



ISSN Print: 2394-7500
ISSN Online: 2394-5869
Impact Factor: 5.2
IJAR 2020; 6(6): 367-369
www.allresearchjournal.com
Received: 15-04-2020
Accepted: 21-05-2020

Dr. Manju Singh
Associate Professor & Head
Department of Commerce
Shyama Prasad Mukherjee
Govt. PG College, Constituent
College of University of
Allahabad, Prayagraj, Uttar
Pradesh, India

Hanfiah Rahman
Research Scholar, Department
of Commerce, Shyama Prasad
Mukherjee Govt. PG College,
Constituent College of
University of Allahabad,
Prayagraj, Uttar Pradesh,
India

Corresponding Author:
Dr. Manju Singh
Associate Professor & Head
Department of Commerce
Shyama Prasad Mukherjee
Govt. PG College, Constituent
College of University of
Allahabad, Prayagraj, Uttar
Pradesh, India

A study of relationship between employee empowerment and sales performance of the life insurance sector in India

Dr. Manju Singh and Hanfia Rahman

Abstract

The purpose of this paper is to evaluate the relationship between the degree of employee empowerment and deliverance of sales performance in Indian Life Insurance Sector. For this purpose, Employee Empowerment Questionnaire (EEQ) was employed and EEQ scores were calculated which was then compared to the net profit of selected companies in financial year April 2019- March 2020. A quantitative approach and simple random sampling were used to obtain data from 200 employees working in sales department of 6 Indian Life Insurance Companies with the response rate of 80%. Using Regression analysis, the findings revealed that the degree of empowerment that employees believed they had, had a significant positive linear relationship with the sales performance.

Keywords: Employee empowerment, Sales Performance, Life Insurance sector, India

Introduction

Employee empowerment is the involvement of employees in the decision building procedure (Mitchell 1973; Vroom and Jago 1988; Cole *et al.* 1993) ^[13, 21, 4]. It may be also defined as a process of enhancing thoughts of self-efficacy among organizational members during the identification of conditions that foster powerlessness and during their removal by both formal organizational practices and informal method of providing efficiency in information. (Conger and Kanungo 1988) ^[5]. David Clutter Buck (1994) ^[6] defines empowerment as, "finding new traditions to contemplate power in the hands of people who need it most to get the job done". Randolph (1995) ^[18] defines empowerment as, "by recognizing and discharge into the organization the power that employees previously have in their wealth and useful knowledge and internal passion.

Newstrom and Davis (1998) ^[15] define empowerment as any procedure that provides better autonomy through the sharing of pertinent information and the provision of control over factors affecting job performance. According to Nancy Foy (1994) ^[14], "empowerment is simply receiving the power to make your voice heard, to donate the plans and decisions that involve you, to use your skill at work to improve your performance and with it the performance of your whole organization". According to Nyhan (2000) ^[16] and Kahreh *et al.* (2011) ^[8], empowerment is understood as the freedom and the authority given to the employees to perform and control their tasks to the best of their abilities. The approach to leadership that empowers subordinates as a primary component of managerial and organizational effectiveness is called employee empowerment (Bennis, 1989; Block, 1987; Kanter, 1977; Kanter, 1979; Kanter, 1989; McClelland, 1975) ^[1, 2, 9, 10, 12].

Recently, employee empowerment is actively practiced and has become more vital in world-business philosophy (Lee & Koh, 2010; Rehman *et al.*, 2015) ^[11]. Shahril *et al.*, (2013) state that empowered employees became more positive and proactive to provide the perfect service to gain customer satisfaction. However, Scarnati and Scarnati (2002) ^[19] believe that the employee must not only be empowered for making appropriate decisions but be accountable for the consequences of their decisions for the reduction of irresponsible behavior at work. Moreover, Spreitzer (1995) ^[20] states that by empowering employees, managers have the autonomy to contribute their time to more important matters (Spreitzer 1995) ^[20]. Empowerment also enhances the technical knowledge and capabilities of employees,

enabling them to perform tasks more effectively (Bowen and Lawler 1992, 1995; Lawler, Mohrman, and Ledford 1995) [3].

