

Function Implementation Change Management in an Insurance Company or Business during the Covid-19 Pandemic

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Abstract

The impact of the Covid-19 pandemic occurred on various types of existing insurance. The decline in people's economic capacity has driven most of today's insurance clients to seek policies with the lowest possible cost in terms of premiums and coverage, whether for their staff, property, motorbikes or other assets. Therefore, insurance companies must be able to deal with changes in their organisations due to the impact of the pandemic, be it downsizing structures or changes to services that are considered more profitable. The method that will be used in this paper is qualitative. The results of the study show that the use of the ADKAR model will ensure that the changes made by the organisation go well because this model focuses on individuals within the organisation as an important factor in the change process and how to enable people within the organisation to make successful transitions in a change process. The insurance company's success in implementing changes can then be evaluated by assessing the maturity level of change management. When the changes have been completed at all levels, it can be said that the changes made by the insurance company have been successful.

Keywords: Change Management, Insurance, ADKAR

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1. Introduction

Companies are basically in a constantly changing environment. Change, development, and increased maturity are the most prominent characteristics of organisations and

institutions that face today's competitive environment to improve their quality. This then requires companies to be able to adapt to existing changes. Therefore, the company's constant and continuous adaptation to rapid market changes is a prerequisite for the survival and growth of the company itself (Kachian et al., 2018). Therefore, change management (*change management*) is important for the company to survive in a competitive industry.

With the emergence of the Covid-19 pandemic globally, companies and the insurance industry have been negatively impacted like many other industries. The decline in people's economic capacity has driven most of today's insurance clients to seek policies with the lowest possible cost in terms of premiums and coverage, whether for their staff, property, motorbikes or other assets. Others have even taken a bigger step by stopping buying insurance, especially when it comes to travel insurance with various travel bans issued by the government (Al Kahtani, 2020).

The impact of the Covid-19 pandemic occurred on various types of existing insurance. Vehicle insurance companies are also negatively impacted in terms of sales due to travel restrictions which then cause clients to be reluctant to renew their insurance or choose insurance options with the lowest and cheapest prices. Property insurance also experienced a decline in sales as customer focus shifted to reducing costs; besides that, more and more businesses were downsizing or reducing the number of assets. Meanwhile, in health insurance itself, there have been various trends during the pandemic, but today's customers are mostly looking for cheaper options and coverage (Al Kahtani, 2020). However, most customers still view health insurance as important to them, so it still gains interest in the eyes of the public.

Insurance companies with a healthy line of business are lucky enough to maintain their business and avoid downsizing and even business closures. However, insurance companies that provide other services must be able to deal with the changes within their organisations due to the impact of the pandemic, be it downsizing the structure or changing to services that are considered more profitable. This change then requires the right change management strategy so that it can survive unexpected situations such as a pandemic. This paper aims to explain the implementation of the change management function that insurance companies must face during the Covid-19 pandemic.

2. Research Methods

The method that will be used in this paper is qualitative. Qualitative research examines the conditions of natural objects, where the researcher is the key instrument (Sugiyono, 2013). Meanwhile, according to Moleong (2005: 6) what is meant by qualitative research is research that intends to understand phenomena about what is experienced by research subjects, for example, behaviour, perceptions, motivations, actions, etc. holistically, and using descriptions in the form of words and language, in a special natural context and by utilising various natural methods.

Qualitative research aims to explain a phenomenon as deeply as possible by collecting data as deeply as possible, which shows the importance of the depth and detail of the data studied.

3. Results and Discussion

3.1 Change Management

Change Management is a sequence of processes used to ensure that significant strategic changes within the organisation are carried out in a controlled and systematic manner to overcome resistance to change, increase resilience and achieve organisational goals to be achieved effectively (Hornstein, 2015). Change management is a discipline that guides a person to prepare, equip and support individuals to adopt a change to drive organisational success and results successfully (da Silva Sousa, Pires, S., & Reis, 2019).

According to Arisenta and Sukmandhani (2020), implementing change management will provide several advantages; the first is related to risk reduction. Change management can minimise risks when potentially harmful changes occur in the production environment. Second, change management improves service quality by processing appropriate change assessments that prevent service performance degradation, thereby improving service quality. Finally, change management can reduce costs effectively by reducing the repetition of similar work or unavailable services.

