



A longitudinal study of newcomer job embeddedness and sales outcomes for life insurance salespersons[☆]



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ABSTRACT

From the perspective of job embeddedness theory, this study explores the influence of sales training and job embeddedness on the sales performance and turnover behavior of newcomer employees.

To acquire performance and turnover data, this study surveys 327 new financial salespersons after they have spent some time at a large life insurance company. With this data, the study uses regression to explore the hypotheses. Given that salespersons are heterogeneous, the study also employs quantile regression to clarify the effects of sales training and job embeddedness on sales performance.

The empirical results support the following conclusions: first, in general, sales training is partially associated with sales outcomes, while job embeddedness is positively related to sales performance and negatively related to turnover. In particular, the model accurately predicts the consequences for newcomers with below-midlevel sales, suggesting that job embeddedness effectively improves the sales of poor performers.

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1. Introduction

The failure rate of newly contracted insurance salespersons is high (Griffeth & Hom, 2001; Turner, 2008). Newcomer turnover is problematic since companies invest capital in recruitment and training. Instability in the employment of sales staff may also impede service consistency (Trevor & Nyberg, 2008). Sales managers must, therefore, have indicators for effectively monitoring the performance and behavior of newcomers to assist them during training. Researchers suggest that employees who have social relationships gain support and resources from such relationships and are more likely to retain their positions, thus increasing the probability of success (Mossholder, Settoon, & Henagan, 2005; Üstüner & Godes, 2006).

Many recent studies apply job embeddedness (JE) theory to explain turnover behavior (Lee, Sablinski, Burton, & Holtom, 2004; Mitchell, Holtom, Lee, Sablinski, & Erez, 2001). Their findings imply that job-related inertia—including employee social bonds (or *links*), environmental adaption (*fit*), and job alteration (*sacrifice*)—helps employees stay and perform (Lee et al., 2004; Mallol, Holtom, & Lee, 2007; Mitchell et al., 2001). Many empirical studies use JE to explain significant variance in employee turnover (Clinton, Knight, & Guest, 2012; Crossley, Bennett, Jex, & Burnfield, 2007). These results are valuable, but JE theory is still under development (Mitchell et al., 2001; Zhang, Fried, & Griffeth, 2012). Most research to date restricts itself to

examining behavioral outcomes. Few studies in this area, however, have evaluated application issues or model potency.

Mitchell et al. (2001) note that turnover studies using actual turnover as the criterion (instead of intent to leave) take a long time to conduct. Employee changes need to be incorporated. Allen (2006) shows that job embeddedness plays an important role in understanding newcomer turnover and thus proposes that organizations apply a wide variety of techniques to ease newcomer accommodation. This implies that social fixity is important in helping newcomers transition from being outsiders to becoming active, participating insiders. Allen's research has some limitations, however. First, Allen's sample consists of employees of a large financial institution, and thus salespersons are not included. Mitchell et al. (2001) suggest that some empirical issues also clearly need attention. Salespersons do not achieve a high level of job stability or performance until they have cultivated strong work relationships and achieved person–organization compatibility (Mossholder et al., 2005; Valentine, Godkin, & Lucero, 2002). The training of new sales employees differs from that of other staff. This study, therefore, examines the applicability of JE theory to sales training in hopes of contributing to the verification of sales effectiveness.

Furthermore, Allen (2006) does not project the effect of JE on performance. Other studies do inquire into such a relationship, but its exact nature is seldom clearly explained (Halbesleben & Wheeler, 2008; Lee et al., 2004). The performance of financial salespersons has a direct bearing on the company's market share and, ultimately, its existence. When newly contracted salespersons do not meet predetermined performance standards, this is cause for intervention by and discussion with their managers. Without improvement, newcomers are fired. This study examines salespersons in an effort to produce a predictive

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model for their retention. Since sales performance is a key topic in this industry, this study also uses actual performance data to assess model fit and clarify the relationship between JE and performance.

Regarding model potency, Mitchell et al. (2001) argue that job embeddedness is conceived of as a combination of forces in predicting turnover, but empirical studies need further attention. Some studies (e.g., Clinton et al., 2012; Crossley et al., 2007) focus on conceptualization issues; however, salespersons are a heterogeneous group, and salespersons with different production levels will require different forms of management involving different short-term goals. Thus, this study applies quantile regression to compare production to effectively predict the association between job embeddedness and sales performance in cases where no relationship, or only a weak one, exists among the means of variables. It is important to highlight the necessity of developing a theoretical understanding—especially with regard to testing the integrity of the JE model—before exploring the relationships between job embeddedness and other outcomes (Mitchell et al., 2001; Zhang et al., 2012). This study thus offers a contribution by exploring the model's validity.

Accordingly, this study explores the effects of sales training and job embeddedness on sales performance and turnover (Fig. 1). In pursuing these research objectives, this study expects to contribute to the theoretical development of this field by clarifying the relationship between JE and performance and examining model precision, focusing on financial services salespersons.

2. Literature review and hypotheses

Job embeddedness (JE) theory is one of the most popular approaches to understanding employee turnover and performance. Mitchell et al. (2001) argue that employee retention can be explained by a broad constellation of factors. In particular, field theory suggests that behavior is a function of a perceptual life space in which work and other environments are connected (Lewin, 1951). In this model, the individual is embedded in his or her field. Interpreting employee behavior in organizations requires conceptualizing the determinants that arise from psychological, environmental, and social forces. Lee et al. (2004) argue that JE involves at-work and away-from-work factors that impact both performance and the decision to leave a job.

