

Impact of Recruitment Policy Change on Employee Performance in the Life Insurance Sector – Evidence from Kerala, India

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Abstract: Indian Life insurance market is changing tremendously from since 18th century, when the first company was established in Calcutta. Life insurance is a contract between an insurance policy holder and an insurer or assurer where insurer promises to pay a sum amount of money in exchange for a premium amount upon the death of an insured person. Earlier the life insurance industry was completely under the monopoly of Indian government that is LIC of India. Later this monopoly has been moved to a third phase on to a competitive market environment, where there were private and public sector life insurance companies under well designed regulatory environment. The reason for taking insurance is to give monetary insurance against misfortunes that might be brought about because of dubious issues brought about by inability, passing of a gaining relative or financial misfortunes. Therefore people usually opt for life insurance to reduce the uncertainty in life. So life insurance is vital to mitigate the loss against the life. This paper shows the difference in types of employees that one of the largest life insurance company in India, reference to Kerala, India. It also enable us to know the impact faced by the industry due to the usage and changes in HR practices and policy.

Keywords: Recruitment, performance, Kerala Life insurance, training, change in policy, employee experience

I INTRODUCTION

Identify whether there is any relation with the performance, experience and training provided in this industry. The study looks deep into the performance of employees and their past experience in insurance company, based on a collected data. This study was conducted to analyse the impact of change in recruitment policy for sales manager. For this study both primary and secondary data where collected and analysed. The secondary data had 381 data points and primary data was conducted through personal interviews with employees. With the analysis of data, it was identified that employee's previous experience had an impact of his/her performance. There wasn't any change in the training provided by the company it was easy for the people having the automobile industry experience performing better. From then on the company takes more of people having these backgrounds. From which we could find the problems faced by the employees in this industry.

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Life insurance in Kerala

The following paper analyse about the performance of the life insurance sector in Kerala. Kerala is a small state within India, which is having a GDP of Rs 7.73 lakh crore, and overall 8th rank in India. Kerala state insurance department deals with both general and life insurance schemes. It came into existence on 1896 in Royal Travancore state. And in 1979 this was accepted as a commercial department which is registered under Reg. No.539 as per 3 of Insurance Act 1938.

After the nationalisation of life insurance sector in 1956, the enactment of LIC of India Act came into the role. The department was permitted to underwrite life insurance policy for state government. The response of Life Insurance Company has been very positive towards the nationalisation. Within a short period of time it has been spread to almost everywhere in India. And it was found a tremendous growth in the life insurance sector in Kerala. At present Life insurance is a key player in market.

Life Insurance companies and Number of Policies (2006-2013)

Source: IRDA Handbook 2011-12, 2013-14

The table illustrates that in 2006-2007 the life insurer issued 22.74% new life insurance policy and in coming

Insurer	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
Aegon Religare			719	1413	2424	2106	721
Aviva	9793	17528	15925	6848	3913	2987	2251
Bajaj Allianz	155085	182693	117700	60999	39258	27015	20439
Bharti AXA	4	3571	8367	7329	8429	4698	3365
Birla Sun Life	18886	8232	19874	20742	21874	20823	10544
Canara HSBC			1296	3786	3888	2502	2535
DLF Pramerica			0	312	835	416	200
Edelweiss Tokyo						0	136
Exide Life	12639	22724	20843	16442	14267	10890	9312
Future Generali			5688	16680	15847	4553	2796
HDFC Standard	28989	52921	68444	45840	39232	34106	34684
ICICI Prudential	111905	178473	134441	72809	57754	34976	24715
IDBI Federal		390	9793	15136	15385	10953	17986
IndiaFirst			989	6999	767	800	1044
Kotak Mahindra	7380	27042	19586	6999	6019	11545	9075
Max Life	6908	16012	34209	27041	23695	18057	13182
PNB-MetLife	15129	24318	30726	22034	16431	9443	7579
Reliance Life	28873	35744	53769	26541	22515	17920	9915
Sahara	0	0	0	0	0	0	0
SBI Life	37588	77017	59892	90348	50929	46961	39796
Shriram	1436	765	4246	4138	3292	1551	1889
Star Union Dai-ichi			31	2273	2642	2288	2198
TATA AIA	28878	30569	40887	28534	20331	7986	4822
Private Total	463493	679999	646436	477233	369727	264673	219184
LIC	1574917	1987049	1867290	1958138	1824109	1966363	1704556
Industry Total	2038410	2667048	2513726	2435371	2193836	2231036	1923739

years it was been gradually increasing.

