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ADDIS ABABA UNIVERSITY SCHOOL OF COMMERCE
DEPARTMENT OF MARKETING MANAGEMENT

ASSESSING THE CHALLENGES AND PROSPECTS OF SALES AGENT IN MARKETING OF
INSURANCE PRODUCT:

THE CASE OF ETHIOPIAN INSURANCE CORPORATION

BY: HAILE ABEBE

A THESIS SUBMITTED TO ADDIS ABABA UNIVERSITY, SCHOOL OF COMMERCE IN
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ARTS IN MARKETING MANAGEMENT

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CERTIFICATION

Addis Ababa University School of Commerce

Postgraduate Program

This is to certify that the thesis prepared by Haile Abebe, entitled, “Assessing the Challenges and Prospects of Sales Agent in Marketing of Insurance Product” is submitted in partial fulfillment of the requirement for the degree of Masters of Marketing Management complies with regulation of the University and meets the accepted standard with respect to originality and quality.

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ENDORESEMENT

This is to certify that ***HAILE ABEBE*** carried out his thesis on “ASSESSING THE CHALLENGES AND PROSPECTS OF SALES AGENT IN MARKETING OF INSURANCE PRODUCT THE CASE OF EIC” and submitted in partial fulfillment of the requirements for the award of the degree of Masters of Art in Marketing Management at Addis Ababa University, School Of Commerce with my approval as university advisor.

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DECLARATION

I, the undersigned, declare that this thesis paper entitled ‘**assessing the challenges and prospects of sales agents in marketing of insurance product: the case of Ethiopian Insurance Corporation**’ is my original work, prepared under the guidance of my advisor Hailemariam Kebede (Dr.). All sources of materials used for the thesis have been duly acknowledged. I further confirm that the thesis has not been submitted either in part or in full to any other higher learning institution for the purpose of earning any degree.

Name

Signature and date

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List of Acronyms/Abbreviations

EIC: Ethiopian Insurance Corporation

NBE: National Bank of Ethiopia

PFEA: Public Finance Enterprise Agency

BOD: Board of Director

SPSS: Statistical Package for Social Sciences

SME: Small and Medium Industries

Abstract

Sales personnel play an important role in the performance of service companies. Sales agents of EIC contribute in millions to the annual premium production of the corporation. But these insurance sales personnel have many challenges and opportunities simultaneously.

The paper aims to extend the line of knowledge about the current challenges and opportunities of insurance sales agents. To do so the researcher conducted an extensive review literature in the field of insurance business to identify critical challenges of the sales personnel to be alleviated and the current opportunities of the insurance business to be exploited. The primary data were collected using questionnaires from sales personnel. The sample size was 235 with 100% response rate. The secondary data were collected from companies' annual reports and publications, from publications of National Bank of Ethiopia and from other related books. The primary data was collected using five point scale Likert's scale questionnaire. The data was analyzed using both descriptive and inferential analysis techniques through the use of Statistical Packages for Social Studies (SPSS). The findings of the paper indicate that ineffective sales agent selection and training process of the corporation; inadequate commission rate of the corporation and incompetent employees in customer handling; complex underwriting and claim handling process; lack of innovativeness in product development; low customer awareness towards insurance business; competition through price; unhealthy competition and dishonesty of client and employee are the current challenges EIC's sales agents are facing. On the other hand the existing economic growth in the country, large number of private and government projects, high foreign direct investment and the current construction boom in the country are the opportunities for the sales personnel in the insurance industry. Finally, the paper gives recommendations to overcome the challenges and exploit the existing opportunities of the insurance sales personnel.

Key words: sales agent's opportunity, sales agent's challenge, sales agent's performance

CHAPTER ONE: INTRODUCTION

1.1.BACKGROUND OF THE STUDY

In Ethiopia, insurance is dated back to ancient years when people contributed money or labor to support each other whenever they faced financial difficulties. Among the organizations that have played significant role in traditional insurance service in Ethiopia includes 'Idir' and 'Equb'. The first modern insurance company in Ethiopia can be traced back to 1905 with the establishment of Bank of Abyssinia (Hailu Zeleke, 2007).

Though the age of insurance in Ethiopia dated back long, Ethiopia had a less than one percent (0.43%) penetration rate unlike South Africa, which had the highest rate in Sub-Saharan Africa with the insurance penetration rate of 16.99% in 2017(Jennifer, 2022). This result of the penetration rate indicates that Ethiopian insurance industry is in its infant stage, premiums are financially out of reach of many people and financial literacy is relatively low. All players in the insurance industry are competing for the limited insured population.Premiums per capita (insurance density) of Africa as a continent is 11-fold lower than the world average (Umar Bagos, 2020). According to Africa Re (2016) Africa's insurance and reinsurance market report, Ethiopia's insurance density is \$1.62; this is very low level as comparedwith South Africa which is \$915.

Increasingawareness is a condition precedent to penetration of insurance. Main objectives of insurance marketing are increasing customer awareness, successful distribution of insurance products, developing corporate image, improving customerservice, improving customer base and its spread (Fisk, et al, 2004).

However, marketing of insurance service is a complex task. The very nature of service makes services harder to understand and comprehend both for the user and for the provider (Boelhouver, 1999). Difficulties caused by the characteristics of service include clarifying thenature of service offerings to clients and issues such as professional confidentiality which may affect evaluation of services.Moreover, insurance by its nature differ with other service in that the actual service of the insurance company is felt when a claim arises.

Sales people are perhaps the most powerful marketing tools for many businesses in the marketing interaction period of the business. They represent the business to its customer, connect with them, promote sales and act as a tool to scan and monitor the external environment (Sohi, 1996). They bridge the gap between the prospective customer's needs and the products/services that the organization offers that can fulfill their needs. Highly qualified sales personnel who maximize profit from existing clients and finds and handles new potentials well will allow a company to grow faster (Futrell, 2006).

These days many insurance companies in Ethiopia are increasingly relying on such intermediaries called insurance sales agent to penetrate in to the untapped insurance market and generate revenue. They annually recruit and train new insurance sales agents and organize 30 hours of refreshment course every five years for the existing sales agents as per the requirement of the directives of NBE. The sales force is a powerful driver of revenues, and because salespeople are entrusted with a company's most important asset its relationship with its customer they have a significant and often determining impact on an organization's success (Zoltners, Sinha, and Lorimer, 2009).

Taking into account the pivotal role of the sales person in ensuring sustained growth, it is therefore important to employ a highly skilled salesperson and properly managing them with the viewpoint of marketing and maintaining professional services offerings (Churchill et al., 2000; Ingram et al., 2004; Futrell, 2006).

1.2.STATEMENT OF THE PROBLEM

In a sales oriented company extensive marketing of product and service is very important. This is much more important in a purely intangible service provider like insurance companies, since the level of consumer awareness and confidence in service in this area is low.

Moreover, in the commercial world with challenges increasing together with the increased competition, companies have encountered difficulties in selling their services, and thus also, in keeping their market share. Company executives are eager to get information from marketing scholars about "what motivates salespeople and what leads to good sales performance" (Walker, 1977).

The data obtained from NBE indicate, EIC is moving downward from a complete monopoly of the industry to losing its market share to its rival, the private insurance company, even if the gross premium is increasing. During the 2013 fiscal year EIC's market share was 45.2%. However, this share was reducing year by year and reached to 35.8% in 2019 fiscal year.

Many reasons thought to contribute for the limited insurance market penetration and decline of the market share. However, the performance of sales force takes the lion share because sales personnel play a crucial role in the success of companies by creating the linkage between the customer and the organization in all industries. Grant & Cravens (1999) indicated that the performance of an organization depends on the salesperson performance.

Furthermore, the performance of these sales personnel is increasing at a decreasing rate. The data compiled from annual report of the Corporation shows that the premium production generated from sales agent business is marginal and decreasing in the last few years. During 2017 fiscal year, the corporation has collected the highest premium of birr 288,041,092.00 through sales agent. But this figure was decreasing form year to year and reached to birr 252,794,368.00 during the 2021 fiscal year.

In order to enhance the performance of these sales personnel in the corporation, the problems hampering their performance must be identified first and proper remedial action be taken to alleviate their challenges.

While various studies have been carried out focusing on the corporate insurance industry players, this study sought to investigate the challenges faced in insurance marketing from the view of insurance agents who intermediate insurance products to the masses.

As to the best of my knowledge, little investigation has been done in the insurance sector specifically in the side of insurance sales personnel. What internal and external factors challenge them in insurance product marketing? What should be done to enable them successfully perform their duties? What opportunities are there on the marketing of insurance product?

The factors that influence the success of a salesperson's performance are still debatable because they are determined by many factors (Udayana, Farida, and Ardan, 2019).

A study by Emmanuel Erastus Yamoah (2013), Factors affecting the performance of sales personnel of insurance companies in Ghana, focused on motivation and resourcefulness of the sales person only. And his findings suggested that motivation is a key factor influencing the performance of insurance sales personnel.

A study by Kahase G/Michael (2018), the Ethiopian Insurance Sector & Its Contribution to Economic Growth, revealed that there is inefficiency of financial systems in insurance activity in Ethiopia.

According to Ashenafi Mengistu (2020), while examining market share of Ethiopian Insurance Corporation in the insurance industry, there is an out flow of existing business as well as lack of sufficient inflow of new business, which reduces the market share of EIC.

Churchill and his collaborators attempted to identify the most quantitatively specific determinant of salesperson performance. They used six categories into: aptitude, skill level, motivation, role, personal factors, and organizational and environmental factors (Churchill et al., 1985).

While the area of insurance in Ethiopia has been extensively studied, the various studies have considered factors affecting insurance business from the view of insurance companies and other corporate stakeholders in the insurance sector including brokers and medical service providers. A study focusing on the insurance agents would provide insights on insurance penetration in EIC from the individuals who interact with the direct customers in the population. This general public makes up a high volume but low value insurance market and would be critical to the insurance market expansion which would in turn provide a key component in increasing market share. This study sought to fill this research gap by considering the impact of the factors affecting insurance marketing in EIC from the view of insurance agents who have the highest reach in terms of the mass market.

According to Barasa, 2016, the low insurance penetration rate in Kenya has been attributed to a number of factors including the following: prohibitive regulatory environment, low public awareness, poor customer service, non-supportive culture, low levels of disposable income, marketing channels, poor claims settlement and pricing. These factors have been conceptualized as human, operational, ethical and promotional related challenges for the purposes of this study.

