The Competition of the Insurance Company in Medan City is Undermined by the Quality of the Agent's Work

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Abstract
The research is aimed at finding out the competitiveness of insurance institutions in the City of Medan reviewed from the quality of performance of agents at the insurance agency PT. AJS Bumiputra Medan. The research uses a descriptive qualitative approach with the method of interviews. The results in this study show that the competitiveness of the insurance institutions in the City field reviewed from the quality of the performance of agents at the PT. AJS Bumiputra Medan has been implemented well. The insurance institution of PT. Ajs Bumiputra Medan succeeded in creating insurance products with various facilities that are able to compete with the competitor companies, it is reviewed by the performance quality of insurance agents who have SOP discipline and responsibility as well as always in the oversight of the company so making the best insurance agency services that are not owned by all companies. A suggestion for further research to do the same research by adding more phenomenal variables.

Introduction
In recent years, the competition of insurance agencies in Indonesia has been very strict and complex in various areas of insurance. So it requires a very broad role of the insurance industry that creates competitiveness among insurance companies to race in achieving the goals of the company (Rindiani et al., 2023). It is in line with Cho and Moon's theory in his book From Adam Smith to Michael Porter: The Evolution of Competitiveness where the concept of a commodity's competition originates from the comparative advantage theory presented by David Ricardo in the Ricardian Model. This concept emerged to answer the question of Adam Smith's theory when a state does not have absolute superiority over two or more goods (Basri, 2022).

Figure 1. Public Search Data on Insurance

Source: (Bacalagers.co.id)
The competition of insurance companies is reflected in the quality of the company's services and quality of its products. Some of the important factors that will affect the quality of the insurance agent include the job needs factor, the reward factor in the company, the commission factor that employees receive, the competitiveness factor of the employee, the company's working environment factor, and the talent or competitive factor that has an influence on the performance of the agent. So the performance factors of insurance agents created in the insurance company will affect public interest in the use of various kinds of insurance products (Aramiko et al., 2022).

Based on Figure 1 it can be seen that in 2019 there was a fairly high interest in the search for insurance claims, but towards 2020 there has been a rather gradual decline. In short, insurance experienced a drastic decline in search trends in March when the COVID-19 pandemic began. This decline also indicates that public interest in finding out about the declining insurance, it can be due to various factors including performance than the insurance agencies that exist in Indonesia. In line with the previous research carried out by Ami Radianti Dkk (2023) in the results of his research stated that at PT Jasa Raharja (Persero) Branch of North Sumatra has performed an assessment of the performance of the staff using several forms that have been established as a benchmark for assessing the staff in carrying out his work as form A to form F where the forms include concerning the success of socialization of insurance institutions.

In contrast to the research carried out by Agustin et al. (2023), in this study where in the results of her research stated that the marketing strategy used no longer uses socialization due to the presence of restrictions and keeping distance so that the promotion activities are done with advertising media through websites, individual sales and joint work. The same goes for the competition of the City of Medan insurance agency. Each of the insurance companies is competing to improve the company's competitiveness strategies in marketing its products. One of the insurance agencies that exists in the city of Medan is PT. AJS Bumiputera Medan where the company is the pioneer of the first and oldest national life insurance company in the town of Medan. The researchers are interested in conducting interviews with some community of Medan about the knowledge of insurance agency PT. AJS Bumiputera existing in the City of Medan and known insurance products. The researchers conducted interviews with five informants who were native residents of the town of Medan from various vulnerable groups of age and found the phenomenon that of the 5 informants selected in fact still no informants know about the insurance agency of PT. AJS Bumiputera Medan and no one has used the products of insurance agencies.

