

Impact of training on performance of employees in Life Insurance Company - A study at Bangalore

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ABSTRACT

The Training is the continuous and the systematic development among all levels of employees, knowledge, skills and attitudes which contribute to their welfare and that of the company (Planty, M.C. Cord and Efferson, 2007). Training provides organization, the employees with a caliber of increasing the organization's productivity and profitability. Employee performance refers to the ability of employees to perform a job in an effective and efficient way to produce the best results. When the employees are provided with the proper training, they will be more committed towards their job and improve their performance in the organization. There are different types of training being given to the employees like orientation/induction, refresher training, product training, cross functional training etc. Organization must provide the training to the employees, if organization really wants the employees to perform well and has to improve the productivity and profitability. Insurance is one such sector which concentrates more and invests more on the employee training. This training should have impact on the employees performance.

Keywords: Life Insurance, Liberalization, Private, Public, Performance, Training

INTRODUCTION

The companies selected for the research paper are as follows:

(a) Public Sector:

Life Insurance Corporation of India.

(b) Private Sector:

1. HDFC Standard Life Insurance Co. Ltd.
2. Max New York Life Insurance Co. Ltd.
3. ICICI Prudential Life Insurance Co. Ltd.
4. Kotak Mahindra Life Insurance Co. Ltd.
5. Birla Sun Life Insurance Co. Ltd.
6. TATA AIG Life Insurance Co. Ltd.
7. SBI Life Insurance Co. Ltd.
8. ING Vysya Life Insurance Co. Ltd.
9. Bajaj Allianz Life Insurance Co. Ltd.
10. Met Life India Life Insurance Co. Ltd.
11. Reliance Life Insurance Co. Ltd.
12. Aviva Life Insurance Co. Ltd.
13. Sahara India Life Insurance Co. Ltd.

14. Shriram Life Insurance Co. Ltd.
15. Bharti AXA Life Insurance Co. Ltd.
16. Future Generali India Life Insurance Co. Ltd.
17. IDBI Fortis Life Insurance Co. Ltd.
18. Canara HSBC Oriental Bank of Commerce Life Insurance Co.Ltd.
19. Argon Religare Life Insurance Co.Ltd.
20. DLF Pramerica Life Insurance Co.Ltd.
21. Star Union Dai-ichi Life Insurance Co. Ltd.
22. India First Life Insurance Co.Ltd.

Life Insurance business in India was nationalized by incorporating Life Insurance Corporation of India (LIC) in 1956. After the Indian economic reform 1991 there was a significant improvement in the Indian insurance sector which is characterized by Liberalization, Privatization and Globalization (LPG). In year 1993 the Malhotra Committee emphasized on privatization of life insurance business.

The Indian insurance industry was opened for private insurers in the year 1999, with the establishment of Insurance Regulatory and Development Authority Act (IRDA Act). Before liberalization there was monopoly of Life Insurance Corporation of India (LIC). The entry of private companies in life insurance business breaks the monopoly of LIC. The Insurance Regulatory and Development was established to regulate and to protect the policyholder's interest of the insurance industry. Indian life insurance is the fastest growing sector, with many domestic and foreign players. The government of India allowed private insurers in year 2000 with 26% foreign direct investment.

In the post liberalization era, the life insurance sector of India witnessed a significant growth as there is healthy competition from many domestic as well as foreign private insurers.

There is tremendous growth potential for life insurance sector in India as we have huge population and still the Indian life insurance market is untapped. Further, it indicates the growth prospects and a huge potential for life insurance business in the country.

C. Barathi, C. D. Balaji and Ch. Ibohal Meithei (2011), in the research paper titled "Innovative Strategies to Catalyse Growth of Indian Life Insurance Sector- an Analytical Review" have clearly discussed about the impact of global recession on the fastest growing Indian insurance market. They find the entry of many private companies has created a paradigm shift in insurance marketing in India in terms of products, tariffs; customer service etc. Chatterjee. P (2009) evidently said private insurers recorded 62% growth rate in April- December 2008 against 45% in the same period of last fiscal. ICICI Prudential, HDFC Standard, SBI Life and Bajaj Allianz are the dominant players of the life Insurance sector. LIC a market leader recorded a decline of 28% and experts said the Industry has witnessed a reasonable growth despite the tight financial conditions. Kapse. S and Kodwani D.G (2003), in their article, argued that in the changing scenario for the insurance sector there is going to be a good opportunities for insurance sector to expand its market base. For this purpose there is need to improve the features of the insurance products to make them more liquid or short term schemes could be increased.

