

The General Insurance Agents' Communication Tools and Its Relationship with Self-Efficacy and Training Effectiveness

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Accomplishing training effectiveness will be beneficial for General Insurance Agents in performing their daily activities. The training expenditure for General Insurance Agents, which is accounted for in the Agency Related Expenses (ARE) in the company's books, applies to all the agency force practitioners of general insurance with effect from 1st January 2005 wherein all related compliance requirements are stipulated including training hours in the guidelines set by the Central Bank of Malaysia (BNM). The Financial Mediation Bureau (FMB), now known as Ombudsman for Financial Services (OFS), a unit under the Central Bank of Malaysia, had recorded 609 customer complaints in 2015, 660 in 2014 and 742 in 2013 for General Insurance products. This report shows that the people who introduce the insurance products to the public are not well versed with the products thus the knowledge imparted is not consistent with the product. In the insurance industry, the people who play the role as link between insurance companies and customers are widely known as agents. This research was conducted in two training sessions where agents were evaluated on how to improve their understanding on basic product knowledge and thus transferring this to sales. Results indicate that agents feel easy, more comfortable and open-minded while learning from their peers as compared to the instructors. An approach using self-efficacy was developed and resulted in a more relaxed learning atmosphere that improved agent performance through improved training effectiveness.

Key words: *Self-Efficacy, Training, Training Effectiveness, Human Resource Management, Communication Technology.*

Introduction

In Malaysia, the training program for General Insurance Agents, as outlined by the Central Bank of Malaysia (BNM), applies to all the practitioners in the general insurance agency force with effect from 1st January 2005 where the training requirements with training hours stipulated in the guidelines must be complied with. It should be noted that Agents need to comply only with the basic and minimum requirements as stated in the training program. Agents are encouraged strongly to educate themselves in a better way and follow more advanced and higher training programmes that suit their needs for training and development. The fact that there is very little achievement in training effectiveness was clearly spelt out in the report by OFS, which was established under both the Financial and Islamic Financial Services Act 2013. This shows that there is need for some improvement of product knowledge and it implies that more training should be organised for all General Insurance companies throughout the training program.

The training program helps to raise the competency level and level of professionalism in the general insurance agency force which is also an objective of the training program. This will also guide in selection of the right training program by the agency force and it to keep abreast with the financial services industry demands and developments to stay updated and continuously upgraded.

The training program requires strong fundamental knowledge in General Insurance, as it is actually the continuation of modules potential agents need to go through before sitting for the Pre-Contract Examination (PCE). Agents need to pass PCE before they are allowed to practice as an insurance agent and to attain continuity in understanding product knowledge. This program demands agents understand business venture strategic decisions and their relation to issues and needs. However, it is difficult to achieve due to agents' weak understanding of fundamentals.

As stipulated in the training literature, training effectiveness depends on supervisor support along with other critical factors. The capability of supervisors, in this context, the unit managers who are in charge of overseeing the whole activities of General Agents, actually playing an effective role in training program to increase Agent's motivation to learn needs focus. It is understood that the supervisor's role as a predicting variable has very little emphasis in this training program.

This training method has received increasing popularity in recent years (Hedge *et al.*, 2001), as reflected by feedback from multiple sources. These evaluation are achieved through multi-source feedback, on a group of subjects and are collected from at least two rating sources (Dalessio, 1998).

For evaluation of effectiveness of training programs, Kirkpatrick's categories of measurement are adapted that includes:

- reactions,
- learning,
- behaviour,
- results (Alliger & Janak, 1989)

The “reaction” is the first element or category in Kirkpatrick's model which involves the participants’ views about the actual program during a training program. This is an important point in the start to evaluate outcomes of the program; currently, it is relatively less researched. The “learning” is the second measurement category in the model and it is understood ideas, approaches, information and knowledge outcome are taken out of the training program and also retained by the participants. While the third level in the model “behaviour” deals with the application of what have been learnt in the second level during the job. The last level of Kirkpatrick's model is “results” and it is concerned with the overall actual end results conceived and achieved by the training program. These results depend on the type of training program and examples can be increase in employee satisfaction or retention, cost reductions, sales quota met, and number of outcomes from communication system (Isimoya, 2014; Mejdoub and Arab, 2017; Okoye, et.al. 2017).

