

The Phenomena of Organizational Structure Change as Change Factor of Financial Consultant's Motivation

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Abstract

Life insurance has developed into an attractive industry and has an important role in supporting businesses, families and communities. It grew into a business commodity that attracted many people. Competition in the life insurance industry is increasingly complex and competitive due to the number of life insurance companies made a lot of customers have many choices that requires every company to be more responsive to acquire customers, to support the organizational change, motivation and performance of employees. According to the first interview with top management, obtained information that there is a distance between superiors and subordinate in Allianz Life Indonesia's new system, where Business Partner (leader) only served to control Business Executive and give freedom to the actions carried out by subordinates so that the relationship between them is less synergy. The purpose of research is to describe implementation strategies and the impact of OSC to Financial Consultant's motivation. This study uses a qualitative research method. Research results obtained implementation strategy of OSC, which influenced by factors such as the driver of an effective and efficient work system, increasing of industry competition, and maintaining customer trust. There are two impact to Financial Consultant's motivation include intrinsic motivation and extrinsic motivation.

Keywords: Insurance, Organizational Structure Change, Motivation, Financial Consultant

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1. INTRODUCTION

Life insurance has developed into an attractive industry and has an important role in supporting businesses, families and communities. Life insurance business grew into a commodity, which attracted many people. Life insurance companies do not just have growth in terms of numbers but also growth of the financial side that can be seen from the assets, liabilities and equity.

In addition, each company is also required to have the ability to develop options their strategies in marketing to be able to adapt in dynamic mobile environment. This is understandable considering each company must have a goal to achieve growth and survival in the long term (Ferdinand, 2000).

Motivation build behavior from the *leader* becomes a key element in the success of managerial changes so that the motivation and performance of the sales force does not go down as a result of adjustments to the organizational structure. Also according to Bourgeois et.al in Al-Qatawneh (2014) the reorganization that affects the compensation will result in employees' loyalty. Where if the company tightened incentive or bonus systems can reduce the loyalty of employees, especially in private companies, employees are likely to choose to move or find another job that provides fair compensation for the work they do. It is almost the same as in the case of PT Asuransi Jiwa Allianz Life Indonesia Region where many employees are out in particular on the position of *Business Executive* (Financial Consultant).

PT Asuransi Jiwa Allianz Life Indonesia Region III, who realized the challenge of the life insurance industry and asset management is increasingly fierce. Evidenced by the increasing number of international life insurance company that is expanding in Indonesia, as well as by the growing rate of growth of the policy (the owner of a life insurance policy) Indonesian society. But, according to first interview with one of top management who has responsible to lead Allianz Life Indonesia Region III, there is a distance between superiors and subordinates. It is caused by in the Allianz's new system, which called Full Business system, Business Partner section as the leader served to control Business Executive section as subordinates and give freedom to the actions carried out by Business Executive so that the relationship between them is less synergy.

It's so different between last systems, which called Agency system. In Agency system, there are four sections in marketing division, which are Financial Consultant (now Business Executive and Business Manager, Senior Business Manager, Agency Director (now Business Partner). With that structure, the subordinates' involvement for advances the marketing division more visible. So it's affecting to superiors and subordinates synergy.

In the history of life insurance Company in Indonesia from 1998 to 2013, this phenomena (organizational structure change in Allianz) is the first time happen. The agency system has existed in that year, even until now in 2017 in all life insurance company except Allianz Life Indonesia. So, the researcher has felt difficult to find the journal or any literature about life insurance structure in agency office.

Selection criteria are based on the informant. First informant is senior Business Partner section (leader) as superiors, and the second informant are Business Executive section (Financial Consultant). According to the predetermined criteria, obtained seven respondents can be used as informants. The researcher also gave the letter of permission from researcher's department to all informants. All informants have accepted for being interviewed with the researcher and they have approved that their name would be put in the researcher's dissertation and paper.

A change in organizational structure undertaken by PT Asuransi Allianz Life Indonesia is one of the strategies implemented to cut the organizational structure that is too long. PT Asuransi Jiwa Allianz Life Indonesia considered that the over-centralized organizational structure makes the development of creative and innovative power of the human resources into undeveloped.