1.3.RESEARCH QUESTION

The research addresses the following basic research questions:

- What are the human resource related challenges in the marketing of insurance product by the sales agent?
- What are the operational challenges in the marketing of insurance product?
- What are the promotional related challenges in the marketing of insurance product?
- What are the challenges in connection with ethics?
- What are the opportunities found in insurance marketing for the sales agent?

1.4.OBJECTIVES OF THE STUDY

1.4.1. GENERAL OBJECTIVES

The general objective of the study is to investigate the prospects and challenges faced by sales agents in marketing of insurance products in Ethiopian Insurance Corporation.

1.4.2. SPECIFIC OBJECTIVES

- To assess the human resource related challenges in the marketing of insurance by the sales agent.
- To investigate the operational challenges in the marketing of insurance policies.
- To identify the marketing related challenges in the marketing of insurance product.
- To identify ethics related challenges in the marketing of insurance product.
- To assess the opportunities available for the sales agent

1.5.SIGNIFICANCE OF THE STUDY

The results of the study benefit to the following:

- ✓ The study gives insight to the corporation regarding the challenges faced by the sales agents.
- ✓ The identification of the challenges enables managers of the Corporation to devise marketing strategies that enhance marketing of insurance services and improve the sales agent's performance.
- ✓ The study provides information to potential and current scholars on the study area. This would expand their knowledge on marketing of insurance services in the insurance industry and also identify areas of further study.
- ✓ The finding enables sales agents of the Corporation to understand the challenges well and devise alternative ways to tackle the challenges.
- ✓ It also used as a resource material by other private insurance companies in order to assess the challenges in their company.

1.6.Limitation of the study

This study focused on the challenges and opportunities of sales agents in EIC. The study is not exhaustive inconsidering the entire opportunities and challenges sales personnel faces in the

insurance business. The study was conducted on Ethiopian Insurance Corporation. But due to time and financial constraints, sample respondents were taken from branches at Addis Ababa and nearby cities only. The researcher tried to minimize and eliminate all the problems that the study may face throughout the process. Therefore, these may be considered as a limitation in generating the results of the study.

1.7.SCOPE OF THE STUDY

The study was conducted at Ethiopian Insurance Corporation (EIC). The Corporation is selected with the assumption that the Corporation is the largest and the oldest insurance company in Ethiopia and employed large number of sales agents. Moreover, due to time and resource constraint the study was conducted on District “A” located in Addis Ababa and District “B” located in regional cities where the centralized secondary data and most of the sales agents are available. A

Although salesperson performance is affected by many other variables, this study delimited itself only assessing on the challenges affecting salesperson performance by taking the variables such as ethical, promotional, operational and human resource related challenges and economic and operational opportunities only and all primary data was collected from sales agents of EIC only and secondary data was collected from EIC & NBE.

1.8.ORGANIZATION OF THE STUDY

This research paper has five chapters. Chapter one cover the introductory chapter that covers the background of the study, a statement of the problem, research questions and objectives of the study, significance, scope of the study and organization of the study. The second chapter presents the review of theories and literatures on the assessment of challenges in insurance service marketing. Research methodology of the study presented in the third chapter, and it includes study area, research design, and the population of the study, sampling techniques, and data collection procedures and data analysis approach. Chapter four presents the data presentation and data analysis of the study. It includes data analysis and reliability analysis, and follows with demographic evaluation of age, gender, income, education, and occupation of the respondents, and descriptive analysis. The last chapter is the conclusions, and recommendations part of the study.

1.9.DEFINITION OF TERMS

1.9.1. Insurance: is a risk transfer mechanism which is a conditional promise in turn for a fee (the premium), the insurer (an entity which provides protection service) promises to make a payment come out of a fund which is built up from the contribution of the participant in the system of insurance if an event of a specified nature occurs (Usually referred to as an insured peril) and the insured (the one who purchases protection) consequently suffers loss or damage (Dickson Gordon, 2009).

- 1.9.2. Insurance sales agent:** mean a person licensed by the Bank as an insurance agent who, acting for and on behalf of one insurers, engages in: (a) soliciting or procuring insurance business; (b) work preparatory to the conclusion of, or in concluding of insurance; and (c) activities relating to the continuance, renewal or revival of contracts of insurance or in assisting in the administration and performance of such contracts” NBE Directive No. SIB/30/2007.
- 1.9.3. Insurance penetration:** is a tool used to measure insurance development of a country. It explains the growth of premium with the growth of the gross domestic product in the economy and measured as ratio of premium to GDP (Ćurak, Lončar and Poposki2009)
- 1.9.4. Insurance density:**the other insurance development measurement technique also known as per capita premium and measured as ratio of premium to total population (Chi-Wei, Hsu-Ling and Guochen2013)
- 1.9.5. Market share:** As defined by Shrom B. is the ratio of a company’s sales of a product/service during a certain period with a specified market to the total industry sales for the type of product/service during the same period in the market.

CHAPTER TWO: REVIEW OF RELATED LITERATURE

The intent of this literature review is to present a framework for this study on the role of sales agents in insurance policy marketing. It is to clarify the reader as to the research and literature that currently exists on the subject to be studied. The review begins with an overview on service marketing and the role insurance and sales personnel play; then go on and deal with the challenges sales personnel face in the marketing of insurance service and ends with building conceptual framework of the study.

2.1. Theoretical Foundation

Sales are a challenging and failure-prone occupation (Boichuk et al. 2014) and deserve to attract researcher for both academic and practical study through many empirical and conceptual research published for centuries.

The basic parts of a firm's promotional effort are personal selling, advertising, publicity, and sales promotion. Personal selling is defined as the personal communication of information to persuade a prospective customer to buy something a good, service, idea, or something else.

Personal selling messages have the potential to be more persuasive than advertising or publicity due to the face-to-face communication with customers. Personal selling is a critical component of marketing success. The personal selling is a process of the positioning of goods or services in the mind of a particular prospective customer. With increasingly fragmented markets, the role of personal selling becomes extremely important.

The theories of selling mean the behavior of the salesperson towards the prospect, which ascertain the active sale of goods or services. The selling theories got major attention due to the emerging role of the salesperson in marketing since a seller acts as a marketer too.

Agency theory

Agency Theory describes how goals and objectives are aligned between principals (organization) and agents (Wahlberg Järvenkylä, 2017). In the context of sales, agency theory addresses the problem of how the sales manager (the principal) can measure, monitor, and evaluate the salesperson's (the agents) activities to ensure that organizational goals are met. The basis of this is the assumption that both parties have their own objectives and the focus of the theory is

to establish a way for both parties to reach their goals and lessen the inherent conflict in order to reach a solution that satisfies both parties.

For instance, in a situation where the sales manager is not certain how the sales person fulfills their set targets, Agency theory can be used to define sales goals that help sales managers minimize the difference in opinion on activities the two parties want the sales person to focus their time on. Here the authors refer to examples of using sales performance indicators, variable compensations and evaluation criteria (Wahlberg Järvenkylä, 2017).

There has been a lot of study to examine whether selling is an art or science and many theories have been developed to explain the buyer seller buying process. There are four theories of selling.

a. AIDAS Theory of Selling

AIDA theory was formulated by Elmo Lewis in 1898. He created Attention/Awareness, Interest, Desire and Action funnel model on customer studies to explain the mechanisms of personal selling. Later this theory edited the AIDA steps and another step called -satisfaction- has been added.

This theory is explains that during a sales presentation, the prospect consciously goes through five different stages: Awareness/Attention, Interest, Desire, Action and Satisfaction.

b. “Right set of circumstances” Theory of Selling:

It is also called the “situation-response” theory. It has its origin in experiments with animals. The major emphasis of the theory is that a particular circumstance prevailing in a given selling situation will cause the prospect to respond in a predictable way. The set of circumstances can be both internal and external to the prospect. This is essentially a seller-oriented theory and it stresses that the salesman must control the situation in such a way as to produce a sale ultimately.

c. “Buying Formula” Theory of Selling:

The buyer’s needs or problems receive major attention, and the salesperson’s role is to help the buyer to find solutions. This theory purports to answer the question: What thinking process goes

on in the prospects' mind that causes the decision to buy or not to buy? The theory is based on the fact that there is a need or a problem for which a solution must be found which would lead to purchase decision.

d. Behavior Equation Theory of Selling:

This theory is a sophisticated version of the "right set of circumstances" and was proposed by Howard, using a stimulus response model and using large number of findings from behavioral research. This theory explains buying behavior in terms of purchasing decision process, viewed as a phase of the learning process, four essential elements of learning processes included in the stimulus response model are drive, cues, response and reinforcement.

Performance was described as "behavior that has been evaluated in terms of its contribution to the goals of the organization" (Johnston and Marshall 2007, p.412). Measuring and managing salesperson performance is considered as an important aspect in management job in every company, and sales tools are developed for managers to be able to measure it.

There are some definitions of sales performance, for instance: "individual salesperson's relative (to his peers) accomplishments on conventional indicators such as generation of sales revenue, replenishment of the customer base" (Joshi, A. W., & Randall, S., 2001), and "behavior evaluated in terms of its contribution to the goals of the organization" (Johnston and Marshall 2007, p. 412).

Kotler (2012) stated that sales force training is the effort an employer puts forth to provide sales persons job related culture, skills, knowledge, and attitudes that should result in improved performance in the selling environment. To drive higher sales performance it is effective that field sales representatives need to be trained the sales processes which make them productive (Tesfaye, 2018).

2.1.1. Role of Insurance Sales Person

Sales force is the central component in the sales process (Abdullah and Wibisono, 2013; Reid, 2015; Williams, Spiro, and Fine, 1990). Effective performance of salesperson is one of the factors that enhance the company's success (Aqmala and Ardyan, 2019). The salesperson in companies has a vital role because they are required to build a relationship and corporate image

through the services provided to customers and to meet sales targets (Purwanto, 2002). Salesperson plays a significant role not only in customer relationship management but also in understanding, creating, communicating and delivering value to customers, which in turn maximize sales of company product (Wisker and Poulis, 2015). Even if the company has a good product with affordable price, without the support of its effective marketing activity and sales personnel performance, the company's product will be in vain (Adiyanto and Sunaryo, 2017).

Another area wherein salespeople can play a critical role is in terms of providing information to the firm. Rapp, Agnihotri, and Baker (2011) proposed that salespeople can and should be providers of competitive intelligence to the firm. Although the use of the term competitive intelligence would seem to imply information pertaining only to competitors, the authors use the term to refer to a wider range of information.

