

Demographic Characteristics of Insurance Agents and Intention to Leave the Life Insurance Business



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ABSTRACT: The aim of the study was to try to determine the influence of gender characteristics, age, and seniority on the intention to leave the business of insurance agents. Through the qualitative research method, the research team presented an overview and theoretical basis for the intention to leave the enterprise. There are many factors affecting the intention to leave that have been studied by other authors, so we focus on the less-mentioned content, which is the assessment of the difference in gender, age, and seniority intention to leave the business. With 240 agents participating in the survey, the research team obtained primary data for Independent T-Test and One-Way ANOVA analysis. The results of data analysis show that the factors of gender, age, and seniority have statistically significant differences and affect the intention to leave the business of insurance agents. This research result is also the basis for life insurance enterprises in Vietnam to have plans to improve their personnel retention policy.

KEYWORDS: Demographic characteristics, Intention to leave, Insurance agents, Vietnam

1. INTRODUCTION

Currently, there are many authors who have studied the intention to leave, but there is no unified concept. According to Vandenberg et al. (2011), intention to quit is an individual's estimated probability of resigning from an organization in the near future (p.652). Author Bigliardi et al. (2005) argues that their intention to quit and leave the enterprise is determined by their own preferences (p.424). Islam & Alam (2014) defines the intention to leave a job as the process of considering, planning, and wanting to leave a job (p.142). Citing the concept of intention to quit by some authors, we find that these definitions are not the same but have one common feature: leaving intention is the intention to leave the enterprise in the future. Therefore, we summarize the main idea and define an insurance agent's intention to leave as the perceived unsuitability of the job as an insurance agent and the prospect of leaving the business in the future. According to Moss holder et al. (1988) commented on the effect of intention to leave work on revenue in two directions including positive and negative (p.403). According to research data from Miller (2010), intention to quit has been proven by many people to have a negative impact on organizational performance and reduce profits. Roberts et al. (1999) conclude that the cost can be as high as \$40,000 if an effective salesperson is lost (cited by Martin, 2016). Thus, all the authors believe that the intention to quit greatly influences the revenue of the business. Let's take a look at the statistics on the cost of recruiting and training insurance agents of a life insurance company in Vietnam.

Table 1. Revenue and cost of agent recruitment and training Unit: Million VND

Criteria	2019	2020	2021
Net revenue from insurance business	25,452,692	28,046,303	30,561,996
Insurance agent recruitment costs	3,171	4,809	2,723
Insurance agent training costs	45,064	48,311	40,376
Cost/Revenue Ratio (%)	1.8	1.9	1.4

Source: Compiled from the financial report 2019-2021 of Baoviet Life Corporation

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Vietnam is a developing country, the number of life insurers is 19 by the end of 2022, many of which have a short operating time of fewer than 10 years. Currently, insurers still have difficulties in applying policies to retain insurance agents due to many factors such as corporate brand, salary, and bonus and this has greatly affected revenue, increasing recruitment and training costs of enterprises. From the results of calculating the ratio of recruitment and training costs to revenue, we see that each year, businesses lose about 50 billion VND for this work, and this is a big expense for businesses. Out of the total cost of training and recruitment, the cost of agent training accounts for more than 90%. Thus, the cost of recruiting 1 new employee is not significant, but to train 1 employee, the cost must be very large. Therefore, when insurance enterprises take measures to maintain and develop quality personnel, they will make an important contribution to increasing revenue and reducing costs. In this study, we focus on understanding the influence of demographic characteristics on the intention of insurance agents to leave the life insurance business.

2. OVERVIEW

Research by Judeh (2012) on the relationship between some employee characteristics at insurance corporations and intention to quit (pp.88-93). The study included a large sample data of 331 valid responses from 500 surveys sent to employees in insurance corporations in Jordan. The results of the author's research have shown that both conscientiousness and extroversion have an inverse relationship with the intention to leave the business of insurance employees. In addition, the study also analyzed the influence of the sample characteristics, the analysis results showed that there was a statistically significant difference between the gender and age factors affecting the intention to leave the business. The author also analyzed the influence of marital status on intention to quit and found that marital status did not affect intention to quit. Through this research, the author also recommends that insurance groups in Jordan need to apply appropriate strategies and develop policies to support employee retention (Judeh, 2012, p.88).

