

## Does Motivation Predicts Performance of Takaful Salespeople?

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**Abstract:** Does Takaful salespeople's motivation level cause them eagerness to promote Takaful products in the community which in turn reflect their performance? In general, the performance of the salespeople affects the growth of the takaful market in Malaysia. In other words, an increase in the rate of market penetration, reflect broader coverage of Takaful protection among Malaysians. The question is what causes Takaful salespeople performance? Vroom Expectancy Theory 1964 show that people who are motivated will lead to one or more of the desired results. Using the Analysis of Moments Structure (AMOS), the effects of motivation on the salespeople's performance was examined. The unit of analysis of 289 Takaful salespeople across ten states in Malaysia was studied. In this study, the effect of motivation is represented by the level of intrinsic and extrinsic motivation. The results showed strong evidence that the level of both motivations of the salespeople have contributed the most to the determination to support their achievement. It was concluded that the level of motivation of the salespeople is important factor for realizing the seriousness of their environmental performance. This occurs through intrinsic and extrinsic motivation to improve their quality and efficiency and thus increase market penetration protection throughout the country.

**Key words:** Intrinsic Motivation • Extrinsic Motivation • Performance • Takaful Salespeople

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### INTRODUCTION

It is believed that salespeople's performance is what they do to improve promotion, convincing customers and lastly/finally closing deals. The role of salespeople in Takaful industry is important/vital in ensuring that the policies and programmes of the industry are efficiently and effectively (effectively and efficiently) executed. Discovery in the methods for promoting, convincing and selling are made by them. The salespeople are the critical component in capturing revenue of any business organisations. It also serves the most important connection between an organisation and its customers [1]. Sales performance is often equates as the quality and quantity of sales closed in a specific time period [2].

For Takaful industry to maintain and boost their sale performance, the sales manager will need to know the motivations which affect the performance of their salespeople. Their efforts to improve overall sales performance is not supported due to insufficient empirical information. Despite substantial research/study carried out primarily in the Western culture on the origins of sales

performance, the findings are not convincing. According to [3], numerous attempts have been made in the past to determine the complete set of reasonable factors, which include motivation predict sales performance, has resulted in inconsistent outcomes and the evidence is inconclusive [4].

Motivation can determine job performance among government employees [2] and sales and productivity in insurance and Takaful industry. Hence, Takaful sales manager needs to comprehend what motivates salespeople to reach peak performance. Motivation is defined as the amount of effort that the salespeople desire to expand on each task or activity associated with the job that will lead to some level of performance achievement [5]. Another definition by [6] is the conditions which influence the arousal, direction and maintenance of behaviours relevant in work settings.

Previous studies manifested that the components of motivation are further delineated into intrinsic and extrinsic results [7] [8] [9]. Intrinsic outcomes are internally induced such as feelings of accomplishment, while extrinsic outcomes are externally mediated or given

by others such as pecuniary benefits. Successful prediction on performance is able to be made by intrinsic and extrinsic models of motivation on sales performance [4] [10] [9]. Intrinsic and extrinsic motivated salespeople will give high impact to sales performance [7] [11]. It also supported by [12] and [13], while [9] claimed salespeople's intrinsic motivation related to performance but extrinsic motivation was unrelated.

Therefore, this study attempts to examine the role of motivation i.e., intrinsic motivation and extrinsic motivation in improving sales performance. Regarding this study, is the motivated salespeople are those who are creative and have a desire to improve the quality and efficiency within product sales associated with Takaful?

**MATERIALS AND METHODS**

Takaful salespeople are considered to represent the population of interest which is the target respondents. All 310 Takaful salespeople registered in two states in Malaysia were selected for the purpose of survey. An important characteristic of the stratified sampling procedure used in this study is to select all the salespeople that worked with Takaful companies for more than six month in life division. This requirement is necessary to ensure that all respondents have some knowledge and experience in sales jobs, so that they will able to answer the questionnaire accurately. This was made regardless of whether the salespeople exceeded or failed to make his or her previous month's sales quota. In administering the survey, all questionnaires were handed to unit managers at the branch office by the researcher, who then distributed the questionnaires to the individual salespeople as named on the envelope. The questionnaires were given numbers corresponding to names only known to the researcher to ensure confidentiality of salespeople's response. Out of 310 questionnaires distributed, 289 sets were completed and used for data analysis, yielding a response rate of 93.2 per cent. Survey Instrument The survey instrument was a close-ended questionnaire designed to measure (1) intrinsic motivation, (2) extrinsic motivation and (3) sales target achieved. Sales performance was measured by their annual earnings of salespeople which include bonus and commission.

