CHAPTER II

HUMAN RESOURCE DEVELOPMENT

IN

INSURANCE SECTOR
HRD is mainly concerned with developing the skill, knowledge and competencies of people and it is people oriented concept. The concept of HRD was formally introduced by Leonard Madler in 1969 in a conference organized by the American society for training and development. HRD from organizational point of view is a process in which the employee of an organization are helped, motivated to acquire and develop technical, managerial and behavioral knowledge, skills and abilities, and mould the values, believes, attitude necessary to perform present and future goals by realizing highest human potential with a view to contribute positively to the organizational group individual and social goal

HRD is an integrated and interdisciplinary approach to the development of human resource in an organisation.

Acc. to T.V.Rao "HRD is a process in which the employees of an organisation are continually helped in planned way to:

(a) Acquire or sharpen capabilities required to perform various function associated with their present or expected future role.

(b) Develop their general capabilities as individual and discover and exploit their own organizational purposes.

(c) Develop an organizational culture in which superior-subordinate relationship, teamwork and collaboration among subunits are strong
and contribute to the professional well being, motivation of employees.”

Acc. to C. Leon Magginson “HRD may be defined as development of people by providing the right environment where each individual may grow to his fullest potentialities. Human resources are viewed as total knowledge, skills, creative abilities, talents and aptitude of an organisation’s workforce as well as values, attitude and beliefs of individual involved.”

Acc. to Ishwar Dayal HRD involves:

(a) Ways to better adjust the individual to his job and the environment.

(b) The greatest involvement of an employee in various aspect of his work and

(c) The greatest concern for enhancing the capabilities of the individuals.

Acc. to Udai Pareek “Broadly there are three meaning attached to the concept of HRD. In the first place, persons working in the organisation are regarded as a valuable resource implying that there is a need to invest time and effort in their development. Secondly they are human resource which means that they have their own special characteristics and, therefore cannot be treated as material resources. And thirdly the term human resources do not focus on employees and individuals but also in
other social realities, units and processes in the organisation. These include the role of a job a person has in the organisation, the dyadic unit, the various team in which people work, the inter team processes and the entity of the total organizations.”

OBJECTIVE OF HRD:

The main objectives of HRD are as follows:-

- To provide a comprehensive framework for the overall development of the people in the organisation.
- To develop the constructive mind and overall personality of each and every person in the organisation.
- To develop the capabilities of each and every individual in respect of his present and expected future roles.
- To develop and maintain high level of motivation of employees.
- To develop the sense of team spirit, team work and inter team collaboration in the organisation.
- To develop the overall health and self renewing capabilities of the total organisation.
- To generate systematic information about human resource for the purpose of manpower planning, placement, succession planning and the like.
HRD IN INDIAN INDUSTRY:

In India, a professional outlook to HRD began only in 1970’s, even though the HRD processes might have existed to some extent in India earlier also. LARSEN and TURBO was the first company to design and implement an integrated HRD system. Later on his professional outlook to HRD spread to the other organisation. The workshop on HRD was held in 1979. the XLRI was the first academic institution to set up a full fledged centre of HRD. A national HRD Network has also been established in 1985. Looking at the payoffs from HRD system, several leading companies have gone ahead in creating separate HRD department to improve employer- employee relations. Some of these organisation areas follows:-

Larsen & Turbo
Asian Paints
Ashok Leyland
Crompton Greaves
Voltas
Bharat Heavy Electricals
Indian Oil Corporation
Steel Authority of India
State BANK of Baroda
A survey conducted by T.V.Rao to judge HRD climate in Indian organizations revealed that the general climate was not very conducive to HRD due to the general difference of employees to their own development. The top management in most of the organisation was not making sufficient efforts to improve the quality of work life.

With increasing competition due to globalization, companies now-a-days have revealed the importance of introducing systematic HR practices in a big way.

CONTEMPORARY CHALLENGES IN HUMAN RESOURCE DEVELOPMENT:

Organization are confronted with challenges in improving productivity and in successfully meeting the intense level of international competition never seen before. At the same time organisation are being asked to provide and increase quality of work life and to comply with an extremely intricate and complex set of less guidelines and core decisions that governed the utilization of human resources. Since people are in away issues of importance and challenges to organisation, these issues are art of human resource development today. HRD has an opportunity to enable organization to survive and flourish which can be adhered by effectively utilizing the human resource of the organization.
The most difficult challenges facing HRD today is its significance to the rest of the organization, its benefits to the individual and organization both, its role in the organization to ensure that human resources are being utilized effectively and what can HRD do in the organization that is not currently being done. In order to address these contemporary challenges it is essential to know what human resource department in organizations do.

