An Empirical Study Of Indian Private Insurance Companies: A Management Prospective

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ABSTRACT

This paper analyzes the different factors of attrition in Indian private Insurance companies and the employee retention strategies which are being adopted by these companies. This study is based on secondary as well as primary data. There is a cut throat competition in the Insurance companies. So, the workforces face a tremendous pressure to achieve its targets and if they couldn't achieve the targets, either organization terminates them or they leave the job on their own. No organization can stay away from attrition and Insurance sector is also not an exception. Even Insurance sector is facing higher rate of attrition just after the IT and ITES companies. Attrition is considered good upto an extent. When it is good it may provide a platform of exchange of new ideas among the employees. It may help the organization to achieve its predetermined goal and many more advantages attached to it. But, when attrition reaches the upper limit it left the organization nowhere. Detailed empirical study highlight the recommendations for improving the attrition rate and suggest how employers can improve the retention of employees with full job satisfaction and improved target achievements. It is the study of an economic management of private insurance companies in India.

Keywords:- Insurance Companies, Management, Productivity, Strategies, Insurance demand etc.

INTRODUCTION

Indian insurance market is emerging very fast after globalization of Indian economy. It has higher probability of development in coming years in the comparison of other markets. the completion among private companies like national and international are increasing fast and capital market phenomena is very dynamically going to be more complex. Therefore it is very important to management the insurance companies properly for better productivity and survival in global competitive scenario. The High rate of attrition in industries is a well known fact. A high rate of attrition or manpower turnover in an organization means augmented recruiting, selection and training outlay. This increased turnover rate simply means the disturbance in running of an organization

when the most seasoned workforce leave and replacement are looked forward with immediate effect to bring the functioning to normality. In an eye ball to eyeball competitive environment where HR managers are trying to poach from other organizations they are left with only two choices. Either hold on their productive, skilled and effective employee or loose them to their antagonist. Forgone are the days when an employee would be loyal to one organization for want of better choice. Today there is no dearth of opportunities and people are also available. However, the costs that accompany with the new hiring and training put a compulsion on the companies to deal with attrition more effectively. Human resource is the prime resource for the development of all companies. Therefore, proper management of these skilled human resource is important for long term objectives of firms.

LITERATURE REVIEW

It is imperative to note that the retention of key (efficient and productive) employees in the organizations is beneficial for the long term health and success of the organization. Organizations directly link the performance of the employees to quality work, customer satisfaction, fuelled sales and increased brand image. However it is indirectly linked to satisfied colleagues and subordinates and also in deeply embedded organizational knowledge and training. Hiring from one company to the other is a rife practice in the insurance sector. Common to see that the sales executives (lower level) keep moving amongst the other insurance companies. Poaching is a common phenomenon noticed in the insurance companies. The most attributable reason is the dearth of the talent. Given the huge demand for talent all the companies they cannot fulfill their requirement by hiring the freshers hence they poach from other allies. In an organization cost is one of the key indicators of performance. Key element of HR practices is recruitment, selection and training. These primarily involve heavy expenditure of time and cost. Hence failure to retain a key employee (high caliber top level executives) is a costly proposition. Authors while going through the literature review found out that if a company looses a middle level manager then the loss is almost five times of the salary of the incumbent. As in insurance sector the fresher are intensively trained and subsequently groomed for the successive stages of selling (insurance products) which involves effort time and resources. Hence loosing either a top, middle or fresher can mount up the cost figures of the companies.

In an industry like insurance, the work is quite monotonous, requires huge convincing skills growth opportunities are minimal. So when there are opportunities offering lucrative packages and bundle of other facilities the high rate of attrition is not surprising. There are constellations of problems associated with high rate of attrition in the private insurance companies. Some of them are long working hours, deep convincing skills to sell insurance, tremendous work targets, high pressure from the executives, role stagnation, inequity in compensation, in compatibility with peers, superiors and job profile (inter personal relationship) etc. It is not possible to scarp all the problems pertaining high rate of attrition in the insurance sector but there are certain ways in which the insurance companies need to take sagacious moves (at the time of recruitment and during working

) to tackle the problem. Strategies have to be evolved to retain the employees at all levels. Some of them can be in form of selecting the most appropriate candidate to sell insurance through competency mapping, psychometric sets should be used rigorously to ascertain the stress bearing capacity of the incumbent. Lucrative packages, benefits, incentives works, growth opportunities as a catalyst in retention .Some of the do's at the work place are also desirable. Employees should be provided tools and adequate training from time to time, the details of the insurance plans, job importance, benefits etc must be clearly communicated to the incumbent. Behavior of seniors is also critical in reducing attrition if they communicate with the employee at regular interval, have a transparent and fair approach, help them to reduce stress, treat them well and with dignity.

