

A Study on Perception among agents towards Performance Evaluation System in Selected Insurance Units under study at Hyderabad

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Abstract—The scenario is that most organizations have adopted the performance management system technique in the current insurance industry to learn about the performance of intermediaries (Agents). It is essential to say that the performance management system provides information on the performance of the agent and works as a process to encourage employees to concentrate on their work to achieve both organizational and individual goals. The study focuses on the obstacles faced by selected insurance providers to inspire agents to increase results, as the channel intermediaries are an organization's capital and assets. As well as the core of any insurance business services entity that is examined as a significant factor for the development of nations in strategic, technical, social, economic and cultural terms. It needs a thorough and thorough knowledge of the agents' tasks as well as of the performance assessor. There has been a tremendous increase in the number of businesses for the improvement of society and the economy over the past years, so the way to influence human power is to analyse the performance with timely intimation of the progress or the development plans required for the desired output to retain human resources. The method of literature review has been used to examine the current practices, problems and challenges of the insurance sector's performance management system.

Index Terms—Performance Evaluation, Agents, Insurance, Key Performance Indicator.

I. INTRODUCTION

Performance evaluation system is a systematic way to examine how well an employee is performing in his or her job. The word systematic implies the performance evaluation process should be a planned system that allows feedback to be given in a formal as opposed to informal sense. Performance

evaluations can also be called performance appraisals, performance assessments, or employee appraisals.

Insurance is a financial product and quite popular in India. It is simply a contract between insurer and insured. The insurer is the company and the insured are the customers. It compensates our financial loss due to any uncertain death or other situations. These long-term products need a careful planning in both design and implementation. An agent is a primary source for procurement of insurance business and as such his role is the corner stone for building a solid edifice of any life insurance organization. To effect a good quality of life insurance sale, an agent must be equipped with technical aspects of insurance knowledge, he must possess analytical ability to analyse human needs, he must be abreast with up to date knowledge of merits or demerits of other instruments of investment available in the financial market, he must be endowed with a burning desire of social service and over and above all this, he must possess and develop an undeterred determination to succeed as a Life Insurance Salesman.

II. CONCEPTUAL BACKGROUND

Noe, Hollenback, Gerhart, Wright (2008) defined performance evaluation as the technique by which an organization obtains information about how well a person performs his or her job. Employees must be clearly informed about their performance problems by the evaluation system and how they can boost their performance. To identify, measure and track individual success in companies, performance measurement is used.

A system of evaluation of business performance is commonly used as a collection of metrics used to calculate both the efficacy and effectiveness of actions or as a reporting mechanism that provides employees with input on the effects of actions (Franco-Santos et al., 2007). From a strategic control perspective, a business performance measurement (BPM) system is a system that not only allows an organisation to cascade down its business performance measures, but also provides it with the details needed to question the strategy's substance and validity. Franco-Santos argues that there are only two necessary features of a business performance measurement system: performance measures and supporting infrastructure. They suggest that a supporting infrastructure can vary from very simplistic manual methods of recording data to sophisticated information systems and supporting procedures which might include data acquisition, collation, sorting, analysis, interpretation, and dissemination.

III. REVIEW OF LITERATURE

Hassan et al. (2020¹) recently empirically confirmed that leadership has had a significant positive effect on introducing the construction industry's performance measurement system. The reason may be that effective leadership (leading organization, leading people, and leading self) contributes to elevated trust and openness among people and promotes the successful implementation of knowledge management processes.

Trishala A, Lakshmi T and Rajesh kumar S, (2018²) At the outset, KPAs are broad categories of

functions to be performed in job by the employee specifically. Generally, they are given in job description in an elaborate manner. KRAs means Key Resulting Areas. Several functions of KPAs have a KRA, a much broader term in appraisals. Identifying KPAs and setting quantifiable targets wherever possible is the better way of planning one's performance.

