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A Study On Influence Of Hrm Practices Towards The Organizational Commitment Among The Employees Of Private Sector Life Insurance Companies In Chennai City

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Abstract

Human resource is considered to be a decisive factor in the organization's developments. Now a day's organizations have started realizing that human resources are the most important of all assets based on the emerging values of humanization. The achievement of any organizations, firms, and businesses in the long term depends on human resources. The study proposed to find out whether the HRM Practices towards the organizational commitment among the employees of select private Sector insurers in Chennai City**.** The total sample size of the study is 381. The study used both primary and secondary data to attain the objectives of the study**.** The study results reveal that Human Resource Management Practices factors namely Compensation and Reward, Performance appraisal, and Training Development do not influence the organizational commitment among the employees in private sector life insurance companies in Chennai city.

Keywords: Compensation and Rewards, Performance appraisal, Training and Development, and Organizational Commitment

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Introduction

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Human resource is considered to be a decisive factor in the organization's developments. Now a day's organizations have started realizing that human resources are the most important of all assets based on the emerging values of humanization. The achievement of any organizations, firms, and businesses in the long term depends on human resources. (**Bhargava, 2010**) The goals of the organizations are to gain a competitive advantage, both domestically and internationally. While the need to match the qualities of top management with the nature of the business has been generally recognized, there has been much less recognition given to the need to manage all employees in the organization with the nature of the business(**Kammeyer-Mueller, 2015**) The employees play a vital role for organization's success and superior human resource management is the differentiator in the competition. HR practices signal employees to carry out actions desirable to the firm. The industry's key performance measures include positive employee attitudes and behaviors. The effectiveness of HR practices is measured by the way they influence employee attitudes on expected lines. HR practices help to maximize employee positive affective reactions at work; in turn, employees would enthusiastically put more effort into the organization and contributes to the productivity and effectiveness of the system. Employee behavior says both external and internal factors, in combination, produce employee behavior. The combination of attitudes with societal pressure to behave in a given way that influences an employee's intention, in turn, more directly affects behavior. Behaviors consequently result in individual and organizational outcomes (**Raghavendra & Raju, 2016)**. Human Resources have grown to be a significant factor for organizations to gain a competitive advantage, especially to stay alive in this era of globalization. Earlier than employees were searching for a better firm, but in this era, companies are striving hard to draw and retain talented employees. HRM practices played a significant role in increasing the organizational commitment of employees. Human Resource management needs to implement HR practices effectively in order to align the employee's objectives with organizational objectives(**HASSAN & MAHMOOD, 2016**). Under present market forces and firm competition, the insurance companies are strengths to be competitive. Contemporary companies must seek ways to turn into more efficient, productive, flexible and innovative, under constant pressure to

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get better results. The traditional systems of gaining competitive advantage have to be supplemented with organizational capability i. e. the firm's capability to manage people (Ulrich and Lake 1990). Organizational ability relates to hiring and retaining competent employees and developing competencies through effective human resource management practices (**Kundu, 2009**). Besides, it will facilitate the organizations to manage their human resources effectively in order to succeed in the global market by gaining a competitive advantage. Organizations can make it probable by increasing the organizational commitment of employees. The research is significant in understanding the importance of HRM practices and its implementation in increasing the organizational commitment of employees. This study further contributed to achieving the organizational goals by retaining the best workforce. In the wake of globalization, the insurance industries are liberalized. It creates many multinational companies that have the opportunity to operate their insurance business through the joint venture with the Indian companies. Due to increases in insurance companies, the employees have ample opportunity to get a job in the insurance field. It will indirectly encourage the employee's turnover in the insurance companies. The private sector insurers need to pay much more attention to HR practices in order to be competitive in this global market. This study is focuses to find out the relationship between HRM practices and organizational commitment of employees in private sector life insurers in Chennai city.

Review of Literature

A company should implement the most excellent practices to enhance the capabilities of human resources that are significant for the continued existence of the organization. HRM practices are identified as an essential factor in gaining a competitive advantage (**Obeidat and Abdallah, 2014**). Appropriate management of human resources played an essential role in the development of employee commitment that assists in attaining organizational goals (**Mohyin et al., 2012**). **Sial et al. (2011)** researched universities and indicate that effective management of HRM practices leads to the development of organizational commitment. Another research conducted on Construction professional services organizations indicates that the strategic management of human resources fosters

