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EXPLORATORY FACTOR ANALYSIS ON INSURANCE ADVISOR'S JOB SATISFACTION DIMENSION WITH SPECIAL REFERENCE TO LIFE INSURANCE CORPORATION OF INDIA

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ABSTRACT :

   LIC of India enjoyed monopoly in Indian Insurance market for more than four decades. In 2000 the Insurance sector has liberalized and Insurance Development Regulatory Authority has set up. The private players are allowed to operate in collaboration with the foreign insurance companies. Insurance agents need go to the people personally and make them initiate and understand about the product and persuade them to buy the insurance product. That's why insurance strictly involves personal selling activities. For decades, agency was the only distribution channel for life insurance in India. Even today, when so many alternatives of agents have emerged still this channel is ruling the roost in life insurance in India. This paper explore the sub-constructs of Job satisfaction dimension of financial advisors of Life insurance corporation and find out the maximum factor loading indicator of insurance advisors Job satisfaction.

KEYWORDS : LIC - Job Satisfaction - Insurance Advisor – Core factor – Value factor.

INTRODUCTION:

Life Insurance Corporation of India: Indian insurance market was nationalized in 1956 and Life Insurance Corporation of India (LIC) was set up. LIC of India enjoyed monopoly in Indian Insurance market for more than four decades. In 2000 the Insurance sector has liberalized and Insurance Development Regulatory Authority has set up. The private players are allowed to operate in collaboration with the foreign insurance companies. Initially the foreign Direct Investment in insurance sector was restricted to 26% which was lifted to 49% in 2012. After liberalization the private companies has been making waves. They have been penetrating their business more and more form year to year and has been increasing their market share and presence. As of 2016, life insurance sector has 29 private players in comparison to only four in FY02 With 70.4 per cent share market share in FY16, LIC continues to be the market leader, followed by SBI (5.1 per cent), ICICI (4.9 per cent) and HDFC (4.1 per cent).

Insurance Advisors: Insurance is as old as civilization (Mishra, 1991). The origin of the word "Insurance Agent" is parallel to the insurance. Nobody can imagine the existence of insurance 'without insurance agent'

in any form or the other, in past and even today. For operating business, insurance companies open their offices and branches in different states and cities. However, no one is about to come himself/ herself to purchase the insurance product. Insurance agents need go to the people personally and make them initiate and understand about the product and persuade them to buy the insurance product. That's why insurance strictly involves personal selling activities.

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Insurance agents or insurance Advisors. are the person who makes the people aware with the need and necessity of insurance product. Generally they are very close to the prospect and they are such type of specialist of financial field, that they takes no time to access the financial and future needs of the prospect.

Job satisfaction: Job satisfaction can be influenced by a variety of factors e.g. the quality of one's relationship with their supervisor, the quality of physical environment in which they work, degree of fulfillment in their work etc. Numerous research results show that there are many factors affecting the job satisfaction. Motivating factors in the working environment result in the job satisfaction of the person. Job security is the strong factor which results in job satisfaction. People who state their job is secure have a much larger probability of reporting themselves happy with their work. Stephen P. Robbins (2001) advocates that working conditions will influence job satisfaction, as employees are concerned with a comfortable physical work environment. In turn this will render a more positive level of job satisfaction. Miller, Erickson & Yust (2001) forwarded their view that employees get benefited by work environment that provide sense of belonging.

Methodology: Descriptive research design has been used in this research. The researcher intended to adapt a Primary data to collect the respondent opinion mainly through structured questionnaire. The respondents were insurance advisors of Life Insurance Corporation of India. There are 487 sample respondent were included in the study. The study was conducted in Tiruchriappalli District. The sample respondent were approached in the yearly working time in their head office or branch office located in the Tiruchirappalli Distict. The job satisfaction indicators are adapted from the Research is modeled on the previous research done in the field (Kim, 2002; Smerek & Peterson, 2007). According to Kim, Smerek and Peterson mode, there are ten indicators which are related to job satisfaction are identified. The opinion about the prevailing job satisfaction of insurance advisors of Life Insurance Corporation has intended to evaluate on a 5-point Likert's scale, ranging from "Strongly Disagree to "Strongly Agree". Secondary data related to previous studies has been obtained from authentic sources like books, and online magazines and journals. The researcher has intend to adapt Convenient Sampling Technique.   The Primary Data has been collected through questionnaire and interview and the Secondary Data has been collected with the help of journals, magazines, books and internet. An exploratory factor analysis was done to know the sub-constructs of Job satisfaction dimension.

Objective: This research paper have a objective of to explore the various sub-constructs with in the job satisfaction dimension and explore the large loading indicators as well as low loading indicators of Insurance advisors of Life Insurance Corporation of India.