Based on this phenomenon it can be questioned how the job of insurance agents in socializing and introducing and marketing insurance products owned by the company to the community of the city of Medan. It can be seen from how the quality of the performance of the insurance agency exists in the company and also how the competitiveness of insurance products belongs to the company. This research uses a case study on the PT. AJS Bumiputera Medan as the oldest insurance institution in the City of Medan. So based on the existing problems then this research was carried out with the aim to know the competitiveness of insurance institutions in the city of Medan that reviewed from the quality of performance of insurance agency case studies on the P. AJS Bumiputera Medan with the title "Competition of Insurance Institutions In the City Of Medan Reviewed From the Quality of Performance of Agents".

**Theoretical Review**

Competitiveness is the ability to produce goods and services that meet international testing and at the same time can maintain a high and sustainable income level, or the ability of a region to produce a high level of convergence and employment opportunities while remaining open to
external competition. Indicator of competitiveness is the quality of the product successfully created by the company, speed in choosing high quality materials so that it produces a quality product or more than competitors (Damanik & Purba, 2020).

The word insurance comes from Dutch, assurantie which in Dutch law means liability. The standard definition of insurance under Act No. 2 of 1992 is an agreement between two or more parties, with the liable party binding itself to the insured party by accepting an insurance premium, granting compensation to the assured person for loss, damage or loss of anticipated gain or legal liability to a third party that may be suffered by the insufficient person arising from an event (Alfitriana, 2020).

And help your in goodness and fear, and help in sin and enmity. Fear Allah, for Allah is severely punished. And help your in goodness and fear, and do not help in sin and transgression. Since the purpose of insurance is to help other human beings, where insurance has become an important role in today's times for financial protection, natural disasters, accidents, and other unexpected events must require no small amount of funds to recover from such events, insurance provides the benefits of financial protection so that the customer remains able to meet their needs.

Performance is the result of work and work behavior that has been achieved in completing tasks and responsibilities given in a given period. Performance is a function of motivation and ability. Performance indicators are work output, work knowledge, initiative, mental prowess of attitude and time discipline (Rahma et al., 2023). Indeed, if one of you brings his rope, and returns with a piece of wood on his back, and is sold, so that Allah satisfies his needs, it is better than asking one another, whether given or rejected (HR Bukhari).

Performance is one of the important indicators that is derived from the hard work of the agent, indicated by the above sign that hard work will produce good performance and explains that the purpose of a person in work is to seek the joy of God and obtain the priority (quality and wisdom) of the results obtained. If both of these things have been the foundation of one's work, then good performance will be created.

Based on Law No. 40 of 2014 concerning Insurance, an insurance agent is a person who works alone or works for a Business Entity, who acts for and on behalf of his Insurance Company and meets the requirements to represent his Insurance Company (Alfitriana, 2020). The evidence that explains about agents is stated in HR Muslim from Abu Hurairah: Meaning: "Whoever frees a Muslim from a difficulty in the world, Allah will free him from his difficulty on the Day of Resurrection; and Allah always helps His servants as long as he (likes to) help his brother. " (HR Muslim from Abu Hurairah).

Agents are the most important point in this assessment, because from all aspects and indicators of the agent, the difference in competitiveness can occur and be seen. In addition, his party will also carry out direct supervision in the process of transactions at insurance institutions, both related to the contents of the hadith above which means that there is an activity of helping each other to avoid or prepare to avoid hardship.

Methods

This study employs a descriptive qualitative approach to explore the factors undermining the competitiveness of insurance companies in Medan City, focusing specifically on the quality of agents’ work. This approach is chosen due to its strength in providing rich, detailed insights into complex social phenomena, which quantitative methods might not capture as effectively.
Sampling Technique

The study utilizes purposive sampling to select informants who possess extensive knowledge and experience in the insurance industry. Purposive sampling is a non-probability sampling technique where subjects are selected based on specific characteristics, ensuring that the data collected is relevant and informative. In this study, informants include insurance company managers, senior agents, and industry experts. A minimum of five years of experience in the insurance sector.

