

FACTORS AFFECTING THE PERFORMANCE OF SALES PERSONNEL OF INSURANCE COMPANIES IN GHANA

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ABSTRACT

In this study, the primary objective was to investigate the factors that affect the performance of sales personnel of insurance companies, with specific focus on factors such as motivation and resourcefulness of the sales person. Using descriptive survey methodology, data was collected from sales personnel of ten insurance companies in Ghana. Findings suggest that motivation is a key factor influencing the performance of insurance sales personnel.

Keywords: sales personnel, motivation, resourcefulness, performance.

1. Introduction

Organisations produce goods and services, and sales personnel sell them. In many situations, managers are faced with getting more service and sales effort from fewer people and fewer assets (Skinner, 2000). Many insurance companies in Ghana are increasingly relying on salespeople to generate revenue. The primary reason for this is the adoption of the push marketing strategy by these insurance companies in their dealing with consumers. The push marketing strategy involves convincing intermediary channel members to "push" the product through the channel to the ultimate consumer (Bearden et al., 2001). Personal selling is thus the primary tool in this method. Therefore, the sales person plays a very important role in the attainment of sales goals.

There are many factors that affect the performance of sales personnel. These factors include motivation, resourcefulness, product knowledge, aptitude, job satisfaction, role perception, personal factors like age, sex, height etc, ego drive, and empathy towards the customers are inherent in the individual salesperson. Among these factors, individual sales person motivation and resourcefulness have been examined to contributing to excellent performance (Churchill et al. 1985).

Churchil et al. (1985) stated that certain human qualities and characteristics make some sales people highly successful. Attributes such as physical characteristics and other personal factors have been examined as contributing to excellent performance. Snyder et al. (1991:576) proposed that the "combined cognitive processes of resourcefulness in goal attainment and motivation" hold answers as to why some salespeople excel when others do not. The combined cognitive processes of resourcefulness in goal attainment and motivation, otherwise known as hope, are believed to hold answers as to why some salespeople excel when others do not. Snyder et al. (1991) proposed that the ability to accomplish goals hinges on the level of motivation as well as a person's ability and resourcefulness to overcome obstacles that may impede goal attainment.

2. Objectives

The objectives of this paper are to:

- a) To determine the relationship between resourcefulness of the sales person and job performance.
- b) The second objective was to determine whether there is a significant relationship between sales person motivation and job performance.
- c) The third objective was to determine whether there is a significant relationship between the sales person Hope scale score and job performance.

3. Literature Review

Motivation is one of the keys to sales performance. There is an old saying you can take a horse to the water but you cannot force it to drink; it will drink only if it is thirsty – so with people. They will do what they want to do or otherwise motivated to do. According to Kleinginna and Kleinginna (1981), motivation is an internal state or condition (sometimes described as a need, desire, or want) that serves to activate or energize behaviour and give its direction. Similarly, Hull defined motivation as excitatory potential or the tendency to act on drive and strength and habit strength (as cited in McClelland, 1987). He theorized that individuals would move to action because of either a physiological or psychological need or because they were in the habit of taking action.

For the purpose of this study, motivation and goal-directed cognitive processes are considered synonymous. Motivation as defined by Weiner (1980) consists of three components: persistence, intensity, and choice (as cited in Sujan, 1986). According to Sujan (1986:41), "Salespeople are motivated to work harder by working more hours (persistence), working more actively (intensity), or working smarter by making different choices". In a study of salespeople, Sujan (1986) found that a distinction was made between trying harder and working smarter. Trying harder related to the effort put forth by the salesperson. Working smarter dealt with the strategies and the direction with which they used the strategies to accomplish goals. Sujan considered the role of attribution theory in motivation. He hypothesized a causal relationship for intrinsic rewards between strategy and working smarter. Extrinsic rewards were related to effort and working harder. He found that, if sales persons attributed failure to their lack of effort, they would be motivated to work harder. If they attributed failure to poor strategy, they would work smarter. The latter was found to be a more powerful motivator.

To his surprise, Sujan (1986) found that salespeople showed a negative correlation between intrinsic reward and strategy attributions for failure. A post study analysis found that intrinsically oriented people in fact believed they had a highly developed set of selling strategies and that continued use of these strategies would result in success. It was believed that these individuals would consider a need for improving strategies if failure resulted. However, they did not attribute failure to either the lack of strategies or the lack of effort, which was within their control, but instead to external factors beyond their control. An example would be the poor economy or poor decision making on the part of a customer. As this relates to factors of hope, one would say these salespeople have hope and expect future success because of past experiences with their strategies.

