THE EFFECT OF SALES PEOPLE'S IDEALIZED INFLUENCE BEHAVIOUR ON CUSTOMER LOYALTY IN INSURANCE COMPANIES IN BATTICALOA DISTRICT

Mrs.V.R.Ragel & Ms.K.Suganya

Senior Lecturer, Department of Management, Faculty of Commerce and Management, Eastern University Sri Lanka.

Temporary Assistant Lecturer, Department of Management, Faculty of Commerce and Management, Eastern University Sri Lanka.

ABSTRACT

This study aimed at investigating influence of Sales People's idealized influence behaviour on Customer Loyalty in Insurance Companies in Batticaloa District. The objectives of the study are to identify the level, relationship and impact of sales people's idealized influence behaviour on customer loyalty. The Study had been conducted among 386 life insurance customers in Batticaloa district and stratified random sampling was used. Descriptive statistics, correlation and regression analysis were used to analyze the data. Hypothesis was developed and tested by correlation analysis.

The study found that the sales people's idealized influence behavior and customer loyalty were high level in Batticaloa district. It has been proven that there is a strong positive relationship between idealized influence behaviour and customer loyalty; and sale people's idealized influence behaviour significantly influenced customer loyalty of the insurance companies. The study contributes to existing theoretical and practical knowledge by providing evidence about the relationship between sales people's idealized influence behaviour and customer loyalty. The life insurance sector is growing rapidly in Sri Lanka. Hence this research has the potential to contribute to the overall insurance companies in terms of how to maintain long term relationship between the insurance companies and their customers.

Keywords: *Sales People' Idealized Influence Behaviour, Customer Loyalty.*

1. INTRODUCTION

Loyal customers are extremely valuable to any business; making customers loyal to the business helps with word of mouth market, customer retention, rate of patronage, feedback and competitive advantage. In order to build customer loyalty, organizations should maintain a good relationship with their customers so that organizations would be in the position to understand the customers' needs, wants & expectations for delivering desired value in a way that is better than their competitors [1].

Insurance interactions tend to be on-going rather than one time encounters and most consumers seek a close, counseling type relationship with sales people. Comparing with other developing countries, contribution of insurance for service sector existing at lower level in Sri Lanka because of lower levels of confidence about the insurance companies.

Life insurance is a valued property and a long-term contract which remains alive through the periodic payment of premiums (as stipulated in the contract). However, due to non-payment of premiums on mandated due dates, the contracts cease to be in force; that is, the policy lapses, and consequently the policyholder's insurance protection is withdrawn. Lapsation of life insurance policies is a curse for the insurer and a serious disease within an insurance company - which, if not cured, could even lead to the whole company's bankruptcy. The loss is not only for the insurer, the amount is lost for the insured person too.

Life insurance is primarily sold by insurance agents, who are the only touch point for the customers in most. They are meeting the customers not only for collecting premiums but also updating the policy and meeting for any occasion. If the sales interaction reveals little potential to establish an enduring relationship, the consumer may less inclined buy from the agent. By the same way, the agent may not want to invest in the relationship if the consumer is perceived to lack commitment [2].

With the increasing number of insurance companies, competition among them has been increased. Though insurance provides support for the wellbeing of society, most of the people dislike insurance, probably in Sri Lanka.

Studying the influence of sales people's idealized influence behaviour on customer loyalty in Insurance Companies in Batticaloa District is very interesting but has given least consideration in researches. Therefore considerable attention should be provided for maintaining customers and create optimum relation with them have a special importance. As the result the following research problem has been formulated

"Whether the sales people's idealized influence behaviour have had an impact on customer loyalty?"

1.1 Research Question

- What is the nature (the degree) of insurance sales people's idealized influence behaviour in the Batticaloa district.

- What is the nature (degree) of insurance customers' loyalty of insurance companies in Batticaloa district?

- Is there any relationship between insurance salespeople's idealized influence behaviour on customer loyalty in Batticaloa district?

- What is the impact of insurance sales people's idealized influence behaviour on customer loyalty in Batticaloa district?

1.3 Research objectives

This study is mainly focused on investigating the influence of sales people's idealized influence behaviour on customer loyalty of insurance companies in Batticaloa district, as the main objectives of this study

- To find out the nature (degree) of insurance sales people's idealized influence behaviour.