Salespeople could provide a great deal of information including information pertaining to the needs of buying firms and how those needs are changing over time. However, salespeople should also be able to report back concerning the performance of customer firms and provide the supplying firm a better ability to evaluate different buyers. In addition, salespeople should be an invaluable source of information pertaining to potential channel partners. Because firms should constantly evaluate the structure of their channels, it is important to know whether new partners are available and the strengths and weaknesses of each of those firms.

The role of sales person will continue to be of overwhelming importance in the case of those companies operating in markets characterized by high volume customized goods and services with relatively long and complex decision making processes (Brooksbank, 1995, as cited in Jaramillo & Marshall, 2003).

2.2. Challenges affecting salesagentsmarketing of insurance services

Any business, whether new or existing, exert maximum efforts for increasing sales volume because sustained growth in sales is the only key to survival in the market. They do achieve this by: introducing new products; promoting them through attractive marketing campaigns and schemes; offering discounts and easier payment options. The qualifications and mindset of the company's marketing force (coming up with creative marketing strategies, promotion ideas, support these ideas with sound market research and desire to keep oneself acquainted and

updated with recent market trends along with professional qualifications) is the major one from the many factors that affect the sales of the products of a company.

The growing competition in the domestic and international markets, more demanding and assertive customers, rapid improvement in technology, and changing government policies and laws, the marketing environment has changed dramatically and is becoming more dynamic. Cravens (2002) argues that marketing is a major stakeholder in new product development, customer management, and value/supply-chain management, and marketing strategy provides concepts and processes for gaining a competitive advantage by bringing superior value to the customers.

Services marketing are hard to understand. Many reasons can be raised why service marketing isn't easy which ranges from our own limitations as human being to the nature of the product itself (Jeff Toister, 2014).

- It's not instinctive: sometimes our natural instincts result in the wrong customer service move. For example, if we encounter an angry or upset person, our "fight or flight" instinct will kick in but neither is acceptable in customer service.
- Our customers see what we don't: We people tend to get locked in to a certain perspective which might not match our customer's.
- It's sometimes hard to be friendly: it takes effort to outwardly project a feeling that she/he don't really feel.
- Poor in multitasking: no one can always be very good at it. That's because our brains can only process one conscious thought at a time.
- Directed Attention Fatigue: chronic multitasking causes this condition. It comes from overusing the part of our brain that focuses attention.

Much attention has given by various researcher to study the performance of salesperson to find out the combination of factors that affect sales person performance in different sector (Yakasai and Jan 2015), but there is debate on the factors that influence the success of a salesperson's performance because they are determined by many factors (Udayana, Farida, and Ardan, 2019).

One of the key points relating to manage the sales force is how to improve performance. Churchill, Ford, and Walker, 1985 established a model of five basic determinants of

salesperson performance: (1) aptitude, (2) skill level, (3) motivation, (4) role perceptions, and (5) personal, organizational, and environmental variables.

I. Product Offering

The first step to determining how best to meet client demand for insurance products is to establish what clients and potential clients want.

Apart from the physical product itself, there are elements associated with the product that customers may be attracted to, such as the way it is packaged. Other product attributes include quality, features, options, services, warranties, and brand name (WB, 2012).

Unique products are typically highly innovative and new to the market, the products meet customers' need better than the competing products, the new products can bring along cost reductions and they are in general more reliable and of higher quality than their predecessors (Cooper and Kleinschmidt, 1995). By developing a unique value proposition to create a strong differential from competitors, companies aim at attracting more consumers and achieving a better positioning on the competitive market. In that way, firms increase the perceived value of their products and services relative to the perceived value of the products and services of their competitors, achieving competitive advantage (Pomoni, 2011).

However, the four major characteristics of service make services hard to understand both for the user and for the provider.

- a) **Intangibility:** service cannot be seen, tasted, felt, heard, or smelled before (and sometimes during and after) they are bought. Rathmell (1974) argues that intangibility of services creates the problem in display and communication of services.
- b) **Inseparability:** in terms of the sequence of production and consumption. Carmen and Langeard, (1980), state that inseparability forces the buyer into intimate contact with the production process, which makes it difficult for the service provider to have full control over the outcome and the quality of the service delivered.
- c) **Variability:** Babakus, et al. (2003) in their study pointed that failures in service delivery are unavoidable as service are heterogeneous and performances and evaluation of service delivery process vary from person to person. This poses a big challenge to service

providers as quality checks are almost impossible and the satisfaction of customers depends mostly on what happens in real time.

- d) Perish-ability: Bessom and Jackson (1975); Thomas (1978); Lovelock, (1996); (Kurtz & Clow (1998), pointed out that because of perish-ability services cannot be saved. Further it is argued that since services are performances that cannot be stored, service businesses frequently find it difficult to synchronize supply and demand.

Most of the challenges in service marketing emanates from the above characteristics of services (Boelhouwer, 1999).

Each of these characteristics brings challenges and requires specific strategies to overcome like understanding customer needs and expectations for service, tangibilizing the service offering, delivery issues, and fulfilling promises made to customers (Zeithaml and Bitner, 1996).

It follows therefore that the moment information is acquired; insurance managers need to evaluate the existing products so as to be able to see if the benefits offered by the product meet the customer's needs.

II. Pricing

Pricing is one of the marketing mixes applied by companies to improve market penetration (Brassington, 2011). In order to achieve the financial goals of the company organizations need to choose a good pricing strategy that fit the realities of the marketplace and consistent with other variables in the marketing mix. Price is affected by the type of distribution channel, the promotions type and the product quality Jobber, 2010.

Premium is multilayer category with numerous synthesized characteristics and outputs. That is why its appropriate specification is important. Premium calculation is a challenge for insurance industry because it is main part of financial function and financial and monetary flow.

Premium level management and management of each part of its total structure is extremely complicated professional job. This job should be based at unquestionable facts that are relevant for defined country and period.

While choosing a pricing objective and a related strategy organizations have to carefully consider the business and financial goals, the past and future state of the market, the prices of the products and competitors price and possibly their business goals. Organizations therefore need to select objectives and strategies that will position their products and business for success (Giddens, 2005).

III. Market Approaches.

Advertising, sales promotion and public relations are mass communication tools available to insurance firms. In this regard therefore mass communication is considered to have the same message for everyone in an audience. Tools available for mass communication trade off the advantage of personal selling as well the opportunity to tailor a message to each prospect, for the advantage of reaching many people at a lower cost per person (Jone, 2007).

The insurance services depend on effective promotional measures. In a country like Ethiopia where the rate of illiteracy is very high and the rural economy has dominance in the national economy, it is essential to have both personal and impersonal promotion strategies.

A marketer be able to learn about consumer preferences with respect to sales promotion used; what promotional tool do consumers favor for what kind of services, which media they prefer to hear about the schemes, whether they prefer incentive immediately or at later date. Similarly marketing managers in the industry also consider such marketing strategies while designing their sales promotion scheme (Rangsan and Titida, 2011).

IV. Customer Service

Customer service is meant to enhance the main offer of insurance and it in itself is not the main offer. It is a pleasant bonus that business companies offer their customers to reinforce the message that the business company cares about their expectations, needs and wishes (Burns, 2011).

Services are often considered an added advantage in purchasing a company offer (Burns, 2011). Hunter (2012) indicated that customers have the tendency to feel more positive for a particular brand of insurance to which they had better experience dealing before, during and after the sale has been carried out. Therefore, customer service needs to fulfill the deepest needs of customers.

In an earlier study, Ghobadian, Speller and Jones, 1994 considered reliability, credibility, responsiveness, competence, customization, courtesy, access, security communication tangibles and understanding or knowing the customer as the various service dimensions. Subsequently and specifically for life insurance, Masood and Tripti (2010) proposed a six dimensional framework consisting of personalized financial planning, assurance, corporate image, competence, tangibles and technology. Their study concluded that service quality dimensions impact customer satisfaction with the company, their agents as well as the customer's overall satisfaction.

The customer service strategists must strive to maximize customer retention through superior relationship management and customer service processes. They must optimize the utilization of resources against customer demand and proactively focus on the customer in new product and service development (Walker, 2002).

V. Trust in Insurance Relationships

A unique attribute of insurance services is the fact that a customer buys a service which actually notice when a loss is occurred (Kotler and Armstrong, 2006). Hence, the insured initially purchase a service in the shape of purely intangible risk coverage and then after some time has elapsed, when coverable risk occurs, he or she may have the chance of consuming the service in claim settlement.

Arneving & Demelid, (1997), identified that there is a mutual mistrust between insurance companies and their customers. From the insurers' view it was based on the customers' inclination to try to gain from fraudulent claim, but was more categorically expressed by the customers towards the insurance firm. Trust and relationships often fail due to imperfectly managed interaction during claim settlement.

VI. Distribution Channels (place)

Insurance is a complex product with a high advice and service component. Buyers prefer a face-to-face interaction and they place a high premium on brand names and reliability (Kotler and Armstrong, 2006).

The key determinant of marketing success of all insurance companies is distribution. Insurance companies market various insurance covers either directly or through various distribution channels individual insurance agents, corporate agents (Adel and El-Ansary, 2006).

Customers tend to rely on tangible cues, or physical evidence, to evaluate insurance services before its purchase and to assess their satisfaction with the service after it is bought (Zeithaml and Bitner, 1996). Some of tangible evidence of a firm's service quality includes ease to reach outlets, appearance of building, landscaping, interior furnishing, equipment's, printed materials. In addition to office environment, materials such as brochures, policy documents, and periodic statements are the tangibles, which will influence customers purchasing decision.

VII. Availability of competent Staff (people)

As discussed above services are inseparable which will always need direct interaction between seller and buyer. Employees are very central in insurance marketing process. Though this is true, the relationship between the agent and the company they represent is often varied. Because insurance products are technically complicated, it is important to understand well the contracts they sell.

Service industry involves a high level of people interaction and hence it is important to use this resource efficiently in order to fulfill customers need. The key area to be kept under consideration includes training, development and strong relationships with intermediaries. Training the employees, use of IT for efficiency, both at the staff and agent level, is one of the important areas in marketing of insurance services (Gnyawali and Madhavan, 2001).

The purchase of an insurance contract is often based, for example, on such criteria as the reputation of the company, the perceived professionalism of the agent and the employee, and the price of the policy in relation to the coverage provided (Schlesinger et al., 1993).

