Research Article

THE VALIDATION OF SALESFORCE PERFORMANCES INSTRUMENT FOR INDONESIA LIFE INSURANCE INDUSTRY

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ABSTRACT

Background: This study intends to validate a construct of salesforce performance on Indonesia life insurance. **Results:** fromfactor analysis using principle component with varimax rotation, initially extracted threefactors solution. After measures of sampling adequacy (MSA) deletion, a single factor consisting of 27-itemssalesforce performance scale was established the Kaiser-Meyer-Olkin measure of sampling adequacy (KMO) for three dimensions solution is 0.946, with a significant Bartlett's test of sphericy (Sig=0,000). The variance is explained by 77.06% with extracted factors eigenvalue of more than 1. **Conclusion:** this study validated the salesforce performance instrument through the analysis using exploratory factor analysis in SPSS.

INTRODUCTION

The target of monetary administration organizations that give budgetary administration is to keep up trust in the financial system, financial stability, and reduction in financial crime and securing fitting insurance for consumer. Thusly, money related administrations associations need to have the capacity to intentionally adjust to the changing condition and to satisfy client's needs. Like different economies, the life insurance business has turned out to be one of the sweltering developing markets in the South East Asia, particularly in Indonesia, encountering sound development for as far back as couple of years (Abidin, 2011; Djaelani, Keban, Husnan, and Hanafi, 2011).

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. From the 2013 statistics, which released by the Indonesia Life Insurance Association (AAJI), the sector has experienced a 21% compounded annual growth rate in weighted new business premium over the five-year period from year 2009 to 2013. As of December 2014, there are fifty-one life insurance companies registered under the Indonesia Life Insurance Associationand morethan 500.000 registered life insurance agent or sales forces working on part-time and full-time basis.

There are two noteworthy issues confronted by the life insurance industry in Indonesia. Initially, the presence of more powerful and dominating foreign life insurance company in Indonesia. Second, the prohibition of local safety net providers cannot survive and rival foreign insurance business. Therefore, organization appropriation channels or deals specialists are as yet overwhelming the premium income of life coverage industry. Correspondingly, as different business, life coverage execution relies on upon how they can deal with their business and human capital, for example, sales representatives, and these capacities will be the undoubted differentiator of an organization's quality (Wileapana and Suriyo, 2006; Ho, Dubinsky, and Lim, 2012). The quality and amount of sales representatives pulled in and held by back up plans and how their capacities and aspirations are tackled would be the touchstone for the business association viability in disaster protection organization (Pathak and Tripathi, 2010).

In most occasion, salesforce or agents are very important people in life insurance business, but to develop a professional salesforce team, a good strategy is required. The strategy includes sales management, sales productivity, sales and marketing agility, cost of sales, return on performance investment, time to market penetration, sales training, and

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technology support (Akotey, 2013; Negi, Jain, & Sharma, 2014; Salleh&Razak, 2011). Nonetheless, most sales organization believes that a good salesforces is a success key factor for company performance and effectiveness.

LITERATURE REVIEW

Companies know that the performances of salesforceis closely tied to how hard and how smart they work. Salesforce motivation is considered to be a major factor that pushes performance. While this conventional wisdom about performance makes good sense, the findings from many of companies with field sales organizations provide a compelling base of support for the position that sales management can enhance salesforce performance.

However, there are several signs the approach to overall performances evaluation is definitely changing, in particular as sales and profits strategies additional and more rely on team-oriented selling and building involving long-term user relationships (Corcoran *et al*., 1995). For example, Morris *et al.* (1991) discovered that when sales managers were requested to price the importance of a number of behavior as well as outcome-based overall performances factors, these people ranked just about all the behavior-based factors greater than conventional end result factors such as sales, internet profit, and new accounts.

