

Organisational Citizenship Behaviour: Backing the Triumph at Max New York Life

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Max New York Life a company known for its employee friendly culture and is ranked among the top five insurance companies. Company has a professional and trained sales force, which is in charge for an invigorating work culture, focusing customer needs and satisfaction and is a major causative factor to business triumph. This case study focuses on the incidence of precise factors shaping Organizational Citizenship Behavior (OCB), among the employees in the organization and subsequently outlines the behavioral demonstration of OCB at workplace. The dynamic business environment demands from the company to build a competent and committed workforce that can contribute beyond the assigned work. At Max New York Life, since inception the management comprehended the importance of OCB and has been making conscious efforts to boost the same. The case further analyzes the different interventions, their demonstration and the extent to which employees go beyond their assigned job responsibilities to contribute in building the right organization culture.

Mr. Vivek Soota, Senior Managing Partner has been with Max New York Life Insurance for the last nine years. He has been both a witness and a beneficiary of the growth of the organization. He has also seen a challenging time faced by the company during financial turmoil. In his telephonic interview, he said that the recent economic and financial havoc in the industry has had a major impact on the job security in the organization leading to lowering of Organizational Citizenship Behaviour (OCB) among the employees experiencing below average performance and job security. Against this background, this case explores the various constructs and parameters of OCB in the country's leading insurance service provider.

"Recent financial turmoil and regulatory changes have tested me and helped me understand the value of building strong foundations in business, developing a well-knit, committed team of leaders and employees and of focused execution of a few critical priorities".

-Rajesh Sud, CEO and MD, Max New York Life Insurance (Economic Times, April 28, 2011)

CEO and Managing Director of Max New York Life Insurance, Mr. Rajesh Sud leads the company towards achieving its vision of being the most admired life insurance company in the country. Rajesh has successfully established Agency as the core channel

for the company with strong focus on process, training and productivity. These strong foundations have allowed Max New York Life Insurance to rapidly grow to pan India presence with a professional and trained sales force, which is widely regarded as the best in the industry. The existing, dynamic Indian business environment offers big challenge to growing organisations like Max New York Life to perform better, attain excellence and effectiveness. And one of the major factors of their success over the years has been by developing organizational citizenship.

Organization Citizenship Behaviour (OCB) cannot be imposed in the employee's mind-set forcibly, but an organization has to develop and follow a culture to achieve the feat of glory. There has been extensive research on organizational citizenship behaviors since its introduction around twenty seven years ago (Bateman & Organ, 1983). A consensus exist in the field that organizational citizenship behaviors are salient behaviors for organizational success. This case focuses on clearly study relationship between organizational effectiveness and OCB at Max New York life. This case also discusses the implications and organizational aspects contributing to the OCB.

Organ (1988) defines OCB as "individual behavior that is discretionary, not directly or explicitly recognized by the formal reward system, and that

in the aggregate promotes the effective functioning of the organization" (p. 4), suggesting the selfless concern to work as team that play a vital role in firm success. Organizational Citizenship Behaviour introduces the factor of professionalism cultures among the employees of the organization. The study examines how the Organisation implements OCB to achieve its target and profitable revenues without sacrificing the goals, welfare and motives of the employees of the organization.

About the Company

Max New York Life Insurance Company Ltd. is a joint venture between Max India Limited, one of India's leading multi-business corporations and New York Life International, the international arm of New York Life, a Fortune 100 company. The company has positioned itself on the quality platform. In line with its vision to be the most admired life insurance company in India, it has developed a strong corporate governance model based on the core values of excellence, honesty, knowledge, caring, integrity and teamwork.

Incorporated in 2000, Max New York Life started commercial operation in April 2001. In line with its values of financial responsibility, Max New York Life (MNYL) has adopted prudent financial practices to ensure safety of policyholder's funds. MNYL is first and the only life insurance company in India to implement Lean methodology of service excellence in service industry. Max New York Life Insurance has multi-channel distribution spread across the country. Agency distribution is the primary channel complemented by partnership distribution, bancassurance, alliance marketing and dedicated distribution for emerging markets. The Company places a lot of emphasis on its selection process for agent advisors, which comprises four stages - screening, psychometric test, career seminar and final interview. The agent advisors are trained in-house to ensure optimal control on quality of training. The company also has 50 tie-ups with banks, 30 partnership distribution relationships

Max New York Life has put in place a unique hub and spoke model of distribution to deepen our rural penetration. This is the first time such a model has been put in place for rural marketing of insurance.

