

## Strategic Competency Development for Frontliners to Strengthen Customer Loyalty: A Study in General Insurance Services at PT XYZ

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### ABSTRACT

*The general insurance market in Indonesia remains growing and competition is shifting towards the service excellence side with diminishing product differentiation. As for PT XYZ, the frontline employees are the tip of the spear in determining how the customer feels about the company. Consider the performance of the company's Customer Loyalty Index CLI between 2020–2024 it is below the target and those of competitors suggesting the firm faces challenges sustaining loyalty. Customer feedback indicates satisfaction is associated with frontline capability when interacting during service provision. The purpose of this study is to measure the competency of the frontline at PT XYZ, to analyze the gap of competency from which lead to loyalty, and to recommend the strategy for improvement. Using the Knowledge–Skills–Attitudes (KSA) framework, this study identifies four critical competencies which directly impact customer loyalty (1) customer knowledge (2) problem-solving ability (3) adaptability ability and (4) Empathy Attitude. Taking a mixed-methods approach that combines competency assessments with expert interviews, the results indicate that current capability levels for these four competencies remain well below human-expected thresholds. Not enough understanding of the customer leads to less personalization, bad problem resolution leads to slower service resolution, low adaptability leads to disrupted responsiveness in the face of a system or policy changes, and weak empathy leads to diminished emotional connection with the customer. We propose a competency improvement plan based on focused development programs in customer insight and modeling, sensitive exposure to customer behavior, discipline in practical problem-solving, and customer empathy-oriented service approach reinforcement. In a fierce competitive tug-of-war that is the insurance industry, these competencies should be enhanced to better the service quality, emotional assurance and customer experience leading to better loyalty performance.*

**KEYWORDS** Customer Knowledge, Problem-Solving, Adaptability, Empathy, Frontliner Competency, Customer Loyalty Competency, Customer Loyalty



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### INTRODUCTION

Indicated by increased improvements of the enhancements required in monetary protection, the development of the worldwide protection industry has continued steadily upheld by the expansion of the economy (Kochanek & Lowery, 2020; Deloitte, 2021). The development in the Indonesian insurance industry has been doing quite good as the insurance penetration rises, the regulatory turns supportive, and the middle class continues to grow (Kusuma & Hidayat, 2020; Sari & Nugroho, 2022). This type of insurance includes risks to vehicles, property, health, and businesses and has performed particularly well in this domain (Riana et al., 2021; Widyawati & Suryani, 2022). Steady growth has been accelerated by increasing number of automobile ownership, uninterrupted economic growth and regulatory certainty (Purnama & Rahmawati, 2021; Hasan et al., 2020). According to the Insurance, Guarantee, and Pension Fund Industry Update – December 2024 by the Financial Services Authority (Otoritas Jasa Keuangan/OJK) (OJK, 2024), the general and reinsurance premiums in Indonesia are valued at around IDR 148.50 trillion as of December 2024. This number represents the recovery after the decline due to COVID-19 pandemic (Prasetyo & Sutrisno, 2022). At a subsector, level, motor insurance is still the largest and most dynamic supported

by the rising numbers of passenger cars and two-wheelers and the launch of new products, such as electric vehicle insurance (Kurniawan & Darmawan, 2021).

The global and Indonesian markets share another salient trend, which is digital transformation (Elsa et al., 2025; Lestari et al., 2024). Innovative insurance products and digital distribution channels are rising fast as the pandemic has made insurance easier for customers and much faster to adjust to changing needs (Hussain et al., 2022; Mollah & Zhang, 2021). With the growing digital adoption of Indonesia, the insurance industry is believed to transform further, causing improved service delivery and market penetration (Smith & Lee, 2020; Pratama & Santoso, 2022; Zhuravka et al., 2023).

PT XYZ is one of the largest general insurance companies in Indonesia. They have three main business lines which are retail insurance, health insurance as well as business or commercial insurance, and there also 37 service points that are spread out throughout Indonesia for PT XYZ (Ghozali & Yulianto, 2021; Widiastuti & Nugroho, 2020). Funmed is backed up by 347 people who are in charge of Frontline and as the first contact point for customer needs, issuing policies and managing claims (Lestari & Amin, 2021). Due to its strong market positions in motor and health lines (Puspita & Aulia, 2022), PT XYZ is positioned to capture the growth of the industry. Yet, it must deal with fierce rivals and ever stricter Customers (Hassan & Abdullah, 2020). In comparison with others company which has the same field, PT XYZ differentiates itself by a service quality (Ramanathan et al., 2020) According to Kurniawan & Damanik, (2021); Kumar & Shah, (2021) the company has geared up organizational tools for measuring customer loyalty since it understands that long run competitiveness relies on the new customers and customer retention. One of those tools is the Customer Loyalty Index (CLI), CLI helps PT XYZ gage the quality of customer relations, spot trends in loyalty, and spot areas in which service needs to be improved (Silva & Fernandes, 2021).

This same focus on loyalty measurement is in keeping with the Service Profit Chain framework (Heskett et al., 1994), which shows the relationships between employee satisfaction, service quality, customer loyalty and profitability. According to Cacioppo (2000), for every 5% increase in customer loyalty, a company profits 25–85%. Furthermore, a meta-analysis conducted by Homburg et al. Heskett et al. (1994) argued that customer loyalty largely determines profitability, and most importantly, an organization stems from the pattern of behavior it shows and plays in the business world (2011). Well-trained, motivated, and talented employees provide better service adding to customer trust and credibility, hence two very important factors for loyalty in insurance services. When customers see that they are being understood, supported and reassured, chances are they will stay happy and loyal. Loyal customers, in turn, buy more, are less price-sensitive, and spread positive word-of-mouth, increasing revenue and lowering acquisition costs.

During my time at general insurance, policy renewals are one of the strongest indicators for customer loyalty. This happens when customers prefer to stay with the same company rather than moving to a competing carrier. When customers re-buy the policy, they usually trust the company to be there for them in times of unforeseen risks. Additionally, loyal customers are more likely to buy cross-sell products (like personal accident, health, or travel insurance), which further deepens the attachment. Insurance is a long-term service and is based on trust and perceived consistency of performance over time. Retaining customers

creates less churn and allows for sustainability in profitability via stable premium income and reduction in acquisition costs. Therefore, in insurance, the cost per customer is high so retaining them is the only way to ensure the lifetime value of each customer. This underscores the importance of frontline associates in customer experience and loyalty outcomes.

