

# Insurance Industry in India – An Analysis Specific to Recruiters View and Agent Attrition

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**Abstract – Indian organizations have technically superior workforces with a competitive approach to problem solving and who are keen to establish themselves as capable of handling all organizational tasks. However, it is observed that organizations are facing acute problem of talent shortages and also struggling to find 'right talent' for organizational success. Therefore, recruitment today is taken lot more seriously and given lot more thought than it used to be. This paper analyses the recruiter's view and agent attrition of insurance industry in India.**

**Keywords: Insurance Industry, Recruiters View, Agent Attrition.**

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## 1. INTRODUCTION

Human resource management (HRM) is a vital and rational way to deal with the management of an organization's most esteemed resources i.e. the general population working there, who separately and altogether, add to the accomplishment of the goals of the business. Human Resource management is advancing quickly. The expressions "human resource management" and "HR" (HR) have generally supplanted the expression "work force management" as a depiction of the procedures engaged with overseeing individuals in the organizations. Human resource management is a business hone and also a scholarly hypothesis that locations the functional and hypothetical strategies of dealing with the workforce of an organization.

The Human Resources Management (HRM) work incorporates an assortment of exercises, and the most critical among them is to choose what are the staffing needs of the organization and the approaches to fill these requirements i.e. regardless of whether to enlist representatives or utilize self employed entities to enlist workers to fill these necessities, to enlist and prepare the best representatives, to guarantee that they are superior workers, to manage execution issues, and to guarantee the organization's faculty and management hones fit in with different directions. Dealing with the organization's way to deal with worker records, representative remuneration and advantages, and faculty strategies are additionally the included exercises. The private ventures whether for-benefit or not-for-profits ones as a rule

need to do these exercises themselves since they can't yet bear the cost of part-or full-time offer assistance. In any case, it must be guaranteed by them that the representatives know about the work force strategies, which affirm to current controls.

The HRM capacity and HRD calling have experienced gigantic changes in the course of the last 20-30 years. Numerous years back, substantial organizations looked to the "Work force Department," for the most part to deal with the printed material around contracting and paying individuals. All the more as of late, organizations consider the "HR Department" as assuming a noteworthy part in staffing, preparing, and overseeing individuals so individuals and the organization are performing at most extreme ability in an exceptionally satisfying way

Human resource manufactures and drives the information resources of an organization, the estimation of which has been built up to be commonly more than the physical resources. In the present situation, it is getting to be plainly critical for organizations to concentrate on discovering, creating, and holding skilled representatives. This paper means to upgrade comprehension of the wonder of high worker turnover in the insurance business and variables that prompt occupation fulfillment of representatives. Specialists have likewise made an endeavor to incorporate Maslow's Needs Hierarchy to the basic influencers for the business constrain of insurance agencies to join or leave the organization. The discoveries might be

useful for the organizations to enhance maintenance levels.

## 2. REVIEW OF LITERATURES:

Johnson and Gill (1993) portray inspiration in work organizations as "the procedures by which individuals are empowered to and actuated to carry on specifically ways". Inspiration is therefore coupled with a scan for the courses by which members' work execution and profitability might be upgraded or keep up. Representative organization has an immediate connection with profitability, quality, productivity, non-appearance, and even inspiration. Representative contribution has gotten much consideration in the range of work organization in late decades. In spite of the fact that adjustments in the work organization amid the most recent decades are differing and hard to condense by a couple of key ideas, there has developed an assention that representative inclusion and money related impetus frameworks are essential measures in present day faculty management (Delery and Doty 1996), (Appelbaum et al. 2000), (Godard 2004). Addison et al. (2000) demonstrates that foundations of various sizes may be influenced distinctively by representative contribution. Representative contribution produces enhanced venture execution through differing channels including improved optional exertion by workers (Jones et al 2003). There is additionally a high relationship between peer audit and worker inclusion in work organization and better the companion survey, better is the effectiveness towards work. Representative organization likewise influences the critical 16 measurements of individual execution, hierarchical citizenship conduct, characterized as individual optional conduct that advances the organization and is not expressly remunerated. The fundamental guideline behind all activities for expanding the inclusion of specialists is to get the lower-level staff more associated with the basic leadership and work forms, and to allow these representatives more noteworthy independence and control over occupation errands and strategies for work (Cappelli and Rogovsky 1994). Typical measures are collaboration, lean management, and decreased hierarchic levels (Godard 2004). Hackman and Oldham's Job qualities demonstrate has been utilized to build up the calculated model for the examination. The Job Characteristics Model by Hackman and Oldham (1976) centers on the communication between the mental conditions of workers, the employment qualities that are accepted to decide these states and the properties of people that decide how emphatically a man will react to a mind boggling and testing work. Maybe a couple of the parts of the model have changed with reasons. This changed model at that point creates a base for the hypothetical skeleton of the examination demonstrate. Naqvi and Ramay (2008) uncovered that employment fulfillment and authoritative