Since the liberalization of the insurance sector in 2000, with the passage of the Insurance Regulatory and Development Authority (IRDA) Bill, the Life Insurance sector has become one of the fastest growing sectors in India and hence, one of the most competitive. The opening of the sector to private players has brought in vigorous competition (Jampala & Rao, 2005) [7]. The profitability of the sector depends heavily on the performance of sales workforce. The performance is gauged through consistency in successful achievement of targets and therefore, it is crucial that the employees are empowered with the right skills, resources, authority, opportunity and motivation to achieve their designated targets. It is important that a favorable environment is in place that enables employees to feel empowered at work.

Research Objectives

- To evaluate the relationship between employee empowerment and sales performance.
- To establish the extent to which employees are empowered in Indian life Insurance sector.

Research Methodology

The study used both primary and secondary data. The primary data was collected through Employee Empowerment Questionnaire (EEQ) with simple random sampling. Data on sales performance (as measured by Net Profit) was collected from secondary sources.

The population of interest was all the employees working in Indian Life insurance sector. For sake of convenience, 200 employees from the following companies were sampled:

- Reliance Nippon Life Insurance
- HDFC Life Insurance
- SBI Life Insurance
- Bharti AXA Life Insurance
- Tata AIA Life Insurance
- ICICI Prudential Life Insurance

Data Analysis and Interpretation

The respondents were asked to indicate the extent to which they agreed with the statements, as were listed in the employee empowerment questionnaire. The statements represented the characteristic practices of successful empowerment. The Likert scale of 1 to 5 was used, 1 represented strongly disagree while 5 represented strongly agree. The results are presented in Table 1.

Table 1: Result

Empowerment Practices	Mean Score
I am allowed to do almost anything to do a high-quality job.	4.3214
I have the authority to correct problems when they occur.	4.1250
I am allowed to be creative when I deal with problems at work.	4.0000
I do not have to go through a lot of red tape to change things.	3.8214
I have a lot of control over how I do my job.	3.8214
I do not need to get management's approval before I handle problems.	3.8036
I am encouraged to handle job-related problems by myself.	3.1429
I can make changes on my job whenever I want.	3.1250

(Source: Field Survey)

The respondents agreed that they were allowed to do almost anything to perform a high- quality job. They also agreed that they had the authority to correct problems as they arose and were allowed to be creative while dealing with problems at work. Moreover, the employees also believed that they do not have to deal with a lot of red tape and do not have to get management's approval before handling problems. However, they neither agreed nor disagreed when asked if they were encouraged to handle job-related problems by themselves or if they can make changes to their job whenever they want.

It is observed by the above data that employees in Indian Life Insurance sector are sufficiently empowered. The EEQ score for this sector is 3.7700.

Table 2: The net profit for the sampled companies for the financial year April 2019- March 2020.

Life Insurance Company	Net Profit (in Crores)
Reliance Nippon Life Insurance	Rs. 35
HDFC Life Insurance	Rs. 1297.45
SBI Life Insurance	Rs. 2080
Bharti AXA Life Insurance	Rs. 829
Tata AIA Life Insurance	Rs. 2692
ICICI Prudential Life Insurance	Rs. 1069

(Source: Annual reports of respective companies)

Regression analysis was done on the above data. Employee empowerment is the independent variable and Net Profit is

the dependent variable. The analysis revealed 98.2% change in the performance of the Indian Life Insurance sector was explained by the degree of employee empowerment (r square). Using hypothesis testing on the established model of $\hat{Y} = a + bX$

The results show p -value of 0.03 which is greater than 0.05, hence there exists a linear regression relationship. The predictor p -value of 0.036 is also greater than 0.05 hence employee empowerment is positively linearly related to the sales performance of Indian Life Insurance sector. The correlation coefficient, r , was found to be 0.982 indicating that employee empowerment accounted for 98.2% of the variance in performance as measured by net profit.

Findings

- The study reveals that there is a linear relationship between the degree of employee empowerment and the sales performance of Indian Life Insurance sector.
- The strength of this relationship is significantly strong to the extent that employee empowerment accounts for 98.2% of changes in the sales performance of Indian Life Insurance sector.

Suggestions

Employees in Indian Life Insurance sector feel empowered at work. However, the study finds that there are two major concerns. The employees do not believe that they are

encouraged to handle job related problems by themselves. They also did not seem to agree that they can make changes to their job whenever they want. These are the areas that may prove problematic for Indian Life Insurance sector leading to lower sales performance and higher attrition rates in the sales workforce.

