INTRODUCTION:

Backdrop

India’s rapid economic growth over the past decade has been one of the most significant developments in the global economy. This growth traces its origin in the introduction of economic liberalization in the early 1990s, which has equipped India to exploit its economic potential and substantially raise the standard of living of its people. The Indian insurance industry has evidenced a sea change after liberalization; there have been waves of energy sweeping the sector. After passing the Insurance Regulatory and Development Authority Act in 1999, the doors are opened for private players. Many foreign companies have expressed their interest in investing in domestic insurance companies, despite the Government of India’s regulation, which mandates that the foreign shareholding limit is fixed at 26 per cent for the life as well as non-life insurance sectors. With the entry of international insurers, it has seen tremendous growth over the past decade. The proliferation of innovative products and distribution channels, as well as the raising of supervisory standards were also taken place during the period. With this India has become one of the world’s most dynamic insurance markets with significant untapped potential.

Insurance companies can be classified into life and non-life insurance companies. When compared to non-life insurance companies the life insurance companies are playing a predominant role in the economic development of the country. The biggest contributor for the economic development among insurance companies is LIC of India. LIC itself has contributed 1.82 per cent for the GDP of the country during 2010-11 and is expected to contribute 2 per cent in 2011-12. It is a notable employment generator, not only for the insurance industry, but also creates significant demand for a range of associated professionals such as brokers, insurance advisors, agents, underwriters, claims managers and actuaries. It helps in the mobilization of people’s savings by making insurance-linked products adequately attractive. It provides long-term funds for housing and infrastructure development and concurrently strengthens the risk-taking ability of the country.
Statement of the Problem

The LIC is one of the biggest public sector undertakings in the country which has grown phenomenally in terms of size, business, number of schemes, coverage of areas and tremendous employment potentiality which has to be properly geared to meet the required ends. Within less than 10 years of independence, the Indian government nationalized the private Life insurance companies in 1956 to bring this vital sector under government control to raise much needed development funds. Since then, the state-owned insurance company has grown into giant monolith, lumbering and often inefficient but the only choice. It has been criticized for its huge bureaucracies, but still have millions of policyholders, as there is no alternative. But since the year 2000 the industry is experiencing a fierce competition as the foreign, private and public sector players are competing with one another to expand their respective market share. The new comers agree in harmony that they have yet to emerge out of LICs shadows. They are trying to differentiate their products by adopting channel-centric and product-centric approaches in marketing of their products.

The system of marketing of life insurance products has been changed dramatically over time. Traditional methods for selling life insurance products have been substantially modified and new marketing models have emerged. LIC, being an old and biggest public sector undertaking, is still following the traditional method of selling practices which resulted in loosing of its market share. It is evident from the IRDA Annual reports\(^1\) that the market share of LIC has declined consistently from 90.67 per cent in 2004-05 to 69.78 per cent in 2010-11. In addition to this, LIC is facing many challenges in its operations because of deepening liberalization and globalization, increasing number of products, increasing disasters, convergence, heightened customer expectations and severe competition. In this turbulent and uncertain state, the key factor for success in marketing is sales force management as sales force plays a vital role in life insurance business. Especially, efficient and effective sales force management is a pre-requisite for the success of life insurance business.
The main purpose of the literature review is to organize available literature in an effort to discover the uncovered areas and arrive at those areas that deserve study. The literature review helps in the identification of research gaps.

Milton Mandell\(^2\) (1955) in his comprehensive study "A Company Guide to the Selection of Salesmen" has examined recruitment and selection practice of salesmen. This study made a sample survey of 205 firms and examined the practices with regard to various aspects of the selection of salesmen, such as duties and responsibilities of a salesmen, basic characteristics required of a candidate for a sales job, important sources of recruiting salesmen, standards with respect to number of applicants per job vacancy, selection devices, problems in the construction of a systematic selection programme, organization and administration of selection programmes, etc. Various suggestions for the recruitment and selection of sales personnel have been made on the basis of the results of this survey.

In the paper "Trends in Recruitment and Selection Practices" found one of the most widely used methods of selection is interview. For this a survey was conducted by Spriegel and James\(^3\) (1958) on 236 firms in USA and a second survey by the same authors conducted on 852 firms in 1957 showed that 94 percent and 99 percent organizations, respectively used interview as a method of selection. Tharp\(^4\) (1983) explains the rationale of the interview process when he says, "only through the interview process can a manager gather sufficient data to be able to predict whether a candidate will be successful in the position for which he or she is being considered".

A research study "Biological Data in Industrial Psychology: A Review and Evaluation" was conducted by William A. Owens and Edwin R Henry\(^5\) (1966) with a major source of sales personnel data has been application blank items. The value of personal life history experience as well as prior occupations experiences as performance predictor has been put into perspective. Evaluating the use of biographical data in industrial psychology, they suggest that it may be possible to use biographical items as a screening device with psychological testing being used "only when more precise information is needed". These writers further indicated the biographical items may in fast become more reliable predictors of performance than psychological test.

