

Employees Performance in Public Sector and Private Sector General Insurance Companies

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Abstract

The Indian insurance industry is more than 150 years old. This industry has witnessed many phases of the working from the days when there were many private sector companies initially and they moved to nationalization and again to the private sector. Being one of the segments of financial sector, it has in the recent past gone through a transformation and change including the passing of IRDA (Insurance Regulatory and Development Authority) Act 1999. Due to the IRDA act 1999 the insurance sector has been opened up, the monopoly of government companies has broken and many new private players have entered into the insurance sector and thus the sector has become highly competitive with full of challenges.

The opening up of insurance sector for competition offers ample opportunities to both existing as well as new players to penetrate in to untapped areas, sectors and sub-sectors and unexploited segments of population as presently both insurance density and penetration are at low level. The entry of private players and their foreign partners has given domestic players a tough time, because the opening up of the sector has not brought in only foreign players, but also professional techniques and technologies. The present scene in India is such that everyone is trying to put in the best efforts. One can see strategies being more for survival than growth. But the most important gift of privatization is the introduction of customer-oriented services. Utmost care is being taken to maximize customer satisfaction. This research paper analyzes the performance of employees working related for sale of insurance policies in public sector in comparison with private sector general insurance companies.

Keywords: Motivational strategies, Performance of employee, IRDA act 1999, Employee satisfaction, Competitive market.

INTRODUCTION

The insurance industry move from public monopoly to a competitive environment now present challenges, both to the new players and public sector general insurance companies. The entry of private players and their foreign partners has given domestic players a tough time, because the opening up of the sector has not brought in only foreign players, but also professional techniques and technologies. The present scene in India is such that everyone is trying to put in the best efforts. The insurance penetration as well as the size of the average cover in India is well below international averages, providing great marketing opportunity for the insurance companies. The

opening up of insurance sector for competition offers ample opportunities to both existing as well as new players to penetrate into untapped areas, sectors and sub-sectors and unexploited segments of population as presently both insurance density and penetration are at low level. Both indices being at very low level in the country even compared to the countries with the same level of economic development and per capita income are indicative of the vast potential of the growth of this sector in future. (Saradha 2009)

Presently product-market relationship is dominated by personalized selling rendered by tied agents. Companies will have to transform customer relationship management to value based client relationship. Insurance business is based on averages and spreading of risks. So a flexible pricing structure for sustaining customer confidence and interest will be a challenging task before Indian insurer. The bench mark of success of organization will be determined not only by the rate of return but also by the quality of corporate governance. So the insurance company should focus on pricing, distribution, risk management and investment decision-making.

Human resources constitute the most vital segment of any organization and great care is needed in recruitment, training, deployment, and developmental aspects like growth and career opportunities, retention of talent and weeding out deadwood. The insurance business demands personnel of high quality, with a different range of skills and an emphasis on greater professionalism. Insurers have to attract, retain and develop people who are open to change, are creative, value teamwork, and have passion for service and delivering value in their output. In fact, experience in the insurance business by itself now perhaps counts for less than the qualities mentioned above. Many recruits, therefore, especially at the middle and senior levels in the new companies are from other services and often without any background in insurance. At the same time, in a sense, the new players, just because they are recruiting afresh, do not necessarily derive any special advantage in recruitment, because their recruits especially for middle level and senior positions are also drawn from the same stock as that from which the present industry sourced them. They do bring with them the legacy of their public sector culture. A further difficulty is that the otherwise properly qualified potential candidates do not rank the insurance industry very high on such issues as pay (not really a constraint any more) and prestige and are not, therefore, attracted easily to it. So the industry has to take special pains to find the right type of people to work with them and then train them further to suit their needs and culture. Looking to the surplus staff already with the public sector, the urgent need is to improve the quality of the existing personnel, rather than new recruitment. The public sector must immediately identify whether and on what scale, at least in respect of certain jobs, it is saddled with under qualified staff unable to respond to the demand on them, and accordingly must undertake a heavy exercise of training, retraining and redeployment. (Palande 2003)

In the insurance business cost control and ability to service large number of customers are crucial issues. So modern technology is to be adopted to handle both the services effectively. Today customers are well equipped with information, so insurance company should reposition different