Employee attrition and candidate absconding are significant business concerns for organizations, one even bigger than attracting talent. A survey of 33,000 employers from 23 countries found that 40% of them had difficulty finding and hiring the desired talent (Manpower Inc, 2006) and approximately 90% of nearly 7,000 managers indicated talent acquisition and retention were becoming more difficult (Axelrod, Handfield-Jones and Welsh, 2001). Employee attrition is a serious issue, especially in today's knowledge-driven marketplace where employees are the most important human capital assets; attrition impacts an organization's competitive advantage. Annual attrition rates in the IT/ITes industry are estimated to be in the range 20 to 80 percent, 15% for high-skilled IT services including insurance and on average 40% in the BPO industry. The tangible costs of employee attrition would be the cost of training new employees, the recruitment and selection costs, adjustment time, possible product and/or service quality problems, costs of agency workers/ temporary staff (Morrell, Loan-Clarke, and Wilkinson, 2004a), the cost of training, the cost of loss productivity, the cost of lost knowledge and the cost of the position remaining vacant till a suitable replacement is found. (Sharma 2007). The intangible costs, which may been more significant than the tangibles, involve the effect of turnover on organizational culture, employee morale, social capital or organizational memory (Morrell, Loan-Clarke, and Wilkinson 2004a). The organizational costs associated with turnover in terms of hiring, training, and productivity loss costs can add up to more than 5% of an organization's operating costs according to a study by Waldman, Kelly, Aurora & Smith, 2004). It is imperative for organizations to understand what attracts and retains a potential candidate and predict attrition early in the recruitment process to curtail significant loss of productivity among hiring managers, recruiters and eventual loss of revenue and money.

OBJECTIVES OF THE STUDY
    (i)   To study about the feeling and understanding of the employees for their organization.
    (ii)   To study the reasons of leaving the job.
   (iii) To find out the mechanism/strategies to cope up with the attrition in Insurance sectors.

RESEARCH DESIGN AND METHODOLOGIES

A structured questionnaire containing 30 different questions on training, organizational culture, factors of motivation, reasons of leaving the job as well as open-ended questions for suggestions was used to collect the information. The responses were collected on 5 Points Likert Scale. Approximately 90 questionnaires were distributed among the employees of various major players of Insurance sectors namely ICICI Prudential, Kotak Life Insurance, Bharti Axa, etc. in Delhi through email and in person. Total filled in questionnaire received back from them are 50. Data were analyzed with the help of percentile method as well as analyzed with the help of MS Excel and SPSS. Major data have been shown in the Data Analysis part.

DATA ANALYSIS AND INTERPRETATION

**Indicate the number of years you are working in the current organization**

Less than one year	10
One to three years	14
Four to Five years	17
More than five years	9
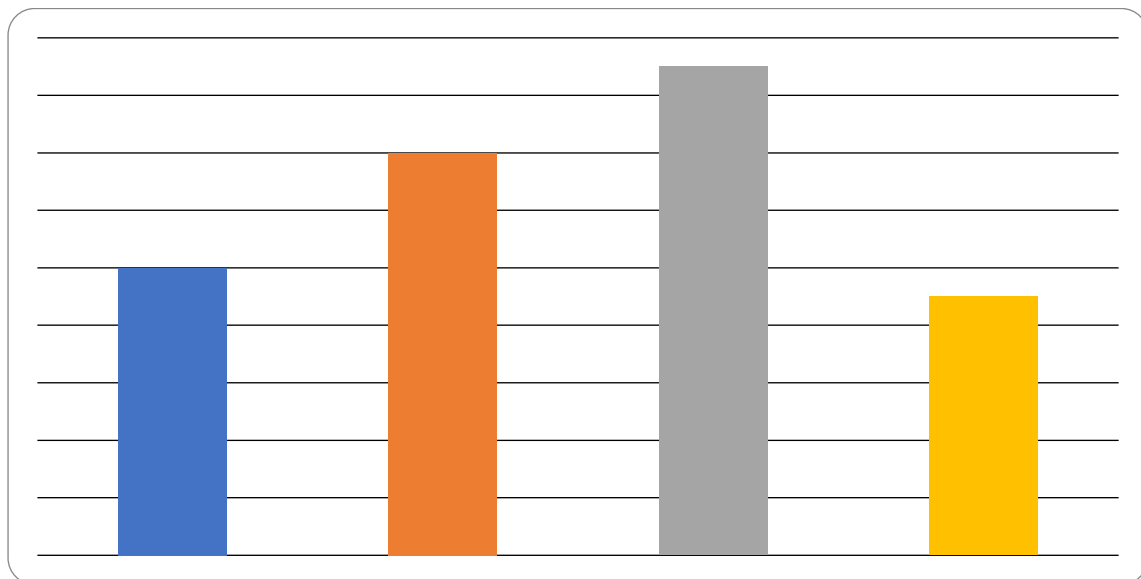
Interpretation: 34% employees are working in their current company for four to five years. Only 20% employees are for less than one year.

