

The Turnover Warning Model of the Life Insurance Agents

Shu-Hui Lai, Takming University of Science and Technology, Taiwan,
shlai@mail.takming.edu.tw

Hsin-Mei Cheng, Takming University of Science and Technology, Taiwan,
f895d046@hotmail.com

ABSTRACT

At present, the global economic development is being at service industry leadership stage, and the key of leading the development of service industry is the human resources; especially in the life insurance industry which relying on human to create the performance is more apparent. Staff turnover may increase recruitment costs and the training time. Furthermore, the life insurance policy service interruption resulted in the policy holders outflow. So, how to decreasing the loss of life insurance field staff which has become an important issue. There are many research past discussed about the behavior of separation, but they are only limited to find the factors of separation and no discussion about the turnover warning. So this research hopes construct the turnover warning model through personality traits, job satisfaction, organizational commitment, job performance, establishing emotional and turnover intention which in order to achieve the effect of turnover warning. In addition, when those talented staff has turnover intention, the model can be used as retention function. The objects of the study are field staff for the life insurance industry in Taiwan, the questionnaire survey method was used, and the research analysis methods were include descriptive statistics, reliability analysis, validity analysis, correlation analysis and structural equation modeling.

Keywords: Life Insurance Agents, Turnover Intention, job satisfaction, Job Performance.

INTRODUCTION

Service industry covers finance and insurance, wholesale and retail, eating and drinking, accommodation, logistics, etc. Among so many numerous sectors, finance and insurance is a manpower-intense sector. The finance and insurance industry has its unique value between customer relations and customer knowledge. And association of the unique value lies with staff working on the first line [1]. Besides, business personnel are the front line for creating organization's value. This still more proves the importance of business personnel in the finance and insurance service industry.

A recruiting method adopted by insurance firms is

mass recruitment. They utilize field personnel to create handsome sales [2]. For example, currently talent is being lost in the insurance industry. In addition to the aforementioned additional recruitment cost and time in training, this may impact clients' willingness to continue to pay premium [12].

In the past, there have been many discussions over turnover behavior. Relevant study indicates that the most effective indicator for turnover behavior is turnover intention [4]. Past turnover intention research discussed a number of basic variables of an individual, such as his/her age, education, job seniority, etc. Moreover, personality, job satisfaction, organizational commitment, job performance, and so on, were also often discussed. However, these discussions mostly were aimed to identify factors relevant to turnover intention and lacked a general discussion. Besides, they rarely constructed an alert model for turnover intention. As a result, this study attempts to:

- (1) Discuss factors which affect insurance field personnel's turnover intention;
- (2) Construct a model for insurance field personnel's turnover intention; and
- (3) Achieve an alert through the model.

LITERATURE REVIEW

Personality

Allport[1] [2]believed that personality is a dynamic organization of an individual's psychological and physiological system, which shows his/her unique thoughts and behavior in response to an outside environment. [20] argued that personality may be used to predict an individual's expressed behavior. [16] proposed internal locus of control (ILC) and external locus of control (ELC), which were developed based on sociological learning theory. ILC: an individual can control effects brought about by the environment and rewards are received as a result of the individual's efforts. ELC: such personality easily affected by outside environment. Such personality is caused by fate and opportunity and cannot be controlled by oneself. [11] found that with insurance firm salespeople as subjects, personality related to job satisfaction.