For the study "The Quantitative Rating Method for Screening Letters of Applications for Job in Industry", a panel of two clerks and one personnel officer was

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asked by Das (1959) to screen 281 letters of application. He found very high inter-rates agreement on very good and very poor letters. There was, however, considerable disagreement among the rates on letters of application in the middle range.

Some biographic variables can predict work efficiency was found in the study “Predicting Female Absenteeism” by Naylor and Vincent (1969). It showed significant relationship between absenteeism and number of dependents was found to be more absent than those with less number of dependents. However absenteeism was found to have no relationship between age and marital status. Similarly, a study by Fleishman and Bernijer (1960) concluded that tenure of employment could be predicted from such items as age, local address, previous salary, place of work, and age of children.

Das (1978) in his paper “A Study on Application Blanks as a Predictor of work Efficiency”, conducted a correlative study between work efficiency (rates on 5 point scale) and age, income education, years of previous experience, length of service, marital status and number of dependents of 150 employees. He found a positive significant correlation between number of dependents and length of service and efficiency and negative significant correlation between efficiency and age.

An empirical paper “A Study of Selection Interview and its Reliability” “by Deb and Sheshadri (1975) provides some data on the inter-rates reliability during the interview. In this study, data were collected from four organizations which used structured interviews; the results show very high inter-rate reliability for all four companies.

Chatterjee and Mukherjee (1974) in their study “Modern Objective Tests and Selection is Industry and Training Courses” correlated on the job performance with interview rating. They found no relationship between the two while in four out of six tests, group discussions and application ratings were significantly correlated with job performance. Das (1957) has demonstrated that the reliability of the interviews could be improved of the traits are explained and/or defined and if a quantitative rating mechanism is provided with clear explanations of various points in the rating scale.

An extensive survey of the sales training practices was conducted by Sunbury and Thompson (1970) in their study “Training Company Salesmen”. It included a sample 153 manufacturing companies. Withey (1977), examined in another study
"Retraining the Experienced Sales Person", the validity of the 'Seniority' criteria for selecting personnel to retraining programmes, on a sample of 50 salesmen from company. It was found that: (a) there was no strong degree of association between the time spent in sales related positions and ability to perform in retraining courses; and (b) the limited amount of influence that selling experience did have on the learning effectiveness was negatively related to it. As the sales tenure increased, the learning effectiveness decreased. It was therefore, stated that 'Sales experience' should not be the role criterion for choosing persons for sales training programmes.

Apostolides\textsuperscript{15} (1988) investigated the relationship between age and attitudes of sales persons toward self development potential in "Looking at the Age of Sales Persons". Using a ten-item Self Development Opportunity Index, the scores were measured on a 5 point Likert type scale. He collected data from a random sample of 445 sales persons of all age. He found: (a) the young group (under 25 years) exhibited high level of enthusiasm (b) In the attention group (26-35) though differences existed on the whole, many exhibited positive attitudes (c) the just average group (36 and above) showed a declining level of enthusiasm.

In a study "It's Shape-up Time for Performance Reviews", Lublin\textsuperscript{16} (1994), stressed the significance of the performance evaluation issue and underlined the need for information for effective control – to support decision on salesperson termination, promotion, remuneration and in sales employment disputes Cravens\textsuperscript{17} (1995) and Cravens\textsuperscript{18} et al., (1993) highlighted the need for management to have some basis to facilitate decision making to improve salesperson performance and enhance sales organization effectiveness. Both types of management information requirements demonstrate a high priority for understanding the determinants or drivers of sales performance, as a highly significant issue for sales management.

A survey conducted in sales organization in British companies and found a close relationship between sales force behaviour performance and sales-force outcome performance, utilizing behaviour based control systems by Piercy, Cravens and Morgan\textsuperscript{19} (1993). The study established that behaviour – based control is positively associated with both behaviour performance and outcome performance.

Patz\textsuperscript{20} conducted a survey in 1975, it was observed that (a) corporations still use traditional forms of performance appraisal, and (b) managers are unwilling to abandon performance appraisal systems even though they experience difficulty in performing the appraisal process. One major reason or difficulty encountered in
many performance appraisal programs is that they focus on outcomes of behaviour instead of behaviour. In fact, one personnel authority speaks of performance appraisal and the focus on outcomes as “The Achilles heel of our profession” as stated by Aeneman\textsuperscript{21} (1975).

Steinbrink and Freitman\textsuperscript{22} reported that compensation practices vary within industry. In the hardware industry, in 1982, 30\% of the firms used a straight salary plan, 30\% used straight commission and 40\% used mixed salary and commission plan. Douglas Smallbone\textsuperscript{23} (1971) in his study “How to Motivate and Remunerate Your Sales Force”, established that the effectiveness of a sales force is related to the type of compensation plan used by an organization. George John and Barton Weitz\textsuperscript{24} (1989) developed Transactional Cost Analysis (TCA) framework integrating prescriptions from the sales management literature to describe the role of salary in a sales compensation plan for industrial firms. The descriptive power of the model was examined by surveying compensation practices in 161 firms. The researchers stressed the need for further research to establish the impact of compensation type on sales force productivity.