Focus of the research is intended to restrict research to select the data that is relevant and irrelevant in order not to enter into a number of data collected, The focus in this study is as follows: The Impact of *Organizational Structure Change* PT Asuransi Allianz Life Indonesia Region III to Financial Consultant's motivation.

2. LITERATURE REVIEW

2.1. Organizational Structure Change

Organizational Structure Change is the development of life-cycle organization concept or theory the concept of organizational life cycle (Kazanjian, 1983). Organization life-cycle concept is a theory that understands the organization at the macro-level of analysis that can be used as a tool to predict the direction of future development and organizational challenges. In the life-cycle concept organization theory explains that each organization develops sequentially organization through the development stages from small to large. Furthermore, with their life cycle concept will have an impact on the Organizational Structure Change and managerial systems of making organizations or changes in the structure and organization managerial system.

2.2. An Insurance Company Organization Structure

As well as the changes made by PT Asuransi Allianz Life Indonesia. Changes made are changes in the organizational structure of the agency or the marketing division. Initially PT Asuransi Allianz Life Indonesia uses the structure of *Agency System* from 1996 to 2013, and as of January 2014 has been changed into *the Full Business System*. The amendment is a strategy to cut the structure that is too long and trim expenses incurred for employees' compensation.

2.3. Work Motivation

Motivation is the willingness to issue a high level of effort for the purpose of conditioning your organization in the effort by the ability to satisfy some individual needs. Needs happen if there is no balance between what is owned and what is expected, the impetus is the mental strength that is oriented towards the fulfillment of the expectations and the achievement of objectives and goals are goals or objectives to be achieved by a person/individual (Robbins, 2012).

Motivation occurs on the situation and working environment also present in the organization or institution. Educational success and failure is often associated with work motivation of teachers. Basically, humans always want things were fine, so that the driving force or the driving spirit that motivates work to work depends on the expectations that would be obtained if these expectations come true then the one will tend to increase the motivation to work in the company.

3. METHODOLOGY

3.1. Research Approach

The study was designed using qualitative research methods. Sampling was done by *purposive* and *snowball* data collection techniques by triangulation (combined), data analysis are inductive/qualitative and research results further emphasize on the purpose than generalizations (Sugiyono, 2013). A research procedure that uses is descriptive data in the form of written words or answers from the people and observed behavior.

3.2. Points and Time Research

The research conducted at the office of PT Asuransi Allianz Life Indonesia Region III, *Customer Care Center* and *Agency Office* in Graha Pacific Surabaya, Jl. Basuki Rahmat No. 87-91, Embong Kaliasin, Genteng, Surabaya, East Java as a place where Surabaya's marketing team and all marketing team from Region III assemble, and Allianz Life Indonesia Branch Office in Jalan S. Priyo Sudarmo No. 60, Malang, East Java, as well as a study conducted during March and April 2017.

3.3. Sampling Method and Informants

The informants are the *Business Executive* and *Business Partner* affected by the *change organizational structure* of PT Asuransi Allianz Life Indonesia Region III. Initial informant to the head of licensing or general remedy requested permission to do research. The next Informant is a *Business Executive* and *Business Partners* with direct interviews to elicit information.

Informants were used in the study is based on three categories of informants consisting of key informants, the second informant and the third informant, taking samples used in this study, there were 7 informants consisting of the first informant Eddy Santoso a Business Partner 1 is a major source and therefore served as Business Partner 1 and has been employed for five years, for the second informant Mrs. Farida Aryani Sitohang served as Business Partner 2 a marketer (leader) and has been working for 14 years, for the third informant is Mrs. Rheine Bhopa Goddess as Business partner 3 a force marketers (leader) and already worked for 12 years, for the fourth informant Mrs. Lailatur Rohman as Business Partner 4 which has knowledge about insurance and has worked for 9 years, for the informant later Mrs. Aida as Business Executive 1 who has experience as a marketer for 6 year, for the sixth informant Mrs. Amind meaning as Business Executive 2 who has worked for 7 years and for the last informant was Mr. Awan Setiawan as Executive Business 3 and has worked for 3 years.