The company is highly active at designing and coming up with new product and services offered to its customers creating dynamism and vibrancy in everyday working of employees. All the products are designed keeping the customer need and aspirations in mind. New products are manufactured after a rigorous process of consumer and distributor research.

The company further focuses on traditional offerings, plans to add six new products this year with a 50:50 split between traditional and ULIPs to its existing 21 offerings, stated Max New York Life Director and Chief Marketing Officer, Anisha Motwani. With such innovations and changes in line company would definitely offer more challenges and new product learning to the employees.

People are the most valuable asset of any organization. Organizations have to innovate newer forms of compensation to retain talented employees. Pay and perks are all very fine but an organization needs to show employees that it cares. Ensuring the financial well-being of employees and their families will earn an organization their enduring trust and loyalty. Max New York Life has been proving it since last ten years.

Parameters of Organizational Citizenship Behavior at Max New York life

Employees in the organization have positive attitude towards work and the company itself. On the whole they are interested in their jobs, are self-motivated for their work, take positive view of things and feel strongly to contribute to the company's growth.

Monica Mudgal, Vice-President (HR) suggests that Employee Disposition is a dominant player in Organizational Citizenship Behavior. Some employees at the work display higher OCB because they have it in them. There are a lot of

empirical evidences proving that personality affects individual performance. Individual differences play a significant role in predicting whether an employee would exhibit OCB or not. Also in regard to personality characteristics, conscientiousness, agreeableness, and positive and negative affectivity garner the most support as antecedents of OCB (Podsakoff, et al, 2000) and the same has been observed at in the company here.

Max New York life is known for its HR practices. The company believes in hiring the right person, training and grooming them for the job and giving them the right tools to achieve the desired results. The Company has built a robust appraisal system of evaluating an individual performance not only in terms of achieving the defined goals but more importantly achieving them following company's guidelines and core ideology. Monica says "while considering someone for higher responsibility the biggest emphasis is laid on competence rather than just performance". Company also conducts annual Gallup employee surveys to check their satisfaction level. Company believes in compensating its employees with top quartile remuneration. Every year Mercer evaluates all job titles and profiles, benchmarks them with the similar jobs in the market and suggests correction or improvement areas (as the case may be) to the HR department at MNYL. The company was rated amongst the "Best companies to work for" by BT-Mercer in 2009. BT survey identifies Max New York Life as an excellent nurturing ground for grooming talent systematically; which undoubtedly makes it a leader in HR practices.

The company also has a fair performance appraisal system and a clear, well-established criterion for bonus. The company is known for its fair promotion policy. Employees are graded on two broad parameters: Goal Review (targets laid down for employees at the beginning of the year) and Managerial Competency Review (this involves assessment of individuals on the competencies specified for a particular position).The review leads to firming up of development plans for the concerned

employee. According to the Gallop survey 2009, most employees agree that the appraisal system is quite a transparent process. The company is perceived to exercise high organizational justice among its employees, with all levels of employees receiving their increments and dues on a timely basis. Each employee has a voice in this process by self-appraisal and the process involves essential features of consistency and accuracy.

While many companies struggle to plan the careers of their employees, Max New York life has a robust career path defined for all its employees; this has given the company a distinct advantage over its competitors inflicted with high turnover. Company not only offers growth to its employees but also helps its agents to become a part of the management, whereby creating a resource pool of high – tenured employees. Avenue is a unique program which not only focuses on nurturing talented and high performing agents to grow within the organization, but also take up full-time careers with the company. Monica has her observations that employees with continuous internal growth and higher tenure in the organization tend to demonstrate higher level of altruism, courtesy, civic virtue and contentionsness as compared to the employees in a younger age group who exhibit high sportsmanship.

According to Rajan Kalia, Director Human Resources, Max New York Life Insurance, Max New York Life will continue to nurture and groom talent. They would strive to move up the ranking in the years to come and continue with their best practices that keeps them on top. It is the effective implementation of innovative HR policies and a passionate and committed workforce that has won the company accolades. Anurag Gupta, Vice-President (Product Management) agrees that self-efficacy of an individual employee is one of the important players contributing to the level of OCB exercised. He suggests that the belief that one is capable of performing in a particular way to attain his goals also contributes to his OCB at the company.

