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Centralization of Work Processes as a Strategy for Optimizing Human Resources at PT MNC Asuransi Indonesia

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ABSTRACT

The research background is based on the need for general insurance companies to improve organizational efficiency, strengthen underwriting process controls, and reduce the potential for policy errors without reducing the workforce. This research aims to analyze the centralization of work processes as a human resource optimization strategy at PT MNC Asuransi Indonesia. This study uses a qualitative approach with a case study method. Data were obtained through questionnaires to nine informants, open-ended responses, documentation, and limited observation. The research results show the centralization of underwriting approval and policy checking at the Head Office is considered relevant to clarify the division of roles between branch offices and the Head Office, strengthen technical functions, improve internal control, and support the implementation of Good Corporate Governance principles. The overall average questionnaire result was 4.27 or in the strongly agree category. The efficiency and internal control dimensions obtained a score of 4.30, while the overall assessment obtained a score of 4.44. However, the implementation of centralization still faces challenges in the form of the need for technology systems, SOPs, checklists, SLAs, internal communication, and periodic evaluations. This study concludes that centralization of work processes can be an effective HR optimization strategy if implemented proportionally and supported by the readiness of systems, procedures, and HR competencies.

INTRODUCTION

The general insurance industry is part of the financial services sector, playing a crucial role in providing protection against various financial risks faced by the public, businesses, and institutions. General insurance companies are not only required to increase business growth but also to maintain the quality of risk management, accurate policy issuance, compliance with regulations, and the implementation of good corporate governance (Akinsola, 2025; Hopkin, 2018). In an increasingly competitive environment and increasingly demanding operational efficiency, insurance companies need to design strategies that can improve organizational effectiveness without compromising the quality of their human resources (Kogo & Kimencu, 2018; Sani, 2012). The general insurance industry in Indonesia continues to grow, with total assets reaching approximately IDR 168 trillion in 2023, reflecting the sector's significance in the national economy.

Human resources play a strategic role in insurance companies because the insurance business process relies on the quality of risk assessments, administrative accuracy, speed of service, and internal controls (Akinsola, 2025; Polu et al., 2025). In general insurance companies, the underwriting and policy issuance functions are crucial processes, determining

the quality of risk acceptance and the accuracy of the legal documents that form the basis of the relationship between the insurer and the insured (Ahmed, Yuantao, & Saeed Bhutta, 2022). Errors in the underwriting or policy issuance process can lead to operational risk, claims risk, legal risk, and reputational risk. Studies have shown that underwriting errors account for a significant proportion of operational losses in the insurance industry (Wagner & Fuino, 2024). Therefore, companies must continuously improve their work processes to minimize errors and strengthen controls.

Centralization of work processes is also expected to support the implementation of Good Corporate Governance (GCG) principles. The OECD (2023) outlines five key GCG principles: transparency, accountability, responsibility, independence, and fairness. In the context of insurance companies, centralized underwriting approval helps maintain the objectivity of technical decisions from the pressures of branch operations, while centralized policy review strengthens documentation and document control. The Otoritas Jasa Keuangan (OJK) through POJK Number 73/POJK.05/2016 and its amendment POJK Number 43/POJK.05/2019 requires insurance companies to implement GCG principles, including risk management, internal control, and accountability. Centralization can serve as a mechanism to strengthen governance by clarifying who is responsible for technical underwriting decisions, increasing transparency in work processes, and ensuring processes are carried out in accordance with company regulations.

While numerous studies have examined centralization in various organizational contexts, limited attention has been given to the specific implementation of work process centralization as a human resource optimization strategy in general insurance companies. Previous research has largely focused on centralization in manufacturing, banking, or government sectors, without specifically analyzing the unique characteristics of general insurance underwriting and policy issuance processes. Westover (2014) examined strategic human resource management but did not specifically address centralization in insurance companies. Griep et al. (2025) discussed sustainable human resource management without analyzing work process centralization. Wang and Nie (2025) and Hönigsberg et al. (2026) studied digitalization and efficiency but did not focus on insurance underwriting processes. Karabag et al. (2026) examined digital transformation as a multi-phase process but did not address centralization of work processes in general insurance. This gap underscores the need for research that specifically examines the implementation, benefits, and challenges of centralizing underwriting approval and policy checking as a strategy for optimizing human resources in general insurance companies, particularly in the context of PT MNC Asuransi Indonesia.

