



## Managing Attrition in Life Insurance Sector: with Special Focus on Employees of Hdfc Standard Life Insurance Company

### KEYWORDS

Attrition, Life Insurance Company, Human Resource, Market Competition, Employee Retention

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**ABSTRACT** Insurance is a human intensive business and therefore the role of human resource is very crucial in the growth of an organization. In present days cut throat market competition, a consistent increase in the rate of employee attrition is identified as a growing critical issue among the Indian life insurance service providers. The present paper is the outcome of a descriptive and empirical based study was conducted to find out the causes of attrition and suggests the useful measures for employee retention. A market survey was done on 50 employees of HDFC Standard Life Insurance Company selected from convenience sampling method who already left the organization and the existing staff.. The data was analyzed by using frequency distribution. A problem of employee turnover mounting particularly at the lower level, most of the HDFC employees are satisfied with the company policies, work-culture but still improvement is required in some of the HR domain like performance appraisal, Job design, perks and benefits, Work life balance etc are the main findings of the study. The paper concludes that human resource is the most important asset and success of any organization ultimately depends on how efficient and effective its manpower is.

### I. INTRODUCTION

Attrition is one of the major problems faced by HR professionals of the Indian Life Insurance Sector. It is the most burning issue for HR department because an organization faces problems like losing the talents and knowledge, cost related to training & administration, recruitment etc. This is because today businesses are more dependent upon their human assets to survive and thrive. This paper is an outcome of an empirical study conducted with the objective to study the problem of attrition and find causes of it. The paper consists of four sections i.e. introduction, review of literature; research methodology; results & discussion and conclusion.

#### MAJOR CAUSES OF EMPLOYEE ATTRITION:

**1. Job Satisfaction-** The problem of attrition or job quitting is high among dis-satisfied employee and dissatisfaction may be due to either intrinsic or extrinsic factors or both.

**2. Work Environment-** A good working environment has a more favorable impact and thus brings reduction in the number of employee turnover whereas poor working condition declines employee productivity and satisfaction level which in turn become the cause for attrition. Job security is an important factor in employee retention. The rate of attrition is high generally in less secured job.

**3. Work Pressure-** High work pressure and higher expectations of the employers compel many employees to look for other option. Hence high level of work stress may cause high rate of attrition.

**4. Salary & Incentives-** There may be any number of reasons as to why an employee leaves and one of the major facts is the money.

**5. Nature of Job-** The extent to which the job provides an individual with the interesting task opportunities for learning and the chance of accept responsibility.

**3. Many studies reveals that less interesting-** repetitive and monotonous job results serious job dis-satisfaction and force employees to look for other opportunities.

**4. 6. Career Growth Opportunity-** Growth and development are the integral part of every individual's career. If an employee can not foresee his path of career development in

his current organization, there are chances that he'll leave the organization as soon as he gets an opportunity.

### 5. MEANING OF ATTRITION

Attrition rate can be defined as the rate of shrinkage in size or number of the workforce of an organization. Attrition rates can be calculated using a simple formula:

**Attrition = (No. of employees who left in the year / average employees in the year) x 100**

**Table 1**  
Employee Turnover Rate In Some of The Leading Life Insurance Companies

Insurance Companies	Rate of Attrition Top level	Middle level	Lower level
LIC	8-10%	15-20%	20-25%
ICICI Prudential Life	Less than 10%	30-35%	40-50%
HDFC SL	10-12%	25-30%	35-40%

(Sources: [www.scribd.com](http://www.scribd.com) & Hewitt Research Report 2009)

The above table no. 2 spell that the level of attrition has increased manifold over the last few months. On an average, the Life Insurance Industry witnessed 35-40% churn has been experienced in the front-line sales category, 25-30% of the middle management has moved from one place to another. A much smaller 10% shift is said to be happening at the top management levels. If we compare the employee attrition rate of three leading life Insurance companies, ICICI Prudential has shown maximum no. of employee turnover followed by HDFC Standard Life and then comes LIC. The biggest attrition levels affect front-line sales and this is truly the biggest challenge for HR. Talent is scarce and every company tries to recruit the best of employees.