Krishnamurthy S, Mony. S, Jhaveri. N, Bakhshi. S, Bhat. S and Dixit M.R (2005), in their paper clearly explained the status and growth of Indian Insurance Industry after liberalization and also present future challenges and opportunities linked with the Insurance.

Rajasekar D and T.H.Kumari (2014), the level of penetration, particularly in life insurance, tends to rise as income levels increase. The market share of the entire private players has sharply risen with the entry of private players in life insurance market. This indicates that the private players are doing quite well and are improving year by year, thus affecting the performance of LIC. Rao Divakara P (2015), Number of policies has subsequently increased year after year but the performance of LIC has deteriorated and those of private players have been improved tremendously. With every successive year, private players are gaining the trust of the public and have quite successful in snatching the business from LIC. Though the income of private insurance companies is negligible when compared with LIC but then also the pace with which they are increasing their income is tremendous. Private insurance companies are expanding their business and will certainly going to give a tough competition to LIC in the coming days.

LIC, being the oldest player in the existing insurance market, has the biggest market share of 64.39% which was 99% in the year 1999-2000. We see that private insurance companies are penetrating in the customer base of LIC. Private insurance companies are giving a tough competition to the LIC.

Tripathi. S (2009), in his dissertation report mentioned that Private companies are giving direct competition to LIC, LIC is a dominating player even after privatization and abundance scope of insurance expansion in the Indian market, LIC is having huge customer base being an old giant are some of the main findings of this study. He concluded that LIC is a most popular and leading brand but with aggressive marketing approach; private companies are giving direct competition to LIC.

Employees – the vital part of the organization should be developed as they are contributing for the organization's success. Organizations requires the employees of highly skilled, knowledgeable with right attitude for its smooth functioning and development. Training is the important managerial function in any organization to educate/impart knowledge to the employees about their work in which they are involved. The training brings tremendous change in the employees skill level, knowledge and performance. Now-a-days organizations have started providing opportunities for the employees to improve their skill sets, which successively develop the individual and organizational growth. But the training have an impact on employees performance needs to be studied. Insurance industry is the important one in providing employees training and the performance of the employees very much relies on the training provided to them. Hence this research study was conducted at the private insurance sector in Bangalore.

OBJECTIVES OF THE STUDY

To study the impact of training on employees performance.

To study the factors determining the employee productivity through training and

To study the effect of other Human Resource Management (HRM) practices on employees performance.

This study was conducted only at the Public and private Life Insurance sector in Bangalore consisting of Public and Private Life Insurance companies. The data was collected through the questionnaire method. The sample size was 75. The sampling method used for this study was Random Sampling Method. The data collected were analyzed through t-test, Chi Square.

The results obtained reveal that the training given to the employees in Private Insurance Sector, Bangalore improves the performance level of the employees. The increase is formed in the employee productivity after the training. The education level, staff category and the work experiences of the employees are the factors determining the growth of employees performance in the organization after the training.

Human Resource is considered as the most important resource in an organisation. The employees should be offered with proper training to improve their efficient and effective functioning in an organization.

Employee performance refers to the ability of employees to perform a job in an effective and efficient way to produce the best results. When the employees are provided with the proper training, they will be more committed towards their job and improve their performance in the organization. There are different types of training being given to the employees like orientation/induction, refresher training, product training, cross functional training etc.

Organization must provide the training to the employees, if organization really wants the employees to perform well and has to improve the productivity and profitability. Insurance is one such sector which concentrates more and invests more on the employee training. This training should have impact on the employees performance.

Insurance Industry

The advent of life insurance business in India is with the establishment of Oriental Life Insurance Company, Calcutta in 1818. Boon for economic development provides long- term funds for infrastructure development at the same time strengthening the risk taking ability of the country. Today there are 27 general insurance companies including the ECGC and Agriculture Insurance Corporation of India and 24 life insurance companies in the country. Insurance Industry is regulated by the Insurance Regulatory and Development Authority (IRDA).

RESEARCH METHODOLOGY

The Study on “Impact of Training on Employee Performance in Private Insurance Sector, Bangalore” was conducted as a descriptive study deals with collecting, summarizing and simplifying data and drawing conclusion. The main Objectives of this research are to study the impact of training on employees performance and to know the determinant factors that determine the employee productivity.

Population of the study, Impact of Training on employee performance in Private Insurance Sector, Bangalore is 10 companies from both Public and Private life insurance sectors. Employees of Private Insurance Sectors in Bangalore are taken for this study.