**RESULTS AND DISCUSSION**

**Sample and Data Collection:** A total of 289 responses were obtained for data analysis. Based on these data, a demographic profile of respondents is presented in

Table 1: Demographic Profiles of the Respondents

Respondent's Characteristics	Frequency (n=289)	Percentage (%)
<b>Gender</b>		
Male	238	82.4
Female	51	17.6
<b>Age group</b>		
20-29	46	15.9
30-39	175	60.6
40 and above	68	23.5
<b>Education Level</b>		
SRP/SPM/STPM	146	50.5
Diploma/Degree and above	143	49.5
<b>Experience</b>		
Less than 2 year	110	38.10
More than two years	179	61.90
<b>Employment Status</b>		
Full time	72	24.9
Part time	217	75.1
<b>Performance Target Achieved</b>		
Less than RM15, 000	151	52.2
RM15, 000-RM114, 999	61	21.1
More than RM115, 000	77	26.7

Table 1. There are six (6) demographic characteristics discussed which include gender, age, education, experience, job's status and sales target achieved. From the table, the majority of the respondents are male (82.4%) as compared to female (17.6%) because sales occupation is still a male dominated field. The average age of respondents between 30 to 39 years old accounted for 60.6% (175 respondents), age group of 40 and above accounted for 23.5% and followed by 15.9% in the 20 to 29 years age group. The youngest respondent is 19 years old and the eldest is 55 years old. The composition of these respondents indicate that majority of the respondents involved in this study are from the middle age group (30-39 years old). In terms of the formal education attainment there is a balance distribution between those with tertiary education (49.5%/143 respondents) and secondary education (50.5%/146 respondents). The length of respondents' experience in selling is 3 years, comprised of 45.3% (131 respondents). 27.7% (80 respondents) with a 2-year experience and 16.6% (48 respondents) with 4 years experience. Only 10.4% (30 respondents) has an experience of less than a year. Majority (75.1% or 217) of the salespeople took this career as a part time job. Only 24.9% (72 respondents) were involved on a full time basis. Finally, achievement of performance target by respondents' is measured by the amount of first year contribution (FYC) obtained per year. Each sales agent has a sales target, or quota, in terms of first year contribution achieved where normally an agent has a minimum requirement of attaining

