Factors Affecting Loyalty in the Insurance Sector

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Abstract. Insurance is different from other service-based business models because it takes on risks from third parties. If insurance companies aren't run well, they can become very risky. It was also shown that insurance is built on the trust of the public. The job of the insurance company is to collect money from the public, and the money collected is entrusted to the competent management of the insurance business so that participants' claims for services they should get can go smoothly. Most of the insurance sector's assets are in social insurance, which includes BPJS Health and BPJS Ketenagakerjaan. The BPJS Ketenagakerjaan institution runs a public program to protect workers from certain social and economic risks. It does this by using a social insurance system. At BPJS Ketenagakerjaan, they are building a culture of loyalty. For this study, in-depth interviews were used, and factor analysis was used to figure out what the results meant. The results of this study's factor analysis of the indicators that were suggested to the respondents showed that the variables of customer retention, recommendation use, and customer rewards can make participants in BPJS Ketenagakerjaan feel more loyal.

Keywords: BPJS Ketenagakerjaan · Factor Analysis · Insurance and Loyalty

1 Introduction

Due to the fact that insurance absorbs a variety of third-party risks, insurance enterprises can become risk-intensive if not managed properly, a characteristic that distinguishes it from other service sector sectors. In addition, insurance companies must manage a variety of data while making underwriting, financial, and other business decisions since they are information-intensive [1]. Moreover, it is thought that public confidence is the backbone of the insurance industry. It is the obligation of the insurance company to collect funds from the general public, which are then professionally managed by the insurance company's management to ensure a smooth operation when participants file claims for services to which they are entitled.

The Chief Executive of the Supervision of the Industri Keuangan Non Bank (IKNB), Mr. Riswandi, reported to the Financial Services Authority (OJK) that the insurance industry in Indonesia is now happening of reduction in premium income assets [2]. The entire assets managed by the insurance sector as of the end of July 2021 was Rp. 1.491

Table 1. Global Index of Customer Satisfaction (OCSI) BPJS of Employment

Year (%)	OCSI (%)
2015	90.2
2016	88.2
2017	90.7
2018	92.6
2019	95.5

Sources: Sigma Research Indonesia 2019 & Indore-
search 2018

trillion. Since the beginning of 2021, when it was first registered at Rp. 1.450 trillion in February and Rp. 1,479 trillion in June, the amount has grown. Social insurance, whose members include BPJS Health and BPJS Employment, dominates the insurance sector's assets. Total social insurance assets increased from the position in June 2021, which was Rp 578.05 trillion, to Rp 585.88 trillion [3]. Conventional life insurance, which was represented by 145 commercial insurance companies and reached Rp 555, 85 trillion, came in second. According to rules controlling the interaction between the insurer and all societal groups, social insurance is insurance that offers social protection for community members [4]. One of every citizen's funda mental rights is access to social insurance. Because the state must be present to provide protection and comfort for its inhabitants, especially the working class, the Indonesian government gives this protection particular attention. By creating BPJS Ketenagakerjaan a facility that offers services exclusively for these activities, the government demonstrated its dedication to and seriousness about protecting Indonesia's working population (Employment Social Security Administering Agency).

A general objective of the company is to satisfy users and foster loyalty among them. Customers' propensity to promote a product or service to others and their willingness to stand up for the brand when it is under assault are further examples of customer loyalty [5]. For the service industry, brand equity is essential. Due to the intense rivalry that service sectors like financial services are experiencing, the organization is working to establish a strong brand both in the marketplace and with consumers [6]. The BPJS Employment Customer Satisfaction Index is shown at Table 1.

As demonstrated in Table 1, the BPJS Employment participants have a very high satisfaction level. This is consistent with the fact that there are more participants each year, with the number of participants reaching 43,420 in 2019 from 39,763 in 2018. Therefore, the purpose of this study is to identify the variables that contribute to participants in BPJS Ketenagakerjaan's increased loyalty.