Sample refers to the respondents. Sampling is the process of choosing a representative portion of the entire population, the population of employees in private insurance sectors in Bangalore. Employees present in all departments of the company are selected for the study which comes around 15-20 in number.

Sampling Unit: Refers to the place of the study, which is in Bangalore.

Sampling Technique followed is the Random Sampling Method.

Sample Size of the study is 75 respondents from the 10 companies of Public and Private Life Insurance sectors.

Data Collection has been done through the primary data collection by “Questionnaire Method” designed with questions on the different aspects of employee performance and given with 5 point Likert scale rating choice to the respondents for choosing demographic details.

STATEMENT OF THE PROBLEM

Employee training is a learning experience; it seeks relatively permanent changes in the employees that improves their job performance (David A De Cenzo and Stephen P. Robbins, 2007). Insurance industry is the major contributor in Indian economy (IC 33, Life Insurance by Dr. Sashidharan Kutty and Prof. Pranav Misra, 2014). The insurance sector is a colossal one now, with a consistent growth rate of 32% - 34% and its present worth is 41 billion US dollars (CII). Insurance services add about 7% to the country’s GDP. Employees in insurance sector of Bangalore - the Life Insurance, Non-Life Insurance (Medical Insurance and General Insurance) are studied for this research.

They seem self-oriented or towards the self-development than contributing for the company’s development. Hence the attrition rate in the insurance sector is also high. Employees are moving to other companies after acquiring the necessary skills through the training provided by the previous companies. How does the organisation get benefited through the employee’s performance? Is there improvement in employees productivity and organizations profitability? Hence, this study has been conducted to find out the effective and efficient functioning of employees after the training.

The relationship between the training and performance has been studied in previously in many researches. But the impact of training on employee performance in the private insurance sector with respect to Bangalore has not been studied so far. Hence it is decided to do the study on “Impact of Training on Employee Performance in Public and Private Insurance Sector, Bangalore”.

The Impact of Human Resources Management (HRM) practices have also been analyzed through this study.

Table 1: Improvement in Productivity after the Training Programme

VARIABLES	GROUPS	What is the improvement in productivity after your training programme?								Total		Chi Square Value	Significance
		90% - 100%		75% - 90%		50% - 75%		Below 50%		No.	%		
		No.	%	No.	%	No.	%	No.	%				
Gender	Male	8	15.4	25	48.1	15	28.8	4	7.7	52	100	3.871	Ns
	Female	7	30.4	9	39.1	7	30.4			23	100		
	Total	15	20	34	45.3	22	29.3	4	5.3	75	100		
Age in years	21-25 yrs	5	31.3	7	43.8	4	25			16	100	16.981	Ns
	26-30 yrs	2	11.8	11	64.7	2	11.8	2	11.8	17	100		
	31-35 yrs	3	15.8	8	42.1	6	31.6	2	10.5	19	100		
	36-40 yrs	2	12.5	5	31.3	9	56.3			16	100		
	Above 40 yrs	3	42.9	3	42.9	1	14.3			7	100		
	Total	15	20	34	45.3	22	29.3	4	5.3	75	100		
Education Qualification	GRADUATE	6	10.5	30	52.6	18	31.6	3	5.3	57	100	13.859	**
	POST GRADUATE	9	50	4	22.2	4	22.2	1	5.6	18	100		
	Total	15	20	34	45.3	22	29.3	4	5.3	75	100		
Monthly	Rs.2-3 Lacs	5	26.3	8	42.1	6	31.6			19	100		
	Rs.3-4 Lacs	6	16.2	22	59.5	7	18.9	2	5.4	37	100		

Income (In Rs.)	Rs.4-5 Lacs	4	21.1	4	21.1	9	47.4	2	10.5	19	100		
	Total	15	20	34	45.3	22	29.3	4	5.3	75	100	10.28	Ns
Experience in present company	1-2 yrs	11	31.4	16	45.7	7	20	1	2.9	35	100		
	3-4 yrs	2	5.9	16	47.1	13	38.2	3	8.8	34	100		
	5 yrs and above	2	33.3	2	33.3	2	33.3			6	100		
	Total	15	20	34	45.3	22	29.3	4	5.3	75	100	9.911	Ns

Ns: Not significant,* Significant at 5% level (95% Probability),** Significant at 1% level (99% Probability);
 Source: Primary Data collected and calculated through questionnaire.