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the organizational commitment of employees **(Mohyin et al., 2012**). HRM practices can be a significant source of employee satisfaction that leads to lower absenteeism, reduce turnover, and increase employee loyalty to the organizations (**Ijigu, 2015).** The factors of compensation made to employees depend on their performance, knowledge, skills, etc. (**Lim and Ling, 2012**). Compensation is defined as a package includes of medical compensation, accommodation, traveling benefits, salary and other rewards (**Lim and Ling, 2012**). In this era, organizations are facing marvelous challenges due to globalization. To pact with these challenges, organizations have to devote to human capital to increase their skills and knowledge. Today human resources have become an essential asset for organizations. Organizations can improve the performance of employees by providing them practical training that, in turn, increase productivity (**Vlachos, 2009**). The trainer can be internal or external, but the external trainer can be more effective than internal (**Lim and Ling, 2012**). Performance appraisal can be employed by the management to appraise the performance of employees in order to establish their promotions and rewards and appraisal has to turn into the inevitability of the organizations (**Lim and Ling, 2012**). Presently the organizations are focusing more on performance appraisal to increase organizational outcomes. Organizational commitment boosts the loyalty of employees so they can work hard to achieve organizational objectives. Aligned organizational and employee values indicate high commitment (**Mowday et al., 1982**). Organizational commitment is an active link that is developed between organizations and employees. The high commitment of employees reduces absenteeism and turnover rate and increase the performance of employees (**Mowday et al., 1982**). Organizational commitment enhances the work potential of employees. A extremely committed employee has: (1) a strong faith in the values of the organization and its objectives, (2) a willingness to put attempt for the betterment of the organization development, and (3) a strong need to work long term in the organization (Mowday et al., 1982).

Impact of HRM Practices towards the employees' organizational commitment

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Organizational commitment is defined as the employee's willingness to put their effort into accomplishing the organizational objectives by aligning the employees and the objectives of the organization (**Mowday et al., 1979**). In the study conducted by **Whitener (2001**), the performance appraisal system, compensation, and training development are reflected as essential factors in influencing the organizational commitment of employees. The study executed by **Wright et al. (1994**) point out that effective management of HRM practices brings a specific alteration in the attitude of employees that, in turn, enhances their commitment towards the organization.

Objectives of the Study

- To study whether the Human Resource Management Practices influence the Organizational Commitment among the employees of Private life insurers in Chennai city**.**

Statement of Hypothesis

- There is no association between Human Resource Management Practices and Organizational Performance in private sector life insurance companies in Chennai city
- The Human Resource Management Practices factors namely Compensation and Reward, Performance appraisal, and Training Development do not influence the organizational commitment among the employees in private sector life insurance companies in Chennai city
- There is no effect of Human Resource Management factors towards the Organizational commitment among the employees of private sector life insurance companies in the study area

Research Methodology

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The present study is descriptive. The study focuses on to find out whether the Human Resource Management factors influence the level of organizational commitment among the employees of private sector life insurers in Chennai city. The study is conducted based on both primary and secondary data. The secondary data sourced through websites, research articles, magazines, and books. It is helpful to the researcher to familiarize the research area and also supports to identify the variables of the study. The primary data gathered from the employees of private sector life insurance companies in Chennai city. For research, four private sector life insurance companies selected, i.e., ICICI Prudential Life Insurance company limited, SBI Life Insurance company limited, HDFC Life Insurance company limited, and Bajaj Allianz life insurance company limited. The companies are selected on the basis IRDA report of top-ranking life insurers. The researcher met the employees personally and explained the significance of collecting the responses. The 100 questionnaires distributed each company altogether 400 questionnaires distributed. Overall 400 questionnaires distributed and collected 381 questionnaires. The entire 381 samples are valid and used for the final study. The overall sample size of the study is 381. The data were collected from April 2019 to September 2019. The collected data neatly tabulated in excel sheets and analyzed the data with the support of SPSS software version 21. The simple frequency distribution, Karl Pearson Correlation, Analysis of variance test, and Multiple Regression Analysis used for the analysis.