Moreover, Salesforce performance described as assessment of the habits of the salesperson (i.e. the tasks taking in effort while doing work), since behavior leads to the fulfillment of the organization's goals (Churchill *et al*., 1993). However, the following study continue with the Anderson and even Oliver (1987) conceptualization, with suggesting it is potentially informative to evaluate salesman performance in the what they do (e. g. sales planning) as well as outcomes (e. g. sales results) that happen to be attributed to these people. This enjoy of efficiency suggests that sales people performance are usually studied equally as behavior performance so when outcome efficiency (Behrman &Perreault, 1982; Anderson & Oliver, 1987; Cravens *et al*., 1993; Oliver & Anderson, 1994; Challagalla&Shervani, 1996). This aspect of effectiveness is concerned with all the various competencies and skills that are vital that you fulfilling the responsibilities of the sales work. This may involve such conducts as: adaptable selling, teamwork, sales presentations, sales planning, and sales support activities. As a rule, sales supervision has structured performance analysis on the sales results of sales people (outcome performance).

Technical knowledge performances describes behavior regarding salespeople throughout providing advice about the design in addition to specification of products and the services and performs of products plus services. As well the use of technological knowledge with manifested within behavior and keep abreast along with the technological progress product together with services (Behrman &Perreault, 1982).

Moreover, adaptive selling is crucial because it reveals the amount of choices a salesperson within engaging. The idea of adaptable selling has become conceptually put together by Weitz (1981) and Weitz *et.al*. (1986). A singular case regarding selling adaptiveness would be to utilize unique sales and profits presentation from each customer, exactly where adaptiveness are not present when salespeople utilize the same display for all customers.

According to Buckman (2006), the factors can lead to employee-improved productivity: commitment, reputation and regard, growth, participative decision-making as well as teamwork. Nelson (2006) exemplified that unhappy employees are much less committed to business and it will influence their overall performances and the efficiency of the company. Bagozzi (1980) highlighted which empirical analysis does not completely endorse organization among work performances and also job fulfillment and group commitment. Additionally, it does not display if functionality promotes career satisfaction or even job pleasure promotes effectiveness.

Additionally, sales professional exhaust time and exertion in direction of enhancing pay introduction procedures since they be expecting that more noteworthy aptitude will presumably prompt to fortify deals adequacy. Since sales agent who are impressively more talented on finishing gross deals sales presentation assignments are probably going to do at a more phenomenal range, look into this spotlights on benefits introduction capacities ought to along these lines give a significantly better comprehension notwithstanding clarification associated with salesman business execution (Johlke, 2006).

Moreover, Ingram and LaForge (1992) prompted that the business and the sales managers needs to build up a full comprehension of the correct deals practice to empower them to control legitimately the sales representatives. At that point a business technique is distinguished, which incorporates the meaning of relationship procedures, or maybe what measure of relationship will most likely be sought after from the sales representatives with different customers and in addition a channel strategy, which implies the fundamental numerous course decision. Deals association occupations are significant to deals organization subjects and in addition the sales representative improvement and route to the issues on human asset in sales activity.

In their roles, salespeople must interact with a variety of constituents, many of whom are likely to hold positions and expectations that differ from those of the salesperson. When the disagreement between expectations occurs, role conflict can result (Chonko& Burnett, 1983). Salespeople assist; deliver as well as reinforces typically the organizations buyer focus. Salesperson who all ultimately successful or does not demonstrate costumer oriented conducts and corporations might help by guiding efforts medially to better acheivement, support and develop a crisis that works with marketing strategy (Schwepker&Good, 2004).

For this study, the salesforce performances concept that this study adapt is the salesforce performances concept by Behrman and Perreault (1982); Cravens *et al*. (1993), Spiro and Weitz (1990), John and Weitz (1989), Babakus, Cravens, Grant, Ingram and LaForge (1996) applied in life insurance sales organization setting.

