

Intellectual Capital Factors and Its Impact to Sales Forces Performance

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Abstract. Service competitiveness at property business, depends on various different aspects, such as quality of human resources, quality of services, quality of the management systems, to name a few. Such high complexity makes increasing services competitiveness an elusive goal to achieve. Sales force as human resources factor at property business being forced to create such a quality services in delivering product knowledge and influencing the customer to be attracted to the offered product. In this case, intellectual capital factors become an absolute requirements for the progress of the property business. Intellectual capital is a product of the interaction between competence, commitment and job control. If sales force can maximize their intellectual capital, then hopefully they can improve their performance. The purpose of this study is to provide further insight into the relationship between intellectual capital factors and sales force performance. By using correlation and path analysis, it was found that intellectual capital factors has a positive influence on sales forces performance. The intellectual capital factors influences sales forces performance by 37,5%. While the rest 62,5 % is influenced by other external factors beyond this limitation of the problems. Much further, it was found that human and structural capital do not influence sales force performance significantly. It is just customer capital that influence sales force performance significantly.

Keywords: intellectual capital, sales force, performance

1. Introduction

The fast expansion of globalization altered the pattern and structure of the production system. The new production system is mainly driven by technology, knowledge, expertise and relations with stakeholders etc, which may collectively be described as Intellectual Capital. In the new economic system, intellectual assets have eventually recognized as the prominent resources. All companies including property business should be depend to a considerable extent on the intellectual capital for earning revenues and to sharpen their competitive advantage.

According to Abidin (2000), capital intellectual has not been recognized widely in Indonesia. Many cases in almost companies in Indonesia tend to use conventional based on their business development. It makes a bit distract to human capital, structural capital, and customer capital of its human resource. Whereas, those things are the element of intellectual capital company development. It covers the reason why I choose the intellectual capital and its impact to sales force performance to be my research foundation.

This paper is organized in six sections. Firstly, the introduction. Secondly, the description about the intellectual capital. Thirdly, the importance of performance including its definition that concern on sales force performance. Fourthly, methodology. Fifthly, discussions about the relationship between intellectual capital factors and sales force performance. Finished by conclusions and suggestions which is contented the summary of intellectual capital factors and its impact to sales force performance.

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2. Intellectual Capital

Intellectual Capital is a key element in an organization's future earning potential. Theoretical and empirical studies show that it is the unique combination of the different elements of Intellectual Capital and tangible investments that determines an enterprise's competitive advantage. According to Klein and Prusak " ... we can define intellectual capital operationally as intellectual material that has been formalized, captured, and leveraged to produce a higher valued asset" (Stewart 1994). Sveiby(1998) said that Intellectual capital is "The invisible intangible part of the balance sheet can be classified as a family of three, individual competence, internal structural, and external structure. "While Stewart (1997) defines intellectual capital in the general term as intellectual material i.e. knowledge information, intellectual property and experience that can be used to create wealth. A business practitioner, Edvinsson (1997) explains intellectual capital as applied experience, organizational technology, customer relationships and professional skills that provide a firm with a competitive advantage. Taking it further, Edvinsson (1997) equates intellectual capital with the sum of human capital, structural capital and customer capital, i.e.

$$\text{Intellectual Capital} = \text{Human Capital} + \text{Structural Capital} + \text{Customer Capital}$$

This table will give the explanation of some definitions given from Sveiby, Stewart and Edvinsson.

Table 1. Intellectual Capital Definitions

	Human Capital	Structural Capital	Customer capital
Sveiby, 1997	Involves capacity to act in wide variety of situation to create both tangible and intangible assets.	Internal structure include patents, concepts, models, and computer and administrative systems	The external structure include relationships with customers and suppliers. It also encompasses brand names, trademarks and the company's reputation or image.
Stewart, 1997	Money talks but it does not think: machines perform, often better than any human being can, but do not intent...(the) primary purpose of the human capital is innovation whether of new products and services or if improving in business process.	Knowledge that doesn't go home at night...it belongs to organization as a whole. It can be reproduced and shared...technologies, invention data, publications,...strategy and culture, structures and systems, organizational routines and procedures.	...is" the value of its franchise, it's ongoing relationships with the people or organizations to which it sells...(like) market share, customer retention and defection rates, and per costumer profitability...is" the value of its franchise, it's on going relationships with the people or organizations to which it sells..(like) market share, customer retention and defection rates, and per costumer profitability
Edvinssons,1997	Combined knowledge, skill, innovativeness and ability of the company's 'individual employees...it also includes the company's 'value, culture,and philosophy. The company's value, culture,and philosophy. The company can not own human capital	Hardware, software, data base, organizational structure, patents, trademarks, and everything else of organizational capability that supports those employee's productivity...(it is) everything left at the office when the employees go home...unlike human capital, structural capital. Can be owned and thereby traded.	