Emotions, as they impact motivation, were of interest to Badovick (1990) as he researched salespeople with inadequate sales performance. Using factor analysis, he developed four factors that accounted for 59% of the total variance for emotions: self-blame (personal responsibility), performance satisfaction (generally pleased even after failure), regretful (sorrowful), and blaming others (external blame). Feelings of self-blame and performance satisfaction directly influenced motivation but in opposite directions. Self-blame resulted in increased effort intentions to make the quota next month. The findings relating to performance satisfaction appeared counterintuitive. Feelings of performance satisfaction resulted in a decrease in future intentions to expend more effort, even when the quota had not been met. Badovick theorized that when salespersons were generally satisfied with their performance they may have been ahead of quota for the year-to-date, and not making quota for that month was insignificant to their ultimate goal attainment. Finally, he found that salespeople may not be motivated to expend more effort in cases where they blame others for their failure.

When sales managers were asked about factors contributing to salesperson failures, Morris et al. (1994) found that blame fell to the individual salesperson with the exception of one area, poor training. Sales managers listed lack of initiative, poor planning and organisational skills, lack of enthusiasm, inadequate product knowledge, lack of personal goals, poor listening skills, failure to concentrate on top priorities, and inability to determine client needs as reasons for failure. Responsibility for failure by salespeople was neither assumed by sales managers nor placed on economic conditions.

Organisational culture is believed to impact motivation and ultimately performance. For instance, Skinner (2000) reported that 44% of workers interviewed claimed that they did not put forth effort above what was required to keep their job. He cited examples of workers going above and beyond their duties to use discretionary effort to achieve peak performance. He defined discretionary effort as being that portion of an employee's performance over which he or she has the greatest control. This effort is not necessarily controlled by incentives or bonuses. The organisation can create an environment that unleashes discretionary effort. The culture strives to create a climate where employees transcend their own self-interests for the good of the organisation.

In organisations where the climate is considered highly competitive, salespeople's self-set goals are influenced. A study by Brown et al. (1998) examined the goal-setting tendencies of salespeople with high competitiveness traits. Where salespeople perceived a competitive environment, those scoring a high competitiveness trait set higher, more ambitious goals than those with low competitiveness. More ambitious goals equated with better performance. They concluded that hiring more competitive salespeople and fostering a more competitive environment would result in more effective goal setting and better performance.

Lazarus (1991) viewed motivation as an antecedent condition of emotion. Motivation is present only when the individual has a stake in the outcome or goal. Goal hierarchy must be considered, along with the aspects of the individual's ego identity or self-image. He found that one's active goals in adaptational encounter influence the individual's choice of coping strategies. According to Lazarus, uncertainty played a major role in motivating one to strive for goal attainment as long as there was goal congruence. This appeared to increase with the probability of doing or thinking something that would change the person-environment relationship. Employee motivation has been related to the perceived level of control. Little control equates to greater stress and ultimately burnout (Snyder, 1994). Stress is not necessarily harmful, depending upon how one handles the stress and copes with it.

In a meta-analysis of 116 articles written over the previous 75 years, Churchill et al. (1985) attempted to identify the most quantitatively specific determinant of salesperson performance. They used six categories into which they classified 1,653 observations: aptitude, skill level, motivation, role, personal factors, and organisational and environmental factors. They found disappointingly small relationships between single predictors of performance and the salesperson's actual performance.

Simple correlations of aptitude were found to range from 0 to 0.85 (Churchill et al., 1985). This indicated at least a strong relationship in some cases. Weighted mean correlation was found to be only 0.138. Less than 2% of the variation in salesperson performance was accounted for by aptitude. Skill levels were only slightly better, with a weighted mean correlation of 0.268. Research interest in motivation has existed since the 1950s. Motivation as a predictor was higher than aptitude, with a weighted mean correlation of 0.184. Role perception first appeared in an empirical study in 1978, and only four such studies had been conducted at the time of the meta-analysis. Weighted mean correlation was stronger, at 0.294, and was also more evenly spread about the mean (Churchill et al., 1985).

Personal factors are considered intra-individual factors. Included here are such measures as age, weight, sex, race, appearance, and education. According to Churchill et al. (1985), these personal factors have appeared as the second most prevalent characteristic of interest for researchers and continue to be so. Weighted mean correlation was 0.161, only slightly stronger than aptitude. Organisational and environmental factors have been concentrated in studies since 1951. This was the lowest weighted mean correlation at 0.104. Churchill et al. found that performance is influenced by multiple factors. The type of product that salespeople sell strengthens the relationship with major determinants. A salesperson's aptitude has a stronger relationship when selling products rather than services. They also determined that although "individual correlation coefficients in sales performance did not improve over time, the amount of total variance in performance explained by the predictors is greater in the more recent studies that have a multiple-determinant framework" (Churchill et al., 1985:117).