Change management will involve all stakeholders accepting, participating, and working with a commitment to ensure the successful implementation of changes in the organisation (Fugate et al., 2012). Change management is a conscious process to systematically conceptualise, plan, implement, monitor and evaluate organisational change. Change management is a systematic method for organisations and their people to deal with change. In other words, change management is a process of continuous organisational renewal based on direction, structure, and ability to adapt to the demands of a constantly changing business environment (Wiesner et al., 2017).

Change management can be considered a systematic approach that facilitates organisations to achieve their goals by changing business processes or their operational framework. Change management involves changing the organisation by controlling change, reducing resistance forces (resistance) to changes, and helping other employees adapt to changes. Change management will benefit the organisation by helping the activities carried out by its stakeholders to make the organisation sustainable with dynamic market changes (Al Kahtani, 2020). In addition, according to Bartunek and Woodman (2015), organisations that develop due to change management will become flexible and achieve their goals through innovative changes in their infrastructure and operations.

3.2 The ADKAR Model in Change Management

Change management is used as a means for optimising and improving production processes, improving organisational performance, and achieving high productivity and efficiency in terms of process management, which is important in selecting the right methods, tools and techniques (Simanová & Stasiak-Betlejewska, 2018). The change process implemented by the organisation is very complex, but there are models for making changes, one of which is the ADKAR model.

To ensure the successful implementation of change management, Hiatt (2006) has identified five elements, naming them the ADKAR model. These elements must be implemented properly to ensure the success of the change project: awareness, desire, knowledge, ability and reinforcement. Overall, ADKAR is a process in awareness (*awareness*) of the need to change, the desire (*desire*) to support and participate in change, knowledge

(*knowledge*) about how to change, ability (*ability*) to implement those changes and reinforcement (*reinforcement*) to sustain changes. The entire process can be seen in Figure 1. This change management model focuses more on individuals as important factors in the change process and how to enable people in the organisation to make successful transitions in the change process that occurs in the organisation (Thomas et al., 2019).

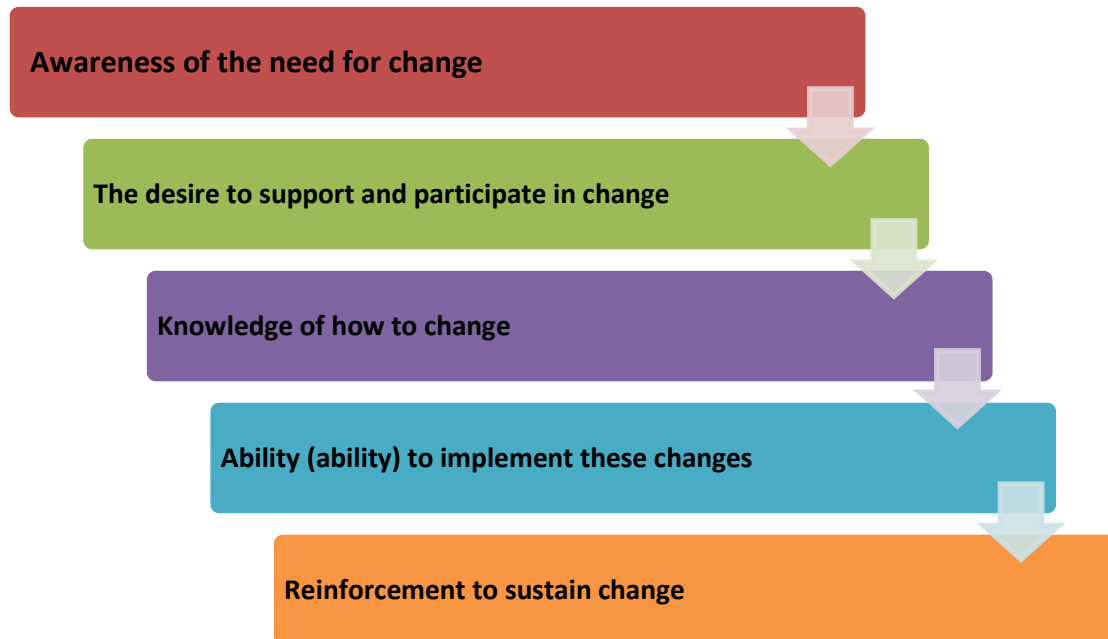


Figure 1. ADKAR's change management model (adapted from (Thomas et al., 2019))

3.2.1 Awareness

Hiatt (2006) states that awareness is one of the first pillars of change management: awareness of the need for change. In this stage, the change process's nature and needs are communicated appropriately and effectively to interested people at all organisational levels. The importance of awareness in change management is emphasised because the biggest cause of failure is a lack of awareness of why the change was made. Employees and key personnel of the change project must have a clear view of what changes will be added to the organisation so that they can better understand and participate in the change process and align themselves to the success of the change project (Al-Alawi et al., 2019).