- To find out the level of customer loyalty in insurance companies.

- To find out the relationship between insurance salespeople's idealized influence behaviour and customer loyalty.

- To explore the impact of insurance sales people's idealized influence behaviour on customer loyalty.

2.   Literature Review

2.1 Sales people

Most organizations rely heavily on a professional sales force to locate prospects, develop them into customers and grow the business; or they hire representatives and agents to carry out the direct selling task. The people who do the selling go by many names: salespeople, sales representatives, account executives, sales consultants, sales engineers, agents, district managers, and account development reps to name just a few. The salespeople are well-educated, well-trained professionals who work to build and maintain long-term customer relationships. They listen to their customers, assess customer needs, and organize the company's effort to solve customer problems [3].

The activities of successful sales people are selling, working with distributors, entertainment, attending meetings, servicing products, working with orders, servicing accounts, travel, communication/information, training and recruiting [4].

Customer-orientation behavior focuses on the extent to which salespeople practice the marketing concept by helping their customers make purchase decisions that will satisfy their needs [5].

Sales people are somewhat interest in searching for a solution to the customer's problem that maximizes customer satisfaction; they and their managers strongly prefer solutions that incorporate the purchase of the product or service they are selling. As the contact personnel are visible factor to the customer and as life assurance are done most probably field force it can be treated as most influential factor in consumer buying behaviour [2].

2.2 Idealized Influence Behavior

Idealized influence refers to salesperson's charismatic behavioral characteristics and incorporates characteristics such as high level of confidence, will, too much talent, devoid of internal conflicts and sturdy belief to the objectives [6].

The idealized influence encompasses behaviors that instill pride in followers for being associated with the leader—often connoted or synonymous to charisma. It indicates that a leader will go beyond their individual self-interest for the greater good of the group and make personal sacrifices for others' benefit. A transformational leader with idealized attributes displays a sense of power and confidence and is able to reassure others that they can overcome obstacles. They tend to talk about their most important values and beliefs and the importance of trusting one another. They emphasize a collective mission and note the importance of having a strong sense of purpose. The members or team of the organization often emulates leaders who possess idealized influence, viewing the leaders a charismatic personification of the values and mission of that organization [7].

There is a direct link between idealized influence behaviour and trust , in which trust in the sales person was conceptualized as faith in and loyalty to the leader. Leaders can facilitate trust building since the leaders themselves are determined to build it and they are committed to the vision. Trust on the leaders is an important matter since it is one factor that can affect performances. Moreover, their subordinates need to trust their leaders if they want to work together and are committed to the appointed goals [8]. Idealized influence is an indication of whether customers' trust, respect, identifies with, and are dedicated to their salesperson [9].

Idealized influence refers to the behavior characterized by self-confidence, determination, persistence, high competency and willingness to take risks. This behaviour points to the sales people's charismatic behavioural features with idealistic sources. It involves some features such as high levels of confidence and will, sales talent, absence of internal conflicts with sales attitudes, and strong belief in sales objectives. Characteristics, advantages, and interests of the product offered by the sales people also influence the effectiveness of these behaviours. By means of such features, we may change customers' attitude and promote their awareness of the objectives and perspectives of the firm [10].

Idealized influence of sales people at its core represents the highest levels of moral reasoning and perspective-taking capacity. Such abilities are willing to sacrifice their own gain for the good of their work group, organization, and community [8].

2.3 Customer Loyalty

In reality loyalty should be explain as a customer commitment to do dealing with a particular firm, buying their products and services and referring it to colleagues. By tradition, customer loyalty is divided into two components one is based on behavior and the other is based on attitudes [11]. Loyalty can be conceptualized by two dimensions, that is behavioural loyalty, indicated by repeat purchase behaviour and attitudinal loyalty referring to the, inherent affective and cognitive facets of loyalty [12].

It is crucial to ensure customer loyalty and obtain benefits from extending customer life as profitable and long-term investments for any business. In general, customer loyalty has been recognized as an important source of sustainable competitive advantages due to customer retention, repurchase, and long-term customer relationships [13].