JE involves a range of factors that influence employee decisions to remain at work as well as their performance-related behaviors (Holtom & Inderrieden, 2006; Mitchell et al., 2001). JE may be generally defined as the totality of forces—both at and away from work—that support the continuing tenure of an employee and his or her efforts to improve performance (Mallol et al., 2007; Mitchell et al., 2001). The modest predictive force of JE theory has animated scholarly interest in its application to retention in goods (e.g., grocery stores) and services industries, including medical (Mitchell et al., 2001; Reitz, Anderson, & Hill, 2010), financial (Allen, 2006; Lee et al., 2004), lodging (Karatepe, 2012; Karatepe & Ngeche, 2012), and customer service (Ramesh & Gelfand, 2010).

The important dimensions of JE are *link*, *fit*, and *sacrifice*, referring specifically to (a) the extent to which an employee has links to other people or activities, (b) the extent to which a job and community fit compatibly with other aspects of the employee's life space, and (c) the sacrifice that he or she would experience in forfeiting his or her employment and associated social links (Holtom & Inderrieden, 2006; Lee et al., 2004). Scholars suggest that the overall aggregate force of embeddedness, as opposed to simply job satisfaction and organizational commitment, explains the significant variance in turnover behavior (Lee et al., 2004; Mitchell et al., 2001). However, Lee et al. (2004) also maintain that in some cases it may be practical to separately consider on- and off-the-job embeddedness. Researchers find that while off-the-job embeddedness shows no statistical effect on turnover among newcomers, on-the-job embeddedness has a significant effect on turnover (Allen, 2006; Ramesh & Gelfand, 2010) and also on job performance

(Lee et al., 2004). Accordingly, this study focuses on on-the-job embeddedness.

Organizational turnover is always high among new employees (Griffeth & Hom, 2001). One of the main drivers of poor performance and job withdrawal is inadequate self-adaption to existing social conditions in the job context (Feldman, 1988). Such conditions are among the most powerful factors determining whether a newcomer adjusts quickly to an organization (O'Reilly, Caldwell, & Barnett, 1989). Thus, social embeddedness is essential to help employees in the adaptation process (Kammeyer-Mueller & Wanberg, 2003; Lee et al., 2004). Kammeyer-Mueller and Wanberg (2003) suggest that newcomers who participate in and adapt to social groups show increased organizational commitment. Embeddedness may be a particularly useful variable for interpreting the influence of on-the-job social participation on job outcomes among newcomers (Allen, 2006). This is because JE can produce richer resources, and reflects an employee's intrinsic job motivation (Gorgievski & Hobfoll, 2008). Conservation of resources (COR) theory, for example, suggests that the flexibility afforded by one's resource reserve can produce a more positive attitude and thus lead to better output (Cropanzano & Wright, 2001).

2.1. Training and sales outcomes

Training is an important means for enhancing work skills. For employees, training is a learning experience that permanently expands their competencies and increases their work efficiency (DeCenzo & Robbins, 2005). Since training can enhance long-term performance, salespersons require the cultivation of learning habits to be successful (Pelham, 2002). In addition, training courses and learning activities provide positive socialization for new organizational members (Cable & Parsons, 2001; Feldman & Brett, 1983).

As discussed above, training courses and activities for new personnel are highly associated with early development and future success (Baker & Feldman, 1991; Louis, 1980; Quinn, Anderson, & Finkelstein, 1996). But socialization theory also suggests that organizational socialization works by the learning of new information and skills and the adoption of new roles (Klein & Weaver, 2000; Van Maanen & Schein, 1979). Through this process, new personnel recognize the values, competencies, expectancy behavior, and social knowledge required to be a member of a particular organization (Chao, O'Leary-Kelly, Wolf, Klein, & Gardner, 1994; Louis, 1980). The new members will also come to grasp the operations of the organization. Socialization has many positive outcomes for employees, including better performance, more positive attitudes, easier and more thorough adjustment (Bauer, Bodner, Erdogan, Truxillo, & Tucker, 2007; Chao et al., 1994; Hart, Miller, & Johnson, 2003), and lower turnover (Allen, 2006).

From the perspective of JE theory, high embeddedness reflects the presence of many social links in the workplace. Employees with high job stability are generally those more deeply involved with and tied to work-related projects, activities, and people. These links can be measured on the basis of employee tenure and interactions with coworkers (Lee et al., 2004; Mitchell et al., 2001). More links give workers greater social capital with which to obtain resources and information and enhance job performance, thus discouraging withdrawal behaviors (Ng & Feldman, 2010). In short, employee training is an essential activity for newcomers across industries. Mitchell et al. (2001) find that hospital employees' links correlate with a greater commitment to the organization, and the lack of links is associated with turnover. In a study of retail banking services, Mallol et al. (2007) find that employees with strong links to organizational activities are more committed to their jobs and have lower turnover. Similarly, Allen (2006), in a survey of financial services professionals, finds that newcomers who engage in tactical activities emphasizing social connections or force are more likely to remain in an organization.

In life insurance companies, new salespersons receive multiple intensive training courses that offer various linking opportunities within

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