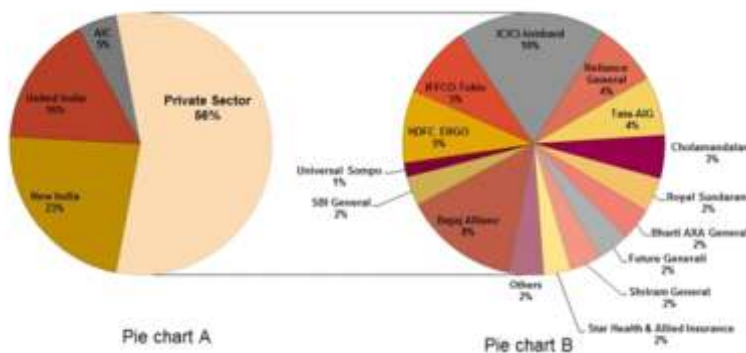
products by changing customer attitudes. Distribution of existing insurance products is the main cause of worry for insurance companies in India. Companies for distribution don't have much control on the agents and hence lose quality in the distribution channel. In Indian insurance market here is huge competition for get maximum market share. Insurance companies in India will have to develop appropriate channels to tap this huge market as the core of insurance business hinges on an efficient distribution. Direct marketing is one of the most successful channels of distribution in the developed economics. It is a great way to reach a large population.

Present research paper analyzes the performance of employees who work related with sale of insurance policies in public sector in comparison with private sector general insurance companies operate in Indian market.

Market Share of Public and Private Sector Non-Life Insurance Companies in India

Market continues to be dominated by public sector, though share has declined since year 2001. Insurance sector is growing due to large population, increased awareness and income levels have fuelled. The public sector insurers including Agriculture Insurance Company (AIC) have a market share by premium volume of 44% and the rest is divided between private players. Pie A shows the split of the four PSUs, AIC and all private sector general insurers as a block at 56%. Pie B shows the respective market shares of various private players, notable among which are ICICI Lombard, Bajaj Allianz, HDFC Ergo and Iffco Tokio with market shares of 10%, 8%, 5% and 5% respectively. 'Others' in the chart include Apollo Munich, L&T General, Magma HDI, Religare Health, Max Bupa Health and Raheja QBE.

Non-life Insurer Market Share



Source: IRDA

Private Player Penetrated in the India Market

Several factors account for the speed at which new private new entrants have penetrated the market.

1. First is their ability to develop new distribution channels to rival the existing distribution network.

2. They are having particular success in forging banc assurance alliances, through direct marketing, and online distribution has also become more popular.
3. The IRDA also introduced new legislation that allows new forms of intermediaries like co-operative societies and brokers as viable distribution channels.
4. The private companies have also proved to be more innovative and have introduced competitive products with specialized features, especially for personal lines policies.
For example, they have pioneered health insurance products similar to mediclaim, including critical illness covers where the insurer pays the sum assured on the diagnosis of any one of the ten identified critical diseases.
5. Companies recently turned to agriculture-related products as they try to fulfil their mandated contribution to the rural sector.
6. Aside from outperforming the public sector in terms of overall business growth, private companies are also getting a more favorable business mix. This is because the public incumbents are not allowed to decline certain unprofitable business like motor.
7. Private companies free to focus on more profitable lines of business like property and engineering lines, while limiting their exposure to motor insurance, especially third-party risks, where the claim histories are considerably worse.

Key Challenges in Front of Public Sector General Insurance Companies in India

1. Between 1985 and 2003, economic losses in India due to natural catastrophes averaged around USD 1.2 billion per year. Floods were the main peril, accounting for 40% of cumulative losses over the period, followed by storms (35%) and earthquakes (20%).
2. Premiums rates will remain under pressure due to intense competition on the more profitable lines. Falling premium income without a corresponding reduction in claims or compressive coverage is likely to drive down profits.
3. Traditional distribution channels, especially tied agents, need to be improved to match the new product offerings.
4. Like all developing economies on a fast track, the shortage of trained insurance professionals and technicians at all levels in insurance company.
5. Natural catastrophes will always be present; the Indian sub-continent is vulnerable to cyclones, floods, hurricanes and earthquakes.

