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Impact Of Sales Management Control Strategy On Sales Performance In Life Insurance Sector

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Abstract—The purpose of this study is to discuss the impact of sales performance in life insurance sector. Sales performance in life insurance industry has seen a major concern to practitioners due to severe competition and to design marketing strategy. Further to that, one way to enhance sales performance in life insurance is by focusing on good strategy and developing salesforce. Life insurance need to have a good understanding of their strategy and salesforce management so that appropriate great marketing strategies directed towards sales management control strategy. The objective of this study is to examine the causal impact of several antecedents of sales performance in the context of insurance in Java Island, Indonesia. Thus, it will review the marketing literature on the sales performance i.e., sales volume, market share, profitability and customer satisfaction. Next, we present the research framework, methods, measures and findings and conclusion. Finally, the results were discussed in terms of its contribution to the upgrading of life insurance strategies and recommendations for future research.

Keywords—sales volume, market share, profitability, life insurance

I. INTRODUCTION

The great recession in 2009 has somewhat softened the growth of the financial services business all over the world, but after that time particularly in the industrial financial services sectors in Asia are developing drastically by various factors particularly in banking and insurance [1]. Not only in financial industry, the rising of Asia economic like China and Japan have been moving and expanding their business organizations to South East Asian countries such as Indonesia, Vietnam and Thailand [2][3]. Financial services foreign organizations for example bank and insurance, bring been carried some strategies which a standout amongst the individuals were tied-ups for domestic insurance players in place on better serve those region's developing centre classes with inland financial services including insurance as well as banking.

Moreover, the development of the Indonesian Life Insurance business has been progressing rapidly over the years. It is now considered as one of the best in the ASEAN and making Indonesia as a strong insurance development in line with international standards. However, like any other country

around the world, the market share of life industry is still considered large [4].

Moreover, in Indonesia life insurance alone contributes almost 61.39% or equivalent to Rp93,996 trillion of total insurance premiums. In addition, the amount of wealth in the life insurance company is about Rp228,79 trillion or 47.5% of the total wealth of all insurance companies in Indonesia, and it is still considered small because the number of life insurance companies are three times greater than the amount of general insurance (Financial, 2013).

From the above statement and data, it shows that the life insurance industry in Indonesia is still far from ideal conditions. Foreign companies manage many of large life insurance companies in Indonesia, and it makes domestic and government companies cannot decently compete especially in market share and premiums. Therefore, it requires a more in-depth study to improve the performance and effectiveness of life insurance in Indonesia

II. LITERATURE REVIEW

A. Sales Performance

In the global context, the competition among companies has been significantly increasing in quantity and quality. However, the new cohort of sales person and customer has become very critical about the quality of products and services. One of the most essential issues in sales management and personal selling is the measurement of sales organization effectiveness. Sales organization effectiveness is often define as the quantity and quality of sales closed in a specific time period.

Furthermore, the literature provides several perspectives on evaluating sales performance. [5] Anderson and Oliver (1987) conceptualized sales performance as the evaluation of salespeople based on what they do (i.e. sales behaviours) as well as what produce (i.e. sales outcomes). In other hand, there are similar meaning among sales performance, marketing performance and sales organization effectiveness. The similarity among sales performance, marketing performance and sales organization effectiveness has been broadly recognized in the literature [6][7][8][9]. Sales organizational

effectiveness and sales performance are related but conceptually different [8].

B. Sales Management Control Strategy

The goals of management control strategy in organization are to primary and effect the perceptions and behaviours of members to achieve the organization's objectives. Behaviour-based sales supervision control approach is seen as an high degrees of supervisor tracking, direction along with intervention inside activities, in addition to subjective plus more complex strategies to evaluating efficiency, typically dedicated to the salesperson's job [10]. Furthermore, researcher [11] described sales management control strategy assumes a fundamental part inside affecting salesperson's result performance, and making successful sales organization. The more prominent the genuine degree related with sales management control, the more noteworthy fulfilled item sales manager have a tendency to be with the effectiveness of the salesforce and their unit performance.