How do you feel about the organization?

Strongly Dissatisfied	0
Dissatisfied	13
Neutral	10
Satisfied	18
Strongly Satisfied	9
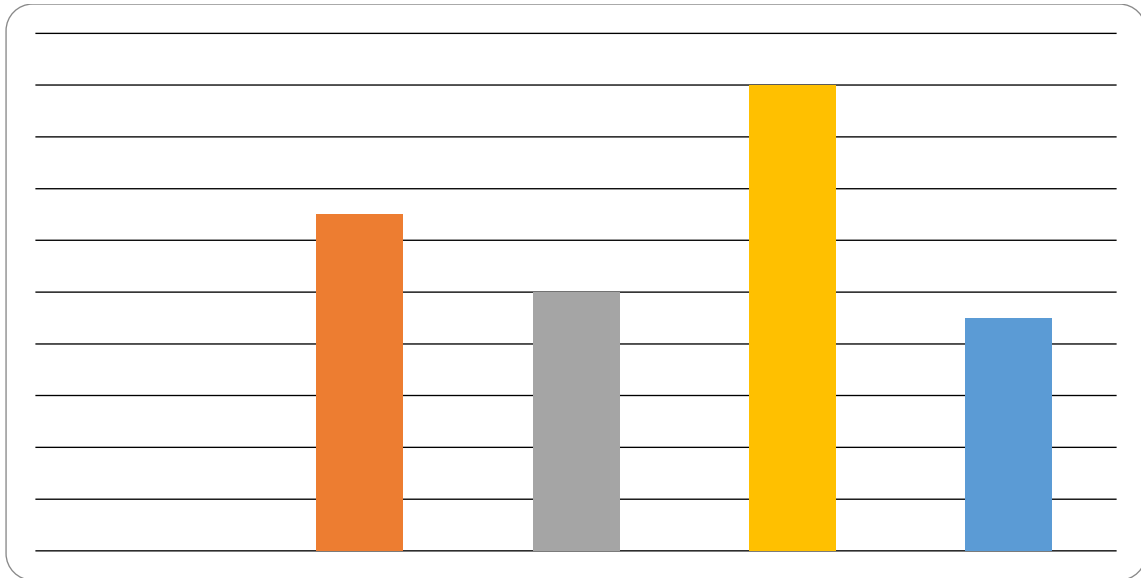
Interpretation: Only 36% employees are satisfied which is very less. Many people have not shown their feeling, whereas 26% employees said clearly that they are dissatisfied. It is not a good indication for the organization.

**Would you recommend your organization to your family / friend as a place to work?**

Strongly Disagree	3
Disagree	15
Neutral	10
Agree	19
Strongly Agree	3
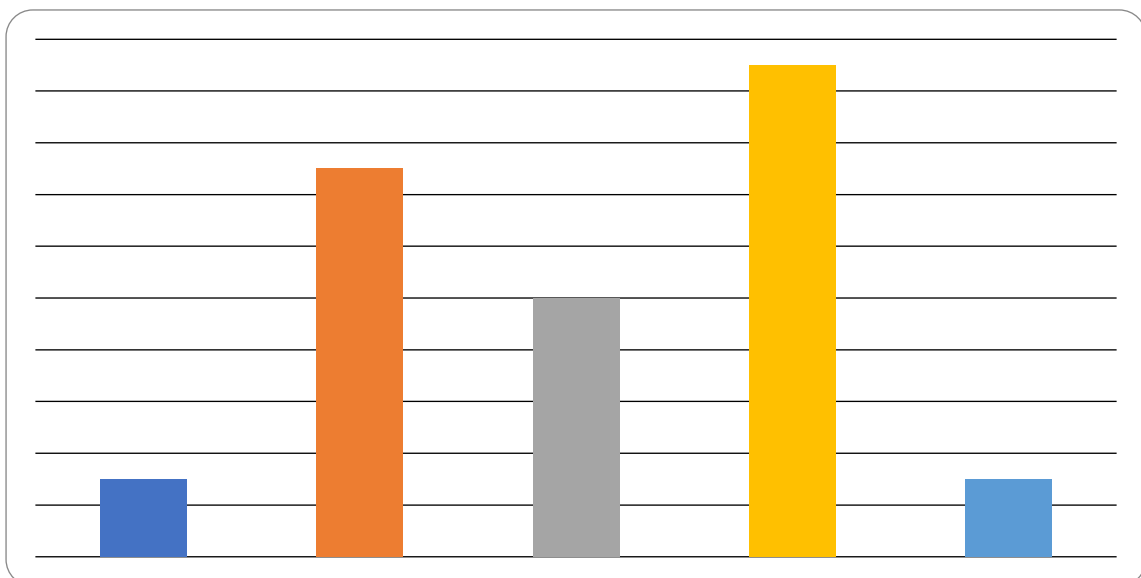
Interpretation: Only 38% employees said they may recommend their work place to work to their friends and family.

