


Supporting Factors For Management Decision Making For The Progress Of Life Insurance Companies

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Article Info	ABSTRACT
<p>Keywords: Decision Making, Agility, Perception, Culture, Motivation, Change, Development</p>	<p>Life insurance companies in Indonesia face significant challenges in making management decisions. Technological developments demand major investments in digitalization and data protection, while intense competition from new insurance companies and fintechs forces continuous innovation. All of this requires appropriate and responsive strategies in dealing with complex business dynamics. The research focus aims to identify and analyze supporting factors for management decision making that contribute to the progress of life insurance companies. The research method uses quantitative methods. Information was collected through surveys using questionnaires and literature studies. After the quantitative research data was collected, the data was then analyzed using a regression test tool using the SPSS program. The research found that company culture, communication and expertise have a significant influence as supporting factors in decision making with a significance value of $0.000 < 0.050$. This shows that life insurance companies that have strong supporting factors tend to make better management decisions and achieve more rapid progress. This research concludes that supporting factors for management decision making play an important role in the progress of life insurance companies. These supporting factors include company culture, communication and skills that support decision making.</p>
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INTRODUCTION

Every company has the main goal of achieving progress which is marked by better and healthier development in the company's journey. One of them, a company that has the ambition to develop and expand its business is a life insurance company. Life insurance companies are part of the service sector and are included in the category of non-bank financial institutions. According to the Indonesian Life Insurance Association (AAJI), life insurance products are written commitments in insurance policies provided by insurance companies to their customers. This commitment offers financial compensation in certain situations, for example events that result in losses for customers (Sulastri, S., Rifin, A., & Sanim, 2018)

It can be said that life insurance companies provide services in managing risk by providing payments to the policy holder, insured, or entitled party, either in the event of the death or survival of the insured, or other payments in accordance with the agreement that

has been made. The amount of this payment can be determined in advance or based on the results of fund management. Then currently AAJI has 57 members who are life insurance companies. The life insurance industry in Indonesia has shown significant growth in recent years. In 2023, the total gross premium income of the life insurance industry will reach IDR 260 trillion, an increase of 8% compared to the previous year. In addition, the number of active policyholders increased from 65 million in 2022 to 70 million in 2023, reflecting increased public awareness and need for insurance protection. According to the Financial Services Authority (OJK), life insurance penetration in Indonesia in 2023 will reach 1.8% of GDP, showing a stable increase compared to 1.6% in 2021. This comparison shows positive growth in the life insurance industry in Indonesia, which is supported by increased public awareness and aggressive marketing efforts by insurance companies (AAJI, 2023).

Life insurance companies are always faced with complex challenges, because like every organization, both large and small, they experience changing conditions that are influenced by external and internal environmental factors. In facing these developments and changes, it is important to make quick and correct decisions. A fast and precise decision-making process is very important so that organizational and administrative wheels can continue to run smoothly (Rudiawan, 2021).

According to Siagian (1986) quoted in (Muktamar, A., Safitri, T., Nirwana, I., & Nurdin, 2024), decision making is a process that involves understanding the essence of a problem, collecting information and data, carefully recognizing existing options, and carrying out actions that are considered most appropriate. This process involves a series of steps or activities that explore various facts, information, data, theories and points of view to reach a conclusion that is considered optimal and appropriate. To drive beneficial change in an organization, decision makers need a well-organized set of procedures.

Decision making is carried out by leaders in an organization to overcome the problems faced by choosing the best solution based on certain considerations. This process must be carried out systematically by collecting relevant facts, carefully evaluating existing alternatives, and then taking action that is considered most appropriate based on careful consideration (Pratiwi, 2016). However, in an increasingly complex business environment, there are various factors that can influence the management decision making process. This is because humans in their lives are always based on making decisions, but for humans making a decision is not an easy thing, of course they have to consider various possibilities that will come or the consequences that will arise from the results of the decision. that it is not uncommon for many factors or things to influence a person in making a decision (Pasolong, 2023).

Factors that influence the decision-making process can come from within the individual or from outside, which can then make it difficult to determine choices or make decisions. Therefore, individuals often face difficulties in making the right decisions because they are influenced by these various factors. According to John D. Miller in (Maidiana, 2016), factors that influence the decision-making process are the individual's gender (male or female), role in decision-making, and limited abilities. Miller further emphasized that in individual decision making, there are three main influencing factors, namely individual values, personality, and

risk-taking tendencies. In contrast to (Pasolong, 2023), there are different views regarding the factors that influence decision making. These factors include internal aspects of the organization, external aspects of the organization, availability of information, as well as personality characteristics and decision making skills.

Previous research by (Wahono, S., & Ali, 2021) analyzed the role of Information Systems in decision making. The research results show that business success is significantly influenced by Brainware's reliability and professionalism. They play a role in facilitating all aspects of the business, including supporting decision making. In a competitive business environment, the use of information technology, especially decision support systems, is very important. This system is not only used for company operations, but also as a strategy to achieve competitive advantage.