Research by Aqil et al. (2014) on the influence of factors on intention to leave life insurance agents in Pakistan (pp.204-212). The author finds that the insurance industry is increasingly important to the economy because these businesses provide a protective shield and provide capital to the economy. The research was conducted by the author in a developing country, Pakistan, so the insurance industry was established in a short time, lacks stability, and does not perform well the protection function for individuals and businesses. In this study, the author focuses on the issue of employee turnover, which is an important issue and has a strong impact on the operation that insurers are facing. The results of the study show that the five factors of Compensation, Training, Professional Commitment, Organizational Stability and Freedom of Decision-making have a negative influence on the intention to quit of insurance agents (Aqil et al., 2014, p.204).

Research by Patre & Gawande (2012) explores the level of satisfaction of sales staff of insurance companies at work and their intention to leave (pp.39-50). With the goal of assessing the perceived level of job satisfaction and intention to leave the business of insurance salespeople, the author has evaluated related documents. With a sample size of 30 employees from three insurance companies and a quantitative method, the author assessed the satisfaction level of insurance salespeople. The results of data analysis have shown that average and low satisfaction affects the intention to leave (p.39).

Martin's book (2016) on employee retention strategies in the insurance industry, he stated that replacement costs range from 100% to 200% of total compensation for employees who leave. In order to reduce costs and maintain revenue, business management needs to focus on retaining qualified employees. The study used a qualitative approach to understand employee retention strategies employed by leaders of insurers in Charlotte, NC. Based on Herzberg's motivation theory, the author explores the factors affecting employee retention. The author has conducted interviews with managers who have had successful staff retention strategies in the past 10 years and consulted documents on personnel performance evaluation, diagrams, work organization and job orientation for employees and staff as a basis for evaluation. The analysis results show that four factors, namely salary, two-way communication, career advancement opportunities and understanding the needs of employees, will affect engagement at work (para 1).

Research by Ghosh et al. (2019) on the intention to leave the job of highly qualified and skilled insurance professionals in India (pp.288-309). The objective of the study was to analyze the extent to which insurance professionals perceive the support of the business, management, and colleagues to the intention to quit through emotional commitment. The sample size of more than 200 insurance experts from 11 enterprises was collected and analyzed by the author using a structural equation model. The results of the study show that the intention to quit is strongly influenced by the support from the enterprise. The other two factors that strongly affect the intermediate variable are emotional commitment. The author assumes that support in the workplace will create a binding relationship between employees and the organization, negatively affecting the intention to leave employees in the short and long term. The author also makes some recommendations on building a working culture and investing in human resources (Ghosh et al., 2019, p.288).

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Research by Handlon (2009) on the intention of leaving insurance agents before the impact of commitment, equity, and job satisfaction (para 1). The author has tried to determine the influence of commitment, organizational justice and job satisfaction positively or negatively on the intention to leave employees in the insurance industry. The survey was emailed to nearly 20,000 insurance agents and the collected data showed a negative correlation between satisfaction and intention to leave. In addition, the research results also show that the five factors that have the greatest influence on the intention to leave long-term are emotional commitment, nature of work, development opportunities and commitment to the organization. The intention to leave a job in a short time is strongly influenced by a group of factors such as emotional commitment, organizational commitment, welfare and reward.

Research by Omar et al. (2020) on the influence of stress, workload, and work-life balance on the intention to quit of insurance company employees in Malaysia (pp70-78). The variables affecting the intention to quit such as work stress, workload and work-life balance have a strong influence on business performance. With a sample size of 99 insurance employees in 1 business in Klang Valley, Malaysia, it was collected through the census sampling method. The results of the author's data analysis show that the intention to quit and the amount of work have a positive relationship. The other two variables, job stress and work-life balance, did not significantly affect the intention to quit. From the research results, the author also proposes some recommendations for insurers (Omar et al., 2020, p.70).

As we have mentioned, there are many studies on the factors affecting the intention to leave the business. Judeh (2012) studied two characteristics, conscientiousness, and extroversion, to the intention to leave the insurance business (p.88). Aqil et al. (2014) study on 5 factors namely Compensation, Training, Professional commitment, Organizational stability, and Freedom of decision making affecting the intention of leaving insurance agents (p.204). Research by Ghosh et al. (2019) on the intention to quit under the influence of support from the business, management and colleagues (p.288). Meanwhile, Judeh (2012) stated that "As for the results of the demographic factors, the study showed that there were significant differences in intent to leave based on gender and age" (p.88). Islam & Alam (2014) discovered that, in addition to several factors such as salary, work pressure, working environment, etc. affecting the intention to quit, there are a number of factors such as gender discrimination in the enterprise. It also affects employees' intention to leave. Therefore, we conducted a study on the influence of gender, age, education, and seniority on the intention to leave insurance agents in life insurance businesses.

