

CHAPTER I

INTRODUCTION

1.1. Background

Now a day, in globalization era the business competition become much more competitive and challenging. Globalization can be defined as a process by which markets expand and the potential gains from trade grow. There is wide consensus that globalization started around the mid nineteenth century and that it was fueled by major technological advancements, sustained economic growth and the adoption of market-promoting. In general, globalization refers to the free movement of goods, capital, services, people, technology and information, and it is the action or procedure of international integration of countries arising from the convergence of world views, products, ideas and other aspects of culture. Khan stated that globalization means the revolutionary changes in information and communication technology that has transformed the world's political and economic landscape (2018, page 8). All business has to be ready for the changes that could happen because of globalization. They have to keep updating their businesses so as not to be left behind and would still exist. The business aspects such as human resources have to keep updating, so the employee would be improving and could help the company to grow. Human resources are one of the important assets in the company because every process requires humans. The development of management companies today, especially in the management of human resources is driven to advance towards globalization. All business needs to

follow the changes of both their human resources and the business system because they have to keep the business alive.

Frontline employee and salespeople are a substantial to the business because they are the one who directly faced the customer. But, frontline sales managers are the most critical role in any sales organization. This role decides, based on an overall sales strategy, what salespeople sell, where they sell, to whom they sell, and even how they sell. Their span of control gives frontline sales managers the highest leverage effect in any sales organization. So, the business needs to improve their salespeople and frontline employee either. Improving the salespeople and frontline employee could be done by so many ways such as training, school, coaching, and so many else. In order to help commercial organizations, cope with these changes, an increasing number of firms are moving away from traditional command-and-control models, and instead toward new leadership models based on relational exchanges and coaching (Pousa and Mathieu, 2010, 2014a, 2016).

Coaching could be use by the business to increase the performance of its frontline and salespeople employees. Coaching increases productivity by changing it from command and control to collaboration and creativity. Coaching helps the business to facilitate executive education and training and helps integrate innovation and technology into corporate learning. Armstrong (2014, page 307) stated that coaching is a personal help to increasing the skills and knowledge of others. It's helps closing the gap between younger frontline and

salespeople employees and the experienced one by empowering employees and encouraging creativity and collaboration.

Managerial coaching itself is ultimately the most powerful application of a coaching modality because it pervades the day-to-day functioning of the company (Riddle, Hoole, and Gullette, 2015). In this era, a lot of company chose to do a coaching to increase employee performance, so it would help them to being motivated to perform well and make the customer satisfy. Scholars had test on managerial performance that would influence itself efficiency (Pousa and Mathieu, 2015), employee performance (Pousa, 2012), customer efficiency (Pousa and Mathieu, 2014), and so many else.

Managerial coaching in Indonesia still not common used by the organization. Indonesian people are still traditionally thinking about keeping their knowledge and skills for them selves and don't share it among others. They don't want to share knowledge because they don't want to compete. It supported by the survey conducted by Experd Consultants that work in coach industry, showed 93% of people recognized the importance of coaching but only 15% did so according to Experd Consultant Director Eileen Rachman (2016).

Despite the importance of managerial coaching on an industry, research of managerial coaching in a banking industry quite limited and has not been explored yet. Even though there are positive effects of using managerial coaching on salespeople and frontline employee in a banking industry. It will change the salespeople and frontline employee develop with each different stage in their career. The more experience workers believed that they can develop the early

stages workers such as frontline employee to give their knowledge and skills to be shared. High level stages of employee have more skills and experience because they already work for long time.

According to statistical data taken from the Central Statistics Agency regarding the number of banks in Indonesia in 2013 until 2017. Here is the table of banks in Indonesia:

Table 4.1. Table Banks in Indonesia

Region	2013	2014	2015	2016	2017
Bank Persero					
Total Bank	4	4	4	4	4
Total Bank Office	16637	17430	17809	18106	18262
Bank Pemerintahan Daerah					
Total Bank	26	26	26	26	27
Total Bank Office	3254	3524	3781	3926	4130
Bank Private National					
Total Bank	56	56	55	52	50
Total Bank Office	9465	9226	9052	8384	7680
Bank General Syariah					
Total Bank	11	12	12	13	13
Total Bank Office	1987	2163	1990	1869	1825
Foreign Bank					
Total Bank	23	21	21	21	21
Total Bank Office	504	396	331	445	388
TOTAL					
Banks	120	119	118	116	115
Office Banks	31847	32739	32963	32730	32285

Sources: Badan Pusat Statistik (2018)

As we can see on the table that has been taken from badan pusat statistic about number of banks in Indonesia. The bank industry in Indonesia is quite stable, even though it is declining when viewed from the number of the table above. Bank Industry in Indonesia are About 1400 offices of the data above are belonging to PT Bank Danamon Indonesia.