Table 2: Employee Performance Before and After the Training Programme

	What is the improvement in productivity after your training programme?									total	
	90% -100%		75% - 90%		50% - 75%		Below 50%		No.	%	
	No.	%	No.	%	No.	%	No.	%			
What is the percentage of business you have done before your training programme	90% -100%	2	50	1	25	1	25			4	100
	75% - 90%	9	45	9	45	2	10			20	100
	50% - 75%	2	7.1	22	78.6	4	14.3			28	100
	Below 50%	2	8.7	2	8.7	15	65.2	4	17.4	23	100
total		15	20	34	45.3	22	29.3	4	5.3	75	100

Source: Primary Data collected and calculated through questionnaire.

FINDINGS

Insurance industry is the complex one, wherein diversified employees are there with similar kinds of targets in sales and works in the administrative side. The employees demographic factors reveal that the age of the employees in the sales department plays a major role. As the targets fixed in sales, and maintaining back office work for these policies is hectic, the employees age group of 21-25 is showing improvement in their performance. This is gradually reduced and remains almost same till the age of 35 years. As they gain experience after that they are showing improvement in their performance after 40 years.

For the better performance and the consistence growth the Undergraduate education is sufficient. The PG degree doesn't play any special role in their business.

The performance of the Sales personnel is depending on the market trend and the economic condition of the people for both taking insurance policy and paying the premium. Hence the sales managers finding it difficult to show consistent improvement in their business though the training is being given. The administrative staff are showing improvement in their performance after training.

It is revealed from this study that the training plays a major role in the employees' performance. There is consistent growth in their performance after the training. They have shown improvement in their performance level from 20% - 25% growth after the training.

The employees those who are already performing 90%-100% shown consistency in their performance level. Find out the time taken for achieving their target within the month period time could be the future research scope in this study. The Human Resource Management (HRM) practices other than the training followed in the organisations are very important to the employees for enhancing their interest toward the training and the subsequent developmental aspects.

The performance level and the knowledge in their products, work procedure determines the necessity of the employee training other than the freshers. It also reveals that the periodical training programs are mandatory to the employees in the Private Insurance Sector.

SUGGESTIONS

Employees in the organisation should be offered with the proper training periodically to improve their performance in job. The training needs the employees should be properly identified through the performance appraisal system. The training provided should not be restricted with the newly joined staff, the existing staff members should also be provided with refresher training, cross-functional training etc. it keeps them updated with their knowledge, technology and working practices.

The management should take all initiatives to maintain a cordial relationship with the employees as the study reveals that the motivation has also an impact on the employees productivity.

The senior officials should understand the needs of the employees on the training aspects and other aspects to plan for the training programs ensure the employees have active participation in these programs.

While framing the rules and regulations of the organizations, the HRM practices should be duly taken care with Human Resource Management (HRM) practices hence it also has an impact on the employee productivity.

Recognition of the employees as and when they contributed special or additional for the organization is very important. This includes both monetary and non-monetary benefits. It will make the employees more committed towards their job, which improves their performance level.

The effectiveness of the training should be monitored through the observation, collecting feedback from the trainees and evaluating the performance level after the training programs of the employees.

Growth opportunities for the employees in the organisation by the management to improve the effective and enthusiastic participation of employees in the work and produce better results.

The Human Resource Management (HRM) practices, motivation, monetary and non-monetary benefits to the employees to recognize their contribution are also influence the employee performance.

Age, educational qualification and work experience are the other factors which determine the employees performance in the organization through the training. This study clearly indicates that the training have impact on employee performance.

CONCLUSION

Human Resource is the work force, which brings changes in the organizations and needs to be taken for the welfare of the organization. Their needs and development should be specially addressed by the management. Employees will be productive and committed towards their job only when they are provided with the required inputs, let it be machine, material or the skills sets. Training is a tool which improves the skills sets and knowledge of the employees that improves the productivity and profitability of the organization. This study on Impact of training on employee performance has been conducted in the Private Insurance Sector, Bangalore with a sample size of 75 respondents.

The survey has done through the Questionnaire Method. Data obtained were analyzed through t-test and Chi-square. Results obtained reveal that the effective training improves the performance of employees. The effectiveness of the training should be improved through the proper periodical scheduling of the training, selection of quality trainers, implementing the best training methods etc. Training should be given to both freshers and existing employees. Their feedback should be obtained and evaluation of their performance after the training program should also be done to improve the training effectiveness. It also analyzes the employee performance after the training.

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