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A STUDY ON FACTORS INFLUENCING LEADERSHIP STYLES AND PRACTICES IN LIFE INSURANCE INDUSTRY

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ABSTRACT

The Indian life insurance industry has its own origin and history, since its inception. It has passed through many obstacles and hindrances to attain the present status. Insurance owes its existence to 17th century England. In fact, it took shapes in 1688 at a rather interesting place called Lloyd's Coffee House in London, where merchants, ship-owners and underwriters met to discuss and transact business. This research paper is an attempt to focus on the study of Leadership styles in Life Insurance Industry and also to find out the effectiveness of Leadership on the overall performance of the organization as well as development of the employees. The research work ends with certain useful recommendations to make the prevailing leadership styles more effective and contributory for micro and macro development of insurance sector.

Introduction

Insurance is a system by which the losses suffered by a few are spread over many, exposed to similar risks. In insurance policies large numbers of people exposed to a similar risk make contributions to a common fund out of which the losses suffered by the unfortunate. This helps the sufferer during the accidental event to support the insurance policy holder. Insurance is a protection against financial loss arising on the happening of an unexpected event. Insurance policy helps in not only in mitigating risks but also it provides a financial cushion against adverse financial burdens suffered.

Insurance is a sector whereas its contribution to GDP has been quite significant. Post independence, the Indian Government nationalized the private life insurance companies with a view to raise funds for the infrastructure developments that lagged behind pathetically. The scatters of general insurance companies were brought under an umbrella called general insurance company at the year of 1972.

However in the name of nationalism the public sector bureaucracies, cumbersome procedures and inefficiencies were bought to the nation and at the same time still these nationalized companies managed to retain millions of policyholders, who had no other options. While the early 90s brought the forth liberalization on all major economic fronts, the insurance was left untouched. As a result the passage of IRDA bill paved the way for the liberalization in Indian insurance sector. Insurance industry in India is a booming sector with a huge population base and large untapped market perhaps insurance industry is a big opportunity area in India for national as well as for the foreign investors.

Review of Literature

T.V. Rao and Raju Rao (2002)¹ conducted a study on “Leadership Styles and their Impact” and identified the impact of three different leadership styles on the learning climate generated in the organization as perceived by 48 top level managers in a company. The leadership styles studied are: benevolent or paternalistic style, critical style and developmental style. The study indicated that while benevolent style creates dependence and resentment, critical style creates resentment and it is developmental style that tends to create learning and job satisfaction.

Oke (2012)² found that leadership of project managers in Nigeria Construction Industry affected success of the projects and that Autocratic leadership is popular with project managers since directing, controlling and coordinating groups is easier to achieve targets. However the study failed to indicate whether autocratic leadership predict significantly success of the projects. Locally studies focus on examining influence of human factors on project success.

Kibuchi (2012)³ examined influence of human factors and project performance in construction projects in Kenya and revealed that human factors hinder success of projects. However, for most of the aforementioned studies, the relationship between project manager’s leadership style and project performance has not been directly addressed especially in the insurance company. This study sought to examine influence of project leadership styles on performance of projects by Eagle Africa Insurance Limited Kenya?

Tariq, Ramzan, and Riaz (2015)⁴ stated that work load, wages, stress at jobs, and family conflicts arise due to job dissatisfaction among the employees and results in higher turnover within organization also determined that these working conditions, career growth opportunities, and developments are the key players in the job satisfaction and motivation of employees.

Likert and Likert (2016)⁵ opines that a leader with technical competence and high performance goals exerts a lot of pressure on staff for high production at low costs. This is achieved through tight budgets across the board, budget cuts, personal ceilings and tightened standards to achieve impressive productivity and financial results in the short term.

John Yaw Akparep (2019)⁶ The study examined the leadership style practiced at TumaKavi Development Association (TKDA) in Northern Region of Ghana and its effect on its organizational performance. Qualitative case study design was employed. Purposive sampling was adopted to sample a total sample size of 11 respondents representing 65% of the total staff population. The study established that TKDA majorly uses democratic leadership style in its operations. It The results of this study also revealed that there is strong relationship between leadership style and organizational performance of TKDA. As the strength of the organization dwells much on democratic style of leadership, it is recommended that

management of the organization applies more of that and mix it with other leadership styles where necessary for the organization to wax stronger within its industry

Objectives of the Study

The main purpose of this research is to examine organizational and professional settings and leadership styles in Life Insurance Companies to investigate light of their behavioral and work related determinants acting on the employees. The major objectives of the study are as follows:

1. To find out the impact of demographic variables of respondents on organizational and professional settings and leadership practices adopted by executives in Life Insurance Companies.
2. To analyze the relationship between Organizational and Professional Settings and Other Variables.

Scope of the Study

The study focuses on leadership styles with special reference to Life Insurance Companies in Chennai towards Indian life insurance companies as the main objectives of this study. Hence, the unit of study is the respondents in Chennai city and the universe of discourse is the population of India. Further, the study also focuses on leadership style and strategies of Indian life insurance companies.