VIII. Competition

Ethiopian market is characterized by unfair competition: nonexistent underwriting policy and criteria; with low premium rate requirement; defamation and labeling of others; unprofessional and unethical policy and practice; under-table commission payment; and provision amendment of

standard policy wording without due regard to reinsurance contracts and professional ethics. (Hailu Zeleke, 2007)

According to Osoka (1992) for the Nigerian insurance industry to tackle the firm competition and other environmental forces, it is necessary for the insurance industry to apply innovative marketing strategies (Kotler and Keller, 2006).

Porter (1998) further argues the recognition and accuracy in reading market signals is of major significance especially with regards to the development of competitive strategy and reading signals from behavior is an essential supplement to competitor analysis. Interpreting signals accurately is to develop a baseline competitor analysis; an understanding of competitors' future goals, assumptions about the market, current strategies and capabilities. It is not uncommon for competitors to forecasts of future capacity, comment on industry conditions, including forecasts of demand and prices and the significance of external changes.

2.3. Prospect In The Insurance business

Ethiopia's current economic progress, as well as its future development prospects, could open the door to more business opportunities and challenges. With that comes the increased possibility of risk and warrants the emergence of insurance and reinsurance businesses in Ethiopia. Despite the challenges mentioned above (Fikru, 2004 and Temesgen Azize, 2015) pointed out that there are many prospects for the insurance business in Ethiopia. These opportunities for the insurance business are discussed below:

- a. Increased population: The number of population in Ethiopia is growing day by day. Although most of people of our country live under extreme poverty level and want to avoid insurance policy, number of potential policy holders in Ethiopia is growing with growth of the population. When the number of population increase it is obvious that the number of vehicle also increase so that increases the demand for motor insurance too. That is growth in population opens greater scope for every kind of insurance business that results in growing prospect for insurance companies.
- b. The country's GDP is growing: The GDP of Ethiopia is increasing than the previous years which results in increase of per capita income. The major problem is the incapability of our people to pay the premium charged by the insurance companies. With the growth in

the income more and more people will be willing to take an insurance policy to protect them from any risk.

- c. Awareness about insurance is growing: People are now much more conscious about their safety than before. So they are encouraged to take an insurance policy for making their life free from any unexpected occurrence. Increase in literacy rate is helping predominantly to create awareness among the people regarding taking insurance policy. Moreover, the enactment of mandatory insurance covers also increasing the people's awareness towards insurance and insurance companies are also trying to eradicate the negative attitude of people towards the insurance company by organizing various programs such as seminars, programs including social responsibilities etc.
- d. Development of micro insurance policies: Micro insurance can be a great prospective area for the insurance business in our country. Costly and long term insurance policies forced huge portion of the society to dislike insurance. Development of insurance with little insurance premiums and with easy terms and conditions will encourage prospective target market for this business. When they will afford to minimize their risks at a lower price, they will take that opportunity and they will become to get used to it.
- e. Scope of investment: Insurance companies can usually make more profit from investment activities than from their regular insurance business. The private insurance companies are realizing this fact and playing role in the financial market. Insurance companies are making large investment in government bonds and in private sector business. If effectively and efficiently managed the money by employing capable and experienced personnel, there are opportunities to enhance profit.
- f. Service diversification: Insurance is both a tool of risk coverage and an attractive instrument of savings. The mixture of risk coverage with savings gives the opportunity for innovative product designing which means service diversification. In a dynamic insurance market one can expect to see new products being promoted at regular intervals. So far very little efforts have been taken to innovative and introduce need oriented insurance services in response to existing threats. The prospect of the insurance business in various sectors that affect our economy can be differentiated in the following way.
- g. Agriculture sector: Agriculture is the back bone of Ethiopian economy, with most people engages in farming. Furthermore, in the last few years agricultural sector

commercialization has emerged in some part of the country. Increase in investment in the agricultural sector will create a new opportunity for insurance industry.

2.4. Empirical Literature Review

The challenges sales agent faces in marketing of insurance product are not a new discovery. However research debate continues today and marked with mixed results and depends on countries, regions and different time periods. The difference is not due to the differences in theoretical perspectives but rather in Empirical perspectives. There are little empirical studies that address the challenges and prospects of insurance sales agents in insurance companies. The researcher tried to explain some related studies here under.

Kidest Admasu(2018), the challenges & prospects of life insurance in Ethiopia, investigated the challenges and prospects of life insurance in Ethiopia, concluded that Income, inflation and interest rate are found to be the economic challenges; awareness, education, urbanization, religion are demographic challenges. Weak strategic focus, weak awareness creation strategy, lack of professional in the field ,inability to develop unique product ,and absence of local actuary are institutional challenges whereas absence of independent regulatory organ, government restrictions on investment, restriction on foreign insurers entry ,weak contribution of academic institutions in cultivating insurance professionals, unfair competition in the industry, absence of integrated information or database are external challenges that are contributing for the weak performance of life insurance. Regarding the opportunities, emerging information technology, enforcement of insurance companies to customize their process using information technology, initiatives of the government in human development in the stream of insurance, the effort of Ethiopia to be a member of WTO, theincreasing trend of middle income group, the increase in population and the untapped market of life insurance are the opportunities for the development of life insurance. Income, inflation and interest rate are found to be the economic challenges; awareness, education, urbanization, religion are demographic challenges, weak strategic focus, weak awareness creation strategy, lack of professional in the field,inability to develop unique product, and absence of local actuary are institutional challenges, whereas absence of independent regulatory organ, government restrictions on investment, restriction on foreign insurers entry, weak contribution of academic institutions in cultivating insurance professionals, unfair competition in the industry are external challenges.

Turayishimye Thierry Ayishashe(2015), market penetration challenges by insurance companies in Kenya, examined that both internal (product offering, market approach, and fund managers experience, internal business processes, fund size, customer care practice, client communication) and external (government policy, industry dynamics, market forces, competition, power of buyers and suppliers, and threat of new entrants) challenges to market penetration of insurance influence Kenya's insurance market penetration.

Kahase G/Michael AtsebahaYear(2018), Ethiopian Insurance sector and its Contribution to Economic Growth, observed that there is long run relationship between insurance development and economic growth in Ethiopia. The regression result indicated that insurance premium and insurance claim has significant and negative relationship with economic growth in the long run and short run dynamics. However insurance profit has positive significant and insurance investment has positive but insignificant relation with economic growth. The result of granger causality test indicates that there is unidirectional relationship from economic growth to insurance premium, insurance claim and insurance profit. It also shows bidirectional relationship.

Accordingİsmail YILDIRIM, RecepÇAKAR(2015),A Study on the factors affecting the Insurancecompany preferences of insurance agencies in Turkey, concluded that insurance companies' ability to pay theclaims of policyholders affects their preference. The monetary opportunityinsurance companies' offer to their agencies is the second important factor affecting their insurance company preference. The interval insurance companies paying agent's commission affects agencies' preference. A capital adequacy rate of insurance companies affects agencies' preference. Insurance companies' being domestic or foreign capital companies' does not affect agencies' preference. Nevertheless, the insurance commission rates insurance companies' offer does not directly affect agencies' preference. The assistance provided by insurance company to its customers affects thepreference of insurance agencies. Communication level of insurance companieswith their agencies affects their preference. Superiority and the innovation mentality of the insurance company affect the preference of insurance agencies. Recognition of the insurance company and their involvement in their agencies' issues affects the preference of insurance agencies. Company logo of the

insurance company does not affect the preference of insurance agencies. It is only possible for an insurance company to reach out to more insured parties with a wider distribution network.

CHAPTER THREE: METHODOLOGY

This chapter describes the approach, methods and techniques used to collect and analyze data. As a result, the research design, data sources, sampling size and techniques, data collection tools, data collection procedure and data analysis methods used during the study are discussed.

3.1. Research design

Research design is a strategic frame work for action that services as a bridge between research question and the execution, or implementation of the research strategy (Durrheim 2004). Research design is a master plan that specifies the methods and procedures for collecting and analyzing the needed information.

This study applied a descriptive approach based on the nature of the research questions and the objectives of the study. A descriptive research design is used when data is collected with a view to describe persons, organizations, settings, or phenomena (Creswell, 2002). The descriptive survey method was preferred because it ensures complete description of the situation, making sure that there is minimal bias in the collection of data. This research design is used to because descriptive study is one in which information is collected without changing the environment and easily to interact with group of people and it is describing the characteristics of a particular individual and well equipped to protect bias and to maximize the reliability of the research (Kothari, 2008). This design is considered suitable because it aids in collecting information from respondents on their attitudes, awareness and opinions in relation to the subject area.

3.2. Population frame, sampling technique and sample size

The researcher collected data from sales agents involved in the marketing activity of EIC. EIC, established in 1976 by Proclamation gained information No 68/1975 as part of the nationalization scheme of the Derg regime, came into existence by taking over all the assets and liabilities private insurance companies that were operating in the market at the time. Currently, EIC is administered by a BOD under the regulation of NBE and supervision of Public Finance Enterprise Agency (PFEA). EIC renders both Life Insurance products and General Insurance products through 6 District 'A' level distribution channels clustered together in the central town, 8 District 'B' level branches located in main town of the regions, 74 'I' and 'II' level branches

situated in various parts of the country and 14 contact offices. EIC also works with around 570 agents and 60 brokers.

The target population of this study was 570 insurance sales agents of the Corporation. It was difficult to cover the whole population in this research study. As Rescoe (1975) cites in sakaran (2000), “sample sizes larger than 30 and less than 500 are appropriate for most research”. Therefore, because of time and financial constraint to reach all the total population, the study selected sample sales agents operating in all branches located at Addis Ababa and district B using convenience-sampling techniques. This sampling method enabled the researcher to obtain information from registered agents as and when they were available within the selected region.

The sample size of the study becomes 235 sales agents as calculated using the formula recommended by Yemane (1967) below with 5% acceptable sampling error and 95% confidence interval.

$$n = \frac{N}{1 + N(e)^2} = \frac{570}{1 + 570(0.05)^2} = 235$$

Where n= sample size, N= population, e= level of precision

3.3. Data type and Data collection instrument

In order to conduct the study both primary & secondary data were used to achieve the objective of the study. Primary data sources: Since the primary sources have the advantage of providing detail information, high accuracy and understandable units in which the data are recorded, the researcher rely on the primary data. Primary sources are more closely related with the problem under study. Primary data was collected from sampled respondents who are living in the selected study areas. The primary data collected from sales agent views, opinion, and attitude of the Corporation and secondary data extracted from printed materials like periodic reports, directives and circulars.