The analysis of the training reviews by Gordon (1985), Burke and Day (1986), Bass (1990), Lewis (1995), and Collins and Holton (2004) makes it clear that the impact of successful managerial training on organizational performance needs further study. Saari et al. (1988) argued that scarcity of focused and rigorous research is the cause of limited knowledge in this context. They questioned comprehensiveness of training program evaluations. Gordon (1985) favoured it concluding his review that training program effectiveness is unclear with regards to management games or simulations. Gordon explained further that there is hardly any published evidence that shows a link between improved on-the job performance and good performance in management games and simulations. Bass's (1990) study also supported this in his conclusion that these evaluations could not acquire any concrete results. The evidence found through different meta-analytic studies on managerial training will be discussed in the next section.

This paper is organized as follows. Section 2 will discuss the literature review. Section 3 will present methodology. Section 4 will present the results and discussion. Finally, section 5 will conclude the study.

Literature Review

Self-efficacy influences the capability to achieve performance in accordance to a dedicated project. From the concept of social learning theory, learning takes place when a learner observes a behaviour and becomes knowledgeable about that behaviour (Bandura, 1986). Grounded on this, it makes it clear that self-efficacy drives an agent's capability to execute chores. In situations when individuals take part in training and development, self-efficacy determines the impact of the final result in achieving the expected goal (Bandura, 1997).

The effectiveness of training depends on the delivery method of training (Anderson et al., 1996; Boyle, Anderson, & Newlands, 1994; Doherty-Sneddon et al., 1997; Hale, 1998; Meline, 1976; Raphael & Wagner, 1974; Veinott, Olson, Olson, & Fu, 1999). Thus, the technique used via learning style determines the key factors to achieve training effectiveness. Studies confirmed the critical factor is that the more opportunity a trainee will get to rehearse and useful feedback during the training the more the skill transferability will be there between training and the job (Ahmed, Shah, Siddiqui, Shah, Dahri & Qureshi, 2017; Goldstein, 1993; Latham & Saari, 1979; Wexley & Latham, 1991). The interactive activities, in any training program are mostly carried out to keep trainees busy and providing the trainees and the trainer opportunity to use real-time feedback. Wagner (1998) considered these activities as critical for experiencing quality learning. This training delivery method in a classroom is preferential over other delivery methods of training by most of the trainees (Buch & Bartley, 2002).

However, the effective training can only be guaranteed via monitoring and assessment. Individual accountability through group goals must be set and monitored by the instructor to make it viable that each participant has learnt something during the training and while completing a task. A number of studies, in fact showed that the maximum learning is accomplished by the participant during the training who is teaching others.

Figure 1. Theoretical Framework

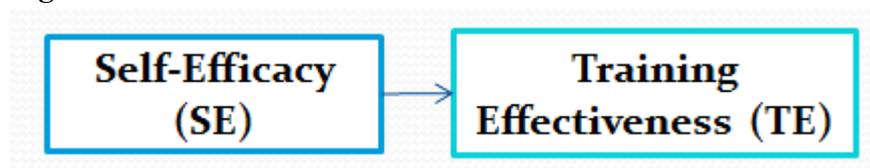


Figure 1 above depicts the theoretical framework of the present study adapted from Carbery & Garavan (2011). The framework is relevant to the present study as it traces the relationship among the variables that are being investigated. The model is highly sufficient and adequate to guide the underpinning assumptions of the present study, because the model was applied to detect the effectiveness of a training program. Nevertheless, the model has been slightly modified to soothe the context of the present study by re-conceptualizing some of the latent

factors. Self-Efficacy as an independent variable represents perceived behavioural norms where this factor is predicted to have direct as well as indirect influence on training. These above mentioned variables form a foundation of the theory of planned behaviour.