3.4. Data Collection Method

Data collection techniques in this study using three techniques is depth interviews, observation and documentation study technique, to obtain primary and secondary data. Primary data is data that can be obtained directly from the field or place of study. Meanwhile, according to Lincoln & Guba (1994), that the primary data sources in qualitative research is words and actions. Words and actions are the source of data obtained from the field by observing or interviewing.

3.5. Data Analysis Techniques

Data analysis that used in qualitative research carried out at the time of data collection takes place, and after the completion of data collection in a particular period. The technique used to analyze the data in this research is descriptive or more specific technique using an interactive model. Sugiyono (2012) suggests that, "Data analysis is the process of systematically searching for and compiling data obtained from interviews, field notes, and other materials that can be easily understood, and of course you can inform others. Data collection techniques include: data collection, condensation, data presentation, and conclusion.

4. RESULTS AND DISCUSSION

4.1. Implementation Strategy of Organizational Structure Change

Many companies are still less attention regarding structure organization, but the organizational structure is a tool for achieving it can be determined how a job is formally divided and classified into groups and coordinated so that it can be resolved well.

Basically, the organization can only survive if it is able to make changes. Any changes that occur must be observed because of the effectiveness of an organization depends on the adaptation of its own internal do. An increased effectiveness organization has a goal to strive for improvement in the performance capability of adjusting the changes as well as changes in behavior own members.

Based on interview with seven interviewees, there are three factors that encourage organizational structure change in Allianz Life Indonesia. First is fostering effective working system and efficient, second is market competition in the insurance industry continuously, and third is maintaining insurance customer trust. Company changes the working system because they need to trim the career phase in the agency office. Beside the agency system is too long for a Financial Consultant to get promotion, the company budget for all career path is too much. Thus, Allianz Life Indonesia made a decision to change the organizational structure in agency office become more efficient for all Financial Consultant position.

4.2. The Impact of Organizational Structure Change to Financial Consultant's Motivation, Especially Business Executive Section

Managerial in the context of a company does need a change, especially a change for the better. That change could also be a benchmark of the progress of a company. One of the main forms of change that can advance a company is in a planned renewal of business processes. Another point of focus in the change of a company is how the company can conduct an evaluation of the results of the changes they made.

Extrinsic motives are active and functioning because there is a stimulus from the outside, an employee become more vibrant in the work can be influenced by external factors such as policy and administration, career, supervision, salary and bonuses as well as the working environment. The response and the perceived impact Eddy Santoso informant is very good and shows that the organizational *structure change* of PT Asuransi Jiwa Allianz Life Indonesia Region III is able to increase employee motivation especially Section Business Executive to immediately rise to the Business Partner. Implementation of changes to the organizational structure at Allianz many provide high motivation for employees but for the informant sales cloud policy is not easily done even though the system change. The overall results of the interview explaining that basically all of the changes that have a good purpose in the future so that the strategy implementation organizational *structure change* PT Asuransi Allianz Life Indonesia Region III on the motivation of employees especially the *Business Executive* is able to influence and improve the performance motivation when making a sales or marketing.

Intrinsic motivation is a motivation that arises or be born from within oneself. Intrinsic motivation grows after changing the organizational structure, among others; wishes weeks to work, personal responsibility, and personal development. For BP changes in the new organizational structure is a major responsibility for managing change can not be underestimated and should be considered when defining, developing, implementing, and evaluating new ways of doing things. The changes occurring in the agency system gives good impact that motivation increases even more evidenced by the team remain solid and do not resign when the policy is set.