As service-based organizations, insurance encompasses the need to be consumed by the continued loyalty of customers which is dependent on trust and relationships (the currency layers of customer engagement). For general insurance, a large portion if not all customers will never file a claim during the policy term resulting in not experiencing the heart of the service directly – risk protection. Thus, their sense of value is created through experiences outside of assertions; buying a policy, paying a premium, or dealing with a customer service rep. The reason for this is that the “moment of truth” may never arrive. As a result, every touchpoint becomes paramount in establishing trust and satisfaction. By the time customers get around to actually experiencing the insurance service — during a claim — they are often in difficult, even vulnerable situations because of loss or damage. During these moments, it is the ability of the insurance company to be responsive, empathetic, and problem-solving that can make all the difference between a protected and a disappointed customer. A smooth and reassuring claims experience can turn uncertainty into fidelity but equally bad service can destroy trust and loyalty at the speed of light, resulting in customers switching providers. As such, the employee experience, especially of frontliners who are on the frontline of service delivery, is the most apparent embodiment of company performance. Positive experiences at the frontline generally further build on trust and, consequently, build stronger loyalty to the customer. Stable revenues resulting from loyal customers have proven to be more profitable as they also serve as brand ambassadors for the brand, reducing churn and creating possibilities for sustainable profit in the longer run (Pourkiani et al., 2014; Ali & Tausif, 2018; Latif et al., 2023).

This dynamic is why front-line workers are so crucial to the strategy of service-based companies like those in the insurance market. So he needs to be able to work with his people as well as his resources at hand (like technology or help from third-party companies) to make this happen for her and the company itself since frontline employees are the first people a customer interacts with and they often dictate customer perception about the company in critical interactions (like when he buys a policy or files a claim). When the market is saturated with limited differentiation in product, the frontline experience becomes a competitive differentiator. Extensive research has consistently shown that the quality of frontline interactions is one of the most strongly related variables to customer satisfaction and intentions to renew (Pourkiani et al., 2014; Ali & Tausif, 2018). As such, providing frontline employees the necessary tools to excel in high-pressure, customer-facing positions is critical for long-term competitiveness.

Some competencies are directly related to a business providing exceptional customer service. When an organization has trained its employees, who have good interactional skills, it can provide such services that create a good experience and improve customer satisfaction and loyalty (Reichheld & Schefer, 2000). KSA (Knowledge, Skills, and Attitudes) are competencies that help build that loyalty. Competence can be defined as the company’s ability to benefit offerings that meet or exceed customer assigned value (Kotler & Keller, 2016). Knowledge gives understanding on insurance products and processes, skill helps you utilize

that knowledge efficiently via communication, problem solving, and service implication, and attitude like empathy, patience and professionalism makes a difference between how the customers feel when interacting with the employees. All these elements together are used as service delivery model to create and ensure service quality to meet the customers needs. Several studies indicated that frontline employee characteristics and the nature of the interaction between frontline employee and customers had a substantial effect on customer satisfaction, which functioned as a mediation between service quality and loyalty (Abtin & Pouramiri, 2016; Gul, 2014; Engeset, 2016; Jha, 2011). In the insurance industry, that highlights how keeping high frontliner competencies such as a step of customer loyalty and profitability becomes strategic element that being owned by companies.

Given those dynamics, the competencies of the frontline employees becomes one of the most critical strategic factors in order to strengthen in customer loyalty on the very same time in the very same environment which is insurance sector where PT XYZ operate its business. It is critical to know these things well and to enhance them for keeping competitors at bay and for retaining customers which helps to grow the business on a sustainable basis. Therefore, this research aims to do so by addressing the following three questions: what is the state of frontline competencies today; what competence gaps exist relative to customer loyalty expectations; and how can those gaps be closed. The goals coincide with these questions: current competency levels are determined, gaps analyzed and most importantly strategic initiatives are recommended to close those gaps. The scope of the study is to identify the critical competencies driving loyalty and performing a competency gap analysis along with actionable improvement strategies, specifically for frontline employees that feed the customer experience directly. Nonetheless, this study is only focussing on PT XYZ which may not be entirely representable with the dynamics in the industry, and disregarding other organizational roles in back-office and management without their direct intervention gives an insight to the practice, in response to the phenomenon. With the focus, the research is expected to provide a deep insight about the practical how frontline competency has direct impact to customer loyalty at PT XYZ.

## **METHOD**

This study was conducted using both primary and secondary data. An online survey and semi-structured interviews were used to collect primary data. Face Validity: A total of 200 responses were collected from frontline employees based on Slovin's formula and asked respondents to rate their competencies based on the five-point Likert scale. The following survey population is targeted: Account Managers, Customer Service Officers, Call Center Officers, Emergency Roadside Helpers, Insurance Officials, and Surveyors. Along with the survey, interviews were held with seven frontline managers of varying operational units to find out why gaps in competency may exist, what barriers could be encountered, and to gain opinions on how to enhance the gaps. We collected secondary data from internal company documentation such as Customer Satisfaction and Loyalty Index reports and competency assessments from 2020–2024. Such documents acted as a validation and supplementary contextual data for the primary findings.

The study employed mixed-method analysis to gain holistic results. Through validity and reliability testing (Corrected Item-Total Correlation (CITC) and Cronbach's Alpha), we

evaluated the quality of the instruments and analyzed the quantitative data with descriptive statistics. Principle Competency gaps were then estimated by using a Competency Gap analysis model and depicted graphically on a radar chart to highlight the priority development areas. Qualitative data analysis was performed according to Braun and Clarke's six-phase framework for thematic analysis, with the researcher identifying patterns/themes that emerged from each interview transcript through coding. By isolating contextual factors and managerial perspectives that inform competency performance, this method aided in the elucidation of the survey findings. The researcher used the quantitative and qualitative research as a conjunction so that the triangulation could have a better validity which provide the empirical results that is useful for the competence improvement and customer loyalty enhancement at PT XYZ.

## **RESULT AND DISCUSSION**

### **Competency Gap Analysis**

In this research, Competency Gap Analysis (CGA) had been applied method to assess the differences between the wanted and actual competencies in the frontliners of PT XYZ. The CGA approach was then applied to examine the best match of employees' existing skills with the firm's expectations that impact customer retention in insurance service firms.

The quantitative analysis was based on the survey of 200 frontliners across various customer-facing roles, including but not limited to Account Officers, Account Managers Health, Account Managers Commercial, Customer Service Officers (CSO), Contact Center Officers, Insurance Administrators, Emergency Roadside Assistance (ERA) staff, and Surveyors. Respondents assessed themselves on fourteen competency indicators on a questionnaire. Assessment was based on a five-point Likert-type scale (1 = Strongly Disagree to 5 = Strongly Agree) which was then converted to a 100-point scale for ease of interpretation and comparison across competencies. Managerial assessments of expected competency levels for frontliners for each function, led to the decision that the target score for all competencies should be 5.00 (100), thus These management standards tell the company what they expect their frontliners to do, how they should react, and serve as a guide to help the organization improve on its weaknesses.