Data Analysis and Discussion

Table 1
Demographic Profile of Respondents

Gender	**Frequency**	**Percent**
Male	230	60.4
Female	151	39.6
Total	**381**	**100.0**
Age		
Up to 30 years	64	16.8
31-40 years	111	29.1
41-50 years	159	41.7
Above 50 years	47	12.3
Total	**381**	**100.0**

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Marital Status		
Single	123	32.3
Married	258	67.7
Total	**381**	**100.0**
Educational qualification		
Up to HSC	42	11.0
UG	148	38.8
PG	110	28.9
Professional	81	21.3
Total	**381**	**100.0**
Annual CTC		
Up to Rs.3 Lakhs	72	18.9
3.1-5 Lakhs	109	28.6
5.1 - 7 Lakhs	103	27.0
Above 7 Lakhs	97	25.5
Total	**381**	**100.0**
Life Insurer		
ICICI Pru	96	25.2
SBI Life	98	25.7
HDFC Life	91	23.9
Bajaj Allianz Life	96	25.2
Total	**381**	**100.0**
Experience		
Up to 3 years	107	28.1
3-6 years	120	31.5
6-9 years	83	21.8
Above 9 years	71	18.6
Total	**381**	**100.0**
Working Department		
Sales	87	22.8
Underwriting	74	19.4
Finance	37	9.7
HRM	49	12.9
IT	51	13.4
Finance	43	11.3
Logistics	40	10.5
Total	**381**	**100.0**

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Table 1 characterizes the demographic profile of respondents. Out of 381 respondents, the majority of 60.4% of respondents were male, whereas 39.6% of respondents were female. In connection with age-wise distribution, majority 41.7% of respondents were in the age group of 41-50 years, followed by 29.1% of respondents were in the age group of 31-40 years, 16.8% of respondents were in the age group of up to 30 years and 12.3% of respondents in the age group of above 50 years. Regarding the marital status concern, the majority of 67.7% of the respondents are married, and 32.3% of the respondents are single. Regarding educational qualification majority, 38.8% of respondents were undergraduates, followed by 28.9% of respondents who are post-graduates, 21.3% of respondents are professionals and 11% of respondents studied up to HSC. Annual CTC's concern majority 28.6% of respondents' annual CTC is between 3.1-5 Lakhs, followed by 27% of the respondents annual CTC is 5.1-7 Lakhs, 25.5% of the respondents annual CTC is above 7 Lakhs, and 18.9% of the respondents annual CTC is Up to Rs.3 Lakhs. In connection with the experience of the respondents, majority 31.5% of the respondents having 3-6 years of experience, followed by 28.1% of the respondents having up to 3 years of experience, 21.8% of the respondents having 6-9 years of experience, and 18.6% of the respondents having above nine years of experience. Regarding working department of the respondents concern, majority 22.8% of the respondents are working in sales department, followed by 19.4% of the respondents are working in underwriting, 13.4% of the respondents are working in IT, 12.9% of the respondents are working in HRM, 11.3% of the respondents are working in finance department, and 10.5% of the respondents are working in logistics department.

Null Hypothesis-1

There is no association between Human Resource Management Practices and Organizational Performance in private sector life insurance companies in Chennai city

Table-2

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Karl Pearson Correlation test used to assess the relationship between Human Resource Management Practices and Organizational Development

		CR	PA	TD	OC
Compensation and Reward	Pearson Correlation	1	.108*	.127*	.484**
	Sig. (2-tailed)		.034	.013	.000
	N	381	381	381	381
Performance Appraisal	Pearson Correlation	.108*	1	.250**	.545**
	Sig. (2-tailed)	.034		.000	.000
	N	381	381	381	381
Training and Development	Pearson Correlation	.127*	.250**	1	.774**
	Sig. (2-tailed)	.013	.000		.000
	N	381	381	381	381
Organizational Commitment	Pearson Correlation	.484**	.545**	.774**	1
	Sig. (2-tailed)	.000	.000	.000	
	N	381	381	381	381

*. Correlation is significant at the 0.05 level (2-tailed)

**. Correlation is significant at the 0.01 level (2-tailed)

Table-2 exhibits the results of the Karl Pea

rson Correlation test for measuring the relationship between Human Resource Management Practices and Organizational Development in private sector life insurance companies in Chennai city. The study inferred that the human resource management practices factors, namely compensation and reward, performance appraisal, and training and development, significantly associated organizational commitment. It indicates that the human resource management practices are significantly associated with the organizational commitment in private sector life insurance companies in the study area.

Multiple Regression Analysis

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The purpose of multiple regression analysis is examining the cause-effect relationship between independent variables and dependent variables. In this model, two variables are used, i.e., Independent variable, and Dependent variable. The independent variables are compensation and reward, performance appraisal, and Training development, the dependent variable of the model, is organizational commitment. The hypothesized model of the study is whether the Human Resource Management Practices factors, namely compensation and reward, performance appraisal, and Training and Development, significantly influence the organizational commitment among the employees of private sector life insurers in Chennai city.