Exploratory Factor analysis on Insurance advisor's Job satisfaction Dimension

In order to know the sub factors and determine the emerging sub-factor denote the insurance advisor's Job satisfaction dimension. It is important to reduce the parameters so that there is a limited set of parameters that represent the total consideration set. A statistical approach –'t' Test, Skewness and kurtosis, Collinearity Statistics and factor analysis using varimax rotation with principal component analysis has been used for the study. There were ten Job satisfaction items were included in the study. All the ten variables rating them by five point scale. The table no.1 & 2 Shows the descriptive statistics of the ten indicators of insrance advisor's job satisfaction.

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Table No.1
Frequency Distribution shows the insurance advisors response over the Job satisfaction

Job Satisfaction Indicators - Label	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
Acceptable Salary appraisal – JS1		100 20.5%	174 35.7%	119 24.4%	94 19.3%
Fair Promotion– JS2		131 26.9%	149 30.6%	138 28.3%	69 14.2%
Individual Recognition– JS3	1 .2%	26 5.3%	217 44.6%	126 25.9%	117 24%
Prompt Rewards– JS4	1 .2%	80 16.4%	182 37.4%	84 17.2%	140 28.7%
Staff appraisal improve the team work– JS5	4 .8%	74 15.2%	239 49.1%	74 15.2%	96 19.7%
Recognition for good job– JS6	1 .2%	90 18.5%	181 37.2%	138 28.3%	77 15.8%
More secured job– JS7	1 02%	92 18.9%	178 36.6%	127 26.1%	89 18.3%
Advisors are valued at corporation– JS8	1 02%	80 16.4%	228 46.8%	118 24.2%	60 12.3%
Keep work life balance– JS9		87 17.9%	222 45.6%	116 23.8%	62 12.7%
Mutual Trust within the team– JS10	3 .6%	78 16%	289 59.3%	68 14%	49 10.1%

The above table shows the insurance advisors response over the job satisfaction variables. There are ten indicators included in the job satisfaction dimensions. Out of 487 sample respondent, 28.3 percentages were agreeed over the fair promotion prevailing within the corporation. Out of 487 sample respondent, 138 respondents were agree that the corporation recognition the insurance advisors for good job. Moreover, 28.7 percentage of respondents were strongly agree that the corporation follow a prompt rewards system of their insurance advisors. It is also found that 59.3 percent of respondent were neutral over their opiion on the job satisfaction variables namely, Mutual Trust prevailed within the team.

Table No.2
Descriptive Statistics shows the Univariate normality for Job satisfaction variables

Job satisfaction indicators -Name	N Statistic	Mean Statistic	Std Deviation	Skewness		Kurtosis	
				Statistic	Std. Error	Statistic	Std. Error
JS1	487	3.43	1.021	.169	.111	-1.086	.221
JS2	487	3.30	1.016	.193	.111	-1.093	.221
JS3	487	3.68	.905	.169	.111	-.961	.221
JS4	487	3.58	1.078	.067	.111	1.267	.221
JS5	487	3.38	.992	.354	.111	-.708	.221
JS6	487	3.41	.971	.131	.111	-.899	.221
JS7	487	3.43	1.002	.135	.111	-.993	.221

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JS8	487	3.32	.898	.334	.111	-.530	.221
JS9	487	3.31	.911	.356	.111	-.630	.221
JS10	487	3.17	.837	.649	.111	.365	.221
Valid N (listwise)	487						

There are ten indicators which are reflect the insurance advisors job satisfaction has been summarized below. it is important to reduce the parameters so that there is a limited set of parameters that represent the total consideration set. it is important to know the normality of the ten indicators which were inducted for doing exploratory factor anlaysis. The validity of the ten indicators which are reflect the insurance advisors job satisfaction were measure with various statistics analysis. The above table shows the univariate normality test result such as, Skewness and kurtosis for ten job satisfaction indicators. it is noted that all the ten items value of Skewness and kurtosis were lies between +/- 3.5. the highest skewness (SK = .649) was scored in the variable JS10 namely "Mutual Trust within the team" and the variable JS4 "Adapt a prompt reward system within the corporation" has lowest skewness (KR = .067). The Kurtosis values for JS4 "Adapt a prompt reward system within the corporation" is highest (KR = 1.267) and lowest for JS10 ""Mutual Trust within the team"(KR=.365). Since all the kurtosis and skewness values lie between +/-3.5, the adopted constructs fulfill the requirement os univariate normality.

Factor Analysis has been done in three stages. KMO and Bartlett's Test conducted inorder to find out the validity and reliability of the whole set of data. in the second stage, the eigen value for twenty two indicators along with chi-square value are summarized. in the final stage the factor analysis with principal component analysis using varimax rotation was done. the main aim of the factor analysis was to reduce the twenty two indicators into dimensions.