The general score reached from the overall CGA in terms of competence of PT XYZ's frontliners is at the very good level of competence with an average score of 4.68 which is equal to 93.6 out of a score of 100. This illustrates that the competencies established by the organization for its employees are mostly met i.e. all employees more or less perform their technical skill and ethical skill while they perform their day to day activities.

### **Cluster-Level Overview: Knowledge, Skills, and Attitudes**

**Table 1.** Cluster-Level Overview: Knowledge, Skills, and Attitudes

<b>Competency</b>	<b>Current Score</b>	<b>Score Convert (100)</b>	<b>Desired Score</b>	<b>Desired Score Convert (100)</b>	<b>Gap Score</b>	<b>Gap Score Convert (100)</b>
Knowledge	4,71	94,24	5,00	100,00	0,29	5,76
Skills	4,59	91,82	5,00	100,00	0,41	8,18

Attitudes	4,76	95,15	5,00	100,00	0,24	4,85
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For cluster level, Knowledge Competencies is the highest with an average gap of 0.29 points or 5.76 on a 100-point scale, indicates good technical knowledge of product, service and internal processes. Skill Competencies (average gap 0.41 points or 8.18 on a 100-point scale), where employee average scores indicate that they know enough, but struggle to apply that knowledge in an adaptive, analytical, and independent manner when interacting with customers. Under the Attitude Competencies, frontliners also showed the lowest average gap — with a score of 0.24 points or 4.80 on a 100-points scale — suggesting that frontliners maintain strong ethical values and professionalism, however, empathetic engagement and responsiveness need to be improved.

This distribution indicates a solid foundation of knowledge and ethics among PT XYZ frontliners, however the same is not true regarding behavioral agility and interpersonal effectiveness, which are the areas that still require more attention. The relatively larger gap in this cluster signals that development of adaptive and interpersonal capabilities is essential for optimization of service quality and customer experience, as skill-based competencies are the bridge between what employees know (Knowledge) and how they behave (Attitude). These findings support the SERVQUAL model (Parasuraman et al. JAMAL & NASEER, (1988), which claims that service quality is based on the consistency of employees knowledge, attitude and skills within the framework of customer expectation. In this case, PT XYZ has a level of knowledge and expertise in an ethical manner in accordance with the dimensions of reliability and assurance. However, the identified skill gaps, particularly in adaptability and problem-solving, indicate the absence of responsiveness and empathy dimensions which can severely influence customer satisfaction and loyalty.

**Overall Gap Analysis**

**Table 2.** Competency Gap Analysis – Competency Level

Competency	Current Score	Score Convert (100)	Desired Score	Desired Score Convert (100)	Gap Score	Gap Score Convert (100)	Cronbach's Alpha	Std. Deviation	CIT C
Product Knowledge	4,86	97,10	5,00	100,00	0,15	2,90	0.743	0.734	0.612
Service Knowledge	4,87	97,35	5,00	100,00	0,13	2,65	0.906	0.655	0.829
Customer Knowledge	4,31	86,25	5,00	100,00	0,69	13,75	0.850	1.756	0.745
Process Knowledge	4,81	96,25	5,00	100,00	0,19	3,75	0.895	0.787	0.810
Communi	4,74	94,75	5,00	100,00	0,26	5,25	0.708	0.776	0.54

ation Skills									8
Problem-Solving Skills	4,48	89,65	5,00	100,00	0,52	10,35	0.812	1.166	0.688
Adaptability Skills	4,49	89,75	5,00	100,00	0,51	10,25	0.902	1.012	0.821
Empathy Attitude	4,49	89,70	5,00	100,00	0,52	10,30	0.888	0.969	0.798
Responsiveness Attitude	4,71	94,25	5,00	100,00	0,29	5,75	0.891	0.909	0.803
Reliability Attitude	4,81	96,15	5,00	100,00	0,19	3,85	0.895	0.787	0.811
Customer-Oriented Attitude	4,75	94,95	5,00	100,00	0,25	5,05	0.831	0.808	0.712
Trustworthiness / Integrity Attitude	4,85	96,95	5,00	100,00	0,15	3,05	0.919	0.697	0.853

The twelve competencies are further categorized into 3 clusters as: knowledge-based, skill-based and attitude-based competencies in the Competency Gap Analysis. Prior to the latter analysis, we performed a test for the quality of the instrument in order to ascertain if the questionnaire can be used to measure the competency of frontliners in PT XYZ. Each item scores Corrected Item-Total Correlation (CITC) of more than 0.30 indicating the construct validity of the items, that is, the questions in each of the competency has actually measured its respective competency. Reliability results demonstrated excellent internal consistency: Cronbach’s Alpha values were between 0.708 and 0.919, which is above the 0.60 minimum acceptable level for two-item scales. In addition, the standard deviations were between 0.34 and 0.76, reflecting low variability in responses and showing that participants tended to make consistent self-evaluations. Thus, this instrument is valid and reliable in terms of statistical for the competency gap assessment

Results suggest minimal change with knowledge-based competencies being fairly robust, suggesting frontliners have a sound understanding of products, services and processes. On the other hand, skill-based competencies show wider gaps, indicating that decisions and problem solving skills need improvement along with adaptability as well. On the other side, competency-based indicators show that a good foundation in dependability and character is in place but empathy needs to be developed.

Table 4 This table presents the detailed results of each Competency 2. The three largest gaps are in Customer Knowledge (0.69 or 13.75 points), Problem-Solving Skills (0.52 or 10.35 points), Adaptability Skills (0.51 or 10.30 points), and Empathy Skills (0.52 or 10.30 points). These capabilities are key to working out what customers really want, managing unforeseen service challenges, and responding quickly to changing conditions in the field. On

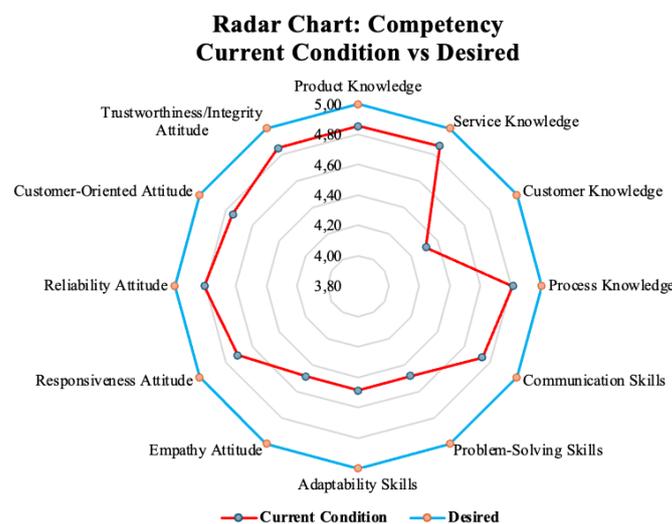
the other hand, competencies including Product Knowledge (0.15), Service Knowledge (0.13), and Integrity Attitude (0.15) are close to the upper limit optimally which indicates that PT XYZ's system of internal training and supervision to ensure compliance, consistency, and professionalism is quite effective.

