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HRM Practices in Life Insurance Corporation – An Overview

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Abstract

Human resource management plays a significant role in ensuring that a firm realized its mission, goals, and objectives. To determine the importance of HRM within the insurance industry, this paper specifically focused on the Well Point, one of the leading health insurance companies in the India. After critically analyzing the operations of the firm and supporting the findings with the arguments from the literature that was covered, it emerged that the Well Point group takes into consideration several measures to ensure that its recruitment and selection process is effective and efficient. First, the company undertakes a rigorous procedure to ensure that the jobs that have been designed specifically meet the needs and requirements of the firm and its clientele and most importantly, the job description attracts only qualified candidates to apply for the posts. More stringent measures are also taken to ensure that the interviewing, selection, training, placement, and supervisory processes are conducted in a manner that is considered fair, transparent, and consistent with the values, rules, and regulations of the organization. These considerations not only ensure that Life Insurance Corporation comprises of the most qualified personnel who make up its workforce but also increases their level of motivation and productivity hence ensuring that the firm stands at a competitive edge over its rivals in the short run and in the long run.

Keywords: Job Design, Recruitment, Selection Approaches, Training, Performance Appraisal

Introduction

In the contemporary world, the level of competition among firms has increased as a result of globalization and easily availability of resources that are required to sustain normal operations. Due to this fact, firms are under constant pressure of operating in a more effective and efficient manner to respond to market demands, changes in legislation and so on. In the health care industry, firms usually strive to provide demand driven care services.

It is the dream of every organization to achieve this goal. However, this can only be possible if the human resource management of a given organization is effective and efficient. According to Dessler (2003), the manner in which employees are managed, motivated, and rewarded plays a significant role in determining whether the services of an organization will be of a high quality or a low quality. Thus, human

resource management (HRM) is an essential factor within the service industry where the experience of the clients is highly dependent on the experiences, attitudes, and perceptions of the employees.

Human resource management is one of the key areas that most organizations, particularly health insurance companies focus on in the process of enhancing the quality of services that they offer to their clients. This paper will therefore focus on Life Insurance Corporation which is one of the leading health insurance companies in the United States of America.

This paper will specifically focus on how various aspects of the HRM system of the organization are linked to one another to enhance productivity, boost employee morale, increase the operation efficiency of the firm and most importantly, to maintain a balance between the work and personal life of its employees.

Overview of Life Insurance Corporation

The Parliament of India passed the Life Insurance Corporation Act on the 19th of June 1956, and the Life Insurance Corporation of India was created on 1st September, 1956, with the objective of spreading life insurance much more widely and in particular to the rural areas with a view to reach all insurable persons in the country, providing them adequate financial cover at a reasonable cost.

LIC had 5 zonal offices, 33 divisional offices and 212 branch offices, apart from its corporate office in the year 1956. Since life insurance contracts are long term contracts and during the currency of the policy it requires a variety of services need was felt in the later years to expand the operations and place a branch office at each district headquarter. Re-organization of LIC took place and large numbers of new branch offices were opened. As a result of re-organisation servicing functions were transferred to the branches, and branches were made accounting units. It worked wonders with the performance of the corporation. It may be seen that from about 200.00 crores of New Business in 1957 the corporation crossed 1000.00 crores only in the year 1969-70, and it took another 10 years for LIC to cross 2000.00 crore mark of new business. But with re-organisation happening in the early eighties, by 1985-86 LIC had already crossed 7000.00 crore Sum Assured on new policies.

To achieve this success and to maintain its consistency, the operations within the Life Insurance Corporation group are guided by the set mission and goals. From a critical analysis of the company's operations and organization culture, it is evident that this mission has specifically been designed to describe the values and aspirations of this organization. Furthermore, this mission statement has been designed based on the following core values:

- Putting the consumer first
- Integrity
- Personal accountability for excellence
- Teamwork
- Continuous improvement of service quality

Thus, this mission statement gives the employees at the higher levels of management a sense of direction that will enable the Life Insurance Corporation group to achieve its goals and objectives. These goals are usually designed to sustain short term operations and strategies that play a significant role in achieving the overall mission of the organization by middle and lower level employees.