**Organization has enabled you to make fuller use of your capabilities and potential?**

Strongly Disagree	5
Disagree	11
Neutral	17
Agree	11
Strongly Agree	6
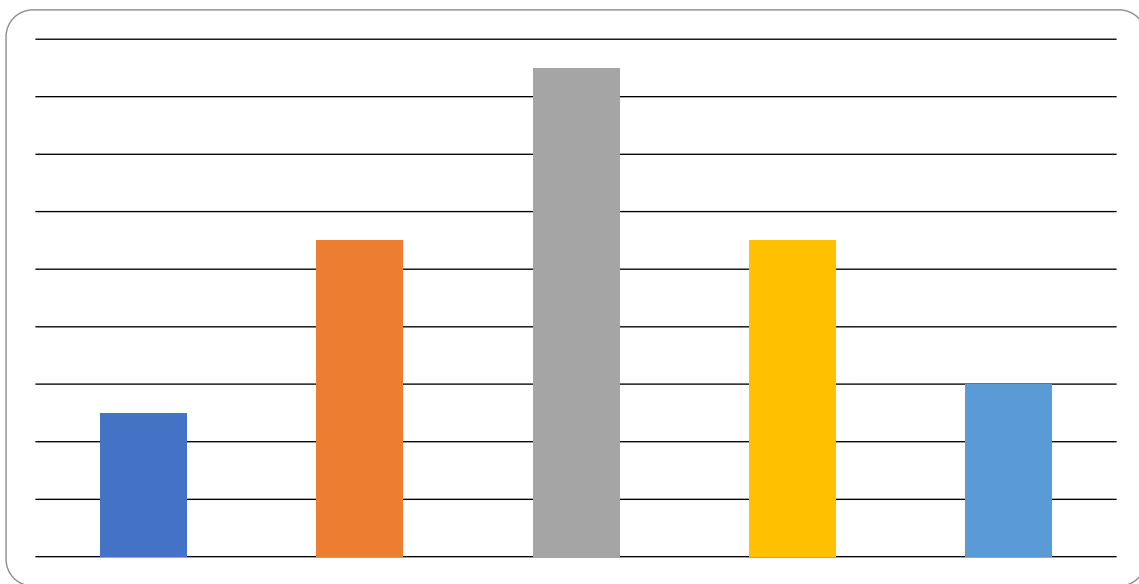
Interpretation: Only 12% employees are strongly agreed and 22% are agreed that they are utilizing their potential and knowledge at the fullest.

Do you receive sufficient support to do your job effectively from the organization?

Strongly Disagree	3
Disagree	16
Neutral	10
Agree	15
Strongly Agree	6
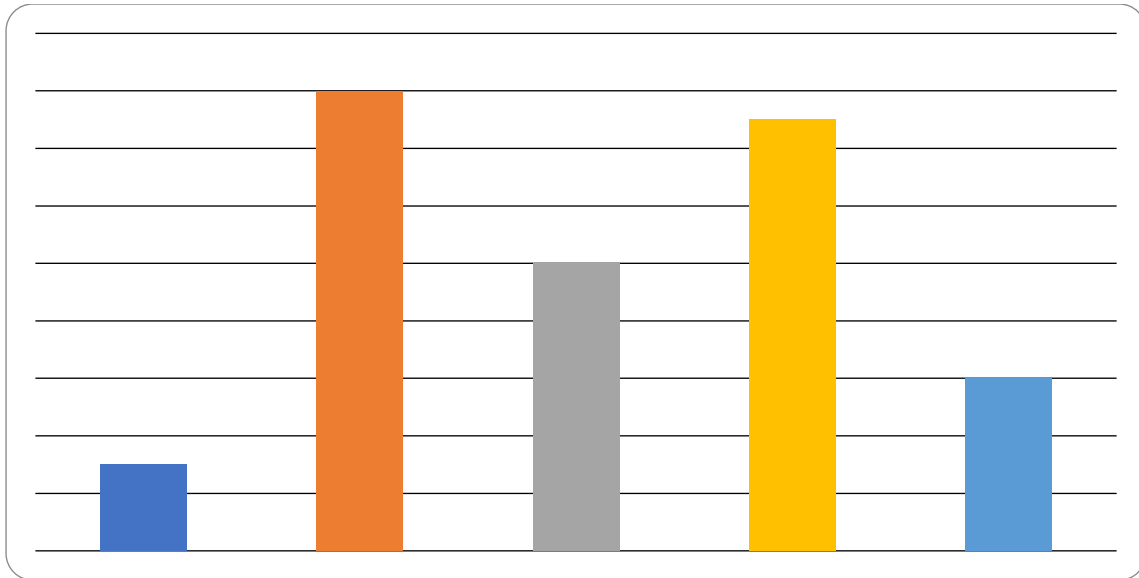
Interpretation: 12% employees are strongly agree and 30% employees are agree that they are getting required support from the organization to complete the job effectively.

