Theory of motivation and literature review of sales management

Motivation has been widely and in-depth examined for a great number of years. It has been in the centre of interest for many fields due to the fact that it is a way of finding, understanding and explaining the reasons why people choose to behave in a certain way and the possible outcomes that they expected from certain behaviors and actions. In particular, as Locke and Latham (2004) reported many industrial and organizational (I/O) psychologists have focused specifically on “ work motivation” at least since 1930. (Locke and Latham, 2004) There are numerous definitions of motivation, both broad and specific, depending on the aspect which is being viewed from. As Locke and Latham (2004) stated: “ the concept of motivation refers to internal factors that impel action and to external factors that can act as inducements to action. The three aspects of action that motivation can affect are direction (choice), intensity (effort), and duration (persistence).” (Locke and Latham, pg 388, 2004) Furthermore, they claimed that motivation can influence both the acquirement of people’s skills and abilities and the way and the degree in which these skills and abilities are exploited. (Locke and Latham, 2004)

MOTIVATION THEORIES

There are countless motivation theories that present and support various and sometimes even contradictive arguments regarding the factors, which result in motivating the employees. One of the oldest and perhaps more highly criticized method regarding motivation was the Frederick’s Taylor (1911) Scientific Management approach. According to this approach, Huczunski and Buchanan (2007) stated employees are rewarded in a financial way based on the productivity and performance levels. In other words, Taylor viewed employees as “ coin-operated”, who are exclusively motivated by financial incentives. Taylor’s approach has been highly disapproved on the grounds that it leaves out significant aspects of motivation such as achievement, recognition and job satisfaction and in general, it oversimplifies the complexity of the human nature and its needs. (Huczunski and Buchanan, 2007)

As it was mentioned above, there is a great number of motivation theories that have been expressed during the past years. However, these theories can be divided in two major categories: the content and the process theories. Bassett-Jones and Lloyd (2005) pointed out that content theories, which among others have been presented by Abraham Maslow and Frederick Herzberg et al. (1959) take as granted a higher and more complex interaction between internal and external factors and they have researched the conditions and the factors which lead to the response of the individuals to several types of internal and external incentives. On the contrary, the process theories, two of which have been presented Vroom (1964) and Locke and Latham (1990), take into consideration the procedure through which the internal elements of each person may lead to different outcomes and behaviors. (Bassett-Jones and Lloyd, 2005)

CONTENT THEORIES

At this point, it would be useful to analyze briefly these theories. First of all, according to Ramlall (2004) Maslow’s needs hierarchy is consisted of five main set of needs such as biological, safety, love, esteem and self-actualization needs, which are considered to be the basic needs of every person. (Ramlall, 2004) This theory supports that each individual is motivated to fulfill each set of needs given that the previous set has been fully or partly satisfied. Although, Maslow’s theory has been criticized and has been characterized as a “ social philosophy” instead of a motivation theory, it has affected many management practices such as reward policies and job design. (Huczunski and Buchanan, 2007)

The second famous content theory was developed by Herzberg et al. (1959) and it introduced the distinction between two categories of factors. In particular, Herzberg et al. (1959) concluded that the intrinsic factors, which are related to the content of the job, such as achievement, recognition and responsibility result in higher levels of motivation and they are called “ motivators”. On the contrary, the extrinsic factors, which are related to the context of the job such as pay, promotion and company policies affect the levels of the employee’s dissatisfaction but cannot influence his motivation. (Ramlall, 2004) As Locke and Latham (2004) clarified Herzberg’s motivation theory mainly dealt with the causes of work satisfaction and the possible ways that a job can be designed in order to increase the employee’s satisfaction and subsequently his motivation levels. (Locke and Latham, 2004)

PROCESS THEORIES

Process theories differ from content theories at a vital point, which is the element of individuality in each choice and the social influence. They fail to take into account the fact that each person thinks, makes decisions and acts in a different way from the others and they assume that people react in a universal way. (Huczunski and Buchanan, 2007) One of the most significant process theories is Vroom’s expectancy theory. According to Robbins (1993) as cited in Ramlall (2004) every act is driven by the power of the expectation that the particular act will result in a specific outcome and the outcome's desirability. Additionally, Steers (1983) as cited in Ramlall (2004) stated that the equation from which motivation results from is consisted of the employee's belief that his effort will lead to a specific performance and the desirability of the outcomes which will be created by the particular performance. (Ramlall, 2004) It can be clearly seen that, Vroom expressed his theory based on the assumption that people choose to behave after " conscious choices among alternatives". (Ramlall, 2004) In other words, motivation is an individual choice which is made after evaluating the possible behaviors and their results.