### II. REVIEW OF LITERATURE

Suman Pathak and Vibhuti Tripathi (2010) in the article titled "Sales force retention: An exploratory study of the Indian Insurance sector". The paper emphasized on recruitment, retention and turnover of sales force in insurance companies. Shilpa Jain and Deepika Arora (2010) have examined the attrition among the life insurance advisors of the selected companies in Ludhiana. The behavior of the managers affects them the most. The promotion and transfer policies,

working hours, work environment, employee disputes, family problems, better job opportunity available also play important role in attrition. Abbasi and Hollman (2000) sought to determine the impact of employee turnover on an organization and found that excessive employee turnover often engenders far reaching consequences and at the extreme may jeopardize efforts to attain the organizational objectives. Zheng and Lamond (2009) found out that training, size, length of operation and the nature of the industry are significantly related to attrition.

### Significance of the Study

An employee is a real pillar of any organization and long term retention of competent workforce is the most important factor in achieving high level performance. Thus in this context, the present study is highly significant for life insurance companies and other related organization facing problem and huge loss due to employee attrition. Research findings will also be useful for other companies facing similar type of problem.

### III. RESEARCH METHODOLOGY:

#### Objectives of the Study

1. To study the problem of attrition at different employee levels in an HDFC SDLC.
2. To find out the serious causes of employee attrition in HDFC Standard Life.
3. To provide suggestions to effectively deal with the issue of rising employee attrition.

The researcher has made use of descriptive and exploratory research design and the study relies on both secondary and primary data collected from 50 employees of HDFC Standard Life Insurance Company who already left the organization and from the existing employees selected from convenience sampling technique with the help of well drafted pre-tested structured questionnaire. The secondary information has been obtained from Company's website, annual reports, Insurance Journals and internet etc. The data was analyzed using frequency distribution. The area of study confined to HDFC Standard Life insurance company Jabalpur district of Madhya Pradesh.

### IV RESULTS & DISCUSSION:

1. Salary and Incentives are the major influencing factors of employee retention. Most of the respondents (70%) are not much satisfied with the amount of salary & Incentives paid by the organization. Hence company should provide more competitive pay and other benefits to retain employees in the long run.

2. Majority of the respondents (64%) believe that company provides ample career and growth opportunity within the organization and regularly motivates them to perform better.
3. Regarding working environment of the organization, majority of the respondents (62%) are satisfied with the company's working environment. Hence majority of the respondents have good working experience with the company and thus able to attract more competent people from outside and retain the existing workforce.
4. Majority of the respondents (58%) are not satisfied with company's present appraisal system. Hence management should implement effective and fair appraisal system to attract and retain talented workforce.
5. Regarding nature of the job, most of the respondents (82%) work under stressful environment due to continuous demand to meet high sales targets. Absence of WLB at work place compels many employees to quit from the organization. Hence company should provide conducive, secured environment and also take some speedy initiatives to maintain work-life-balance.

### V. RETENTION PRACTICES FOLLOWED BY HDFC STANDARD LIFE INSURANCE

Employee retention is a process in which the employees are encouraged to remain with the organization for the maximum period of time. Some suggestions have given below to deal with employees' attrition particularly at the lower level are:

1. Appreciating and recognizing the performing employees.
2. Providing adequate salary and other perks to keep employee motivated and satisfied.
3. Occupational stress relives through implementing WLB strategy.
4. Employee support, greater work autonomy and encouragement to participate in decision-making.
5. Hire the right employee from the beginning.

### VI. VI. CONCLUSION

Human Resource is the most important resource and mounting rate of attrition is a biggest challenge particularly in life insurance companies. Employee turnover has far reaching negative impacts on an organization in terms of its goodwill, competency, profit and level of performance. Quality manpower and its retention is one of the major determining factors in the organization success. Therefore insurance service providers need to implement effective employee retention strategies which can successfully retain insurance employees for longer duration.

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