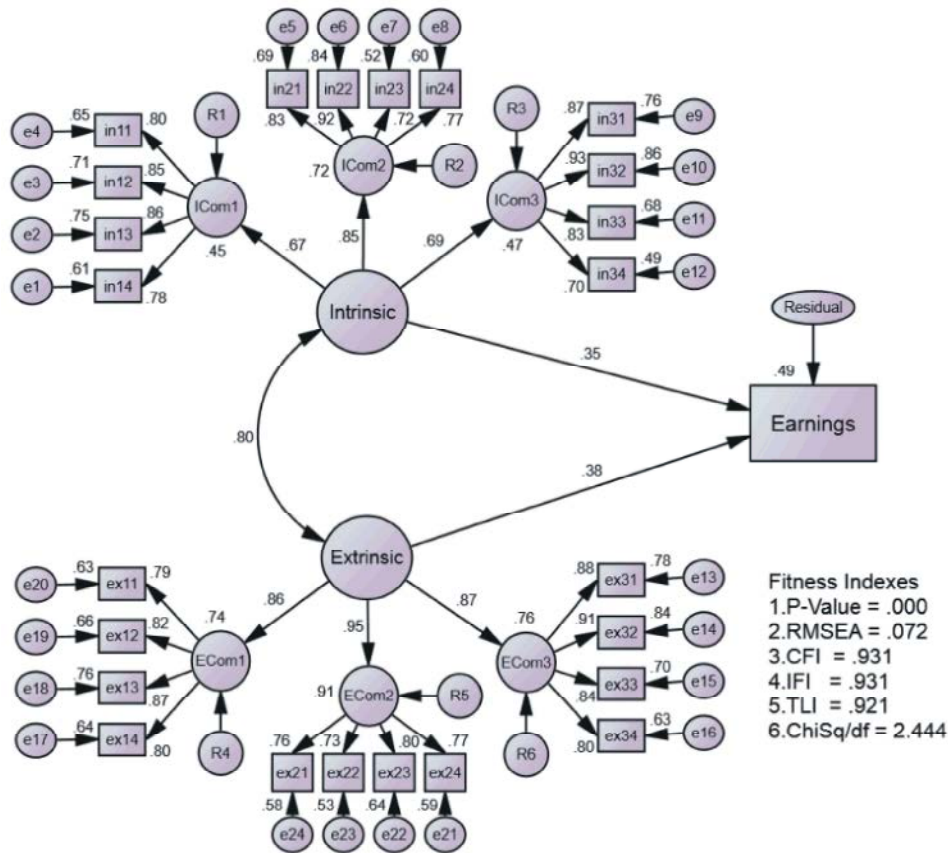


Fig. 1: The Standardized Regression Path Coefficient

RM15, 000 FYC in a year. From the study, half of the respondents (52.2%) failed to reach the annual sales target known as low achievers. Interestingly, 77 of the respondents (26.7%) are high achievers and they have reached more than RM115, 000 annually. Meanwhile the moderate achievers met the sales target of RM15, 000 – RM114, 499 (21.1%). In summary, it shows that only 47.8% or 138 respondents met the sales target of RM15, 000 annually.

**Measurement Model:** Referring to Figure 1, the Fitness Indexes achieved the requirement for the three model-fit categories namely Absolute Fit, Incremental Fit and Parsimonious Fit which indicate the two latent constructs in the model namely Intrinsic and Extrinsic are achieved the requirement for constructs validity [14- 17].

The value for Coefficient of Determination or  $R^2$  is 0.49, meaning both the intrinsic and extrinsic motivation predicts 49% of the earnings (Figure 1).

Another important point to note is the coefficient of correlation between Intrinsic and Extrinsic is 0.80. The

value indicates the two constructs in the model (Intrinsic and Extrinsic) are closely related but they are not redundant since the correlation coefficient does not exceed 0.85 [14-17].

The results in Figure 2 show the Regression Path Coefficient in the model. The regression equation can be extracted as follows:  $Earnings = 0.66 \text{ Intrinsic} + 0.49 \text{ Extrinsic}$ . The coefficient for Intrinsic Construct (0.66) and Extrinsic Construct (0.49) reflects the following: When Intrinsic Construct goes up by 1, the Earnings goes up by 0.661 and when the Extrinsic Construct goes up by 1, the Earnings goes up by 0.488.

**Hypotheses Testing:** Table 2 presents the estimated regression path coefficients for constructs, their standard errors, critical region and the respective probability values.

The tests of hypotheses concerning the effects of Intrinsic and Extrinsic Constructs on the Earnings are conducted in Table 3. The study found both constructs (Intrinsic and Extrinsic) have significant effects on the Earnings.