To collect primary data, the researcher used questionnaire. Measurements indicators used in the questionnaire are derived from questionnaire developed by Mohammad Al-Dwiry, Thair Al Shaher, Rami Mohammad Al-dweeri, Alaa Al-Horani, 2020 and other researchers. The secondary data that are relevant to the study are collected from EIC and NBE written

document. Questionnaire is preferred because questionnaires are easier to administer and save time. The questionnaire divided into sections representing the various variables that were adopted for the study. Since the study was employed structured questionnaire, it includes content with general information and Likert scale. The general information includes; age, gender, years of sales experience, educational background, educational level and income of the respondents. The questionnaire used structured as it is the case in quantitative research design. The study used a five point Likert Scale from (1) strongly disagree to (5) strongly agree. In this technique, the degree of agreement or disagreement is given a numerical value ranging from one to five to measure all the variables,

3.4. Procedure of data Collection

The procedure followed to collect the data is: The questionnaires' was prepared with English languages, because respondents are licensed with a minimum requirement of high school education level, by adopting and adapting from related studies; formats, sequences and instruments was evaluated by academic advisor prior to the data collection so as to maintain the validity of the instruments. The purpose of the study and confidentiality issue clarified in the first page of the questionnaire. Then before dispatching of questionnaire to respondents the respondents notified about the purpose of the study, the confidentiality of the answer given by them and also told data is strictly used only to the finalization of the thesis. And then the questionnaire distributed on the appropriate time and place for them. After two week the distributed questionnaire is collected back and the data analysis work carried on.

3.5. Data Analysis techniques

Before the data summarizing, coding and tabulating work started, completeness and comprehensibility of the collected data was examined and checked first. The data that obtained through the questioner was coded and analyzed quantitatively by the help of SPSS version 23 and presented by using percentages, mean, and standard deviation, regression, tables and graphs. Descriptive analysis techniques were applied to analyze the output. Descriptive analysis consists of the collection, organization, summarization, and presentation of data.

3.6. Validity and Reliability

Validity

The validity of the study was checked by taking an advice from the advisor and from an experienced person and by slightly adopting questionnaires from previous researchers that increase its validity. To further refine the accuracy of the instrument, it was evaluated and edited by the advisor

Reliability

Reliability for questionnaires was tested by using Cronbach Alpha statistic method. A Benchmark alpha of .70 was set as an acceptable measure of reliability (Cronbach, 1951). The Cronbach alpha coefficient indicates the consistency of responses to items in a measure. The basic reason for carrying out pre-testing is to determine whether the instruments are going to serve the purpose for which they will assign. Reliability assessments using Cronbach alpha coefficient has exceeded 0.70 for all variables in this study. The results obtained reflect the consistency of responses to items in the measure.

Table 1: Reliability for items in each variable

Variables	Number of items	Reliability coefficient (Cronbach's alpha test)
Human resource related item	7	0.870
Operational related item	17	0.767
Ethical related item	9	0.750
Promotional related item	5	0.716
Opportunities	9	0.737
Sales person performance	5	0.993
Overall reliability	52	0.708

3.7. Ethical Consideration

According to Saunders, Lewis and Thornhill (2013), in the sense of research ...ethics means proper the actions is with respect to the interests of the stakeholder. In the area of this research the following ethics noted well:

- Informed consent: participants are given the option of participating or non-participating; the purpose of the research will be informed in advance in written and oral form.
- Right of confidentiality: The responses of the participants are kept strictly confidential in nature and consistency.
- Honest with qualified colleagues: reports are stated in a full and truthful way, without misrepresenting or intentionally misleading others.
- Data are not fabricated to endorse a clear inference.

CHAPTER FOUR

DATA PRESENTATION, ANALYSIS AND INTERPRETATION

This chapter examines the findings gathered from the field. Data were collected to assess the challenges & opportunities of sales agents in EIC through questionnaire from primary sources and secondary sources were collected from the Corporation and from the National Bank of Ethiopia. Out of 235 questionnaires distributed 235(100%) was filled and returned. Therefore, the analysis and presentation of the study are based on the collected questionnaires and all the tables used for presentation are compiled from the questionnaires.

4.1 Demographic and socio-economic characteristics of respondents

4.1.1 Age of respondents

This section gives the age level of the respondents within the studied population. From table 1 below out of 235 respondents' 17 respondents representing 7.2 % are below 34 years, majority of the respondents representing 61.3% are above 45 years old and 74 respondents representing 31.5% are between 35-44 years. It can be seen from the result that the corporation employed few young and energetic sales personnel which most of the respondents are older. However, the respondent's different age composition result shows challenges of the sales agent has been assessed in different generation views.

Table 2: AGE OF RESPONDENTS

Age	Frequency	Percent	Valid Percent	Cumulative Percent
Valid BELOW 25	4	1.7	1.7	1.7
25-34	13	5.5	5.5	7.2
35-44	74	31.5	31.5	38.7
>45	144	61.3	61.3	100.0
Total	235	100.0	100.0	

Sources: own survey findings (2022)

4.1.2 Gender of respondents

As it is shown in table 2 below, 83.4% of the respondent which are 196 in number are male in gender and 16.6% of the sample respondents which are 39 in number are female. This implies that female sales agents are few in the corporation.

Table 3: RESPONDENTS GENDER

Gender	Frequency	Percent	Valid Percent	Cumulative Percent
Valid FEMALE	39	16.6	16.6	16.6
MALE	196	83.4	83.4	100.0
Total	235	100.0	100.0	

Sources: own survey findings (2022)

4.1.3 Educational background of respondents

This section gives the educational attainment of the respondents within the studied population. From table 3 below out of 235 respondents 27 respondents representing 11.5 % have post graduate degree (Master’s degree), most of the respondents, representing 81 % have graduate degree and 17 of the respondents representing 7.2% have college diploma. No respondent was employed with senior high school level. The result shows the respondents have better analytical skills to respond to the questionnaires since they are well educated.

Table 4: ACADAMIC QUALIFICATION OF RESPONDENT

Educational background	Frequency	Percent	Valid Percent	Cumulative Percent
Valid MA/MSc	27	11.5	11.5	11.5
BA/BSc	191	81.3	81.3	92.8
Diploma	17	7.2	7.2	100.0
Total	235	100.0	100.0	

Sources: own survey findings (2022)

4.1.4 Years of service within the Corporation

As it is shown in table 4 below 4.3% of the respondents which are 10 in number have over 20 years of experience in the corporation. 32 respondents which represent 13.6% have 16 to 20 years working experience and 63 % of the respondents, 148 in number, have 11 to 15 years of working experience as a sales agent in the corporation. The least 19.2 % of the respondents

which are 45 in number have less than ten year working experience. It is obvious from the result that most of the respondents (63%) have worked within insurance industry for above 10 years which assures that their responses were based on experiences rather than theories since the respondents have reach experience in the corporation which enable them to be familiar with the challenges and opportunities of sales agents in the insurance business.

Table5: SERVICE EXPERIENCE

Serviceexperience	Frequency	Percent	Valid Percent	Cumulative Percent
Valid 1-5	11	4.7	4.7	4.7
6-10	34	14.5	14.5	19.1
11-15	148	63.0	63.0	82.1
16-20	32	13.6	13.6	95.7
>20	10	4.3	4.3	100.0
Total	235	100.0	100.0	

Sources: own survey findings (2022)

4.1.5 Estimated annual premium production

Regarding premium the corporation collects annually through the effort of sales agents table 5 indicates that 2.6% of the respondents which are 6 in number bring premium less than 100,000.00 birr to the Corporation. From the 235 sample respondents 3.8% of the respondents which are 9 in number contribute from 100,000 to 500,000.00 birr premium to the corporation annually. Majority of the respondents which are 220 in number contribute above 500,000.00 birr premium to the corporation annually.

Table 6: ESTIMATED PREMIUM PRODUCTION

Premium in birr	Frequency	Percent	Valid Percent	Cumulative Percent
Valid <100,000	6	2.6	2.6	2.6
100,000-500,000	9	3.8	3.8	6.4
500,001-1,000,000	107	45.5	45.5	51.9
>1,000,001	113	48.1	48.1	100.0
Total	235	100.0	100.0	

Sources: own survey findings (2022)

4.2 Descriptive analysis

In this section the researcher discusses about the descriptive statistics for data which was gathered through questionnaires. In order to see the general perception of the respondents regarding the human, operational, ethical and promotional challenges that face sales personnel of the corporation, the researcher raised various questions, to EIC sales personnel and the following descriptive statistics were found: The responses were collected using a likert 5 point scale with score 1-5 given for strongly disagree, disagree, neutral, agree and strongly agree respectively. The combined scores indicate respondent's agreement or disagreement with a statement. Their opinion was summarized according to the method cited by Kidane (2012).

$$agreementlevel = \frac{Max - Min}{5} = \frac{5 - 1}{5} = 0.8$$

It means that the scores falling between the following ranges can be considered as agreement score: Hence,

- ✚ 1- 1.80 means strong disagreement (SD),
- ✚ 1.81 – 2.60 means disagreement (D),
- ✚ 2.61 – 3.40 means neutrality (N),
- ✚ 3.41- 4.20 means agreement (A),
- ✚ 4.21- 5.0 means strong agreement (SA)

4.2.1. Perception of respondents towardshuman resource factors in EIC

This section presents the summary of the opinion of respondents on the human resource related challenge the sales agents face in EIC.

Table 7: Human resource related statements

Measurement	Mean	SD
EIC's sales agent selection/recruitment criteria	1.2717	.33707
Trainings EIC provides for the sales agent		
EIC's commission rate for the service		

EIC properly train employee of the corporation		
EIC's employee competency and knowledge to give prompt services		
EIC's employee knowing of customer's expectation for customers service request		
EIC employee helpfulness and interest in solving problem		

Sources: own survey findings (2022)

Respondents were asked to express their opinion on the effectiveness of EIC's sales agent selection/recruitment criteria; Trainings EIC provides for the sales agent; EIC's commission rate for the service; EIC's properly train employee of the corporation; EIC's employee competency and knowledge to give prompt services; EIC's employee knowing of customer's expectation for customers service request and EIC's employee helpfulness and interest in solving problem.

As the table 7 above shows, the sample respondent's response to these factors scored a mean value of 1.2717 which implies that they strongly disagree on the effectiveness of EIC's human resource related factors listed above.

4.2.2. Perception of respondents towards operational factors in EIC

Operational challenge is one of the identified variables that might challenge sales agents in the marketing of insurance products. The researcher raised seventeen operational related factors that challenge sales personnel performance to the sample respondents and the mean value scored is 1.7031. This indicates the respondent strongly disagree that the operational activities found in EIC is not effective and challenged their marketing activities.