2   Research Methods

This study is a survey, which means that the data was collected using a questionnaire and a sample from a specific population. This exploratory study intends to collect as much

Table 2. Population and Sample Size

No	District	Active Labor in 2019 (person)	Target Sampel
1	Medan Johor	1.275	320

information as possible regarding the factors that influence the loyalty of BPJS Ketenagakerjaan participants in order to give a solution to a problem. Research was conducted at the BPJS Employment Medan Branch in the Medan Johor District. The population of the study consisted of all BPJS Ketenagakerjaan participants in the Non-Wage Recipient (BPU) participation program. The total number of participants in this study was 1,275. According to Riduwan [7], the sample was selected using proportional random sampling because the population size was sufficient. Thus, 320 individuals took part in the BPJS Employment program. Table 2 provides information about the population and samples used in this experiment.

A questionnaire is the tool used to collect the data. The format of the questionnaire/questionnaire is used to gather information on the elements that influence participants in BPJS Ketenagakerjaan's loyalty. The development of the instrument in the form of a questionnaire took place in multiple stages, including the selection of the indicator grid, the gathering of the instrument's questions, and the testing stage. Additionally, descriptive analysis is the method of data analysis performed. The distribution of items from each category shown in the table and the status of social phenomena from the research location are described using the descriptive analysis technique, followed by a descriptive discussion in numbers and percentages. The writers also use factor analysis to pinpoint a phenomenon's primary dimensions or regularities. The main goal of factor analysis is to break down a large number of variables' information content into a smaller number of components. Based on the fundamental characteristics discovered through factor analysis, additional aspects will be examined using multiple regression analysis to expose and assess how they actually impact participants' loyalty in the BPJS Employment BPU program.

3   Results and Discussion

The following are the findings of this study's factor analysis:

First, Choosing the variables for the correlation matrix Using KMO analysis and Bartlett's test to choose matrix variables, check to see if all factors may be further analysed with KMO values greater than 0.05. In addition, the Anti Image Matrix value shows the MSA value, which must be eliminated from the factor for further analysis if the MSA value is less than 0.5. In this investigation, every factor complied with the criteria for calculating MSA < 0.5.

2. The second step of the factor analysis method, referred to as communities, aims to determine whether the variables that are worth testing may be condensed into one or more factors. This infers the Communalities table in SPSS. The quantity of variations of

Table 3. Total Variance Explained

Factor	Initial Eigenvalues		
	Eigenvalues	**% Variance**	**Cumulative %**
1	4.200	34.997	34.997
2	1.250	10.414	45.411
3	1.048	8.729	54.140

Source: Data Processing Results, SPSS, 2022

an initial variable that may be accounted for by the already present elements is known as the communality. The more communalities there are, the closer the elements generated are tied to each other.

3. Providing Details on the Variance Value This research determines the ideal number of factors to account for the variance of the 12 indicators that make up the factors. The eigenvalues of many factors can be used to determine the right number of factors. Table 3 shows each formed factor's cumulative percentage of variance:

4. The Pre-Rotation Factor

The indicator distribution factor matrix prior to rotation still contains a number of data structures that violate the rules because not all factors have a loading factor coefficient that is sufficiently representative. As a result, some factors are represented by numerous indicators, while others are not represented by any indicator at all. Table 4 demonstrates the subsequent.

5. Rotation Factor

After factor rotation, it is known that there are factors that have a loading factor of less than 0.5 so that factor rotation is carried out, with the processed data in Table 5.

Three factors are created as a result of the factor analysis, namely:

Customer Retention is the first factor, and it comprises of participants who opt-in to the program, choose not to move to another insurer, and care about the BPJS Employment program. This variable can account for the variance's 34.997 percent variance. The correlation between indicators and factors spans from 54.2 percent to 82.7 percent when looked at from the perspective of the loading factor, where the indicators in this factor have a factor loading range from 0.542 to 0.827. According to the loading factor, participant retention in BPJS Ketenagakerjaan is strongest when involvement is voluntary. Participants' representatives said that participants made the decision to join BPJS Ketenagakerjaan voluntarily. Participants felt BPJS Ketenagakerjaan was trustworthy. This is consistent with the claim that trust is a key factor in boosting participant loyalty in BPJS Ketenagakerjaan [8]. Customers can feel good service so that participants in the BPJS Ketenagakerjaan program will have positive memories of their participation in the program by choosing insurance on their own, not wishing to switch to another insurance, and caring about the BPJS Employment program. The fact that BPJS Employment participants chose the insurance on their own and continued by stating that they did not want to switch to another insurance shows that the benefits of the program are as

