

TRAINING EFFECTIVENESS IN FIRE INSURANCE TRAINING PROGRAMS FOR GENERAL INSURANCE AGENTS

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Abstract: *Achieving Training Effectiveness will be beneficial for General Insurance Agents in performing their daily activities. For insurance companies, the training expenditure for General Insurance Agents, which is accounted in the company's book under the Agency Related Expenses (ARE), applies to all the practitioners in the general insurance agency force with effect from 1st January 2005 where the training hours and related requirements stipulated in the guidelines set by the Central Bank of Malaysia (BNM) must be complied with. The Financial Mediation Bureau (FMB), now known as Ombudsman for Financial Services (OFS), a unit under the Central Bank of Malaysia, had recorded a downward trend in terms of customer complaints from 2013 to 2015 for General Insurance products. In accordance to the report, there are still a few agents who introduces the insurance products to the public have not really understood the product, thus the information passed to the potential client is different from what the product is all about. This research was conducted in a series of fire insurance product training session where agents were evaluated to find the best way to improve their basic understanding of product knowledge. Results indicate that agents are more comfortable, open-minded and less stressful while learning with their peers compares to instructors. The approach using training effectiveness was developed and had resulted a more relax and conducive learning environment and the Training Effectiveness achieved served as evidence of improved agents' performance.*

Keywords: *Training Effectiveness, Continuing Professional Development (CPD) Program, Human Resource Management*

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Introduction

Effective 1st January 2005, Continuing Professional Development (CPD) Program for General Insurance Agents in Malaysia applies to all the practitioners in the general insurance agency force where the training hours and related requirements stipulated in the Guidelines must be complied with, where the basic and minimum requirements are stated in the CPD Program. Due to this, agents are strongly encouraged to better educate themselves and pursue higher and more advanced training programme according to their own training and development needs.

Currently, General Insurance sector is facing difficulties in marketing their non-motor insurance, which has resulted in the lack of product knowledge from customers, thus the problem discussed in this study is to determine the effectiveness of all training programmes conducted for all non-motor insurance product where it will further reveal the main factor reflected in the poor results for the previous financial year.

In comparison, more information pertaining this is based on the Annual Report issued by the Malaysian Insurance Institute (MII) in 2015, where the overall performance of general insurance training for 2015 reported a decrease of 11% or 10 classes of insurance as compared to 2014. The number of registered participants in 2015 was 1,407, a decrease of 16% as compared to 1,630 participants in 2014, thus this was spelt as a lower financial performance of general insurance companies, as stipulated in the *Persatuan Insurans Am Malaysia* (PIAM) report, where the industry achieved underwriting profit of RM1.461 billion in 2015 compared to RM1.488 billion in 2014. In relation to Training Effectiveness, according to the BNM's Financial Mediation Bureau (FMB) for the year of 2015, there were 609 complaints received for General Insurance products, 660 in 2014 and 742 in 2013.

Complementary to this, Badlishah and Majid (2016) also highlighted that Training Effectiveness is one of the primary issues in FMB's results. The complaints received by FMB indicate that agents should be instructed to wait for training as stipulated in the CPD programme, where its success will greatly contribute towards the improvement of Training Effectiveness. Moreover, the improvement of training quality is much related to the benchmark that was taken on by each and every company (Ghosh, Chauhan & Rai, 2015; Tannenbaum & Yukl, 1992).

Similarly, in terms of evaluating the effectiveness of training programs, we adapt Kirkpatrick's measurement categories for evaluating which states that the effectiveness of training programs. The first category or level in Kirkpatrick's model is the "reaction" or outlooks that participants in a training program have toward the actual program. While this outcome is an important starting point for evaluating program outcomes, it is perhaps the least explored in any other studies. The second category in Kirkpatrick's model is "learning" and is concerned with knowledge outcomes, or ideas, information, and approaches from the training program that are understood and retained by trainees. For the third level in his model, Kirkpatrick identified "behaviour" as an outcome. This level is concerned with the actual on-the-job application of learned ideas, information, and

approaches from the training program. The final level in the model is concerned with “results,” and is broadly conceived as the overall end results achieved. These results could take numerous forms including sales quotas met, cost reductions, less customer’s complaint, and any number of system outcomes.

Therefore, the motivation of choosing this method is twofold. First, it aimed to change agents’ insight towards reading-based subject which was regarded as difficult. In fact, the subject is able to provide interesting findings if technique and styles are translated and understood which will not be effective if there is inadequate level of training program introduced. Hence, in the sharing session, the first objective is to enhance critical thinking towards the agents training effectiveness. Second, it is found that most agents have weaknesses and lack of confidence in oral communication. Thus, the second objective of this study is to enhance communication skill. Once communication skill is improved, agents are capable of delivering and share knowledge acquired to reflect their understanding level. This paper is organized as follows. In section 2, the literature review and theoretical framework are discussed. In section 3, the methodology is presented. The results are discussed in section 4. Finally, the work of this paper is summarized in the last section.