Apart from Vroom's expectancy theory, it is also worthy to mention the goal-setting theory introduced by Edwin Locke and Gary Latham (1990). As Huczunski and Buchanan (2007) defined goal-setting theory as motivation theory in which it was stated that a person's motivation is affected by the level of difficulty and specificity of the goals that he has to meet and by the feedback which is provided to him that allows him to be aware of his success of failure. According to Klein et al. (1999), the main conception of this theory is that the more difficult the goal the higher the level of motivation. They also stated that: " Commitment to specific and difficult goals" is an essential factor which influences motivation. (Klein et al., 1999)

Overall, from what has been described above we can see that the main difference between content and process theories of motivation is that the former does not recognize any difference between the way that individuals perceive things and are motivated and they take as given that people have the same needs and are motivated by the same things. Contrarily, the process theories have been analyzed based on the fact that motivation is created through an individual procedure during which each person evaluates the best alternative action for him and it is also stimulated by targets and aims with a minimum degree of difficulty and specificity. The aim of this research is to investigate which motivation techniques are considered to be more appropriate in the sales sector and in particular, in a life insurance company. In the next section of the research the relevant literature will be critically discussed by initially presenting the literature regarding motivation of the salespeople and how is used by the sales managers. Furthermore, the literature referring to motivation in the insurance industry will be presented although it is limited and has not been examined in depth.

LITERATURE REVIEW

The Importance of the Sales Manager Role

In the particular part of the research, the main interest will be on the literature regarding the motivation of salespeople by their sales managers. As Tyagi (1985) claimed: " Leadership behavior plays a vital role in enhancing salesperson work motivation." (Tyagi, pg 77, 1985) It could be said that, whether a salesperson is motivated or not depends highly on his manager and the techniques that he implements. In the same context, as Rich (1997) pointed out: " Successful salespeople are not born, they are made". (Rich, pg 319, 1997) According to Rich's (1997) research, the concept of " role modeling or leadership by example" has been mainly disregarded in the sales management literature. However, he argued that due to the nature of selling, which is complex and challenging, the sales manager should act as “ a role model” for the salesperson in terms of offering to the latter a guidance regarding the way he should deal with the ambiguities of a sales process. (Rich, 1997) Frank Pacetta, a successful sales manager in Xerox, as cited in Rich (1997) pointed out that the “ personal example” is very powerful. In particular, he stated that the most efficient way for creating productive salespeople is by showing to them what it should be done. (Rich, 1997)

Although “ role modeling” has been examined under the scope of charismatic and leadership management theories, Rich’s aim was to conduct a research in order to ascertain whether it influences positively the salespeople’ s performance. The results of his research showed that a sales manager who behaves as a “ role model” will enhance the trust between himself and his salespeople and that enhancement will consequently result in increased job satisfaction and performance. (Rich, 1997) In other words, it could be said that salespeople will be motivated and operate in a more effective way if they are managed by a manager, who not only manages them but he also shows to them how to work by acting as one of them. Moreover, worthy of mentioning is that Corcoran, Petersen, Baitch and Barrett (1995) as cited in Rich (1997) conducted a large scale survey among a large number of salespeople, sales managers and sales executives in which they found out that “ coaching” is one of the most important mean that an organization can use in order to affect the performance of its sales workforce. (Rich, 1997) They defined coaching as the procedure through which “ professional attitudes and behaviors are modeled”. Furthermore, they clarified that a manager who coaches, aims at “ maintaining good rapport with the sales team and fostering open communication, collaboration, creativity, initiative and appropriate risk taking”.(Rich, pg 326, 1997) Undoubtedly, “ coaching” is strongly connected with role modeling and the creation of bonds of trust between the sales manager and the salespeople. (Rich, 1997)

Various Aspects of the Job Design and Their Effects at the Motivation of Salespeople

The financial rewards have always been considered as an important aspect of every type of work. Especially, in the sales industry the financial incentives are regarded as a powerful tool in motivating the salespeople. Steinbrink (1978) as cited in Churchill et al. (1982) stated that: “ compensation is the most important element in a program for the management and motivation of a field sales force.” (Churchill et al., pg 114, 1982) Churchill et al. (1982) reported in their research that the sales motivation literature is in agreement with the perception that the financial rewards are the primary and basic motivator of “ sales effort”. On the contrary, they also pointed out that: “ exclusive reliance on pay as the basic motivator has been challenged on both theoretical and empirical grounds.” (Churchill et al., pg 114, 1982)