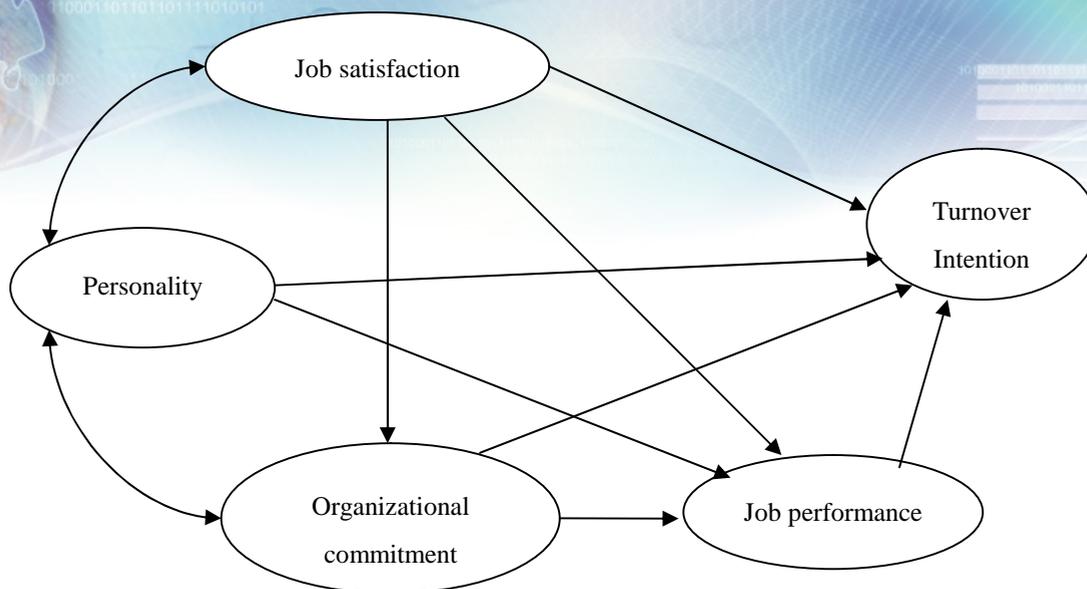


Figure 1 Framework

Job Satisfaction

[8] published Job Satisfaction by first proposing that job satisfaction is staff are satisfied with their job environment and work psychologically and physiologically. This is an employee’s subjective recognition in response to job situation. [7] indicated that job satisfaction is how staff like their work. When work satisfies expectations, staff will have job satisfaction. According to [9] research, job satisfaction will affect job efforts and job performance.

Organizational Commitment

Becker (1960) believed that organizational commitment is a continuance of a behavior and that it is also a stake. Once one does not stay at the organization, all vanishes complexly. Previous efforts no longer exist [21]. [14] held that an individual’s identification with a particular organization and the strength of his launch include value commitment, retention commitment, and effort commitment. [4] research found that job satisfaction positively relates to organizational commitment.

Job Performance

[15] proposed that job performance consists of three dimensions: quantity of performance, quality of performance, and effort for work. [3] believed that job performance is the degree to which an employee achieves his/her goal and that this reflects how the employee implements his/her missions.

Turnover Intention

[14] held that turnover intention is expressed by a total of 4 factors: personal factor (relocation or other career plan), job factor (lack of challenge), organization factor (job environment, job satisfaction or welfare), and external factor (acquisition of a new job). [17] argued that turnover intention describes an individual’s

possibility to change jobs during a period of time. With life insurance firms in Taiwan as research subjects, [5] found that the lower the internal satisfaction and the external satisfaction a life insurance employee gets at his job, the higher his turnover intention will be.

METHODOLOGY

This research adopted a questionnaire survey, and with life insurance field personnel as research subjects, discussed relevance of personal traits, job satisfaction, organizational commitment, job performance with turnover intention. Based on this, a turnover intention model was constructed in an aim to serve as a turnover alert (see Figure 1).

This research consists of 5 hypotheses:

H1: Personality is relevant to job satisfaction.

H2: Personality is relevant to organizational commitment.

H3: Personality is significant to organizational commitment.

H4: Personality, job satisfaction, organizational commitment, and job performance have a significant effect on turnover intention.

H5: Personality, job satisfaction, and organizational commitment have a significant effect on job performance.