These goals are usually designed by critically analyzing the internal environment of the organization to determine its strengths and weaknesses as well as exploring the external environment to determine the opportunities and threats that the organization is facing.

From this analysis, effective policies and strategies are usually developed to ensure that the operations at Life Insurance Corporation are effective and efficient hence meeting the needs of its clients as well as ensuring that the group stands at a competitive edge over its rivals. By critically analyzing the internal strengths and weaknesses of this firm and the external opportunities and threats that it is facing, it is evident that the operations at Life Insurance Corporation highly rely on its employees.

With this recognition, the Life Insurance Corporation group has strived over the years to have a workforce that is highly qualified and dedicated towards achieving the mission and goals of the organization as well as achieving their career goals. Through its human resources, the Life Insurance Corporation group has developed effective systems and strategies with regards to job design, selection approaches, recruitment, training of staff, performance appraisal, promotions, and supervisory techniques.

These systems and strategies are highly interlinked with one another to enhance the performance of the firm as well as boosting the morale of Life Insurance Corporation employees. Consequently, the operations and strategies of the human resources at Life Insurance Corporation are usually in accordance with the law.

Job Design, Recruitment, and Selection Approaches

The aim of any entity is to ensure that it provides its clients with high quality services to meet their needs. This is an essential process in the process of retaining existing clients and attracting new ones. In an insurance company setting, the recruiting and selection process in any organization plays a significant role in achieving this goal.

At Life Insurance Corporation, the recruitment process is consistent with the company's rules and regulations especially with regards to its equal opportunity policy. In this respect, the recruitment and selection process at Life Insurance Corporation aim at:

- Ensuring that the process is carried out systematically in accordance to the agreed criteria as a means of eliminating bias that may affect the decision making process.
- Ensuring the recording of all decision points to increase the transparency, accountability, and monitoring of the process.
- Ensuring that the process is open especially to the clients as a means making them to understand the decisions that have been made and if necessary, the manner in which they can obtain feedback.

The recruitment and selection process is usually a challenging and tedious exercise especially in the course of designing favorable interview questions and finally deciding on which individual(s) to hire from the candidates that were involved in the process. However, as asserted, the selection process is critical since an organization requires to have qualified personnel who can put forth its positive image by conducting their rules and duties in an effective and efficient manner.

The study that was conducted by Bartel (2004) revealed that to review the background of employees, personalities, and professional ethics are essential considerations in deciding whether or not they fit the job descriptions and resultant operations. These considerations thus increase the amount of time and money that is required to ensure that the recruitment process is effective and efficient.

However, it is always advised that an organization takes considerable measures to ensure that the recruitment and selection process is effective since it will reduce the overall operational costs in the long run and will ultimately ensure that a firm avoids hiring individuals who will jeopardize its operations hence making it difficult to achieve the set goals and objectives. At Life Insurance Corporation, the hiring process comprises of the following steps:

- Posting of a job advertisement in the media. This includes the internet, newspaper, specific magazines and so on.
- Evaluation of the information that has been received from the job applicants.
- Screening the applicants to determine which ones qualified for the interview.
- Verification of the details by contacting the referees.
- Conducting the actual interviews on the shortlisted candidates
- Deciding which candidates will be awarded the vacant position(s).

From a critical point of view, it is evident that the overall goal of this process is to ensure that the most appropriate candidates are selected to fill the positions that are present within the organization. Therefore, Life Insurance Corporation takes immense measures in the job design process to ensure that the specific personnel needs of the organization are met.

This ensures that a job description contains a summary of the duties that are to be performed by the candidates that will be successful as well as the specific requirements and qualifications for the vacant post.

A job description is thus an effective tool in the recruitment and selection process regardless of whether the process will be internal or external since a job description not only alerts individuals that an organization has an opening but further elaborates on the specific skills and expertise.