In a study “Sales Force Compensation Plans: An Agency Theoretic Perspective”, Basu, Lal, Srinivasan and Stalin\textsuperscript{25} (1985), have examined the structural parameters that affect the compensation plan and showed that the implications of changes in same of these parameters it’s consistent. With those mentioned in the sales management literature.

Challagall and Shervani\textsuperscript{26} (1996) extended the conceptual framework of Anderson and Oliver\textsuperscript{27} (1987) and Jaworski\textsuperscript{28} (1988) on control in three ways. First, they account for the independent effects of the reinforcement dimension of control, in addition to the information dimension traditionally studied. Second, to reflect the varied behaviours that supervisors attempt to control, they aggregates behaviour control into activity control and capability control. Third, they delineate the direct and mediated effects of control on sales people. Their proposed framework was tested with data collected from 270 sales people in five industrial product divisions of two Fortune 500 companies. Their findings suggest that supervisory controls primarily have indirect effects on salespersons performances, but both direct and indirect effects on satisfaction.
Barjatya\textsuperscript{29} (1979) made a survey of the ‘expectations’ and ‘satisfaction’ of certain salesmen in respect of various need factors and observed that the highest dissatisfaction existed in the area of ‘promotion’ followed by ‘recognition of good work done’ has mentioned in “Salesman’s Motivation”.

Since selling is not as routinized and standardized as other functions, it is a desirable occupation for many. Berry D and Abrahansen K\textsuperscript{30} (1981) conducted a survey of 850 sales people employed by manufacturer’s agents, to select the condition that was most important in motivating them “to do this best work”. 86 percent replied that they wanted “to do their own thing” with a minimum of supervision and control.

In his case study “Salesmen’s Response to Financial Incentives :An Empirical Study”, Ree Y. Darmon\textsuperscript{31} (1974), employed a model which stimulates salesman’s response to financial incentives. It analyzed the impact of change in the level of remuneration on the behaviour pattern of a sample of salesmen selected from International Harvester Company at Philadelphia. The relationship between financial incentives and sales performance was tested and the study has shown that financial incentives do have some impact on salesmen’s behaviour but to the extent of his aspirational level. The limitations of this study include : (i) It was based on a sample of salesmen taken from one company and (ii)It did not empirically investigate the factors beyond financial incentives which were recognized to be influencing the behaviour pattern of salesmen.

The relationship among leadership, role conflict and ambiguity, job satisfaction and job anxiety were tested by Fry, Futrell, Parasuraman and Chmielwski\textsuperscript{32} (1980). It was found that a supervisor’s consideration affects role conflict and all the satisfaction variables. Except satisfaction with customer, a supervisor’s role clarity negatively influences both role perception variables and satisfaction. Role ambiguity has a negative influence on satisfaction with job, company policy and support and customers. Role conflict has a significant negative impact on all the job satisfaction dimensions except customers.

Kohl\textsuperscript{33} (1985) investigated the influence of four unexplored supervisor, behaviour on sales people; arbitrary and permissive behaviour, contingent approving behaviour, upward influencing behaviour and achievement oriented behaviour. Data were obtained through self-administered questionnaire from sales people in 3 companies manufacturing and selling industrial products. A total of 114 usable responses were obtained. Arbitrary and perceptive behaviour was found positively
related to sales people’s intrinsic, extrinsic and overall job satisfaction, but unrelated
to their role clarity, specific self-esteem and instrumentalities. The positive impact of
this behaviour on sales people’s job satisfaction suggests the need for further
investigations.

In their study “The Determinants of Sales Person Performance: A Meta
Analysis” Churchill et. al 34 (1985), used meta-analysis technique to investigate the
evidence that has been gathered on the determinants of sales people’s performance. A
search of the published and unpublished literature uncovered 116 articles that yielded
1653 reported associations between performance and determinants can be ordered in
the following way in terms of the average size of their association with performance:
(1) role variables, (2) skill, (3) motivation, (4) personal factors, (5) aptitude and (6)
organization/environmental factors. When ordered according to the amount of the
observed variation in correlations across studies there is real variation (i.e., not
attributable to sampling error). The determinants rank as follow: (1) personal factors
(2) skill, (3) role variables, (4) aptitude, (5) motivation and (6) organizational /
environmental factors. To investigate whether the associations between each of the
categories of predictors and performance could by partially accounted for by the
presence of moderation variables, the results were broken out by customer type,
product type and type of dependent measure used. The results indicate that the
strength of the relationship between the major determinants and salespeople’s
performance is affected by the type of products sales people sell.