**Do you think this company will help you to fulfill your career goals?**

Strongly Disagree	3
Disagree	11
Neutral	14
Agree	14
Strongly Agree	8
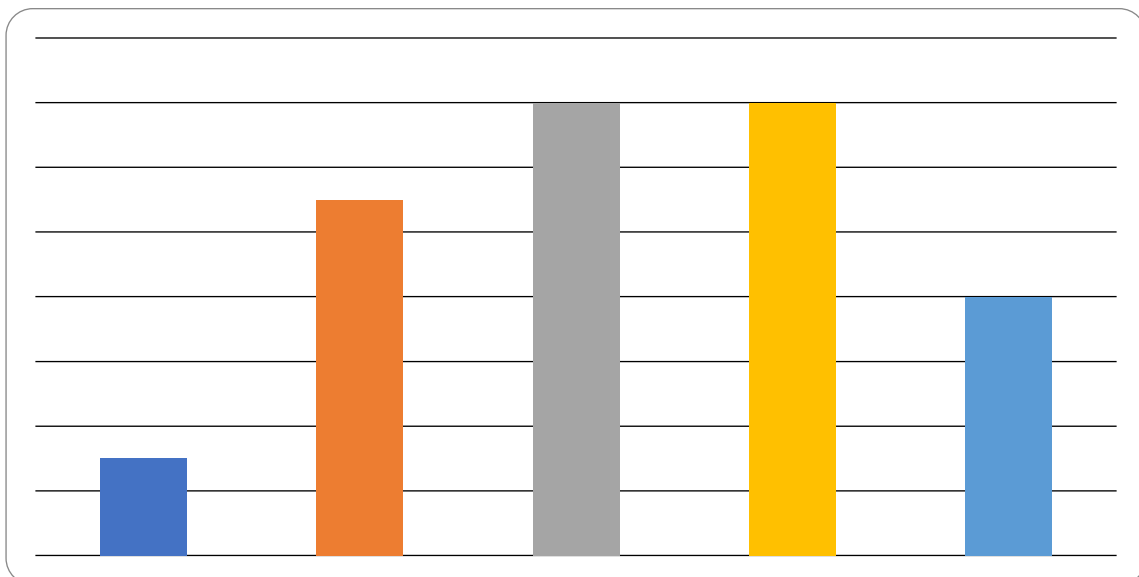
Interpretation: When question was asked to career goal only 28% employees agree and 16% strongly agreed that they would achieve it while working with the current organization.

How much are you satisfied with work culture of the organization?