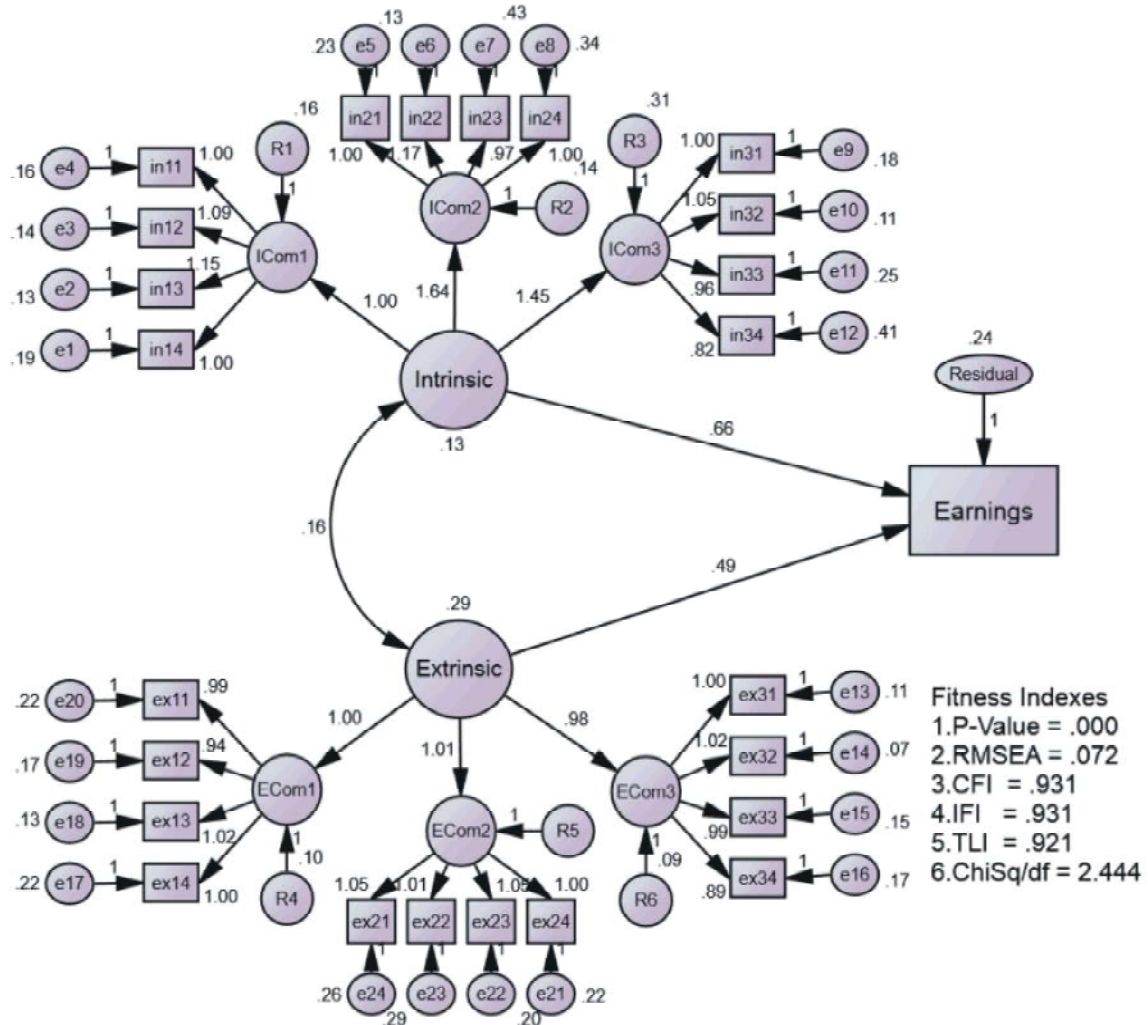


Fig. 2: The Regression Path Coefficient

Table 2: The Regression Path Coefficient and its Significance

			Estimate	S.E.	C.R.	P-value	Result
Earnings	<---	Intrinsic	0.661	0.214	3.082	0.002	Significant
Earnings	<---	Extrinsic	0.488	0.139	3.519	0.001	Significant

Table 3: The tests of hypothesis

	Hypothesis Statement	Result
H <sub>1</sub>	The Intrinsic Motivation has positive and significant effects on the Earnings of the salespeople	Supported
H <sub>2</sub>	The Extrinsic Motivation has positive and significant effects on the Earnings of the salespeople	Supported

This finding suggested that the higher the intrinsic motivation in salespeople, the better would be their performance. It is consistent with past research findings reported by [4] and [7] who found that intrinsic motivation had a strong impact on performance than extrinsic motivation but this finding contradict with what being reported by [8], which indicated that only extrinsic motivation can be a good predictor for sales performance.

Extrinsic motivation predicted sales performance because salespeople value extrinsic rewards such as high pay and promotion. The finding suggested that the greater the extrinsic motivation in a salespeople, the greater would be the sales performance. Conversely, a study by [4] and [7] found that intrinsic motivation had a stronger impact on performance than extrinsic motivation. The present finding showed that the intrinsic and extrinsic motivation

on sales performance have the ability to predict performance successfully [4] [10] [9]. For example, studies in sales settings investigating the relationship between motivation and sales performance, have obtained some evidence of the posited linkages [7] [13] [9]. [7] notes that an intrinsic and extrinsic motivation had a strong positive influence on a salespeople's work performance.

### CONCLUSION

There are several ways to motivate the Takaful salespeople. Firstly, one of the ways is by providing them with continuous motivation training. During these training sessions, it may be a good idea to introduce the salespeople to successful Takaful role models. This might convince the salespeople that it is possible to be successful in selling Takaful product. Secondly, Takaful salespeople should be made to understand their responsibility to make the Muslims aware and understand about the importance of Takaful contribution to the Muslim economy by strengthening the Islamic funds. The contribution can be seen as a method of capital mobilisation in accordance with the practices of Syariah to help members of the community who are in need. Thirdly, the company could provide continuous problem solving sessions for Takaful agents. Sometimes salespeople are unwilling to seek assistance but by having such sessions, they will have the opportunity to discuss their sales problems where needed. Finally, by guiding the salespeople, they will become more resilient from rejections and be more independent.

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