Another study conducted (Feng, J., Han, P., Zheng, W., & Kamran, 2022), analyzed the factors that influence decision making in seeking entrepreneurial work results. The research conclusion explains that decision making is influenced by 5 basic aspects, namely awareness, ability to remember, thoughts, responses and evaluation of feelings. The mechanisms and degree of influence of each of these factors vary, but they all play an important role in determining an individual's ability to make effective strategic decisions.

The novelty of this research lies in its object, namely the factors that influence management decision making in companies operating in the life insurance industry. This research aims to provide valuable insights for companies by analyzing the factors that support quality decision making, which can make a significant contribution to the progress of life insurance companies. By focusing on factors relevant to the life insurance industry, this research is expected to help companies evaluate and improve their decision-making processes. It is hoped that the identification and analysis of these supporting factors can provide a clearer view of how to improve the quality of management decision making, so that the company can achieve its goals more effectively and efficiently.

METHODS

The method used in this research is quantitative. Research methods that use quantitative are approaches that prioritize data collection in the form of numbers or quantitative data that can be measured and analyzed statistically. Quantitative methods use systematic and objective scientific procedures to collect, analyze and interpret data (Strijker, D., Bosworth, G., & Bouter, 2020). The case study in this research is a life insurance company. Data was collected through surveys using questionnaires and literature studies. The questionnaire was distributed to individuals who have direct knowledge and involvement in the decision-making process in life insurance companies. Meanwhile, literature studies were collected to examine the theories that support this research. The population in this research is the management of life insurance companies in Indonesia. The sample for this research consisted of 100 life insurance management people who were selected using simple random sampling techniques. After the data is collected, data analysis continues using a multiple linear regression test with SPSS involving the use of a regression model that predicts the dependent variable (Y) based on several independent variables (X1, X2, ..., Xn). This model is expressed as $Y = \beta_0 + \beta_1$

Assumptions tested include linearity, residual normality, homoscedasticity, and the absence of multicollinearity. The regression results are interpreted by looking at the significance of the regression coefficient (p-value), the magnitude of the coefficient (β), and the R-squared value (R^2) which shows how well the model explains the variability of the data. Based on this description, the following hypothesis is obtained:

H1: Company culture has a significant influence as a supporting factor in decision making

H2: Communication has a significant influence as a supporting factor in decision making

H3: Expertise has a significant effect as a supporting factor in decision making

RESULTS

Validity test

Validity testing is a process to assess the extent to which an instrument or measuring tool can accurately measure what it wants to measure. Validity refers to the precision or accuracy of the instrument in measuring the variable in question.

Table 1. Validity Test

		Correlation				
		Company culture	Communication	Skill	Decision-making	Total
Company culture	Pearson Correlation	1	,602**	,517**	,485**	,784**
	signature. (2-tail)		<.001	<.001	<.001	<.001
	N	100	100	100	100	100
Communication	Pearson Correlation	,602**	1	,667**	,664**	,911**
	signature. (2-tail)	<.001		<.001	<.001	<.001
	N	100	100	100	100	100
Skill	Pearson Correlation	,517**	,667**	1	,599**	,835**
	signature. (2-tail)	<.001	<.001		<.001	<.001
	N	100	100	100	100	100
Decision-making	Pearson Correlation	,485**	,664**	,599**	1	,784**
	signature. (2-tail)	<.001	<.001	<.001		<.001
	N	100	100	100	100	100
Total	Pearson Correlation	,784**	,911**	,835**	,784**	1
	signature. (2-tail)	<.001	<.001	<.001	<.001	
	N	100	100	100	100	100

Based on the results of table 1, it can be seen that each measuring instrument shows a Pearson correlation value higher than r Table = 0.063 (N=100), and the entire significance value (2-tailed) of the correlation for all items is .000, smaller than the significance limit value

of 0.05. These results show that all statements in the question items have strong validity, so that the questionnaire as a whole is considered valid for use in research.

Trust test

Reliability testing is a step to evaluate the consistency and accuracy of measurement instruments. Stability shows how stable and consistent the results the instrument provides when used repeatedly.

Table 2. Reliability Test

Reliability Statistics	
Cronbach's Alpha	N Items
,830	4

The reliability test results in table 2 show that the Cronbach Alpha value reached 0.830, exceeding the minimum limit of 0.600. This shows that the questionnaire has a good level of consistency and can be relied upon to be used in further research.

Regression Test

Regression Test is a statistical technique used to understand the relationship between one dependent variable (response variable) and one or more independent variables (predictor variables).

Table 3. H1 Regression Test

		Coefficients ^a			Q	signature.
Model		Unstandardized Coefficients		Standardized Coefficient		
		B	Std. Error	Beta		
1	(Constant)	4,250	1,638		2,594	.011
	Company culture	,325	,059	,485	5,485	<.001

Based on table 3, the regression analysis shows that company culture has a positive and significant effect as a supporting factor in insurance company decision making with a significance value of 0.010, which is smaller than 0.05.