This consideration thus ensures that only the individuals who meet the set qualifications apply for the job and discourages the individuals who might not have met them qualifications that are required for the job from applying.

As it has been asserted in this paper, a lot of time is consumed in sorting out the applications that have been received for a given job opening. Therefore, by setting specific requirements for the job limits the number of applicants and ultimately, the time that is required to sort the applications. Furthermore, a job description acts as a guideline for the interviewing and selection process to ensure that the right candidate is selected for the task at hand.

These descriptions also give the candidate an idea of what the job entails, the duties that they are to perform, what is expected of him/her once hired and the goals and objectives that are to be accomplished.

The information that is contained in the job description is also used to design the training process that will be used to initiate the newly appointed candidates into the firm hence providing a benchmark to evaluate the progress that an employee will make with regards to career growth and development.

The duties and requirements that have been stipulated in the job description are useful especially on legal ground with regards to any grievances, lawsuits, or claims that might arise between the organization and its employees hence protecting their rights.

Well trained personnel who possess high levels of skills and experience are usually considered as valuable assets within any organization. After developing a detailed job description and advertising the vacant position, Life Insurance Corporation usually uses a mix of approaches in selecting the correct candidates to occupy the respective posts that had been advertised. After the candidates apply for a job that has been advertised by the Life Insurance Corporation group, a rigorous selection process is usually carried out.

To reduce the costs involved in the selection process, only the candidates who meet the requirements are invited for an interview. There are instances where the number of qualified candidates exceeds the expected number of individuals who are to be interviewed. In such an event, slots for the interviewed are usually awarded on a competitive basis where the candidates who were highly qualified with regards to the job description are selected.

Life Insurance Corporation regards the interviewing process as an avenue of having an in-depth understanding of the qualifications, personality, and characters of the applicants. While conducting a strategic human resource management study in India Armstrong (2005) asserted that interviews are effective tools in the recruitment and selection process since it enables an employer to understand certain aspects of a candidate that cannot be detected even after critically analyzing the application forms and letters.

In this respect, the Life Insurance Corporation group utilizes several interviewing strategies to ensure that the candidates that are selected in the course of a recruitment process are capable of handling the advertised posts with high levels of professionalism, diligence, effectiveness, and efficiency. Thus, to achieve this goal, the following interview approaches are used at Life Insurance Corporation:

- Online interviews
- One on one interviews
- Panel interviews

Depending on the job requirements, a telephone interview might be conducted.

This strategy is used at Life Insurance Corporation as a screening exercise to determine several factors. First, it is used to determine whether a candidate has a genuine interest on the job that had been advertised or he/she requires the job to meet specific obligations such as paying their bills. To ensure that the firm has a dedicated workforce, the individuals who might be successful at this point of recruitment are usually the ones who show their passion in the posts that they have applied for.

Consequently, this strategy is considered as a quick but convenient way of determining whether a candidate has what it takes to effectively perform the duties of the posts that they have applied for hence reducing the effort and time that would have been otherwise used for this process in a one-on-one interview. Most importantly, telephone interviews are considered to be one of the most effective means of interviewing a candidate over a long distance. The Life Insurance Corporation group is operational in almost every state in India. In such a situation, a phone interview is usually handy to save time and money for both the candidate and the organization.

One-on-one interviews are also used at Life Insurance Corporation in the course of the selection process. This approach is mainly used to conduct interviews for entry level positions. A lot of candidates are usually under a lot of pressure when they are about to be interviewed. To averse this situation, the Life Insurance Corporation group usually conducts one-on-one interviews to get the best from their candidates.

According to the survey that was conducted by Armstrong (2005), most individuals who apply for entry level jobs usually graduates from colleges and universities who do not have prior work experience. Such individuals usually have been in very few interviews before hence they stand a high chance of panicking and losing their confidence if they are interviewed by a group of individuals.