The organisational climate or culture may have an impact on how the salesperson handles goal attainment and general successes. Lazarus (1991) found that among salespeople anxiety comes from believing that one's good fortune and goal accomplishments will be resented. Some individuals may express guilt over being successful or worry that they may be punished. Perceived or actual peer pressure could negatively affect an individual who should otherwise be experiencing positive feedback. Lazarus also found that goal-congruent emotions such as joy and happiness contribute to the appraisal of challenge, thereby affecting one's choice of coping strategies that were inclined toward generosity, eagerness, and free-flowing use of one's resources. As Brown et al. (1998) considered the superior goal-setting abilities of competitive salespeople, they suggested that managers use such information to determine training needs. Without identifying which came first, competitiveness or effective goal setting, they encouraged managers to train salespeople in how to set effective goals. Otherwise, the salesperson would tend to set do-your-best ineffective goals with no relationship between goal setting and performance.

4. Methodology

This work was a descriptive study to gain insight into factors affecting the performance of sales personnel of Insurance Companies. To test the hypotheses, data was collected randomly from 100 sales personnel of ten Insurance Companies in the Greater Accra Region of Ghana. The sales force was predominantly male (64.6%) and young, with nearly two-thirds (70.7%) under 30 years of age. The Hope Scale by Snyder (2000) was adopted as research instrument. The results of the survey were analyzed using Statistical Product for Service Solution (SPSS). The hypotheses were tested to determine whether relationships exist and the strength of the relationships. Hypothesis resulting in test statistics with $p \leq .05$ was rejected.

5. Results and Discussion

With respect to the research objectives the following hypothesis was formulated:

Ho₁ There is no significant relationship between the resourcefulness of the salesperson and his performance.

Ho₂ There is no significant relationship between the motivation of the salesperson and his performance.

Ho₃ There is no significant relationship between the Hope scale score and the salesperson performance.

The hypotheses were tested for statistically significant relationships between Hope Scale scores and the percentage of 2012 sales goal achieved. Table 1 illustrates the findings of this test. Hope is the sum of resourcefulness and motivation.

Table 1 Independent Sample t-test for Equality of Means

		T	df	Significance (2 tailed)	Mean difference	Standard error difference
Resourcefulness	Equal variance assumed	.953	123	.342	.91	.95
	Equal variance not assumed	1.081	32.990	.287	.91	.84
Motivation	Equal variance assumed	-.832	123.000	.407	-.57	.68
	Equal variance not assumed	-.910	31.523	.370	-.57	.62
Hope	Equal variance assumed	.246	123.000	.806	.34	1.38
	Equal variance not assumed	.277	32.648	.783	.34	1.23

The first objective was to determine the relationship between resourcefulness of the sales person and job performance. Job performance was measured by the percentage of 2012 sales goals achieved. The statistical test indicated that the scores were not found to have a significant correlation with $p < 0.05$ to a high percentage of sales goal achievement. There was no statistically significant relationship. Performance was measured by the percentage of sales goals achieved.

The second objective was to determine whether there is a significant relationship between sales person motivation and job performance. The statistical test indicated that high motivational subset scores were found to have a positive correlation to a high percentage of sales goal achievement with $p < 0.01$.

The third objective was to determine whether there is a significant relationship between the sales person Hope scale score and job performance. The statistical test of Pearson correlation indicated that high Hope scores were found to have a positive correlation to high percentage of sales goal achievement with $r = .29$ ($p < .01$). A summary of the correlations is illustrated in Table 2.

Table 2 Correlations (r) of Hope Scale Scores, Resourcefulness Subset Scores, Motivation

	Hope	Resourcefulness	Motivation	Percentage of 2012 Sales goal achieved
Hope	1.00	.893*	.776*	.293*
Resourcefulness		1.00	.408*	.179
Motivation			1.00	3.53*

* Correlation is significant at the 0.01 level (2-tailed).

The correlation analysis of the resourcefulness subset factor was not found to be statistically significant with $r = 0.179$ (ns $p < 0.05$). These findings run contrary to the literature. High-hope thinking has been found to correlate positively with high coping processes and goal-directed thinking (Snyder et al., 1999). Considerations must be given to the four attributes identifying the resourcefulness construct. Do these items adequately describe and define the construct of resourcefulness in the complex setting of professional sales? Moreover, with the narrow definition of sales success used in this study, is it appropriate to expect significant correlations with the resourcefulness scores? Failure to reject the null hypothesis in this instance raises more questions than answers. It could be that strategies selected by salespeople for goal accomplishment were considered appropriate and that issues out of the control of the salesperson were not factors of relevance to them regarding future expectancies (Sujan, 1986). According to Sujan, if these individuals are more inclined to be intrinsically oriented, continued pursuit of the strategies previously resulting in success will occur again when external factors are favourable.