3. METHODS

Qualitative research. The research team based the research objective to collect secondary data on the number of insurance agents in the Vietnam insurance market data report over the years. Data on revenue, costs of recruiting and training agents at a life insurance business. Review of articles and reports on intention to leave to draw a theoretical basis for this research. Along with that, the research team developed a questionnaire to assess the intention to leave the insurance business on the characteristics of gender, age, and seniority of the insurance agent staff.

Quantitative research. The research sample was selected by convenient sampling method, with 350 questionnaires distributed, the research team collected 295 votes, of which 55 were invalid, the remaining 240 votes were entered and entered. Data analysis ensures the analysis in the article. An independent T-Test is used to compare the mean of a research criterion between two subjects of interest. One-Way ANOVA analysis to evaluate the influence of a causal factor (qualitative) on an outcome factor (quantitative).

4. RESULTS

The rate of insurance agents at life insurance companies in Vietnam leaving and being fired every year is very high. For agents who are laid off, the reason is usually that the insurance agents work for many insurance companies at the same time. During the recruitment process, enterprises rely on the declared information of candidates and do not have a system of aggregated data of the whole life insurance industry, so it is difficult to check the accuracy of candidate information declared. The second reason for insurance agents to be fired is due to violations of regulations in the insurance business activities of enterprises and the state. Violations have both intentional and unintentional errors, the errors are usually the agent misappropriating insurance premiums, breaching the contract signed with the insurer, violating business regulations, and providing incorrect advice. For agents who leave the business, the common reason is that the agent does not attach importance to the job of an insurance agent. Insurance enterprises continuously recruit in large numbers to meet market domination, which has resulted in insurance agents not being properly trained, many non-specialist and freelance agents should calculate Professionalism is not high, and a lack of cohesion with the business. Let's take a look at the life insurance market agent statistics for the five years from 2018 to 2022.

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Table 2. Some indicators of the number of agents in the period of 2018 – 2022 Unit: People

Year	2018	2019	2020	2021	2022
Present at the beginning of the year	613,499	726,921	826,122	849,335	860,998
Available at the end of the year	723,316	826,510	849,254	860,337	859,276
New hires	321,616	261,421	367,281	382,765	286,476
Leave, discharge	211,799	161,832	344,149	371,763	288,198
Ratio between layoffs, departures/new hires (%)	65.8	61.9	93.7	97.1	100

Source: Compiled from Insurance Market Data 2018-2022 of Vietnam Insurance Association

Looking at the data in Table 1, we see that the number of agents leaving, and laying off is increasing and already higher than the number of new recruitment agents by 2022. This fact shows the degree of geographic retention of the insurance enterprises is quite low and it represents many problems that need to be changed for insurance enterprises to develop sustainable insurance agents.

4.1. Some descriptive statistical analysis results

The number of insurance agents participating in the survey is relatively evenly distributed among both men and women. The gender data in the survey results are similar to the actual situation and gender number of agents of life insurers in Vietnam. The age of agents participating in the survey is unevenly distributed, the largest age group is under 25 years old, accounting for 47.5%, and the second is the age of 40 and older with 51 years old, the rate is 21.3%. Finally, the characteristics of the current number of years as an insurance agent show that the number of agents under 1 year is quite large, accounting for 37.9%. The number of agents from 1 year to 5 years is 80 people, ranked second, and last is the number of agents over 5 years with 69 people with a rate of 28.7%.

Table 3. Statistics of the number of agents by characteristics

Criteria		Quantity	Percent
Gender	Male	134	55.8
	Female	106	44.2
Age	40 or more	51	21.3
	From 31 to 40	33	13.8
	From 25 to 30	42	17.5
	Under 25	114	47.5
Seniority	Over 5 years	69	28.7
	From 1 to 5 years	80	33.3
	Less than 1 year	91	37.9

Source: Analysis of survey data

4.2. Testing the difference of personal characteristics on the intention to leave the business of life insurance agents

Testing for gender differences

We use the Independent T-Test to test the overall mean difference in the studies and assist in determining the statistically significant difference between intention to leave for different values of gender or not. In other words, do we consider the difference in intention to leave work between men and women?

