



IMPACT OF HRD CLIMATE IN DETERMINING THE ORGANIZATIONAL PERFORMANCE – AN EMPIRICAL ANALYSIS AMONG THE GENERAL INSURANCE COMPANY EMPLOYEES IN GUNTUR DISTRICT, A.P.

Chakravarti Vengalasetti

Research Scholar, Department of Commerce and Business Administration, Acharya Nagarjuna University, Nagarjuna Nagar, Guntur.

Dr. K. Lalitha*

Research Supervisor, Acharya Nagarjuna University *Corresponding Author

ABSTRACT Continuous growing performance is the objective of any organization because only through performance, organizations are able to grow and progress. Knowing the determinants of organizational performance is important especially in the context of the current economic conditions in order to improve the organizational performance. Today, the Insurance sector is growing and evolving one. Being a service industry it is highly dependent on the competencies of the human resources. Therefore, it is relevant to study the impact of HRD climate on the Organizational performance of the employees working in general insurance companies. An amiable HRD climate is crucial for sharpening competencies and motivating employees to perform remarkably. The key objective of this paper is to create a model that will allow to evaluate the general insurance companies and to underline the relationship between the way they operate and their performance.

KEYWORDS : HRD Climate, Organizational Performance, Insurance Industry, etc.

INTRODUCTION

The prosperous development of an economy can be achieved through the efficient and committed manpower of the country. Similarly the human resource of an organization must be best managed for its successful development. Such a development climate can be characterized by the tendencies such as treating employees as the most important resources, perceiving that developing employees is the job of every manager, believing in the capability of employees, communicating openly, encouraging risk taking and experimentation, making efforts to help employees recognize their strengths and weaknesses, creating a general climate of trust, collaboration and autonomy, supportive personnel policies, and autonomy, and supportive HRD practices. Good HRD practices can influence financial and other performance indicators by generating employee satisfaction, which in turn can influence customer satisfaction. Through proper selection of people and by nurturing their dynamism and other competencies, an organization can make people dynamic and pro-active. This will have a positive impact on the organization. An optimal level of "climate for development" is essential for facilitating HRD in organizations.

REVIEW OF LITERATURE

Dr. Rao T.V (2008) in NHRD Network Journal "*Organization Development experiences, A case for enriching HRD through OD*" stated that "OD is a planned effort initiated by process specialists to help an organization develop its diagnostic skills, copious capabilities, linkage strategies in the form of temporary and semi-permanent systems and a culture of mutuality.

Dr. Arun Kumar & Prof. Ramesh K (2009) in HRD Newsletter "*Economic Turbulence and the HR Profession*" expressed that the HR profession plays a crucial role in the organization. Its role is increasingly important now days as never before. The context of globalization and the resultant challenge that it brings to the sore makes the profession as the more important and sensitive. The intense competition in the market, need for quality, cost cutting, continuous improvement of skill of employees.

Anjan Bhowmick (2015) in NHRD network Journal "*Examining the relationship between organization structure and perceived innovations – A study of Indian companies*" expressed that Organizations should allow and encourage formation of informal networks within. A firm could benefit supporting such informal group activities. Besides, such networks would also help to increase job satisfaction and contribute employee retention.

OBJECTIVES OF THE STUDY:

1. To explore the determinant components of HRD climate in the general insurance sector.
2. To examine the impact of HR practices on organizational performance through HRD climate.
3. To examine the direct impact of HRD climate components on organizational performance.

SAMPLE DESIGN

A sample design is considered as the road map to the sample selection. Moreover, sample design defines the critical concepts such as, population, sample units/subjects, sampling framework, and sample size. Further it describes the procedure of sampling.

POPULATION OF THE STUDY

Population of the study refers to the entire aggregation of respondents that meet the designated set of criteria. For this study, the target population are the employee of general insurance sector within the state of Andhra Pradesh, India.

SAMPLING TECHNIQUE

Simple random sampling was adopted to select the general insurance employees through their attendance records which are available in their concerned offices. The researcher approached with a structured questionnaire of 700 individual employees and requested them to participate in the survey, 635 employees returned the filled questionnaires and out of which 564 instruments are valid for the further data analysis. Hence the sample size of this study is declared as 564.

FINDINGS:

1. The primary data depicted that there are 373 male (66.1 percent) and 191 female (33.9 percent) respondents, out of the total respondents' sample of 564.
2. There are 68 (12.05 percent) respondents had 0-2 years of experience, 124 (21.98 percent) of the respondents had 2-5 years of experience. 276 (48.93 percent) respondents had 5-10 years of experience and 96 (17.04 percent) had more than 10 years of experience.
3. The present study has established that policies, procedures, practices, conditions, HRD climate and organizational performance are the most influential factors in understanding the perceptions of general insurance companies.
4. The factors such as policies, procedures, practices, and conditions are the dominant factors of understanding the perceptions of general insurance company's employee.