Correlation analysis indicated a statistically significant positive association ($r = 0.35$, $p < 0.01$) between salespersonnel motivation scores and the percentage of 2012 sales goals achieved. These findings support convergent validity studies that relate to the Hope Scale (Snyder, et al., 1991). The correlation of $r = 0.35$ is in range (0.30 to 0.50) for low positive correlation (Hinkle et al., 1998). The coefficient of determination is $r^2 = 0.12$. This would mean that 12% of the variance in achieving the 2012 sales goals could be associated with the variance in motivation score. This correlation ($r=0.352$) is greater than that found for the overall Hope Scale score and 2012 sales goal correlation ($r=0.293$). This can be explained by the lack of correlation with the resourcefulness score and achieving the 2012 sales goal (ns $r=0.179$). Hope scores are the sum of the two subset factors. The hope model has been found to be a two-factor, multidimensional construct and is supported by psychometric evidence (Babyak et al., 1993). The subset factors of resourcefulness and motivation correlate with each other, but are not replicating the same constructs, as evidenced by the r values (Babyak et al., 1993). Motivation has long been considered an integral part of successful selling (Badovick, 1990; Lazarus, 1991; Snyder, 1994; Sujan, 1986). These findings could be considered a sizable portion of the 2005 sales goal variance and worthy of further investigation. The results found by Churchill et al. (1985) in the meta-analysis of 116 articles written over the previous 75 years showed disappointingly small relationships between single predictors of performance and salesperson actual performance. The results found here demonstrate a correlation stronger than the weighted means of skill levels, aptitude, motivation, role, personal factors, and organisational and environmental factors as single factor indicators of salesperson's performance (Churchill et al., 1985). Based upon these findings, salespersons scoring low on the motivational subset score should be targeted for further analysis, training, and development. According to the results of this study, increasing their motivational scores should result in an increase in sales success.

Correlation analysis indicated a statistically significant positive association ($r = 0.29$, $p < 0.01$ level) between salesperson Hope scores and the percentage of 2012 sales goal achieved. This finding supports convergent validity studies that relate to the Hope Scale (Snyder et al., 1991). The correlation of $r = 0.293$ is at the minimum range (0.30 to 0.50) for low positive correlation (Hinkle et al., 1998). The coefficient of determination is $r^2 = 0.09$. This would mean that 9% of the variance in achieving the 2012 sales goals could be attributed to the variance in the Hope score.

This correlation adds to the body of knowledge on work with goal-directed thinking and actual behaviour (Badovick, 1990; Barrick & Mount, 1991; Brown et al., 1998; Lazarus, 1991; Snyder et al., 1991; Sujan, 1980). Although the hope theory supports high Hope scores and high achievement, little research has actually been done to substantiate the claim. In a study of psychology students by Anderson (as cited in Snyder et al., 2001) there was no difference in goal attainment of low-hope and high-hope students, which would have failed to reject a null hypothesis. However, the levels of goals set were lower for low-hope people and higher for high-hope people. Literature on cognitive sets and personality traits is also lacking with regard to relevance of salesperson's behaviour as compared to organisational goals (Morris et al., 1994). The value of these findings will be better understood with continued research. However, the significance of the 0.09 coefficient of determination is relevant. A change in sales goal success, as defined as a percentage of sales goals achieved, could be attributed to a change in Hope scores. Sales managers could possibly use the Hope Scale score to identify opportunities to increase sales success. Training salespersons to engage in more specific goal-directed thinking and planning may allow those individuals to experience greater level of selling success.

6. CONCLUSION

The correlation between the motivation component score and the percentage of 2012 sales goals achieved among those surveyed is worthy of noting. These findings proved to have a significant correlation of 0.352. The importance of people being able to sustain energy and drive to accomplish goals is appreciated across disciplines. Motivation is seen by an increasing number of companies as a key consideration when it comes to company success. Today's competitive environment requires a workforce that is motivated and committed to reaching work-related goals. The two components of resourcefulness and motivation are added to achieve the Hope score. Unlike prior studies using the hope theory, findings in this study did not follow preexisting patterns with resourcefulness scores and motivation scores tracking similarly on measures of significance. The researcher feels that relevance of these findings to the field of professional selling is relevant, but should be used with caution as the work in the field of selling is new. Further research is needed to establish the significance of resourcefulness and motivation of sales persons and their job performance.

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