Table 4. Results of testing for sex differences

Group Statistics					
	Sex	N	Mean	Std. Deviation	Std. Error Mean
IL	Male	134	2,4552	,96745	,08357
	Female	106	3,0755	,96989	,09420

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IL	Levene's Test for Equality of Variances: Sig. = 0.779								
	t-test for Equality of Means								
	F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
								Lower	Upper
Equal variances assumed	.079	.779	-4.927	238	.000	-.62025	.12590	-.86826	-.37224
Equal variances not assumed			-4.925	225.195	.000	-.62025	.12593	-.86840	-.37209

Source: Processing of the research team's survey results

The test results show that in the Equal variances assumed section with the Sig value in Levene's Test for Equality of Variances column equal to $0.779 > 0.05$, the variance between the two sexes is not different. Checking the T-Test in the Sig. (2-detail) column, also in the Equal variances assumed section, it shows that $\text{Sig} = 0.00 < 0.05$, so it is concluded that there is a difference between men and women in terms of intention to quit.

Test for age difference

One-Way ANOVA analysis is a method to analyze the influence of a qualitative factor, which is the age of an insurance agent, on a quantitative factor, which is the intention to leave. We hypothesize that the comparison groups are independent and randomly selected and have a normal distribution, or the sample size is large enough to be considered asymptotically normally distributed, and the variances of the comparison groups are homogenous. The purpose of the method is to test the hypothesis of the equal mean of the sample groups with a probability of error of only 5%. The analysis results show that the Sig of Leneve Statistic has a value of $0.129 > 0.05$, checked in the ANOVA table, $\text{Sig} = 0.000 < 0.05$. From the results we conclude: There is a statistically significant difference in the intention to leave of agents of different age groups.

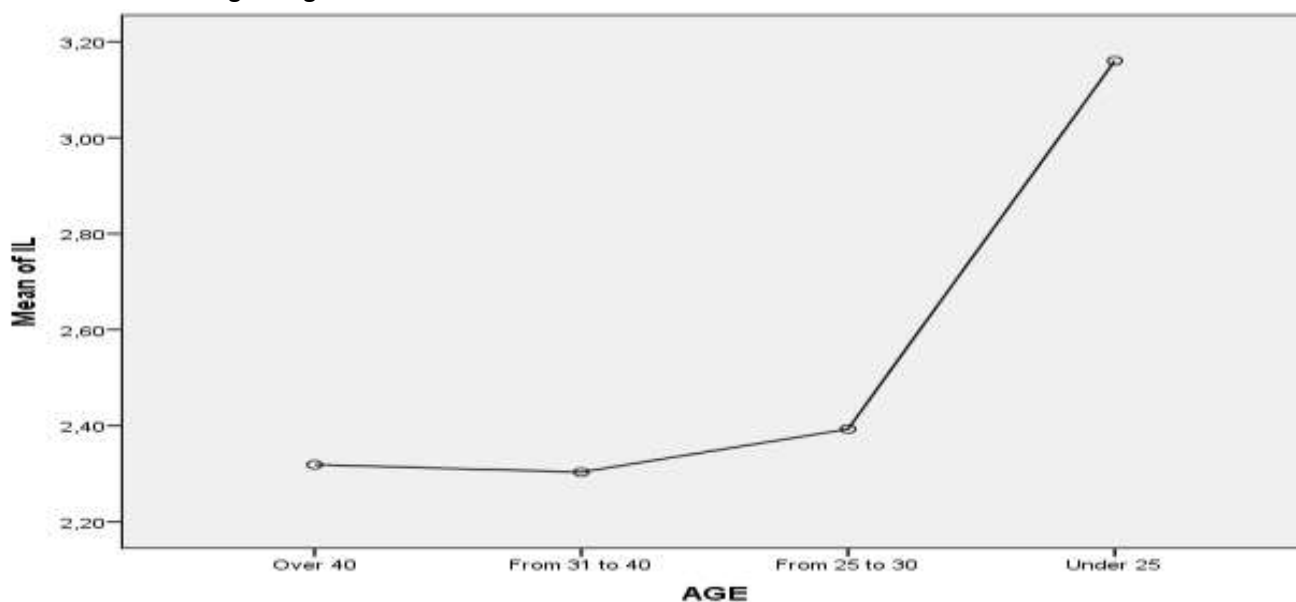
Table 5. Results of testing for age difference

	N	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean	
					Lower Bound	Upper Bound
Over 40	51	2,3186	,87046	,12189	2,0738	2,5634
From 31 to 40	33	2,3030	,93491	,16275	1,9715	2,6345
From 25 to 30	42	2,3929	,83400	,12869	2,1330	2,6528
Under 25	114	3,1601	,99174	,09288	2,9761	3,3441
Total	240	2,7292	1,01458	,06549	2,6002	2,8582
ANOVA						
IL						
		Sum of Squares	df	Mean Square	F	Sig.
Between Groups		40,508	3	13,503	15,506	,000
Within Groups		205,513	236	,871		
Total		246,021	239			
Levene Statistic			df1	df2		Sig.
1.906			3	236		.129

Source: Processing of the research team's survey results

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Chart 1. Results of testing the age difference



Source: Processing of the research team's survey results

Test the difference in working seniority

Because working seniority also has 3 groups of attributes, the research team uses the One-Way ANOVA analysis method. The results in the Test of Homogeneity of Variances table have $\text{sig}=0.2 > 0.05$. We continue to see the results in the ANOVA table and see $\text{sig} = 0.00 < 0.05$. Thus, there is a statistically significant difference in the intention to leave agents belonging to different seniority groups.