4.3. The Topic Structure of Research

The interview's result from seven interviewees that has reduced and explained in both sub-chapters above becomes ten significances in this phenomenology qualitative research. The ten significances are:

1. Fostering effective working system and efficient
2. Market competition in the insurance industry continuously
3. Maintain customer trust.
4. *Establishing A Sense of Urgency*
5. *Creating the Guiding Coalition*
6. *Developing A Vision and Strategy*
7. *Communicating The Change Vision*
8. *Empowering Broad-Based Action*
9. Intrinsic Motivation
10. Extrinsic Motivation

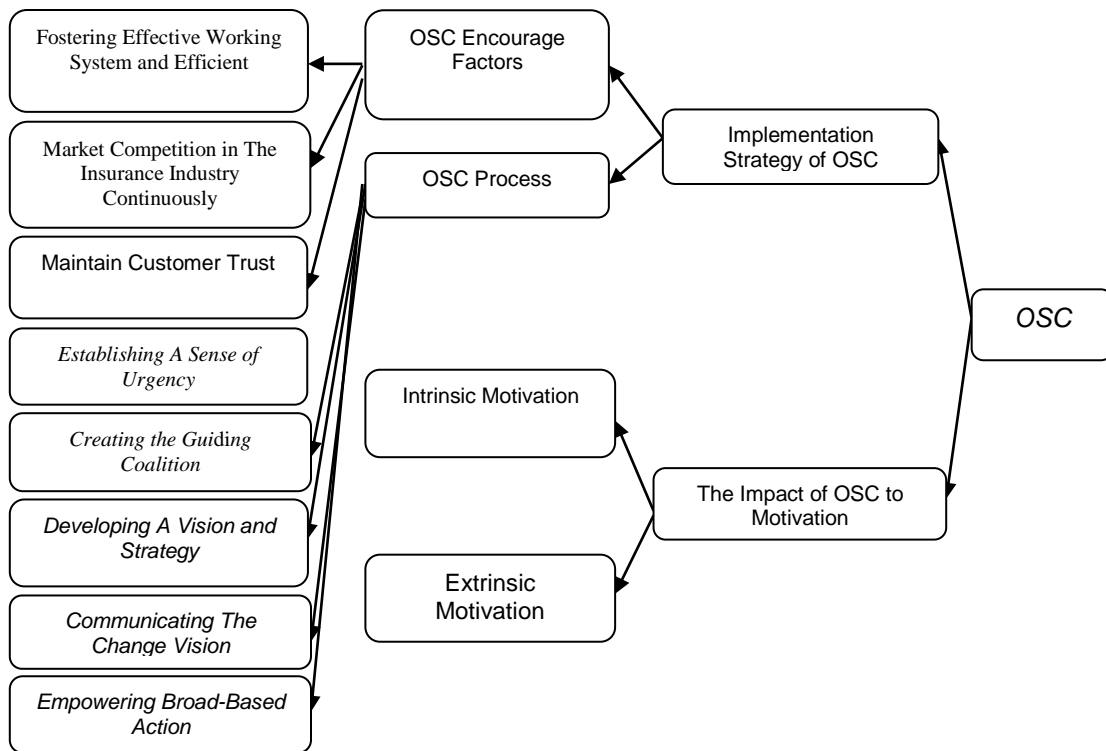


Figure 1. Research Framework

4.4. Implementation Strategy of Organizational Structure Change

Dewi (2003) showed that the changes occurred in organization was a common thing and it should happen. It often is influenced from external or internal factors in the organization. The organization changed its structure for development and adaptation to current change. The change covered the change in organization's vision, mission, system, goals, strategy and structure

Process development and management of human resources is a long term plan that should be considered carefully, such as the placement of human resources according to their expertise, to measure the needs of the quality and quantity of human resources needed by the company and held a training for the development of *knowledge* and skills of employees. This is being developed and carried out by PT Allianz Life Indonesia through reconstruction organization in the company.

Restructuring is not merely change the organization on the structure boxes. Based on research result, there are 3 factors that encourage organizational structure change in Allianz Indonesia that are fostering effective working system and efficient, market competition in the insurance industry continuously, and maintaining insurance customer trust.