This research’s Personality scale was developed based on Rotter’s (1966) scale, revised by Zi-hui Wu (1975), and corrected by referring to [11] scale. The Job Satisfaction scale adopted a scale compiled by Jing-ji Wu & Su-hua Liao short form based on Weiss, Davis, England and Lofgurist’s (1967) “Minnesota Satisfaction Questionnaire”, and then it was corrected by referring to [22] scale. The Organizational Commitment scale was based on the organizational commitment scale

constructed by Porter et al. (1979) and corrected by referring to [18] scale. The Turnover Intention scale was based on Karatepe and Kilic's (2007) scale, translated by [10], and corrected by referring to [6] questions. The Job Performance scale was developed by referring to life insurance salespeople's average premium revenue per month (FYP), average commission revenue per

month of the past year (FYP), average insurance contracts sold per month, and annual income of the past year (various allowances, renewal commissions, year-end bonus...). After analysis, questions with poor reliability and validity were deleted, and the results are provided in Table 1 below:

Table 1 Analysis of questions on reliability and validity

Variable	Dimensions	Items	Factor loading	Cronbach's	
				0.878	
Job satisfaction	Intrinsic satisfaction	I'm busy for the degree, I am ...	0.381	0.825	
		I'm busy for the degree, I am ...	0.381		
		For my work give me an opportunity to show alone, I am ...	0.493		
		For my work I often do different things make the opportunity, I feel ...	0.682		
		will work as colleagues or friends to me, "admiration" for this, I am ...	0.482		
		For me at work opportunities for people to do things, I am ...	0.723		
		For me to tell people at work should be the opportunity to do what I am ...	0.830		
		I can work for their ability to do something the opportunity, I am ...	0.637		
	Extrinsic satisfaction	I am at work can feel free to use their own judgments ...	0.608		0.820
		I am at work to try to do things their own way to the opportunity to feel ...	0.575		
		Under way for the boss treat, I am ...	0.702		
		The ability to make decisions for the boss, I am ...	0.710		
		My method of implementing the policies of the organization are ...	0.601		
		I did work on, I can get my pay every month are ...	0.537		
		I currently work for the promotion opportunities given to me was ...	0.656		
		My work environment (heating, lighting, ventilation, etc.) Generally speaking, I am ...	0.610		
The units with each other to get along, so I am ...	0.625	0.820			
After good work by praise, so I am ...	0.696				
				0.937	
Organizational commitment	Value and Effort Commitment	I currently have a high service life insurance company loyalty.	0.542	0.927	
		I often tell friends that I serve the life insurance companies is quite an ideal place to work.	0.627		
		I am very concerned about the current service life insurance company's future development direction.	0.614		
		I am happy working in the current service life insurance company.	0.570		

Table 1 Analysis of questions on reliability and validity (continuous)

Variable	Dimensions	Items	Factor loading	Cronbach's
Organizational commitment	Value and Effort Commitment	Life insurance companies currently serve the work of my achievement and career development, the significance is very important.	0.659	0.927
		I am willing to make extra efforts to help companies develop and succeed.	0.727	
		I think I have the responsibility to serve the life insurance companies currently doing the best.	0.633	
		I feel that life insurance companies currently working in the service, to create their own value in the workplace.	0.532	
		I will do my best to overcome the difficulties of the life insurance field work.	0.811	
	Retention Commitment	I am willing to take my life experience to the New Field colleagues.	0.800	
		I will take the initiative to collect information on the life insurance field work or work skills.	0.682	
		I often regarded as the interests of the company's own interests.	0.694	
		Even worse working conditions, I am still willing to stay in current services, life insurance companies.	0.807	
		Even have a better chance, I would not consider leaving the service life insurance companies now.	0.826	
Turnover Intention	I very much hope that the service life insurance companies currently have to work until retirement.	0.742	0.940	
	The current condition of the environment and system, I am happy to stay in current services, life insurance companies.	0.688		
	I might find a new job next year.			
	I often want to change jobs.			
	I might leave in a few months.			
Job performance	I want to leave the insurance industry to other industries.		0.865	
	I went to work for this company after he had actually looked for other work.			
	Last year, the average monthly first year premium (FYP)			
	Last year, the average monthly first year commission (FYC)			
Personality	Last year, the average monthly number of insured (including all products)		0.734	
	Annual income in one year (including the grant, renewal commission, bonus ...)			