As it is demonstrated in the table attached in the appendix, majority of the respondents (48.5%=strongly disagree, 48.9%= always) replied that the corporation's response to customer call & getting quick and effective solution to problems always challenges them in the marketing of insurance products. From the sample respondents, majority of the respondents (23.4%=SD, 67.2%=D) responded that they disagree on EIC's contract document; policy and procedure easiness to understand. Similarly, majority of the respondents (46.8%=SD, 48.5%=D) replied they disagree on EIC's Information technology adoption & Use of effective technology and keeping of customers records and files.

The other question raised to the respondent regarding this variable was whether the underwriting and claim handling process and procedure of the corporation. The result indicates that majority of the respondents (52.8%=SD, 42.6%=D) replied that they disagree on the effectiveness of EIC's underwriting and claim process. Respondents were also requested to disclose their opinion whether EIC deliver service according to customer interest or specification. Majority of the respondents (31.1%=SD, 66%=D) respondents replied that EIC's service delivery is not designed as per customer's interest and specification.

The result further indicated that most of the sample respondents replied that the corporation is not innovative in insurance product development; there is stiff competition in the market through price and service; price are not affordable and reasonable; doesn't update price & product periodically and timely; existing product doesn't meets customers need as to appearance, function, and support.

Table 8: Operational related statements

Measurement	Mean	SD
The process of quickly and effectively getting solution for problem & quick response to customers call	1.7031	.32476
Ease to understand contract documents, policy and procedures		
Information technology adoption & Use of effective technology and keeping of customers records and files		
Underwriting and claim handling process and procedure		
Providing of services according to customer interest or specification		
Competition in the market through price		
Competition in the market through product		
Competition in the market through service		
Lack of customer awareness on insurance services		
Affordability and reasonable price compared to other insurance companies		
Fairness of price as compared to the service EIC		
Periodic and timely updating price		
Existing product meet customers need as to appearance, function, and support		
Updating existing product as per customers requirement		
New product development		
Accessibility of branches		
Layout and appearance of the branches		

Sources: own survey findings (2022)

4.2.3. Perception of respondents towards ethical factor in EIC

The third variable identified as a challenge in the marketing of insurance product for the sales agents is ethical related challenges. The researcher forwarded nine ethical related statements to the sample respondents in relation to their sales activity. The total mean value scored is 1.7754 which implies they strongly disagree on all measurements regarding ethical challenges.

Table 9: Ethical related statements

Measurement	Mean	SD
Customers feel secured in all transaction they made with the corporation	1.7754	.39323
EIC always does what promised at inception time		
Customers feels good on the Corporation consistent service qualities		
Less claim fabrication		
Less unethical/unhealthy competition		
under table commission payment		
Customer confidence on EIC's employee honesty		
Customer honesty while dealing with EIC		
Keeping customers personal records secured		

Sources: own survey findings (2022)

As shown in the table attached in the appendix, from the sample respondents participated in the study majority of the respondents (57.9%=SD, 40.4%=D) replied they strongly disagree on the statement ‘‘customer feels secured in all transaction they made with the corporation’’.

Respondents were also requested their opinion whether the corporation keep what it promised at the commencement of the contract. Among the respondents 22.6% replied strongly disagree and 71.9% replied disagree on this statement.

The other statement raised to the sample respondent customers feels good on the Corporation consistent service qualities. Majority of them (40%=SD, 54.5%=D) replied that disagree on EIC's service quality consistency.

Respondents were also requested the extent of agreement on the following statements (No claim fabrication; ethical/healthy competition; no under table commission payment; Customer are

confidence on EIC’s employee honesty; Customeracthonestly while dealing with EIC). Majority (>50%) of the sample respondents responded that they disagree these statements.

The last question raised to the respondent in this section was aboutcustomer’s personal records management in EIC. 63.4% of the sample respondent replied neutral regarding securely keeping customers personal records.

4.2.4. Perception of respondents towards promotional challenges in EIC

The fourth variable identified as a challenge to sales personnel in the marketing of insurance product is promotional related factors. In this category the researcher developed five promotional related statements and tried to gather respondent’s opinion on the area. These factors scored a mean value of 1.5047, which depicts that the sales personnel strongly disagree on the effectiveness of promotional related factors found in the corporation.

As it can be understood from the table attached in the appendix, 54.9% (129 respondents) replied that they strongly disagree on the effectiveness of adverts done by the corporation. 43.8% (103) respondentsdisagree.

Majority of the respondents (46.8% = SD, 53.2%= D) responded that they agree EIC’s sales promotion is not effective. Similarly, 42.6% (SD) and 53.2% (D) of the respondent replied that public relation is poorly applied in the corporation.

Regarding effectively choosing promotional strategies by the corporation, 48.1% (113 respondents), 46.4% (109 respondents) agree that EIC’s choice of promotional strategy is not effective.

Table 10: Promotional related statements

Measurement	Mean	SD
Ineffective advertisement	1.5047	.37681
Lack of sale promotion		
Poor public relation		
Ineffective choice of promotion strategies		
Ineffective personal selling		

Sources: own survey findings (2022)

4.2.5. Opportunities of the sales agents in the insurance industry

Despite the fact that, there are challenges that hinder sales agents in the marketing of insurance products, sales agents have many opportunities that will increase their performance. The researcher forwarded nine questions to those sample respondents to identify the major opportunities found in the insurance market in Ethiopia. By illustrating the results of the questionnaire using tables the researcher tried to find out the major opportunities available to the sales personnel in the insurance industry. As it can be seen from the table 11 below, majority (54.9%=Major prospect, 29.4%=Good prospect) of the respondents agreed that the existence of fast economic growth will create better opportunities for their sales activity. 7.7% of the sample respondents agreed that existence of fast economic growth has nothing to do with the sales agent business.

Respondents are also asked whether the penetration rate of insurance business in the rural areas. 63.8% (150 in number) of the respondent replied that the insurance penetration in the rural area is high and they expect major opportunities in this regard.

The other questions raised to the sample respondent in relation to opportunities was whether the current increasing amount of foreign direct investment open an opportunities to their sales activity. Majority of the respondent (54%=Major prospect, 40%=Good)repliedthis will open greater opportunities for the growth of their insurance product marketing business.

Respondents are also requested their opinion on whether improvements on customers insurance awareness open an opportunities for their insurance product sales activity. 57.9% replied that this will create good opportunity and 29.8% replied it as a major prospect for their business.

Regarding the prospect from existence of increasing import and export trade, majority of the respondents (50.6%) agreed that it has major prospect and 45.5% of them responded good opportunity. 5 respondents replied average. 0.9% replied below average and 0.9% of the respondent replied no prospect.

EIC's commitment to service excellence is the other statement raised to the respondent in this variable. Almost all respondents have positive expectation in this regard. 12.3% of them responded that they expect average prospects, 37.4% replied good prospects and 43% of them responded major prospect. Only 1.3% of the respondent replied below average. No respondent replied 'No prospect' on the corporation service excellence commitment.

Regarding existence of large number of projects executed by the private sector and the government, majority (37.9%) of the respondent agreed that the existence of large number of projects in the country opens major opportunity for their sales activities. 36.6% of them replied good prospect and 24.3% of the respondent agreed average prospect. Only 1.3% of the sample respondent replied below average prospect for this statement.

Whether the various government regulations create an opportunity or not is the other statement raised to the sample respondents. As it is shown in the table, 41.7% and 28.5% of the respondent replied that enactment of various regulation by the government create good and major opportunity on their sales activity respectively. 19.6% of the respondent replied average, 6.8% replied below average and 3.4% of them replied no prospect at all.

The last statement raised to the sample respondent was their opinion on existence of large number of population and untapped market. 1.7% or 4 respondents replied that No prospect by the existence of large number of population and untapped market, 1.7% or 4 respondents replied below average, 3% or 7 respondent replied Average. Majority of the sample respondent (43.8%=Good, 49.8%=Major Prospect) expect that existence of large number of population and untapped market opens good/major opportunity to their sales activity.

Table 11: Opportunities related statements (where NPR=No prospect at all, BA=below average, AV=Average, GO=Good, MPR=Major prospect)

Measurement	NPR		BA		AV		GD		MPR		Mean	SD
	FR	%	FR	%	FR	%	FR	%	FR	%		
Existence of fast economic growth	18	7.7	7	3	12	5.1	69	29.4	129	54.9	4.21	1.171
Greater penetration in the insurance industry in rural areas	2	0.9	3	1.3	3	1.3	77	32.8	150	63.8	4.57	.671
Current increasing			4	1.7	10	4.3	94	40	127	54	4.46	.662

amount of foreign direct investment												
Improvements on customers insurance awareness	4	1.7	7	3	18	7.7	136	57.9	70	29.8	4.11	.798
Existence of increasing import and export trade	2	0.9	2	0.9	5	2.1	107	45.5	119	50.6	4.44	.667
Existence of large number of projects executed by the private sector and the government			3	1.3	57	24.3	86	36.6	89	37.9	4.11	.814
Existence of large number of population and untapped market	4	1.7	4	1.7	7	3	103	43.8	117	49.8	4.38	.778
Government regulation	6	3.4	16	6.8	46	19.6	98	41.7	67	28.5	3.85	1.021
Commitment to service excellence	9	3.8	8	3.4	29	12.3	88	37.4	101	43	4.12	1.012

Sources: own survey findings (2022)

4.2.6. Sales agents performance

Likert scale was also used to measure the performance level of the sales personnel in the corporation. The researcher forwarded five performance related statements to the sample respondents in relation to their sales activity.

As it is shown in the table below, the researcher asked whether the numbers of customers attracted by the sales agents are increasing or not. From the total sample taken 236 respondents (38.3%=SD, 53.6%=D) replied that the number of customers convinced and brought by them to the corporation is not growing.

Regarding the number of policy, the researcher asked the sample respondents whether their policy is increasing or not. Majority of them (38.3%=SD, 53.6%) replied that they disagree with this statement.

Regarding the variety or composition of policies, respondents were asked to express their opinion whether there is improvement or not. 216 respondents (37.4%=SD, 54.5%=D) replied that their product portfolio is not increasing.

Respondents are also requested their opinion on the improvement of their premium production. Majority of the respondents (40%=SD, 51.9%=D) disagree with this statements.

The last questions raised to the respondents werewhether their contribution to the market share is improving or not. 91.9% of them (37.4% of them strongly disagree and 54.5% of them disagree) agreed that their contribution to the market share is not improving.