responsibility negatively affected turnover expectations, though saw elective openings for work had a critical positive connection with turnover aims and is the main consideration related with turnover goal among its experts. Van Dick et al. (2004) have likewise recognized employment fulfillment as an indicator of turnover aim; notwithstanding, they contend that it is a mediating variable between hierarchical distinguishing proof and Attrition. Abbasi and Hollman (2000) tried to decide the effect of worker turnover on an organization and found that over the top representative turnover regularly incites expansive results and at the extraordinary may imperil endeavors to achieve the authoritative targets. Maslow (1943) propounded the Hierarchy of Needs hypothesis initially connected as a general hypothesis of mental inspiration. Notwithstanding, the convenience of its hypothetical model was received by hierarchical scholar McGregor in 1960, who connected Maslow's hypothesis in the work put. Robust (1998) expressed that businesses referred to enlistment expenses of half to 60% of a representative's first year's compensation and up to 100% for certain particular, high - expertise positions. Bowen and Shuster (1986) expressed that while all constituting components of an organization are imperative for its prosperity, it is its upgraded capacity to pull in and hold the best quality ability that isolates it from the others. Mirvis and Lawler (1984) recommended that Quality of working life was related with fulfillment with wages, hours and working conditions, portraying the "essential components of a decent nature of work life" as; safe workplace, evenhanded wages, measure up to business openings and open doors for headway. Walton (1973) proposed eight noteworthy theoretical territories for understanding nature of work life. These were satisfactory and reasonable pay, sheltered and solid working conditions, advancement of human capabilities, development and security, social reconciliation, constitutionalization and aggregate life space and social dependence.

## 3. RECRUITERS VIEWS IN INDIAN INSURANCE COMPANIES

The attrition rate is around 35% in the primary year of enlistment. This goes down to around 18% by the fourth year. The greater part of the individuals who drop out are non-entertainers, as told by the Executive Director of the Kotak Mahindra Mutual Life Insurance Company; he ascribes it to the elevated requirements with respect to the specialists. A great many people imagine that they can profit in a limited ability to focus time. It is a high-weight work. Sustenance requires consistent systems management and getting new connections that requires a ton of train. MD Kotak Life Insurance opines that it is a dawn industry, many individuals simply need to join the race, however can't hold the excitement till the finish of a year. The attrition rate in the business is pitched in the vicinity of 14% and 38%

along these same lines; it will soon equal the 50 for each penny agitate rate of the ITs-BPO part. Nation Manager, Tata AIG, contends that the business today is more at a fascination organize; safety net providers are likewise pulling in a considerable measure of ability from saving money, Fast Moving Consumer Goods, BPO-IT enterprises. Head (hr and Admin, HDFC Standard Life Insurance) expressed that whittling down rates are at 14% in the business. Organizations need to go past building a brand to offer the agents vocations and let them develop with the market. While holding workers might be an issue, drawing in crisp ability is still moderately simple. The log jam in the Fast Moving Consumer Goods and Consumer Durables part and individuals prepared by coordinate showcasing organizations like Amway and Oriam, too discover a route into offering insurance. Head (hr ICICI Prudential Life Insurance) opines that organizations can't clutch individuals, particularly among cutting edge deals compel, and this will ascend as the market develops, since individuals are really encountering extensive measure of cash coming in. Overseeing chief and CEO (Prudential Life Insurance), the hr challenge is being tended to by offering representatives learning and development openings. The organization offers open doors for cross-practical learning, aptitudes and ability improvement, along these lines extending one's occupation profile. Further, workers additionally build up a feeling of belongingness with the organization. Enrollment specialists clarify that high representative turnover rates fundamentally increment the ventures that are made in the workers. The issue of losing reserves in representative procurement is unmistakable. Organizations contribute noteworthy measures of cash and time in preparing in the underlying stage; however these ventures don't generally get changed over into genuine benefits. On account of the insurance business, every specialist level enrollment costs an organization about Rs.5000, other related expenses of preparing and regulatory management are additionally included. Every operator works in a non-profitable or incompletely beneficial mode in the organization for about the initial 2-3 months. A worker leaving the organization inside the initial a half year is a terrible venture for the organization. While most safety net providers were not willing to share the quantity of staff individuals they lost to contenders and different areas as of late, industry sources demonstrate that fresher organizations like Reliance, Bharti Axa, IDBI Fortis, Pantaloons-Generali and others have been dynamic in new enrollment of authorities from set up organizations like ICICI Prudential Life, Birla Sun Life, HDFC Standard Life.