Walker, Churchill and Ford35 (1975) tested hypothesis relating to role conflict
and role ambiguity of industrial salesman. Taking a cross sectional sample drawn
from 10 companies, in seven different industries responses to the mailed questionnaire
were received from 265 salesmen. The findings showed that managers can to some
extent influence the amount of ambiguity or uncertainty experience by salesman in
performing their jobs. Close supervision and communication were found to be
important.

The study “Role Clarity and the Salesmen” by James M Donnelly, Jr. and
John M. Ivancevich36 (1975) examined perceived role clarity among a group of sales
men and they related it to job interest, innovation satisfaction, tension and propensity
to leave. A total of 86 salesmen and 48 production supervisors provided the data.
The study revealed that role clarity is an important factor in determining a salesman’s
job satisfaction.
Futrell and Parasuraman\(^{37}\) (1984) in their study “The Relationship of Satisfaction and Performance to Sales force Turnover” found a less than direct relationship between sales people’s job satisfaction and their propensity to leave. Lucas, Parasuraman, Davis and Enis\(^{38}\) (1987) made an investigation of the relationships of employee characteristics and job attitudes to turnover based on the data covered over a ten year period (1972-82) made available by a Kanor National Insurance firm about its sales agents. The study included seven independent variables 3 employee characteristics (Age, education and tenure), 4 job attitudes (supervisory consideration, intrinsic job satisfaction, task specific self esteem). The study suggested that over a period of time sales person turnover maybe related more to tenure and age than to attitude. Also turnover may be externally caused by requiring understanding individual circumstances of sales people who leave.

“The constitutional Promises to Keep: Rural Insurance Perspective” by Alok Mohan, et.al. (2011)\(^{39}\) discussed that rural insurance should not just penetrate the rural areas but a flood light of insurance schemes should spread horizontally and vertically in tandem with insurance schemes available for the rich and the super rich. Thus the sole measure of scaling the spread of insurance should not be measured by optimal use of insurance policies in urban sectors but parri passu optimizational in rural areas offering capabilities to stay and lead a meaningful life, i.e. the ability to live life as one values it.

Ashis Kumar Das (2011)\(^{40}\) in his article “Increase of General Insurance penetration in the next decade of innovative technic channels of insurance products” mentioned that the global practice of using brokers to act as the principal distribution arm of the insurance companies is evolving in fits and starts. The primary role of the broker is to inspire in underwriters, on a case-by-case basis, the confidence to accept the risk presented.

Ramadoss, M (2009)\(^{41}\), described that in the context of life insurance, the tendency of the investor is to calculate how much he will get back after ten or fifteen years. Life insurance industry’s growth has been phenomenal mainly because of the investment angle to that. Also mentioned the the non-availability of health service providers in the rural areas is another issue by which we are not able to penetrate the rural market to have health insurance.

“Implementing Enterprise risk management in life insurance”\(^{42}\), discussed a framework for Enterprise Risk Management (ERM) with particular emphasis on the
life insurance industry. The paper highlights the different stages of ERM maturity starting with a compliance orientation and the highest stage with linkage to strategy and value creation.

Chari (2005)\(^43\) cited that the Insurance industry's marketing efforts are being focused more on the urban middle class and affluent sections. IRDA, the insurance regulator, has made it mandatory for the insurance companies to increase their business coverage to rural and social sectors as well. The cost effectiveness and conversion efficiency of different distribution strategies is crucial in ensuring the success of insurance business.

Anant Sardeshmukh (2005)\(^44\) mention that risk is inherent in the insurance business. Although insurance companies assume the risk of their customers or clients risk is a fact of their business too. Assuming and managing risk is as important to an insurer as it is for other business.

Robert D. Chester (2005)\(^45\) stated that the growth of insurance business with multiple insurance products and coverage has opened the door for new legal disputes. Mergers and acquisition of companies, which facilitate the transfer of assets and liabilities of the corporate to another also permit transfer of insurance coverage of such assets to the acquired companies. In most of the cases, consent of the insurer may not be available, some legal issues may crop up when liability of transferring company is passed to the acquired company and insurance claim is paid as a continuation of the transferring company. Such issues are also being developed considering directors and officer's insurance liability. Insurance coverage continues to grow ever more complex. New exclusions narrow coverage at the same time that insurers are offering new specialized policies to fill the gaps. These cases illustrate the case that companies must take in order effectively to externalize risk.

The problems that arise out of using multiple methods for selection were examined by Monappa and Saiyaddin\(^46\) (1979). They have identified four methods of taking selection decision when multiple methods are involved. These include: (i) multiple hurdle (ii) profile matching, (iii) multiple cut-off and (iv) multiple regression.

Joseph L. Mathews (2004)\(^47\) in his book "How to win your Personal Injury Claim" provides information about personal injury and liability claims. This book, discusses the process of making an insurance claim, protections of one's right after an accident, evaluation of the amount of claim, uncooperative lawyers, insurance companies and debtors, obtain a full and fair settlement etc. It covers the latest
information on motorcycle and bicycle accident involving cell phones while deriving and explain by providing examples and situations of accident and injury. This book also includes sample letters, checklists and worksheets to know the step-by-step process of insurance claim.

