explored trust in the banking sector. Moreover, the types of trust that is relevant and important for the banking sector. Consequently, this research will firstly ascertain whether a three factor model of trust is appropriate in the banking sector and secondly, how these components of trust are correlated to a relationship manager's financial performance. Therefore, the following hypotheses are proposed:

H1. A three factor model of trust is applicable for the banking industry.

H2. A relationship manager's level of trust will positively influence their financial performance.

Emotional intelligence

Emotional intelligence has its roots in social intelligence, the science defined by the ability to understand and manage individuals (Mayer and Salovey, 1990). EI is the management of the emotions of the self and of others. It is now considered to be as imperative to an individual's success at work and in other social contexts as general cognitive intelligence or technical skills (Goleman, 1998; Dulewicz and Higgs, 1999, 2000). Popularized by Goleman's (1995) bestseller *Emotional Intelligence. Why It Can Matter More than IQ*, research into EI in the management field has been increasing at an exponential rate; however EI research in the realm of marketing has been slower to take off.

Mayer and Salovey (1990) presented a three-part model for EI. They postulated that EI involves appraisal and expression of emotion, in the self and in others. This includes awareness of verbally and non-verbally expressed emotions. The second component involves regulation of emotions in the self and in others. The third component involves utilizing emotions so as providing flexibility in planning, creativity in thinking, motivation and the ability to redirect attention. The original model was revised to include cognitive components previously neglected. It consists of:

- perception, appraisal and expression of emotion;
- emotional facilitation of thinking;
- understanding, analyzing and employing emotional knowledge; and
- reflective regulation of emotions to further emotional and intellectual growth.

The model allows for mastering these and their sub-components in sequential order, and promotes the concept that EI can be learned.

One area where the influence of relationship marketing has impacted customary practice is personal selling. Weitz and Bradford (1999, p. 241) stated that:

> [...] changes in the traditional personal selling and sales management activities are needed to support the emergence of partnering role for salespeople.

In certain selling situations, like in the B2B banking environment, salespersons' roles are changing in style so that they are becoming relationship managers, where their main goal is to develop long-term relationships with key customers (Cravens, 1995). One of the critical skills needed for these relationship managers is interpersonal communication and the ability to manage conflict in the relationship (Weitz and Bradford, 1999). EI has been shown to develop the communication and interpersonal skills needed to develop and improve relationships with key customers (Deeter-Schmelz and Sojka, 2003).

Whilst EI has been identified as a critical component of effective selling (Goleman, 1998), research linking EI to relationship marketing and selling is limited (Sojka and Deeter-Schmelz, 2002; Deeter-Schmeiz and Sojka, 2003; Rozell *et al.*, 2004). Of the research that has been conducted, EI has been shown to increase a salesperson's level of customer-orientation (Rozell *et al.*, 2004) and sales performance (Deeter-Schmeiz and Sojka, 2003; Higgs, 2004). However, there are some important limitations to these studies. These include the use of self-reporting scales, or qualitative assessment measuring EI, customer orientation and performance (Rozell *et al.*, 2004).

The importance of developing relationships with business partners in the banking sector is evident. However, one would assume that a person's ability to manage their emotions and the emotions of others would help in the relationship development process. Surprisingly however, very few studies have tried to develop a link between relationship marketing/selling, emotional intelligence and performance. Consequently, the following hypothesis is proposed:

H3. Relationship managers' emotional intelligence is positively associated with their financial performance.

Methodology

Procedure

Both bank managers (in charge of the day-to-day running of the branch and the development of relationships with residential customers) and relationship managers (dealing one-on-one with the banking needs of small-to-medium business customers) at branches of a major international bank in Australia were e-mailed an information sheet explaining the study. The e-mail contained two hyperlinks, one to an online version of the MSCEIT (described below). The other led the respondent to an online questionnaire designed to explore elements relating to the development of trust. The MSCEIT assessment took approximately 30 minutes to complete. Scores and detailed resource reports were then generated by the test administrator, Multi-Health Systems (MHS). The trust questionnaire took about 20 minutes to complete. A high response rate was achieved for this sample (77 per cent). Respondents were geographically spread across regional Australia. No emphasis on tenure or performance of the respondents was exhibited. The data was collected in November 2004.