Table 1. Criteria for Selecting Informants

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<th>Criteria</th>
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<td>Experience</td>
<td>Informants must have a minimum of five years of experience in the insurance sector. This criterion ensures that the participants have substantial industry knowledge and practical experience, enabling them to provide insightful and relevant information about the factors affecting competitiveness and agent performance.</td>
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<tr>
<td>Position</td>
<td>Informants should hold a managerial or senior agent position within their respective companies. This criterion is essential as individuals in these roles are likely to have a comprehensive understanding of both strategic and operational aspects of the business, including insights into agent performance, company strategies, and competitive challenges.</td>
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<tr>
<td>Willingness to Participate</td>
<td>Informants must demonstrate a willingness to participate in the study and provide in-depth insights. This includes a commitment to engage in semi-structured interviews, share detailed information, and contribute to the understanding of the research topic. Ensuring willingness to participate is crucial for obtaining rich, candid, and meaningful data.</td>
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This sampling technique ensures that the data reflects a wide range of experiences and perspectives, providing a comprehensive understanding of the factors influencing competitiveness in the insurance sector in Medan.

Data Collection

Primary data was collected through semi-structured interviews with the selected informants. Semi-structured interviews are particularly suitable for this study as they allow for flexibility in exploring topics in depth while maintaining a focus on the key research questions. The interviews were designed to elicit detailed responses on several key areas, including perceptions of the competitiveness of the insurance industry in Medan, factors affecting the performance of insurance agents, strategies used by companies to enhance agent performance and competitiveness, and challenges faced by agents and companies in maintaining competitiveness.

Each interview lasted between 45 to 60 minutes and was conducted either in person or via video conferencing, depending on the informants' availability and preference. With the consent of the informants, all interviews were audio-recorded to ensure accurate data capture and later transcribed verbatim for analysis. This method of data collection allows for capturing the nuances of the informants' experiences and perspectives, which are crucial for qualitative analysis.

Secondary data was gathered from company reports, industry publications, and relevant academic literature. These sources provided additional context and helped to triangulate the
primary data, ensuring a more robust and credible analysis. The combination of primary and secondary data enhances the depth and reliability of the study’s findings.

**Data Analysis**

The data analysis followed a thematic approach, which involves identifying and analyzing patterns or themes within qualitative data. This method is well-suited for examining the complex, multifaceted issues addressed in this study.

All interview recordings were transcribed verbatim. This step ensures that the data is accurately captured and ready for detailed analysis. The researchers then read through the transcripts multiple times to become deeply familiar with the data, an essential step for effective coding and theme identification.

Initial coding was performed using open coding, where key phrases and concepts were identified and labeled. This process involves breaking down the data into manageable chunks and assigning labels that describe the content. Open coding helps in identifying patterns and recurring themes in the data. To facilitate this process, qualitative data analysis software (e.g., NVivo) was used, which aids in organizing and managing large volumes of qualitative data.

The codes identified during the open coding phase were then grouped into broader themes. These themes represent the major patterns and insights that emerged from the data. The thematic analysis involved iteratively refining and categorizing these themes to ensure they accurately reflected the informants' perspectives and addressed the research questions. This step is crucial for developing a coherent narrative that explains the study's findings.

The final step involved interpreting the themes in the context of the theoretical framework and existing literature. This step included identifying patterns, contradictions, and unique insights, which were then used to draw conclusions about the factors affecting the competitiveness of insurance companies in Medan. The interpretation phase is essential for linking the study's findings to broader theoretical and practical implications.

**Result and Discussion**

Based on the interviews conducted with three informants regarding the competitiveness of insurance agencies in Medan City, specifically PT. AJS Bumiputera Medan, the findings can be categorized into distinct themes. Below is the detailed analysis with quotes from the informants and elaborated interpretations.