Neeraj Kumari (2017³) Performance can be defined as the actual output delivered to the organization when provided with certain roles and responsibilities within a given period of time. Performance appraisal is evaluation of the performance of an employee for a defined period of time. Any organizations' development is primarily based on its employees' efficiency and attitude towards the organizational goal. These appraisals can be used in deciding the pay, career prospects, training. Performance appraisal is normally given to the employee to the next superior designated person who would observe the employees' efforts, performance and efficiency.

Rajput, et al, (2015⁴) in their article titled 'Performance Appraisal System' explain that performance appraisal is conducted on an annual basis for existing employees whereas for trainee and new recruits it is done on quarterly basis in many organizations. Here author studies about the multidimensional nature of job where the nurse manager gives rating to different job of nursing process. Thus, Employees who have relatively less competition or lenient appraisers have higher appraisal than to equally competent employee.

Cross, (2015⁵) there is a study mentioned three types of KPI in insurance companies including return on

extract –An In vitro study”, International Research Journal of Multidisciplinary Science & Technology, Volume No. 3 , Issue No. 4, Pp 26-30, April 2018.

³ Neeraj Kumari Business and Management Research Journal Vol. 7(2): 19 - 24, February 2017

⁴ Rajput, Veena. (Apr-Jun 2015) Performance Appraisal System, Asian Journal of Nursing Education and Research 5.2 (Apr-Jun 2015): 287-292.

⁵ Cross, D. (2015). Key Performance Indicators Insurance Companies. Retrieved March 25, 2015, from <http://smallbusiness.chron.com/key->

¹Hassan, Abdulwadod, Saeed Abdulwasea, Norshahrizan Nordin, and Adi Anuar Azamin. 2020. The Influence of the External and Internal Factors on the Adoption of the Performance measurement System in the Construction Industry in Yemen. Paper presented at IOP Conference Series: Materials Science and Engineering, 864, 2nd Joint Conference on Green Engineering Technology & Applied Computing 2020, Bangkok, Thailand, February 4–5

² Trishala A, Lakshmi T and Rajesh kumar S,“ Physicochemical profile of Acacia catechu bark

investment ratios, leverage, and interest rate risk. However, a study stated lists of KPI based on sales including of number of phone calls, size of sales, number of referrals and case closed which are given impacts to the individual performance in insurance industry.

Schoeffler & Oak (2014⁶) Measuring the performance can be evaluate by Key Performance Indicator (KPI) in order to achieve specific goals whether for individual or an organization. Both studies had mentioned that KPI can measure performance by setting level of goals and objectives achievement for each employee. There are several ways to measure KPI for example based on the sales growth for an individual or team. Besides, based on the phone call and appointments for insurance industry. KPI is the way to have a clear understanding in order to success and achieve goals of individual or an organization.

1. Need of the Study

The need of this study is to understand, and analyse characteristics of successful agents, to understand how Performance evaluation can help the agents to accomplish the goals of the company.

To understand and analyse the training need for agents and to understand the nature of training and design of training for agents lastly to analyse the effectiveness of agents training and to see what contributes to agent's failure.

2. Objectives of the Study

- To analyse the perception levels among agents towards Performance Evaluation.
- To measure the variance of opinions among Agents on Key Performance Indicators.
- To suggest the measures to improve Agent's performance level.

3. Hypothesis Of Present Study

H0 (Null): There is no significant difference between agent's perception on performance evaluation system

H1 (Alternate): There is significant difference between agent's perception on performance evaluation system

IV. METHODOLOGY OF STUDY

4.1. Research design:

This study is descriptive in nature and is concerned with what, where and how of a phenomenon. Research methodology specifies method for acquiring the information needed to structure or solve the problem at hand. By methodology of any research means the selection of the representative sample, collection of relevant data, application of appropriate research tools and techniques for analysis, and interpretation of the same for scientific investigation of the problem.

4.2. Sample Size & Sampling Techniques:

- **Sample Size:** The sample size consisted of 750 respondents (10% of population from each company).
- **Sampling Technique:** Simple Random Sampling Technique.
- **Period of the Study:** The data is collected from January 2017 to March 2019

4.3. Primary Data Sources

The primary data, will be collected through a structured questionnaire, proper interviews with the managers, officers and other employees of various general insurance companies. The questionnaire consists of both open and closed ended questions. The response was recorded and measured using nominal scale and Likert scale.