Gomez-Mejia, Balkin and Cardy (2003) in their article "Overseeing Human Resources" have broke down that socialization is the way toward situating

new representatives to the organization or the unit in which they will be working. Socialization can have the effect between another laborer's feeling like an untouchable and feeling like the individual from the group.

Zheng and Lamond (2009) in their article "Inevitable Organizational determinants of representative turnover for multinational organizations in Asia." discovered that preparation, measure, length of operation and the idea of the business are essentially identified with turnover. Figuring out what constitutes 'high turnover' is a mind boggling issue, on the grounds that there is no basic direct connection between turnover rates and the social as well as financial execution of organizations. Issues going from poor employment fit, absence of acknowledgment or support from senior management, instability about the organization's future and poor management correspondence are a portion of the reasons why individuals begin searching for different open doors. Reasons that can be ascribed to high worker turnover in the insurance part are:

Being a insurance operator in India is viewed as a societal shame as there is instability of employment and salary appended to it. Individuals join insurance agencies as low maintenance work or a hole occupation and not as a long haul vocation. Not very many capable individuals need to wind up agents attributable to low societal position connected to it. It is a high-weight work. It is required from an operator to comprehend the client's needs and offer the items as needs be. This procedure includes an abnormal state of influence and a maintained exertion for a long stretch. Many individuals capitulate to such weights.

The desire accomplishment hole adds to the turnover. Many individuals are tricked to the calling with a high gaining potential. Notwithstanding, to win a fair wage, agents require a ton of tolerance, persistence, and influence in the field. Amid early stage, the profit of the specialists are low notwithstanding diligent work. This desire accomplishment hole drives a large number of them to separate in the underlying time of joining the calling.

Rare talented or experienced human resource in insurance advertise prompts wide scale poaching and head chasing among the contenders. The business still can't seem to witness develop hr forms, similar to work drive arranging, preparing, inspiration, and maintenance. The absence of pre-arranged enrollment drives the organizations to enjoy poaching HR working in other insurance firms.

With safety net providers having a high level of the workforce from numerous areas (non-space), the odds of losing representatives to different fields, similar to Fast Moving Consumer Goods organizations or other money related outfits, are high.

Representative Turnover is maybe given careful consideration among different workers' issues. It is disregarded as inescapable. Hardly any organizations adopt a proactive strategy towards diminishing representative turnover. It generally incorporates significant expenses of supplanting the key representative who fall into the classification of superior workers. Supplanting incorporates the expenses of enlistment ad, referral rewards, determination testing, preparing costs, and so on. Besides, turnover brings about loss of time and endeavors, low efficiency, loss of resolve, loss of information et cetera.

#### 4. REASONS FOR LEAVING INSURANCE COMPANY

A few factors of purposes behind leaving an insurance agency were broke down for their significance and the examination uncovered that the respondents consider the accompanying seven factors as to some degree critical as the explanation behind leaving the insurance agency:

- Better Job Opportunity
- Better Salary
- Target Pressures
- No Time for the Family
- Job Insecurity
- Relocation
- Bad Work Culture

