

# EXPLAINING SUCCESS AND FAILURE IN INSURANCE SELLING

Philip J. Corr and Jeffrey A. Gray

The usefulness of personality testing for selection purposes has been recently called into question by Johnson & Blinkhorn (1994) who charge that, 'There is no body of public knowledge relating scores on personality tests taken as part of a selection procedure to objective criteria of later performance sufficient to form a basis for routine use of the tests, despite 40 or more years of research' (p. 170). Johnson & Blinkhorn's statement runs counter to the prevailing view, widely held among occupational psychologists (e.g. Jackson & Rothstein, 1993), that personality tests have an important role to play in selection.

The aim of this paper is to show that *it is* possible to demonstrate the validity of personality tests in occupational selection. The paper presents a summary of evidence which reveals that individual differences in attributional style (i.e. habitual causal explanations for failure and success) are related to insurance sales performance as defined by objective measures. The results show that these effects replicate across different samples (from different companies) and methodologies (concurrent and predictive).

## Attributional style and sales performance

The theory relating attributional style to insurance selling is well developed. Originally based on an animal model of human depression, expressed in terms of control of reinforcement (Seligman, 1975) the reformulated learned helplessness model of depression (Abramson, Seligman & Teasdale, 1978), upon which attributional style is based, states that individuals with a predominantly optimistic explanatory style are more resilient when faced with failure (e.g. rejection by a client) as compared to individuals with a predominantly pessimistic explanatory style.

Insurance salespeople encounter frequent criticism and failure, and pessimistic individuals who are sensitive to such criticism are likely to respond with lowered self-esteem and a reduction in work-related motivation (a form of job-specific depression). The impact of this criticism and failure is offset to some degree by potentially high monetary reward. This mixture of (1) high reward and (2) rejection by clients leads to motivational conflict. Individual differences in sensitivity to reward (financial success) and punishment (criticism and failure) should therefore be related to sales productivity.

The studies reported in this paper have used the Attributional Style Questionnaire (ASQ; Peterson, Semmel, Von Baeyer, Abramson, Metalsky & Seligman, 1982). The ASQ presents respondents with 12 hypothetical outcomes, half of which are failure related (e.g. 'You can't get all the work done that others expect of you') the other half being success related (e.g. 'You do a project which is highly praised'). Respondents have to think about each outcome, then give a cause for the outcome, and then rate the cause on three seven-point scales. The three scales measure failure and success reactions along three dimensions: internality-externality, globality-specificity and stability-transience.

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From these ratings, two major summary scores are computed: (1) composite negative attributional style (CoNeg), the sum of ratings of internality, globality and stability for attributions concerning failure; and (2) composite positive attributional style (CoPos), the comparable summed ratings for attributions concerning success. The difference between CoPos and CoNeg (CPCN) provides a general measure of optimism/pessimism.

Given the above analysis of insurance selling in terms of motivational conflict, one can predict that better salespeople will have either low CoNeg or high CoPos or a greater value for CPCN. (Loosely, any of these three indices can be regarded as a measure of optimism vs. pessimism.)

#### USA criterion validity

Seligman & Schulman (1986) tested the hypothesis that attributional style is related to insurance sales performance. They conducted two studies, one concurrent and one predictive. The concurrent study ( $N=94$ ) showed that CoNeg was negatively correlated with sales performance in the first year ( $r = -.19; p < .07$ ) and in the second year ( $r = -.39, p < .01$ ). The predictive study ( $N=104$ ) showed that CPCN predicted survival in the job after one year and sales in the second half of the year. Twice as many of the optimistic salespeople survived compared to the less optimistic ones.

#### UK criterion validity

We conducted two studies comparable to Seligman & Schulman (1986), one concurrent and one predictive, in order to replicate these findings in the UK. The concurrent validity study was based on 130 male employees of a leading insurance company (mean age = 37.68;  $SD=5.49$ ). Attributional style was correlated with a number of 'hard' measures of performance: (1) business generated, (a) number of policies sold, (b) average value of policy, and (c) total value of business ( $a \times b$ ); and (2) performance ranking, (a) divisionally and (b) nationally. Performance was sampled over a six-month period.

Simple correlation analysis revealed that CoPos correlated with: (1) average value of policies sold ( $r = .20; p < .05$ ), (2) total business sold ( $r = .36; p < .01$ ), and national ( $r = .24; p < .01$ ) and divisional ( $r = .25; p < .01$ ) rankings (the lower the rank, the higher the performance rating).

We extended the above concurrent study to a predictive study conducted in a second UK insurance company. The original sample comprised 196 recruits tested during their period of induction (mean age = 32.00;  $SD = 6.17$ ). Performance data comprised: (1) *effort* = number of appointments + number of prospects, and (2) *sales* = total number of policies sold. The data were sampled over a nine-week period, one year after recruitment. Given the relationship of CoPos to sales performance in the concurrent

study, it was possible to formulate a strong hypothesis to be tested in the deductive phase of the study.

Regression analyses were conducted for *effort* and *sales*. CoPos was positively related to sales *effort* ( $\beta = .19, p < .05$ ) and *sales* ( $\beta = .20, p < .10$ ). Once more, CoNeg was not related to performance. These results are broadly confirmatory of the US results (Seligman & Schulman, 1986) in showing that 'optimists' make better insurance salespeople, although the precise predictors (CoPos, CoNeg or CPCN) differ (for a possible explanation of these differences, see Corr & Gray, 1995).

These concurrent and predictive studies show that attributional style is consistently related to sales performance. However, the magnitude of correlations are relatively low, a finding common with other validation studies. Low correlations do not, however, render personality testing worthless, especially for mass selection purposes, but caution is clearly called for in applying such results.

In conclusion, is there evidence that personality tests can reliably predict objectively defined work behaviour? This question is answered in the affirmative by the present set of data which attest to the validity of attributional style in insurance sales performance.

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