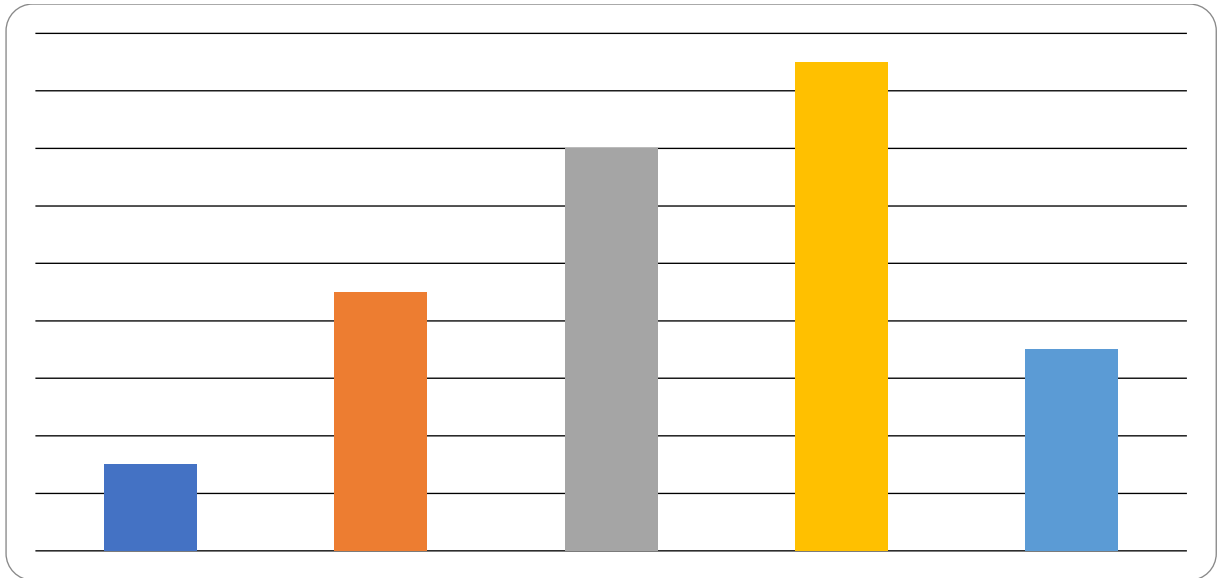| Strongly Disagree	3
Disagree	8
Neutral	12
Agree	21
Strongly Agree	6
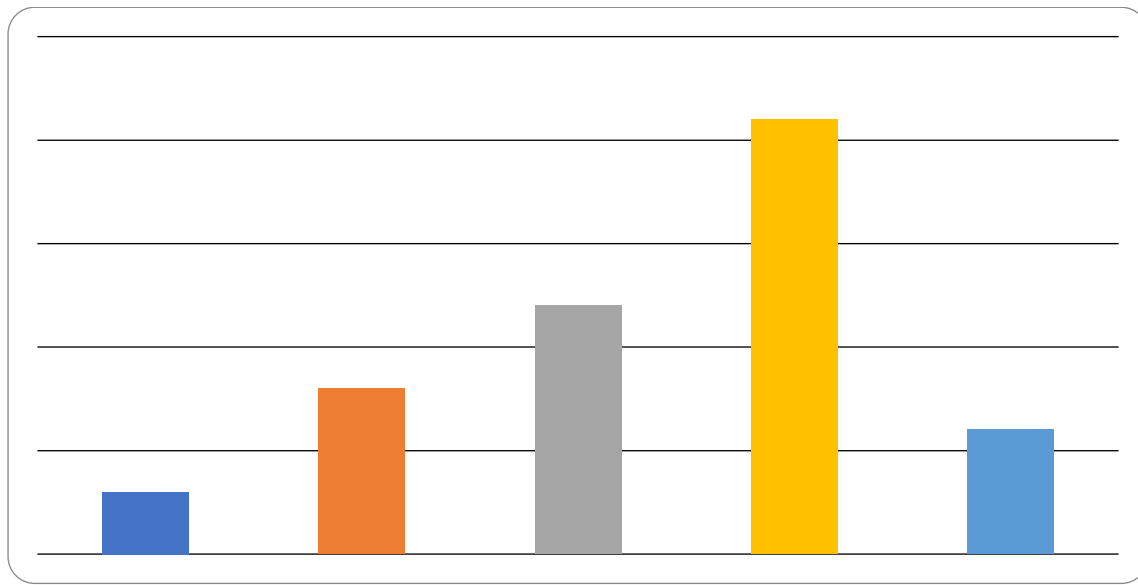
Interpretation: Majority 54% including agreed and strongly agree employees are satisfied with the work culture of the organization.

How much are you satisfied with the working conditions, hours, shifts, amenities etc.?

