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The Phenomena of Intention to Quit in Insurance Company

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Abstract:

The purpose of this research was to analyze the factors causing intention to quit and analyze the efforts to anticipate the intention to quit. This research uses qualitative approach. The primary data were collected through interviews and focus of group discussion (FGD). The research informant consisted of private insurance agents in Yogyakarta whose company was in the form of limited liability company and participated in the coordination of benefit cooperation scheme with Indonesia's national health assurance system. The finding of the research explained that intention to quit happened because of low agent's satisfaction towards various aspects of work (compensation, leadership, co-worker, promotion / career opportunity and job itself). Low job satisfaction may increase the intention to quit. Models that may be developed to anticipate the intention to quit were more selective recruitment and selection of agents, job training, and improving job satisfaction.

Keywords: *Intention to quit, qualitative research*

1. Introduction

Intention to quit is an individual's intention to voluntarily leave an organization; it has not become an actual behavior yet or a potential hidden behavior that may become a real behavior. There are several reasons that trigger intention to quit from an organization to move to another organization. Every individual has his or her own underlying reason. This study focuses on private insurance companies since these companies are the institutions that get the highest impact after the establishment of the Social Insurance Management Agency (Badan Penyelenggara Jaminan Sosial or "BPJS"). BPJS is state-owned insurance policy. It is predicted that insurance agents will find it more challenging to find new clients after the establishment of BPJS. Insurance companies may lose their clients and therefore, insurance agents may have higher intention to quit.

The researchers assumed that BPJS will bring some negative impacts for private insurance companies. Private insurance companies whose insurance policy is similar to that of BPJS may lose their customers as people prefer BPJS than the insurance companies. Insurance agent is an individual who gets direct influence of such phenomenon. It is getting more challenging for insurance agents to sell insurance policy since BPJS has lower insurance fee. As the consequence, private insurance companies should offer insurance policy that has more benefit than BPJS. In addition, insurance agents have more workload because they have to find more specific new customer. Increasing workload will trigger stress and may cause intention to quit. Therefore, the purpose of this study is (1) to analyze some factors that cause intention to quit, and (2) to analyze some efforts that helps anticipating the intention to quit.

2. Literature Review

Firth, et.al (2004) define intention to quit as intention of an employee to leave an organization due to work-related factors such as stress, lack of commitment towards organization and lack of job satisfaction. Hom and Griffeth (1995) in their studies on psychology stated that intention to quit is an effective indicator of the actual turn over.

Furthermore, Lee and Liu (2007) mentioned three indicators to evaluate employee's intention to leave his or her workplace, namely:

- Intention/ idea to leave an organization/ certain workplace,
- When an employee feels that he or she is treated in unfair manner by his or her company, he or she will have intention to quit. It means unfair treatment will stimulate intention for resignation.
- Intention/ idea to find a new job,

- Inability of a company to meet its employees' requirement will cause intention to quit. It is logical consequences. Once employees feel that their companies can no longer be able to meet their needs, they will start looking for another company that can cater their needs.
- Effort in finding a new job.
- One of the indicators of intention to quit is how much time an employee allotted to find a new job. An employee will look for a company that gives them better treatment

3. Research Method

The study used qualitative approach to describe point of view of the informants. The informants were insurance agents who worked in five private insurance companies in Yogyakarta. These private insurance companies participated in the coordination of benefit (CoB) with BPJS. The data collection methods were guided interview and focus group discussion (FGD). Triangulation was conducted between the informants or other sources of data, for example the insurance companies management. The data analysis began by transcribing the interview, reading it repeatedly and drawing temporary conclusion about the relationship between the categories. Audio recording was the medium used during the interview. The following procedures were validity testing between the subjects while obtaining the data that provides different perspective from each phenomena developing the category.

4. Result

4.1. Causes of Intention to Quit in Insurance Agent

Intention to quit refers to intention to resign from certain company. Insurance agent may have intention to quit due to various reasons. The interview with first informant revealed that insurance agent would have intention to quit when they were not comfortable with their job anymore. Insurance agent was a demanding profession. New insurance agent may find it difficult to adjust to the profession. Besides that, the agent does not have monthly salary; they will receive commission when they have met targeted sales rate determined by insurance companies.