Table 4. H2 Regression Test

		Coefficients ^a			Q	signature.
Model		Unstandardized Coefficients		Standardized Coefficient		
		B	Std. Error	Beta		
1	(Constant)	5,249	,912		5,755	<.001
	Communication	,314	,036	,664	8,787	<.001

Based on table 4, the regression analysis shows that communication has a positive and significant effect as a supporting factor in insurance company decision making with a significance value of 0.010, which is smaller than 0.05.

Table 5. H3 Regression Test

Model		Coefficients ^a		Q	signature.
		Unstandardized Coefficients	Standardized Coefficient		
		B	Std. Error	Beta	
1	(Constant)	6,509	,911		7,145 <.001
	Skill	,394	,053	,599	7,415 <.001

Based on table 5, the regression analysis shows that expertise has a positive and significant effect as a supporting factor in insurance company decision making with a significance value of 0.010, which is smaller than 0.05.

Discussion

Company Culture Has a Significant Influence as a Supporting Factor in Decision Making

Research shows that corporate culture has a significant influence as a supporting factor in life insurance company decision making. Company culture includes the values, norms and attitudes that are shared and practiced by all members of the organization. In a life insurance company, a strong corporate culture can provide a solid foundation for effective and progressive decision making. A culture that promotes integrity, professionalism, customer service, and innovation tends to support better decision making. A strong company culture usually creates an environment where employees feel engaged, committed, and have a sense of ownership in the company's success. This can encourage collaboration, open communication, and the exchange of ideas that can improve the decision-making process. In addition, a culture that promotes transparency, accountability and diversity can also help ensure that decisions taken reflect the organization's values and the interests of various stakeholders.

Similar research conducted (Mihardjo, 2020) shows that digital culture allows decision making to be disseminated through organizational systems. Digital culture is able to encourage the creation of innovation and creativity because it is supported by systems and employee behavior that dare to take risks, and quickly learn from mistakes made so that the decision-making process is fast and continues to iterate to be capable. to find the right formula according to market conditions and customers. Apart from that, digital culture is able to destroy silos that occur within organizations so that they can create a transparent collaboration system.

Communication has a significant influence as a supporting factor in decision making

Research shows that communication has a significant influence as a supporting factor in life insurance company decision making. Effective communication plays a key role in bridging information, understanding, and coordination between various levels and functions in an organization. In a life insurance company, good communication will facilitate the smooth and accurate flow of information between management, employees and other related parties. Effective communication also helps in ensuring that the organization's goals, strategies and policies are clearly understood by all parties involved, this allows stakeholders to actively participate in the decision-making process and provide valuable contributions based on

complete and timely information. In addition, open and transparent communication can help resolve conflicts, build trust, and improve the quality of relationships between organizational members. Similar research conducted (Cahyani, YR, & Hidayati, 2023) found that electronic cell phone communication, brand image and brand trust had a significant positive effect on purchasing decisions of Avoskin consumers in Semarang. Other research conducted (Munthe, GA, Putrini, WW, Siregar, N., & Sagala, 2021) found that communication factors such as perception, emotion and knowledge partially have a positive and significant effect on decision making.

Expertise Has a Significant Influence as a Supporting Factor for Decision Making

Research confirms that individual expertise or ability has a significant influence as a supporting factor in life insurance company decision making. Expertise in this context includes the knowledge, skills and experience possessed by organizational members, especially by managers and high-level leaders. In the life insurance industry, strong expertise in areas such as actuarial, risk management, sales, and marketing is essential in guiding informed decision making. For example, actuaries who have a deep understanding of mathematics and financial statistics can provide accurate risk and profit and loss analysis, which are key elements in a company's strategic decision making. Additionally, expertise in risk management enables companies to identify, assess and manage risks effectively, which is an important factor in the life insurance industry which involves managing financial and mortality risks. Sales and marketing capabilities are also important in understanding customer needs, developing the right products, and increasing market penetration.

Similar research conducted (Danniati, 2019) shows that Ability, Culture and Motivation have a significant effect on decision making, Perception has a positive but not significant effect, and Change and Development does not have a significant positive effect on decision making. Research (Arshapinega, 2016) on 3 young entrepreneurs in Magelang City shows that the factors that support career decision making include: (1) understanding yourself, (2) having high discipline, (3) having self-confidence, (4) have a commitment to entrepreneurship, (5) have family support and have a history of entrepreneurship, (6) have many business relationships, (7) can provide goods, (8) have the ability to see the market, (9) have managerial skills, (10)) have the ability to promote, (11) have the ability to innovate, (12) have the ability to manage finances. Meanwhile, inhibiting factors include: (1) lack of entrepreneurial insight, (2) lack of ability in determining suppliers, (3) lack of ability in procuring capital. Key words: career decision making, young entrepreneurs.

CONCLUSION

The research results confirm that company culture, communication and expertise have a significant influence as supporting factors in decision making, with a significance value of 0.000 which is lower than the confidence level of 0.050. These findings show that life insurance companies that are able to strengthen these supporting factors tend to have more effective management decision-making processes and experience more rapid progress. This research concludes that supporting factors such as company culture, communication and expertise play a central role in advancing life insurance companies. Thus, understanding and

good management of these factors can be an important basis in efforts to improve the performance and sustainability of life insurance companies as a whole.

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