Max New York Life Insurance invests significantly in its training programmes and each agent is trained in-house for around 100 hours as opposed to the mandatory 50 hours stipulated by the IRDA before beginning to sell in the marketplace. Training is a continuous process for agents at Max New York Life and ensures development of skills and knowledge through a structured programme spread over 400 hours in two years. This focus on continuous quality training has resulted in the company having amongst the highest agent pass rate in IRDA examinations and the agents have the highest productivity among private life insurers. The company currently has around 10,500 employees. 193 agent advisors have qualified for the Million Dollar Round Table (MDRT) membership in 2009. MDRT is an exclusive congregation of the world's top selling insurance agents and is internationally recognized as the standard of excellence in the life insurance business. The company has over 300 dedicated trainers on its roll. Every office has two training rooms which can accommodate 60 staffers. Employees are periodically sent back to classroom to further build on their skill sets. It clearly defines the priority training the employees receive here at MNYL.

The company also has a very high preference towards building leadership throughout the organization. There are leadership workshops and training programmes conducted regularly for the budding managers to groom their skills. These workshops are custom-made for various ranks of employees depending on the skill-sets and competencies required to execute their job effectively. The company also has a tie-up with leading management institutes in the country to provide executive development programmes for deserving employees. Early research studies reveal that leader supportiveness is found to correlate with OCB at about the same rate as satisfaction (Organ & Ryan, 1995). Podsakoff et al. (2000) found that leader-member exchange was positively related to altruism and an overall composite measure of OCB.

The company understands the importance of

employee engagement as a force that drives real business outcomes and thus makes conscious efforts towards it. This is evident as it has been awarded the Gallup Great Work Place Award 2009, an award that recognizes excellent companies for the extraordinary ability to create an engaged workplace culture. The level of job satisfaction among the employees within the company is quite high as was seen in their survey conducted by Gallup. Past researches have proven that the relationship between job satisfaction and OCB is much stronger than the relationship between job satisfaction and in-role performance. This is the outcome of a meta-analysis of 28 studies conducted by Organ and Ryan (1995), which found a modest relationship between job satisfaction and OCB.

Max believes in providing growth opportunities to its employees rather than external hiring. The company has an effective internal job posting process in place, whereby it releases the position to all its full-time employees on a regular basis. Under the scheme, the company allows job rotation and elevation, leading to a symbiotic process of not only helping an employee to learn new techniques and skills but also help the organization to build more versatile leaders. One such prominent case is of Mr. Anurag Gupta, Vice-President (Product Management) who has worked with various levels in the sales team before being asked to move up the corporate ladder to the strategic initiative. Due to his performance and demonstrated dedication, he plays an integral role in the product team. This has given him a wide exposure of sales, strategy planning and product development. "Continuous rotation keeps me motivated and also helps me to learn and grow" Anurag told the author in a personal interview. This is responsible for low routinization and high intrinsic satisfaction among Max employees. The company has a strong feedback system for the performance of each employee both of a short duration (weekly basis) and of a long duration (annual). Positive relationships were found between both task feedback and intrinsic satisfaction with OCB, while a negative relationship was found between task routinization and OCB. Even though task characteristics have

been found to predict OCB, some debate exists as to whether this is a direct effect or a relationship mediated by job satisfaction (Todd & Kent, 2006).

In the Business Today-Mercer-TNS Survey of 'The Best Companies to Work For in India', Max New York Life Insurance was ranked 7th in the survey and the best life insurance company to work for in India. The top ranking in the survey, reiterates the relentless focus on making Max New York Life a great place to develop workforce, maximize potential and build careers. The key parameters of this prestigious survey include a four pronged methodology that includes HR Metrics, HR Processes and Policies, Employee Perception and Stakeholder Perception. Max New York Life ranked quite high in the Employee Satisfaction Level in this survey.

Thriving manifestation of OCB at Max New York Life

Organ (1988) defines OCB as "individual behavior that is discretionary, not directly or explicitly recognized by the formal reward system, and that in the aggregate promotes the effective functioning of the organization". Organ deconstructed the dimension of general compliance and added additional dimensions of OCB. This deconstruction resulted in a five-factor model consisting of altruism, courtesy, conscientiousness, civic virtue, and sportsmanship. OCB construct was proposed by Williams and Anderson (1991). They divided up the dimensions of OCB into two different types of OCB based on whom the behaviors were directed at.