Normality and Multicollinearity Test

A linear regression test was conducted to know the normality of the collected data for ten indicators which predict the insurance advisors job satisfaction indicators in life insurance corporation. The respondent was included as a dependent variable and ten insurance advisers job satisfaction items were included as independent variables.

Table No.3
Result of Model Summary – Job Satisfaction

R	R Square	Adjusted R Square	Std. Error of the Estimate
.255[a]	.065	.045	139.393

a. Predictors: (Constant), JS10, JS7, JS8, JS4, JS3, JS9, JS6, JS2, JS5, JS1
b. Dependent Variable: ID

Table No.4
Result of Analysis of Variance between job satisfaction indicators

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	641114.944	10	64111.494	3.300	.000[b]
Residual	9248833.574	476	19430.323		
Total	9889948.517	486			

a. Dependent Variable: ID
b. Predictors: (Constant), JS10, JS7, JS8, JS4, JS3, JS9, JS6, JS2, JS5, JS1

The regression test was condicted to know the noramltiy of the collected data set. Since the P-value in the ANOVA table is less than 0.001, there is a statistically significant relationship between the ten insurance advisors job satisfaction indicators at the 95.0% confidence level. The R-Squared statistic indicates that the model as fitted explains 6.5% of the variability in the collected data set for twenty items. The adjusted R-squared statistic, which is more suitable for comparing models with different numbers of independent variables, is 4.5%. The result indicate that there is a serial autocorrelation between twenty beneficiary perceived value items in the residuals at the 95.0% confidence level. It is found that there is a normality prevailed in the collected responses from 487 respondents for ten independent variables.

Table No.5
Result of Multicollinearity Statistics

Indicators	Standardized Coefficients		t	Sig.	Collinearity Statistics	
	Std. Error	Beta			Tolerance	VIF
(Constant)	40.531		5.719	.000		
JS1	9.502	-.161	-2.367	.018	.424	2.356
JS2	9.541	-.022	-.318	.751	.425	2.351
JS3	9.024	-.014	-.244	.807	.600	1.667
JS4	7.992	.155	2.562	.011	.539	1.857
JS5	9.000	.019	.304	.761	.501	1.995
JS6	7.804	.132	2.490	.013	.697	1.435
JS7	7.919	.075	1.355	.176	.635	1.574
JS8	8.059	-.165	-3.258	.001	.763	1.310
JS9	8.234	-.042	-.799	.425	.711	1.406
JS10	8.518	.063	1.266	.206	.787	1.270

The Variance Inflation Factor (VIF) measures the impact of collinearity among the variables in a regression model. The Variance Inflation Factor (VIF) is 1/Tolerance, it is always greater than or equal to 1.The above test result indicate that the tolerance value of ten job satisfaction items is not less than .01 and the VIF value of twenty items were not more than 10. it is clear that from the above result that the state of very high inter correlations or inter-associations among the proposed ten independent variables. it is also found that Tolleance and VIF value for all the ten indicators for projecting for further doing an exploratory factor analysis.

Table No.6
Residuals Statistics

	Minimum	Maximum	Mean	Std. Deviation	N
Predicted Value	148.50	354.79	247.45	36.320	487
Residual	-316.474	314.264	.000	137.951	487
Std. Predicted Value	-2.724	2.955	.000	1.000	487
Std. Residual	-2.270	2.255	.000	.990	487

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Factor analysis on Job satisfaction

There are ten insurance advisors job satisfaction indicators have been summarized below. it is important to reduce the parameters so that there is a limited set of parameters that represent the total consideration set. Factor Analysis has been done in three stages. KMO and Bartlett's Test conducted inorder to find out the validity and reliability of the whole set of data. in the second stage, the eigen value for twenty indicators are summarized. in the final stage the factor analysis with principal component analysis using varimax rotation was done. The main aim of the exploratory factor analysis was to reduce the ten indicators into sub-factor.

Table No.7
Communalities extraction value for job satisfaction items

Job satisfaction itmes	Initial	Extraction
Acceptable Salary appraisal – JS1	1.000	.684
Fair Promotion– JS2	1.000	.660
Individual Recognition– JS3	1.000	.525
Prompt Rewards– JS4	1.000	.583
Staff appraisal improve the team work– JS5	1.000	.617
Recognition for good job– JS6	1.000	.373
More secured job– JS7	1.000	.430
Advisors are valued at corporation– JS8	1.000	.538
Keep work life balance– JS9	1.000	.682
Mutual Trust within the team– JS10	1.000	.469

The communalities value indicated that the common variance shared by factors with given variables.in other words it shows that the extent to which an item correlates with all other items. The higher the communalities are better. Higher communality value indicated that larger amount of the variance in the variable has been extracted by the factor solution. For better measurement of factor analysis communalities should be 0.4 or greater. it is found that all twenty items of beneficiary perceived value items were score more than 0.4.