This research presents a novel approach in analyzing work process centralization as a human resource optimization strategy in the context of a general insurance company. Unlike previous studies that often frame centralization as workforce reduction, this research conceptualizes centralization as role restructuring, strengthening technical functions, simplifying processes, and improving control. The research contributes to the study of human resource management, organizational design, and corporate governance in the general insurance industry by examining the relationship between centralization and GCG principles, identifying specific benefits and challenges in the implementation of underwriting approval

and policy checking centralization, and proposing a proportional centralization model that differentiates between administrative processes and processes requiring local expertise.

Based on this background, this study aims to analyze the strategy of optimizing human resources through centralization of work processes at PT MNC Asuransi Indonesia, analyze the implementation of centralization of work processes, examine the relationship between centralization and Good Corporate Governance, and identify the benefits and challenges of its implementation. Theoretically, this research contributes to the development of organizational design and human resource management theory by examining the application of centralization in the general insurance industry, particularly in the context of underwriting and policy issuance processes. This research also enriches the literature on Good Corporate Governance by demonstrating how organizational structure can support governance principles. Practically, this research provides strategic recommendations for general insurance companies considering or implementing centralization, particularly regarding technology system readiness, SOP development, training, and change management. The findings also offer insights for regulators in understanding industry practices and policy implications.

METHOD

This research used a qualitative approach with a case study method. A qualitative approach was chosen because the research aims to deeply understand the human resource optimization strategy through centralized work processes at PT MNC Asuransi Indonesia. This research is not aimed at testing statistical hypotheses, but rather at analyzing organizational phenomena, implementation processes, benefits, and challenges of centralization in the context of a general insurance company.

Object study is a human resource optimization strategy through centralization of work processes, particularly centralization of underwriting approval and policy checking at the Head Office. The research informants consisted of nine people from various work functions, namely policy processing or operations, branch offices, marketing or business, human resources, Head Office underwriting, claims, and compliance or internal control. Informants were selected using a purposive sampling technique based on their relevance, experience, and understanding of the centralization process.

Data were collected through a closed-ended questionnaire with a Likert scale of 1 to 5, open-ended questions, documentation, and limited observation. The questionnaire was used as supporting data to capture informants' perceptions of six research dimensions: HR optimization strategy, implementation of work process centralization, Good Corporate Governance, efficiency and internal control, implementation challenges, and overall assessment. Open-ended data were analyzed thematically to identify patterns of informant responses. Data validity was strengthened through source triangulation, member checking, audit trails, and researcher objectivity.

Table 1. Profile of Research Informants

Code	Initials	Position	Unit/Function	Length of work	Involvement
Informant 1	Foreigners	Supervisor	Policy Processing/Operational	> 10 years	Directly involved

Code	Initials	Position	Unit/Function	Length of work	Involvement
Informant 2	FF	Assistant Manager	Branch office	1-3 years	Directly involved
Informant 3	APP	Head of Division	Marketing/Business	> 10 years	Directly involved
Informant 4	BM	Head of Division	Human Resources	7-10 years	A little understanding
Informant 5	BA	Manager	Underwriting Head Office	> 10 years	Partially involved
Informant 6	TS	Manager	Claims	> 10 years	Indirect understanding
Informant 7	LDW	Supervisor	Compliance/Internal Control	1-3 years	Don't understand
Informant 8	YTP	Manager	Claims	> 10 years	Indirect understanding
Informant 9	SK	Assistant Manager	Compliance/Internal Control	4-6 years	Indirect understanding

Source: Data processed by the author, 2026.

