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**HRD PRACTICES AND EMPLOYEE PERFORMANCE –AN EMPIRICAL  
INVESTIGATION IN INDIAN LIFE INSURANCE INDUSTRY.**

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**ABSTRACT**

*The present study makes an attempt to investigate difference in perception of employees of organizations understudy regarding HRD Practices and also the relationship of different HRD practices with Perceived Employee performance in context of Indian life insurance industry. The researcher had gathered responses from 327 employees of four big life insurance companies namely, LIC, SBI LIFE, ICICI, and HDFC selected according to their market share. The findings of the study revealed that companies are different with regard to Training & development and career planning according to perception of employees. As far as relationship of HRD practices with perceived employee performance, then the results asserts that all HRD practices have strong positive and significant relationship with employee performance. Out of all the practices the employee counseling have highest correlation with perceived employee performance.*

**Keywords- HRD, HRD Practices, HRDC, Perceived Employee performance.**

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## 1.Introduction

### 1.1 HRD: Theoretical and conceptual foundation

Human Resource Development (HRD) is a process by which the employees of an organization are helped, in a continuous, planned way, to: 1) acquire or sharpen capabilities required to perform various functions associated with their present or expected future roles, 2) develop their general capabilities as individuals and discover and exploit their potentials for their own and/or organizational development purposes, and 3) develop an organizational culture in which supervisor-subordinate relationships, teamwork, and collaboration among sub-units are strong and contribute to the professional well being, motivation, and pride of employees. (Rao 1985).

Human Resources Development is the medium that drives the process between training and learning in a broadly fostering environment. Human Resources Development is not a defined object, but a series of organized processes, “with a specific learning objective” (Nadler,1984) Within a national context, it becomes a strategic approach to inter sectoral linkages between health, education and employment.

Human resource development could be expressed in the following terms:

- Human resource development makes a major contribution to the successful attainment of the organization’s objectives and that investment in it benefits all the stakeholders of the organization.
- Human resource development plans and programmes should be integrated with and support the achievement of business and human resource strategies.
- Human resource development should always be performance-related – designed to achieve specified improvements in corporate, functional, team and individual performance, and make a major contribution to bottom-line results.
- Everyone in the organization should be encouraged and given the opportunity to learn – to develop their skills and knowledge to the maximum of their capacity.
- Personal development processes provide the framework for individual learning. While we recognize the need to invest in learning and development and to provide appropriate learning opportunities and facilities, the prime responsibility for development rests with the individual, who will be given the guidance and support.

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T.V. Rao and Udai Pareek have given six dimensions of human resource development Performance appraisal, Potential appraisal, Employee counseling, Career development and planning, Training, Organizational development.

HRD has been defined in numerous ways to stress its strategic role in Organizational Development. It “is a process for Enhancing and unleashing human expertise through personnel training and development for the purpose of improving performance” (Swanson and Holton III, 2001). According to McLean and McLean (2001): “HRD is any process or activity to develop ’ work-based knowledge, expertise, productivity, and satisfaction, whether for personal or group/team gain, or for the benefit of an organization, community, nation, or ultimately, the whole of humanity.”

Peter Drucker (1993, p.198), underscored the need for Human Resource Development when he maintained that “employing organizations of all kinds — businesses, government agencies, nonprofits—must become institutions of learning and teaching as well. Schools, increasingly, must work in partnership with employers and employing organizations.” Eurich (1990): “It seems reasonable to infer that a knowledge-based organization must also be a learning based organization in which learning is not confined to company classrooms” (p. 171). It is clear that “Human Resource Development aims at providing opportunities to individuals for full expression of their potential and focuses on the creation of values and culture conducive to individual growth in the organizational context.

### **1.2 Perceived employee performance**

Perceived employee performance is the performance of employees as perceived by themselves. What they think that about their performance level and what according to them contribute toward better performance. It constituted 10 items i.e. *Improvement in employees work quantity, Appreciate new ideas, achievement of organizational goals, meeting targets, improvements in target achievements, satisfy in team work, high performance , decision making, improvement in communication skills, matching employee competencies with organizational operations*. These statements are taken after extensive literature reviews of Boselie et al (2004) and M tahir (2010).

### **1.3 Linkage between HRD practices and perceived employee performance.**

HRD practices are those activities which help individuals to increase their skills, knowledge and encourage them to work in the best way. HRD practices have strong link with increase in

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employee performance. The identification of best HRD Practices and their relationship with employee performance is the fundamental to organizational and employee's goal achievements. When employees are given proper support and opportunities for development then they become more satisfied and their performance is increased automatically. It is now become a universal assertion that "Human resource" is the pre-eminent organizational assets and the key to achieving outstanding performance (Pfeffer 1994).