Competency Gap Analysis was performed using a 1 to 5 Likert scale; current and desired competency levels are taken as an input, and the disparity between the two is calculated. The study then categorise the competencies with gap score greater than 0.50 as critical gaps, which suggests a high priority for structured, targeted development as current levels of performance are still significantly below the desired level (see more in the DevelopMent data). Competencies with gap values of less than 0.50 are classified as manageable gaps which can be continuously developed with repeat exposure in the day-to-day work.

As presented in Table 4 four competencies identify a Critical urgency category with gap scores greater than 0.50. Problem Solving Skills (0.52) Adaptability Skills (0.51) Empathy Attitude (0.52) Customer knowledge (0.69) This is about the competencies of the personnel when it comes to dealing with the customers, the agility to deal with diverse needs and the constructive handling of service complaints, which are all key competencies to achieving customer loyalty targets.

The rest of the competencies are on the manageable side with gap scores between 0.13 and 0.33. While these should remain developmental areas, they are currently performing at levels that do not represent a strategic risk, and are simple to sustain or improve with regular coaching and ongoing feedback.

**Circular pattern lines with dots AI Generated Content may be false**



**Figure 1.** Radar Chart: Competency Current Condition vs Desired

Based on the chart above, it appears that the overall performance of PT XYZ frontliners in technical and ethical competencies (specifically such as Product Knowledge, Service Knowledge, and Trustworthiness or Integrity Attitude) are close to the desired target. It shows that the organization has effectively reinforced a strong technical foundation, compliance knowledge, and the professionalism needed to execute by the frontliners.

On the other side, the radar also brings forth some significant competency gaps observed, especially in the areas of Customer Knowledge (0.69), Problem-Solving Skills (0.52), Adaptability Skills (0.51) and Empathy Attitude (0.59). These domains are all directly relevant to employee capabilities to sense customers, autonomously resolve situations when they arise, and adjust to changes in service conditions. This broader variance in these skills indicate that while frontliners still possess technical knowledge, they struggle to apply that knowledge in a flexible, analytical fashion across a wide variety of customer scenarios.

The frontliners show a good knowledge of the features of a product, procedures of a service delivery and processes of the organization. This aligns with the methodical training process that insurance companies use where technical training and compliance-requirement refreshers are conducted on a periodic basis. Under the SERVQUAL framework, these competencies fit into the Reliability and Assurance dimensions in that they pertain to the way an employee provides the service correctly and professionally.

This is the large gap in this cluster, understanding how to convert knowledge into good, flexible performance. In those terminologies, employees may know the ' ' discussions of them, but they will find it difficult, '}' parsimoritimgheysttidecrashar}} This indicates a clear dearth of skills in Responsiveness, Problem-Solving and Customer Orientation which are critical to ensure high service quality in fast-moving front-line situations.

Therefore the radar chart depicts a performance asymmetry, strong overlap with compliance-driven competencies, and marked shrinkage in adaptive and customer-centric competencies. This is also a common pattern in service companies, especially from companies that works in highly regulated environment, such as the ones which is regulated by Otoritas Jasa Keuangan (OJK) Indonesian financial services authority, where the procedures are valued above everything, including adaptability in certain situation. However, with a more competitive insurance industry and a customer experience focus, these outer gaps illustrate the steps that PT XYZ must take away from "process assurance" to "relationship excellence."

### **Qualitative Analysis**

After the quantitative assessment of frontliners' competencies, a qualitative inquiry was conducted to gain a deeper understanding on the identified gaps and the operational questions surrounding those gaps. We asked managers to explain why these gaps in competency exist and therefore chose to interview on the basis of the four lowest scorers in the survey: Customer Knowledge; Problem-Solving Skills; Adaptability Skills; and Empathy Attitude. In this qualitative phase, semi-structured interviews were conducted by managers of key frontline functions, including Customer Service Officers, Account Officers, Surveyors, Insurance Administrators, Emergency Roadside Assistance, Contact Center, and Account Managers from health and non-health segments. The perspectives of the managers gave deeper insight to more of the day-to-day realities that influence frontliner performance and learning. The interviews are transcribed in full in Appendix X. The coding table statements are abbreviated meaning units derived from the transcripts to aid in analysis.

A thematic analysis was then conducted to interpret the data obtained from these interviews. The interview transcripts were known through Braun and Clarke (2006) six-phase framework, broken into meaning units and coded in order to identify patterns around competency gaps across functions. All codes signify a repetitive managerial assessment impacting the knowledge, skills, or attitudes of employees. Three cycles of inductive and

deductive refinement produced 24 consolidated codes to organize the analysis. Table 1 — Final coding scheme, used to identify themes and root causal factors in subsequent sections

**Table 3.** Coding Analysis with Selected Quotes from Data Collection

No.	Codes	Quotes/Statement
1	Fragmented customer data across units	<p><b>LM:</b> Customer data is technically available, but the format is different everywhere. Some branches put very detailed history, others only put the basic info. So when the CSOs open the system, the data is incomplete.</p> <p><b>ST:</b> AOs really depend on the information that comes from dealers. The problem is the data from dealers is often inconsistent, sometimes not complete, and sometimes even incorrect.</p> <p><b>SB:</b> AMs are certainly updated, but the updates are more for personal use, like saving contacts in their own phones instead of updating the system. As a result, the data in the system becomes outdated.</p>
2	Limited ability to interpret customer behavior	<p><b>LM:</b> CSOs can explain products very well, but some of them don't naturally explore why the customer asks certain questions or what the customer's real need is. Their ability to interpret customer behavior is still limited. They often miss the clues, the signals, or the important information behind what the customer is saying.</p> <p><b>ST:</b> For AOs, the main challenge is sensitivity. They seem to lack sensitivity in identifying customer needs. They tend to generalize that all customers want the same thing: assistance with purchase policy, good pricing, fast service, and that is considered done.</p> <p><b>SB:</b> AMs are currently very focused on sales activities and policy administration, which limits their space to proactively explore customer insight.</p> <p><b>RR:</b> Knowledge regarding clients' HR benefit strategies also varies across AMs, which results in insights that are not consistently delivered to clients. They are generally stronger in task handling compared to analyzing customer data for value creation.</p> <p><b>AG:</b> They focus more on what must be done according to regulations and procedures, rather than what customers need based on their specific profile and situation.</p>
3	Transactional interaction with customers	<p><b>ST:</b> They focus more on what must be done according to regulations and procedures, rather than what customers need based on their specific profile and situation. We also received feedback from customers saying that AOs only show up when offering something, and when asking about renewal, they just rely on reminder calendars. They only come when there is a transactional need.</p> <p><b>FT:</b> The strict SLA requirements shape the way they communicate, and although they already meet the standards, interactions handled by some officers often feel robotic and transactional.</p> <p><b>PM:</b> Because they put finishing checklists first, the interaction becomes very transactional.</p> <p><b>AG:</b> Interactions are mostly transactional, so customer behavior insights or preferences are not captured and do not become useful insights for future services.</p>
4	CRM is underutilized and contains only basic transactional data	<p><b>ST:</b> AOs only use very basic information from CRM data, like policy history or customer profiles. That's pretty much it. Ideally, CRM would help us spot patterns.</p> <p><b>SB:</b> On the other hand, a strong customer information management structure is not yet fully established. Data does exist, such as CRM and policy history, but it is not always complete or up to date, so it cannot be fully utilized to support services that are more personalized and more accurate.</p>

