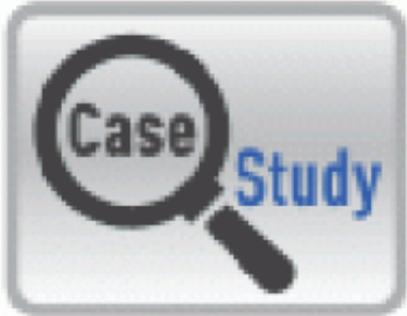


HUMAN RESOURCES MANAGEMENT



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Short Description

HUMAN RESOURCES MANAGEMENT case study

Description

CA S E III – EMPLOYEE TURNOVER AT XYZ MOON LIFE INSURANCE

In 1950, with the enactment of the Insurance Act, Government of India decided to bring all the insurance companies under one umbrella of the Life Insurance Corporation of India (LIC). Despite the monopoly of LIC, the insurance sector was not doing well. Till 1995, only 12% of the country's people had insurance cover. The need for exploring the insurance market was felt and consequently the Government of India set up the Malhotra Committee. On the basis of their recommendations, Insurance Development and Regulatory Authority (IRDA) Act was passed in parliament in 2000. This move allowed the private insurers in the market with the stop foreign players with 74:26% stake. XYZ- Moon life was one of the first three private players getting the license to operate in India in the year 2000.

XYZ Moon Life Insurance was a joint venture between the XYZ Group and Moon Inc. of US. XYZ started off its operations in 1965, providing finance for industrial development and since then it had diversified into housing finance, consumer finance, mutual funds and now its latest venture was Life Insurance. Its foreign partner Moon Inc. was established in 1858 and had grown to be the largest life insurance and mutual fund company in the U.S. Moon Inc. had its presence in Asia since the past 75 years catering to over 1 million customers across 11 Asian countries.

Within a span of two years, twelve private players obtained the license from IRDA. IRDA had provided certain base policies like, Endowment Policies, Money back Policies, Retirement Policies, Term Policies, Whole Life Policies, and Health Policies. They were free to customize their products by adding on the riders. In the year 2003, the company became one of the market leaders amongst the private players. Till 2003, total market share of private insurers was about 4%, but Moon Life was performing well and had the market share of about 30% of the private insurance business.

In June 2002, XYZ Moon Life started its operations at Nagpur with one Sales Manager (SM) and ten Development Officers (DO). The role of a DO was to recruit the agents and sell a career to those who have an inclination towards insurance and could work either on part time or full time basis. They were very specific in recruiting the agents, because their contribution directly reflected their performance. All DOs faced three challenges such as Case Rate (number of policies), Case Size (amount of premium), and Recruitment of advisors by natural market, personal observations, nominators, and centre of influence. Incentives offered by the company to development officers and agents were based on their performance, which resulted into internal competition and finally converted into rivalry.

In August 2002, a Branch Manager joined along with one more Sales Manager and ten Development Officers. Initially, the branch was performing well and was able to build their image in the local market. As the industry was dynamic in nature, there were frequent opportunities bubbling in the market. In order to capitalize the outside opportunities, one sales manager left the organization in January 2003. As the sales manager was a real performer, he was able to convince all the good performers at XYZ Moon Life Insurance to join the new company. As a result of this, the organizational structure got disturbed and the development officers, who were earlier reporting to the SM had started reporting directly to the branch

manager. Now, nepotism crept in and the branch manager began reallocating good agents to his favorite development officers. The sales team of another sales manager became weak (low performer). Seeing the low performance of the sales manager and his development officers, the company decided to terminate their services. As the employees' turnover rate of the organization was more than the industry rate, the company had to continuously recruit sales agents as well as development officers to sustain itself in a highly competitive environment. The internal competition among development officers resulted into problems like, high employee turnover and dissatisfaction. Hence the branch was not able to perform as per the benchmarks *set* by the company. Its performance was not even comparable to that of other branches of the same company.

In April 2004, the company faced a grave problem, when the Branch Manager left the organization for greener pastures. To fill the position, in May 2004, the company appointed a new Branch Manager, Shashank Malik, and a Sales Manager, Rohit Pandey. The Branch Manager in his early thirties had an experience of sales and training of about 12 years and was looking after two branches i.e., Nagpur and Nasik.

Malik was given one Assistant Manager and 25 Development Officers. Out of that, ten were reporting to Assistant Manager and remaining fifteen were directly reporting to him. He was given the responsibility of handling all the operations and the authority to make all the decisions, while informing the Branch Manager. Malik opined that the insurance industry is a sunrise industry where manpower plays an important role as the business is based on relationship. He wanted to encourage one-to-one interaction, transparency and discipline in his organization. While managing his team, he wanted his co-workers to analyze themselves i.e., to understand their own strengths and weaknesses. He wanted them to be result-oriented and was willing to extend his full support. Finally, he wanted to introduce weekly analysis in his game plan along with inflow of new blood in his organization. Using his vast experience, he began informal interactions among the employees, by organizing outings and parties, to inculcate the feelings of friendliness and belonging. He wanted to increase the commitment level and integrity of his young dynamic team by facilitating proper civilization of their energy. He believed that proper training could give his team a proper understanding of the business and the dynamics of insurance industry.

QUESTIONS:

- 1. If you were Malik, what strategies would you adopt to solve the problem?**
- 2. With high employee turnover in insurance industry, how can the company retain a person like Malik?**

Details

1. Case study solved answers

2. pdf/word

3. Fully Solved with answers