In 2012-2013 the table illustrates that 89% of life insurance policy has been sold in Kerala.

Top 5 Life Insurance Company in Kerala

- SBI Life
- Bajaj Allianz Life
- Tata AIA Life Insurance Company
- ICICI Lombard life insurance company

- Aegon Life Insurance Company

Source: Justdail.com

Recruitment Policy of Life Insurance Company in Kerala

- **Identifying the vacancy:**

Recruitment process starts with identifying the available vacancy by HR department. When a vacancy arises, it is the responsibility of HR manager to ascertain whether the post is still requires or flexible working time can tackle the current situation. If there is a real need of posting a new candidate it should be requested by the manger to the company authority.

The process includes,

1. Post to be filled
2. Number of person
3. Duties to be performed
4. Qualification required

- **Job description and job specification:**

Job specification is a statement of employee characteristics and qualifications required for satisfy a particular tax whereas job description explains about the general tasks, or other related duties, and responsibilities of a position

- **Advertising the vacancy:**

Advertising the vacancy means informing the availability of the vacancy to the general public to get attention for job seekers

- **Managing the response:**

After advertising, usually job seekers start to apply for the particular job, so that the company need to manage all the applications received from the candidates.

- **Short listing:**

From the received application or resume the company need to filter the resume based on the need and requirements to satisfy the particular job vacancy.

- **Arranging interview:**

After short listing the company arrange an interview for all the shortlisted candidates who have applied for the job. The time and venue will be informed to the candidate through phone calls or email.

- **Conducting interview and decision making**

This will be immediately followed by the selection process that is final interview and decision making, conveying the decisions and appointment formalities

E- Recruiting

I. **Job Portal:** posting appropriate job description and job specification in job portal and searching for suitable resumes on the corresponding sites

II. **Interface for online recruitment/ application selection in the company's own website:** so that the job seekers can directly apply for their job in the company's official site and the company can search for the suitable candidate.

III. **Resume Scanner:** it is an advantage provided by the job portal to filter the resume based on the need and criteria prescribed in the job portal.

II IMPACT OF PERFORMANCE, EXPERIENCE AND TRAINING ON RECRUITMENT

Recruitment incorporates those practices and exercises finished by the association with the essential job of recognizing and pulling in potential workers.[1] Breugh A. & Starke. By this study we found that it is not only finding the best employee for the organisation but also includes how much he/she can perform in a futuristic aspects also. Recruitment is never a short term activities and its always a crucial part in building an organisation. Factors of apportionment of corporate locales and business occupations boards are seen to show up as something other than what's expected, with positive feelings/relative favored outlook, abstract norms and negative feelings ascending by virtue of corporate sites and positive feelings/relative ideal preferred standpoint and closeness for employments boards.

As though my project is based on recruitment policy change and about its effects, this helped me to identify other ways in recruitment process. [2] Parry & Wilson. Employee training is the basic sub-game plan of HR improvement. Representative preparing is a particular limit and is one of the essential component/capacity of HR organization and the executives. Preparing of workers positively affects the association. Preparing is a legitimate strategy for upgrading representatives execution.

Nonattendance of preparing accomplishes low productivity of workers. In light of the results of the investigation by James and Lucky, it was endorsed that organization should endeavor an all around appraisal of the individual preparing need, legitimate assessment of work on worker before he can be sent on preparing, the representatives ought to take part in the organization of certain preparation programs and the workers must be made aware of the expense of preparing. In my task there was discovered that preparation of 6 days wasn't adequate as individuals from other industry could contribute a lot to the organization with this 6 days of preparing. [3]James & Lucky.