HRD is the recognition of the importance of an organization’s work force as a vital human resources contributing to both the work force and the organisation, also the utilization of several functions and activities that they are used effectively and fairly for the benefit of the individual, the organisation and the society.

Business today is in a period of change and uncertainty. The success will largely depend on how these challenges are met and the utilization of human resources which is at our disposal. It has been very unfortunate that some organizations have restricted the role of human resource departments to a fundamental administrative arms, but the need of the hour is to put more emphasis on much larger role in the three main areas:-

**STRATEGIC PLANNING:-**

It is imperative that human resources is an integral part of the strategic planning process. Hence it can implement at an early stage the plans and
actions necessary to assure that the organization's human assets are sufficient to support the organizations future goals.

THE PRODUCTIVITY ISSUE:-

The issue of productivity should relate to our ability to compete successfully in the business world, market place and equally important inflation. It is imperative that most of our productivity gains will come from the use of technology but unfortunately there is a white collar section which is been neglected on productivity terms. The human resources function must be also apart of the new technology implemented to improve productivity.

MANAGERIAL STYLE:-

The human resource function should make sure that there is cohesive and consistent approach to management through out the organisation. The matter of consideration is not those we except every organization's to be exactly alive. This is not possible due to the existing diversity in many corporation of today. Yet, there common parameters that can be applied through a corporation irrespective of its products or geographical diversity.

PEOPLE FACTOR:-

No area of management has been so neglected as on improving the way people work together. It is very unfortunate that inspite of the gift of inspiring loyalty and out standing performance of people available in the
organisation they are not properly being exploited. This tendency should be eliminated and a conducive environment should prevail.

LEADER TRAID:-

The approach of a leader plays a very significant role to lead the human resource functions in the direction of achieving organizational goals. In this respect it is to be noted that a leader should be a business person to know the corporation, its operations and its potentials. No amount of technical knowledge regarding recruitment, compensation, labour relations and similar specialized areas can substitute for this. Being a business person the leader will shape the HR programs that respond to the needs of the organisation. A leader must be a tough minded and courageous with an advance view point and also he must be imaginative and innovative.

Life Insurance Corporation is also confronting the above mentioned contemporary challenges in Human Resource Development.

INSTRUMENTS AND MECHANISM OF HRD:

The present day organization have traveled a long way from their traditional personnel function of focusing either on firefighting or on reactive compliance with Labour Laws to one development of Human Resource in the entire social system of the organisation consisting of individual, group and inter-group relation. Human Resource Development essentially involves
the creation of an environment in which flower of human knowledge, skills, capacities, capabilities, creativity blooms. It is thus obvious that Human Resource Development is not a single system or activity, but a package of system and processes through which knowledge, skill, information, insight, foresight, maturity and wisdom can be enhanced among the people to do the best for the organization.

**Sub-systems of HRD programme.**

**PERFORMANCE APPRAISAL**

Performance appraisal is the process of assessing the performance and progress of an employee on a given job and his potential for future development. It consists of a formal procedure used in the organisation to evaluate personalities, contributions and potential of the employees. The objective of performance appraisal is to determine the present state of efficiency of an employee in order to establish the actual need for training. The important function of performance appraisal is to act as an instrument in the hands of the administration for the assessment of the actual performance of the individual within the service and regulate the ordered and just advancement. The process of performance appraisal consists of setting standards of performance, communicating the standards to the employees,
measuring the performance and comparing the actual performance with the set standards.

**POTENTIAL APPRAISAL**

Potential appraisal is used for providing necessary data which helps in preparing career plans for individual. This technique aims at developing latent abilities of individuals. This is a process of developing in the employees capacities to perform new roles and responsibilities. This need is generally felt when the organisation is diversifying or changing. The major objective of potential appraisal is to ensure a good match between employee and the job. In this process having identified through the process of performance appraisal the employee who is ready to accept higher responsibilities, it is necessary to identify their potential through a variety of sources like temporary placement, special assignment, group discussion, psychological test and interviews.