Table -3
Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.928[a]	.861	.860	.21889
a. Predictors: (Constant), Training and Development, Compensation and Reward, Performance Appraisal				

The result of the model summary indicates the value of the coefficient of determination (R2) value is 0.861, which shows 86.1% variation in the organizational commitment of employees working in private sector employees is due to the proposed model. Based on results, the study inferred that the independent variables Compensation, Training and development, and performance appraisal contribute positively towards change in the organizational commitment among the employees of private sector insurance companies in the study area.

Table 4
Analysis of variance test for the proposed Model

ANOVA						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	111.872	3	37.291	778.270	.000**
	Residual	18.064	377	.048		
	Total	129.936	380			

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Table 4 reveals the results of the Analysis of variance tests for the proposed Model. The calculated F-value of the model is 778.270 and the p-value 0.000. The p-value is <0.01; the study concluded that the proposed model, i.e., the human resource management factors, significantly influences the organizational commitment among the employees of private sector life insurance companies in the study area.

Table 5

Coefficients of the Model

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.451	.065		6.965	<0.001**
	Compensation and Reward	.236	.013	.365	18.817	<0.001**
	Performance Appraisal	.220	.013	.345	17.345	<0.001**
	Training and Development	.428	.013	.641	32.144	<0.001**

Null Hypothesis- 2

The Human Resource Management Practices factors, namely Compensation and Reward, Performance appraisal, and Training Development, do not influence the organizational commitment among the employees in private sector life insurance companies in Chennai city.

Purpose

The multiple regression analysis tests used to examine whether the human resource management practices factors are influencing the organizational commitment among the employees of private sector life insurance companies in Chennai city.

Hypothesis results and Inferences

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The HRM practices namely compensation and reward (t-value=18.817 & <0.001), Performance Appraisal (t-value=17.345 & <0.001, and Training and Development (t-value =32.144 & <0.001). The study results reveal that the p-value for the entire three factors is <0.01. It is statistically significant at 1% level. Therefore the study concluded that the human resource management practices factor significant effect towards the organizational commitment among the employees in private-sector employees in the study area.

Null Hypothesis-3

There is no effect of Human Resource Management factors towards the Organizational commitment among the employees of private sector life insurance companies in the study area

Table-6
Analysis of variance test for whether there is any effect of HRM factors towards the Organizational Commitment

Insurers	N	Mean	SD	F-value	p-value
ICICI Pru	96	3.3368	.62743	4.434	0.004**
SBI Life	98	3.4259	.64835		
HDFC Life	91	3.6227	.39693		
Bajaj Allianz Life	96	3.3795	.59076		

Table-6 highlights the results of the Analysis of variance test for whether there is any effect of HRM factors towards the Organizational Commitment among the employees of private sector life insurance companies in Chennai city. The calculated F-value and p-value for the effect of HRM factors towards organizational commitment is 4.434 & 0.004. The p-value is <0.01, therefore the null hypothesis rejected and concluded that there is a significant effect of Human Resource Management factors towards the Organizational commitment among the employees of private sector life insurance companies in the study area.

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Conclusion

The study proposed to examine whether the Human Resource Management Practices influencing the organizational commitment among the employees in private sector life insurance companies in Chennai city. The study results reveal that there is a significant association between the Human Resource Management Practices and Organizational Performance in private sector life insurance companies in Chennai city. Also, the study found that the Human Resource Management Practices factors, namely Compensation and Reward, Performance appraisal, and Training Development do not influence the organizational commitment among the employees in private sector life insurance companies in Chennai city. Finally, they concluded that there is a significant effect of Human Resource Management factors towards Organizational commitment among the employees of select private sector life insurance companies in the study area.

Recommendations

The research-based on organizational commitment has substantial implications for management and organizations. Effective implementation of HRM practices plays an essential role in increasing organizational commitment of employees that, in turn, leads to lower absenteeism and turnover. This research is an essential contribution to the existing literature as the research lacks in examining the HRM practices linked to the organizational commitment of employees, particularly in private sector life insurance companies in Chennai city. Moreover, this study helps to recognize the nature of HRM practices and their impact on organizational commitment amongst the employees of private sector life insurers in the study region.

Limitations

- The study limited to select private sector life insurance companies, i.e., ICICI Prudential, SBI Life Insurance Company, HDFC Life Insurance Company, and Bajaj Allianz Life Insurance Company in Chennai city.

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- This study is limited to the private sector life insurance sector considered few HRM practices (training and development, performance appraisal, and compensation).

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