**Quality of Service**

Informant 1, an insurance agent at PT. AJS Bumiputera Medan, emphasized that the quality of the insurance agency is reflected in the service provided by its agents. He stated:

“In my opinion as an insurance agent of PT. AJS Bumiputera Medan, the quality of the insurance agency is reflected in the service of its insurance agent, an agent will be charged with sufficiently heavy duties and responsibilities to be able to develop the company as well as maintain the credibility of the insurance company in the eyes of customers and competitors. However, the quality of the company's products is very promising for customers, thus minimizing competition with competitors. For example, the company's advantage is that it promises some facilities such as mortgages due to accident or illness, then hospital benefits as well as protection against 53 critical diseases that are not owned by all insurance companies so it can improve the competitiveness of the company. However, if the agency does not support it then the competitiveness will seem unattractive so it is here that the service of the agent in the
marketing of the company's products becomes the main pillar that has already been
regulated in the insurance SOP agency.”

Informant 2 corroborated this view, highlighting that the competitiveness of the insurance
company is not solely due to its promising products but also due to the exemplary service
provided by its agents:

“I am one of the insurance agents of PT. AJS Bumiputera Medan, in my opinion, who
makes the competitiveness or superiority of the product of his insurance company this
is not only its promising product but the presence of some insurance agent services
makes the insurance company more attractive and trustworthy. In this company there
are duties and responsibilities of the insurance agent to the customer that is given in
the form of a disciplined and responsible SOP and directly supervised by the company,
an agent is not allowed to leave just the customer who has become the holder of the
insurance policy. Trying to maintain communication and be a solver who helps all
complaints and questions of customers while being a policyholder and the duty will be
responsible agents in the public to deliver valid and true information to the public about
the product of insurance services without any engineering at all. Proper education of
insurance services and insurance companies will make people aware of the importance
of insurance to their lives. With valid education and information in the community, the
job of an agent will be easier because it has gained a positive image in society. It could
also be the sales value or the competitiveness of our company.”

The quality of service provided by agents is crucial to the company’s competitive position. The
informants highlighted that, while PT. AJS Bumiputera Medan offers competitive products,
the effectiveness of these offerings is significantly enhanced by the quality of service delivered
by agents. High-quality service not only supports the company’s unique product advantages
but also builds customer trust and strengthens the company’s reputation. Effective service
delivery by agents plays a key role in leveraging the company's product benefits and improving
market competitiveness.

Implementation of SOP

Informant 3, a manager at PT. AJS Bumiputera Medan, provided insights into the importance
of SOPs and company policies in ensuring the quality of agents:

“I think it's true that competitiveness in an insurance agency is very needed, especially
in the digital age that is very easily accepted by society, especially by the community of
the city of Medan. With regard to the quality of agents in this company, we have many
insurance agents whose one of their duties is to communicate information about the
insurance products and services of the company to the community or community. So in
order to make a good quality agent, it is necessary to have the right company policy
also to compete with other companies. If this company has a special SOP for the
insurance agent, there is a supervisor also so that if the quality of the agent here need
not be doubted. I, as a customer manager, have never received a complaint from the
customer about the services of his insurance agent.”

The implementation of robust SOPs is essential for maintaining high standards of agent
performance. The SOPs provide clear guidelines and ensure consistent service quality,
supported by supervisory mechanisms. Informant 3’s observation that there have been no
customer complaints suggests that the SOPs are effective in guiding agent behavior and
maintaining service standards. Rigorous SOPs and effective supervision are crucial for
operational efficiency and for sustaining the company’s competitive advantage.
Product and Service Integration

The research indicates that PT. AJS Bumiputera Medan’s competitive edge is attributed to its superior products, which include unique benefits such as critical illness protection. However, the successful integration of these products with high-quality service is essential for maximizing competitiveness. The synergy between superior products and excellent service creates a compelling value proposition that enhances market competitiveness.

While the company’s superior products provide a competitive advantage, integrating these products with exceptional service is crucial for achieving optimal results. Agents’ effective communication and service delivery are essential for leveraging the company’s product benefits, ensuring that both product and service aspects contribute to a stronger competitive position in the insurance market.