Table 12: Perception of respondents towards sales agent’s performance

Measurement	SD		D		N		A		SA		Mean	SD
	FR	%	FR	%	FR	%	FR	%	FR	%		
The number of customers are increasing	90	38.3	126	53.6	4	1.7	10	4.3	5	2.1	1.7847	.84090
The number of policy are increasing	90	38.3	126	53.6	4	1.7	9	3.8	6	2.6		
Product portfolio is increasing	88	37.4	128	54.5	4	1.7	10	4.3	5	2.1		
Premium is increasing	94	40	122	51.9	4	1.7	10	4.3	5	2.1		
My contribution to the market share is improving	88	37.4	128	54.5	4	1.7	9	3.8	6	2.6		

Sources: own survey findings (2022)

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATION

5.1. Summary of the Major Findings

Having in mind that EIC which has been holding 100% of the insurance business in Ethiopia but now it is losing its ground to the privately owned insurance companies and the premium production generated from sales agent business is marginal and decreasing in the last few years, the study project by the student researcher is supposed to answer the following basic research questions:-

- What are the human resource related challenges in the marketing of insurance product by the sales agent?
- What are the operational challenges in the marketing of insurance product?
- What are the promotional related challenges in the marketing of insurance product?
- What are the challenges in connection with ethics?
- What are the opportunities found in marketing of insurance for the sales agent?

Accordingly, from the collected and presented data in this paper the following summaries of the major findings are made:

- Majority of the respondent perception towards the sales agent selection process and the training EIC provide to its sales agent is not effective and this will create a challenge in the marketing of insurance product for the corporation's sales agent. If management has appropriate attitude and involvement in training, sales performance will increase (Tesfaye, 2018).
- The commission rate the corporation pays to the sales agent is not adequate. This will affect their performances as a research conducted by Djoni et al. (2016) in Indonesia revealed that incentives and rewards from sold products affect sales performance.
- (Razali, Ramlan et al. 2016), confirmed the presence of a significant positive relation between employee competencies and customer experience. EIC's employees are not competent enough and their knowledge to give prompt services, knowing of customer's

expectation, helpfulness and interest in solving problem is not good which is always a source of trouble in the marketing of insurance product for the sales agents.

- The study revealed that EIC's complex underwriting and claim handling process, lack of innovativeness in product development, and competition through price always been a challenge in the marketing of insurance product to the sales personnel. This finding is consistent with the findings of Muriuki Caroline Wanjiru (2013).
- Easiness of contract document, information technology adoption & use of effective technology and keeping of customer's records and files seems good and it is evident neither the proposal form nor the policy document might be a major challenge for the sales agent.
- There is no competition through product but the competition through service created a major challenge to sales agents for the marketing of insurance product.
- Offering the proper products with affordable premiums according to the need of the potential policyholders help increase the demand for insurance (Pablo M.R., 2014). However, the Corporation's product didn't meet customers need and not updated as per customers interest and price didn't updated timely. This greatly affects the sales agent's insurance marketing.
- EIC's branch accessibility & layout and appearance of the branches are comparatively good and never/rarely been a challenge for the sales personnel. It is expected that the more widespread the branch network of a firm, the more easily the potential customers will access the service.
- EIC's customer doesn't feel secured in all transaction they made with the corporation and corporation consistent service qualities which challenged sales agents to a great extent. This is in agreement with Waigwa (2017) who conducted studies on the factors affecting absorption of life insurance services in Kenya. As customer service improves; there is a corresponding proportionate increase in penetration.
- Under table commission payment, claim fabrication and unethical/unhealthy competition between insurance companies challenged sales personnel of the corporation in marketing of insurance services.
- Both the corporation employees and customers are not honest enough which challenged sales personnel of the corporation in marketing of insurance services to a greater extent.

According to Njuguna and Arunga, (2013), many clients are skeptical about paying premiums for an intangible product with future benefits that may never be claimed and they are often do not trust insurance companies.

- Promotional activities like lack of sales promotion, ineffective advertisement, Poor public relation and ineffective choice of promotional strategies brought a challenge on the sales personnel in marketing insurance product to a very great extent.
- The correlation analysis result from the Pearson's Correlation Coefficient shows all independent variables of the study have positive correlation with the dependent variable. The finding also indicates from those variables operational related factors have the highest correlation

Although sales agents face many challenges in the insurance product marketing, there are also many opportunities open for them.

- Regarding to the opportunities of the insurance market in Ethiopia, economic growth of the country was mentioned as an opportunity.
- The existence of large number of private and government projects are another opportunities for the sales agents. The existence of large number of projects brings new customers for the sales agents.
- The existing large amount of foreign direct investment in Ethiopia is another opportunity to the industry. Many factories are opened in Ethiopia by foreign investors. These factories of foreign investors will add some additional market for the insurance sales agents. This is because each manufacturing industry built by those investors requires insurance covers for the machineries, for industry plants, and for employees of the industries.
- The existence of fast economy growth in the country also creates an opportunity to the sales agent to expand their business throughout the country by bringing additional insurance customers and additional revenue. The existing economic growth in the country is creating a number of business transactions and projects which require insurance covers.
- The other major opportunity for the current insurance market is the existence of large number of government and private projects. The government is operating various mega projects all around the country. The private sector is also building large number of projects in different sectors. This boom of construction sector creates additional market

for the insurance industry. This additional market will increase the number of customers thereby increase revenue of the insurance sales agents.

- The other opportunity identified in the research is the current increasing amount of import and export trade in Ethiopia. The existence of increasing international trade in the country is an opportunity to the domestic insurance market by increasing its market volume and by creating additional market. This will eventually help the insurance market to boost its financial capacity.
- The existing large number of population and untapped insurance market is also an opportunity to the insurance sales agents to expand their basis throughout the country
- Various regulation enacted by the government that oblige customers to have insurance cover for some business type is also an opportunity for the sales agents.

5.2. Conclusions

The insurance business in Ethiopia is not a recent phenomenon, it accounts over a century started from the establishment of the first insurance company in the country in 1905. But the growth of the sector is still underdeveloped. This can be explained by low level of penetration and density in the market as discussed in the first chapter.

The Ethiopian Insurance Corporation, like other insurance companies in the country, has recruit sales personnel and provides extensive training to sales agents. However, the data obtained from annual financial reports of the Corporation indicate, EIC is losing its market share to its rival even if the gross premium is increasing. Moreover, the premium production generated from sales agent business is marginal and decreasing in the last few years. The researcher found a mean value of 1.7847 for a statement forwarded to measure the performance of the corporation sales agents. This indicates that the corporation sales personnel's are not performing well.

The descriptive analysis shows that EIC's sales personnel have many challenges currently. The major challenges they face in the marketing of insurance product in relation to human resource are ineffective sales agent selection and training process of the corporation, inadequate commission rate of the corporation and incompetent employees in customer handling.

Operational challenges sales agents of the corporation are facing includes complex underwriting and claim handling process, lack of innovativeness in product development, low customer awareness towards insurance business, competition through price and existing insurance product and price are not modified timely.

The other challenges sales personnel of the corporation face includes ethical related challenges. These include claim fabrication and unhealthy competition among the insurance companies. Rather than competing with qualified and efficient service and competing with new products, the current insurance companies mostly compete with premium. This forces customers to look for companies that provide cover with minimum premium.

Furthermore, dishonesty of client and employee is also major challenge sales agents are facing in the marketing of insurance product. Most of the time clients attempt to obtain some benefit or advantage they are not entitled to like intentionally causing an auto accident; staging slip-and-fall accidents; claiming an injury occurred on the job when it did not; overstating the amount of loss, a business, home, or vehicle is intentionally set on fire by the owner or someone acting on behalf of the owner.

Moreover, some insurance companies also pay commission to those who don't have license to operate as a sales agent. This under table insurance commission payment practice creates a challenge on their performance.

The descriptive analysis also indicates that the fourth group that brought a challenge on the sales personnel in marketing insurance product is the promotional related activities of the corporation. These include lack of sales promotion, ineffective advertisement, poor public relation and ineffective choice of promotional strategies.

The correlation analysis result shows that operational related factors have the highest correlation of all independent variables of the study. Thus, the researcher concluded that operational related factors created the major challenge for the sales agents followed by ethical, human and promotional factors.

Even though the insurance market in Ethiopia has many challenges as stated above, there are many opportunities available in the insurance industry. The current existence of fast economy

growth in the country creates an opportunity to the insurance companies to expand their business throughout the country by creating additional insurance customers and additional revenue.

The other major opportunity for the current insurance market is the existence of large number of government and private projects. The government is operating various mega projects all around the country. The private sector is also building large number of projects in different sectors. This boom of construction sector brings additional business for the sales agents. This additional market will increase the revenue of the sales agents so that corporation revenue will also increase.

The other opportunity identified in this study is the current increasing amount of import and export trade in Ethiopia. The existence of increasing international trade in the country is an opportunity to the domestic insurance stakeholders by increasing its market volume and by creating additional market.

The other opportunity for the sales agent is penetration rate of insurance in rural areas. Nowadays agricultural sector is becoming focus area of government and agriculture commercialization is improving in some part of the country. This increment in investment in the agricultural sector will create a new opportunity for insurance stakeholders to industry.

There is improvement in insurance awareness by the general public and the corporation is committed to excel its service delivery which creates better opportunities for their insurance product sales activity.

5.3. Recommendation

Sales personnel play a crucial role in the success of companies. To enhance the performance of these sales personnel, proper remedial action that decrease the effect of such challenges that affect sales agent's performance must be taken. The researcher forwarded the following recommendation in order to alleviate the identified challenges and to exploit the existing opportunities of the insurance market in Ethiopia.

- ✓ The corporation needs to thoroughly review the sales agent selection/recruitment procedure and the way training is provided to its sales agents and the existing commission rate should also be revised and appropriate commission should be paid.
- ✓ The corporation should also take appropriate actions to make their employee more professional and qualified in the field of insurance business so that customer service might be improved.
- ✓ The corporation needs to improve and minimize the existing complex procedures in claims and underwriting handling procedure.
- ✓ Pricing strategy of the corporation also needs revision and the corporation should closely follow the requirement of the insurance market and develop new and update existing insurance product.
- ✓ The corporation is also recommended to devise simple and practical ways in order to improve the awareness level of public towards insurance.
- ✓ NBE should set minimum premium for each insurance product so that the competition becomes through service instead of through price. NBE should also strictly control those that violate the objective of sales agent licensing and apply under table commission payment.
- ✓ The corporation needs to adopt effective marketing strategies, select efficient channel of advertisement as well as advertise aggressively so that it will simplify the work of sales personnel to attract more customers.