STATEMENT OF THE PROBLEM

Due to the IRDA act 1999 the insurance sector has been opened up, the monopoly of government companies has broken and many new private players have entered into the insurance sector and thus the sector has become highly competitive with full of challenges. Market share of public sector general insurance companies in India was 59.11 % and private sector 40.88 % in the year 2012. Market share of general insurance companies operating under public sector is reduced up to

40.88% in year 2012 from year 2000. Thus research paper focus on performance of employee who works for marketing in public sector in comparison with private sector general insurance companies. Performance of employee is big key to survive and growth of insurance company.

OBJECTIVES

1. To make comparative study of performance of employees who are working related with sale of insurance policies having similar job profile in public sector general insurance companies with selected leading player in private sector general insurance company.
2. To evaluate performance of employees who work related with sale of insurance policies in public sector general insurance companies.

HYPOTHESIS

Employees who work related with sale of insurance policies in private sector general insurance companies is performing better than employees who work related with sale of insurance policies in public sector general insurance companies.

RESEARCH METHODOLOGY

Primary data collected by researcher for analyzes performance of employee who works for sale for insurance policy of public and private sector general insurance companies through survey and interview. Questionnaires designed, pretested, modified and formulated in their final form by the researcher. Secondary data collected from performance appraisal report, annual report of companies. Sampling area of research study was Berhampur City, Odisha. All four public sectors and one leading private sector company considered for study.

Sample size considered for study as follows:

Development officers (DO) in public sector general insurance industry is 120 Number

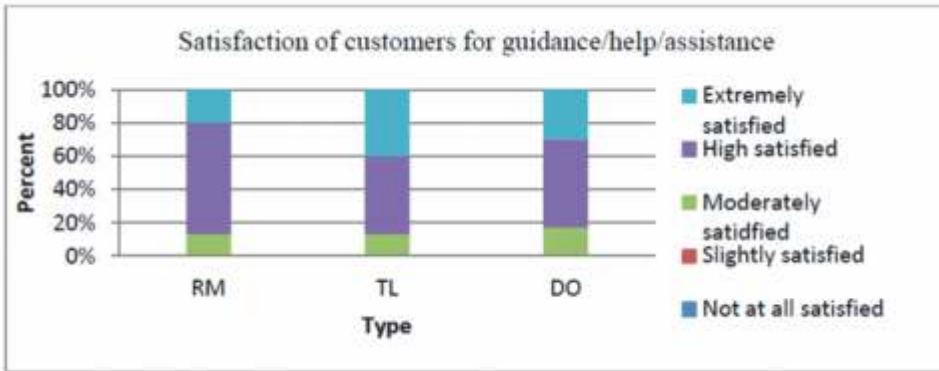
Team Leaders (TL) in private sector general insurance industry is 15 Number

Relationship Managers (RM) in private sector general insurance industry is 15 Number

FINDINGS / INTREPRETATIONS

1. Level of Satisfaction of Customers for Provided Guidance, Help, Assistance

Sector		Not at all satisfied	Slightly satisfied	Moderately satisfied	High satisfied	Extremely satisfied	Total
RM	Number	0	0	2	10	3	15
	%	0	0	13	67	20	100
TL	Number	0	0	2	7	6	15
	%	0	0	13	47	40	100
DO	Number	0	0	21	63	36	120
	%	0	0	18	53	30	100



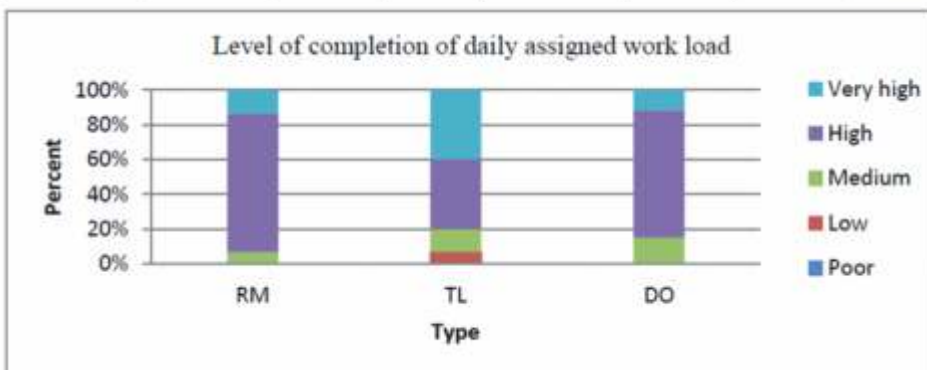
From the graph and table, it is observed that:

20%, 40% and 30% of Relationship Managers and Team Leaders in private sector, Development Officers in public sector say that satisfaction level of their customers for provided guidance, help and assistance to them is very high.

67%, 47% and 53% of Relationship Managers and Team Leaders in private sector, Development Officers in public sector say that satisfaction level of their customers for provided guidance, help and assistance to them is high.

2. Level of Completion Daily Assigned Work Load

Sector		Poor	Low	Medium	High	Very high	Total
RM	Number	0	0	1	12	2	15
	%	0	0	7	80	13	100
TL	Number	0	1	2	6	6	15
	%	0	7	13	40	40	100
DO	Number	0	0	18	88	14	120
	%	0	0	15	73	12	100

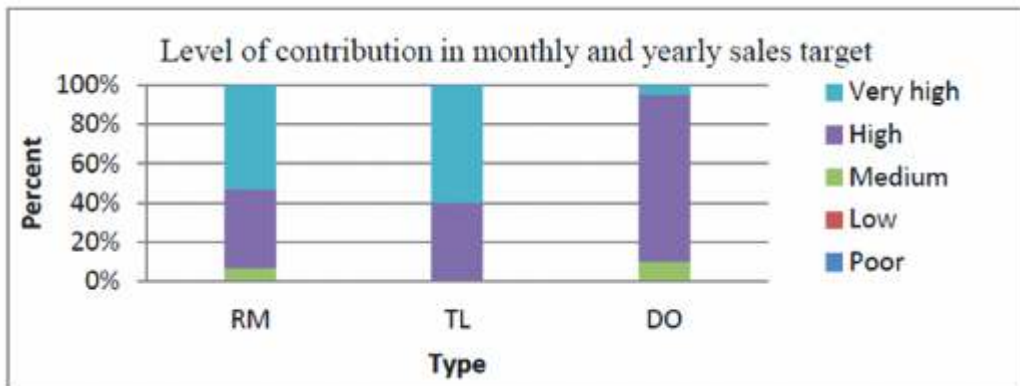


13 %, 40% and 12 % of Relationship Manager and Team Leader in private sector, Development Officer in public sector says that their level of completion of daily assigned work load is very high.

80%, 40% and 73% of Relationship Manager and Team Leader in private sector, Development Officer in public sector says that their level of completion of daily assigned work load is high.

3. Level of Contribution in Monthly and Yearly Sales Target of Policy

Sector		Poor	Low	Medium	High	Very high	Total
RM	Number	0	0	1	6	8	15
	%	0	0	7	40	53	100
TL	Number	0	0	0	6	9	15
	%	0	0	0	40	60	100
DO	Number	0	0	12	102	6	120
	%	0	0	10	85	5	100

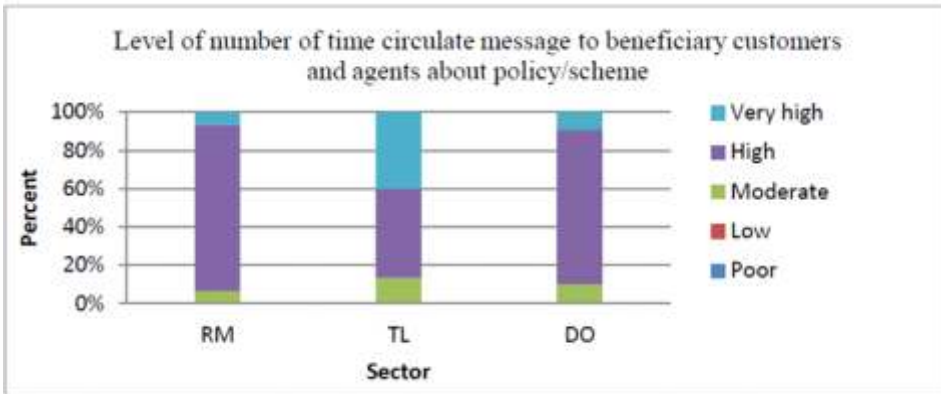


53 %, 60% and 5% of Relationship Manager and Team Leader in private sector, Development Officer in public sector says that their level of contribution in monthly and yearly sales target is very high.