Table No.8
KMO test of Adequacy for ten job satisfaction items

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.842
Bartlett's Test of Sphericity	Approx. Chi-Square	1621.372
	df	45
	Sig.	.000

Extraction Method: Principal Component Analysis.

Kaiser-Meyer-Olking Measure of Sampling Adequacy (MSA) for individual variables is studied from the diagonal of partial correlation matrix (table). It is found to be sufficiently high for all variables. The measure can be interpreted with the following guidelines: 0.90 or above, marvelous: 0.80 or above, meritorious; 0.70 or above, middling, 0.60 or above, mediocre; 0.50 or above miserable, and below 0.50, unacceptable. Test hypothesis regarding interrelationship between the variables. To test the sampling adequacy, Kaiser-Meyer-Olking Measure of Sampling Adequacy (MSA) is computed, which is found to be 0..842. it is indicated that the sample is good and enough to carry out further analysis. The overall significance of correlation matrix is tested with the Bartlett test of Sphericity for grouping factors of insurance advisors job satisfaction factor, (approx.. chi-square = 1621.372, which is significant at 0.001 as well as support for the validity of the exploratory factor analysis of the data set.

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Table No.9
Eigen values of Beneficiary perceived value items over economic benefit

Component	Initial Eigenvalues		
	Total	% of Variance	Cumulative %
1	3.928	39.281	39.281
2	1.632	16.323	55.604
3	.988	9.877	65.481
4	.690	6.899	72.380
5	.626	6.265	78.645
6	.546	5.458	84.103
7	.493	4.925	89.029
8	.431	4.314	93.342
9	.377	3.769	97.111
10	.289	2.889	100.000

The Eigen value all the above insurance advisors job satisfaction indicators are acceptable to enter into factor analysis. The eigen value more than 1 are taken into account for further analysis. The above table clearly indicates that two component eigen value has attained a eigen value more than one.1. More over the above table also indicate that the eigen value for the first component was 3.958 with a variability of 39.281 percent. The eigen value for the second component 1.632 with a variability of 16.323 percent. it is concluded that by overall the two component together achieved a 55.604 percent variance in the data set.

Table No.10
Extraction and Rotation Sums of Squared Loading – Job satisfaction factors

Component	Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	3.928	39.281	39.281	3.783	37.829	37.829
2	1.632	16.323	55.604	1.778	17.775	55.604

Extraction Method: Principal Component Analysis.

The above table shows the Extraction sums of squared and Rotation sums of squared loadings for the five factor percent of variance. it is found that two factor together they account for 55.604% of the variability in the original data. Loading on factor can be positive or negative. A negative loading indicates that this variable has an inverse relationship with the rest of the functions. However, comrey suggested that anything above 0.30 could be considered salient, with increased loading becoming more vital determining the factor. All the loading in the research are positive. The rotated component matrix was done with a condition of absolute coefficient value above .6 was taken into account of factors determination. It is clear from the component matrix and rotated component matrix table, that the coefficient value of item JS6 was below .6. so it was dropped from the list of indicators under job satisfaction items

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Table No.11
Component / Rotated Component Matrix for Job satisfaction indicators

Component Matrix[a]			Rotated Component Matrix[a]		
Indicators	Component		indicators	Component	
	1	2		1	2
JS2	.795		JS2	.826	
JS1	.788		JS1	.811	
JS5	.777		JS5	.781	
JS4	.743		JS4	.763	
JS3	.718		JS3	.720	
JS7	.653		JS7	.617	
JS6	.608		JS6		
JS9		.786	JS9		.824
JS8		.672	JS8		.724
JS10		.642	JS10		.681

Extraction Method: Principal Component Analysis.a
a. 2 components extracted. and Rotation Method: Varimax with Kaiser Normalization

Table No.12
Emerging Job satisfaction factors

Factor Name	Indicator Name	Variables Name	Rotated High Scrore
Core Factor	JS2	Fair Promotion	.826
	JS1	Acceptable Salary appraisal	.811
	JS5	Staff appraisal improve the team work	.781
	JS4	Prompt Rewards	.763
	JS3	Individual Recognition	.720
	JS7	More secured job	.617
Value Factor	JS9	Keep work life balance	.824
	JS8	Advisors are valued at corporation	.724
	JS10	Mutual Trust within the team	.681

CONCLUSION:

The core factor include six indicators and value factor consist of three items. one item namely JS6 "Recognition for good job" was removed from the list due to low coefficient value. It is found that among the six job satisfaction indicator emerged under core factor. The highest loading was occurred for JS2 "Fair Promotion" under the core factor. there are three job satisfaction indicators emerged under value factor. among the three indicators the highest factor was loaded for JS9 "Keep work life balance" and JS7 "more secured job" has lowest loading.

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