5	No dedicated department to handling CRM	<p><b>LM:</b> We have CRM data, but there is no single owner who ensures data quality or standardizes how the information should be recorded. Because of that, every branch input data differently, and no one enforces consistency.</p> <p><b>ST:</b> There is no one department that owns the CRM, so dealers and AOs update customer information in different ways based on what they get. There is no standard process or governance to make sure that the records are correct or complete, and there is no team that is only responsible for cleaning or checking the records.</p>
6	Technical focus overrides customer understanding and empathy	<p><b>LM:</b> Sometimes CSOs still provide uniform service, fixated on communication standards or scripts. Service indeed needs to be consistent and fair to everyone, but what's missing here is more about personalizing the service to customer preferences.</p> <p><b>FT:</b> We have SLAs that must be achieved and handling time targets. It seems that CCO relies heavily on those. Magic words such as expressing empathy, and adjusting tone based on customer needs, become less prioritized.</p> <p><b>PM:</b> Surveyors often miss behavioral clues from customers during the claim handling process because they are strictly focused on procedures.</p> <p><b>PM:</b> ERA staff handle customers in highly urgent situations, and their primary focus is always on delivering fast technical solutions.</p> <p><b>AG:</b> They focus on completing administrative tasks rather than noticing how confused, sad, or overwhelmed the customer may be at that moment. The emphasis on procedure compliance sometimes causes them to overlook emotional conditions or questions from the customer.</p>
7	High dependence on escalation	<p><b>PM:</b> They still choose to escalate because they are worried about making a wrong decision or feel more comfortable having someone else confirm it.</p> <p><b>AG:</b> The real issue is that many of them are hesitant to take action or make decisions even when the case is clearly within their authority, they still choose to escalate. It is not because they do not know what to do, but more because they are afraid of making the wrong call or feel more comfortable asking for confirmation, even when it is unnecessary.</p>
8	SLA/time pressure reduces diagnostic analysis	<p><b>ST:</b> AOs operate under strong performance pressure because they have individual targets, branch targets, and monthly sales goals. That environment pushes them to work fast and keep the pipeline moving.</p> <p><b>FT:</b> Response time and handling time are two very important performance metrics, so naturally CCO will try to find quick solutions to stay within the established standards. This focus on speed can make it difficult to explore customer issues more deeply, especially during peak hours when call volume is very high.</p> <p><b>PM:</b> Surveyors face time pressure, especially when they have many customers in a single day. Their priority becomes completing the survey efficiently in order to meet the SLA.</p> <p><b>PM:</b> ERA staff handle customers in highly urgent situations, and their primary focus is always on delivering fast technical solutions</p>
9	Challenges in adjusting to multiple customer and procedural variations	<p><b>LM :</b> For adaptability, the challenge for CSOs is more about how they adjust to different types of customers. Many still struggle to tailor their service approach depending on who they are dealing with.</p> <p><b>SB:</b> The challenge in adaptability skills is more related to managing various types of clients and different policies simultaneously. Some AMs are able to adapt quickly, while others need more effort because the differences between clients can be very significant.</p> <p><b>RR:</b> The competency of AMs in adjusting their communication style, delivering information, and tailoring relevant solutions to each customer segment is still not fully optimized. They tend to use the same pattern for all</p>

		<p>clients, so their approach is not yet fully personalized.</p> <p><b>FT:</b> CCOs are used to an administrative tone, so when interacting directly with end customers, they become a bit awkward. They are not yet skilled in switching their communication mode for different types of customers.</p> <p><b>PM:</b> Some surveyors struggle to quickly adapt to these different procedural and regulatory contexts. The procedures change depending on the case, and the ability to switch between them smoothly is still something we need to strengthen.</p>
10	Limited adaptability due to rigid procedural habits	<p><b>SB:</b> When new information arises, AMs still need to go through a lengthy search and clarification process with underwriting or compliance to ensure accuracy. Because of this, their reflex to adapt and their confidence in explaining changes to customers are not fully developed yet.</p> <p><b>PM:</b> Surveyors tend to focus on completing the checklist because that is what the job demands on a daily basis. This creates a mindset where the priority becomes meeting compliance requirements rather than thinking about how to improve the customer's experience during the inspection.</p>
11	Difficulty adapting to new tools, ideas, or process improvements	<p><b>ST:</b> Some AOs can adapt quickly, while others struggle. Additionally, most AOs work outside the office, usually stationed at dealers or at events, actively searching for customers. So when there is a new system, they often use trial and error on their own. Some who are more tech-savvy can adapt quickly, while others require more effort.</p> <p><b>PM:</b> The challenge arises when using external systems. They are not yet familiar with the system or tools.</p>
12	Only focus on accurate implementation, not improvement	<p><b>LM:</b> CSOs tend to focus on accurate implementation rather than thinking about how to improve workflows. Their exposure to innovation projects is also minimal. They don't know how to recognize opportunities to improve or suggest tech solutions that could make their jobs easier.</p> <p><b>RR:</b> Some AMs are very proactive in proposing improvements and using technology to speed up processes, while others remain focused on daily operations and do not always think about how the process can be improved in the future.</p>
13	Operational workload limits innovation	<p><b>SB:</b> Their adaptability is also hindered by limited ability to internalize changes and initiate process improvements independently.</p> <p><b>RR:</b> High workload and extensive cross-division coordination needs have shaped a heavily operational mindset.</p> <p><b>FT:</b> This is mostly because of differences in experience, comfort with digital platforms, access to innovation initiatives, and the fact that many officers are naturally tied to their core service responsibilities because of their operational workload. For the time being, most people still put service performance first.</p> <p><b>PM:</b> Because the job is very operational and time-sensitive, surveyors do not often have the space to think creatively or explore new approaches. Innovation becomes something that is handed down to them, not something they initiate.</p> <p><b>PM:</b> Similar to the earlier point, the ERA team prioritizes resolving emergencies quickly and safely, often under significant pressure from customers who are stressed or stuck on site. In real field conditions like this, there is very limited space to experiment or try new tools or new approaches.</p>
14	Empathy shown procedurally, not emotionally	<p><b>LM:</b> CSOs do express empathy, but many of them do it in a very scripted way. They use polite phrases because that is part of their service standard, but sometimes the delivery feels mechanical rather than genuine.</p> <p><b>SB:</b> The empathy gap exists because in a commercial business role, the relationship with clients is often focused on transactional and technical aspects. This makes their approach tend to be rational and procedure based, rather than emotional and relationship driven</p>

