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Investigating the Role of Public Relations on Sales Increase of Life Insurance

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Abstract: Nowadays, life insurance is a significant component of human life which most important role is welfare of households in the future. The Importance of discussion about public relations and its role as a managerial duty, which identifies useful and bilateral relations between organization and different groups depends on the failure and success of organization. Also the aim of this paper is to evaluate the effect of the elements and role of Public Relations, including communications and thoughts measurement, celebrity and good reputation, and crisis management, on the sales increase of life insurance.

The data were collected using a questionnaire, and data analyze was done using SPSS software. A questionnaire survey was conducted with the sample consisting 143 people, which had experience in life insurance. In this study, for data analysis the Kolmogorov-Smirnov test and the Spearman correlation test was used. Moreover, Freidman test was utilized to classify the research hypotheses. Based on the classification done by Freidman test, the first hypothesis, which was about good reputation, took the first rank.

Keywords: Public Relations, Life Insurance, Sales.

I. INTRODUCTION

The accomplishment of effective Public Relations is one of humane and organizational merits referring to the capabilities of management to have a good interaction with his employee, to recognize them and to arouse them with enough motivation. Public relation is not one of management's duties but a factor that plays the key role in the success of all managerial duties.

Public relation has three basic roles: information gathering, information transmission, and spokespersonship. The effective fulfillment of the duties and roles of management entails efficient public relations (Chen, 2009). Public relations are the art and science of managing communication between an organization and its key publics to build, manage and sustain its positive image.

Like all other kinds of insurance, people insurance is accountable and responsible to people's concerns and worries. As a matter of fact, people insurance has two features: first of all, and as the name implies, it encompasses all the occurrences that are directly related to individuals such as death, survival, body events and sicknesses. Secondly, the above occurrences do not always have a compensational aspect such as survival of the insured person after the termination of a specific time. Unlike the properties insurances, people insurances are free of the concept of loss and damage. Such insurances cover those that focus on giving security to interested individuals against probable costs or financial pressure resulting from the occurrence of a specific personal risk such survival after the, death, accident and sickness.

II. LITERATURE REVIEW

Public relations consists of a series of practical skills and strategies designed to enhance the good reputation of an organization, to help to improve relations with the main audiences and to achieve the ability to strongly deal with crises (White and Park, 2010).

Life insurance is one of considerably important branches of people insurances. From legal standpoint this type of insurance is a contract (or policy) according to which the insurer, in return for receiving a specific amount of money as monthly premium, undertakes to pay a particular amount of money (in the form of capital or pension) to the insured or to a third party who is specified by the insured, after a specific period of time or in case the insured person dies (Hu et al, 2009). Sale is the only factor which is beneficial and money-making and directly returns the cash to the company. Only when the product or services are sold, the cash will be returned to the company.

Communication with the Mass Media

The mass media are diversified media technologies that are intended to reach a large audience by mass communication. The technology through which the communication takes place varies. For a society to benefit from a better atmosphere to express its own opinions and views, it is necessary that executive leaders, and also those who deal with people's thoughts, believe in the importance of public opinions and also the role of mass media and interpersonal communications between individuals and in general in the high significance of public relations. Also, when the situation is not pleasurable for the public to express their views, the society will get stuck on an obstacle; and consequently hidden, and even underground, activities rather than interpersonal communications will grow more and more in such a society. In this approach, public relations are no longer considered as the receivers and reflectors of raw information, but collectors, processors and presenters of valuable information for the big managerial decision-makings and also describers of the great communications strategies (Marston, 1963).

Crisis management

The management of crisis is taken into account as one of fundamental skills and abilities of public relations. If managed well, crisis will cause the organization to promote, instead of spoiling its good reputation. It is of specifically great importance to manage and control the organizational crises. A great variety of factors are at work when organizational crises occur. Thus, to control them, crisis producer factors should first be carefully scrutinized. The role of public relations to this end is to provide the grounds for the complete application of abilities and capacities existing in organization. Crisis management is the process by which an organization deals with a major event that threatens to harm the organization, its stakeholders, or the general public. The study of crisis management originated with the large-scale industrial and environmental disasters in the 1980s. It is considered to be the most important process in public relations.

Good Reputation

Nowadays all international big firms that have a long background in market have concluded that the most important resource and capital at their disposal is "public confidence and trust", or the popularity and reputation of their names and or of their trade mark "i.e. brand", and that no other capital has priority over this issue. In fact, the world and its wealth are for those whom are trusted by the public, including government, customers, employees, beneficiaries, suppliers and competitors. Such firms are no longer in need of financial resources and can easily grow in market. They don't even need to resort to advertisements to introduce their products but are easily introduced to people by their customers (Smith, 2010; Fan and Cheng, 2009 ;). Reputation of a social entity (a person, a social group, an organization) is an opinion about that entity, typically a result of social evaluation on a set of criteria. It is important in business, education, online communities, and many other fields.

