

Strategic Human Resource Management (HRM) Practices Adopted By Indian Insurance Companies

Dr. Geeta Rani

Assistant professor, Faculty of Commerce and Management, PDM University, Bahadurgarh, Haryana

Abstract:

In today's scenario only well organized HR practices are able to achieve the organizational objective. Set of HR practices affects the performance of the company. Nowadays, HR is considered as an important factor and recognized to enhance productivity and quality management of the organization. Banking and insurance sector is playing an important role in the growth of Indian economy. Due to higher range of world's population is living in India and China the potential market for banking and financial services is higher. To grow the industries with the same pace, banking and insurance companies have to come up with innovative ideas and strategies to retain and motivate their talented employees. Human resource is known as a key factor to increase the performance of the company. In this new era, lifestyle of human being has changed significantly, as a result their working style, taste, job preferences, and career cycles also changed. All the organizations should focus towards the current and future needs of employees. Retention is concerned with the trust and commitment of the employees. It is more concerned with a perceived sense of security, satisfaction and recognition of the workforce. In the present era all the organizations should be careful regarding all these requirements/needs of the employees. Today firm's working trends is more focused on attracting, motivating and retaining their best employees for long-term period. This paper tries to examine the best HR practices and trends in the insurance sectors to retain, motivate and feel them more comfortable during their working hour. Present study has collected data from various secondary sources

such as journals, magazines, and websites and newspapers articles.

Keywords: insurance sector, different employee retention policies and strategies, employee training

Introduction

Indian economy is facing and experiencing rapid changes in the business environment due to competition and liberalization. Banking and insurance sectors are considered the most potential industry in the economy of India growing faster in the present market. In this regard we found two reasons one is huge number of population and second is quickly changes in the living style of middle and lower middle class people. Present market pressure and strict competition forced the banks and insurance companies to be competitive for long-survival. Organization should be flexible, more effective and come up with innovative products to improve their performance. There are so many traditional ways to be competitive and have to be supplemented with organizational capability i.e. the firm's ability to manage people (Ulrich and Lake 1990). Furthermore, they found that organizational capability are more concerned with hiring and retaining the best and competent employees and developing competencies through effective human resource management practices (Ulrich and Lake 1990). According to Kundu and Vora (2004) indeed, developing a talented workforce is essential to sustainable competitive advantage. In this cut through environment every

phase of organization has shifted the valuation base from tangible to intangible assets of the companies. Intangible assets include skill, expertise, and technology it possesses. Human resource is considered as a prominent source of the intellectual capital. Sayed (2009) found that employees are the energies, skills, talents and knowledge of the people which are, or which potentially can be applied to the production of goods or rendering useful services. According to Rubin (1973) human resource is a fixed input that enables a firm to perform a particular task. Today, human resource is known as a key factor to manage all functions of the organization successfully. Organizations product effectiveness is depend on it talented workforce. Organizations should hire place the right people at right time so that they can translate the upcoming organizational opportunities into productivity. Measurement of human resource is just about valuing the contribution of people make to the success of an organization on the other side 'Human Capital' describes the contribution made by human skills and knowledge to the production of goods and services (Becker, 1993). With the conclusion of these definitions, it is finds that efficient HRM practices are inevitable factor in determining the growth and prospects of any organization. Employees are one of the most important assets of production. In every organization top level of management, middle level of management and lower level of management are responsible for the efforts and their management. Performance of every organization depends to what extent their employees is effectively utilized. Organizations are passionate with Total Quality Management (TQM) in order to stay ahead the competition very few organizations realize that their most precious assets are their employees (Khera 1999). India consists a large a large number of population and has vast potential to become a strong nation with its huge natural and human resources. In fact, each individual has their own ability and potential to do remarkable things, if he