Data analysis was done with the aid of Statistical Package for Social Sciences (SPSS) 25.0 Version. Descriptive Statistics (Frequency, Mean & Standard Deviation), and associated statistical tools were used are Chi-Square, ANNOVA to explain the results.

performance-indicators-insurance-companies-71236.html

⁶ Schoeffler, B., & Oak, C. (2014). Creating a Key Performance Indicator (KPI). Insurance Journal. Retrieved March 24, 2015 from <http://www.insurancejournal.com/magazines/features/2014/08/18/337934.htm>

V. DATA ANALYSIS & INTERPRETATION

Table: 1a Data Analysis for Performance Evaluation Parameters using Mean, Standard Deviation & Variance statistical tools

Variable for Performance Evaluation	N	Mean	Std. Deviation	Variance
Appraisal Effectiveness	750	3.67	1.136	1.291
Performance Indicator	750	3.77	1.066	1.137
Criteria Consultation	750	3.76	1.088	1.184
Participant Support	750	3.92	1.05	1.102
Resources Availability	750	3.7	1.101	1.212
Job Performance	750	3.67	1.136	1.291
Assessment Tools	750	3.67	1.136	1.291
Appraisal Fairness	750	3.77	1.066	1.137
Appraisal Interview	750	3.67	1.136	1.291
Appraisal Discussion	750	3.56	1.215	1.475
Feedback Provision	750	3.67	1.136	1.291
Feedback Constructiveness	750	3.76	1.088	1.184
Goals Progress	750	3.56	1.215	1.475
Agents cooperation	750	3.65	1.114	1.241
Feedback Reflection	750	3.67	1.136	1.291
Agents Opinion	750	2.51	1.351	1.826
Personal Development	750	3.76	1.088	1.184
Professional Development	750	3.56	1.215	1.475
Barriers Effectiveness	750	3.67	1.136	1.291
Reward System	750	3.67	1.136	1.291
Administrative Decisions	750	3.7	1.101	1.212
Organizational Training	750	3.65	1.114	1.241
Goals Set	750	3.56	1.215	1.475
Achieving Targets	750	3.65	1.114	1.241
Future goals	750	3.76	1.088	1.184
Career Path	750	1.65	0.895	0.801
Work Environment	750	3.7	1.101	1.212
Reward on Work	750	3.65	1.114	1.241

From the above table 1a result values depicts the mean values, standard deviation and variance values of Performance evaluation indicators. It is observed from mean results the two indicators like Agents consider the appraisal process a waste of time and Performance evaluation system Provide career paths

variables opinion of respondents rated as disagree by majority of the respondents.

The result table shows the standard deviation and variance tools for analysis value. Majority of respondents have high deviation and variances of opinions towards career path perception by Performance Evaluation System.

Table: 1b Data Analysis for Key Performance Indicators Parameters using Mean, Standard Deviation & Variance statistical tools:

Variables for KPI	N	Mean	Std. Deviation	Variance
Prospect customer	750	3.65	1.12	1.255
Closing Ratio	750	3.57	1.146	1.314
Referrals from Client	750	3.57	1.152	1.327
Connection Client	750	3.7	1.101	1.212
Retention Rate	750	3.87	0.992	0.984
Clients Satisfaction	750	3.56	1.215	1.475
Calls for Day	750	3.67	1.136	1.291
Mails for average	750	3.75	1.097	1.204
Target meets	750	3.65	1.114	1.241

From the above table 1b result values depicts the mean values, standard deviation and variance values of Key Performance indicators. It is observed from mean results the retention rate is high and the opinions among respondents predicts high deviation.

The result table shows the variance tools for analysing data. Majority of respondents have high variances of opinions towards retention rate in key performance indicators.