40% and 60 % of Team Leaders in private sector says that, their level of contribution in yearly and monthly sale target is high and very high respectively.

4. Level of number of time circulate message to beneficiary customer and agents about policy or scheme

Sector		Poor	Low	Moderate	High	Very high	Total
RM	Number	0	0	1	13	1	15
	%	0	0	7	87	7	100
TL	Number	0	0	2	7	6	15
	%	0	0	13	47	40	100
DO	Number	0	0	12	97	11	120
	%	0	0	10	81	9	100

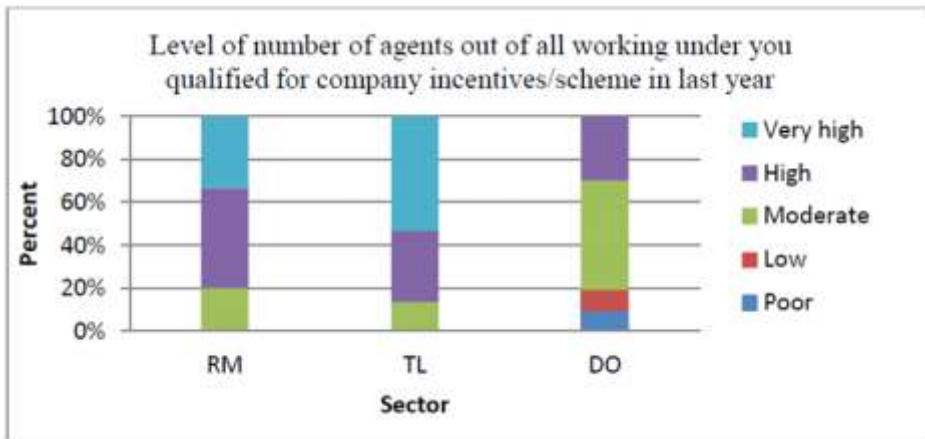


87%, 47% and 81% of Relationship Manager and Team Leader in private sector, Development Officer in public sector says that, their number of circulation of message to customers and agents is high.

7%, 40% and 9 % of Relationship Managers and Team Leaders in private sector, Development Officer in public sector says that, their number of circulation of message to customers and agents is very high.

5. Level for number of agents working under you qualified for companies incentives or schemes

Sector		Poor	Low	Moderate	High	Very high	Total
RM	Number	0	0	3	7	5	15
	%	0	0	20	47	33	100
TL	Number	0	0	2	5	8	15
	%	0	0	13	33	53	100
DO	Number	11	12	61	36	0	120
	%	9	10	51	30	0	100



47%, 33% and 30 % of Relationship Managers and Team Leaders in private sector, Development Officer in public sector says that, their number of agents working under him qualified for company incentives and scheme is high.

33 %, 53 % and 0 % of Relationship Managers and Team Leaders in private sector, Development Officers in public sector says that, their number of agents working under him qualified for company incentives and scheme is very high.

CONCLUSION

Conclusion of this research paper is employees who work related with sale of insurance policies in private sector general insurance companies is performing good than employees who work related with sale of insurance policies in public sector general insurance companies. Human Resource policies of public sector required to be more performance based. High employee performance is major key for survival and growth of company in upcoming era of competition.

RECOMMENDATION

Result of above analysis shows that performance of employees working with sales in public sector is lower than employees working with sales in private sector.

So, public sector general insurance companies should implement number of motivational strategies which more suitable to their work culture. Present motivational policies and other policies of public sector companies are not positively impact on performance of employee so it is required to be revised.

SCOPE FOR FURTHER RESEARCH

Researcher only focuses on area of performance of employees who work related sale of insurance policy. There is number of important internal and external factors of company are remaining to study which directly affect on market potential.

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