Participants

The original sample was made up of both relationship managers ($n = 92$) and branch managers ($n = 129$). This sample of ($n = 221$) was used to examine the first hypothesis. The increased statistical power was needed to perform exploratory and confirmatory factor analysis. After a solution had been identified for the components of trust, analysis was conducted for hypotheses two and three on the sample of relationship managers only. Some characteristics of the sample are illustrated below in Table II. The relationship managers surveyed ranged in age from 25-66 years. There were a higher proportion of males (88 per cent) than females (12 per cent).

Measures

Emotional intelligence. The instrument employed to test the managers' emotional skills was the Mayer-Salovey-Caruso Emotional Intelligence Test (MSCEIT) V.2. The MSCEIT provides an aggregate EI score and four Branch scores:

(1) perception of emotion;
(2) integration and assimilation of emotion;
(3) knowledge about emotions; and
(4) management of emotions.

The advantage of using the MSCEIT over other measures of EI is that it measures each manager's actual ability to perform tasks and solve emotional problems. In contrast, other EI measures take a subjective assessment (self-report) of emotional skills based on the manager's perception of his or her emotional ability (Goleman, 1995; Bar-On, 1997). Because self-report measures lack psychometric support (particularly discriminant validity from the Big Five personality dimensions), Conte (2005) comments that ability-based EI measures are likely to receive continued attention.

Furthermore, the MSCEIT is considered by the researchers to be one of the most accurate measures of EI available. In a recent study by Mayer *et al.* (2003), the reliabilities of the total scale and branch levels were all above 0.75. For all scales in the MSCEIT, the average internal consistency reliability was 0.68 for consensus scoring and 0.71 for expert scoring. That is, it is a highly reliable test at the Branch, Area and Total scale levels according to Mayer *et al.* (2002). Additionally, a number of other studies have found support for the MSCEIT's fit with the four-factor EI model (Day and Carroll, 2004; Palmer *et al.*, 2005).

Trust measures. The items for the trust scale were adapted from a number of previous studies (Sako, 1992; Mayer *et al.*, 1995; Sirdeshmukh *et al.*, 2002). Whilst there is no consensus in the literature, the general view is that trust is made up of three constructs, sometime described as competency trust, contractual trust and goodwill trust (Sako, 1992). A total of 15 items (seven-point scale, strongly agree to strongly disagree) were included to ascertain whether a three factor model held for relationship managers.

Performance measures. Performance data were supplied by the banking organization and collected as part of their biannual management performance review. Performance measures for both bank managers and relationship managers were presented as a number calculated between 1 and 5. For the relationship managers this number came from the profit made for the bank in the first six-month period of 2004.

	Male (*n*)	Female (*n*)	Total
25-34	17	4	21
35-44	44	2	46
45-54	17	4	21
55-70	3	1	4

Table II. Distribution of respondents by age and gender ($n = 92$)

Findings

Some interesting findings emerged from this study. Whilst this research was exploratory in nature, there were still some significant results that enhanced our understanding of the development of trust and the links between trust, EI and a relationship manager's financial performance.

The first hypothesis explored the dimensionality of the trust concept in relation to bank managers (both branch and relationship). The object was to identify the factors that made up total trust in a banking context. SPSS 11 was used to perform factor analyses (Principal Components, using Varimax rotation) with the trust items generated in the scale development phase. A three-stage approach was adopted for eliminating items. Items were taken from the scale that:

(1) cross-loaded at 0.4 or more on two or more factors;

(2) loaded less than 0.4 on any factor; and

(3) were included in factors comprising less than three items.

From the factor analysis a three-factor solution emerged as was theorised. Following on from the exploratory factor analysis, a confirmatory factor analyses was performed using structural equation modelling (EQS 6.1). Model 1 (in Table III) met almost all benchmarks for the fit indices. While the standardized residuals did not reveal any particular variables to be problematical, it was noted from the exploratory factor analysis that the loadings for trust item 3 and trust item 15 were lower than for other variables in all the scales, as were the communalities on extraction. In view of this, a model was tested that excluded these variables. This resulted in a substantial improvement in the fit indices as can be seen in model two (shown below). The second model was symmetrical, more parsimonious than the first and provided a better fit to the data, so it was preferred over the original version.

