

CHAPTER 5

CONCLUSION

This chapter summarises the findings of the study. The implications and limitations of the study as well as the recommendation for future research are also discussed.

SUMMARY OF FINDING

The study examined the productivity characteristics of life insurance sales people. The productivity characteristics were measured by the salesperson's total ringgit amount in first year commissions. Data were collected using survey questionnaires from 153 (usable) salesperson.

The empirical study indicates that contract status and education level has a strong effect on first year commission. 13.36% of the variance in the first year commission values is explained by these significant predictor variables.

Increased responsibility does seem to improve performance from this study.

Possibly this can be explained by the fact that to move up the agency level, experience and ability is already established, hence the improved performance. It would also appear that salespeople who possess less education require greater training and reinforcement if they are to perform effectively.

The study revealed that demographic variables interact to affect the application of the sales process (ie. prospecting, approach, fact-finding, solution, presentation & close, technical competency and sales follow-through) . It seems very possible, then, as Weitz, Sujan and Sujan (1986) have suggested, that knowledge does affect sale performance. A full accounting of this process might be pursued in future research by measuring other constructs in addition to the sales process and sales performance. In doing so, it may be informative to incorporate additional measures of productivity. For instance, number of policies and the percentage of quota reached by salespeople.

The findings of this study is an initial step in understanding the predictors of sales performance. Some demographic variables seem to have consistent relationships between the sales process and first year commission. Thus the study results suggest that demographic variables do interact to affect performance.

More specifically, the results of this study reveal that marital status, contract status, duration and education level interact with the sales process to affect the practice of sales cycle selling, suggesting that demographic variables in sales studies should not be examined in isolation. For example, due to their propensity to learn, married, higher contract status agent and highly educated salespeople show an increased propensity to engage in a qualification process at each stage of the sales process, which enable these effective salespeople to identify and meet customer needs accurately. Selling effectiveness therefore can be viewed as contingent on the salesperson following the sequence of categorisation decision that maximizes returns to selling efforts.

LIMITATIONS OF THE STUDY

Although the results of exploratory study revealed some interesting information on sales performance, the study does have certain limitations. First, the analysis was based on static data in the sense that the correlations do not reflect salesperson-customer interactions in specific sales situations. Some researchers argue that salespeople's behaviour must be tailored to individual customers and that the nature of the salesperson's action in

specific selling situations ultimately determines how successful the salesperson will be (Weitz, 1986).

Although it appears that demographic variables affect the practice of selling process, there is a need to use other methods eg. an indepth interviewing. The self-elicitation based questionnaires may have influenced the findings to some extent. As very little research has examined the correspondence of self-elicitation and behaviour based scales, this may be an avenue for future research.

Furthermore, the study followed a procedure for data collection - respondent anonymity, which involves filled questionnaires mailed directly to a specific address. This is unlikely to have motivated the salesperson respondents to be truthful or objective. It may have skewed the results.

MANAGERIAL IMPLICATIONS

The results have implications for sales management with respect to selection, recruiting and training of salespeople. The results imply that demographic variables are positively related to performance and outcome and so managers may screen sales candidates carefully for sales positions on these traits in as objective and scientific a manner as possible. With quality selection, quality recruiting and a well planned, organized training programme the implication is that companies are more likely to enhance the productivity of their sales force.

The recruiter should first be looking for the individual with the right skills, demographic attributes and attitudes; trying to uncover job disturbance should be a secondary consideration. The right person could be married, between the ages of 26 and 45, with tertiary education and excited about the opportunity of an insurance career with unlimited income potential. This 'right' person will require less development time and become successful at an earlier stage.

As new salespeople are unlikely to have knowledge that exactly parallels that of effective salespeople, management must choose a training programme which includes system to guide and assist knowledge development for both new salespeople and less effective salespeople already employed.

When developing any training programme management must have a clear conceptualization of the programme's goals. For a training programme to increase selling effectiveness the study suggests some training objectives. One is to have emphasis given to developing knowledge structure by emphasizing the different tasks a salesperson is required to perform as well as the different knowledge bases needed to perform these tasks. A second is to have the less effective salesperson's ordering of attributes more closely approximate the ordering of more successful salespeople. Another objective could be to teach sales strategies that have a proven track record. A prime example of such a strategy is needs selling whereby the sales trainee is taught to complete an analysis of the clients current insurance plans and other assets as compared to the client's insurance needs, retirement plans, and savings goals. Given these objectives, a behaviour modelling programme is one approach to developing sales process knowledge.

Training that uses only lectures to aid and influence knowledge development is not likely to be wholly effective. Additional training procedures must be employed. The behaviour modelling technique proposed by Goldstein and Sorcher (1976) provides such a training extension. The technique consists of four major learning activities.

- o Modelling - Sales trainees watch films of model persons behaving affectively in a problem situation.
- o Role playing - Sales trainees practice and rehearse the learned behaviours including learned sales strategies.
- o Social reinforcement - The trainer provides reinforcement in the form of praise and constructive feedback.
- o Transfer of training - Encouragement is given to ensure that the training session behaviour is employed effectively on the job.

In this form of training, the crucial element for proper sales process and knowledge development is the role playing activity. This pseudo - experience

aids the formulation of attribute information by causing salespersons to observe and reflect on their own behaviour. The trainer feedback helps ensure that the salesperson focuses to the proper degree on attributes most indicative of the selling process.

Sales strategies can run the gamut from designing simple strategies for the salesperson who is just beginning his career in life insurance sales to more advanced technical strategies for the salesperson who is looking to advance to a higher level of sales and commissions.

A basic sales strategy designed for and often taught to new insurance sales people is the "numbers strategy" . This method entails asking a specified number of people per day a standardized set of questions which are designed to elicit responses which will lead to closing a simple low-level sale.

As the salesperson progresses in his career and professional education his training may include the development of more technically oriented sales strategies. Examples may include estate planning, executive financial analysis, and business insurance. In these areas the salesperson's strategy is to develop the necessary contacts, both professional (eg. lawyers and accountants) and

clients with a need for advanced services. The salesperson must also develop the knowledge required to perform a professional service for this level of clients.

The implication therefore is that from a manager's point of view, whom one recruits is important, but probably not as important as what one does with the recruits - and to them - after they have been hired.

RECOMMENDATION FOR FUTURE RESEARCH

Future work in the area can take several directions. First the framework adopted in this study could be extended to other specific differences among salespeople. For example, it may be useful in studying effective and ineffective salespeople and the knowledge bases of these two groups in a local environment. In doing so, it may be more informative to incorporate additional levels of sales performance.

Additional future direction might involve a categorization task in which respondents would classify descriptions of actual sales leads into selling categories. This study would enable managers to ascertain which attributes are used to classify prospects and would afford a test of classification accuracy.

Also future studies could examine the importance of attitudinal behaviour of the salesperson and its effects on sales performance. Finally, the customer-salesperson interaction is fundamental to all businesses and, as such, should continue to be of relevant and primary concern for managers as well as researchers.