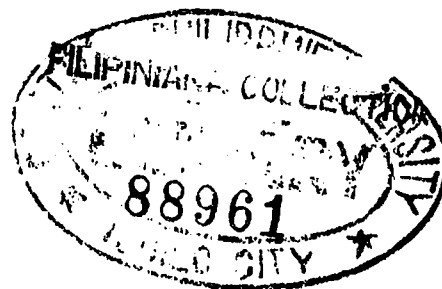


A STUDY OF THE RELATIONSHIP BETWEEN JOB FACTORS
AND PRODUCTIVITY OF THE LIFE INSURANCE AGENTS

A Thesis
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CHAPTER I

INTRODUCTION

"Even though the insurance industry in the Philippines is progressive, there is still a large percentage of people who are not well informed about insurance and the benefits derived from it,"¹ not because people do not like to be insured or are afraid to be insured, but because insurance agents just have not reached them. Even though it does not eliminate or prevent loss, insurance activity is beneficial to society in eliminating risks for the insured, in reducing risk for society, and in redistributing financial loss. If the insurance business has not produced as much as it could, one of the factors to look into is the insurance agents themselves.

Maintenance of high production is of interest not alone to a single insurance company which wants to succeed, but also to a society which wants to achieve broader economic and social objectives. The success of any economic system, or any business enterprise, is measured by the availability in the market of goods and services that satisfy human wants.

¹ Myrna Abototo, "The Public Aspects of Insurance" (Unpublished Position Papers in Economics 36, Central Philippine University, Iloilo City, 1978), p. 33.

This is true of the insurance industry. The distribution of goods and services can be increased to bring about a rise in the level of consumption and the living standard, if prices are controlled while more incentives are given to the agents of distribution. This desired benefit can not be achieved, however, if production is restricted by the agents, with the result of raising operating costs. Deficiencies in the motivation of agents can be an important factor in variations in production. Dealing with the problems and sources of agent motivation offers a potent tool for achieving necessary industrial and social objectives by way of increased productivity.

Before starting a program for motivating their agents, managers and supervisors of insurance firms, as well as other business firms, should know what factors are related to productivity of their agents, so that they can decide how to effectively motivate their agents to work for company goals. It is along this line that the researcher would like to make a little contribution.

THE PROBLEM

Statement of the Problem

The main purpose of this research is to find out the relationship between job factors and productivity of life insurance agents. Twelve job factors, as categorized by Herzberg,² are considered in this study. Five job factors directly related to the agent's job are called "motivators," and seven factors related to their environment are called "hygiene factors." The motivators and hygiene factors are listed below:

A. Motivators

- (1) Achievement
- (2) Responsibility
- (3) Work itself
- (4) Recognition
- (5) Advancement

B. Hygiene Factors

- (1) Co-workers
- (2) Supervision-technical
- (3) Supervision-human relations
- (4) Salary
- (5) Security
- (6) Company policies and practices

²Frederick Herzberg, Bernard Mausner, and Barbara Snyderman, The Motivation to Work, 2nd ed., cited by Wendell L. French, The Personnel Management Process (4th ed., Boston: Houghton Mifflin Co., 1978), p. 83.

(7) Working conditions

The terms 'motivators' and 'hygiene factors' are defined in the Theoretical Framework and the definition of each /of these factors is presented in the section on definitions.

The questions that this study hopes to answer are:

1. What is the profile of agents in life insurance companies in Iloilo City with respect to age, sex, educational attainment and length of service with the companies?

2. Are there differences in the productivity (in terms of amount of average monthly first-year premium) of groups formed according to age, sex, educational attainment, length of service, and size of company?

3. Is there a significant relationship between productivity of the life insurance agents and

(a) "motivators" such as achievement, responsibility, work itself, recognition and advancement?

(b) "hygiene factors" such as co-workers, supervision-technical, supervision-human relations, salary, company policies and practices, security and working conditions?

(c) "other factors" such as age, sex, educational attainment, length of service of the agents, and size of company?

4. Is there a significant relationship between productivity of the life insurance agents and each of the following motivators, taken separately: (a) achievement, (b) responsibility, (c) work itself, (d) recognition, and (e) advancement, when the other four motivators are kept constant.

5. Is there a significant relationship between productivity of the life insurance agents and each of the following hygiene factors, taken separately: (a) co-workers, (b) supervision-technical, (c) supervision-human relations, (d) salary, (e) security, (f) company policies and practices, and (g) working conditions, when the other six hygiene factors are kept constant?

6. Is there a significant relationship between productivity of the life insurance agents and each of the following factors, taken separately: (a) age, (b) sex, (c) educational attainment, (d) length of service, and (e) size of company, when the other four factors are kept constant?