Table 1. Factors that Affecting Changes in Organizational Structure

No.	Research Results	Bagaskoro (2014)	Tran and Tian (2013)
1.	Growing employment system that effectively and efficiently	Internal factors a. Problem relationships between members	Market Competition Legal / Decentralization
2.	Competition Market In The Insurance Industry Increasing	b. Problems in the process of cooperation c. The financial problem d. Changes in environmental policy e. Achieve effectiveness and efficiency of work f. Changes organizational goals.	Issues Geographical Flexibility Management Effectiveness and efficiency
3.	Maintaining Customer Trust	g. The expansion of the operating area of organizational goals. h. The volume of activity that more and more i. The attitude and behavior of members of the organization External factors: a. Politics b. Law c. Market d. Cultural competition e. Technology f. Natural Resources g. Demographics. h. Sociology i. Consumer	

Source: Data Processed, 2017

Based on the table above, researcher forming and propose the **first minor proposition**, that is factors affecting changes in organizational structure fosters effective working and efficient, competition with three minor namely: growing employment system that effectively and efficiently, the solid competition in the insurance industry continues to increase and maintain customer trust.

Table 2. The Process of Organizational Structure Change

No.	Research Results	Kotter (in Kusdi, 2011:45)
1.	<i>Establishing A Sense of Urgency in Agency Office, Especially to Business Partner Section</i>	<i>Establishing A sense of urgency</i> (building a sense of urgency)
2.	<i>Creating the Guiding Coalition, Consist of Some Business Partner in Region III</i>	<i>Creating the Guiding coalition</i> (create a coalition guide)
3.	<i>Coalition Team Propose The Vision and Strategy to Implementing The New Business System</i>	<i>Developing A vision and strategy</i> (formulate vision and strategy)
4.	<i>Coalition Team Communicates The New Vision to Agency Office</i>	<i>Communicating the change vision</i> (communicate the vision changes)
5.	<i>Coalition Team with All of Agency Office Elements Implementing The New Business System</i>	<i>Empowering Broad-Based Action</i> (empowering action overall)
		<i>Generating short term wins</i> (generate short-term wins)
		<i>Consolidating Gains and Producing more change</i> (consolidating the results and encourage a greater change)
		<i>Anchoring New Approaches in The Culture</i> (tether closers an new culture)

Source: Data Processed, 2017

Based on the table above, researcher forming and propose the **second minor proposition**, that is the process of organizational structure change in Allianz Life Indonesia begin with establishing a sense of urgency to the internal of agency office especially Business Partner position, creating guiding coalition, coalition team build vision and strategy then communicate its effectively, and with all elements of agency office implementing the new system in the new organization structure.

4.5. The Impact of Change Organizational Structure to Financial Consultant's Motivation

Reconstruction importance of an organization, in the role of insurance companies help companies in the business process that runs in the company. Because of that, companies must be able to anticipate changes for the sake of changes. Besides quality human resources that exist within an insurance company can help improve the quality in the company.

Janicijevic (2010) showed that organizational culture, through its assumptions, values, norms and symbols, determines the way in which the members of an organization perceive and interpret the reality within and around their organization, as well as the way they behave in that reality. For this reason we may assume that organizational culture has an impact on the way in which an organization changes, and that matching of organizational culture and change strategy will improve the efficiency of the change process. In this paper specific hypotheses about the causal

relationship between certain types of organizational culture and certain change strategies are formulated.

The real impact that occurred after changing the organizational structure is very positive according informant interviews with investigators that although compensation and other bonuses disappear, but income that comes just doubled the amount, if the targets are achieved already done without having to wait anyway for leveling and recruit back. It is certainly able to give a good impact on employee motivation Allianz Life Indonesia.

Work motivation is the willingness to issue a high level of effort for the purpose of conditioning your organization in the effort by the ability to satisfy some individual needs. Needs happen if there is no balance between what is owned and what is expected, the impetus is the mental strength that is oriented towards the fulfillment of the expectations and the achievement of objectives and goals are goals or objectives to be achieved by a person / individual (Robbins, 2012).

Bahri (2016) said that motivation and discipline was very immediately hooked with employees' performance. Motivation and discipline that immediately sensed by the employees can decreased the performance or increased the employees' performance. The employees was sense motivated and disciplined on the job which achieved will impacted on increasing performance an instance according to whole. This research aims to knowing the motivation and discipline work impact on the employees' performance.