At this point, it is worthy of mentioning that in Lawler’s (1971) research as cited in Churchill et al. (1982) was documented that payment might be less significant to someone that is highly paid in comparison to someone that is lower paid. (Churchill et al., 1982) In various researches (Centers and Bugental 1966, Kahn 1958, Porter 1961 and Ronan 1970), it was supported that a possible reason explaining why a person’s valence for money is negatively correlated with the amount of his payment, would be that payment is valued less when employees reach higher positions which are usually well-paid. (Churchill et al., 1982) With regard to the above mentioned, Churchill et al. (1982) commented that the newer the salesperson is, the higher the possibility that he would be motivated by pay on the grounds that starting levels do not usually result in high satisfaction regarding pay. They also stated that as the salesperson is rewarded for his effort through bonuses, commissions and pay raises, his satisfaction with pay increases. Consequently, the valence for pay will be reduced and pay will no longer be an adequate motivator. So, other types of motivators should be enacted in order to avoid the decline of the salesperson’s motivation. (Churchill et al., 1982) Lastly, Oliver (1977) conducted a survey in a life insurance company in which it was found that there was a positive correlation between the salesperson’s valence for money and his age and a negative correlation between his valence for money and his satisfaction with pay. (Churchill et al., 1982)

METHODOLOGY

The Background of the Company

Due to the fact that the particular research has an exploratory nature, the data were collected through empirical research. The research took place in a Greek life-insurance company. The particular company is an affiliated firm of a multinational insurance company. It has been operating in Greece since 1964 and has a large number of branches which are spread all over Greece. It has a wide variety of life insurance programs that can be summarized in the following three categories: Life, Accident & Health as well as Pension

Plans. The research was targeted at the sales managers of several branches and more specifically the interest of the research was mainly focused on their views and experiences in terms of the possible ways that the agents are motivated since they enter the company and during all the stages of their careers.

The Type of Research

The research strategy was qualitative research due to the fact that as Bryman and Bell (2007) pointed out: “ qualitative research can be construed as a research strategy that emphasizes words rather than quantification in collection and the analysis of data.” (Bryman and Bell, pg 28, 2007) To be more precise, the research questions which apply on motivation theories cannot be addressed by using quantitative data such as measurements, percentages and diagrams. Regarding the qualitative research, it should also be pointed out that, the qualitative research’s epistemological position is interpretive since it gives priority to the “ understanding of the social world through an examination of the interpretation of that world by its participants.” (Bryman and Bell, pg 402, 2007) Additionally, its ontological position has been defined as constructionist, which indicates that “ social properties are outcomes of the interactions between individuals.” (Bryman and Bell, pg 402, 2007)

The Qualitative Method

The qualitative method which was selected was semi-structured interviews. As Bryman and Bell (2007) indicated: “ the interview is the most widely employed method in qualitative research.” (Bryman and Bell, pg 472, 2007) The reason why semi-structured interviews were considered to be more appropriate is due to the flexibility that they offer. Specifically in semi-structured interviews, the interviewer uses an " interview guide" which is consisted of " a series of questions which are more general in their frame of reference" in comparison to those that are being used in structured interviews. (Bryman and Bell, pg 213, 2007) Moreover, as clarified by Bryman and Bell (2007): " the interviewer has some latitude to ask further questions in response to what are seen as significant replies." (Bryman and Bell, pg 213, 2007) In other words, semi-structured interviews provide more freedom to the interviewees to express their own opinions and share their experience by mentioning real-life examples and situations. By using this method, some points which may have slipped the mind of the interviewer will be mentioned by the interviewee during the discussion.

The Interview Process

The interviews were taken from the 21st of June until the 25th of June. The interviews were tape recorded and lasted for 30 minutes on average. The workforce, which was interviewed, was consisted of the chief marketing officer who is responsible for the general motivation guidelines of the company in terms of the motivation techniques which are implemented by the sales managers. Furthermore, an interview was taken by the manager who is responsible for the network of sales and its support in terms of financial rewards. Interviews were also taken by 5 sales managers each of which have many years of working experience and are responsible for managing and motivating approximately 7-8 agents. Moreover, it is worthy to mentioning that each sales manager has been an agent himself before attaining the position of sales manager. Lastly, 2 out of 4 of the most successful agents of the company were interviewed.

The main questions of the interviews were based on the variety of techniques that the sales managers use in order to motivate their sales workforce. To be more precise, the interview’s structure was formed by main questions regarding the importance of the financial incentives through all stages of an agent’s career, the necessity of using different motivation techniques depending on the agent’s age, the most appropriate motivation techniques in order to maintain the high productivity level of an agent or in order to motivate him into achieving even higher performance standards and lastly, which motivation techniques are considered to be more appropriate in order to enhance the productivity of low performers.