**COUNSELLING AND MENTORING**

Counseling is a two way process in which a counselor, usually a superior provides advice and assistance to their subordinates. Performance counseling means the help given to the subordinate by the superior in improving the formers performance. It is infact a process of guiding the subordinate to adjust better with his working environment and to better understand others.
so that his dealings with them can be effective and purposeful. The main objective of the process is to make the employee recognize his own strengths and weaknesses. It also helps them to share and discuss their tensions, conflicts, concerns and problems so that the adverse impact on the productivity and well being can be thwarted.

**TRAINING**

Training is an investment in the HRD process which gives dividends both in the short and the long run. The ultimate goal of training is to improve competence of the employees for raising the standards of organizational performance. An organisation can do better if it invests in technology development and improvement of human system, training is crucial for both of these. Lack of training may result in poor work performance, low production, demotivation and customer dissatisfaction. But HRD has to ensure that what has been learned is also practiced otherwise it is useless.

**BUILDING MORALE AND MOTIVATION AMONG THE EMPLOYEES OF AN ORGANISATION**

The term motives can be defined as an inner state energize, activates or moves, and direct to channels behavior towards goal. The organisation must constantly give evidence to the belief that human resources in the organisation are the key to development. This requires a proper motivation
of the employees which provides a base for management function of planning and organizing. A climate of creativity must be developed and maintained by the management so that the performance level come up to the mark and growth becomes the way of life in the organization.

DEVELOPMENT OF TEAM WORK

The HRD section may try to develop a habit of team work among the employees. Team work requires among other things that the members have an image of their team mates, which coincides as precisely as possible with reality. In addition each member must have a self image which adjust to reality as much as possible and thus, coincides with image the other members have of him.

DEVELOPING EMOTIONAL INTELLIGENCE

Human resources are considered to be the greatest asset in any organisation. It is thus important to understand the role of emotional of intelligence in enhancing the productivity of the human resources to achieve the overall success. HRD should thus focus on enhancing the emotional intelligence of the organization.

QUALITY CIRCLE

A quality circle is a small group of employees doing similar or related work who meet regularly to identify, analyze and to solve product related
problems and to improve general relation. The quality circle is generally autonomous bodies usually led by the supervisor or senior worker and organized as work units. The worker who have a shared area of responsibility meet periodically to discuss, analyze ad propose solution to the ongoing problems.

APPRECIATION AND RECOGNITION OF EMPLOYEES

These have lately become the battle crises in the literature of motivation. It was William James who contended that “the deepest principle of human nature is the craving to be appreciated”. And this emotional force is at work in the organization, in the office or in the factory. It must be fair sincere and kept in proportion. When wisely applied it can do wonders in stimulating people to perform at their peak.

UTILISATION OF POTENTIAL POWER OF EMPLOYEES

There is no shortage of tools and talents. Let each one be made aware of his untapped resource within and potential for his personal growth. Once people realize their true worth and hidden potential, they perform miracles.

PERSONALITY IMPROVEMENT OF EMPLOYEES

Personality improvement brought about by a change in attitude is found to be most enduring. But formation of attitude comes throughout one’s life and our own actual experiences will contribute to the strengthening or
weakening of our attitude. An organization must give a fair treatment to its employees, supervisors and through communication should promote a supportive culture of co-operation and collaboration in which people feel they are trusted, wanted valued also given reasonable freedom and autonomy to perform and contribute to the organization.

**IMPROVING EMPLOYEES THROUGH JOB IMPROVEMENT, JOB ENLARGEMENT AND JOB ENRICHMENT**

Some jobs are routine in nature, lack task significance, provide little challenge and are less motivating. There are three key psychological states of a job holder which affect motivation and satisfaction on the job. They are “experienced meaningfulness”, “experienced responsibility” and “knowledge of results”. When an employee experiences these three states on the job, he feels internal motivation and the urge to perform well. Hence job redesigning should lead to job restructuring to reduce dissatisfaction. Job redesign will harness employees unused abilities and foster teamwork. Through enlarging employee’s discretion job redesign will make work more challenging and as a result raise both productivity and satisfaction.
The approach of job enlargement

Combines task "horizontally" typically lengthening the work cycle, which in turn require additional skill and provide a greater sense of variety, task identity and accomplishment.

The approach of job enrichment

Goes beyond enlargement in that it is "vertical" or quasi-managerial element, especially planning and inspection which contribute to employee's sense of autonomy and control over their work.