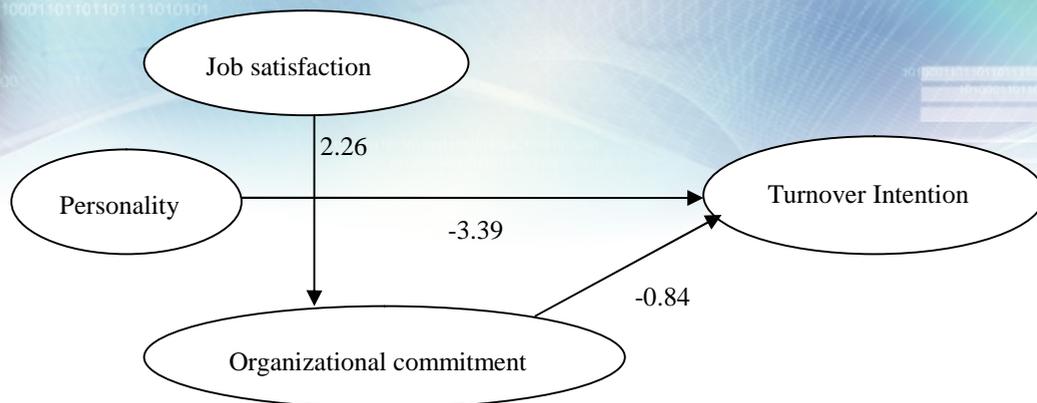


Figure 2 Revision Framework

DATA ANALYSIS

This research collected a total of 117 filled questionnaires, including 72 females and 44 males, mostly aged 31~35 (22.2%). Most are college degree holders (53%) and married (54.7%), job seniority 1~5 years (29.1%), sales personnel (52.1%). In verifying the Structural Equation Model (SEM), it was found that the default personality is irrelevant to job satisfaction and organizational commitment. And personality, job satisfaction, and organizational commitment will not impact

job performance. Besides, job satisfaction and job performance will not affect turnover intention. After variables which will not affect turnover intention were deleted, it was found, through a STM verification, that job satisfaction has a positive effect on organization commitment, that personality is significant to turnover intention, and that organizational commitment is significant to turnover intention. Relevant results are listed in Tables 2 and 3.

Table 2 Hypothesis testing result (for significant result only)

Hypothesis		P-value
H1 personality is relevant to job satisfaction.		<0.001
H4 personality, job satisfaction, organizational commitment, and job performance have a significant effect on turnover intention.	Personality traits tend to have a significant impact on turnover	0.006
	Organizational commitment have a significant impact on turnover intention	<0.001

Table 3 Goodness of fit index result

Goodness of fit index	Criteria	Data	Result
χ^2	p -value>0.05	393.691(p >0.05)	Yes
RMSEA	<0.1	0.070	Yes
NFI	>0.9	0.705	No
CFI	>0.9	0.861	No
AIC	as smaller value as better	541.691	No
PNFI	>0.5	0.587	Yes

Table 4 Hypothesis Results

Hypothesis	Results
H1: personality is relevant to job satisfaction.	Not established
H2 personality is relevant to organizational commitment.	Not established
H3 personality is significant to organizational commitment.	Established
H4 personality, job satisfaction, organizational commitment, and job performance have a significant effect on turnover intention.	Part of the establishment ¹
H5 personality, job satisfaction, and organizational commitment have a significant effect on job performance.	Not established

Note: 1. Personality and organizational commitment have a significant effect on turnover intention, while other variables do not.

CONCLUSION AND DISCUSSIONS

Conclusion

This study aims to discuss correlation of personality, job satisfaction, organizational commitment, and job performance with turnover intention and to construct a turnover intention model. Results of research hypotheses are given in Table 4.

The results find that the higher the job satisfaction in life insurance field personnel, the higher the organizational commitment, and that the higher the ILC, the lower the turnover intention. Besides, when life insurance field personnel identify with organizational commitment, turnover intention is lower relatively.

Turnover intention was scored through a turnover intention model using personality and job satisfaction. When a turnover intention score is 3 or higher, an alert is required for the subject. At this time, the superintendent may decide whether to retain the employee.