#### **1.4 Statement of problem**

Present research was designed to study the difference in perception of employees from different companies regarding human resource development practices and their relationship with perceived employee performance with reference to life insurance industry in India.

#### **1.5 Research Questions**

This research study aims to get answer to the following research questions:

*RQ1: Research question 1: To what extent the employees from selected organizations of life insurance companies differs in their perception regarding HRD Practices and Perceived employee performance.*

*RQ2: Research question 2: what is the relationship between HRD Practices and perceived employee performance.*

#### **1.6 Objectives**

The main objective of the research work was to differentiate the organizations under study regarding HRD Practices and to study the relationship of HRD Practices with perceived employee performance. In order to materialize this objective, the following specific objectives were considered.

1. To study and compare the employee perception regarding HRD Practices and perceived employee performance in selected organisations of Indian life insurance sector.
2. To measure the relationship between selected HRD Practices and Perceived Employee performance.

#### **1.7 Hypothesis**

Ho1: There is no significant difference of the responses of people belong to different companies regarding HRDC, Training and development, Performance appraisal,

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career planning, Employee counseling, compensation and reward system, and perceived employee performance.

H02: There is no significant relationship between selected HRD Practices and perceived employee performance.

## 2 Review of literature

Subramony (2009) in his study on "A Meta-Analytical Investigation of the Relationship between HRM Bundles and Firm Performance", resulted after studying the meta-analysis of 239 effect sizes derived from 65 studies that HRM bundles have larger effects than their constituent individual practices. HRM Bundle are positively related to business outcomes. These findings reaffirm the case of firm level investments in synergetic HRM combinations and highlight the importance of investing innovative practices.

Katou A.A., (2008) the purpose of this paper is to study the impact of HRM practices on organizational performance in the context of Greece. Data were collected from 178 organizations using a structured questionnaire in manufacturing sector, and analysed using the 'structural equation modelling' (SEM). The results indicated that the relationship between HRM practices (resourcing and development, compensation and incentives, involvement and job design) and organizational performance is partially mediated through HRM outcomes (skills, attitudes, behaviour), and this relationship is influenced by business strategies (cost, quality, innovation). Thus, the contribution of this study for academics and practitioners is that HRM policies related with business strategies will affect organizational performance through HRM outcomes.

Rizov and Croucher (2008) in his research examined the association of HRM practices and organizational performance in European firms. They found that collaborative form of HRM practices reflected positive and statistically significant relationship with firms' performance. They are of the opinion that employees should be treated as an assets and core partners in the organization and they should communicate organizational mission, values, goals and strategy so that they can prepare themselves for the achievements of those targets.

Kalyani tanvir(2008) in the research "Challenges of Human Resource Development to pace with Globalization" The present study aimed at identifying the variables related to

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human resource development in teacher educators'. Researcher studied the effect of human resource development climate, performance appraisal, induction in-service education and training needs of teacher educator with impact of gender, experience, age, organizational difference, working in unisex or co-education, service stature difference. Population of the study was teacher educators working in the eleven institutes of teacher education in the two cities Islamabad and Rawalpindi. Two hundred twenty three, male and female teacher educators responded to the researcher's questionnaire. Instrument used for data collection was HRDC, PERAP, INS and training needs assessment, questionnaire adapted through Noorjahan N, Ganihar. Major findings of the study reported, that gender, experience, age-difference, organizational difference, working in co-education, service difference have a significant impact on the variables HRDC, INS, PERAP and training needs. Furthermore a significant relationship among the variables HRDC, PERAP, INS and training was determined.

Singh. et al.(2008) conducted a study to examine the impact of Human resource policies and practices on organizational performance. For the study they used multi item instruments. For example they suggested that the employees should be motivated through higher than industry average wages, performance linked wages and stock option schemes and if human resource policies are updated on regular basis there is a high likelihood that the organization will achieve high employee morale, adaptability, quality of product and service, learning and growth and impact on industry. This study reveals that empowering people through extensive information sharing, job rotation, multi-tasking and decentralizing decision making powers is more likely to help improve the various dimensions of performance, and thus organization can take initiative to introduce best human resource practices for enhancing organizational performance.