RESULTS AND DISCUSSION

Questionnaire Data Processing Results

The questionnaire results showed that informants generally gave a positive assessment of the work process centralization strategy. The overall average score was 4.27, which falls into the strongly agree category. This indicates that centralization is considered relevant to supporting human resource optimization, work process implementation, GCG implementation, organizational efficiency, and internal control.

Table 2. Summary of Average Scores per Dimension

No.	Dimensions	Number of Statements	Average	Interpretation
1	HR Optimization Strategy	7	4.27	Strongly agree
2	Implementation of Centralized Work Processes	7	4.24	Strongly agree
3	Good Corporate Governance	7	4.22	Strongly agree
4	Efficiency and Internal Control	7	4.30	Strongly agree
5	Implementation Challenges	7	4.19	Agree
6	Overall Rating	5	4.44	Strongly agree
7	Overall Average	40	4.27	Strongly agree

Source: Data processed by the author, 2026.

HR Optimization Strategy through Centralization

The HR optimization strategy dimension received an average score of 4.27. High-scoring statements included centralization allowing branch offices to focus more on marketing and service, and HR optimization through centralization being more appropriate than workforce reduction, each with a score of 4.44. These findings suggest that centralization is viewed as a role-restructuring strategy, not a workforce reduction strategy.

These results align with Westover (2014), who positions human resources as a strategic organizational asset, and Griep et al. (2025), who emphasize the importance of sustainable

human resource management. In the context of PT MNC Asuransi Indonesia, branch offices are directed to strengthen marketing and service functions, while the Head Office focuses on technical and control functions. Thus, centralization supports human resource optimization through a clearer division of roles.

Informants from the underwriting function stated that branches or posts could focus more on sales, while control and oversight systems became more measurable. This response reinforces the finding that centralization helps clarify the role of branches as a business function and the Head Office as a technical function.

Implementation of Centralized Underwriting Approval and Policy Checking

The centralized work process implementation dimension received an average score of 4.24. Policy checking became more controlled after being centralized at the Head Office, supporting documents became more organized, and errors in policy issuance were identified more quickly. Each of these indicators received a score of 4.33.

This finding aligns with Angelshaug et al.'s (2025) organizational design theory, which explains that organizational structure and authority structure influence communication, decision-making, and strategy implementation. Centralizing underwriting approval and policy review is a form of work process design that directs technical functions to the Head Office to improve control and consistency.

Informants from the policy processing function reported that centralization improves operational efficiency, makes the policy issuance process more controlled, and reduces the risk of errors. However, the indicator for reducing potential policy errors scored 3.89. This indicates that centralization helps reduce errors, but its effectiveness still depends on the quality of branch data, completeness of documents, SOPs, checklists, technology systems, and the accuracy of human resources.

Centralization and Good Corporate Governance

The Good Corporate Governance dimension received an average score of 4.22. Centralization was assessed as helping to improve accountability, clarify who is responsible for technical underwriting decisions, increase transparency in work processes, and ensure processes are carried out in accordance with company regulations. These results indicate that centralization serves not only as an efficiency strategy but also as a mechanism for strengthening governance.

These findings align with the OECD's (2023) GCG principles of transparency, accountability, responsibility, independence, and fairness. In insurance companies, centralized underwriting approval helps maintain the objectivity of technical decisions from the pressures of branch operations, while centralized policy review strengthens documentation and document control.

Informants from the human resources function reported that centralization creates more consistent service standards, reduces corporate risk, supports regulatory compliance, and accelerates data-driven strategic decisions. However, the indicator regarding fairer and more uniform process standards across branches scored 3.89, indicating that standard uniformity still needs to be strengthened through SOPs, checklists, outreach, and regular monitoring.

Efficiency, Internal Control, and Implementation Challenges

The efficiency and internal control dimension received an average score of 4.30, indicating that centralization is considered to contribute positively to organizational efficiency

and strengthen control. Indicators that received high scores were improved internal control quality, ease of monitoring and evaluation, and operational risk reduction, each with a score of 4.44.