Second informant added that insurance agent who was not able to adjust to the work, reluctant for canvassing or unable to close the deal and therefore, unable to meet his or her target would be more prone to job stress. Furthermore, third informant stated that new agent suffered from job stress due to lack of experience, reluctance to learn, lack of persistence, lack of skills to sell product or lack of product knowledge. As the result, these agents quit before working as insurance agents for five years. In line with the statement, fourth informant explained intention to quit may be predicted from the first three years of working. Fifth informant revealed that insurance agents were prone to quit when they had low job satisfaction towards their job mechanism, manager or working environment. Sixth informant gave the following information. "Agent who are prone to stress, have low motivation and are reluctant to ask to his or her senior would have difficulty to adjust to this profession. Individuals who rely upon monthly salary will not work here for a long time because we have to meet our target constantly. Agent who do not have negotiation and selling skills will not last long in this company." (NA, working in PT. Asuransi Bintang). Based on the elaboration, there are some reasons that influence the intention to quit, namely lack of satisfaction towards job content as insurance agent, no monthly salary, inability to adjust to achievement-based job, inability to compete with other insurance agents, unsuccessful canvassing and closing, low motivation, job stress, and dissatisfaction towards working mechanism, supervisor or working atmosphere.

Intention to quit refers to psychological process starting from low job satisfaction. Low job satisfaction results in decreasing motivation represented by delay in job/ task completion, inability to meet sales target, prone to stress, illness, decreasing performance at work, reluctance to communicate with other people and ignorance. Such employees will eventually make comparison between companies they are working at and other companies prior to making decision to stay or resign.

5. Discussion

5.1. Model to Anticipate Intention to Quit

Intention to quit is a common phenomenon at work including insurance company. Insurance agent as sales personnel is prone to the intention to quit. The informants explained several efforts to eliminate the intention to quit. First informant explained that financial satisfaction was the pivotal for each insurance agent. Besides that, his supervisor was ready to help and for discussion whenever he encountered any issue related to work. Second informant described that insurance agent should understand his or her working procedure well and be willing to have discussion with senior insurance agent about any issue he or she encountered at work. Different from first informant and second informant, third informant put more emphasis on job satisfaction to anticipate the intention to quit. "Agent will be loyal to the company when he or she was satisfied with his or her job. He or she should be satisfied with his or her commission, profession, co-worker and does not have any conflict with the supervisor." (HT, working at PT. Dayin Mitra)

Fourth informant stated that companies should conduct training on job motivation, sales technique regularly particularly for new agents. Fifth informant and sixth suggested that insurance companies gave fixed monthly income of which amount was equal to the regional minimum income to maintain the insurance agent's loyalty. Therefore, the insurance agent

was permanent employee instead of freelancer. When an agent was unable to meet his/her target, he will not have the intention to quit because he has had salary. Seventh informant explained that proportional commission, attention from the supervisor to the insurance agents and selective recruitment were the methods to anticipate the intention to quit. "Insurance company should select their employees carefully. They should determine how passionate or motivated prospective employees is. They should find out whether or not the prospective employees have good ability to adjust to their job as insurance agent." (NS, working at PT. Asuransi Harta Aman Pratama)

Based on the informants' ideas, the intention to quit may be anticipated using the following Figure 1.