METHODOLOGY

This study employs a quantitative survey approach by collecting 100-targeted respondents consisting of local life insurance company in, Jakarta, Indonesia. A response rate of

100 percent was obtained from this exercise. A questionnaire consisting of 27salesforce performances items adapted and compiled from Behrman and Perreault (1982); Cravens *et al.* (1993), Spiro and Weitz (1990), John and Weitz (1989), Babakus, Cravens, Grant, Ingram and LaForge (1996) was used as the main instrument. The methods of analysis used were exploratory factor analysis (EFA) principal component extraction with varimax rotation method (SPSS). Factor analysis was performed to test the construct of the items in the questionnaire. The purpose was basically to identify a small number of themes, dimension components, or factors underlying a relatively large set of variables (Meyers *et al.,* 2006). Given that one item represents a part of a construct, a group of items is required to explain this construct. Moreover, factor analysis enables a researcher to develop quality items to determine construct validity. Given that factor analysis deals with items that correlated to one another, it explains an item with any specific dimension. Hence, factor analysis allows only reasonable and viable variables to be used (Hair *et al.,* 2010). This study focuses on creating and validating asalesforce performances instrument in life insurance industry. The method of analysis is discussed next.

Findings

The initial EFA resulted in three components as shown in Table After deletion of spurious items based on measurement of sampling adequacy (MSA) method, the final analysis converge into a three component of twenty six items which reflects the final salesforceperformances (Table 1).

DISCUSSION

This study started to capture the dimensions of salesforce performances construct was derived upon submitting the adapted twenty-seven items through the using of principal component method and varimax rotation. The output in Table 1.1 showed that, the Kaiser-Meyer-Olkin measure of sampling adequacy (KMO) for three dimensions solution is 0.946, with a significant Bartlett's test of sphericy (Sig=0,000). This indicates that the data are suitable for factor analysis (Hair *et. al.*, 1998; Coakes& Steed, 2003; Meyers *et. al.*, 2006). The variance is explained by 77.06% with extracted factors eigenvalue of more than 1.

The analysis resulted in three factors being obtained based on the criteria, that is, a given should load 0.50 or higher on a specific factor. The first factor consist of fifteen items and explains 67.52% of the variance in salesforce performances. The second factor consist of eight items and explains 4.64% of the variance in salesforce performances construct. The third factor consist of four items and explains 3.81% of the variance in salesforce performances construct.

CONCLUSION

This study validated the salesforce performances instrument through the analysis using Exploratory Factor Analysis in SPSS and next study will be use Confirmatory Factor Analysis, the

CFA could be more accurate since it tested for goodness of fit indices.

Table 1 Results of EFA Initial Rotated Component Matrix.

Items	Component		
Factor 1	**1**	**2**	**3**
Know the applications and functions of company services	0.563		
Keep abreast of your company's service and technological developments	0.546		
Being flexible in the selling approaches used	0.685		
Adapt selling approaches from one customer to another	0.756		
Vary sales style from situation to situation	0.820		
Generate considerable sales volume from team sales	0.777		
Build strong working relationships with other people in our company	0.771		
Work very closely with non-sales employees to close sales	0.652		
Coordinate very closely with other company employees to handle post-sales problems and service	0.856		
Discuss selling strategies with people from various departments	0.710		
Listen attentively to identify and understand the real concerns of customers	0.734		
Convinced customers that they understand their unique problems and concerns	0.783		
Use established contacts to develop new customers	0.715		
Communicate their sales presentation clearly and concisely	0.744		
Work out solutions to a customer's questions and objections	0.723		
Factor 2			
Know the design and specifications of company services.		0.722	
Experiment with different sales approaches		0.741	
Provide after the sales service		0.784	
Check on product delivery		0.728	
Hand customer complaints		0.776	
Follow up on product use		0.649	
Troubleshoot application problems		0.723	
Analyze product use experience to identify new product/service ideas		0.644	
Factor 3:			
Plan each sales call			0.832
Plan sales strategies for each customer			0.733
Plan coverage of assigned territory/customer responsibility			0.784
Plan daily activities			0.735
Eigen values	17.351	1.365	1.040
Percentage of Variance Explained = 77.06%	67.52	4.64	3.81
KMO = 0.946			
Bartlett's Test Approx.chi square = 8599.38 , df= 362, sig = 0.000			

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