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APPENDICES

APPENDIX I: QUESTIONNAIRE

ADDIS ABABA UNIVERSITY SCHOOL OF COMMERCE DEPARTMENT OF MARKETING MANAGEMENT

Questionnaire to be filled by respondents

Dear respondent,

This questionnaire is prepared to collect data for a thesis to be conducted as part of the fulfillment to the requirement for Master's Program in MARKETING MANAGEMENT. The questionnaire is designed to seek your opinion and knowledge about the challenges and prospects of sales agent in marketing of insurance product in the Ethiopian Insurance Corporation (EIC). Your contribution and honest responses are very important in the study and will help to better understand the challenges and opportunities of sales agents.

Kindly note that the information you provide will only be used for academic purpose and remain anonymous. Please be open and honest about your true feelings while you fill the questionnaire as any personal information you provide will only be known to me as a researcher.

It will take you about 5 minutes to complete this questionnaire and please put "X" mark in front of the appropriate alternatives provided and fill all the required information.

I thank you in advance for your voluntary participation in completion of this questionnaire.

Haile Abebe

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SECTION A: GENERAL INFORMATION

The following section requests for your background information.

1. Age		2. Gender	
Age in year	PUT "X"	Gender	PUT "X"
Below 25		Female	
25-34		Male	
35-44			
45 and above		4. Years of service as a sales agent in the Corporation	
3. Your highest academic qualification		Service in year	PUT "X"
Level	PUT "X"	1-5	
PhD		6-10	
Master's		11-15	
BA/BSc		16-20	
Diploma		21&above	
Other		5. Your estimated annual premium production in birr	
Premium income	Put "X"	Premium income	Put "X"
Below 100,000		500,001.00 to 1,000,000.00	
100,001.00 to 500,000.00		Above 1,000,000	

Section B: Human Resource Related Statements

1. How effective are the following general statements regarding the human resource related statements? Rate them on the scale from 1-5 where 1=strongly disagree 2= disagree 3= neutral 4= agree 5= strongly agree

S.No	Statement	Rating point				
		5	2	3	2	1
1	Sales agent selection/recruitment criteria					
2	Trainings EIC provides for the sales agent					
3	EIC's commission rate for the service					
4	EIC properly train employee of the corporation					
5	EIC's employees competency and knowledge to give prompt services					
6	EIC's employees knowing of customer's expectation for customers service request					
7	EIC employees helpfulness and interest in solving problem					

Section C: Operational Related Item

1. How effective are the following general statements regarding the operational related activities of EIC? Rate them on the scale from 1-5

S.No	Items	Rating point				
		5	4	3	2	1
1	The process of quickly and effectively getting solution for problem & quick response to customers call					
2	Ease to understand contract documents, policy and procedures					
3	Information technology adoption & Use of effective technology and keeping of customers records and files					
4	Underwriting and claim handling process and procedure					
5	Providing of services according to customer interest or specification					
6	Innovativeness in insurance product development					
7	Competition in the market through price					
8	Competition in the market through product					
9	Competition in the market through service					
10	The Affordability premium					
11	Fairness of price as compared to the service EIC provides					
12	Periodic and timely updating price					
13	EIC's product meet customers need as to appearance, function, and support					
14	Updating existing product as per customers requirement					
15	New product development					
16	Accessibility of distribution channels					
17	Layout and appearance of distribution channel					

Section D: Ethical Related Items

1. Please rate the following general statements on ethics and trust in insurance relationship between EIC and the customers. Rate them on the scale from 1-5

S.No	Items	Rating point				
		5	4	3	2	1
1	Security customers feel in all transaction they made with the corporation					
2	EIC always does what promised at inception time.					
3	Customers feeling on the Corporation consistent service qualities					
4	Claim fabrication					
5	Unethical/unhealthy competition					
6	Under table commission payment					
7	Customer confidence on EIC's employee honesty					
8	Customer feel honesty while dealing with EIC					

9	Keeping customers personal records secured					
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Section E: Marketing Related Item

1. To what extent do you agree with the following statements that relate to promotion challenges in marketing insurance products in EIC? Use a scale of 1-5

S. No	Statement	5	4	3	2	1
1	EIC’s advertisement is effective					
2.	Sale promotion is effective					
3.	Public relation is good					
4.	Choice of promotion strategies is effective					
5.	Effective personal selling					

Section F: Sales person performance

1. To what extent do you agree the improvements of your sales activities in relation to the following statement? Use a scale of 1-5

	Items	5	4	3	2	1
1	Increase in the number of customers					
2	The number of policy increasing					
3	My product portfolio increasing					
4	The overall premium is increasing					
5	My contribution to the market share is increasing					

Section G: Opportunities related items

1. Please evaluate the opportunities on the following item. Rate them on the scale from 1= No prospect 2= Below average 3= Average 4= Good 5= Major prospect.

	Statements	1	2	3	4	5
1	Existence of fast economic growth					
2	Greater penetration in the insurance industry in rural areas					
3	current increasing amount of foreign direct investment					
4	Improvements on customers insurance awareness					
5	Existence of increasing import and export trade					
6	Existence of large number of projects executed by the private sector and the government					
7	Existence of large number of population and untapped market					
8	Government regulation					
9	Commitment to service excellence					

Thank you for participating!

APPENDIX II: DESCRIPTIVE STATISTICS

SPSS output for perception of respondents towards human resource related challenges in EIC

Measurement	SD		D		N		A		SA		Skewnes	Kurtosis
	FR	%	FR	%	FR	%	FR	%	FR	%		
EIC's sales agent selection/recruitment criteria	186	79.1	49	29.9							1.444	0.87
Trainings EIC provides for the sales agent	182	77.4	53	22.6							1.322	-0.255
EIC's commission rate for the service	162	68.9	72	30.6			1	0.4			0.923	-0.833
EIC properly train employee of the corporation	181	77	54	23							1.293	-0.331
EIC's employee competency and knowledge to give prompt services	176	74.9	59	25.1							1.156	-0.670
EIC's employee knowing of customer's expectation for customers service request	163	69.4	70	29.8	1	0.4	1	0.4			1.387	2.217
EIC employees helpfulness and interest in solving problem	152	64.7	83	35.3							0.618	-1.632

SPSS output for perception of respondents towards operational related challenges in EIC

Measurement	SD		D		N		A		SA		Skewnes	Kurtosis
	FR	%	FR	%	FR	%	FR	%	FR	%		
The process of quickly and effectively getting solution for problem & quick response to customers call	114	48.5	114	48.5	4	1.7	3	1.3			0.919	1.710
Ease to understand contract documents, policy and procedures	55	23.4	158	67.2	17	7.2	4	1.7	1	0.4	0.911	3.339
Information technology adoption & Use of effective technology and keeping of customers records and files	110	46.8	114	48.5	6	2.6	3	1.3	2	0.9	1.569	4.959
Underwriting and claim handling process and procedure	124	52.8	100	42.6	2	0.9	6	2.6	3	1.3	1.977	5.694
Providing of services according to customer interest or specification	73	31.1	155	66	3	1.3	3	1.3	1	0.4	1.019	5025
Innovativeness in insurance product development	93	39.6	130	55.3	1	0.4	8	3.4	3	1.3	1.722	4.934

Competition in the market through price	93	39.6	137	58.3	1	0.4	4	1.7			0.787	2.405
Competition in the market through product	126	53.6	101	43	2	0.9	3	1.3	3	1.3	2.044	6.995
Competition in the market through service	72	30.6	152	64.7	2	0.9	2	0.9	7	3	2.083	7.382
Affordability and reasonable price compared to other insurance companies	68	28.9	164	69.8	1	0.4	2	0.9			0.062	2.002
Fairness of price as compared to the service EIC	27	11.5	190	80.9	12	5.1	3	1.3	3	1.3	2.016	9.983
Periodic and timely updating price	120	51.1	103	43.8	1	0.4	3	1.3	8	3.4	2.260	6.471
Existing product meet customers need as to appearance, function, and support	61	26	160	68.1	1	0.4	11	4.7	2	0.9	1.550	4.646
Updating existing product as per customers requirement	111	47.2	118	50.2	2	0.9	3	1.3	1	0.4	1.356	4.590
New product development	84	35.7	143	60.9	2	0.9	3	1.3	3	1.3	1.685	6.799
Accessibility of branches	68	28.9	150	63.8	5	2.1	6	2.6	6	2.6	1.824	5.424
Layout and appearance of the branches	114	48.5	114	48.5	4	1.7	3	1.3			0.919	1.71

SPSS output for perception of respondents towards ethical related challenges in EIC

Measurement	SD		D		N		A		SA		Skewness	Kurtosis
	FR	%	FR	%	FR	%	FR	%	FR	%		
Customers feel secured in all transaction they made with the corporation	136	57.9	95	40.4	4	1.7					0.595	-0.920
EIC always does what promised at inception time	53	22.6	169	71.9	13	5.5					-0.292	0.363
Customers feels good on the Corporation consistent service qualities	94	40	128	54.5	5	2.1	8	3.4			1.136	2.388
Less claim fabrication	83	35.3	137	58.3	5	2.1	10	4.3			1.142	2.425
Ethical/healthy competition	146	62.1	74	31.5	4	1.7	3	1.3	8	3.4	2.426	6.641
No under table commission payment	108	46	99	42.1	6	2.6	9	3.8	13	5.5	1.750	2.768
Customer confidence on EIC's employee honesty	109	46.4	109	46.4	17	7.2					0.502	-0.630
Customer act honestly while dealing with EIC	98	41.7	118	50.2	9	3.8	7	3.0	3	1.3	1.563	3.822
Keeping customers personal records secured	6	2.6	80	34	149	63.4					-0.937	-0.201

SPSS output for perception of respondents towards promotional related challenges in EIC

Measurement	SD		D		N		A		SA		Skewnes	Kurtosis
	FR	%	FR	%	FR	%	FR	%	FR	%		
effective advertisement	129	54.9	103	43.8					3	1.3	2.149	9.539
Effective sales promotion	110	46.8	125	53.2							-0.129	-2.001
Good public relation	100	42.6	135	57.4							-0.303	-1.925
effective choice of promotion strategies	113	48.1	109	46.4	11	0.9	2	0.9			0.799	0.689
effective personal selling	154	65.5	81	34.5							0.658	-1.581