is provided with an opportunity and congenial climate to understand, develop and utilize his/her potential. Furthermore, it is a fact that a nation may possess abundant physical resources but it cannot make rapid economic and social advancement until or unless it happens to possess people who are enterprising and have developed necessary skills, talent and attitudes. In a developing country like India, human resources is considered as an important of production and needs to be effectively utilized. Effective work practices provide a number important source to enhance organizational performance (Pfeffer and Veiga 1999). Effective HR practices have important, practical impacts on the survival and financial performance of firms, and on the productivity and quality of work life of people in them (Cascio 2006). Imtiaz and Suman (2010) found that human resource being considered as strategic capital, its accounting and reporting aspects are becoming crucial for the organizational success. More importantly, for service industry like banks, insurance companies, software, call centers, consultancies, etc, these intangible are its real capital. Banks and financial intermediaries play an important role in development of a nation. Banks are known as the commercial entities engaged in financial intermediation by pooling the surplus and channelizing the savings to the deficit sector (Kainth & Agnihotri). On the other part, insurance sector is considered as an important means of financial institution to cover the losses of individual policy holders for death and accidents or damages of properties, it serves as an important national purpose of challenging the savings of the general mass or special group of people to investment like banks, it has not yet been providing full range of financial range of financial services to the people because it has a number of limitations, one of them is low capable of human resources. Because of these reasons it has not gained much popularity and yet not developed so much it should be. Due to more difficulties in the work and risk qualified and

efficient people are not interested to develop their career with insurance sector. Insurance sector can overcome with this problem by hiring the efficient people by and retaining them. Only human resource can change its environment and increase trust to the public. These amendments can be developed through selection and recruitment of loyal personnel, developing, and motivating them by establishment of HR department. Effective HRM practices can increase the level of job satisfaction of employees and ultimately that affects their commitment to the organization. Nowadays, organizations are implementing various schemes and policies for retaining human power for long-term period. Here, role of HR department has changed; they are more involved and responsible for all kind of management practices like retaining people, training and development, team work etc. effective compensation system is important for increasing competitiveness, effectiveness, and efficiency of the organization.

Objectives of the study

The main objective of the study is to strategically evaluate the human resource management practices adopted by insurance sector operating in India. For the achievement of the main objective several sub objectives were set, these are as under:

1. To study the existing HRD climate prevailing in the insurance sector of India.
2. To study the policy of training and development and its effectiveness of Indian insurance sector.
3. To find out the various policies and schemes for retaining human power of insurance companies.

Significance of the study

Due to liberalization in the Indian insurance sector competition has opened the sector to private competition. So many MNC's have set up

their head offices in India and have tied up with various asset management companies (Shanker, 2006). These kinds of developments pressurized the insurance companies to be competitive. Organizations should not only concerned with technology, innovative ideas, masterly strategies or the use of tools, but also take care the fact that best companies are better managed, well organized to meet the needs of their people to attract better people who are more motivated to do a superior job (Waterman, 1994). In this regard management of human resource becomes very crucial. Human resource system "... as a set of distinct but interrelated activities, functions, and processes that are directed at attracting, developing and maintaining (or disposing of) a firm's human resources". However, management system of service organizations has gained more attention than from manufacturing organizations. But effectiveness of management system is equally important to enhance the operational performance in both types of organizations. HR practices helps for better functioning of insurance sector and for suitable growth of this sector. Due to this reason insurance companies must evaluate the existing HRM practices and amend them, if needed, so that employees can effectively contribute to operational performance improvement, profit and capture market share. In this study we are trying to analyze different HRM practice adopted by the insurance companies.

Literature Review

Human Resource Management (HRM) is the process of getting, training, assessing, and compensating employees, and maintaining labor retentions, health and safety, and fairness concern (Dessler and Varkkey, 2009). Noe (2007) said that human resource management refers to the policies, practices and systems that influence employees "behavior, attitudes and performance. It can be concluded that HRM is a process that focuses to get the best output from employees and to do so, it focuses on the policies, practice and system that influence employees' performance".

Job analysis can be describes as a process of getting the information about jobs i.e. information about the tasks to be done on the job, as well as personnel characteristics (education, experience, specializes, training) necessary to do the tasks (Cascio, 1998). Dessler (2003) pointed out that job analysis is the first personnel activity that affects commitment and performance. Human resource planning analyzes and identifies the need for and availability of human resources for an organization to meet its objectives (Mathis and Jackson, 2004).