Consequently, a three-factor solution was identified for trust in a banking context. The three factors were titled Dependability trust, Knowledge trust and Expectations trust, as can be seen in Table IV. For these factors all Cronbach Alpha's exceeded minimum acceptable levels (Hair *et al.*, 1992). Dependability was seen to relate to the bank/relationship manager delivering on customer requests. Dependability is about delivering on the contract between the manager and the customer, whether the contract

Index	Benchmark	Model 1 value	Model 2 value
Ratio to degrees of freedom	2	1.359	1.066
Bentler-Bonett Normed Fit Index (NFI)	0.90	0.893	0.937
Bentler-Bonett Nonnormed Fit Index (NNFI)	0.90	0.958	0.994
Comparative Fit Index (CFI)	0.90	0.969	0.996
Bollen Fit Index (IFI)	0.90	0.969	0.996
McDonald Fit Index (MFI)	0.90	0.969	0.997
Lisrel Goodness of Fit Index (GFI)	0.90	0.957	0.976
Lisrel Adjusted GFI (AGFI)	0.90	0.930	0.955
Root mean squared residual (RMR)	0.05	0.016	0.016
Standardized RMR	0.05	0.049	0.044
Root mean sq. error of approximation (RMSEA)	0.08	0.039	0.017
90 per cent confidence interval of RMSEA	Or includes 0.05	(0.000, 0.063)	(0.000, 0.056)

Table III.
The structural models: goodness-of-fit comparisons

Factors	Variables	Cronbach (α)
Dependability	Do what I say I am going to do	0.70
	Deliver on promises made	
	Follow up on customer requests	
Knowledge	Have a knowledge of (the Banks) products	0.63
	Have a thorough knowledge of the rural and regional banking industry	
	Have a knowledge of the customer's business	
Exceeding expectations	Do more than is formally expected	0.63
	Help with additional requests that are outside the normal Deliver beyond my customer's expectation	

Table IV. Trust construct for the banking industry

is written or verbal, big or small. It is whether the manager follows through on requests made. The second construct relates to the knowledge the manager has in all areas of the financial business, not only the products of the bank, but also knowledge of the banking industry and the customers business. The final factor of the trust construct is exceeding expectations of the customer. This relates to doing more than is expected in the relationship, "going the extra yard". The items that made up these factors are shown in Table IV.

The second hypothesis examined the link between trust and performance. For this hypothesis only the relationship managers sample was analysed. The reason for this is two-fold; firstl the way financial performance was estimated by the bank is different for bank managers in comparison to relationships managers. Second, relationship managers have a greater opportunity to develop long-term relationships with their business customers where trust and emotional intelligence would be more relevant. Correlation was used to establish significant relationships between trust and financial performance. Both total trust and the three factors of total trust were examined to ascertain their impact on the financial performance of the relationship manager. As can be seen in Table V, total trust is significantly correlated with the relationship manager's financial performance (0.352*, 0.022). However, when the factors are examined, only Knowledge Trust was shown to have a significant correlation with the financial performance of the relationship manager (0.514**, 0.000).

The third hypothesis examined the link between relationships managers' financial performance and their level of emotional intelligence. A correlation analysis was run to identify which of the eight task constructs, the two area constructs (experiential EI and strategic EI), and the total EI construct, are associated with financial performance. The results of this correlation analysis are shown in Table VI.

	Financial performance of relationship managers
Dependability trust	−0.020
Knowledge trust	0.514**
Expectations trust	0.245
Total trust	0.352*

Notes: ** Significant at the 1% level; * significant at the 5% level

Table V. Correlation between trust and performance

Table VI.
Correlation analysis showing association between performance and the eight emotional intelligence constructs

	Performance of relationship managers
Faces	0.183
Pictures	0.327*
Sensations	0.142
Facilitation	0.366**
Changes	0.096
Blends	−0.042
Emotion management	0.383**
Emotional relations	0.118
Experiential EI	0.353**
Strategic EI	0.150
Total EI	0.292*

Notes: ** Significant at the 1% level; * significant at the 5% level

The results indicate that, for relationship managers, three of the emotional intelligence constructs (pictures, facilitation and emotion management) have moderate correlations with financial performance. Further, when grouping these variables, experiential EI had a significant positive correlation with performance, however strategic EI did not. The most noteworthy finding is that total EI had a significant positive relationship with financial performance (0.292*).

