

HRM Practices in Insurance Companies: A Study of Indian and Multinational Companies

Subhash C. Kundu
Divya Malhan

Competitive advantage of a company can be generated from human resources (HR) and company performance is influenced by a set of effective HRM practices. In this study, we intended to assess the HR practices in insurance companies. Primary data based on 218 respondents from four insurance companies (two multinational-7 branches and two Indian-7 branches) were analyzed to assess HR practices being practiced by insurance companies in India. Six factors from factor analysis were further analyzed. 'Training and benefits' was found highly in practice in the insurance companies. Further, 'performance appraisal,' 'selection and socialization of employees,' and 'HR planning and recruitment' were moderately practised in insurance companies. 'Workforce diversity and contemporary HR practices' and 'competitive compensation' were also practised to some extent. ANOVA results showed that Indian companies did not practise workforce diversity. Compensation practices were found more competitive or performance based in Multinational insurance companies than in Indian ones. The gender effect showed that only competitive compensation was perceived significantly differently by male and female employees/executives. Interactive effects were significant on workforce diversity and contemporary issues, training and benefits, and selection and socialization of employees.

Key Words: competitive compensation, multinational companies, performance appraisal, selection and socialization, training and benefits, workforce diversity

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Introduction

Under present market forces and strict competition, the insurance companies are forced to be competitive. Contemporary companies must seek ways to become more efficient, productive, flexible and innovative, under constant pressure to improve results. The traditional ways of gaining

Dr Subhash C. Kundu is a Professor at the Haryana School of Business, Guru Jambheshwar University of Science and Technology, India.

Dr Divya Malhan is a Lecturer at the Institute of Management Studies, Kurukshetra University, India.

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competitive advantage have to be supplemented with organizational capability i. e. the firm's ability to manage people (Ulrich and Lake 1990). Organizational capability relates to hiring and retaining competent employees and developing competencies through effective human resource management practices (Ulrich and Lake 1991). Indeed, developing a talented workforce is essential to sustainable competitive advantage (Kundu and Vora 2004).

High performance work practices provide a number of important sources of enhanced organizational performance (Pfeffer and Veiga 1999). HR systems have important, practical impacts on the survival and financial performance of firms, and on the productivity and quality of work life of the people in them (Cascio 2006).

Objectives and Importance of the Study

Liberalization in the Indian insurance sector has opened the sector to private competition. A number of foreign insurance companies have set up representative offices in India and have also tied up with various asset management companies (Shanker 2006). All these developments have forced the insurance companies to be competitive. What makes a firm best is not just technology, bright ideas, masterly strategy or the use of tools, but also the fact that the best firms are better organized to meet the needs of their people, to attract better people who are more motivated to do a superior job (Waterman 1994). In this manner the management of human resources becomes very crucial. Thus, this study on HRM practices in insurance companies was taken up.

The main objective of the study was to assess the human resource management practices being implemented in insurance companies operating in India. To achieve the main objective, the following sub-objectives were set:

1. To assess practices regarding human resource planning and recruitment.
2. To identify selection and socialization practices in insurance companies.
3. To assess the practices regarding training in insurance companies.
4. To assess practices of performance appraisal in insurance companies.
5. To assess the compensation and benefits related practices in insurance companies.

6. To identify the workforce diversity and contemporary HR practices being implemented in insurance companies.
7. To assess and compare the HR practices being implemented in Indian and Multinational insurance companies.
8. To assess the differences of perception of male and female employees regarding HR practices being practiced in insurance companies.
9. To assess the interactive effects of type of insurance companies and gender on HR practices.

Literature Review

The literature review regarding various HR practices is presented in the following paragraphs.

Job analysis is the process of obtaining information about jobs i. e. information about the tasks to be done on the job, as well as personal characteristics (education, experience, specialized training) necessary to do the tasks (Cascio 1998). Job analysis in many ways is the first personnel activity that affects commitment and performance (Dessler 2003). Human resource planning analyzes and identifies the need for and availability of human resources for an organization to meet its objectives (Mathis and Jackson 2004).

Recruitment is a process of attracting a pool of high quality applicants so as to select the best among them (Kulik 2004). Top performing companies devote considerable resources and energy to creating high-quality selection systems (Pfeffer 1995). Placement involves assigning a specific rank and responsibility to an employee (Jyothi and Venkatesh 2006). Socialization, the process of orienting new employees to the organization, can make the difference between a new worker's feeling like an outsider and feeling like the member of the team (Gomez-Mejia, Balkin and Cardy 2003).