III. RESEARCH METHODOLOGY

Based on the literature review, the model focused on effect of the elements and role of Public Relations to increase sales of life insurance which consists of including printing and publication, communications and thoughts measurement, research and planning, celebrity and good reputation, and crisis management, on the sales increase of life insurance. The model is summarized in Figure 1.

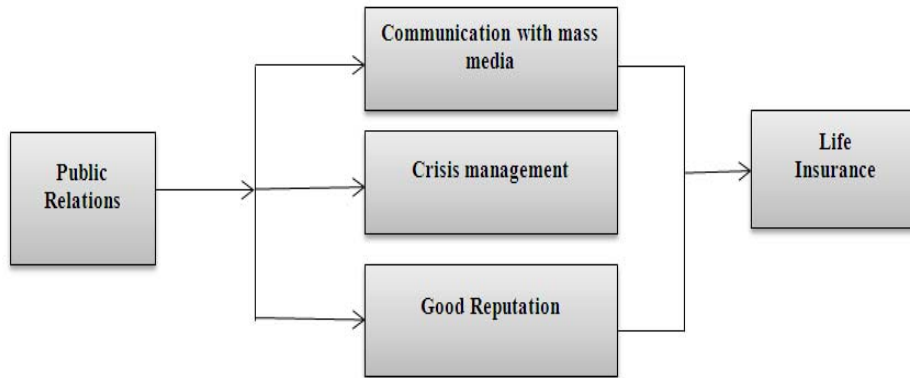


Figure1. The conceptual Model of the Research

Research Hypotheses

Research hypotheses based on the research model include:

H1. There is a significant relationship between the element of Communication with mass media and the amount of sales of the services of life insurance.

H2. There is a significant relationship between the element of crisis management and the amount of sales of the services of life insurance.

H3. There is a significant relationship between organization's good reputation and positive attitudes of customers toward organization and the amount of sales of the services of life insurance.

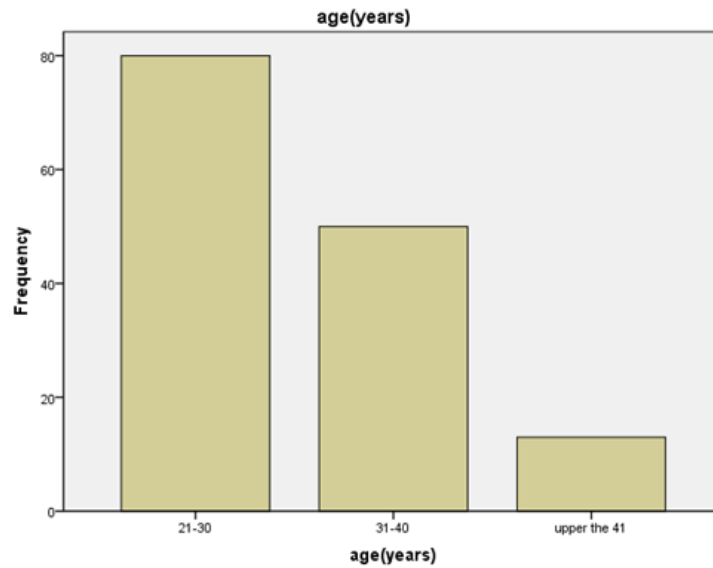
In this study, we collected data through questionnaires with a sample size of 143 respondents. Overall, from the total of 189 questionnaires distributed during a two month data collection period, there were only 143 valid questionnaires received that could be used for further analysis.

IV. DATA ANALYSIS AND FINDING

Tables and bar chart indicates the presents descriptive profiles of the sample (N=143), including major items demographic profiles such as gender, age group, education level, occupation, income level.

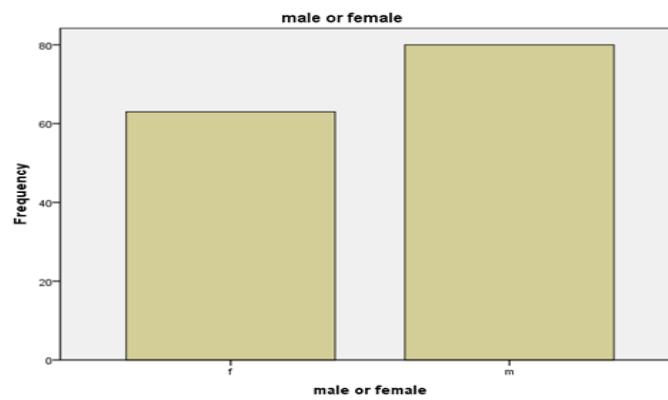
age(years)

