



ATTRITION AND RETENTION OF EMPLOYEE IN INSURANCE INDUSTRY: AN OVERVIEW

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ABSTRACT

In the insurance sector, recruiting, selecting, training and managing human resource constitutes the biggest challenge all over the world. Mainly all the organizations are struggling with knowledge loss due to high employee turnover. Managers are struggling high to retain talent in the organisation. Retention has become momentous to the development and growth of the organisation. Increased emphasis has been laid on retention of talent. In this paper , we would analyse the causes of retention of Insurance sector employees in India and suggest critical management strategies to reduce the retention rate. **Insurance industry is growing at 30-35% annually in India. The high growth in the market is the result of liberalization, with new players' significantly enhancing product awareness and promoting consumer education and information.** As the highly talented workforce in organizations, across various levels, enhances skills and job-hop from one company to another, managers seem to be feeling the heat in countering abnormally high attrition rates. This research says that most of the employees leave an organization out of frustration and constant detritions with their superiors or other team members. In some cases low salary, lack of growth prospects and motivation oblige an employee to look for a change. The management must try its level best to retain those employees who are really important for the system and are known to be effective contributors.

KEYWORDS: Attrition, Layoffs, Loyalty, Job security, Workforce.

INTRODUCTION

Indian insurance industry is more than hundreds of years old and the primary legislations that deals with insurance business in India are: Insurance Act, 1928, and Insurance Regulatory & Development Authority (IRDA) Act, 1999. The last decade saw an upheaval in the growth and development of the Indian Economy, which was accompanied by the revolution in all fronts and a radical change in the way life insurance business was done. After globalization of Indian industry in year 2010, the insurance sector in India is rising rapidly to bring, in growth an employment opportunities. But the major challenge faced by insurance companies is employee turnover or high attrition rate especially in sales force. High turnover may be destructive to a company's efficiency if expert employees are frequently going and contains a high proportion of novice workers. Employee attrition is the reduction in the number of employees through retirement, resignation or death. In simple word attrition is the process of reducing employee strength or effectiveness through sustained attack or pressure. Attrition refers to

trends of employees leaving the company. It is usually calculated with its rate, which measures the employees moving out of company (voluntary resigning for better career prospects). "The wearing down of an Adversary, making him weaker by repeal attacking them or wearing down of resources i.e. the process of reducing the number of people who are employed by an organization by not replacing people who leave tile job."

The financial charges of employee churn rate for-profit organizations has been estimated to be between 30% to upwards of 150% of the employees' remuneration package. There are two types of costs include in employee' attrition that is direct costs and indirect costs. Direct costs communicate to the leaving costs, substitute costs and transitions costs. While indirect costs speak about to the loss of production, reduced performance levels, needless overtime and low morale . In year 2000, the insurance sector in India was growing speedily to bring in escalation and employment opportunities. The major confront faced by insurance companies is employee churn rate or high attrition rate especially in sales force. By 2020, it is expected that the Indian Insurance sector will be amongst the top 3 in the world.

According to Deloitte talent 2020, a survey form all sectors predicted that 34% of these workers expect to leave within a year, and for Insurance this number reaches an alarming 60%. "HDFC Bank's attrition rate of around 20 per cent is making its top management anxious,". Aditya Puri, Managing Director and Chief Executive at the country's second largest private sector lender, has said. The staff attrition rate is something that is worrying us as well and it ranges up to around 20 per cent. Private sector lenders like HDFC Bank and its larger competitor ICICI Bank, Indus Ind Bank are planning to give higher pay hikes to their workforce. These inducements will include a hike in the cash component as well as stock options for senior management.

The decision taken by the Government of India in the early 2000, in the process of economic liberalization started with LPG policy in 1991, was to open the private participation for the insurance sector in India and we have been experiencing the epitome of that decision for the last eleven years. In the said liberalized environment, in fact, India has been identified as among the fastest growing insurance markets in the world. But from the overall Human Resource point of view, this sector is facing a very big problem of employee attrition. As the LI (Life Insurance) companies are receiving commendable amount of revenues every year with a very high growth rate, the effect of attrition has not been taken care off seriously by the companies. But in future there will be a saturation and this particular problem will be the biggest issue before all the LI companies. This particular study is therefore a pioneer one to correlate the effect of attrition over the financial performance of the companies.