Organizational citizenship behavior – individuals (OCBI) include behaviors that are aimed at other individuals in the workplace while organizational citizenship behavior-organizational (OCBO) include behaviors directed at the organization as a whole. Altruism and courtesy are actions aimed at other employees and thus fall under the category of OCBI. Conscientiousness, civic virtue, and sportsmanship are behaviors intended for the benefit of the organization and can subsequently be considered OCBOs.

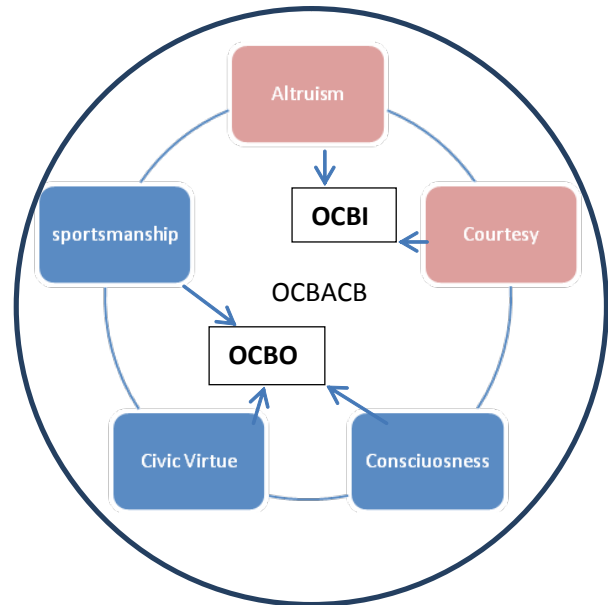


Figure 1: Five factor and OCB Constructs

Altruism among employees at Max New York Life is quite high as employees are motivated to help others or want to do a good without reward. Altruism refers to behavior by an individual that increases the fitness of another individual while decreasing the fitness of the actor. Altruism in the workplace consists essentially of helping behaviors. Workforce at the company practices unselfish concern for other's work and productivity. Colleagues willingly help others who have been absent or work related problems and assists supervisor with his or her work.

The second aspect of OCB is courtesy. Mr. Anurag Gupta is of the opinion that workforce at the company exercises workplace courtesy to a very large extent. Courtesy refers to discretionary behaviors that aim at preventing work-related conflicts with colleagues. Employees at the company not only exercise helping behavior, but also are focused to prevent problems from arising by being polite and considerate of others. Employees at the work place pay attention to small details and also share news and updates. Employees are usually mindful of how his/her behavior affects other people's jobs. Monica who has been working at the company for seven years now, confirms that conscientiousness among the employees at the company is also high. Conscientiousness consists of

behaviors that go well beyond the minimum role requirements of the organization (Law, Wng& Chen, 2005). These behaviors indicate that employees accept and adhere to the rules, regulations, and procedures of the organization. Employees at the company exercise self-discipline, carefulness, thoroughness, think carefully before acting and do not pass problems that can easily be resolve. Employees have a high tendency to obey company rules and regulations even when no one is watching.

Presence of sportsmanship in the workforce is also well realized by the leaders at the company. Sportsmanship has been defined as the willingness on part of the employee that signifies the employee's tolerance of less-than-ideal organizational circumstances without complaining and blowing problems out of proportion. Organ et al. (2006) further define sportsmanship as an employee's "ability to roll with the punches" even if they do not like or agree with the changes that are occurring within the organization. The employees at the company are quite flexible, open to changes, do not fear of trying something new to improve results and stay excited about learning new skills. They do not get into unnecessary complaints to administration and go the extra mile to assist facilitation in upcoming areas.

Employees possess feeling of being part of the organizational whole. Employees at the company have social connectedness as they are active at participation and reciprocity towards matters involving others. Group members give advance notice if unable to come to work and attend meetings that are not mandatory, but are considered important. They tend to attend functions not required but that help company image. These are the indicator of an employee displaying civic virtue behaviors i.e. he/she embraces the responsibilities of being a 'citizen' of the organization. Civic virtue is characterized by behaviors that indicate the employee's deep concerns and active interest in the life of the organization (Law et al., 2005). This dimension also encompasses positive involvement in the concerns of the organization (Organ et al., 2006).

Performance and Success driven by OCB

It has been eventful journey for the team at Max New York Life .Starting off with just 65 employees in eight offices in the country, today it has more than 7500 employees and 40,000 agent advisors at 521 offices across 389 cities. It was the first life insurance organization to get ISO 9001:2000 certifications. In the market which was full of established banks and large corporate houses. The company which was an unknown name was being recognized as a Super-brand in 2009-10. Recently Max New York life has entered into a 10 years strategic tie-up with one of the largest private banks in India, Axis bank. The company has been winning following accolades for its performance and distinct processes.