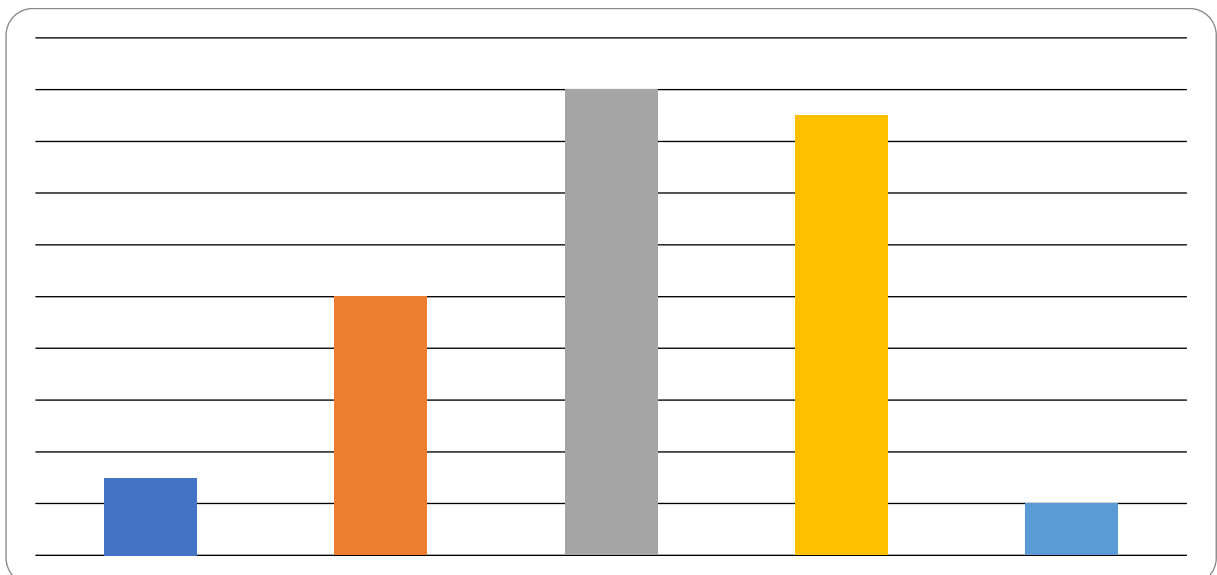| Strongly Disagree	3
Disagree	9
Neutral	14
Agree	17
Strongly Agree	7

Interpretation: Only 34% employees are satisfied and 14% are strongly satisfied with the working conditions, hours, shifts, and amenities.

**How do you match your expectations with the reality of your profile?**

Strongly Disagree	3
Disagree	10
Neutral	18
Agree	17
Strongly Agree	2

Interpretation: Only 34% employees are agreed and 4% are strongly agreed with the match of their expectations and reality of the profile.

Do you think insurance selling is not rocket science but commands extra pressure on part of fulfilling job requirements?

Strongly Disagree	0
Disagree	10
Neutral	17
Agree	17
Strongly Agree	6
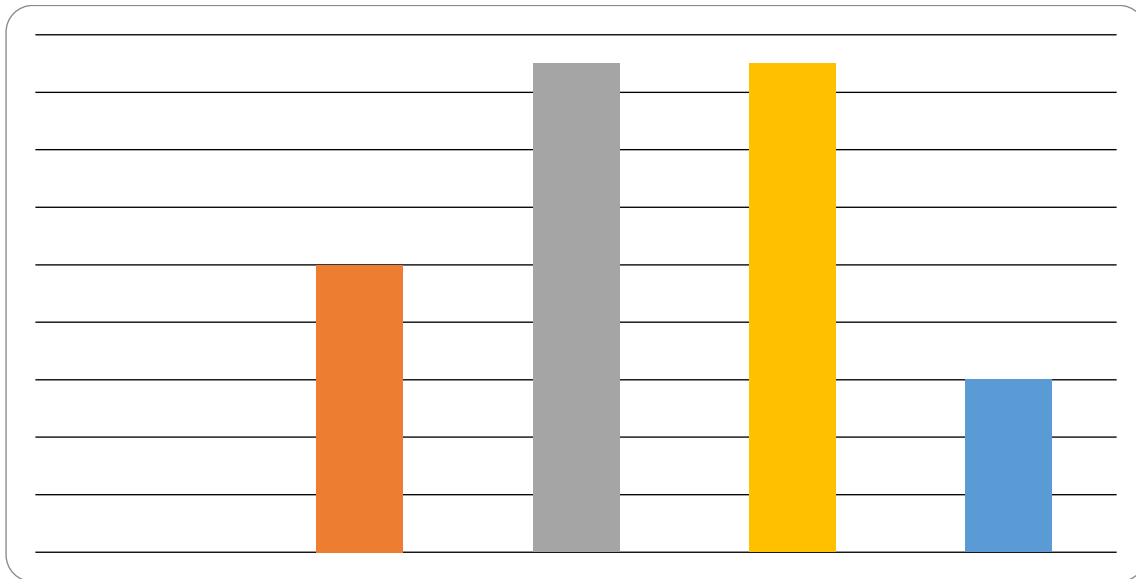
Interpretation: 34% employees were agreed and 12% were strongly agreed that insurance selling is not a rocket science but commanding over the extra pressure of the job requirements.

Which all will be the following reasons for you to leave the current job?