(Source: Mouritsen, Larsen, P. N. Bukh: 2000)

3. Sales Forces Performances

Personal selling by sales forces is an important marketing instrument in many industries. Sales force performance is an important topic both for social researchers and interested in sales as an economic activity and for professionals who practice the techniques of selling and sales management. Previous research has focus on examining different approaches to measuring the performance of sales people (Morris, Michael, 1991). Different approaches were use for the relative ease with which performance can be measured in sales; the competitive nature of the selling task, and the fact that successful sales force performance has a direct

and fairly immediate impact on organizational performance (Churchill, Ford, Hartley & Walker, 1990; Morris, Davis, Allen, Avila & Chapman, 1991).

Much has been written over the past 50 years about the determinants of salespeople’s performance. Churchill, Ford, Hartley, and Walker (1985) conducted a search of the published and unpublished literature on sales management and uncovered 116 articles. Their findings indicate that the major determinants of salesperson performance are: (1) role variables, (2) skill, (3) motivation, (4) personal factors, (5) aptitude, and (6) organizational/environmental factors. I utilize those variables to measure sales forces performances.

4. Methodology

Data for this study were collected from respondent that was a sales staff of one nationale scale property company. Among the respondent, 43.90% was male and 56.10% female. Since the company has just operated for 11 years, majority of the respondent are in the middle age which is between 25 to 30 years (73.17%). 43.90% has been working with the organization for more than 5 years and 56.10% have been working between 2 to 4 years. Majority of the respondent have (bachelor degree) degree (87.80%) and only 12.20% with master degree. Questionnaire was distributed to all 41 sales staff . This paper focuses on research that utilizes quantitative models to investigate the relationship between intellectual capital factors and sales forces performance. It is hypothesized that intellectual capital factors has a positive influence on sales forces performance. Result will be analyzed with correlation and path analysis.

5. Discussion of Finding

The data was tested using SPSS to look at the influences of intellectual capital factor to performance of sales force as the respondent. The results are shown in tables below.

Table 2 The result of Path Analysis through SPSS

Summary Model				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,625(a)	,375	,324	4,676403

a. Predictors: (Constant), Customer Capital, Structural Capital, Human Capital

The previous table shown that the intellectual capital factors influences sales forces performance by 37,5%. While the rest 62,5 % is influenced by other external factors beyond this limitation of the problems. The result can be seen through path analysis measurement:

Table 3 Hyphotesis Findings

No	Path Coefisiency	t counting	t table	Sig.	Inferences
1	$P_{yx1} = 0,091$	0,599	2,036	0,552	H_0 accepted
2	$P_{yx2} = 0,190$	1,217	2,036	0,231	H_0 accepted
3	$P_{yx3} = 0,437$	2,676	2,036	0,011	H_0 rejected

From above table, path analysis model is as follow:

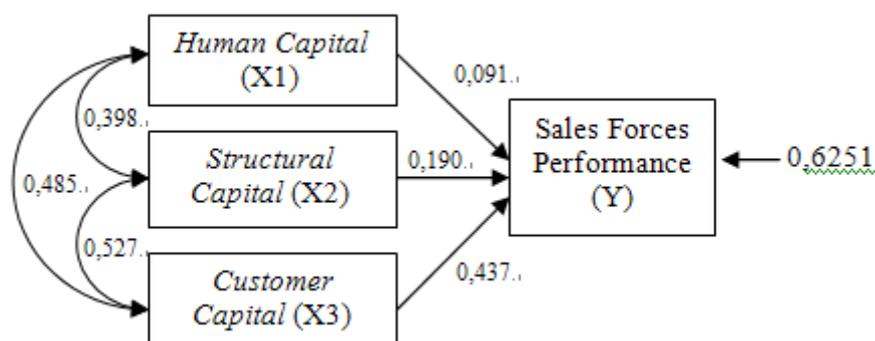


Figure 1. Path Analysis The Impact of Intellectual Capital Factors toward Sales Force Performance

We can conclude that human and structural capital do not influence sales force performance significantly. It is just customer capital that influence sales force performance significantly.

6. Conclusion and Suggestion

Based on our research, it found that intellectual capital which consist of human capital (X1), structural capital (X2), and customer capital (X3) has significantly influenced sales force performance altogether. Otherwise, the measurement of individual Coefisiency Path Analysis found that only customer capital influenced sales force performance significantly, and the other variables didn't give any significant influences. Even the individually or partially hypothesis result are considered unsignificantly, they effect is very little.

If we take a look at the result of intellectual capital to sales forces performances which only 37.5%, we need to do the next research. It has to be done in order to find out other influencing variable by 62.5% to sales force performance, such as compensation system or leadership factor.

7. References

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