Dave Thomas (2005)\textsuperscript{48} in his paper "Professional liability in the Medical Arena" discussed that being aware of what is going on in the medical world these days, providing professional liability (PL) coverage to the people who take care of the world’s sick seems to be more changing the diagnosing a patient problem. The large insurance rates experienced by hospital professionals during the past three years is showing signs of decline in coming years.

Howard J. Bolnick (2005)\textsuperscript{49} revealed in his article "A shock to the System" that the lesson for health insurance companies is that medical care is entering an era where large number of currently healthy people. The cost of health care and health insurance continues to rise. A traditional system of health insurance risk classification that discourages health lie styles and preventive treatment doesn’t help.

Shalini Raju (2005)\textsuperscript{50} analyzed that tax policy remains the tool of choice for many policy makers in addressing the problem of the uninsured. The possibilities for tax policy as a means of addressing the various health insurance problems. The role of existing tax exclusions and alternative tax policies that can be used to increase the health insurance coverage.

Steward Doss and Kaveri (2003)\textsuperscript{51} identified that the assessment of agent’s service indicated that customer satisfaction of both presales as well as the after sales services was ‘moderate’. In particular, the low moderate satisfaction of after-sales service as compared to the pre-sales service is the immediate concern for improvement. The analysis further revealed that professionalism is the important factor in determining the satisfaction. In case of the after sales services, timely sending of premium notices, timely assistances in premium remittances and providing satisfactory intermediary services were found as important determinants of satisfaction.

The book "Insurance Management" by Anand Ganguly \textsuperscript{52} has been designed keeping in view the quality of training given to the trainers and help the candidates to have a bird’s eye view, without dwelling much into the intricacies, but at the same time they should clear their major concepts and get acquainted with the working of the insurance sector same additional chapters have been incorporated to make the
candidates aware of with latest trends in the insurance sector. The book is accordance with the syllabus of IRDA.

Rao, M.B.N. (2004)\textsuperscript{53}, "Bank Quest", Chairman and Managing Director, Indian Bank at the seminar on Business values in Bancassurance organized by the Indian Institute of Banking and Finance in Association with Walston Wyatt Worldwide on 20 February 2004, envisaged that insurance in India will be growing at much fast rate in the years to come. The growth of Insurance and Bancassurance will be synonyms, supporting each other. (Insurance Premium in India accounts for a mere percent of GDP compared to the world average of 7.8\% and 6.7\% average of 9.2\%)

Banerjee, I.K., (2004)\textsuperscript{54} Member of Insurance and Regulatory & Development Authority at the seminars on Business Values in Bancassurance organized by the Indian Institute of Banking & Finance in Association Walston Wyatt World Wide 20, Feb.2004 at Mumbai, stated that IRDA will continue to work together with the insurance industry to achieve international best practices and standards. Over the past two years, IRDA has worked hard to build a closer partnership with the financial sector. The relationship between the regulator and the regulated should be arms length but not adversarial. The regulator has to be firm, but also friendly. Market practitioners can help regulator generate ideas, keep a breast of market developments anticipate global trends and review our financial sector strategies. Hope that such a regulatory environment will help to develop with managed financial institution in India, who will take up new challenges and play a more active and productive role in upgrading our financial sector as a whole.

Khan, M.Y. (2008)\textsuperscript{55} stated that the GIC is a fairly powerful factor in the Indian Financial System. Its operation seems to be influenced within the regulatory framework and Government guidelines by the desire to earn the maximum return on its investments. The Malhotra Committee has proposed changes in its investment patterns and organizational structure. IRDA 1999, a statutory IRA has been set up to protect the interests of the policyholders and to regulate promote and ensure orderly growth of the insurance industry.

Bhole, L.M.(2005), \textsuperscript{56} stated that General Insurance Policies are not financial claims in the way lie insurance policies are. The General insurance Companies do not collect saving, yet they accumulate pools of funds from premium. The liability of GIC are mostly short term and unpredictable in nature. As a result, liquidity is a
major consideration in their investment policy. GIC and its subsidiaries to fire, marine, aviation, theft crop accident, Mediclaim and other types of insurance Business. The yearly premium income of GIC and its subsidiaries which has significantly increase over the past ten years is now as large as that of LIC.

Sita Mishra (2005), highlighted that the health care industry in India is expected to more than double within the next decade. To meet the rising demand, India would have to invest in infrastructure and create cost effective facilities. It should focus on marketing in this vital service industry to increase the customer from all over the world. Besides this, Government should launch certain initiatives such as stimulating private investment inviting global health care brands to invest in India facilities, defining and enforcing minimum standard, facilitate supply of quality of manpower, stimulate growth of private, social and community insurance and reform the government role as payer and provider. The support of IRDA is also crucial for rapid growth of health insurance coverage in the country in the country and also to encourage insurers and service providers in their efforts to develop the market. Concluded that the health care industry is a rapid growing industry and coupled with the support of government strength of Indian Innovative and scientific manpower and also low costs, it will slowly achieve key industry status in India.