Discussion and implications

The strategic shift towards relationship marketing strategies in the financial services sector is based on the assumption that customers who are engaged in a stable relationship will experience higher switching costs over time. In the context of technological advancements that give customers more power over their financial data it is imperative that financial service providers find new ways to address customer needs, develop a competitive advantage and inspire customer loyalty. The development of liking has already been shown to enhance relationship development in the banking sector (Hawke and Heffernan, 2006), now trust and emotional intelligence have been highlighted as components in development of successful relationships in a business-banking context.

Relationship marketing works by stimulating emotional linkages such that a high-trust relationship can be built, within which an array of products and services can be sold. The concept of trust is particularly salient in the context of the financial services sector because customers are not in a strong position to make objective assessments of service quality. But multi-dimensional models of trust such as Johnson and Grayson's (2005) indicate that emotionally based trust has a cognitive component. Cognitive trust is a customer's confidence or willingness to rely on a service provider's competence and reliability. Johnson and Grayson (2005) found that the service provider's expertise (assessed in terms of a service provider's level of knowledge and experience concerning the focal service) is an antecedent of cognitive trust. Our research seems to be consistent with this finding by first, observing the existence of three elements of trust in this situation and second, by revealing that the relationship manager's level of competency based trust was strongly correlated with performance.

The findings relating to *H1* furthered the notion of this multi-dimensional nature of trust by identifying that trust in the financial sector is comprised of three constructs: dependability, knowledge and exceeding expectations. This is in keeping with this study's previously cited research that highlights that various types of trust that exist. Blois (1999) points out that "blanket trust" is seldom applied to another party. That is we trust someone within a specific context and/or for a particular purpose. Similarly, Johnson and Grayson (2005) have shown that differing dimensions of trust can be empirically distinguished and have both common and unique antecedents. Understanding trust as a multi-dimensional multi-faceted concept has important managerial implications which are further revealed by considering the findings of *H2*.

The results of the second hypothesis showed that total trust has a significant but weak correlation to performance. However, knowledge (or competency based trust) has a strong correlation to performance. This finding helps address a central question in relationship marketing, that is, can trust and trustworthiness be created (Blois, 1999)?. Clearly, not all efforts to build trust will have equal outcomes in terms of performance when little attention is paid to what aspects of trust are relevant to the specific business relationship context. An important implication is that the simplistic view that payoffs from efforts to build trust are inevitable should be rejected and also, that managers need to be alerted to the types of behaviours that build and erode consumer trust (Sirdeshmukh *et al.*, 2002).

The bank may see that its challenge is to help relationship managers build total trust relationships with their clients (Hart and Johnson, 1999) yet it is an irony that efforts to build trust may have the unintended consequence of diminishing trust when motives may be questioned. Blois (1999) argues that it is impossible to create trust because of the practical issue that the more a person tries to demonstrate their trustworthiness, the more they are likely to arouse suspicion that they are behaving with manipulative intent. For example, a common technique for building affective trust is for the financial advisor to recommend a product that involves no personal gain or commission and to articulate this in order to win the customer's confidence. If the customer was aware of such a technique, trust could be damaged. Yet if the advisor understood that it was his or her expertise that the customer primarily relied upon he/she would focus more on communicating such expertise than winning affective trust.

While it is not possible to make one party trust another, it is possible to create the context within which trustworthiness might be perceived (Halliday, 2003). That is, in contexts where those involved demonstrate the capability of being able to fulfil a promise. The relationship manager needs to be able to provide evidence of those capabilities and competencies, which his or her clients believe to be relevant as a prerequisite to being regarded as trustworthy. Entering into contracts that can be fulfilled is one way of demonstrating trustworthiness.

Another way to harness the power the relationship manager's expertise is in building the organisation's reputation for trustworthiness. For example, Hart and Johnson (1999) make the following practical suggestions:

- establishing a mentoring program that leverages the expertise of its more experienced agents;
- stepping-up product training programs; and
- establishing "product expertise centres" that provide specialised information to agents and their customers when they need it.