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
Higher pay	18	14	4	7	7
Benefits	4	22	12	7	5
Better job opportunities	4	8	10	17	11
Commute	7	13	14	11	5
Conflict with other employees	8	10	19	10	3
Conflict with Managers	8	6	15	16	5
Family and personal reasons	8	13	5	21	3
Relocation/Move	3	11	8	25	3
Career change	5	5	8	18	14
Company instability	9	12	16	8	5
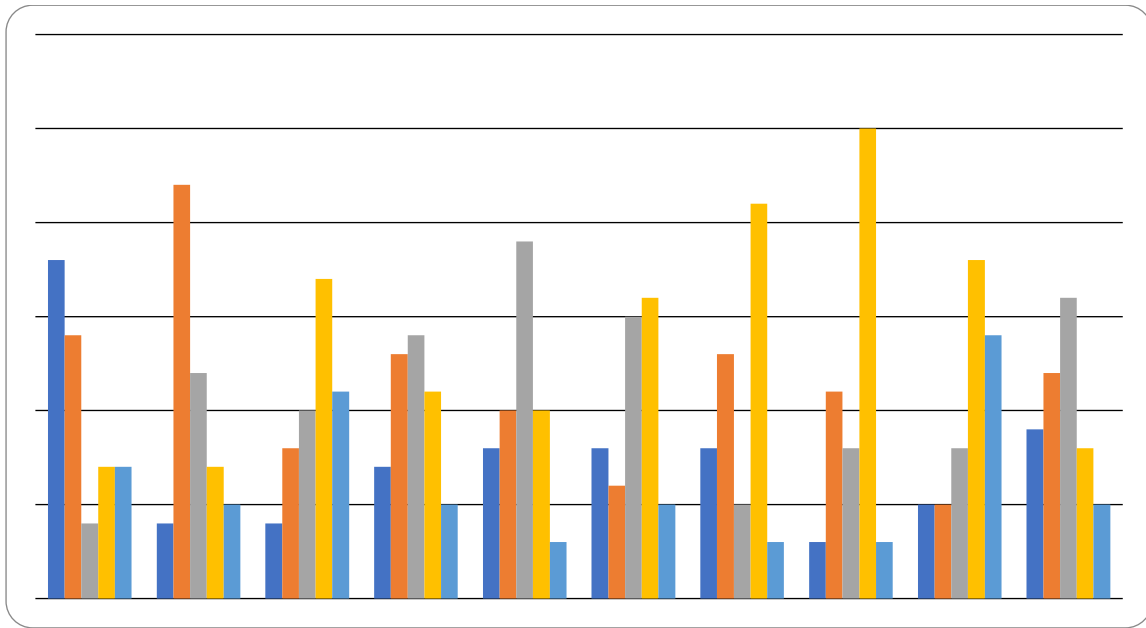
Interpretation: From the data we can say that the major reasons for leaving the job are better job opportunities, family and personal reasons, relocation, career change, etc.

RESEARCH FINDINGS
- Majority of the employees are working in the current organization for more than four years.
- 54% employees are feeling good about the organization but it just on the boundary so it will not be good for the organization.
- Again the only 54% employees are willing to recommend their organization as a place of work to their friends and family.
- Majority of the employees are unable to use their capability and knowledge so it might lead to leave the organization.
- Majority of the employees are not getting full support from the organization to complete their jobs effectively.
- Again the employees are not sure that the current organization will be able to fulfill their career goal.
- Majority of the employees are satisfied with the work culture of the organization.
- Majority of the employees are not happy with the working conditions of the current organization.
- As far as employee's expectations from the current job profile are concerned they are not happy.
- The majority of the employees were agreed on the point that insurance selling is not a rocket science though it is managing the work pressure.
- The major reasons for leaving the current job are better job opportunities, family and personal reasons, relocation, career change, etc.

OBSERVATIONS

✓ It was observed during the study that the majority of the employees are interested to work in the insurance sector and they are continuing their current job due to the following reason:

- the work culture,
- friendliness,
- career growth,
- high salary package,
- high incentives,
- enough time in day to complete their other responsibilities,
- challenges of insurance sector,
- timely release of salary, and
- securing the financial uncertainty of an individual

✓ It was also observed that employees are not liking the following of the insurance sector:

- organizational politics,
- behavior of the Branch Managers,
- targets,
- work pressures,
- less holidays,
- sometimes deserving candidates not get recognition
- transparency is not there,
- more field work is involved,
- job insecurity due to failure to accomplish targets

RECOMMENDATIONS

➢ Insurance sector organizations must work to improve their working conditions specially the high pressure of the targets from the employees's shoulders. Organizations may also go for brain storming session where they can take ideas of the employees so that the employees may feel good to share their ideas and put more efforts to accomplish the targets.

➢ Employees are insecure about their jobs. So, organization may go a step alongwith them to understand what is major reason of non-achievement of the targets and if it is the real one they must help them to achieve it. Further, the organization may reduce little pressure so that the employees will be motivated and put full efforts.

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