Methodology

The training program for General Insurance Agents applies to all the practitioners in the general insurance agency force with their contract with their respective companies. During the training program the agents were introduced to a product knowledge module. Every single group consists of agents who have both strong and weak levels of preliminary knowledge of General Insurance with a different gender, race and entry qualification. The objective of this kind of grouping is to ensure homogeneity across all groups.

By the second segment of the second day, the participants were given information to conclude in an insurance case study. A time of 15 minutes was given to all groups to make notes on their conclusion before presenting it to other participants. All participants are allowed to develop their arguments by discussing, negotiating and evaluating with others. The presentations, which commenced in the first session of the second day, provided them with an opportunity to compare their results with others. Just before lunch, the agents were given a topic to check their level of understanding.

Later, the group assignment took one hour to complete and was submitted over by tea break. At least one session of discussion with an instructor is conditional to complete the project where solution of the problem at hand through task completion is reached through argument and guidance. Most of the groups requested more consultation through meetings. The assessment of the outcome of this task is via a written report which is then presented in the sharing session by every group.

Results and Discussions

This section presents the data analysis process and results of the study. The analysis was done to prove that the independent variable, that is the adaptation of belief, and dependent variable are as stipulated in this research's framework, Firstly, it describes the response rate and the demographic profile of the respondents that includes gender, age, education level, and job tenure. It then follows with data analysis on the measures to test the validity and the reliability of the variables and statistics of the study variables. Further, the results of the study, particularly in the relationship between all the variables involved are reported. Finally, the results of the hypothesis testing are presented under the main analysis.

The method of analysis is through SEM-PLS, with the first stage to validate the measurement model, and the second stage to test structural model to confirm the hypotheses.

Response Rate

A total of 500 questionnaires were distributed to General Insurance companies nationwide which were randomly selected following the cluster sampling technique discussed. Out of 500 survey questionnaires, 380 usable questionnaires were received which makes it 76% response rate.

Descriptive Analysis

Descriptive analysis was carried out with SPSS. The analysis provides some information regarding the distribution of scores on continuous variables (Pallant, 2010). The score implies that the General Insurance Agents perceived their job as meaningful and important since the mean score on Training Effectiveness and Self Efficacy, the component of psychological empowerment, are 3.91 and 3.83 respectively, see Table 1 below.

Table 1: Descriptive Statistics for the Studied Variables

Construct	N	Minimum	Maximum	Mean	Std. Deviation
TEQ1	380	1	5	3.86	0.632
TEQ2	380	1	5	3.91	0.662
TEQ3	380	1	5	4.12	0.562
TEQ4	380	1	5	3.99	0.572
TEQ5	380	1	5	3.86	0.7
TEQ6	380	1	5	3.76	0.693
TOTAL TE	380	1	5	3.91	0.637
SEQ1	380	1	5	3.92	0.633
SEQ2	380	1	5	3.79	0.737
SEQ3	380	1	5	4.12	0.627
SEQ4	380	1	5	3.36	0.93
SEQ5	380	1	5	3.98	0.633
TOTAL SE	380	1	5	3.83	0.712

Construct Reliability and Validity

Table 2: Result Summary for Reliability and Validity Constructs

Constructs	Cronbach's Alpha	Rho_A	Composite Reliability	Average Variance Extracted (AVE)
Self Efficacy	0.582	0.699	0.772	0.540
Training Effectiveness	0.751	0.764	0.835	0.505

The reliability of each item/construct is assessed by examining the loadings of the respective items on their respective latent construct (Hulland, 1999) or internal composite reliability. Meanwhile, the construct validity can be measured through convergent (AVE) and discriminant validity (cross loadings). Convergent validity refers to the degree where multiple items used in the research to measure the same concept are in agreement (Ramayah et al. 2011). Convergent validity of the measures used in this research is examined through outer loadings, the value of the average variance extracted (AVE). AVE value of 0.5 and higher should be achieved to prove that the latent variable explains more than half of its indicators' variance (Hair et al, 2011). Discriminant validity can be defined as a situation when two or more distinctively different concepts are not correlated to one another (Sekaran & Bougie, 2011). The two methods that have been put forward to determine the construct discriminant validity are the cross loadings and Fornell-Larcker criterion. In the cross loading method, the loadings and cross loadings were examined by running the PLS algorithm analysis.