Further, the financial services provider can demonstrate knowledge or expertise by identifying latent financial problems that the customer is unaware of. That is, financial service providers can change their attitude towards business from that of selling loosely-linked products to selling individualised solutions based on a relationship approach.

Training in the enhancement of trust is recognised as important for relationship managers but further research is required that assists firms in identifying training requirements specific to their needs. It would be logical that in an effort to build trusting relationships between the financial adviser and the client, firms would increase their training in interactive/people skills. But in the light of the importance of competency based trust it may be wiser to adhere to the old adage: hire people skills and train technical skills whenever possible (Chambers and Craft, 1998).

The third hypothesis in this study explored the link between relationship marketing/selling activities and EI. Findings suggest that the higher the level of EI a relationship manager possesses, the higher their profitability for the bank. Consequently, this study adds to the limited research into the area of EI and relationship marketing. Of the research that has been conducted, Sojka and Deeter-Schmeiz (2002) qualitative study of 11 sales professionals and Higgs' (2004) quantitative study of employees in a call centre, had similar findings to this study. However, this study uses an ability test for EI (Mayer-Salovey-Caruso Emotional Intelligence Test, MSCEIT V.2). Further, this is the first study of its type to be conducted in the banking sector.

A number of other studies have found links between EI and performance. Further, EI has been linked to transformational leadership (George, 2000; Prati *et al.*, 2003; Daus and Ashkanasy, 2005), career success (Daus and Ashkanasy, 2005) and team performance (Feyerherm and Rice, 2002). Research has also shown a positive relationship between EI and individual job performance. Evidence from recent studies indicates that EI skills are important in predicting job performance for at least some types of jobs. In particular, a study by Lopes and colleagues in 2004 (Daus and Ashkanasy, 2005) of 44 analysts and clerical employees demonstrated the relationship between EI and work outcomes (dependent on job performance). However, the question of whether there is a clear link between EI and work performance is a contentious one (Antonakis, 2005) and it is possible that trust and its relative importance within the work context could be a mediating factor.

These findings have a number of implications for business practice. First, relationship managers should be aware of the concept of EI, their level of EI and how they can improve the various elements of EI. This is because an increase in EI should result in enhanced relationship management capability and may in turn increase profitability. While (Mayer *et al.*, 1999) offer caution with regard to expecting too much of EI, for many people, little has been taught about emotions and even some basic learning about emotional reasoning and emotional management can provide a great deal of pay-off in improved social functioning.

Further, the human resource management departments of banks should consider EI when recruiting staff to the position of relationship managers. Staff with high EI, and an awareness of its importance, should be better able to generate effective relationships, particularly in customer service positions (Mayer *et al.*, 2004a).

Limitations and conclusions

Two main limitations are associated with this study. First, there was an issue with the performance data that had been collected by the bank. As we had not collected this data, we had no real way of determining the reliability and validity of the data. Whilst this study did find significant links between trust, EI and financial performance it is expected that more reliable and valid performance data would have increased the significance of the findings and the statistical techniques that could have been utilised. The second limitation related to the sample. Whilst the total sample was appropriate ($n = 221$), the sample size for the relationship managers was limited ($n = 92$). Further, the sample came from a range of branches of one major international bank in regional Australia (regional Australia refers to all of Australia except the major capital cities). As a consequence, the generalisability of results is in question. Subsequently, it is suggested that further research be conducted in other banks and also across cultures.

Relationship marketing and relationship selling are critical to most, if not all, organisations if they are going to be successful in the marketplace. One of the most important skills in relationship marketing/selling is the ability to be able to develop the relationship. Consequently, one would assume that a person's ability to develop trust and to manage their emotions and the emotions of others would help in the relationship development process. However, the research linking EI to relationship marketing and selling is limited (Sojka and Deeter-Schmeiz, 2002; Deeter-Schmeiz and Sojka, 2003; Rozell *et al.*, 2004).

This paper is an important initial step in highlighting the significance of EI and trust in the relationship marketing/selling arena. Findings suggesting that the level of relationship managers' EI and trust building potential is positively correlated to their financial performance have important implications for the banking sector. However, as stated, this is a tentative first step into this field in the banking industry and as such, further research is needed.

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