Employee attrition is the reduction in the number of employees through retirement, resignation or death. In simple word attrition is the process of reducing employee strength or effectiveness through sustained attack or pressure. Attrition of employees divided into two characteristics:

1. **Personal characteristics** (Gender, Education and Age are responsible for it).
2. **Negative characteristics** (Lack of Motivation, Poor Mentoring, Power & Politics, Lower Carrier growth and Lack of Skills are the key factors).

Retention of employees refers to the various policies and practices which let the various policies and practices which let the employees continue in to an organization for a longer period. The organization is completely at loss when the employees leave their job once they are fully trained. Employees' retention takes into account the various measures taken so that an employee stays for longer period of time in an organization.

In the best of worlds, employees would love their jobs. Like their co-workers. Work hard for their employers, get paid well for their work .have ample chances for advancement and flexible schedules so they could attend to personal or family needs when necessary.

Specifically at Brokerage industry normally No of employee's leaves organization is always high. so For HR manger it is a big challenge to maintain the attrition rate of their organization, HR Manager is not only required to fulfil this Responsibility, but also find the right kind of people who can keep pace with the unique work patterns in industry. The toughest concern for an HR Manager is However the Attrition Rate. "The wearing down of an Adversary, making him weaker by repeal attacking them or wearing down of resources i.e. the process of reducing the number of people who are employed by an organization by not replacing people who leave tile job." It can be a measure of how many people leave over a certain period of time or how many employees leave over a certain period of time. Employee attrition is a serious issue, especially in today's knowledge-driven marketplace where employees are the most important human capital assets.

The Brighter side of employee Attrition:

Some employee turnover positively benefits organizations. This happens whenever a poor performer is replaced by a more effective employee, and can happen when a senior retirement allows the promotion or acquisition of welcome 'fresh blood'. Moderate levels of staff turnover can also help to reduce staff costs in organizations where business levels are unpredictable month on month. In such situations when business is slack it is straight forward to hold off filling recently created vacancies for some weeks.

Importance of Retention

Let us understand why retaining a valuable employee is essential for an organization.

- Hiring is not an easy process:
- An organization invests time and money in grooming an individual and makes him ready to work and understand the corporate culture:
- When an individual resigns from his present organization, it is more likely that he would join the competitors:
- The employees working for a longer period of time are more familiar with the company's policies, guidelines and thus they adjust better:
- It has been observed that individuals sticking to an organization for a longer span are more loyal towards the management and the organization
- It is essential for the organization to retain the valuable employees having high potential.

One of the key responsibilities of a manager or supervisor is to get the work done through the employees. Moreover, when we say work, it is not just the basic minimum work to get by, but also those tasks that are accomplished when the employees are highly motivated to succeed, excel in their work, and continue to be committed to the organization. Managers and supervisors indeed find it extremely difficult in keeping their star performers satisfied and not wanting to shift their jobs. It is responsibility of the managers as well as the management to ensure that the employees are satisfied with their roles and responsibilities and the assignments is offering them a new challenge and learning every day. Employee retention has become a major concern for corporates in the current scenario. Individuals once being trained have a trend to move to other organizations for better prospects. Remunerative salary, comfortable timings, better ambience, growth prospects are some of the factors which prompt an employee to look for a change. Whenever a talented employee expresses his willingness to move on, it is the responsibility of the management team to intervene immediately and find out the exact reasons leading to the decision.

CONCLUSION

Making profits out of any market in long run necessitate studying the characteristics as well as need of the market and making marketing strategy as well. Emerging insurance players in India are still busy to actuate their sales personnel for already developed market, instead to reap the untouched and neglected rural potential; accordingly they are making their HR strategy. Instead of creating the need insurance advisors find themselves busy either to sell to those who have not identified the need or to those whose need has already been fulfilled by the market, ultimately they got failure, frustrate and finally adds the percentage of attrition. Insurers as well development authorities are expected to develop the basic infrastructure i.e. insurance literacy to facilitate their sales force for making an easy sale. Insurance advisor's commission & incentives for sales, followed by a fixed minimum salary "for educating the market" might be one of the best possible solutions to make a reduce in threats of attrition from the market.

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