- BT Mercer – Ranked No7 in the “Best companies to Work For”
- Recognized as a Super-brand, 2009 - 2010.
- Awarded the Gallup Great Work Place Award 2009
- Max New York Life bags the Asia Insurance Industry ‘Innovation of the Year’ Award 2009.
- Recipient of 2008 CIO 100 Award for technology implementation
- Golden Peacock Award for Innovation – 2008
- Received the Amity Corporate Excellence Award – 2007
- Among top 3 in Asia Life Insurance Company of the Year Award 2007 instituted by Asia Insurance Review
- Among the top five most respected insurance companies in India as per Business-world 2004 & 2006 survey
- Won Indo-American Corporate Excellence Award for Best Indo-US company in Financial Services Category in 2006
- Received ‘Best Six Sigma Project’ award at Sakal Six Sigma Excellence Awards – 2006
- Received the ‘Outlook Money Award’ for being “among the best new insurers in the country”.

- Among the top 25 companies to work for in India, according to Business-world 2003 'Great Workplaces of India'

The company has a turnover of Rs. 5,027 crore (11 months of the current financial year), with a market share of 7.8%, growing at a rate 21%. Similarly, the total new business premium collected during the April 2010 to February 2011 period witnessed a 12 per cent growth at Rs 1,789 crore. According to Anisha Motwani, Chief Marketing Officer, the company expects to collect over Rs 2,000 crore new business premium in FY11. As per her estimation, MNYL is expecting to turn profitable in FY11, following increase in new product sales and rise in renewals, which grew by almost 25 per cent.

The researchers have found a positive and significant relationship between overall OCB and performance at the group level. This has been evident in the case as the company has high leadership skill among its workforce contributing to group performances and finally to company's success. Podsakoff, Blume, Whiting, and Podsakoff (2009) found that OCBs were positively related to unit-level performance and customer satisfaction, as visible in the current case. Nielsen, Hrivnak, and Shaw (2009), in their meta-analytic review of the existing group literature, examined the relationship between OCBs and performance at the group level

Monica Mudgal suggests that sportsmanship, civic virtue and conscientiousness at workplace in employee behavior tend to effect his/her managerial evaluations and reward allocations. Podsakoff and colleagues (2000) found, in a summary of empirical evidence, that OCBs uniquely accounted for 42.9% of the variance in managerial performance evaluations. Further Podsakoff et al. (2009) found that OCBs have a positive relationship with performance ratings and reward allocations.

She also strongly believes that applicant's tendency to exercise high OCB is a strong determinant in his selection for the post at the company. She further adds that candidates whose interview responses

indicated a high tendency to engage in supporting others, and support and defend an organization they worked with were generally viewed as more competent, received higher overall evaluations, and received higher recommended starting salaries than those who did not. This view is in support to the research by Podsakoff et al. (2010) about the effects of job candidates' tendency to exhibit OCBs on selection decisions made in the context of a job interview.

The Other side of the coin

Monica being in the HR role has been able to see the other side of OCB as she feels increased expectations for employee involvement with the organization outside of work, may lead to citizenship pressure. Researches also indicate the positive relationship between citizenship pressure and the negative outcomes. Specifically, people who reported more citizenship pressure were more likely to report work-family conflict, work-leisure conflict, job stress, and intentions to quit. Furthermore, these relationships were stronger for those low in conscientiousness and those with fewer family obligations.

Conclusion

In current business scene, when organizations are totally profit driven and hardly give much emphasis to factors shaping individual behavior outside their job description, Max New York Life ascertains itself as role model company in shaping up Organizational Citizenship Behavior of its employees. Top management of the company has clear realization of the fact that the business is totally people driven and thus has clear understanding of ways employee behavior other than regular work impact the business. Company has very strong HRM framework to take care of employee's professional aspirations, leading to continuous learning, job satisfaction and organizational justice.

Discussion Questions

- Q1. What lessons can other companies take from Max New York Life in facilitating OCB?

Q2. What can Max New York Life do beyond its current practices as a way forward to encourage OCB?

Pedagogical Objectives

- To appreciate the presence of OCB among employees as a contributing factor to the success of Max New York Life.
- To find out new parameters being identified as enabler of OCB at Max New York Life.
- To elaborate on patronage of OCB Max New York Life as success factor.

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