Disregarding the way that it is attentively and in every way that really matters set that business agent learning has a close relationship to execution. In a free elicitation examination of 150 multi-line protection specialist, the creator demonstrates that higher performing deals staff have increasingly intricate, unexpected and setting explicit procedural information than that of less convincing administrators. Furthermore, higher performing salespersons unexpected information is gave off an impression of being increasingly critical to the business call and progressively adaptable or responsive to the specific plausibility than bring lower entertainers. Moreover, higher entertainers have more middle person and roundabout targets before at first reaching a prospect Here with my examination I found that if better preparing is given anybody can perform well in an association paying little respect to their experience. There was discovered a gigantic change the execution

example of the representatives from various businesses like-Banking and cars.,[4] Leigha, DeCarlob, Allbrightc, & Lollard.

The execution of the association accept a principle work towards the improvement of the business which in the end prompts the general achievement of the economy. The present examination attempts to break down the fiscal execution of Indian life underwriters dependent on various parameters. For evaluating it, distinctive cash related extents have been resolved considering liquidity, dissolvability, efficiency and impact of the insurance players. Overall, execution can be assessed by evaluating the efficiency of firm and security net suppliers. To accomplish the point, the examination chooses the impact of liquidity, dissolvability, impact, size and esteem capital on the advantage of life underwriters in India. The case for this examination joins 18 Indian life back up plans (tallying 1 open and 17 private) and it investigation the data of 5 years from 2007-08 to 2011-12.The investigation uses different straight backslide model to evaluate how much these determinants apply influence on life well being net suppliers productivity.The consequences of the examination reveal that gainfulness of life security net suppliers is quite influenced by liquidity and measure and unfavorably related with capital. Productivity

does not demonstrate any association with dissolvability and protection influence[5] Kaur Bawa & Chattha.

III Methodology

Type of study :

As the study included the whole of Kerala without any particular district or branch details an exploratory study was done.As it was exploratory research and because of many security concerns only convenience sampling had been done.

Data collection :

For secondary data the company provided a part of company records regarding the performance of employees from 2011 to 2017. The records consist 210 employees with their joining date, performances and previous industry where he/she worked. Employees were divided based on the year of joining to identify the pattern of their performance and previous industry experience that the employees had.

Analysis:

Performance of each sector in the year 2017-18

2017-2018	Number	PERFORMANCE(in lakhs)	PERFORMANCE (per person)	IN %
Automobiles	18	481.14	26.73	37.276 26666
Banks	16	186.54	11.65875	16.258 68589
Financial services	24	335.44	13.97666667	19.491 13183
General Insurance	5	66.86	13.372	18.647 89517
OTHERS	49	292.55	5.970408163	8.3260 20455

Performance of each sector in the year 2016-17

2016-2017	Number	%	performance(in lakhs)	PERFORMANCE(per person)	IN %
Automobiles	9	10.7	179.53	19.9477 7778	16.9512 0921
Banks	5	5.95	128.12	25.624	21.7747 4552

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Financial services	10	11.90476	159.23	15.923	13.53103625
General Insurance	8	9.52381	153.09	19.13625	16.26158968
Life Insurance	23	27.38095	567.26	24.66347826	20.958514
OTHERS	29	34.52381	359.11	12.38310345	10.52290534
TOTAL	84	100	1546.34	117.6776095	84

Performance of each sector in the year 2015-16

2015-2016	Number	performance (in lakhs)	PERFORMANCE (per person)	IN %
Automobiles	5	9.71	1.942	5.969849
Banks	5	15.71	3.142	9.658736
Financial services	4	33.25	8.3125	25.55323
General Insurance	2	5.38	2.69	8.269255
Life Insurance	11	128.14	11.64909091	35.81015
OTHERS	11	52.74	4.794545455	14.73878
TOTAL		244.93	32.53013636	

Result:

In the year 2015-16 Life insurance company had maximum number of employees who had prior experience in insurance industry. This was mainly due to the policy that the company followed in early years. That is they gave preference to those from insurance industry background. In the same period the average per capita performance of employee says that employees from insurance industry are performing better than the others. The average per capita income for employees from insurance background was Rs 11.64 lakhs and in the second place was financial service with Rs8.31 lakhs.