2. Literature Review

With regards to the adaptation of beliefs, it argued that the attitudes towards behaviour which is regarded as training effectiveness. Over time, agents may take part in training and development programs, but workplace characteristics, including managerial or training effectiveness were what had been examined. Customarily, new skills development from training participation and development may lead to changes (positive/negative or both) in the tasks that the agent performs thereafter. For that reason, factors are different when it comes to required support from the workplace during and even after the training programs and this is where training effectiveness matters.

Hence, training effectiveness is dependent on training delivery method (Anderson et al., 1996; Boyle, Anderson, & Newlands, 1994; Doherty-Sneddon et al., 1997; Hale, 1998; Meline, 1976; Raphael & Wagner, 1974; Veinott, Olson, Olson, & Fu, 1999; Bell, Tannenbaum, Ford, Noe, & Kraiger, 2017; Pier, Raclaw, Ford, Kaatz, Carnes, & Nathan, 2017). Initially, studies have shown that a critical factor influencing skill transferability between training and the job is the extent to which trainees receive the opportunity for practice and constructive feedback (Goldstein, 1993; Latham & Saari, 1979; Wexley & Latham, 1991). With regards to the classroom training, interactive activities are often used to engage trainees and enable real-time feedback for the trainees and trainer. These activities are considered critical for a quality learning experience (Wagner, 1998). As explained by Buch and Bartley (2002) states that that most trainees preferred the traditional classroom training to other training delivery method

On the contrary, monitoring and assessment is crucial for CPD training program to be effective. Next, instructors have to set both group goals and individual accountability to

ensure that each individual learnt something in the process of completing task. In fact, participant who teaches other is the one who learnt most as backed up by most researchers.

3. Methodology

Specifically, each and every agents need to complete 20 CPD training hours per year. During the first training program of 12 CPD training hours where the agents were introduced to a module entitled “How to sell Fire Insurance?” At the start of the session just after lunch of the first day, agents are divided into permanent groups. Each group consists of agents who have both strong and weak preliminary knowledge on General Insurance with a different entry qualification, race and gender. The aim of the grouping is to ensure that all groups are similar collectively.

The process is repeated in the following CPD training session using Training Effectiveness with a new set of agents to confirm the result. Besides that, before completing each cycle, simple survey was asked face to face during debriefing session in order to check on agents’ understanding and also on the Training Effectiveness. Among the questions asked are:

- What is your expectation from this training session?
- What have you learnt today?
- What are being discussed during negotiation process?
- Do you feel comfortable talking on the negotiation issue given? Why?
- Are you able to understand the learning content?
- Why the outcome (of the issue) is positive/negative?

4. Results and Discussions

Finding shows that results of test and final exams improved through the application of training effectiveness. Agents who neglect the importance of prior knowledge were able to improve their understanding not only on prior knowledge but also on current knowledge. Response received changed from “what is the correct answer?” to “why this is the correct answer?” towards the end of the semester. By understanding the concept, agents focused more in enhancing their knowledge through critical thinking rather than remembering facts for the purpose of passing exams. The learning process helps agents to develop their critical thinking through fulfilling the needs of finding solutions.

The method of taking in likewise varies from different subjects being taught (as a rule repetition educating). The learning approach opens more open door for understudies to enhance their correspondence ability through dynamic realizing, which requires talking, exhibiting and report composing. Modest agents were obliged to talk instead of floating away and turn out to be free riders. Among agents with fears on theory subjects, they turn out to be more agreeable and fascinated when the subject was shared via comprehension and the mode of learning also differs from other subjects being taught.

5. Conclusion

This study proves that training effectiveness is beneficial where the approach is two-branched, allows formal and informal objectives being targeted simultaneously. In this case, training effectiveness was able to improve not only understanding by being more critical but also communication skills, oral and written.

However, findings of this study relied too much on observation and semi-formal survey. The study would be more reliable if it is supported with comparisons between different natures of subject, as this subject is centred on personal based analysis. It is also suggested that comparisons are made between different groups to see the effectiveness of training effectiveness in negotiation.

In conclusion, the research also prompts instructors to be more sensitive in understanding training effectiveness among agents' need. The understandings between agents-instructors also contributing to agents' level of comfort in a sharing session which enable relax learning session. By this, training effectiveness can be fully benefitted to agents in in CPD program.

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