It is suggested that the management trains its employees to handle the issues at work as they arise and make reasonable changes to the job, if deemed necessary. In this manner, the employees would have the skills to navigate work-related problems and therefore, would feel empowered to do the same.

Recommendations for Further Research

The study has been conducted in Indian Life Insurance sector. It can be researched further in other service sectors

and the results can be analyzed in order to evaluate the effect of employee empowerment on its performance.

Conclusion

Indian Life Insurance Sector is doing well when it comes to empowering its sales workforce. It is significant because this sector in particular, relies heavily on the successful achievement of targets assigned to its salespeople. In the absence of a sense of empowerment in employees, the sales would depreciate dramatically. It is supported by this study which establishes a strong linear relationship between the two. In conclusion, Indian Life Insurance sector has empowered employees to a significant extent which has had a positive impact on the sales performance and hence, the net profit.

Table 3: Appendix

Empowerment practices	Strongly Disagree	Disagree	Neither Agree nor Disagree	Agree	Strongly Agree
I am allowed to do almost anything to do a high- quality job.					
I have the authority to correct problems when they occur.					
I am allowed to be creative when I deal with problems at work.					
I do not have to go through a lot of red tape to change things.					
I have a lot of control over how I do my job.					
I do not need to get management's approval before I handle problems.					
I am encouraged to handle job-related problems by myself.					
I can make changes on my job whenever I want.					

Employee Empowerment Questionnaire (EEQ)

References

- Bennis WG. "Organizations of the future", in Natemeyer, W.E. and Gilberg, J.S., *Classics of Organizational Behavior*, W.E., Interstate, Danville, IL, 1989, 300-12.
- Block P. "The Empowered Manager: Positive Political Skills at Work", Jossey-Bass, San Francisco, CA, 1987.
- Bowen, David E, Edward E Lawler. *The Empowerment of Service Workers: What, Why, How, and When*. Sloan Management Review 33(3): 31-39. 1995. Empowering Service Employees. Sloan Management Review. 1992; 36(4):7384.
- Cole RE, Bacdayan P, White BJ. 'Quality, Participation and Competitiveness', *California Management Review*. 1993; 35(3):68-81
- Conger J, Kanungo R. 'The Empowerment Process: Integrating Theory and Practice', 1988.
- David Clutter Buck. 'The power of empowerment: Release the Hidden Talents of Your Employees', Kogan Publishers, 1994.
- Jampala R, Rao BHV. Impact of liberalization on Life Insurance Corporation Journal of Insurance Chronicle. 2005; 5(2):44-45.
- Kahre MS, Ahmadi H, Hashemi A. Achieving Competitive Advantage through Empowering Employees: An Empirical Study. *Far East Journal of Psychology and Business*. 2011; 3(2):26-37.
- Kanter RM. *Men and Women of the Corporation*, Basic Books, New York, NY, 1977.
- Kanter RM. "Power failure in management circuits," *Harvard Business Review*, 1979; 57(4):65-75.
- Lee M, Koh J. Is empowerment really a new concept? *The International Journal of Human Resource Management*, 2010; 12(4):684-695
- McClelland DC. *Power: The Inner Experience*, Irvinton Press, New York, NY, 1975.
- Mitchell T. 'Motivation and Participation: an Integration', *Academy of Management Journal*, vol. 16, no. 4, pp. 670-679
- Nancy Foy 1994, 'Empowering people at work', Gower Publishers, USA, 1973, 254-263
- Newstrom JW, Davis K. 'Organizational Behaviour: Human Behaviour at work', Tata McGraw-Hill, New Delhi, 1998.
- Nyhan RC. Changing the paradigm: trust and its role in public sector organizations. *American Review of Public Administration*. 2000; 30 (1), 87-109.
- Organization Behavior, Interstate, Danville, IL, 358-70.
- Randolph WA. 'Navigating the Journey to Empowerment', *Organizational Dynamics*, 1995; 23(4):19-23.
- Scarnati JT, Scarnati BJ. "Empowerment: the key to quality", *The TQM Magazine*. 2002; 14(2):110-119.
- Spreitzer GM. 'Psychological Empowerment in the Workplace: Dimensions, Measurement, and Validation', *Academy of Management Journal*. 1995; 21(46):1442-1465
- Vroom VH, Jago AG. 'The New Leadership: Managing Participation in Organizations', Prentice Hall, Inc, New York, 1988.