Table 1c Data Analysis using ANOVA

ANOVA						
KPI	Sum of Squares	Df	Mean Square	F	Sig.	Bayes Factor ^a
Between Groups	188792.545	3	62930.848	8.964	.000	41.316
Within Groups	5237439.376	746	7020.696			
Total	5426231.921	749				
a. Bayes factor: JZS						

From the above analysis table, it depicted that $P < 0.05$ means we reject the H_0 and conclude that there is a relationship between the variable factor and Performance Evaluation system.

Table 1d Data Analysis using Coefficient statistical tool

Bayesian Estimates of Coefficients ^{a,b,c,d}					
Parameter	Posterior			95% Credible Interval	
	Mode	Mean	Variance	Lower Bound	Upper Bound
Services = Less than 5Yrs	34.644	34.644	.149	33.887	35.401
Services = 5-10 Yrs	31.320	31.320	.682	29.701	32.939
Services = 11-15 Yrs	33.686	33.686	.940	31.785	35.587
Services = More than 15 Yrs	37.805	37.805	.969	35.875	39.735
a. Dependent Variable: KPI					
b. Model: Services					
c. Weighted Least Squares Regression - Weighted by FACTORS					
d. Assume standard reference priors.					

From the above table 1d the result values present Coefficient values considering services as Moderator, independent factors as Performance Evaluation

variables and key performance indicators as dependent variables. It is observed that there is significant relation between variables and

performance based on services of agents in the selected Insurance units.

V. FINDINGS OF THE STUDY

The study indicates that each channel plays a valuable role in servicing competently operating life insurance markets. It shows that the efficiency of distribution networks has increased in recent years, but individual agents remain the leading agents in terms of market generation. In terms of premium revenue and policies released relative to many other outlets, this channel contributes highest business to the insurance sector.

According to Indian Insurance Statistics 2011-12, the growth of the Indian life insurance sector is marked by cycles of approximately 31 percent higher CAGR in market premiums between 2001 and 2010 accomplished across multiple channels between 2001 and 2010. (Individual agents, corporate agents, bancassurance, brokers, direct selling). The analytical data of the analysis indicates that there was a disparity in the mean score for different types of networks in the sense of premium as well as policy component, but no difference was found with respect to time span. It shows that the output of the respective networks has a lot of variety.

However, the main metrics for success should be the same. The availability of a seamless HRD operation will lead to a superb implementation to track the context of the outcome for an accurate performance evaluation analysis. The literature indicates that for the HEI segments that should be implemented by the universities as a modern success improvement scheme, the Balanced Scorecard and 360 ° Assessment approach have shown to be beneficial. Work efficiency, however, is recognized by praising the worker, giving realistic as well as valuable guidance, developing a culture of learning organisation, training and coaching those results in dedicated, inspired and satisfactory performance of the employee.

VI. LIMITATIONS OF STUDY

The findings from this study are subject to some limitations. The model proposed here is focused on the Insurance Sector. Variables were carefully selected for the specific characteristics of these

companies. The company's approach towards agent's performance is highly conditioned by the attitudes and values of the management. The model could be improved by including dependent variables that have been shown to affect firm performance as reputation and organizational culture. Another improvement could be the approach implemented in Hernandez et al (2017) where the mediating variables were services of respondents included.

VII. RECOMMENDATIONS & CONCLUSION OF THE STUDY

This study confirms that total Performance Evaluation System influence agents Performance. However, what is also evident is that the majority of Performance evaluations do not necessarily consider how Performance Evaluation System affect agent's performance in the design of Key Performance indicators. According to Armstrong (2015), leaders play a critical role in developing the organization's policies and procedures which can assure high performance in the organization. Therefore, while implementing the Performance Management System further, leaders are accountable for prompting and guiding staff members on why PMS is required in the insurance industry and why every person participation will entitle the organization to expand. The lessons learned from this study and the recommendations for supporting agents through Key Performance Indicators include Simplicity and Flexibility, Admirable Reward for Performance, Training and Framing a Learning Organization, accomplish tasks and achieve the goals, Absence of Standardization, Measurement of Key Performance Indicators, Feedback and Coaching.

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