Table 1. Respondent's Preference towards Policies of the Organization:

| Demographic Description | | Total (n=564) | Strongly Agree | Agree | Neutral | Disagree | Strongly Disagree | Chi – Square |
|-------------------------|-------------|---------------|----------------|-------|---------|----------|-------------------|-------------------|
| Gender | Male | 373(66.10) | 143 | 96 | 59 | 54 | 21 | 0.270, 4, >0.005 |
| | Female | 191(33.90) | 77 | 69 | 21 | 14 | 10 | |
| Age | 20 - 30 Yrs | 292(51.77) | 98 | 77 | 63 | 42 | 12 | 9.908, 12, >0.005 |
| | 30 - 40 Yrs | 144(25.53) | 62 | 45 | 12 | 15 | 10 | |

| | | | | | | | | |
|----------------|---------------|------------|-----|-----|----|----|----|------------------|
| | 40 - 50 Yrs | 110(19.50) | 52 | 25 | 12 | 14 | 7 | |
| | > 50 Yrs | 18(03.19) | 4 | 3 | 3 | 4 | 4 | |
| Marital Status | Married | 495(87.77) | 236 | 137 | 45 | 41 | 36 | 7.846,4,>0.005 |
| | Unmarried | 69(12.23) | 18 | 15 | 12 | 14 | 10 | |
| Level of Job | Operational | 275(48.76) | 117 | 77 | 56 | 15 | 10 | 6.614,8,>0.005 |
| | Tactical | 160(28.37) | 57 | 42 | 37 | 12 | 12 | |
| | Strategically | 129(22.87) | 45 | 36 | 26 | 12 | 10 | |
| Qualification | SSC/Diploma | 59(10.46) | 21 | 14 | 12 | 7 | 5 | 12.798,8,>0.005 |
| | Degree | 382(67.73) | 176 | 112 | 46 | 35 | 13 | |
| | P.G | 123(21.81) | 47 | 36 | 25 | 8 | 7 | |
| Monthly Income | 15 – 30,000 | 47(8.33) | 18 | 9 | 7 | 7 | 6 | 13.328,12,>0.05 |
| | 30 – 40,000 | 306(54.26) | 143 | 78 | 56 | 24 | 5 | |
| | 40 – 50,000 | 103(18.26) | 35 | 21 | 18 | 17 | 12 | |
| | >50,000 | 108(19.15) | 58 | 19 | 12 | 11 | 8 | |
| Experience | 0-2 Yrs | 68(12.05) | 24 | 13 | 11 | 10 | 10 | 13.546,12,>0.005 |
| | 2-5 Yrs | 124(21.99) | 56 | 33 | 12 | 14 | 9 | |
| | 5-10 Yrs | 276(48.94) | 116 | 97 | 42 | 15 | 6 | |
| | >10 Yrs | 96(17.02) | 34 | 23 | 12 | 16 | 11 | |

Source: Primary Data

5. The derived results from the thesis will be considered as the value addition, and the added knowledge to the very scant academic literature available so far in the general insurance company's employee.

Table 2. Respondent's Preference towards Practices of the Organization:

| Demographic Description | | Total (n=564) | Strongly Agree | Agree | Neutral | Disagree | Strongly Disagree | Chi Square |
|-------------------------|-------------|---------------|----------------|-------|---------|----------|-------------------|------------------|
| Gender | Male | 373(66.1) | 148 | 95 | 55 | 65 | 10 | 2.315, 4, >0.005 |
| | Female | 191(33.9) | 76 | 74 | 22 | 12 | 7 | |
| Age | 20 - 30 Yrs | 292(51.77) | 105 | 76 | 54 | 47 | 10 | 7.633,12,>0.005 |
| | 30 - 40 Yrs | 144(25.53) | 71 | 36 | 17 | 10 | 10 | |
| | 40 - 50 Yrs | 110(19.5) | 57 | 25 | 11 | 10 | 7 | |
| | > 50 Yrs | 18(3.19) | 8 | 4 | 2 | 2 | 2 | |
| Marital Status | Married | 495(87.77) | 249 | 135 | 51 | 40 | 20 | 8.456,4,>0.005 |
| | Unmarried | 69(12.23) | 27 | 16 | 10 | 8 | 8 | |
| Level of Job | Operational | 275(48.76) | 120 | 85 | 50 | 10 | 10 | 6.321,8,>0.005 |
| | Tactical | 160(28.37) | 69 | 31 | 40 | 12 | 8 | |
| | Strategical | 129(22.87) | 53 | 32 | 27 | 11 | 6 | |
| Qualification | SSC/Diploma | 59(10.46) | 24 | 15 | 10 | 5 | 5 | 9.522,8,>0.005 |
| | Degree | 382(67.73) | 194 | 109 | 45 | 19 | 15 | |
| | P.G | 123(21.81) | 53 | 39 | 20 | 8 | 3 | |
| Monthly Income | 15 – 30,000 | 47(8.33) | 22 | 9 | 7 | 4 | 5 | 10.231,12,>0.05 |
| | 30 – 40,000 | 306(54.26) | 157 | 74 | 55 | 10 | 10 | |
| | 40 – 50,000 | 103(18.26) | 47 | 24 | 12 | 10 | 10 | |
| | >50,000 | 108(19.15) | 67 | 13 | 12 | 8 | 8 | |
| Experience | 0-2 Yrs | 68(12.05) | 28 | 17 | 10 | 7 | 7 | 11.522,12,>0.005 |
| | 2-5 Yrs | 124(21.99) | 59 | 34 | 14 | 9 | 8 | |
| | 5-10 Yrs | 276(48.94) | 123 | 97 | 40 | 10 | 6 | |
| | >10 Yrs | 96(17.02) | 39 | 20 | 17 | 12 | 8 | |

Source: Primary Data

SUGGESTIONS

This study is interested in generating statements that are relevant to the General Insurance Industry. As this is not taken as a case study no unit specific suggestion can be made. However the findings do help to make some meaningful suggestions.

1. The climate of General Insurance industry is dominated by factor 'growth'. This should be mainly due to the emergence of private sector insurance companies. The employees' desire to grow along with the organization should be taken care of by providing opportunities for growth. Recognition, reward, autonomy, achievement are the factors that will provide an employee a sense of 'growing'.
2. Organizations objectives must be informed to the staff at different levels clearly and periodically through formal and informal means to improve the relationship between the superiors and the subordinates and also to create a sense of belongingness in the minds of the employees.
3. Greater autonomy shall be given to the employees. It helps in developing self-confidence and ensures involvement amongst the employees resulting in better service to the customers.
4. The personnel policies regarding placement and promotion must be fair and purposive, and have to be implemented in a flexible manner. Prior intimation of posting must be given a year in advance, and employee preference for posting must also be taken into account.
5. Frequent changes in the policies are not advisable and when once

the policy has been drawn, it must be in force at least for meaningful years.

6. Various team building activities should be executed to increase the team spirit of the employees. Similarly, informal functions, get-to-gathers, picnics, birthday & holiday celebrations, etc. can help them improve their interpersonal relationship.
7. The organizations should pay more attention on the competency development of the employees.
8. Periodic reviews should be made to analyze the changes taking place in the organization and to take corrective measures.
9. Experimental studies be undertaken to investigate the effectiveness of various HRD practices.
10. HRIS should be strengthened to keep up to date information of each employee and to enable the management to use them for employee development and growth.

CONCLUSION

The impact of organizational policies, procedures and practices on organizational performance through the mediating effect of HRD climate is found to be significant. The results of the model yielded that, all the paths were found to be significant and are satisfying all the thumb rules of the mediation analysis. So, we can conclude that, there is a mediation effect of HRD climate while regressed the impact of policies, procedures and practices of the organization over organizational performance. Hence, we can claim that the null hypothesis were rejected and the alternative hypothesis were accepted.

REFERENCES

1. Bhatia W.J, (1994) Principles and Practices of Personnel Management and Human Resource Management, Edition-II, Deep and Deep Publications, New Delhi.
2. Lyntan, P. Rolf and Pareek Udai, (2000) "Training for Organizational Transformation", Sage publications India Pvt, Ltd., Delhi.
3. Chakravarthy, E. Ajantha, (2002) Corporate HRD: "Whatever Manager should know about Human Resource Development", Crest Publishing House, New Delhi.
4. Mirza, S. Saiyadain, (2002) "Elements of Performance Appraisal", Human Resource Management, Tata McGraw Hill Publishing Company Limited, New Delhi.
5. Grieves Jim, (2003) "Strategic Human Resource Development", Sage Publications India Pvt Ltd, New Delhi, p.91.
6. Arun Monapea (2004) "Industrial Relations", Tata Mc. Graw-Hill Publishing Company, New Delhi.