Vijayakumar, stated that the needs of the nation and people have finally is in private and privatization of insurance, it is a reality towards further liberalization of the Indian Economy. With the opening up of the industry after reforms, private sector operations in collaboration with their overseas partners are likely to bring in a more professional and focused approach. Hence, in this millennium insurance industry is likely to play an important role in changing the economy.

Mishra M.N (1995), discussed the prevailing principles and practices in the different fields of insurance in India. The book covered various aspects such as life insurance, marine insurance, fire insurance, motor insurance, rural insurance and other miscellaneous forms of insurance.

The book “Insurance and Risk Management” written by P.K. Gupta (2010) has made an attempt to give an in-depth view of the insurance business and risk concepts. He explores how risk is mitigated via insurance markets principles underlying insurance contracts and the mathematical theory, legal environment covering various insurance laws and enactments concerning insurance business and more specifically organization structures of insurance companies.
An attempt is made to provide a comprehensive introduction to the theoretical and applied issues relating to the Indian Banking and Insurance industry by Neelam C. Gulati (2011) in his book “Banking and Insurance – Principles and Practices”. She also brings out the current issues in the two vital sectors of economy viz., banking and insurance – the products, the issues of concern and the factors that are important to their success.

A detailed coverage of role of technology in insurance sector and history and future expectations of Indian insurance sector was done in the book entitled “Principles of Insurance Management” by Neelam C. Gulati (2010). The book also dealt with the basics of risk management, tools of risk management, principles of insurance, types of insurance, claims management, reinsurance.

With his vast experience as an employee in Life Insurance Corporation of India, Krishnaswamy, G (2009) has walk around the most important practical aspects of the Life insurance business such as insurance intermediaries, insurance products, premium and bonus, underwriting, insurance documents, life insurance claims and legislative matters.

The success of life insurance companies in this milieu is crucial in stabilizing and catalyzing growth in the economy. It is now four full years since the insurance sector in India has been operating in a liberalized environment. It is time for a quick introspection. The article “Insurance Sector in India - Challenges Ahead” attempts a review of the life insurance companies, problems faced by the sector and also probable solutions.

Despite their overall performance and fulfillment of the rural norms, the private players have not been successful in making their mark in rural areas. In the article “Failure of Private Insurance Players in Rural Areas - An Analysis”, the authors Shobhit and Sanjay Shukla (2005) have tried to expose the reasons for the failure of the private sector in attaining a significant share in the rural market. They also delve into the current scenario of insurance sector.

The global insurance industry is growing in unison. Most of the countries' insurance industries are undergoing globalization at a rapid pace. Mergers and acquisitions are an everyday feature in the industry. In order to throw more light on these issues, Hyder A. Rehmanjee (2005) in his article “The Challenges before Insurers Today” discusses issues such as the rapidity in the industry, technological upgradation, etc., which have resulted in pressures on a few economic parameters.
Ranjan Kumar and Kaushal Vaidya (2005)\(^67\) in their article “Insurance - Microeconomic Changes” discussed the current scenario and possible changes in the Indian insurance sector as a result of regulatory and microeconomic changes. It also analyzes the possible structural variations in the industry as a result of these changes.

Sesha Iyyar (2005)\(^68\) in his article “Right Insurance”, explains that the world is full of uncertainties and insurance could be the one channel to offer some of the solutions. Maximum security can be experienced if the insured makes appropriate decisions about the insurer, insurance amount, price of the policy, and also the right plan.

Life insurance companies are exposed to colossal losses, which is evident after the WTC disaster. Being in the business of life insurance, how do the companies limit their exposure? In the article “Protecting the Life Insurance Umbrella” the author Anuroop Tony Singh (2005)\(^69\) talks about spreading risk through processes, such as geographical diversification, portfolio diversification, unbundled pricing, safety margins, catastrophe reserves and reinsurance.

Hima Gupta, Sudhir Gupta and Naresh Aggarwal (2005)\(^70\), in their article “Growth of Life Insurance Sector” present an analysis of the way the sector has evolved over a period of time with emphasis on the performance of LIC of India.

It has been four years since the liberalization of the insurance sector in India has taken place. Today, there are as many as 26 insurance companies (one reinsurance company) operating and a few more would add to the list. The article “Rural Insurance Market in India”\(^71\) makes an attempt to explore the current situation in the insurance industry, particularly in rural India. It also tries to establish the role of the insurers, IRDA and the government in such a scenario.