Researchers have studied sales management control strategy as an important factors for company [12][13][14]. Prior empirical studies have studied the influence of sales management control on behavioural performance [15], satisfaction with supervisors [16], motivation of salespersons [17], the role stress [18], ethical standards [19], and sales force performance [20]. Nevertheless, the impact on the sales performance on life insurance companies has yet to be investigated.

III. METHODOLOGY

This study is conducted to test the impact of sales management control strategy on sales performance in life insurance industry. Exactly, the populations of the current study are life insurance managers from domestic life insurance companies in five major cities in Java Island, Indonesia. To collect the data, an online method was used to distribute the final questionnaire on the respondent through electronic mail. Overall, 430 questionnaires were administrated to the respondents during different times of the day. This quantitative method is suitable to examine impact of sales management control strategy on sales performance.

The designed questionnaire was developed after referring to several previous studies that included the measurement scales of selected constructs. The dependent variables which is sales performance was measured in terms of eight items scale which was developed by Cravens et al. [21] and Babakus et al. [22]. Moreover, to measure sales management control strategy this study used twenty five items and they were taken from Cravens et al. [21].

IV. ANALYSIS OF RESULTS

A total of 430 questionnaires were distributed to the three life insurance companies in five biggest city or capital of provinces in Java Island which are Jakarta, Bandung, Semarang, Yogyakarta and Surabaya, 278 questionnaires were returned and 8 were excluded because of several missing data

per case. The cases with missing data were excluded when they comprised less than 5 % of total cases [23]. The final responses comprised 270 questionnaires, which represented 430 of total number of questionnaires distributed.

Table1. Regression Analysis Result

Variables	Beta	t-ratio	Sig. t
Sales Management Control Strategy	.349	7.304	.000
R Square	.608		
F	137.492		
Sig. F	.000		
Durbin-Watson	1.714		

Note: *p<0.05

The result showed that sales management control strategy ($\beta=.349$, sig $t=.000$) has significant effect at 5% significance level. Among three predictors, salesforce performance had the highest and the most significant standardized beta coefficient, which indicates that hiring practices were the most important variables for this research. Therefore, there is impact sales management control strategy on sales performance

The R square is 60.8% meaning that the regression model used for this study can explain 60.8 percent variations on the sales organization effectiveness. This means that there were other factors associated to sales organization effectiveness. The Durbin-Watson coefficient of 1.714 was between ranges of 1.5 to 2.5. Therefore, there was no auto-correlation problem in the data. The F-value (137.492) found to be significant at 5 percent significance level (Sig F=0.000). This constructs showed that the regression model used in this study was adequate or in another word, the model was fit.

V. DISCUSSION AND CONCLUSION

This result of this study is similar to other studies that confirming most of sales management control strategy dimensions influence on sales performance. The findings of the present study are consistent with other studies on sales management control strategy as an important factors for company [12][13][14]. Prior empirical studies have studied the influence of sales management control on behavioural performance [15], satisfaction with supervisors [16], motivation of salespersons [17], the role stress [18], ethical standards [19], and salesforce performance [20].

Furthermore, the current study's result is consistent with previous studies, a study conducted by Piercy, Cravens and Morgan [20] revealed that the sales management process have received priority attention. Their study found the vital function

of the field sales manager in working salesforce execution and strength. This present study adds to a significant new research stream from prior research, analyzing how sales management control impacts on design, public presentation and strength.

Furthermore, the preceding findings show consistency with previous studied by Lane, Cravens and Piercy [24] that revealed investigate the type of management exercised by means of sales leaders (e.g., behaviour against outcome based) and the higher level of control. Primary, this exploration introduces the actual construct connected with sales broker control skills and exams not simply what amount of control supervisors exercise, nevertheless how very well they use control.

Along the same line of argument, Baldauf, Cravens and Grant [7] discovered the impact of sales management control on sales performance with data collected from field sales managers in Austria and Australia. The study provides robust support for impact of sales management control strategy on sales performance.

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