Subsequently, it is clear from here that a person's rationale in working may fluctuate as indicated by the nature and strength of the unsatisfied segment of his/her individual chains of command of necessities. It is clear that people don't join an insurance agency just for Fair remuneration and Employment; rather, they likewise search for professional stability, simplicity of working in adaptable planning, and professional success. They hope to fulfill various levels of necessities at the same time and aim for a vocation, which offers a decent blend of essential, social, and regard needs. People leave an organization in the event that they are not happy with the employment, e.g. factors like anxiety, professional success, and condition which constrained the respondents to leave the organization. Insurance agencies may consider

offering a particular suggestion to effectively draw in and hold the business compel. Directors may plan orderly techniques as opposed to adopting an arbitrary strategy of hit and trial. Specialists conceptualized certain methodologies in view of the discoveries of the study. Distinctive necessities of the representatives could be tended to from the recommendations said beneath:

#### 5. INSURANCE INDUSTRY - AGENT ATTRITION

The Indian extra security industry saw whittling down of individual specialists in the last schedule year following normal development and abating of offers of approaches. The Indian disaster insurance industry saw Attrition of individual specialists in the last logbook year following normal development and moderating of offers of arrangements.

The information from the Life Insurance Council demonstrates that the business had more than 21.59 lakh singular specialists as on December 2014, and the number declined to 20.43 lakh as on December 2015.

Keeping in mind the end goal to hold over the extreme circumstances, back up plans have changed the technique of procuring extensive number of agents. Rather, they are taking the correct sort of specialists who are not kidding about offering insurance items.

"There is no reason for employing agents, who after a few months change to another insurance agency to gain additional commission. It is constantly better to have committed individuals who can get additional incentive to our organization," said the CEO of a main insurance agency.

Private players, for example, Bajaj Allianz Life Insurance, Aviva Life, and Max Life, among others, have seen decrease in the quantity of individual agents in the last schedule year contrasted and the earlier year. Then again, safety net providers like Reliance Life, SBI Life, HDFC Life, Kotak Mahindra Life saw ascend in the quantity of specialists.

#### Insurance industry saw operator Attrition in 2015

The Indian insurance industry saw weakening of individual specialists in the last schedule year following normal development and moderating of offers of approaches.

The Indian extra security industry saw Attrition of individual agents in the last logbook year following normal development and moderating of offers of approaches.

The information from the Life Insurance Council demonstrates that the business had more than 21.59



lakh singular specialists as on December 2014, and the number declined to 20.43 lakh as on December 2015.

So as to hold over the extreme circumstances, guarantors have changed the technique of contracting huge number of specialists. Rather, they are taking the correct sort of agents who are not kidding about offering insurance items.

"There is no reason for contracting specialists, who after a few months change to another insurance agency to procure additional commission. It is constantly better to have devoted individuals who can acquire additional incentive to our organization," said the CEO of a main insurance agency.

Private players, for example, Bajaj Allianz Life Insurance, Aviva Life, and Max Life, among others, have seen decrease in the quantity of individual specialists in the last logbook year contrasted and the earlier year. Then again, safety net providers like Reliance Life, SBI Life, HDFC Life, Kotak Mahindra Life saw ascend in the quantity of specialists.

#### **Agents of change**

Insurers	No. of agents as on Dec 2015	No. of agents as on Dec 2014
Bajaj Allianz Life	1,15,920	1,50,565
Reliance Life	1,17,359	1,02,700
SBI Life	87,866	86,723
HDFC Life	77,970	62,529
ICICI Prudential Life	1,31,619	1,77,971
Birla Sun Life	1,05,859	87,307
Kotak Mahindra Life	77,954	50,920
LIC	10,76,835	11,78,377

Source: Life Insurance Council

Arijit Basu, overseeing chief and CEO at SBI Life, stated, "We have purposely cut down number of agents over the most recent couple of years. Our procedure has been to evacuate specialists who were latent or not contributing in the business, and concentrate on enrolling right sort of agents."

Information from the Life Insurance Council demonstrates that SBI Life had more than 87,866 individual agents as on December 2015 and the organization needs to it to go up to 90,000-93,000 before the finish of current money related year.

While top private players included specialists, state-run Life Insurance Corporation of India (LIC) has seen fall in the quantity of agents. The information says that LIC had 11.78 lakh singular agents as on December 2014, which boiled down to 10.76 lakh in December 2015.

#### **CONCLUSION**

"Attrition of agents is certain to singular organizations. Lessening of the quantity of specialists is extremely inner choice. While industry needs to concentrate on developing number of agents, industry need to concentrate on their profitability also, and that is exceptionally key worry for us. Individuals who are occupied with this industry as merchants of protection ought to be in a position a specific measure of cash out of this calling."

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