Throughout the world, the agent has played a vital role in insurance selling and the Indian insurance market is no exception to this. Although, the Indian insurance market has witnessed a steady and phenomenal growth in terms of the policies sold, it is unfortunate that the real spread of insurance awareness has not been achieved. Jawaharlal (2005)\(^72\) discusses the possible strategies that can be used by insurance companies in India to upgrade the existing distribution channels. With the arrival of the new distribution channels into the industry, one hopes that people would assimilate the real benefits of insurance, sooner than later in his article “Distribution: The Key to Insurance Marketing”.

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Kannan and Joseph Mathews (2005)\textsuperscript{73} in their article "Insurance Broking in India - An Overview" highlight the role played by brokers/agents in the distribution of insurance products and their valuable contribution towards the industry. IRDA has introduced the institution of insurance brokers in the business of insurance. Generally, insurance agents and brokers get a percentage of premiums earned by the insurance company through their efforts, as commission. In developed countries, agents act as the representatives of customers, and get the lowest premium and the best coverage for them. Mass mobilization of premium gives the power of negotiation to brokerage houses for its customers. It is still early and only the days ahead can indicate the success of brokers in Indian market.

Abhishek Agrawal (2005)\textsuperscript{74} "Indian Insurance Sector - Brokers Step in for a Better Future" analyzes that the Indian insurance sector is gradually opening its wings. The metamorphosis from agent-driven model to multiple distribution channels will certainly help the industry in the long run. The brokers will provide an array of services to the customers and can compare the policies of different companies unlike agents and banks. With this move, competition is expected to increase, which may result in lower premiums, new products and overall better services for the end customers.

Indian insurance industry, to keep pace with the growing market, is looking for expertise in the employees. In this situation, training and educational needs of the employees become even more crucial. In the article "Training and Education for General Insurance Industry", the author Sarma, (2005)\textsuperscript{75} analyzes the current scenario with an eye on future needs of training in the industry.

The need for having a well-trained workforce is enormous in a competitive environment. In a domain where changes take place at a fast pace, keeping abreast of the developments from time to time is vital. Rama Krishna Rao and Jawaharlal (2005)\textsuperscript{76} in their article "Training for Competence Building in Insurance" emphasized that in some areas of insurance business, particularly Information Technology, Claims Management etc., the insurers need to focus on training their staff on a regular basis.

The Geneva Association (2009)\textsuperscript{77} in its report "The Insurance Industry and Climate Change - Contribution to the Global Debate" had discussed about the climate change insurance and other aspects such as the positive role and impact that insurance has in a modern economy. It is often the precondition for (economic) action, facilitates new ventures and in intertwined with the most basic human needs and
aspirations. The availability of insurance has important positive effects and externalities that go far beyond the purely financial. In relation to climate change, insurance is not only a tool for addressing the immediate risk assessment and risk management challenges before us; it can be a powerful mechanism to discover and incentivize the right behavior.

Need for the Study
A good number of studies have been made on the insurance industry. Exclusive studies have been made on different aspects of life and non-life insurance sectors. Studies are also made on the life insurance sector, but many of them pertain to general topics like organization structure, personnel management and financial performance. In fact, very few studies are made in relation to the general problems confronted by the LIC at the national level. There is no specific study on the management of sales force in LIC. Keeping this in view and the severe competition in the life insurance sector, a modest attempt is made to carry out an in-depth analysis of the sales force management practices in LIC.

Hypotheses
The following hypotheses have been designed for the study:
1. The environment in LIC for sales force is not at expected levels.
2. Sales force as a sub system has its identity pervading the functioning of the whole system; and
3. The attitudes of the sales force on sales practices adopted in LIC are indifferent.

Objectives
The primary objective of the present study is to obtain a deep insight into the opinion of the sales force in LIC. The study specifically aims at the following:
1. to study the sales force management practices in LIC in general,
2. to analyze true perceptions of sample sales force concerning sales force environment in LIC;
3. to identity of sales force as a sub-system in LIC based on perception.
4. to appraise sales force attitudes on sales practices followed in LIC based on perception and
5. to offer such suggestions that deem fit to improve efficiency of the sales force in LIC.
Methodology

Sample Design

As per the records of the LIC of India, Machilipatnam Division, there were 262 Development Officers and 15,152 Agents. In view of the constraints of the time and other factors, the study was confined to 208 samples of which 103 are Development Officers and the rest 105 are Agents. This sample was selected based on convenience sampling.

Database

The study is based on both primary and secondary data. The primary data have been collected by the researcher himself with the help of questionnaire and interviews. The secondary data are collected from the following sources:

i. Annual Reports of LIC
ii. Annual Reports of IRDA
iii. Statistical Supplements of IRDA
iv. Reports of Reserve Bank of India
v. Reports of Swiss Re Sigma, a world famous reinsurance company.
vi. National and international journals on insurance and sales force management.
viii. Various Government Reports.
ix. Various websites.

Scope and limitations of the Study

The study covered the environment and sales force management practices in LIC. The study is confined to the development officers and agents only. Due to the time and other constraints, the study is restricted to Machilipatnam Division only as it is the domicile of the researcher.