Loyalty is a dedication on the part of the buyer to uphold a relationship and a commitment to buy the product or service repeatedly. Therefore, loyalty encompasses a behavioural element which suggests a repurchase plan but also comprises an attitudinal constituent which is based on preferences and impression of the customers. Loyal customers have the propensity to shun searching, locating, and evaluating competing brands; which predispose them to be loyal to a particular organisation. Therefore, a loyal customer is one who holds a favourable attitude toward the organisation, recommends the firm to other consumers and displays consistent repurchase behaviour [14].

Due to the rapid development of the service industry in recent years, it is evident that the exploration of customer loyalty has evolved from tangible product brands into intangible service sectors, and from actual purchasing behavior into composite measures of behavior and attitude. Loyal customers tend to have a higher level of recommendation intention and repurchase intention. Loyalty increases repurchase behavior because loyal customers demonstrate greater resistance to counter persuasion and negative word-of-mouth. Loyal consumers might be less price-sensitive and decrease the risk of defection due to competitors' promotional activities [11].

Today, making loyal the customer has been very important; up to recently, marketers thought to find customer and sales group were trying to find new customers but in today perspective, marketing means "to increase customer"; today, the art of marketing is that the customers of an organization be the co-workers of the organization internally and supporter and advocates of it externally [10].

2.3.1 Behavioural Loyalty

Behavioral loyalty means consumers' repurchase behavioral or intension of specific brand. The behavioural loyalty involves the individual altering their behaviour, showing strong intentions to repurchase from one service provider over alternative service providers [15]. Both the marketing and psychological literatures indicate that behavioural loyalty is measured by re-purchasing intentions, switching intentions and exclusively, purchasing intentions [16].

3.3.2. Attitudinal Loyalty

Attitudinal loyalty means consumers' sense of specific products or service. Attitudinal Loyalty considers both the emotional and psychological aspects inherent in loyalty. The attitudinal perspective reflects a sense of loyalty, engagement and allegiance. For instance, an individual may have a favorable attitude towards of an organization and may even recommend it to others [15]. Building attitudinal loyalty towards a product or service takes more than a basic marketing transaction inducement [16].

3. Conceptualization

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┌─────────────────────────────────┐        ┌─────────────────────────────┐
│  Idealized Influence Behaviour  │  ═══▷  │      Customer Loyalty       │
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Figure 1 (Source : Ranjbari et al., 2015)

4. Hypothesis

H$_1$: There is a positive relationship between idealized influence behaviour of sales people and Customer loyalty.

5. Methodology

A questionnaire has been designed to carry out the survey. Primary data was collected through structured questionnaires with closed statements measured with Likert's scale (1= strongly disagree and 5= strongly agree).

The sample has been taken from 386 life insurance customers of 12 Insurance Companies by using stratified random sampling method. Univariate and Bivariate analysis were used. Univariate analysis was to interpret the nature of variables. Bivariate analysis was used to analyze the relationship between the variables. Regression analysis was conducted to understand the influence of of Sales people's idealized influence behaviour on customer loyalty.

6. Results and Discussions

6.1 Nature(degree) of Sales People's Idealized influence Behaviour

Table 6.1: Sales People's Idealized influence Behavior

Dimension	Mean	Standard Deviation
Idealized influence behaviour	4.1127	0.7254

(Source: Survey Data)

Sales people's idealized influence behaviour was high level among the life insurance customers in Batticaloa district with the mean value of 4.1127 and standard deviatom 0.7254.

6.2 Nature (degree) of Customer Loyalty

Table 6.2: Customer Loyalty

Dimension	Mean	Standard Deviation
Behavioural Loyalty	4.15	0.829
Attitudinal Loyalty	4.26	0.827
Total	**4.20**	**0.761**

(Source: Survey Data)

Customer loyalty was measured by two dimensions, behavioural loyalty and attitudinal loyalty those two dimensions were in high level of its individual characteristics among life insurance customers in Batticaloa district. Behavioural loyalty (Mean=4.15) Attitudinal loyalty (Mean =4.26).

6.3 Relationship between Sales people's Idealized influence Behaviour and Customer Loyalty

Table 6.3: Correlation between Sales people's Idealized influence Behaviour and Customer Loyalty

Idealized influence behaviour	Customer loyalty
Pearson correlation	0.656**
Sig.(2-tailed)	0.000
N	386
**. Correlation is significant at the 0.01 level (2-tailed).	