The main function of HRM is human resource planning, recruitment, selection, training & development, compensation, performance appraisal. HR planning can be defined as a process of identifying the position for which the organization needs employees and the process of filling those positions. In 2010, Snell and Bohlander viewed recruitment as a process of encouraging and evaluating people to apply for current and anticipated job openings while selection is the process of choosing individuals who have relevant identification to fill current and anticipated job openings. Whereas, “training refers the planned effort by a company to facilitate employees learning of job related competencies”. Mondy et al., (2005) described that performance appraisal is a formal process of reviewing and assessing individual and team performance. In 1998 (Pfeffer) pointed out some soft and high management practices that generate trust in employees. These kind of practices includes employee empowerment, involvement in decision making; extensive communication about functioning and performance of the employee service; designing training for skills and personal development of employees; selective hiring; team working where ideas are pooled and creative solutions are encouraged; rewards systems that commensurate with effort; reduction of status between the management and staff and all workers are valued regardless of their role (Lee & Heard, 2000). HRM practices influenced number of employees’ attitudes, behavior such as intent to

leave, levels of job satisfaction and organizational commitment. Furthermore, Wayne (1997) pointed out that HRM practices that signaled the organization’s intentions to invest in employees (such as developmental experiences and training) produced higher levels of affective organizational commitment.

Research Methodology

Particularly this research study used secondary data to collect the information through different books, published articles, research papers, various websites regarding women empowerment. That’s why used research methodology is descriptive type.

Training practices adopted by insurance companies

The present study help to investigate and analyze the current trends, training and development initiatives adopted in the insurance companies.

- Generally, training is needed at all levels of employees in the insurance sector.
- Usually, training is organized once in quarter or once in every half year in the insurance companies based on their performance.
- Different types of training methods are used to train the employees like on the job training and off the job training.
- Most importantly coaching and mentoring method is used to train the employees.
- Role play and lecture method are part of off job training being used in the insurance company.
- Induction training is given to the newly hired employees of the insurance company.
- Knowledge and social skills are the areas where the employees are trained the most.
- Skills, knowledge and abilities of employees are evaluated before and after the training programs.

- Insurance companies do organize motivated training for the employees in order to improve their performance.
- Training arranged by insurance sector help the employees in their career development and helps them to achieve their day to day activities.

Various HR Practices and Retention strategies Adopted by Insurance Sector

- **United India Insurance Company Limited:** This Company believes that continuous learning process can enhance the human being tendency towards the work. This company started school of learning to train their employees during training sessions they get practical and real knowledge by studying the current time cases that what is happening in the present market. Training includes case studies, faculty led sessions, guest lectures, interactive sessions, group workshop, group presentation, field visits, on the job training.
- **TATA AIG Life insurance:** This Company set the standards to recruit and place the employees. Whenever they recruit a new employee they run an induction program for two days so that the employee get to know his work responsibilities and arranged a perfect training about his job. This program named as “WIN”. Other HR practices as under:
 - ❖ **Annual Celebration:** Every year employees celebrate their victory for achieving their targets.
 - ❖ **Employee Town Hall:** Top management meets the employees and discusses the growth and other important matter with them.

- ❖ **The success matrix:** This is called a reward program. Every talented employee is rewarded and recognized for their best work. Best employees name will be displayed on the “WALL OF FAME” at all branches of the organization throughout the country.

- **ICICI Lombard:** ICICI Lombard recruits the employees who are perfect for the organization. They recruit their employees from various universities and set an amount of 100-120 crore for employees’ development.
- **BHARATHI AXA Life insurance:** BHARATHI AXA recognized that insurance sector need a circle for its development they are running a program named as ‘EVENT IDEA’ that mainly focused on house wife for their recruitment and making them as a part of their organization.

Conclusion

A well defined framework of strategically made HRM practices benefits not only the organization but also for the employees. Organization should adopt better HR policies, opportunities for growth in terms of better compensation, benefits, training and development opportunities, and career management in turn leading to job satisfaction and self-fulfillment.

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