Therefore, a one-on-one interview will enable the interviewer to understand the character and personality of the interviewee and most importantly, the kind of employee he/she could be.

However, a one-on-one interview only considers the thoughts and perceptions of one interviewer. In some situations, the interviewer may fail to have the experience or expertise regarding the post that the candidate is being interviewed on. In such a case, the interviewer may fail to capture all the information that might be useful in deciding whether to hire the candidate or not. To averse such issues, panel interviews are always conducted.

Here, the candidate is interviewed by several people who hold various positions within an organization. At Life Insurance Corporation, panel interviews comprise of the immediate manager of the vacant post, the director of the department/division, a representative from the human resources department, and in some instances, a manager from another department.

This composition ensures that almost all the aspects of the candidate are gathered with respect to the duties and responsibilities of the advertised post, performance of the candidate, the role that the candidate will play in ensuring the mission, goals, and objectives of the organization are achieved, and most importantly, the possibility of hiring the candidate.

The number of interviews that will be conducted usually depends on the technicality of the vacant position. At Life Insurance Corporation, approximately two interviews are conducted for entry level positions. These interviews usually last for approximately 45 minutes. To ensure that the most qualified candidate is selected with regards to the job descriptions, all the candidates are usually asked similar questions. This makes it easy to compare their responses to determine which candidate is well suited for the job.

These responses are also effective indicators of the level of education of the candidates, their skill level, and the amount of training that they should be subjected to if they are selected. There have been instances where it has been difficult to select between two or more candidates for the job. In such a situation, Life Insurance Corporation usually invites the candidates for an additional interview where the candidates battle out for the position.

However, more than three interviews can be conducted on more technical positions as one rises up the organization structure. The first interview is conducted to reduce the number of candidates based on their performance. Subsequent interviews are thus organized until the best candidates are arrived upon. It is from the results of these interviews that the decision of whether to hire a candidate or not is arrived at.

Training, Placement, and Performance Appraisal

In the contemporary world, organizations across the globe are facing challenges that originate from globalization. Initially, firms only competed with firms that were located within the same geographical region. In the modern days however, firms are facing extensive competition even from rivals that are located overseas.

This fact has forced firms to come up with strategies that are effective and efficient as a means of responding to the market demands to ensure that they offer their clientele with high quality goods and services. One of the areas that Life Insurance Corporation has strived to modify over the years to achieve this goal is the modification of its training and personnel management programs.

Through this strategy, Life Insurance Corporation has been successful in developing a consumer-oriented workforce whose aim is to meet the needs and desires of its clientele. Studies that have been conducted reveal that training is an important aspect of ensuring that the workforce of a given organization performs the duties and roles that have been assigned to them in an effective and efficient manner.

Consequently, rigorous training is usually considered as a critical investment in ensuring the success of an organization in the long run. Through training, the gap between the employees of a given organization and the clients it serves.

Candidates usually undergo a vigorous training exercise once they have been selected to hold various positions within the Life Insurance Corporation group. Responding on the annual associate survey findings that were conducted in 2003 and utilizing the company's learning and management system, Learn Point, Life Insurance Corporation developed the Associate Career Development Program in 2004.

Through this program, Life Insurance Corporation has been training its personnel, especially new recruits to meet the goals and objectives of the firm as well as achieving their personal and career goals. This program specifically targeted associates who work in the customer service, membership and billing, and claims departments to ensure that they have a clear understanding of their demands of their positions and expectations of the firm.

Consequently, this program has been influential in enhancing the performance of employees as well as boosting their morale especially through various reward systems and balancing their work and personal lives hence increasing employee retention rates.

This training program uses job specific training models to ensure that employees develop and implement personal learning plans that will boost their performance.

As a result, the training program has been successful in meeting the responsibilities and specific competencies of every job description within the organization by offering the employees with opportunities such as internal instructor-led training and activities that enable an individual to gather the skills and experience of a given posts while working on that position.