Discussions

Results from this research show that the higher the life insurance field personnel are satisfied with their jobs, the higher the organizational commitment. This proves researchers' theory mentioned earlier. The results differ slightly with the original assumptions. The reason may be the life insurance industry's particularity. The results also find that the higher the ILC, the lower the turnover intention. It was found that most field personnel in the life insurance industry tend to have an ILC. ILC is believed to rely on themselves, rather than on fortune, to tackle everything and difficulty that happen to them. Besides, job performance has no effect on job satisfaction, personality, organizational commitment, or turnover intention. This may be because in the life insurance industry, field personnel do not really pay attention to job performance. Satisfaction at work and commitment from the organization might be more important for life insurance field personnel. Finally, the quantity of questionnaires was not big enough so that the model was not stable.

REFERENCES

- [1] Allport, G. W. *Personality: A psychological interpretation*, New York: Holt, Rinehart and Winston, 1937.
- [2] Allport, G. W. *Pattern and growth in personality*. New York: Holt, Rinehart and Winston 1961.
- [3] Brouther, K. D. "Institutional, cultural and transaction cost influences on entry mode choice and performance," *Journal of*

International Business Studies, 33, 203-223. 2002.

- [4] Chen, Wu-Cheng. A study on relations between organizational culture, leadership behavior, job satisfaction, and organization commitment - a case study of banks in Jiayi and Tainan, 2002.
- [5] Chiang, Meng-Ju. Cause and effect among work motivation, job satisfaction, and intention to quit: A case of life insurance companies in Taiwan, 2009.
- [6] Chuang, Tsai-Hua. The impact of leadership styles on job stress and turnover intention - Taiwan insurance industry as an example, 2008.
- [7] Davis, K. *Human behavior at work*. New York: McGraw-Hill, 1989.
- [8] Hoppock, *Job satisfaction*. New York: Harper and Row, 1935.
- [9] Ke, Yao-cheng. A study on factors affecting real estate brokers' job performance - a case study of Yungching Real Estate Agency Franchise, 2007.
- [10] Kuo, Pei-Hung. A study of relationship among work-family conflict work stress perceived supervisor support and turnover intention : An example of veterans affairs commission' s employees, 2009.
- [11] Lin, Xue-cheng. Relations between internal and external locus of control, job characteristics, job stress, and job performance - a case study of employees of postal offices in Ilan, 2010.
- [12] Liu, Hsien-Ju. A study of life insurance agent's turnover intention with job satisfaction personality traits and job performance, 2005.
- [13] Mowday, R. T., Poter, L. W. and Steers, R. M. *Employee- organization linkage: The psychology of commitment absenteeism, and turnover*, New York: Academic press, 1982.
- [14] Mobley, W. H. *Employee turnover: Causes, consequences, and control*. Reading, MA: Addison-Wesley, 1982.
- [15] Porter, J. H. and Lawler, E. E. *Managerial attitude and performance*. Homewood. IL: Dorsey Press, 1968.
- [16] Rotter, J. *Social learning and clinical psychology*, Englewood Cliffs, NJ: Prentice-Hall, 1954.
- [17] Sousa-Poza, A. and Henneberger, F. Analyzing job mobility with job turnover intentions: An international comparative study. *Journal of Economic Issues*, 38(1), 113-137, 2004.
- [18] Tsou, Yu-Ying. A study of salesmen career development in life insurance industry - An example of Taichung area, 2006.
- [19] Wah, L. Making knowledge stick. *Management Review*, 85(5), 24-28, 1999.
- [20] Wiggins, J.S. *The five-factor model of personality*. Theoretical, 1996.

Shu-Hui Lai and Hsin-Mei Cheng

[21] Yen, Chang-han. On the relationships among organizational commitment, job satisfaction and turnover intention for employee – A case study on Taipei City Health Center. Unpublished master' s thesis. 2009

[22] Yen, Jui-Ling. The relationship among personality traits, job stress and job satisfaction--A case of life insurance agent. 2002