		<p><b>RR:</b> Currently, the empathy shown by Account Managers still tends to be transactional, with the focus on process completion rather than understanding emotions or psychological situations.</p> <p><b>PM:</b> As a result, their empathy is mostly expressed through fast response time rather than acknowledgment of what the customer is feeling.</p>
15	Lack of depth in exploring the root cause of the problem.	<p><b>LM:</b> I think the low score here indicates that they realize that sometimes the solutions they provide are not addressing the root cause of the issue. They may be aware that they sometimes “stop too soon” before digging deeper or thinking more thoroughly.</p> <p><b>ST:</b> Sometimes AOs immediately execute actions because they want to finish things quickly. It can be good because problems can be resolved faster. However, it can also cause misses or solutions that do not accurately target the real issue, possibly due to not fully exploring the root cause.</p> <p><b>RR:</b> They seem to focus more on solving the symptoms rather than the root cause. For example, they only coordinate rejected claims instead of analyzing rejection patterns to deeply identify the underlying issue.</p>
16	Not confident and afraid in making decision	<p><b>RR:</b> There is a fear of making mistakes, which causes them to wait for direction, especially when handling sensitive cases.</p> <p><b>FT:</b> In terms of knowledge, CCO is already very good. Their exam ratings (regarding the frontliner exam at PT XYZ) are also high compared to other frontliners, so I believe this is more about lacking confidence.</p> <p><b>PM:</b> Many surveyors are hesitant to make decisions independently during the claim process because the responsibility is quite significant, especially when cases have unclear chronology or involve sensitive situations. The issue is more related to a lack of confidence.</p> <p><b>AG:</b> The main issue is that many of them hesitate to take action or make decisions, even when the case is clearly within their authority, and they still choose to escalate.</p>
17	Emotional fatigue from high-stress interactions	<p><b>PM:</b> Although surveyors try to remain professional, repeated exposure to emotionally intense interactions like these inevitably creates pressure for them. Some become more resilient but may come across as “arrogant” in the eyes of customers, while others internalize the pressure, which affects them personally.</p> <p><b>PM:</b> I believe emotional fatigue may also contribute to the limited empathy. ERA teams frequently face emotionally demanding situations with customers in distress, such as severe floods or serious accidents where customers urgently want help. Constant exposure to high intensity interactions can be very draining. This ongoing pressure contributes to emotional exhaustion, especially when they handle many stressful cases within one shift.</p> <p><b>AG:</b> Insurance Administrators must remain calm and follow rules during interactions, but the continuous pressure certainly impacts their emotional condition. Over time, this can lead to stress, and that stress affects the energy and patience they bring into each following customer interaction. It is like they are already mentally exhausted before they can serve with full empathy.</p>
18	Over-emphasis on procedural neutrality	<p><b>PM:</b> Surveyors often hold back from showing too much empathy because they are concerned it might be interpreted as bias in the claim decision. Their role requires them to remain objective, verify facts, and ensure that every claim is assessed strictly according to the policy and SOP. Because of this, they become very cautious about how they respond emotionally. They worry that if they appear too understanding, the customer may assume the claim will be approved, they are afraid of creating false expectations.</p>
19	Empathy used only for sales	<p><b>ST:</b> Empathy does appear in their communication, but it is usually most visible during renewal periods, when AOs need to encourage customers to</p>

	benefit	continue their policies. Sometimes empathy is often applied more as a sales technique rather than a genuine effort to understand the customer.
20	Use of jargon and complex terms	<b>LM:</b> Since they are explaining policy procedures, there are still some CSOs who use jargon, internal terms, or insurance language that not all customers understand. <b>PM:</b> There are times when surveyors use terms that customers don't know, like jargon, internal terms, or insurance terms.
21	Rigid, stiff, lack of warm, interrogative tone	<b>FT:</b> When CCO focus on staying within the script and meeting SLA requirements, their voice can sound flat, formal, or overly controlled. Some customers feel that the interaction is too stiff or lacks warmth, especially during complaints or emotional situations. <b>PM:</b> To avoid creating false expectations, surveyors maintain a very neutral and controlled tone. However, we have received feedback from customers saying that surveyors sound too interrogative, almost like they are questioning the customer rather than helping them. <b>PM:</b> Many officers are still stiff when interacting, even though they try to express empathy.
22	Digital communication often misinterpreted	<b>ST:</b> Customers can easily misunderstand what you mean in digital conversations if you use casual language, inconsistent punctuation, or a short message because there are no facial expressions or tone of voice to make things clear. A late response can make the customer feel like they are being ignored or that the AO is not responding.
23	SLA perceived as a time allowance	<b>PM:</b> Some surveyors still see the SLA more as a deadline rather than a service promise. As long as the work is completed before the SLA expires, the service is considered acceptable. This creates a tendency to wait until close to the SLA window instead of responding immediately when they actually have the capacity to do so.
24	Multi-party coordination slows response	<b>RR:</b> Regarding responsiveness, the number of stakeholders involved in each case has a significant impact on response speed in the health business. Because of the dependencies on many parties, it becomes difficult to provide quick answers. As a result, the response appears slower overall, even though AMs are actually actively following up behind the scenes. <b>PM:</b> AMs cannot make decisions independently without input from other units. When many divisions are involved for approvals or information, the follow up process becomes slower because the workflow depends on multiple parties completing their part. relies on several different parties completing their part.
25	Company needs dedicated CRM management team	<b>ST:</b> We also need system and team support, such as a CRM management function that can maintain data quality and translate the data into useful insights for us.
26	Role-play to enhance competency	<b>RR:</b> It would be beneficial to have scenario-based empathetic communication training, possibly using role play. <b>PM:</b> I think it they need to have regular role-play sessions specifically focused on handling rejected claims. <b>PM:</b> Empathy role play is needed, with emphasis that empathy is not only about service speed. <b>AG:</b> I believe it would really help if we had more structured role-play sessions that prepare insurance administrator for intens interaction in processing the claim.
27	Empathy training	<b>ST:</b> AOs need training on how to be more empathetic, how to uncover customer needs, and how to truly get to know customers, without appearing overly transactional like a salesperson but instead being genuine. <b>RR:</b> It would be beneficial to have scenario-based empathetic

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			communication training, possibly using role play.
			<b>PM:</b> Empathy role play is needed, with emphasis that empathy is not only about quick service. They must show more emotional acknowledgment. When a customer has an accident on the road, they should care not only about the car but also about the customer. There needs to be a lot of practicing and role play.
28	Need for Guidelines and Training to Handle Customer Personas		<p><b>LM:</b> I believe we need training that specifically targets this issue and clear guidelines related to customer personas to help frontliners manage situations more effectively</p> <p><b>SB:</b> They need training on how to handle different types of clients. Retail customers are individuals, while in commercial business they need to manage both the company level and the individual level.</p> <p><b>RR:</b> Our AMs would be greatly supported by training or guidelines that equip them with the skills to handle diverse interactions and various types of people they encounter in their daily work.</p>

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After coding, the 28 codes were reviewed, compared and grouped into higher level categories. The latter clustering led to identifying six general themes which encompass the major themes driving the competency gaps among frontline functions.