Consequently, this training model offers shadowing and mentoring opportunities that greatly enhance the morale of the employees which plays a significant role in developing an organization culture that aims at meeting the needs and demands of its clients. Finally, this program is run by the DRIVE methodology that aims at:

- Developing a learning plan
- Reviewing the plan with a training supervisor to ensure it meets the requirements, goals, and objectives of the job
- Implementation of new knowledge and skills
- Validation of what has been learned in the training exercise
- Evaluation of the employee's development over time

Performance appraisal as a system that is used to evaluate the performance and career development of an employee. At Life Insurance Corporation, performance appraisal system is used to measure the productivity and development of an individual employee with regards to the roles and duties that are required by the post he/she is holding within the organization.

To increase its efficiency, the appraisal system should be designed using pre-determined criteria as well as the mission and objectives of an organization. Some of the issues that are usually taken into consideration include:

- Adherence to the organization culture
- Employee accomplishment
- Future potential of the employee
- Strengths and weaknesses

The above data can be collected either through objective production approach or the judgmental evaluation approach. Life Insurance Corporation considers performance appraisal as an essential strategy of aligning the resources that it has to increase its operation efficiency hence boosting its overall performance. From practice, the Life Insurance Corporation group has realized that the manner in which an organization is managed plays a significant role in determining its long term success.

As a result, it has been a priority of the firm to monitor and evaluate the performance of its employees. Other than focusing on enhancing the performance of its employees, performance appraisals are also effective tools that facilitate communication among the employees and between the employees and the management. Communication plays a significant role in increasing the level of motivation within an employee.

The study was revealed that enhanced communication played a significant role in eliminating job uncertainty in an employee. Consequently, the feedback that an employer receives from his employees in the course of communication can be influential in enhancing the overall performance of the organization.

Communication also creates trust and promotes the development of positive behaviors that aim at developing a strong organization culture that is goal oriented. Through performance appraisals, the strengths and weaknesses of the employees are usually determined hence playing a significant role in the design and development of an effective training program.

The recruitment and selection process has to be conducted in accordance to the set rules and regulations of a given state. This consideration ensures that the rights of the employer and the employee are respected. For instance, Life Insurance Corporation strives to maintain the privacy of its employees. To avoid any dispute, the firm has expressly alerted its employees of its monitoring activities. For instance, the firm usually monitors the internet usage of its employees.

Therefore, employees are not expected to use the internet for personal reasons (e.g. storing personal files on the company's email address). Consequently, Life Insurance Corporation uses video and photographic surveillance equipments to monitor the performance of its employees. However, the surveillance technique is only applied for business purposes since the employees might sue the firm if they are used for other purposes.

Consequently, Life Insurance Corporation is in compliance with the Occupation Health and Safety. In this respect, the firm has strived to provide a conducive working environment to its employees. In this respect, employees work in properly ventilated environments that have ample lighting and free from toxic or any other hazardous substance that might affect their health.

Conclusion

Human resource management has become an essential aspect in the management of organizations in the contemporary world. From the literature that has been covered in this paper, it is evident that the Life Insurance Corporation group has taken into consideration the importance of having a workforce that is effective and efficient in the provision of services to meet the needs and requirements of its clients as well as ensuring the long term sustainability of the firm. In this respect, the firm has developed a rigorous recruitment and selection process in ensuring that the most qualified individuals become part of the workforce. Consequently, the firm has come up with measures that aim at retaining its employees as well as enhancing their performance. To achieve this goal, I would recommend that the firm should modify its recruitment process by liaising with institutions of higher education such as universities and colleges and independent recruitment agencies.

This partnership will ensure that the individuals who are considered for various posts within the firm are highly qualified. Consequently, liaising with recruitment agencies will greatly reduce the cost and time that is consumed in the recruitment and selection process. Furthermore, the firm can also increase the frequency for conducting its performance appraisal. Despite the fact that this process can be tedious and expensive, it will ultimately enhance the overall performance of its employees hence ensuring that the firm realizes its mission, goals, and objectives.

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