These findings align with Wang and Nie (2025) and Hönigsberg et al. (2026), who emphasized that strengthening processes and supporting digital systems can improve organizational efficiency. Informants from the compliance/internal control function reported that centralization streamlines work processes , accelerates decision-making, simplifies data management, and improves risk oversight and identification.

However, the implementation challenges dimension scored 4.19, indicating challenges that need to be managed. The biggest challenges were the need for technology system support (4.67), internal communications (4.56), and standard operating procedures (SOPs) and checklists (4.44). This aligns with Qalati and Magni (2026), who emphasized that organizational change requires human resource readiness, leadership, competency development, and a work culture that supports adaptation.

Informants from the compliance/internal control function suggested the need to map the processes to be centralized, develop clear standard operating procedures (SOPs) including SLAs, define tasks and responsibilities, utilize IT systems, and implement regular monitoring and evaluation. Informants from the underwriting function also emphasized that centralization would be more effective if supported by a technology system focused on automating work processes.

Proportional Centralization

The open-ended responses indicate that centralization does not have to be applied unequivocally to all processes. Claims function informants stated that centralization is beneficial for operational processes that don't require specialized expertise and local experience, such as policy issuance. However, certain underwriting acceptance processes can still be decentralized, taking into account the expertise and experience of staff familiar with local conditions.

These findings complement previous research by demonstrating that, in the context of general insurance companies, centralization needs to be implemented proportionally. Administrative, repetitive, and highly standardized processes are more suitable for decentralization, while processes requiring local knowledge and specific risk considerations can still involve branches with clearly defined authority lines.

Discussion to Research Proposition

Table 3. Research Proposition Summary

Proposition	Research result	Conclusion
Proposition 1: Centralization clarifies the division of roles between branches and Head Office.	The HR optimization strategy dimension scored 4.27. Branches focused more on marketing and service, while the Head Office focused on technical functions.	Supported.
Proposition 2: Centralizing underwriting approval and policy checking increases consistency and reduces errors.	Centralization implementation received a score of 4.24. However, reducing the potential for policy errors received a score of 3.89.	Supported with notes need SOP, checklist, system, and data quality.

Proposition	Research result	Conclusion
Proposition 3: Centralization supports Good Corporate Governance.	The GCG dimension scored 4.22. Centralization clarifies responsibility, transparency, compliance, and the independence of technical decisions.	Supported.
Proposition 4: Centralization increases efficiency but faces implementation challenges.	Efficiency and internal control scored 4.30, while implementation challenges scored 4.19.	Supported.

Source: Data processed by the author, 2026.

CONCLUSION

This study concluded that centralizing work processes can be a strategy for optimizing human resources at PT MNC Asuransi Indonesia. This strategy is implemented through a realignment of roles between branch offices and the Head Office. Branch offices are directed to focus more on marketing and service, while the Head Office is strengthened as the center for technical functions, underwriting approvals, policy checks, and control. The implementation of centralized underwriting approval and policy checking is considered to help make the work process more structured, controlled, and documented. Centralization also helps improve process consistency and accelerate the identification of errors in policy issuance. However, the reduction Policy errors still require support for data quality, SOPs, checklists, and technology systems. Centralizing work processes supports the implementation of Good Corporate Governance by enhancing accountability, transparency, responsibility, independence, and internal control. Separation of roles between business functions at branches and technical functions at the Head Office helps maintain the objectivity of underwriting decisions and clarifies technical responsibilities. Centralization offers benefits for organizational efficiency, internal control, monitoring, evaluation, data management, and operational risk reduction. However, its implementation faces challenges in the form of technology system support, internal communications, standard operating procedures (SOPs), checklists, standard operating procedures (SLAs), human resource training, and periodic evaluations. Therefore, centralization needs to be implemented proportionately according to the characteristics of the work processes and the level of control requirements of the company.

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