### **3. Research Design**

#### **3.1 Sample**

Sample size for research is 327 respondents which includes different categories of employees (Administrative officers, Development Officers and Middle class Employees and IVth class employee) from different life insurance companies namely, LIC, ICICI, SBI Life, HDFC Standard life insurance.

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### 3.2 Data collection

Primary data have been used in this study. Primary data has been collected through a questionnaire, designed on five points Likert scale with options from strongly agree to strongly disagree. Each option was assigned a scale. 5 = strongly agree, 4 = agree, 3 = indifferent, 2 = disagree and 1 = strongly disagree.. Most of the statements used in the survey were taken from extensive study of literature on HRD practices and its effect on perceived employee performance.

### 3.3 Statistical techniques

Consistent with the objectives of the study, The data collected has been analyzed with the help of Statistical tools like Mean, Standard deviation, analysis of variance (ANOVA) & Coefficient of correlation. Correlations has been used to assess the relationships of Human Resource Development practices and Perceived employee performance indicators in diff Life Insurance Companies.

### 3.4 Reliability of Data

Regarding HRD climate, questionnaire was developed and standardized by Rao and Abraham (1990). It comprises all the issues related to HRD climate and include thirty eight statements and last statement is put to get responses about performance. Items regarding other practices like Training and development, performance appraisal, Career planning, Employee counseling , compensation and reward system are developed after the intensive review of literature. The reliability of the questionnaire was tested by using cronbatch alfa. The reliability of the tool was established to be 0.968, were found above acceptable level (Nunnally, 1978).

## 4. Data Analysis and Interpretation

*Analysis of HRD Practices.*

*Research Question 1: What is the extent of Different HRD practices prevailing in selected organizations of life insurance industry?*

In order to achieve the first Objective i.e. To study and compare the employees perceptions regarding Human Resource Development practices prevailing in selected organizations of Indian life insurance sector; and to test the Null Hypothesis H01 i.e. there is no difference as per the extent of HRD Practices prevailing in selected organizations.

Table no 1

Mean, S.D and ANOVA of HRD Practice in selected companies							
Organization understudy		HRDC	TD	PA	CP	EC	CRS
LIC	Mean	4.0653	4.0075	4.0437	4.0707	4.0935	4.0488
	N	92	92	92	92	92	92
	Std. Deviation	.64719	.64359	.63002	.67650	.72291	.65856
SBI LIFE	Mean	4.2392	4.2455	4.1990	4.3347	4.2308	4.2073
	N	78	78	78	78	78	78
	Std. Deviation	.26639	.30901	.29988	.29268	.32725	.35345
ICICI PRU	Mean	4.1476	4.0880	4.0975	4.1942	4.1106	4.1512
	N	85	85	85	85	85	85
	Std. Deviation	.56482	.58774	.58552	.54896	.57529	.58116
HDFC Stand	Mean	4.2371	4.1889	4.1389	4.2776	4.2250	4.2244
	N	72	72	72	72	72	72
	Std. Deviation	.35147	.36157	.40692	.38709	.41782	.44012
Total	Mean	4.1660	4.1251	4.1157	4.2113	4.1596	4.1519
	N	327	327	327	327	327	327
	Std. Deviation	.49813	.51409	.50967	.51821	.54634	.53356
	F ratio	2.371	3.634	1.397	4.284	1.469	1.884
	Sig	(0.070)	(0.013*)	(0.244)	(0.006**)	(0.223)	(0.132)

\*p<0.05, \*\*p<0.01

Source - Questionnaire

Table Exhibits the statistical results using the techniques of Mean, S.D, and ANOVA. It is observed from the table no 5.1 that the mean score of HRDC are varying between 4.4392(SBI LIFE) and 4.0653(LIC). So it can be inferred that managerial perception toward HRD Climate are more positive in SBI LIFE as compared to other companies and

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lowest in LIC. Perception toward Training and development are more positive in SBI LIFE (4.2455) followed by HDFC standard(4.1889), ICICI pru(4.0880) and LIC(4.0075) showing that SBI life is imparting training in more favorable way as per the employees perception. On analyzing the results of performance appraisal it is evident that Again SBI LIFE (4.1990) is better than, HDFC (4.1389) and ICICI(4.0975) and LIC(4.0437). Results of Career planning shows that perception are more positive in SBI LIFE(4.3347) as compared to HDFC(4.2776), ICICI (4.1942)and LIC(4.0707). Mean score of SBI life is higher in case of Employee counseling (4.2308) as compared as compared to HDFC(4.2250), ICICI (4.1106)and LIC(4.0935). in case of compensation and reward system results are bit different as here HDFC(4.2244) is highest followed by SBILIFE(4.2073), ICICI(4.1512) and LIC(4.0488). After analyzing the overall results of all the HRD Practices it is observed that SBI life has outperformed the other three selected organizations as far as the extent of HRD practices prevailed in the company.