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid 21-30	80	55.9	55.9	55.9
31-40	50	35.0	35.0	90.9
upper the 41	13	9.1	9.1	100.0
Total	143	100.0	100.0	



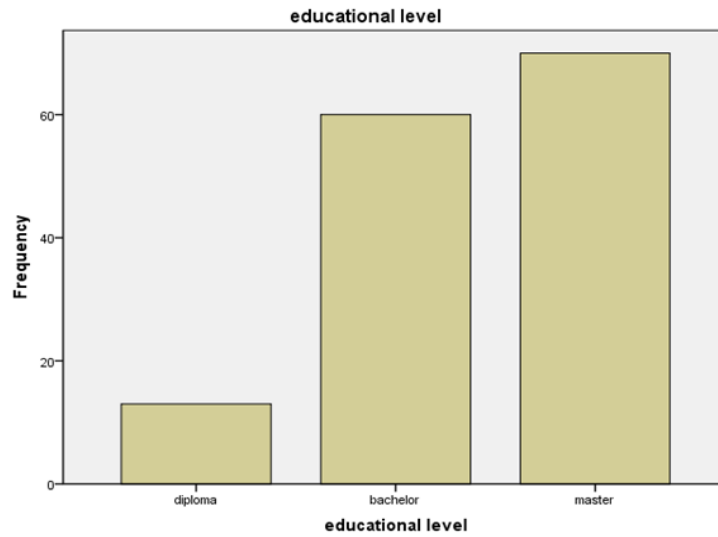
Male or Female

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	F	63	44.1	44.1	44.1
	M	80	55.9	55.9	100.0
Total		143	100.0	100.0	



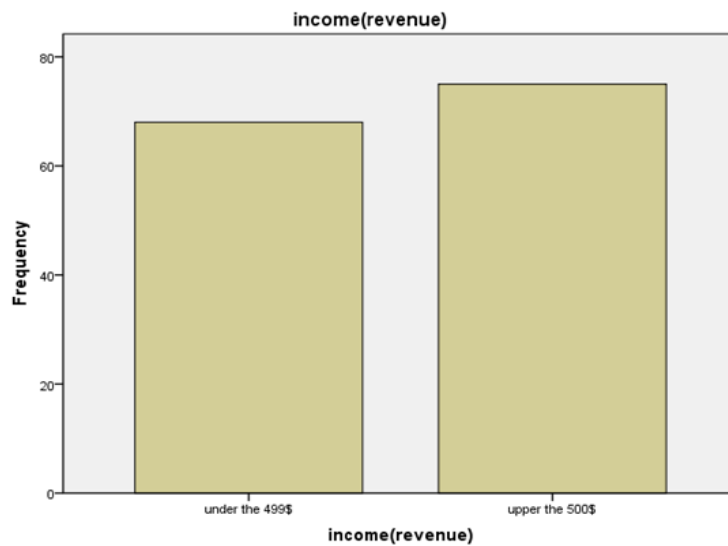
educational level

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	diploma	13	9.1	9.1	9.1
	bachelor	60	42.0	42.0	51.0
	master	70	49.0	49.0	100.0
Total		143	100.0	100.0	



income(revenue)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	under the 499\$	68	47.6	47.6	47.6
	upper the 500\$	75	52.4	52.4	100.0
Total		143	100.0	100.0	



In this research hypothesis, Spearman correlation test is being used. First, to examine the condition of normal distribution of data, Kolmogorov-Smirnov test used and the results are shown in Table1.

Table1: One-Sample Kolmogorov-Smirnov Test

	Reputation	Communication	Management	Sales Increase	
N	143	143	143	143	
Normal Paramete ^{ab}	Mean	14.9860	14.5874	13.5874	14.4406
	Std. De	1.96800	5.05787	3.20503	4.27014
Most Extreme Differences	Absolute	.188	.105	.125	.159
	Positive	.120	.092	.099	.159
	Negative	-.188	-.105	-.125	-.117
Kolmogorov-Smirnov Z	2.250	1.259	1.493	1.895	
Asymp. Sig. (2-tailed)	.000	.084	.023	.002	

By the overall looking at this table above, we can see the significant in all of the variables are lower than $\alpha=0.05$, as a result, it is indicated the data distribution isn't normal. Therefore, it must used of nonparametric tests. So, here Spearman correlation test is being used.

Testing the First Hypothesis

There is a significant relation between the element of Communication with mass media and the amount of sales of the services of life insurance.