3.2.2 Desire

Hiatt (2006) states that desire is the second-order element of the ADKAR model. Desire motivates and inspires employees to support and participate in the change process. The employees themselves must feel the desire to change. In this stage, management has a function to introduce changes and make employees understand the reasons behind these changes. This can be a challenging management task, as they have no control over other people's feelings and choices. Therefore, there is no other way but to build awareness in which prescribed steps can be used to reach the result, achieving a convincing desire to change (Al-Alawi et al., 2019)

3.2.3 Knowledge

According to Hiatt (2006), every organisation has several training programs that suit their needs in various fields, both in technical aspects and in human resources. Highly skilled, competent professionals must have the tools and materials, know what they are doing, and

are responsible for providing the training (Al-Alawi et al., 2019). Organisations can then use this to encourage change by giving them a place to show optimal ways to their subordinates.

3.2.4 Ability

Liker and Hoseus (2008) suggest that success can be ensured by ensuring two important elements: production systems highlighting organisational problems and human systems enabling people to identify and solve problems. People with the right character, team-minded, competence and training to handle all escalating issues are required to ensure success. In this case, ability can be obtained from learning and experience. Learning is an endless process; superiors share their experiences and knowledge with subordinates, and predecessors do the same for successors; team individuals at all levels must share knowledge (Al-Alawi et al., 2019).

3.2.5 Reinforcement

According to Hiatt (2006), reinforcement is the last element of the ADKAR model. Reinforcement includes any action or event that strengthens change in individuals or organisations. Strengthening does not always require major events. This reinforcement can be in simple forms, such as the number one acknowledgment that customer service agents want is a personal thank you and expression of appreciation from their supervisor. This attitude is meaningful because of the unique nature of the employee-supervisor relationship (Al-Alawi et al., 2019).

ADKAR is a goal-oriented change management model that allows change management teams to focus their activities on specific business results. This model was originally used to determine whether change management activities such as communication and training have the desired results during organisational change. This model aligns traditional change management activities with specific outcomes or objectives (Hiatt & Crasey, 2003). The ADKAR model can identify why changes are not working and help managers take the necessary steps to make changes successful. Managers will be able to observe changes based on multiple stages, understand where those changes fail and address the risks of failure at certain stages.

By identifying the required outcomes or objectives of change management, ADKAR becomes a useful framework for change management teams in planning and executing work. The objectives or outcomes determined by ADKAR are sequential and cumulative. An individual must acquire each element to implement and sustain the change. A manager can use this model to identify gaps in the change management process and provide effective employee training. The ADKAR model can be used to: diagnose employee resistance to change; help transition employees through the change process; create a successful action plan for personal and professional advancement during change; and develop a change management plan for your employees (Hiatt & Creasey, 2003).

3.3. ADKAR Model Implementation in Insurance Company Change Management

The insurance industry, regardless of its type, be it travel, motorbike, property or health insurance, is an industry that bases its business on risk management. This is then considered at the prospective customer stage, starting with taking care of the insurance policy. At every stage in the insurance business, change elements are always considered, including changes in seasons, markets, health trends, inflation rates, and client history. Therefore, it makes sense

that an insurance company places change management at the core of all its business processes, from company establishment to organisational development, sustainability and continuity.

The insurance industry implements change management as part of its strategy to ensure no business interruption and sustainability. This can be seen in strategy design, strategy into action (SIA), and execution. Based on the objectives to be achieved by the insurance company, they will first ensure organisational alignment and then determine an adequate change management approach to be implemented in their organisation. Starting from this, the next thing to do is to consider the elements of people, processes, systems and communications that will be built, changed and improved. The process usually involves individual departments and at different staff levels depending on the size and goals of the change (Al Kahtani, 2020).