In order to test the significance of the difference among the sample mean ANOVA is performed, the calculated f- value and p-value were exhibited in the table 5.1 the results reveal significant difference in between the selected organizations regarding Training & development and Career planning as F value is less than  $<0.05$  at 95% level of significance. In the light of these results, the researcher understands that the *perception toward HRD Practices are differ significantly in case of Training & Development and Career planning in selected organizations* as  $p < 0.05$  and the difference regarding other HRD Practices like HRD climate, performance appraisal, Employee counseling, Compensation and reward system differs insignificantly because of sampling fluctuations or chance.

Thus the *null H01 Hypothesis stands partially accepted in case of HRDC, Performance appraisal, Employee counseling ,and Compensation and reward system* as  $p > 0.05$ .

In case of Training and development and career planning there exists the significant difference among companies concerned so in case of Training and developmet and career planning it stands rejected and concluded that in companies are different in providing training and development and career planning. Further it can also concluded that *out of four companies SBI LIFE is better than others regarding the extent of HRD practices prevailed and implemented.*

**Research question 2: what is the relationship between HRD Practices and perceived employee performance.**

To answer the above question and to test the null hypothesis H02 the techniques of correlation is applied. The results of the correlation are shown no table 2.

Table 2: Pearson Coefficient of correlation N-327

	HRDC	TD	PA	CP	EC	C&RS	PEP
HRDC	1						
TD	.900** .000	1					
PA	.802** .000	.823** .000	1				
CP	.881** .000	.872** .000	.783** .000	1			
EC	.859** .000	.835** .000	.783** .000	.836** .000	1		
C&RS	.866** .000	.800** .000	.715** .000	.791** .000	.799** .000	1	
PEP	.734** .000	.724** .000	.711** .000	.730** .000	.725** .000	.679** .000	1

\*p<0.05, \*\*p<0.01

Source - Questionnaire

The above table no-2 exhibits the relationship between different HRD Practices and perceived employees performance. *HRD Climate* has positive and significant correlation ( $r = .734, p < .01$ ) with employee performance. Correlation of *Training & development* with perceived employee performance ( $r=.724, p<.01$ ) indicates that training is highly and positively correlated with above dependent variable. This indicates that training is very beneficial for increase the individual and organizational performance. *Performance appraisal* is showing correlation ( $r = .711, p < .01$ ) with employee performance, indicating that

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appraisal of performance helps employee to gain more insight into their strengths and weaknesses. It helps all employees to understand what is expected from him. All these in turn lead to better employee performance. Correlation of *Career planning* with employee performance ( $r = .730$ ,  $p < .01$ ) are presenting positive and significant relationship. When organizations focus on career planning their employee performance is enhanced. Correlation of *Employee Counseling* with Perceived Employee Performance ( $r = .859$ ,  $p < .01$ ) show highly significant and positive relationships. These results are indicating that employee should be given proper counseling at the time of their problems. This leads to cordial relationship between mgt and employees and ultimately to achieve high performance of employee. *Compensation and reward* system have correlation ( $r = .679$ ,  $p < .01$ ) with employee performance, shows that the compensation system will be acceptable and satisfactory when it is linked with the performance shown in the performance appraisal process. Out of the above six HRD practices *Employee counseling have highest correlation with perceived employee performance*, this indicate that employee counseling help individual o solve their problems, and grievances which leads to high quality work, cordial mgt/employee relationship, targets achievement in time with improvement, good communication and decision making skills, all this in turn leads to high performance.

### **5. Conclusion**

This work studied the difference in perception of employees of different organizations understudy regarding HRD practices and also the relationship of HRD Practices with perceived employee performance in Life insurance sector of developing economy like India. Review of literature provides strong evidence of effective HRD practices and their relationship with firms' performance in physical and attitudinal dimensions. Our research empirically substantiated the results of earlier studies with regard to this linkage. The study highlights the importance of HRD practices to achieve and sustain superior performance in changing business environment and need for an integrated approach toward formulation and implementation of HRD practices. The organizations need to proactively pursue a tactic approach to HRD practices and invest in such practices to such an extent so that it can achieve sustainable competitive advantage in tangible and intangible dimensions.

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