Methodology

A study on leadership styles with special reference to life insurance companies in Chennai city. The study also deals about organizational culture, satisfaction, consumer attitude and preference towards life insurance companies in Chennai city. The study is based on both primary data and secondary data. Data and information relating to leadership styles and strategies of selected life insurance companies, their insurance products and their performance are collected and analyzed from various secondary sources which include annual reports of selected private life insurance companies for various years, annual reports of Insurance Regulatory Authority of India (IRDA), Hand book on Indian Insurance Statistics etc.,

Sampling Frame

Primary data required for the study have been collected through questionnaire and it is issued to respondents of Chennai city who are the sample for the study. Sample consists of life insurance company executives in Chennai city belonging to different occupations, religion, category and age group. The sample size for the study has been selected as 125 respondents. Convenience sampling has been adopted considering the availability and approachability of people and bank personnel for the purpose of data collection effort.

Tools Used

The present study has been analyzed by the tools such as Percentage analysis, ANOVA, Correlation and Regression

Analysis and Interpretation

Table 1 - Demographic Profile of the Respondents

		No. of Respondents	Percentage
Gender	Male	72	58

	Female	53	42
Age	21 to 30 Years	47	38
	31 to 40 Years	31	25
	41 to 50 Years	25	20
	51 to 60 Years	14	11
	Above 60 Years	8	6
Education	UG	39	31
	PG	33	27
	Professional	28	22
	Technical	25	20
Experience	Less than 10 Years	47	38
	11 to 20 Years	36	29
	21 to 30 Years	23	18
	Above 30 Years	10	8
	Retired and Reemployed	9	7
Marital Status	Married	79	63
	Single	46	37
Level of Management	Top level	51	41
	Middle level	48	38
	Lower level	26	21
Department of Working	Finance	48	38
	HR	37	30
	Marketing	26	21
	System	14	11
Annual Income	Rs. Upto 3 Lakhs	54	43
	3 Lakhs to 5 Lakhs	48	38
	Above 5 Lakhs	23	19
Insurance Company	Government	69	55
	Private	56	45
Number of	One	55	44

companies served so far	Two	37	30
	Three	25	20
	More than three	8	6
Total		125	100

Table 2 - Gender and Organizational and Professional Settings of the Respondents

Gender	Mean Value	F value	P value	Result
Male	62.3397	.196	.658	Not significant
Female	61.2911			

Source: Primary data

*At 1% level of significance

**At 5% level of significance

The above table reveals that there is no significant difference between gender and organizational and professional settings towards insurance companies. It means that there is no difference on the basis of gender with regard to level of organizational and professional settings towards insurance companies.

Table 3 - Age and Organizational and Professional Settings of the Respondents

Age	Mean value	F value	P value	Result
Up to 30 years	62.3459	.671	.570	Not significant
31 years to 40 years	62.3722			
41 years to 50 years	62.7867			
51years to 60 years	63.1287			
More than 60 years	64.945			

Source: Primary data

*At 1% level of significance

**At 5% level of significance

The above results reveal that with the advancement of age, perceptions of organizational and professional settings towards the insurance companies in Chennai city show a significantly higher level among respondents who are from more than 41 years of age and it is increased among the respondents. Also across all age- groups, they are not significantly different in their perceptions on organizational and professional settings. This further strengthens the argument that ‘age’ is an important factor influencing the perception on organizational and professional settings. From above table it is concluded that, there is no significant difference between age and perception on organizational and professional settings.

Table 4 - Educational Qualification and Organizational and Professional Settings of the Respondents

Educational qualification	Mean value	F value	P value	Result
UG	62.3640			

PG	63.2331	.494	**000	Significant
Professional	64.3854			
Technical	62.2776			

Source: Primary data

The above table shows that respondents, when analyzed on the basis of educational qualification results reveal the there is significant differences in the perceptions towards the organizational and professional settings of insurance companies. Mean scores show that the organizational and professional settings shows a significantly higher level among Respondents in irrespective of their educational level. It concludes that, there is significant difference between educational qualification and perception on organizational and professional settings.

Table - 5 Experience and Organizational and Professional Settings of the Respondents

Experience	Mean value	F value	P value	Result
Less than 10 years	72.3640	3.195	*000	Significant
11 years to 20 years	73.2331			
21 to 30 years	74.3854			
Above 30 years	75.2776			
Retired and Reemployed	73.2451			

Source: Primary data

Above tables indicates that the insurance companies employees are experienced above 30 years which has scored higher mean of value of 73.24 and the lowest mean was scored by the insurance companies employees experience less than 10 years (72.36). This shows that the insurance companies employees who are more than 30 years of experience do have more clarity about the organizational and professional settings. Employees with less than 10 years of experience have less clarity about the organizational and professional settings or organizational culture. The obtained 'f' value is 3.195 and it is significant at 1% level. The value indicates that there is significant mean difference between insurance companies' employees experience with respect to organizational and professional settings or organizational culture.