Changes to insurance companies can occur at various levels according to the category. Table 1 shows that for each category of change, the process mechanism and requirements for each change must be fulfilled (Jayatileke & Lai, 2018). For types of changes included in the normal changes category, where these changes must be tested and have a good back-out plan, two parties are authorised to review these changes: the Change Manager and the Change Advisory Board (CAB) by the time set. Determined. As for the types of changes that are included in the category of emergency changes, where these changes must be tested and have a good back-out plan, the assessment must be carried out through parties who have been given the authority to carry out their duties as a CAB by their authority. Finally, the types of changes included in the standard Change category can be made without needing approval before implementation. However, the review and evaluation process must be done through the normal change mechanism before changes can be grouped into this category (Arisenta & Sukmandhani, 2020).

Table 1. The process of change management mechanisms

Change category	Flow of change	Responsible for change
Normal changes	It must have been tested	Change Manager
	Have a fallback plan	Change Advisory Board
	Done after reviewing from CAB	
Emergency change	It must have been tested	Change Advisory Board
	Have a fallback plan	
	Reviews as needed	
	Executed after obtaining approval	
	There is repetition	
Standard change	Has low risk	Pre-approved
	It has been tested; the results can be known	

After the desired type of change has been determined, a change management strategy is developed using the ADKAR model. This is done by mapping changes in management activities or tools to ADKAR elements. Furthermore, the list of strategies obtained is then mapped into the state of change of the ADKAR model. This mapping is intended to develop a change management roadmap that accompanies changes that occur in every part of the insurance company. Change management strategies that insurance companies can implement can be seen in Table 2.

Table 2. Change management strategy for insurance companies

Elemen ADKAR	Strategy
Awareness	• Optimizing the role of superiors

	<ul style="list-style-type: none"> • Improve management support • Development of an effective communication program to convey reasons for change
Desire	Development of an environment conducive to change
Knowledge	Development of education and training programs
Ability	<ul style="list-style-type: none"> • Provide the infrastructure needed for learning. Development of pilot programs to implement changes • New job description formulation • Create rules and procedures for future activities
Reinforcement	<ul style="list-style-type: none"> • Optimizing the use of the new system • Evaluate the implementation of the new system regularly

Implementing the change management strategy then requires an evaluation that will show whether the implemented change management has brought success to the company. This can be assessed from the maturity assessment based on the Capability Maturity Model Integration for Services (CMMI-SVC) model, which can measure the maturity and performance of the change process based on three dimensions, namely people, process and technology (Jaadla & Johansson, 2018). There are five levels in the maturity level assessment system, each level consisting of 2 sublevels except for level 5. Because level 5 is the highest in this assessment system, this level is considered the perfect maturity level. For more details, it can be seen in Table 3. Based on the standard maturity level, it can then be assessed whether the changes implemented by the insurance company have been successful. Suppose it is found that the changes are not by the final objectives that have been set previously. In that case, further action is required by management to ensure that the changes have been implemented properly.

Table 3. The maturity level of change management

Level	No	Description
Level 1	Precondition	Ensuring the minimum level of all requirements is available to support the course of Change Management activities
Level 1.5	Management intent	Ensuring the availability of organisational policies, statements, business objectives and guidelines for carrying out Change Management activities
Level 2	Process capability	Reviewing the Change Management activities that are being carried out to identify all series of activities at the minimum level that has been carried out
Level 2.5	Internal integration	Ensuring that activities are integrated sufficiently to meet the objectives of the Change Management process
Level 3	Product	Examine the output of the Change Management process to ensure that all relevant products are being produced.
Level 3.5	Quality control	Focus on reviewing and verifying process outputs to ensure the resulting product is of the desired quality.
Level 4	Information management	To support management decisions, focus on governance processes to ensure sufficient and timely information generated from the Change Management process.
Level 4.5	External integration	Ensure that all external interfaces and relationships between discrete processes and other processes have been defined in the organisation.
Level 5	Customer service	Focus on external review and process validation to ensure it remains optimised to meet customer requirements.

4. Conclusion

Insurance companies face the same problems as other industries affected by the Covid-19 pandemic. This requires the insurance company to change its organisation to survive this difficult time. Change is difficult, so it requires good change management to ensure that changes are carried out successfully and change objectives can be achieved. Insurance companies can use the ADKAR model (awareness, awareness, desire, knowledge, ability and reinforcement) to implement organisational changes. The use of the ADKAR model will ensure that the changes made by the organisation go well because this model focuses on individuals in the organisation as an important factor in the change process and how to enable people in the organisation to make successful transitions in a change process. The insurance company's success in implementing changes can then be evaluated by assessing the maturity level of change management. When the changes have been completed at all levels, it can be said that the changes made by the insurance company have been successful.

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