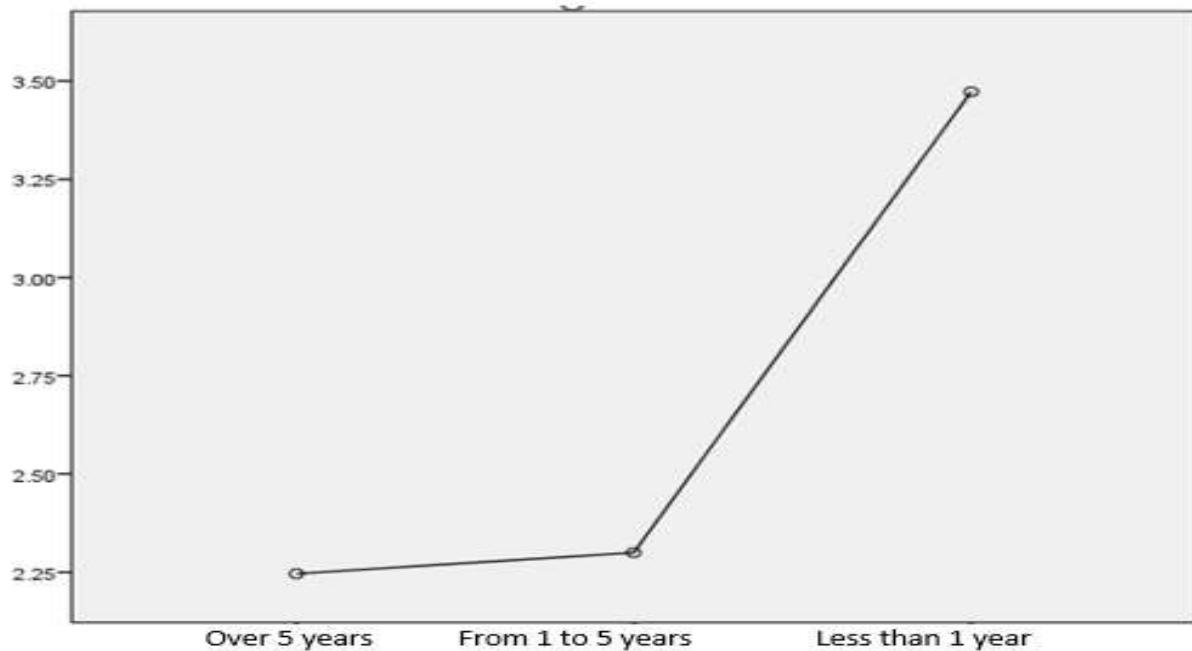
Table 6. Results of testing the difference between the numbers of years of being a current agent with the intention to leave

	N	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean	
					Lower Bound	Upper Bound
Over 5 years	69	2.2464	.78062	.09398	2.0589	2.4339
From 1 to 5 years	80	2.3000	.82811	.09259	2.1157	2.4843
Less than 1 year	91	3.4725	.87754	.09199	3.2898	3.6553
Total	240	2.7292	1.01458	.06549	2.6002	2.8582
Levene Statistic			df1	df2	Sig.	
1.623			2	237	.200	
ANOVA						
IL		Sum of Squares	df	Mean Square	F	Sig.
Between Groups		81.103	2	40.551	58.276	.000
Within Groups		164.918	237	.696		
Total		246.021	239			

Source: Processing of the research team's survey results

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Chart 2. Results of testing the difference in the number of years as a current agent



Source: Processing of the research team's survey results

5. CONCLUSION

From the analysis results, we can see that all three characteristics of insurance agents, namely gender, age and education level, affect the intention to quit. This result will provide some suggestions for formulating insurance agent compensation policies. In particular, enterprises need to find out specifically the causes of male and female gender groups, age and length of time with the business when they resign. From the reasons collected from the agent when leaving the job, the enterprise will receive answers about the reasons for leaving between men and women, between different ages, between different working years, and have an orientation to overcome this limitation.

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