Table - 6 Pearson's Correlation Matrix

Variables	Organizational and professional settings	Work involvement and enhancement practices	Organizational climate, working environment	Leadership styles and practices
Organizational and professional settings	1	.404 **	.409 **	.134**

Work involvement and enhancement practices	.404 **	1	.286 **	.182 **
Organizational climate, working environment	.409 **	.286 **	1	.316**
Leadership style and practices in insurance companies	.134**	.182 **	.316**	1

Following inferences are arrived from the above table.

1. From the above table inferred that, the organizational and professional setting of insurance companies are significantly relationship with the work involvement, work enhancement practices, organizational climate and leadership styles in insurance companies.
2. Work involvement and enhancement practices variables significantly correlated with organizational and professional settings, organizational climate, working environment and leadership styles and practices.
3. Organizational climate and working environment variable significantly relationship between organizational and professional setting, work involvement and leadership style and practices in insurance companies.
4. Leadership style and practices variables highly correlated with organizational and professional settings, work involvement, work enhancement, organizational climate and work environment.

The Relationship between Organizational & Professional Settings & Other Variables

Hypothesis :

H₀: There is no relationship between the organizational and professional settings and work involvement and work enhancement practices, organizational climate and working environment and leadership style and practices in insurance companies

In this part of the analysis, organizational and professional settings and work place variables such as work involvement and enhancement practices, organizational climate and working environment, leadership style and practices are entered by adopting simultaneous method. The independent variables are work involvement and enhancement practices, organizational climate and working environment and leadership style and practices.

Table 7 - Relationship between Organizational and Professional Settings and other Variables

Model Summary				
Model	R	R Square	Adjusted R Square	Standard Error of the Estimate

1	.513	.263	.254e	3.94924
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Source: Primary Data

a)Predictors: (Constant) work involvement and work enhancement practices, organizational climate and working environment and leadership style and practices in insurance companies. The above table shows the model summary for the R, R² Adjusted R² and of the estimate. The adjusted R square indicates that the proportion of the variance which is accounted for by set of predictor (independent) variables. According to the specification of Thail (1978) using adjusted R² is better than using R² value. The explanatory variables such as work involvement and enhancement practices, work behavior, leadership style and practices in insurance companies can explain 25% of the total variability of the dependent variable namely organizational and professional settings.

Table 8 - Relationship between Organizational and Professional Settings and Work Place Variables

ANALYSIS OF VARIANCE					
Model	Sum of Squares	Df	Mean Square	F	Sig.
Regression	1409.019	3	469.673	30.114	.000
Residuals	3945.917	253	153.597		
Total	5354.936	256			

Source : Primary Data

Predictors: (Constant) work involvement and work enhancement practices, organizational climate and working environment and leadership style and practices in insurance companies, Dependent Variable: organizational and professional settings.

From the above table F value for the model is significant (F, 253 = 30.114, P < 0.0005). The above mentioned table ANOVA shows the significance of the combined effect of explanatory variables in the regression model. In the above table F 3, 253 = 30.114 and the value of P < 0.0005. It revealed the regression model is statistically significant. Hence the null hypothesis is rejected. Hence there is a significant relationship between organizational and professional settings and other variables.

The contribution of each explanatory variable requires individual coefficient values which appear in table, this table provides the level of contribution by each predictor variable to explain the criterion variable. The beta regression coefficients allow assessing the strength of the relationship between each predictor variable to criterion variable. The larger t value and smaller P value suggests that a predictor variable is having a larger important than criterion variable.

Table 9 - Relationship between Organizational and Professional Settings and Work Place Variables

COEFFICIENTS (A)					
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Standard Error	Beta		
Constant	47.923	3.175		15.096	.000
Work involvement and enhancement practices	.219	.042	.298	5.192	.000
Work Behaviour	.133	.023	.323	5.737	.000
Leadership style and practices in insurance companies	.042	.029	.078	5.421	.000
a. Dependent Variable : Organizational and professional settings					

Source : Primary Data

The standardized coefficient value of work involvement and work enhancement practices, organizational climate and working environment and leadership style and practices in insurance companies are .323, .298 and .078 respectively. The value of P is small ($P < 0.0005$) for the work involvement and work enhancement practices, organizational climate and working environment and leadership style and practices in insurance companies. The result revealed that organizational climate and working environment has a large effect on the criterion variable (organizational and professional settings) as compared to other predictor variable, such as work involvement and work enhancement practices, organizational climate and working environment and leadership style and practices in insurance companies was not a significant predictor in this model.

Conclusion

The researcher conclude the leadership practices of life insurance organizations on the basis of primary and secondary data concludes that in case of Life insurance organizations the most preferred style of leadership is autocratic style followed by the democratic style and laissez-faire style of leadership. The behavioral theory follows situational approach in the leadership practices in insurance companies'. The researcher has also find the organizations performance on the basis of various parameters like organizational and professional commitment, work involvement, enhancement, environment and their track record, coverage, business, various HRD practices, training and development, performance appraisal, deputation policy, probation period and so on. Overall LIC is a preferred organization because it is very old and it has a large network, large business, high market share and etc.

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