Table 3: Fornel l-Larcker Criterion Analysis for Checking Discriminant Validity

Constructs	Self-Efficacy	Training Effectiveness
Self-Efficacy	0.735	
Training Effectiveness	0.477	0.711

Discriminant validity was ascertained when an indicators loading pertaining to its associated latent construct was higher than all the remaining constructs. Please refer to the above Table loadings and cross loadings of the constructs. Hair et al. (2011) recommended that indicators with a very low loading of 0.4 should always be eliminated from further consideration. If the study has two types of construct; reflective and formative, they would be examined separately.

Comparing PLS-SEM with regression, PLS-SEM has the ability to test mediating variables as part of a comprehensive model (MacKinnon, 2008). It is noteworthy that the test of inner model estimates, in terms of values and significance, is not limited to direct relation. Whereas, researchers can study total affects i.e. by considering direct and indirect effects

together. Interpretation of total effects is particularly useful in studies with the objective of examining the differential impact of different driver constructs on a criterion construct via several mediating variables (Albers, 2010).

It was noted that participating agents enjoyed “informal” learning via interactive sessions during the training course. Also, the collective report writing on the outcomes by agents increased the understanding of agent with weak basic knowledge. While during consultations with the instructor, it was identified who constructed a particular argument and why it was necessary for that particular case study. The participative discussion through explanation of the questions by the group members confirmed their level of understanding of issue improvement.

These findings show that training effectiveness was attained as both the test results and the final presentation was improved via self-efficacy application. Agents who ignored the significance of prior knowledge were not able to improve their understanding not only on prior knowledge but also on current knowledge. The feedback received transformed from “what is the correct answer?” to “why this is the correct answer?” by the training session end. By learning the concept, agents changed their focus towards using critical thinking more to expand their knowledge instead of using memorized facts to serve the purpose of meeting with clients. This process of learning helped agents to fulfil their need to find a viable solution by developing their own critical thinking (Badlishah & Majid, 2016). Thus the usage of communication systems through the internet is vital in achieving training effectiveness where agents will have the chance to respond interactively with their superior.

The method of uptake varies from different subjects being taught (as a rule repetition educating). This learning approach introduces more ways for other training programs to improve their communication ability via active realization that is activities that require talking, demonstrating and composing reports. The agents with shy behaviour were encouraged to talk instead of avoiding the situation and wishing to get results without any efforts. Among agents experiencing theoretical subject phobia, they were observed to be more friendly and enthusiastic when the subject was delivered through conceptualization while the learning method was also distinct from other subjects being taught.

Conclusion

This study is evidence that training effectiveness can be achieved through self-efficacy. Both formal and informal objectives can be targeted at the same time with this approach. In this study, training via interactive discussion was able to improve not only the level of comprehension through critical thinking but also it improved both oral and written skills in communications.



However, the results of the study were based more on semi-formal survey and mere observations. The comparisons across different natures of subject content would increase the reliability of this study because this subject is related to only personal based analysis. Moreover, comparisons across different groups would enable researchers to gauge the training effectiveness, especially in the Malaysian market.

In conclusion, the study also highlights the imperative for trainers to be more vigilant in understanding agents' need. The level of understanding between agents-trainers also contributes to agents' comfort level in an interactive sharing session that enables a relaxed learning session (Badlishah & Majid, 2016). By this, learning style can be utilised to purpose-fit training to agents in order to achieve goals. Though Malaysian economy of is performing well with its targets of growth and development, it requires persistent corporate sector contribution through sustained competitive position while handling global environmental challenges (Hilman, 2015). In this context, the General Insurance Agents need the representing company's support in order to attain a standard at par with the global standard and thus sustain any challenges they might encounter in future through communication systems.



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