Correlation analysis of this study was used to measure the relationship between the sales people's idealized influence behaviour and Customer Loyalty. Coefficient of correlation (r) measured the degree of association of sales people's idealized influence behaviour with customer loyalty. The result of this study proved that there was a strong positive significant relationship between idealized influence behaviour (r= .656** , p<0.01) and customer loyalty.

6.4 Impact of Sales People's Idealized influence behaviour on Customer Loyalty

The impact of sales people's Idealized influence behaviour on customer loyalty was calculated by using simple regression model.

6.4.1 Simple Regression Analysis

Table 6.4: Model Summary of the Impact of the Sales People's Idealized influence behaviour on Customer Loyalty

Model	R	R Square	Adjusted R Square	Std.Error of the estimate
1	0.656ᵃ	.430	.428	.57499
a.Predictors: (constant),Sales people's Idealized influence behaviour				
b.Dependent Variable: Customer Loyalty				

(Source: Survey Data)

Table 6.5: Coefficients[a]

Model	Unstandardized coefficients		Standardized coefficients	t	Sig.
	B	Std.Error	Beta		
1 (constant)	1.377	.169		8.164	.000
Sales people's idealized influence behaviour	.687	.040	.656	17.019	.000
a. Dependent Variable: Customer Loyalty					

(Source: Survey Data)

According to table 6.4, The model summary of simple regression shows, R(0.656) was correlation coefficient between independent variable and dependent variable. It indicates that there was a strong positive correlation between sales people's idealized influence behaviour and customer loyalty.

R square was 0.430, the researcher concludes that 43% of variance of customer loyalty was accounted by the sales people's idealized influence behaviour   . In the other words, 57% of variance of customer loyalty was affected by other variables.

Coefficient result shows a significant positive influence of sales people's idealized influence behaviour on customer loyalty (t=17.019, p<.05, β=.687). The high β coefficient shows that Sales people's Idealized influence Behaviour has a large predictive value for the dependent variable of customer loyalty. This result is confirmed by a very large correlation (r=.656, p<.05) between Sales people's interactive behaviour and customer loyalty.

Therefore, the regression equation model is as follows:
Customer Loyalty = 1.3377 + 0.687 (Sales people's idealized influence behaviour)

7. Conclusion
This study considers sales people's idealized influence behaviour   as an independent variable, and the Customer loyalty as dependable variable. Both variables individually have a high level of contribution, and further, it is illustrated by the Pearson's correlation analysis, which indicates a strong positive significant relationship between these two variables.

According to simple regression analysis 43% of variance of customer loyalty was accounted by the sales people's idealized influence behaviour. Thus clearly shows that sales people idealized influence behaviour has positive and significant influence on Customer Loyalty.

8. Recommendations and Implications of the Study
Insurance industry has been experiencing tremendous progress in terms of increasing number of customers with considerable number of new entry of companies in to the sector in Sri Lanka.

The study further recommends that the insurance companies need to conduct regular training sessions for sales people on proper customer relationship practices and the insurance companies should use sales people interaction as the major tool.

Based on this research, insurance companies need to deliver the agreed terms, as consumers are not much confidence on this matter. To give assurance on this, insurance companies should train the field force and thoroughly educate them to develop their interaction skills.

The management of the insurance companies should keep careful eye on the claim procedures as it is the most important part implicit to the customer to retain the customers.

Further insurance companies should have a control over the sales people. Sales people who receive more training and more supportive services such as benefit from fast underwriting and claim handling services from their insurance companies, are expected to dedicate to the company.

Since it was specified in this research that the importance of optimal mental image from sales people for customers effective in customer loyalty, so management and sales people are recommended for trying to create an optimal mental image of the insurance company for the customers

9. Direction for Future Research

This study has been done for insurance companies in Batticaloa district. Thus in order to generalize its results, it is recommended to the future researchers for doing similar researchers for the province.

This research has designed cross sectional basis, and it means that data were collected from respondents at single point of time. Therefore there is a bias about causal relationship between variables. Thus future research will be recommended to use longitudinal designs in order to avoid causal relationship biases in future.

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