CAREER PLANNING FOR EMPLOYEES

The object here is to match individual desire and organizational opportunities. It should provide the each individual with the rich learning experience so that he has a productive and satisfying career. It must also provide continuing opportunities for the personal growth to the vast majority. Career planning should not merely help manager to step into someone else's shoes but should be a planned attempt to make him out grow his shoes and step out of them. That is why in many organization managers are called upon to indicate their preferences so that the top management can take them into account to the extent possible.
EMPHASIS ON EXCELLENCE

Excellence is the state of mind which prepares the employees to perform the duties with dedication. It also creates self reliance and helps him to have a vision and an urge to do better and an better HRD approach should include:

- Continuous training and development for all, especially attitudinal and multi-skilled training
- Performance planning and objective appraisal
- Emergence of self managing groups with less supervision
- Flexible attitude towards work and enriched job contents
- Constructive discipline preceding punitive discipline
- Meaningful participation of employees in the organization
- Creation of the will to work

FLEXIBILITY

The HRD administrative machinery should become flexible and respond quickly and effectively to the changing environment as rigid and flexible system will not be able to deal with changing situation.

Thus opportunities should be created for the advancement of employees who are capable of accepting higher responsibilities, by giving them greater responsibility, authority, autonomy and rewards. High fliers tend to be very difficult to be maintained in the organization as they would leave the
organization as soon as they get a better and more suitable, satisfactory job for them. It is difficult to maintain such employees as they command a high market value. The talented among the “solid performers” who are the real weight carriers in an organization need to be convinced and motivated. Thus the HRD approach focuses on the optimum utilization of valuable human resource through tapping their potential energy to vitalize, activate and renew an organization to generate dynamism and development. The magic formula for an effective HRD is to preserve the relevant, destroy the irrelevant and create what is needed.

HUMAN RESOURCE NEEDS: PLANNING

The base upon which strong human resource development can be constructed is the planning for human resource. Human resource planning involves forecasting human resource needs for the organisation and planning the steps necessary to meet there needs. This may include developing and implementing plans and programs to ensure that the right number and type of individual are available at the right time and place to fulfill the organizational needs. Human resource planning ensures that organizations fulfill business plans in terms of financial objectives, output goals, product mix, technology and other requirements.

The purpose of human resource planning is:-
- to provide a better basis of planning employee's development that make optimum use of workers attitude.

- to reduce personnel cost by helping management to anticipate shortage or surplus of human resource and to correct these imbalances before they become too difficult to be managed and expensive.

- To improve the overall business process.

- to promote greater awareness and relevance for sound human resource development within the organisation.

- to provide tool for evaluating the effect of alternative human resource action and policies.

Due to the advent of computer technology all the above enumerated purposes are now more easily attained than before. The technology now allows maintaining vast human resource records, which facilitates in keeping a human resource information system. These records include information about employee job, performance, work experience and performance evaluations. They provide a job history of each employee in an organisation which facilitates the need of planning human resource in the interest of the individual as well as the organisation.

The important activities in this area are:-
1. Planning and forecasting the organizations both short term and long term requirements.

2. Analyzing the job in the organisation to determine the skill, knowledge and abilities that required in designing the job to accommodate the needs of both the organisation and individual.

The above mentioned activities assist in determining:

- How many and of what type employees are required today as well as tomorrow
- What should be the resource of obtaining the human resource
- The training requirement of the organisation

GROWING SIGNIFICANCE:

The current relevance of human resource development is largely due to several trends and crises in the society and to recognize that HRD can significantly influence objective of the organisation.

FOLLOWING ARE THE TRENDS AND CRISSES THAT INFLUENCE THE SIGNIFICANCE OF HRD AREA IN THE ORGANISATION

Human resource cost

Today, corporation realize that it pays to be concerned with how they manage their human resources, for that, organization now know that their
important assets are not only financial but also having the right people at the right time, who can manage an organization effectively.

**Productivity cost**

After a long period of time it is evident that productivity sharply declines and it is a threat to our economy, this emphasize the need for more effective utilization of human resources as this is the best hope of stopping the slope in productivity.

**The pace and complexity of change**

Several ongoing changes in the cultural and educational levels and the social order of the country have contributed to the concern of Human Resource Development.

**Symptoms at workplace**

Rapid social change has been accompanied by changes in the relationship between the worker and job. The emergence of work alienation, boredom and job dissatisfaction in the workplace.

These symptoms are often associated with decreasing motivation and increasing counter productive behavior and worker’s demands on the workplace.