These patterns were then explored analyzed and aggregated into groups of related codes around the 24 consolidated codes in order to identify higher-order themes that could reveal underlying competency gaps around frontline functions. The resulting thematic structure illustrates how varying operational, behavioral, and organisational factors may contribute to gaps in the knowledge, skills and attitudes; The themes clarify the nature of the root causes driving the four competencies with the lowest scores shown in the quantitative results and supplement the analysis with other challenges deriving from the management insights. The six themes are then described in detail in the sections that follow, along with explanations of their practice in day-to-day operations and the influence of these themes on overall frontline performance.

#### 1. Theme 1: Problem with customer knowledge

This theme indicates that frontline staff cannot be aware of, understand, interpret and use customer-related information meaningfully. Customer data is spread out across units, and the customer data is not consistent, making it hard for employees to put together the whole customer history or context, managers said. CRM is then regarded as a transactional tool, rather than as a foundation of insights, and often only rudimentary data is kept. Due to the absence of any department responsible for CRM quality or governance, information is spread amongst disparate emails, personal notes, or informal communication channels. This leads to an underutilization of customer data value.

Such data-related problems lead directly to poor customer comprehension. A sizeable number of employees struggle to identify what consumers want, or even what they need, resulting in more transactional rather than meaningful interactions, managers observed. And if the phrase doesn't have a quilo of an idea of what it means, well, it is even more likely to misunderstand it, in this case, a lay customer of insurance who has no notion of the meaning of the words of jargon and la (s) big word (s). Indeed, miscommunication can also happen in those digital channels where you do not hear the intonation you are used to in person, tone can be lost and intention easily misread. Collectively, these problems illustrate the way that

structural, technical and communication challenges destroy the creation of the kind of deep customer understanding that customers rely on.

## 2. Theme 2: Problems with Problem Solving Skills

The second theme describes the elements that prevented frontline staff from effective problem solving. While management said many workers at least know how to solve the issue themselves, most bring it to a higher level rather than attempting to fix it themselves. Such a pattern depicts that frontliners have adopted a cautious approach with fewer risks. For a Frontliner or lower units don't feel safe to answer into the end of a decision. Sometimes that may be the only route available, but relying on escalation to quite a degree is an indication that they do not believe in the power of the first line solution.

The operations are what also structure the ways in which employees go about solving problems. The strict SLAs mean rapidity and adherence, and – more importantly – very little opportunity to then dig deeper or investigate why something happened. But when SLAs are read as deadlines instead of promises of service, the focus becomes the task at hand instead of problem solving. Simultaneously, the need for multi-party coordination can reduce timeliness of responses such an environment also often leads employees to feel constrained from acting independently. The pressure of this system creates an atmosphere that pushes frontliners to escalate issues, thereby reducing the effectiveness of ones problem solving.

## 3. Theme 3: Problems with learning-to-learn skills

The theme represents the employees struggle with different types of customers, different policy structures, and changing procedural requirements. Managers said that many front-liners struggle to shift their advocacy to whom they are talking to. That in its own, is going to bring about the fact that most people are not the same but have different needs when it comes to the level of insurance knowledge they may have and their personality as well as communication styles, but like frontliners we tend to stick one style. The problem with this cookie-cutter method, however, restricts their ability to open up to all different types of customers.

Then it happens, adaptability is even more challenged as part of dealing with multiple policy types, product variations, and calibration processes. The frontliners who will have to learn and adhere to various lines of business rules quickly find they are struggling when going between these environments. Operational workload intensifies this challenge. Employees tend to stick to routine when there is a lot to be done which creates resistance in accepting new tools, ideas or enhancements. In some units, the managers went beyond what the formal evaluation was able to measure and noted that employees did not try to adapt on their own, which took demonstrates that adaptability is not proactive; it is reactive. More generally, this theme illustrates that adaptive challenges present themselves in both customer-facing behaviors as well as backend systems dealing with technical requirements.

## 4. Theme 4: Problems of Someone Who Is an Empath

Fourth theme explores the emotional and relational barriers that inhibit employees from being authentic empathizers. They find that while caring is indeed present, it often takes the form of scripted or formulaic empathy. While employees use common service words, their tone of voice makes them sound machine-like, which is detrimental for building an emotional connection with customers. Empathy for some jobs, such as ERA and Surveyors, is less about

expressing emotions and more about performing technical work. That means workers are more concerned about productivity or correctness than customer experience.

Emotional fatigue is another limiting factor to empathy. Because frontline employees are faced with customers who are often upset about a complaint, an accident, or the rejection of a claim, their jobs are emotionally taxing. Continual exposure to high-stress scenarios can leave us struggling to be patient, affectionate, or attuned to our other emotions. This fatigue manifests itself behaviorally — excessive neutrality in communication, even an interrogative questioning style — leading to an impression of low empathy, even when employees are merely trying to comply with directives. This theme highlights that empathy is expressed both procedurally and that emotional strain is also a factor.

#### 5. Theme 5: Other Competency-Related Challenges

Besides the four core competencies, managers also pointed out various interrelated challenges that affect the delivery of quality service. Communication-related issues were particularly prominent. Explanations that use industry jargon can be difficult for customers who are not well versed in insurance lingo to understand. Digital communication becomes even more challenging in the tone, timing, or phrasing of a message can alter how a person interprets it. Such issues complicate the interaction unnecessarily, and people misinterpret the products or processes.

Another structural issue makes it even more difficult. For workers, SLAs are the longest deadlines and not a commitment to deliver service on time. It alters the expectations around response times. The more parties involved, the longer things will take, making the customer less responsive. It takes time to get decisions made when there are multiple parties involved, which may create an impression of less agility to the customer. Still, managers said the communication tone sometimes comes across as stiff or formal, impacting customers' emotional comfort during interactions. Not a singular competency related challenge and yet these challenges in unison create an ecosystem that impacts the overall performance of the employees across all competencies.

#### 6. Theme 6: Recommendations to Enhance Competency

Skill gaps were the impetus for practical advice managers gave on this last theme. Many people advocated for building a separate CRM management team to monitor data governance and ensure data entry is performed in a consistent manner across the company. With a team like that, managers thought, you would be able to gain valuable insights and support for the frontline and to use the voice of the customer, thus reinforcing the development of customer knowledge.