Same was not the trend in the next two years. In 2016- 17 a change in trend was identified. Even though the number of employees from Insurance background was more, The average per capita performance of employees with

insurance background went down to second place with Rs24.66 lakhs and Employees with previous experience in Banks moving to the first place with average per capita performance of Rs 26.64 lakhs.

In 2017-18, the company changed their policy to give preference to those with insurance background and there is an increase in number of employees with financial banking and automobile industry as their background. Also this time there again a change in average per capita performance, Employees with past experience in automobile industry tops the list with Rs 26.73 lakhs and those with insurance as background was pushed down to third place.

The reason for this change in trend are the company’s policy(not to give preference to candidates with insurance background) and also that employees with automobile background had some



knowledge of the insurance products as they also had to deal with automobile insurance in their previous work. Therefore a firm step can be taken to increase the product knowledge of the employees; it can be done by providing training at the time of joining and a frequent update about the products to employees.

DISCUSSIONS:

- Change in the pattern of recruitment and performance was found year by year, this was done to increase the productivity in low cost.
- Performance of banking experienced people had 22% increase in their performance by 2016-17 data along with automobile industry experienced people with a increase of 18% also we could see the performance and number of people with life insurance background is getting reduced.
- As per company Sales Manager's main responsibility is team lead and the people working under them has to go for field in search of prospective clients, for that the life insurance experienced was not much necessary.
- Even though it was the same training provided to all these experienced people were improving drastically. There came a question then 'why the performance of general insurance experienced people not performing well?'
- Automobile sector is growing because they are having the experience of marketing the vehicle insurance and then comparison begins about the insurance industry experienced people and non insurance experienced people
- They had only one training session for 6 days for Unit Managers, that was problem which was identified as it was not satisfactory to many employees- first 2 days training common for all and then only department wise training starts.
- The training is provided to employees from Trivandrum for Kerala Region and the technical training will be provided from head office later.
- Had issue finding the prospective candidates to fill vacancies in certain locations like- Attingal, Chalakudy, Wayanad with their current sourcing channels as they sourcing networks is naukri.com, wego consultancy, and bookmarks consultancy.

CONCLUSION:

The study reveals the changing trend in employee performances based on their previous experiences. The study started with the question, 'How to improve the effectiveness of recruitment?' While analysing that it was interestingly noted that the employees from non insurance background is performing better than those from insurance background in the last two to three years. It is found that in 2015-16 employees with prior experience in insurance industry was performing better than others. This was the trend for the past few years, But in 2016-17 and 2017-18 we had People with experience in Financial sector and automobile sector performing better than the other in the two years. From there on the number of questions increased

like whether there is any relation with performance and previous industry experience. I came to this findings from the performance data provided by the company from 2006 joiners onwards and from the direct interviews conducted with few employees of the company of different branches. As the data was more confidential to disclose the company couldn't provide the entire details of the employees.

The next turn was to identify whether there is any relation between performance and training provided. The need for right training and the difficulties that the candidates have at the time of selection process and training, especially on the language and time were found out. Currently an 8 days training is given for the new joining candidates, but it doesn't give them enough time to understand about the company or the industry as many don't have any prior experience in the field of marketing and sales. There were employees with prior industry experience in Pharmacy, agriculture, those who hailed from other countries due to family issues etc.

The result of this study was actually Yes, there is a relation with performance → training → industry experiences of the employees. I had the opportunity to provide some valuable suggestions regarding the training and what are the other key words that has to be taken care while searching for new candidate to their prestigious organisation. Training could be done in a more effective manager by doing this in different divisions of Kerala Region as this will enable the employees to feel free and build a connection easily. If we find that the certain prior industry experienced employees are performing well then we can focus them while recruiting. This helps the HR of the company at the time of sourcing from different portals.

The future scope of this study is that, as we all know the financial sector is now a fast growing sector. And this helps to find the best suitable employees for the company making recruitment easier. It can also be done through technologies like usage of softwares, artificial intelligence, etc.

This also ensures what kind of training has to be given and on what internal it has to be provided.

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