PT. Bank Danamon Indonesia was built on 1956 and the named danamon on 1976. Danamon was becoming one of the largest bank in Indonesia, their customer is come from every segments. the services they offer are Islamic banking. In addition, Danamon also provides automotive financing and consumer goods through Adira Finance and general insurance services through Adira Insurance. The employee of Danamon Indonesia are more or less 6700 peoples. They have a company value of caring, honest, striving the best cooperation, highly professional, and discipline. From the company value we know that they tried the best to serve the customer. It is important to do coaching to provide the best services to the customer, especially their frontline and salesperson who directly meet the customer.

Now, more businesses are using coaching to improve them self and managing their sales forces. It is necessary to know the differences of the result that should be expected when the business coach the early stage and high stage level of their salesperson. Danamon Indonesia Karawaci branch has using coaching program since 2011 which is when they first started their branches in Karawaci. They are frequently using coaching programs in developing their frontline and salespeople. In this research, it will only discuss the salesperson and frontline employee in two career stages only. There are two stages that would be discuss here, that is early and middle career stages and would be different from previous study that explained the three career stages. Also, Danamon Bank Indonesia that are using coaching. Somehow, there is no research so far that

exploring the effect of the interaction effect between salesperson career stages, coaching, and performance in the bank sectors in Indonesia.

1.2. Research Questions

Based on the background of the existing problem, then the problem formulation is as follows:

1. Is managerial coaching positively influences salesperson sales performance?
2. Is managerial coaching positively influence salesperson behavioural performance?
3. Is sales person behavioural performance positively affects sales performance?
4. How career stage will moderate relationship between managerial coaching and sales performance?

1.3. Research Objectives

Based on the formulation of the problem then the objectives to be proved in this research are:

- 1) To evaluate whether managerial coaching positively influences salesperson sales performance
- 2) To evaluate whether managerial coaching positively influence salesperson behavioural performance
- 3) To evaluate whether sales person behavioural performance positively affects sales performance

- 4) To evaluate how career stage will moderate relationship between managerial coaching and sales performance.

1.4 Benefit of Research

1.4.1 Theoretical Benefit

1. To increase knowledge about the implementation of coaching to the employee and the difference between each stage of the job in performance behaviour and sales performance
2. Enriching the treasures of industry and organizations especially in the process of coaching for frontline and salespeople
3. To evaluate whether the differences should be expected when coaching frontline employee and salespeople at different career stages.
4. To evaluate salesperson career stages presents a moderation effect on the relationship between managerial coaching and performance.

1.4.2 Practical Benefit

1. Improving understanding of the relationship between coaching, sales, and performance behavior
2. Increasing the understanding of coaching in an effort to improve employee performance and it sales
3. The result of the research could be a consideration for designing coaching and development systems for employees

1.5 Thesis Structure

This thesis consists of 5 chapters which will be arranged in the following order:

CHAPTER I: INTRODUCTION

This chapter contains an explanation of the underlying background conducting research, problems to be investigated, research objectives, and the benefits of this study.

CHAPTER II: THEORY FOUNDATION

This chapter contains details and reviews of various sources of literature theoretical knowledge related to research topics. Addition to that, the research hypothesis will also be found in this chapter.

CHAPTER III: RESEARCH METHODOLOGY

This chapter contains an explanation of the data to be used in research, sampling methods and data collection, variables in research, research models, and various related tests with research.

CHAPTER IV: RESULTS AND DISCUSSION

This chapter contains the results of data processing, namely descriptive statistics, test results, and regression results. In this chapter there is also interpretation and analysis results of data processing.

CHAPTER V: CONCLUSIONS AND SUGGESTIONS

This chapter contains the conclusions of the results of the study, the discussion about limitations of research and suggestions for further researchers.