One other important recommendation was the need for clear guidelines and systematic training on addressing the different customer and partner personas they are required to serve. Managers also noted that frontline workers — in particular account managers — often interact with people with diverse communication styles, different expectations, varying personalities, and different cultural backgrounds. Without proper guidance, employees find it challenging to change their approach. If we extend persona-focused training and role-play directives on how to respond to specific customer behaviors and partner interactions, the more comfortable and professional they will be to manage all types of customer personalities and partner types.

Others suggested holding more frequent, higher-level role-playing sessions. They emphasized the importance of realistic scenarios that mirror real-life moments where things go wrong — claims get denied, customers get angry or a hard-to-solve problem suddenly becomes urgent. Most individuals only experience a rudimentary service role-play during onboarding, which does not prepare them for the various levels and types of interactions they will encounter with a customer. Employees would gain confidence, develop empathy, and strengthen their adaptability and problem-solving abilities through more targeted and regular practice compared to earlier.

To further narrow down the themes, we categorized each code into whether it is a root cause of competence deficit or a recommendation made by the managers themselves. This categorisation makes it easier in terms of identifying the source of the challenges uncovered in the interviews, and also serves as an analytical bridge into the next section, where solutions are to be designed. Table 2: Themes with codes and code classification

**Table 4.** Themes & Codes Classification

Themes	Codes	Category
Issues with Customer Knowledge	Fragmented customer data	Root Cause
	Limited ability to interpret customer behavior	Root Cause
	No dedicated departement to handling CRM	Root Cause
	CRM is underutilized and contains only basic transactional data	Root Cause
	Technical focus overrides customer understanding and empathy	Root Cause
Issues with Problem-Solving Skills	SLA/time pressure reduces diagnostic analysis	Root Cause
	High dependence on escalation	Root Cause
	Lack of depth in exploring the root cause of the problem.	Root Cause
	Not confident and afraid in making decision	Root Cause
Issues with Adaptability Skills	Challenges in adjusting to multiple customer and procedural variations	Root Cause
	Difficulty adapting to new tools, ideas, or process improvements	Root Cause
	Operational workload limits innovation	Root Cause
	Challenges in adjusting to multiple customer and procedural variations	Root Cause
	Only focus on accurate implementation, not improvement	Root Cause
Issues with Empathy Attitude	Empathy shown procedurally, not emotionally	Root Cause
	Emotional fatigue from high-stress interactions	Root Cause
	Over-emphasis on procedural neutrality	Root Cause
	Empathy used only for sales benefit	Root Cause
	Transactional interaction with customers	Root Cause
Other Competency-Related Challenges	Use of jargon and complex terms	Root Cause
	Digital communication often misinterpreted	Root Cause
	SLA perceived as a time allowance	Root Cause
	Multi-party coordination slows response	Root Cause
	Rigid, stiff, lack of warm, interrogative tone	Root Cause
Recommendation to Enhance Competency	Company needs dedicated CRM management team	Recommendation
	Role-play to enhance competency	Recommendation
	Need for Guidelines and Training to Handle Diverse Customer Personas	Recommendation
	Empathy training	Recommendation

This analysis helps to understand the gaps in competency in a more applicable and actionable manner, as it categorizes each code into either root cause or recommendation. These results complete the Analyze phase of ADDIE that began with CGA and qualitative interviews; it is now reflected in the Theme - Code Classification of Competency Gap Root Causes table. This categorization connects identified gaps to their root causes with precision, and the managerial recommendations offer clear guidance on how those gaps can be addressed. Thus, the perceptions provided in this table set a robust analytical foundation for the Design and Development phases in the next section, ensuring that the competency development solutions are evidence-based, strategically aligned, and operationally driven.

### **Implementation Plan & Justification**

This plan is based on the diagnostic in Section IV. The discussion of thesis 1 validate that the declining customer loyalty at PT XYZ is highly correlated with competency gaps among frontline employees as reflected in Customer Satisfaction and Loyalty Survey results from the year 2020–2024, which found problems of slow response time, inadequate problem-solving capabilities, and impersonal communication that diminishes trust, service perception, and emotional connection that are key determinants of loyalty in service industries. The plan takes the form of competency interventions that build distinctive behavioral drivers of loyalty to close these gaps: increased knowledge of the customer that allows for accurate personalization, problem solving that reduces repeat service interactions (incidents of required service), increased flexibility to provide response to changing customer conditions and stronger empathy/communication skills to further develop relational connection as well as the quality of interaction. Service Management, Human Capital Management, Learning Management, and Business Process units drive these programs through a governance structure that meshes with loyalty indicators (CLI, CSAT, NPS, SLA), operational viability, and helps promote real-world application of behavioral learning versus going to a classroom. Following the ADDIE framework, the rollout occurs in four stages over 14 months from January 2026 to February 2027: a Pre-Adaptation Stage builds readiness and allocates resources, an Adaptation Stage focuses on designing the content, tools and pilot for diffusion, and Implementation Stage deploys five competency programs throughout the firm in a phased manner that aims to strengthen learning while preventing operational disruption, and an Evaluation and Continuous Improvement Stage integrates monthly monitoring, midline assessment, and final outcome review along with customer loyalty data to determine whether the programs should be sustained, scaled and/or optimized as a part of PT XYZ's long-term strategy to strengthen loyalty performance.

### **CONCLUSION**

The objective of this study is to develop strategies for improving frontline competence in order to increase customer loyalty at PT above. The results suggest that existing frontline competency levels are misaligned with the company CLI goal as there are gaps across the essential elements such as Customer Knowledge, Adaptability Skills, Problem-Solving Skills, and Empathic Attitude. Some of this gap is due to limited use of CRM, an over-reliance on escalation than individual resolution, SLA pressure, and a reaction that is often procedural rather than genuine empathy. In turn, the details from the interviews show that they struggle

with customer insights, adaptability, clarity in communication and empathy with customers, and this together undermine the essence of the interactions meant to build loyalty. In order to solve those problems, this research suggests five competency development strategies, including the Customer Knowledge Development Program, the Problem-Solving Skills Enhancement Program, the Adaptability Skills Strengthening Program, the Empathy and Service Mindset Program, and the Communication and Interaction Quality Program. These initiatives between structured training, coaching, and evaluation on competency and customer experience indicators are intended to lift frontline focus on customer, analytical skills, adaptability, empathy, and communication to improve service quality, trust and long-term customer loyalty. Continuing this research provides opportunity to broaden scope, perhaps upon multiple insurance organizations or adding perspectives from back-office and managerial positions to provide a more holistic understanding of the way in which organizational capabilities affect customer loyalty across the insurance sector.

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