

IMPACT OF THE MOTIVATION STRATEGIES IN SALES FORCES PERFORMANCE: CASE STUDY INSURANCE INDUSTRY, ALBANIA

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Abstract

The purpose of this study is to examine the impact of internal and external motivational factors on performance at the level of behavior. At first, the study aims to identify and determine which of the internal and external factors affect much to the motivation of the sales force and on the other hand, how motivation affects the behavioral performance and results. The results of this study on these variables have important practical implications at the organizational level. The study carried out in the Albanian insurance sector focuses on the sales force as the sales force is considered a competitive advantage. A quantitative survey was conducted by distributing a questionnaire to a sample of 215 salespeople working in Albanian insurance industry. The results show that the internal factors that best explain salespeople motivation are leading sales force communication and work by itself. External factors that best explain salespeople motivation are salaries and rewards and work safety.

Keywords: Motivation, performance, salesforce, external factors, internal factors

INTRODUCTION

Customers today are increasingly demanding and increasingly informed and face a wide range of alternatives that can meet their needs and requirements. In this context, the success of organizations is increasingly dependent on management and leadership of salespeople, including their motivated retention. Sales people are the most visible representatives of companies and often the only ones who are in direct contact with customers. Therefore, the sales force of companies play a key role in diagnosing customer needs, developing customer confidence, and strengthening trade relations. Motivation is a procedure that initiates through a

physiological or psychological want that stimulates a performance that is intended at an objective. Managers need to remember that salespeople are motivated by a mix of factors and not just from external or internal motivators (Manion, 2005, p. 283). This gives managers the opportunity for a worker reorganization of staff (Manion, 2005, p. 283) Rodrigues, Guerra and Câmara (1997) point out that managers must recognize that success comes not only from advanced technology, financial bases, and competitive positions in the market, but also from motivated employees with the right professional skills that contribute to performance their productivity and high productivity. Performance is a decisive measure in the function of the sales department in an organization. The sales force is seen and studied in two aspects: first, assessing the behavior of the sales force in the context of achieving the goals of the organization (behavioral performance) (Churchill (Baldauf et al., 2001), including sales calls, bids made and customer meetings as well as the current level of sales achieved (production performance) (Baldauf et al., 2001) and the performance of the results that consists of the results attributable to sellers, such as traditional sales metrics, market share, new accounts, and other achievements (Business Week, 1994). Behavioral performance in this study has been analyzed by focusing on these factors: product knowledge, adaptive behavior, group work, communication with the leader, handling complaints, customer relationship, customer orientation, sales planning, and fulfillment results.

The sales force's performance is defined as the evaluation of the behavior of the sales force (ie, tasks consuming effort during the realization of the work), in the context of the return on the achievement of the organization's objectives (Churchill et al., 1993).

Table 1. General outline of the performance components and the performance results of the sales force

Behavioral performance
<i>Product knowledge</i>
<i>Adaptive behavior</i>
<i>Group work</i>
<i>Communication with the leader</i>
<i>Handling complaints</i>
<i>Customer relationship</i>
<i>Customer orientation</i>
<i>Sales planning</i>
<i>Fulfillment results</i>

Source: Author's Compilation

Piercy et al. (2011) and Rouzies and Macquin (2003) argued that if sales management practices are modified to maintain or increase salespeople motivation, the result will be high sales performance.

Table 2. Summary of the internal and external motivational factors identified by the literature review

Internal factors motivation	External factors motivation
Job recognition	Salaries and rewards
Communication with managers	
Work by itself	Training and development of sales force
Advancement and career growth	
	Work conditions
	Safety at work
	Independence in decision-making

Source: Author's compilation

METHODOLOGY

For the realization of this study, quantitative research methods were used. Population of this study includes the sales force employed in the insurance sector in Albania. For the definition of the population taken in the study, the formula prepared by Yamane (1967) was selected.

$$n = \frac{N}{1+N(e^2)}$$

Where: n = sample size size e = error limit N = population size resulting from a sample of 215 surveyed workers. A structured questionnaire divided into three sections was used to accomplish this research. First section includes information about demographic data such as; age, gender, education, civil status, function and residence. The second section seeks to gather information about external and internal motivation factors and the last section aims to gather information about aspects of performance behavior.

ANALYSIS AND RESULTS

From the study resulted that: 72% were male,18%female,with aged between 35 and 50 years representing the majority of respondents (64%). Most respondents were married. Regarding qualifications respondents reported having a bachelor degree (74.5%) and/or doctorate(26.5%). Most respondents had between 5 and 15 years of work experience. Rating 1 was placed with the factor the lowest average, while the 10-factor rating with the highest average. Table 3 shows the overall ranking of motivation factors by grouping all responses participants in the study.

Table 3. Overall ranking of motivation factors

Internal factors motivation	Importance
Job recognition	4
Communication with managers	8
Work by itself	9
Advancement and career growth	5
External factors motivation	
Salaries and rewards	7
Training and development of sales force	5
Work conditions	5
Safety at work	8
Independence in decision-making	6

CONCLUSIONS

The conclusions drawn from this study are important in the application aspect mainly for the insurance industry's sales force managers in Albania, but also believe that the results may also be of interest to managers working in other service sectors, given that a motivated sales force is a common goal of management. The limitation of this research consists of the size of the study population. Future research can also apply this study to other service sectors at the comparative level. Moreover, managers can use these data to optimize the organization of their policies and strategies in order to motivate and increase the performance of their workforce. The results of the research indicate that the internal variables that best explain motivation are Communication with managers and Work by itself. The external variables that best explain motivation are Salaries and rewards Safety at work. The results also indicate that internal and external factors such as: Job recognition, Advancement and career growth, Training and development of sales force, Work conditions and Independence in decision-making play a significant role in the salespeople motivation. This study once again confirms that if sales management practices are modified to maintain or increase employee motivation, the result will be high sales performance.

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