Encourage employee motivation is the award on from the success achieved employee for his each work thus more liable to develop themselves better, that is called intrinsic motivation. Extrinsic Motivation is needed to owned by employees must be achieved according to the wanted individual goals, in obtaining compensation and want to level up a higher career of course it is the individual urge to move in order to be better in performance.

Based on the chart above, research results is match according to the theory of motivation, which is owned by Suhardi (2013) and Gunarsa (2008: 50). This shows that the impact of *organizational structure change* on the good enough motivation for any performance by an employee based on the factors of different desires. Nothing worked for career development; there are those who simply want to achieve a higher income than before.

Table 3. Impact of Proposition Organizational Structure Change Motivation

No.	Research Result	Gunarsa, (2008: 50)	Suhardi (2013)
1.	Intrinsic Motivation	Intrinsic Motivation	Intrinsic Motivation
2.	Extrinsic Motivation	Extrinsic Motivation	Extrinsic Motivation

Efforts effectiveness by restructuring the organization a positive impact on the acceleration of careers in marketing personnel for the cut line promotion that originally there were four levels, namely *Business Director*, *Senior Business Manager*, *Business Manager* and *Financial Consultant* into two levels, namely *the Business Partner* and *Business Executive*. The purpose of pruning this career path is expected to increase motivation and impact on sales force performance. This is in accordance with the Pillay (2015) which states that a high career development opportunities and career paths modest positive effect of increasing employee motivation. Mwanje (2010) adds that equal opportunities and careers that are not too complex preferred by the employee, causing competitive and achievement motivation of employees when compared with the complex career.

Based on table 3 above, the researcher forming and propose that *the impact of organizational structure change to Financial Consultant's motivation are intrinsic motivation and extrinsic motivation as third minor proposition*. Therefore, the **research proposition** in the update of the organizational structure with three stages or for the renewal process by growing the system to work more effectively and efficiently, fixing marketing system to follow the market competition in the insurance industry, and always maintain customer trust who have insurance policy in Allianz Life Indonesia. To measure changes were made to build a race of urgency among employees and customers, create a new coalition in any cooperation, fixing of networking and marketing systems, in addition to running the appropriate vision and strategy. Process changes made in the structure of the organization with the renewed level of conformity in organizational system, improve collaboration, increase in career development and enhancement sales insurance products. In all existing development can also be influenced by intrinsic motivation and extrinsic.

This research also affect to the middle management's role, whose have responsibility to manage the agency office. The Agency Development's team doesn't necessary to full manage and become less of approach and influence. Their job more easier, because recruitment has become the Business Partner's responsibility, and that makes all Agency Development's team just have one responsibility which can join with Trainer's team, that is development.

5. CONCLUSION

Based on the research that has been carried out then obtained some conclusions. First, implementation strategy of organizational structure change on performance is influenced by several factors driving system includes work effectively and efficiently, competition in insurance industry is increasing, and commitment to its customers' maintained. The process is done there are five things that create a sense of urgency, recruiting leadership in change, build a vision and *communicate it effectively, overcoming obstacles*. Second, *the impact of organizational structure change is a positive on the motivation of which there are two types of motivation of that is intrinsic and extrinsic motivation*.

5.1. Managerial Implication

Based on the conclusions that have been raised in this study, the authors convey some suggestions for the parties associated with this study. First is top management in Allianz Life Indonesia Region III should pay more attention Environmental Factors, Leadership, Organizational Culture, Organizational Structure, and the ability of the company. To optimizing creativity, top management should provide containers and space to accommodate the aspirations, ideas and input in the company, the container can be physical like a special room for *brainstorming* or imagination expend creative ideas or in the form of an open forum that serves as a container for creative ideas that established.

After that, Allianz Life Indonesia should optimizing continuous innovation by instilling a habit to always be responsive and response to change, especially in the pop-up new ideas in the company that can be done at the time of their discussion forum among employees. Based on secondary data, performance of employees in the insurance company Allianz Life Indonesia Region III are already at a high category. Although on the high category of course the company should always continue to maintain and improve employee performance, especially at the point increase employees' skills. Employees have responded well when companies hold trainings that can improve their skills, so it's best companies conduct training whenever changes in the organizational structure of the company.

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