Table 4. Matrix Components

	Component		
	1	*2*	*3*
L1	.307	.713	.293
L2	.529	.468	.071
L3	.569	.234	.273
L4	.586	.173	.107
L5	.567	.031	-.225
L6	.684	.072	-.166
L7	.668	.062	-.450
L8	.579	-.027	-.410
L9	.590	-.159	-.254
L10	.639	-.422	.394
L11	.602	-.334	.042
L12	.685	-.333	.447

Source: Data Processing Results, SPSS, 2022

Table 5. Matrix Components After Rotation

	Component		
	1	*2*	*3*
L1	-.029	-.062	.827
L2	.294	.078	.641
L3	.185	.352	.543
L4	.319	.300	.438
L5	.553	.178	.190
L6	.589	.256	.298
L7	.783	.087	.177
L8	.697	.111	.079
L9	.597	.283	.034
L10	.173	.840	.082
L11	.399	.564	.007
L12	.162	.846	.195

Source: Data Processing Results, SPSS, 2022

anticipated and as a result, they do not desire to do so. Similar considerations apply to the BPJS Employment program, which introduces changes to the services it offers.

Recommendation is the name given to factor 2, which has an eigenvalue of 1,250. They feel at home as a participant, stay a participant in BPJS Employment, are willing to suggest, are willing to welcome new potential participants, and are willing to become promoters are the signs included in this category. This element explains the variance diversity of 10.414 percent. The correlation between indicators and factors spans from 55.3 percent to 78.3 percent when examined from the loading factor, where the indicators in this factor have a factor loading range from 0.553 to 0.783. Participants' perceptions of the loading factor in their place of residence had an impact on their willingness to remain a BPJS Employment member, which had an impact of 0.589, and their loyalty, which had an impact of 0.553. Other indicators with effects of 0.697 and 0.783 respectively are eager to provide suggestions and extend invitations to potential new participants. The indicator for willingness to suggest BPJS Employment reached its maximum level, demonstrating the significant correlation between the indicators and the variables. Participants' willingness to provide recommendations to their family, coworkers, or other relationships is one of the traits of loyalty [9].

Customer Reward, factor 3's designated subfactor, has an eigenvalue of 1,048. The recognition as a participant, pride in being a participant, and continued affiliation with BPJS Ketenagakerjaan are the indicators included in this component. The customer reward indication as a BPJS Employment participant is 0.840 when seen from the loading factor, while the proud participant indicator as a BPJS Employment participant is 0.564% smaller. The customer reward element, or indicator with the highest score of 0.846, is the decision of the participant to continue participating in BPJS Employment in the future. This element explains why 8.729 percent of the inheritance is diverse. According to the philosophy of customer relationship management, which stresses customer service in BPJS Ketenagakerjaan operations, Factor 3 is a customer reward. This can help participants feel more proud to be a part of BPJS Ketenagakerjaan, which can increase participant loyalty. The fourth indicator is not included in the model because the BPJS Employment service generates a loading factor that is less than 0.5.

4   Conclusion

A long-term objective is loyalty to for-profit or nonprofit organizations. For both the company and BPJS Ketenagakerjaan, the quest to build loyalty has been a hard lesson. In order to build a system where BPJS Employment participants can consistently offer participants and stakeholders the best benefits, BPJS Employment takes strategic initiatives. The results of this study's factor analysis of the indicators that were suggested to the respondents revealed that the variables of customer retention, recommendation use, and customer rewards can boost participants in BPJS Ketenagakerjaan's sense of loyalty.

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