H0: There is a significant relationship between the element of Communication with mass media and the amount of sales of the services of life insurance.

H1: There is no significant relationship between the element of Communication with mass media and the amount of sales of the services of life insurance.

Table 2: Correlation between Communication with mass media and Sales Increase

		Communication	Sales Increase
Spearman's rho	communication	1.000	-.063
	Correlation	.	.452
	Sig. (2-tailed)	143	143
Sales Increase	Correlation	-.063	1.000
	Sig. (2-tailed)	.452	.
	N	143	143

As a can be seen in the correlation table 2, we can see the significance is 0.452 and is lower than $\alpha=0.05$, H0 is rejected.

It can be said that at 0.01 level, there is a significant relation between the element of Communication with mass media and the amount of sales of the services of life insurance with a correlation equal to -0.063.

Testing the Second Hypothesis

There is a significant relationship between the element of crisis management and the amount of sales of the services of life insurance.

H0: There is a significant relationship between the element of crisis management and the amount of sales of the services of life insurance.

H1: There is no significant relationship between the element of crisis management and the amount of sales of the services of life insurance.

Table 3: Correlation between Crisis Management and Sales Increase

			Sales Increase	Crisis Management
Spearman's rho	Sales Increase	Correlation	1.000	.374**
		Sig. (2-tailed)	.	.000
		N	143	143
Crisis management	Crisis management	Correlation	.374**	1.000
		Sig. (2-tailed)	.000	.
		N	143	143

As a can be seen in the correlation table3, we can see the significance is 0.000 and is lower than $\alpha=0.05$, H_0 is rejected.

It can be said that at 0.01 level, the element of crisis management and the amount of sales of the services of life insurance with a correlation equal to 0.347.

Testing the Third Hypothesis

There is a significant relationship between organization's good reputation and positive attitudes of customers toward organization and the amount of sales of the services of life insurance.

H_0 : There is a significant relationship between organization's good reputation and positive attitudes of customers toward organization and the amount of sales of the services of life insurance.

H_1 : There is no significant relationship between organization's good reputation and positive attitudes of customers toward organization and the amount of sales of the services of life insurance.

Table 4: Correlation between good reputation and Sales Increase

			Reputation	Sales Increase
Spearman's rho	Reputation	Correlation	1.000	.506**
		Sig. (2-tailed)	.	.000
		N	143	143
Sales Increase	Sales Increase	Correlation	.506**	1.000
		Sig. (2-tailed)	.000	.
		N	143	143

As a can be seen in the correlation table4, we can see the significance is 0.000 and is lower than $\alpha=0.05$, H_0 is rejected.

It can be said that at 0.01 level, the element of organization's good reputation and positive attitudes of customers toward organization and the amount of sales of the services of life insurance with a correlation equal to 0.506.

Friedman Testing

The ratings for the four variables above are presented in Table 7 by performing the Friedman's test. So as to rank the importance of the five variables, Friedman test was used. The mean rank of variables is shown in table 7.

Table 7: Results of the Friedman test

Ranks		Test Statistics	
	Mean Rank	N	143
Reputation	3.45	Chi-Square	253.932
Communication	3.15	df	4
Management	2.76	Asymp. Sig.	.000

a. Friedman Test

According to the above table, we conclude that reputation factor has the most effect with mean rank 3.45. The significance is 0.000 and is lower than $\alpha=0.05$, then %95 ranking variables are significant.

V. CONCLUSION

Effective performance of the duties and roles of management requires efficient public relations. On the other hand, the capability, merit, and skills of public relations are intermingled with management. The reason why some managers are successful is their ability to concurrently accept any kind of change and development.

According to the results, all of the variables have a significant relation with sales increase in life insurance. Friedman test was utilized to classify the research hypotheses. Based on the classification done by Friedman test, the first hypothesis, which was about research and planning organization, took the first rank. These elements are very important in public relation. Life insurance is a significant component of human life which most important role is welfare of households in the future. Therefore should be detailed and explicit information on people and pay attention to their needs and desires.

RECOMMENDATIONS

- » To design a model that transfers the country's insurance industry from the exclusive status to a competitive one.
- » To do investment in the affairs related to research and development in the field of insurance industry by government.
- » To create motivational factors for the purchase of life insurance.
- » To sell life insurance using the banking system and other financial and credit-giving institutes.
- » To try to receive governmental support and participation for the expansion and development of life insurance. Considering the importance of life insurance and its long term effect on the advancement of economic and social programs of the country, it is of specifically high importance to receive encouragement and support from government, hence leading to development and progress of life insurance.
- » To diversify and expand different insurance plans and their subsequent additions concerning the needs of insurers and to provide the necessary conditions to issue life and saving insurances collectively.

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