The current challenges caused by the globalisation pressures in the realm of economics behoves work communities to review their personnel training and management practices (Pitkanen 2007). Companies must develop a customer-oriented workforce to deliver service quality, which is met through training (Kundu 2000). Training must be viewed as an important investment for future success (Zeithmal and Bitner 2004). Companies need to provide comprehensive training to the agents in the ways to narrow the gap between clients and agents i. e. trust – building training (Law, Wong, and Theresa 2005). Long-term basis training has

a systematic influence on the improvement of management techniques (Zadel 2006).

Performance is defined as the record of outcomes produced on a specified job function or activity during a specified time period (Bernardin and Russell 1993). Effective managers need to incorporate performance review and feedback as part of their day-to-day communications with employees (Webb 2004). Appraisals are used widely for tying pay to performance (Schellhardt 1996; Cleveland, Murphy and Williams 1989). Present day firms are facing increased pressure to create human resources policies and programs that avert discrimination against individuals on non-work related aspects with respect to the various functions within human resource management, particularly selection and performance appraisal (Lillevik 2007).

Compensation is all forms of financial returns and tangible services and benefits employees receive as part of an employment relationship (Milkovich and Newman 1999). An effective set of choices about compensation systems plays a major role in determining firm performance (Dreher and Dougherty 2005). A fringe benefit is an indirect reward given to an employee or group of employees as a part of organizational membership (Mathis and Jackson 2004), which affects performance and retention of employees. Benefits planning are a critical component of HR planning processes on account of enormous costs and the financial commitment made for the future (Bernardin and Russell 1993). A pay-for-competence program enhances productivity and product quality, and reduces absenteeism, turnover, and accident rates (Jyothi and Venkatesh 2006).

A Human Resource Information Systems (HRIS) is basically a data base system that offers important information about employees in a central and accessible location that, when needed, could be retrieved and used to facilitate human resources planning decisions (Wolfe 1998). Kovach and Cathcart (1999) noted that HRIS information could be used, first, for administrative purposes which reduce costs and time and, second, for the more analytical decision support.

A career comprises of series of work related activities that provide continuity, order, and meaning to a person's life (Schein 1996). Career management includes both organizational actions and individual efforts aimed at setting career goals, formulating and implementing strategies and monitoring the results (Greenhaus 1987).

Intensified global competition, dynamic change, and increasing un-

certainty have led organizations to become more innovative in order to survive and grow (Lassen 2007). Innovation is critical to sustaining and enhancing shares of mainstream markets and obtaining a desirable balance between entrepreneurial and strategic forces (Lassen 2007). So, firms have to adopt new/ innovative HR practices like workforce diversity, work-life balance, attitude surveys, and leading with proactive HR practices to remain competitive in the changing environment.

Diverse workforce (diversity) refers to the co-existence of people from various socio-cultural backgrounds within the company (Kundu 2004). A growing diverse workforce (Kundu 2003), increased competition for businesses (Jain and Verma 1996), growing number of mergers and acquisitions, and increased emphasis on globalization (Terrisse 2001) require an understanding and appreciation of a diverse set of cultures for having the 'best' people for an organization (Lillevik 2007). Dynamic companies look for people who are different from us because the diverse workforce may bring different talents, interests, and viewpoints (Simmons 1996). The companies can succeed at diversity with full support from the top management (Hayes 1999). The work communities as a whole should be helped to deal with increasing cultural diversity (Pitkanen 2007).

Work-life balance is a state where an individual manages real or potential conflict between different demands on his/her time and energy in a way that satisfies his/her needs for well-being and self-fulfillment (Clutterbuck 2004). Today's married employee is typically part of a dual-career couple finding less time to fulfill commitments to home, spouse, children, parents, and friends (Robbins 2004). Recent studies suggest that employees want jobs that give them flexibility in their work schedules, so that they can better manage work/life conflicts (Conlin 1999).

Attitude surveys can provide information on the preferences of employees, give warning on potential problem areas, diagnose the cause of particular problems, and compare levels of job satisfaction, commitment and morale in different parts of the organization (Armstrong 2005).