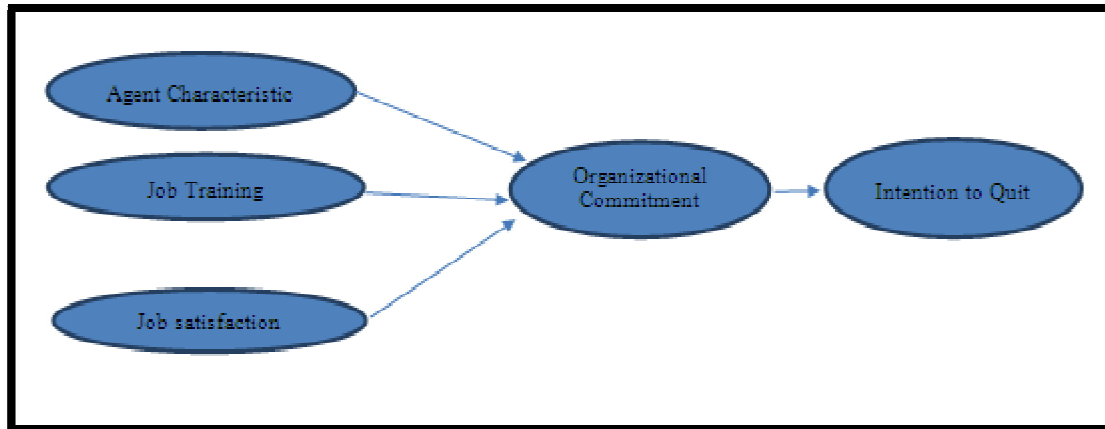


Figure 1: Anticipation towards Intention to Quit Model

The model describes the connection between variables. Connection between variables is synthesis between the informants' perspectives and theoretical or empirical knowledge. The following section describes the correlation between the variables.

5.2. Agent Characteristics and Organizational Commitment

Everyone can be insurance agents. However a good insurance agent should have the following characteristics, namely extroverted, passionate, high stress resistant, and emotionally intelligent. Such agents will more likely have high commitment to organization (insurance company). Extraversion reflects transparency, social entity and assertiveness. Individual with high extraversion tend to make friends more easily, be surrounded by many people, like influencing other people, be competitive and become part of a group. Extraversion is related to quality of social interaction of an individual (Costa and McCrae, 1997). Individual with extraversion always strives for creating harmony, be sociable, as well as value tradition and authority. He or she sometimes appears emotional and suppress his or her thought. This individual also tends to be realistic, unimaginative, pursue happiness, and tends to suppress their intuition. Besides that, they tend to get bored easily, are creative and can find interesting ideas more easily

5.3. Job Training and Organizational Commitment

Insurance agents should have thorough understanding on company profile and product knowledge (Swanson & Holton, 2001). Organization admits importance of training in terms of its contribution towards productivity and performance of an organization (Scott & Meyer, 1991). Studies show that training affects commitment to organization (Bartlett et al 2001). Regular training, for example training on sales, successful closing technique, motivation, presentation and team work, is a necessity more particularly for new insurance agents. Training improves not only the agents' competence and skills, but also their commitment to organization.

5.4. Job Satisfaction and Organizational Commitment

Job satisfaction is closely related to outcome of organization, more particularly commitment to organization. Employees with high job satisfaction will have high commitment to organization. Employees need the several dimensions of the job satisfaction such as promotion, co-worker, supervision and wage to meet their basic needs. Once they have met their basic needs, their commitment to organization will increase. Cherati et al. (2013), Chen, et al. (2013), and Anari (2012) supported significance influence between the job satisfaction and commitment.

Insurance agents who are able to meet their sales targets will get financial reward (commission). The financial reward results in job content. Other aspects that improve job satisfaction are caring supervisor/ manager, promotion, and encouraging working atmosphere. These aspects improve commitment to organization.

5.5. Organizational Commitment and Intention to Quit

Commitment to organization is level of employee engagement to organization where he or she is working at. Committed employees will keep working in an organization despite of its condition. Employees will have an emotional dependence on the organization if they find that they share the same goals and value with the organization. Increasing commitment to organization will decrease employee's intention to quit (Mowday, et al., 1982).

Beheshtifar & Ahyary's study (2013) aimed to describe the correlation between commitment to organization and intention to leave. The finding stated negative and significant correlation between commitment to organization and intention to leave. The finding of Jehanzeb et al's study (2013) in private companies in Saudi Arabia found out negative correlation between the commitment to organization and the intention to leave.

Well committed agents have high performance. Commitment is also represented by efforts of insurance agents to develop insurance company where they are working at, maintain positive image of the company and be loyal to the company. Commitment is affective bond decreasing or eliminating the intention to quit.

6. Conclusion

In general, intention to quit happens due to low job satisfaction (compensation, supervisor, co-worker, promotion/career path and job description). Low job satisfaction increases the risk for intention to quit. The models to anticipate the intention to quit are selective in agent characteristics, job training and job satisfaction, to increase organizational commitment and anticipate the phenomena of intention to quit

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