Tools of Analysis

The data drawn from various sources are analysed with the help of various statistical tools such as ratios, mean, standard deviation, factor analysis, ANOVA, and graphs are also presented to illustrate facts and figures.
Operational Definitions of Concepts

In order to make the study clear and meaningful, it is necessary to define and limit the meaning and scope of certain concepts used in different senses from time to time in the literature on sales force management. Some of the concepts are defined here under:

Insurance

Insurance is a contract in which a sum of money is paid by the assured in consideration of the insurer's incurring the risk of paying a large sum upon a given contingency.

Life Insurance

Life insurance is a contract between an insurance policy holder and an insurer, where the insurer promises to pay a designated beneficiary a sum of money (the "benefits") upon the death of the insured person.

Auto insurance

Auto insurance protects the insured against financial loss if the insured met with an accident. It is a contract between the insured and insurance company. The person accepts to pay the premium and the insurance company agrees to pay the losses as defined in the policy. Auto insurance provides property, liability and medical coverage:

Home insurance

Home insurance provides compensation for damage or destruction of a home from disasters. In some geographical areas, the standard insurances exclude certain types of disasters, such as flood and earthquakes that require additional coverage.

Health Insurance

Health insurance is the policies that cover the cost of medical treatments. Dental insurance, like medical insurance, is coverage for individuals to protect them against dental costs.

Property Insurance

Property insurance is the one which provides protection against risks to property, such as fire, theft or weather damage. This includes specialized forms of
insurance such as fire insurance, flood insurance, earthquake insurance, house insurance, inland marine insurance or boiler insurance.

**Risk Sharing**

Insurance is a device to share the financial losses, which might occur to an individual or his family on the happening of a specified event. The event may be death of bread winner of the family in the case of life insurance, marine-perils in marine insurance, fire in fire insurance and other certain events in miscellaneous insurance.

**Sales Management**

The overall management of sales and it refers to only a specialized application of the process of management as a whole.

**Sales Force Management**

Sales Management is the planning, direction and control of the personal selling activities of a business unit include recruiting, selecting, training, assigning, rating, supervising, paying and motivating; as these tasks apply to the personal sales force.

**Sales force Objectives**

Sales objectives are fixed by the sales manager in respect of total sales forces and for each salesman, in terms of volume market share or profit for the firm.

**Sales Force Recruitment**

Recruitment is the process by which suitable source of manpower are identified to fit the organizational requirement. Its aim is to attract qualified job candidates.

**Sales Force Selection**

The process of interviewing and evaluating candidates for a specific job and selecting an individual for employment based on certain criteria.
Sales force Training

Sales force training is the effort an employer puts forth to provide sales people job-related culture, skills, knowledge, and attitudes that should result in improved performance in the selling environments.

Sales Force Motivation

Sales force motivation is the act of stimulating sales people to get a desired course of action, to push the right button to get a desired action – a compliment, a pay rise, a smile, a promise of promotion, praise, public recognition of merits and so on.

Compensation plan

Compensation plan refers to the monetary as well as non-monetary expenses incurred by the sales organization, for paying the services rendered by the sales force. The compensation, thus, refers to the total payments, i.e., the contractual, for example, salary and wages and non-contractual, for example, welfare expenses incurred by the organization.

Supervision

Supervision is a process by which one employee is given responsibility by the organization to work with another employee(s) in order to meet certain organisational, professional and personal objectives which together promote the best outcomes for service users.

Leadership

It is the process by which a manager guides and influences the work of his subordinates.

Direction

Direction is the one which actuates the organization members to work efficiently and effectively for the attainment of organizational objectives.
Controlling

Control is checking current performance against pre-determined standards contained in the plans, with a view to ensure adequate progress and satisfactory performance.

Performance Evaluation

A Performance evaluation is a systematic and periodic process that assesses an individual employee’s job performance and productivity in relation to certain pre-established criteria and organizational objectives

Chapterisation

The thesis is organized into eight chapters:

Chapter 1 presents history, definition, characteristics, functions and benefits, types, growth and development of world insurance industry and liberalization of insurance markets, insurance reforms, performance and growth and development of Indian insurance industry.

Chapter 2 deals with the backdrop of insurance industry, statement of the problem, review of literature, need for the study, objectives, hypotheses, methodology, operational definitions, tools for analysis and chapterisation.

Chapter 3 discusses the profile of the LIC, which includes the history, objectives, products, growth and development and future prospects of LIC.

Chapter 4 reviews the practices of sales force management such as designing, recruiting and selecting, training and compensation of sales force in LIC.

Chapter 5 analyses the opinions of sales force on sales force environment in LIC.

Chapter 6 evaluates sales force opinion on the identity of sales force as a sub-system in LIC.

Chapter 7 appraises the sales force attitudes on sales practices being conducted in LIC through the opinions of sales force.

Chapter 8 summarizes the findings and suggestions.
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