Thus, on the basis of literature review, we propose following hypotheses:

- H1 *Insurance companies operating in India use human resource planning and recruitment practices.*
- H1a *Indian and Multinational insurance companies do differ on human resource planning and recruitment.*

- H1b *Male and female executives perceive differently the practices of human resource planning and recruitment.*
- H2 *Insurance companies operating in India practise selection and socialization of human resources.*
- H2a *Indian and Multinational insurance companies do differ on selection and socialization of human resources.*
- H2b *Male and female executives perceive differently the practices of selection and socialization of human resources.*
- H3 *Insurance companies operating in India use practices regarding training and benefits.*
- H3a *Indian and Multinational insurance companies do differ on training and benefits.*
- H3b *Male and female executives perceive differently the practices of training and benefits.*
- H4 *Insurance companies operating in India use the practice of performance appraisal.*
- H4a *Indian and multinational insurance companies do differ on performance appraisal.*
- H4b *Male and female executives perceive differently the practice of performance appraisal.*
- H5 *Insurance companies operating in India practise competitive compensation.*
- H5a *Indian and multinational insurance companies do differ on competitive compensation.*
- H5b *Male and female executives perceive differently the practice of competitive compensation.*
- H6 *Insurance companies operating in India practise workforce diversity and contemporary HR practices (equal say of majority and minority employees, flexible work hours, attitude surveys, and new HR practices).*
- H6a *Indian and multinational insurance companies do differ on workforce diversity and contemporary HR practices*
- H6b *Male and female executives perceive differently the practices of workforce diversity and contemporary HR practices*

TABLE 1 Description of variables

Variable/description
v1 The organization conducts job analysis regularly.
v2 The organization conducts human resource planning on a regular basis.
v3 The organization places special emphasis on service employees while doing HR planning.
v4 The organization has a well defined recruitment policy.
v5 The organization attracts service oriented employees towards organization.
v6 The organization selects individuals on the basis of service attitude and competence.
v7 The organization socializes its employees with service orientation.
v8 The organization has special training and development programs for service employees.
v9 The organization provides service orientation to leaders from top management.
v10 Performance appraisal is done regularly in the organization.
v11 Service performance is given due weight in the performance appraisal of employees.
v12 The organization has a system of pay for service performance (pay for performance).
v13 The organization pays competitive salaries to the employees.
v14 The benefits offered to employees are in line with other organizations.
v15 All groups whether majority or minorities have an equal say in the organization.
v16 The organization has flexible work hours for special groups like women or physically challenged employees.
v17 The organization has a proper HR information system.
v18 The organization provides sufficient opportunities for career advancement of service employees.
v19 The organization regularly conducts employee attitude surveys.
v20 The organization tries to lead with development and adoption of new HR practices.

Research Methodology

This study was based on primary data gathered with the help of a questionnaire comprising three sections. The first section contained 10 background questions, and the second section contained 20 statements (table 1) about the human resource management practices. The third section contained 45 statements related to employee service orientation.

However, in this paper, we covered only the second section along with

TABLE 2 Distribution of the sample

Gender	Background		
	Indian	Multinational	Total
Male	97	80	177
Female	26	15	41
Total	123	95	218

first part. The respondents were asked to rate statements on a five point rating scale where one indicated that respondents strongly disagree, two meant disagree, three indicated neutral, four indicated agreeing and five meant strongly agree with the statement.

The questionnaire was administered to 400 respondents of four insurance companies (two multinational-7 branches and two Indian-7 branches). Only 218 (54.5%) of the returned questionnaires were found suitable for final analysis and without discrepancies. Out of the sample of 218 respondents, 123 (including 26 females) respondents were from Indian and 95 (including 15 females) from multinational insurance companies. All respondent employees/ managers were of Indian origin. Table 2 explains the distribution of the sample.

The data gathered were analyzed with the help of statistical tools like actual counts, percentages, correlations, standard deviations, factor analysis, analysis of variance (ANOVA), and mean and grand mean scores. Actual counts, percentages, and means were used to assess the frequency and percentage extent of certain variables related to general and background information. Correlations were used to assess the relationships of human resource management practices used in insurance companies, and standard deviations were calculated to understand the variations in data collected through responses. Factor analysis was basically used to reduce the data collected on the five-point scale for further analysis. ANOVA was used to assess the significant differences regarding HR practices between Indian and multinational insurance companies and between the perception of male and female employees/executives. Means and grand means were helpful in explaining the extent and direction of prevalence of HR practices and related factors. Means were also used to see the differences between HR practices in Indian and Multinational insurance companies.

Reliability of the data collected was also calculated by applying the Cronbach Alpha. Alpha value of the scale of 20 variables was calculated

that was as high as 0.864. Factor wise alpha values were also calculated that were above required level i. e. between 0.743 and 0.612. All alpha values met the minimum criterion ($\alpha > 0.60$) (Nunnally 1978).