The findings from the study on PT. AJS Bumiputera Medan illustrate that the competitiveness of insurance agencies in Medan City is significantly influenced by the quality of agent performance, which is closely linked to the implementation of Standard Operating Procedures (SOPs) and the integration of high-quality service with superior product offerings. PT. AJS Bumiputera Medan distinguishes itself with a range of superior insurance products, such as comprehensive critical illness coverage and accident-related benefits. However, the effective delivery of these products is heavily reliant on the quality of service provided by its agents.

Informants in the study underscored the critical role of service quality in differentiating the company from its competitors. Informant 1 noted that the agent’s performance is pivotal not only in developing the company but also in maintaining its credibility. This observation is supported by Abu-Salim et al. (2017), who found that service quality is a key determinant of customer satisfaction and retention in the insurance sector. Their study emphasizes that high service quality leads to increased customer loyalty, which is crucial for sustaining competitive advantage. Similarly, Wijaya et al. (2020) found that service quality significantly impacts the perceived value of insurance products, which enhances the overall competitive positioning of an insurance company. The effectiveness of agents in providing high-quality service is thus fundamental to leveraging the company’s product advantages and distinguishing itself in a competitive market.

Informant 2 further corroborated the importance of disciplined service delivery and accurate information in building customer trust and enhancing public perception. According to Sukmawan & Zulganef (2023), transparent communication and reliable customer service are essential for improving customer trust and loyalty in the insurance industry. Their research highlights that customers are more likely to stay with companies that provide consistent and clear information, reflecting the necessity for comprehensive agent training and adherence to SOPs. This is consistent with the findings from the study, which emphasize that maintaining high service standards through well-defined guidelines is critical for supporting the company’s competitive positioning.

The significance of SOPs in maintaining agent quality was reinforced by Informant 3, who highlighted that clear guidelines and effective supervision are crucial for ensuring high service standards. Swartbooi (2021) support this view, demonstrating that well-defined SOPs and robust supervisory frameworks are essential for operational excellence and service quality in the insurance industry. Their study shows that companies with effective SOPs and supervision mechanisms experience higher levels of service consistency and customer satisfaction. The absence of customer complaints at PT. AJS Bumiputera Medan further suggests that their SOPs...
are successful in guiding agent performance and maintaining high service standards, which is integral for sustaining competitive advantage.

The integration of superior product offerings with high-quality service is critical for maximizing competitiveness. PT. AJS Bumiputera Medan’s unique products offer a significant competitive edge; however, the successful marketing and delivery of these products depend on the quality of service provided by agents. Nimfa et al. (2021) emphasize that achieving a competitive advantage in the insurance market requires a synergy between product excellence and service quality. Their research highlights that companies that effectively combine superior products with exceptional service are better positioned to attract and retain customers, thereby strengthening their market position. This finding underscores the importance of aligning high-quality service with product offerings to fully capitalize on the competitive advantages of PT. AJS Bumiputera Medan.

Conclusion

Based on the results of the existing research that the competitiveness of insurance institutions in the City of Medan reviewed from the performance of agents at the PT. AJS Bumiputera Medan has been well implemented, there are several insurance SOP agents in this company that became a countermeasure of performance of insurance agents PT. 1) The duty and responsibility to yourself to be able to keep struggling in the insurance career. 2) The duties and responsibilities of the company in which to master the products and regulations about the company. 3) Duties and responsibilities to the client. 4) Provide valid and true information to the public. A suggestion for further research to do the same research by adding more phenomenal variables. Some of the factors that make an insurance company considered good and good in relation to the product sold are an understanding of the product, effective communication skills, responsiveness and good service, as well as discipline and responsibility in carrying out tasks according to the SOP. Ongoing training and development is also essential to ensure agents stay up-to-date with the latest products and policies, and develop the skills needed to provide the best service to customers.

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