Results

The primary data were analyzed to assess HR practices being implemented by insurance companies. Table 3 explains the characteristics of the sample.

This sample included both male (81.2%) and female (18.8%) employees from Indian companies (56.4%) and multinational companies (43.6%), out of which 77.5% were married. Average age of the respondents was 35.302 years ($SD = \pm 8.667$). All employees agreed that there were HR departments in the insurance companies. Average work experience of the employees was 13.272 years ($SD = \pm 9.346$). The first joiner employees were 56.1% and about 43.8% had the experience of changing two or more companies. 56.4% employees reported that there were unions in the companies and on average 42.9% employees were members of unions.

Further, the data were subjected to correlation and factor analysis. Table 4 shows the correlations of 20 variables which were almost significantly correlated.

Factor analysis brought out 6 factors in all, explaining 65.410% of total variance (see table 5).

The extracted communalities ranged from 0.506 to 0.763. For clarity of the factor definitions, loadings more than 0.480 were considered.

These six factors were further subjected to statistical tools like inter-factor correlations, analysis of variance (ANOVA), means, and grand means. Table 6 explained the inter-factor correlations, overall means, standard deviations, and alpha values.

All factors were found highly correlated ($r \leq 0.01$). Standard deviations were found varying between ± 0.830 and ± 1.113 . The factors mean scores were found between 3.005 and 3.599. One factor i. e. 'training and benefits' ($\bar{x} = 3.599$) was found highly in practice in the companies. The further three factors i. e. 'performance appraisal' ($\bar{x} = 3.472$), 'selection and socialization of employees' ($\bar{x} = 3.404$) and 'HR planning and recruitment' ($\bar{x} = 3.298$) were moderately practised in the companies. 'Workforce diversity and contemporary HR practices' ($\bar{x} = 3.005$) and 'competitive compensation' ($\bar{x} = 3.089$) were also practised in companies but not as high as other factors. These factors mean scores indicated

TABLE 3 Characteristics of the sample

Variables	Categories	Average	Number	%
1. Gender	Male		177	81.2
	Female		41	18.8
	Total		218	100
2. Marital status	Married		169	77.5
	Unmarried		49	22.5
	Total		218	100
3. Age (SD 8.667)		35.302		
4. Type of insurance company and number of employees	Indian (2)		123	56.4
	Multinational (2)		95	43.6
	Total		218	100
5. Number of branches of insurance companies	LIC		4	
	OIC		3	
	Tata AIG		4	
	AVIVA		3	
	Total		14	
6. HRM Dept	Yes		218	100
	No		0	0
	Total		218	100
7. Work experience (SD 9.346)		13.272		
8. Work experience in this organization (SD 9.598)		11.355		
9. Organizations changed	First joiner		116	56.1
	Up to two change		79	30.1
	More than two change		23	13.7
	Total		218	100
10. Employee union	Union exists		123	56.4
	Does not exist		95	43.6
	Total		218	100
11. Average percent of union membership (SD 37.866)		42.894		

the acceptance of H₁, H₂, H₃, H₄, H₅, and H₆. Table 7 shows the two-way ANOVA results based upon type effect, gender effect and two-way interactions.

According to the type of company effect, performance appraisal ($p \leq 0.002$), workforce diversity and contemporary issues ($p \leq 0.006$), train-

TABLE 4 Correlations, means and SDs for 20 HR variables

V	V1	V2	V3	V4	V5	V6	V7	V8	V9	V10	V11	V12	V13	V14	V15	V16	V17	V18	V19	V20
V1	—																			
V2	0.470**	—																		
V3	0.290**	0.035**	—																	
V4	0.221**	0.389**	0.326**	—																
V5	0.363**	0.344**	0.381**	0.503**	—															
V6	0.364**	0.380**	0.003	0.461**	0.382**	—														
V7	0.304**	0.111	0.164**	0.226**	0.381**	0.550**	—													
V8	0.236**	0.203**	0.219**	0.364**	0.370**	0.273**	0.144**	—												
V9	0.151**	0.188**	0.236**	0.146**	0.319**	0.221**	0.182**	0.351**	—											
V10	0.219**	0.255**	0.358**	0.417**	0.375**	0.262**	0.246**	0.388**	0.432**	—										
V11	0.327**	0.266**	0.112	0.404**	0.170**	0.439**	0.180**	0.262**	0.109	0.482**	—									
V12	0.147**	0.299**	0.197**	0.035	0.242**	0.200**	0.066	0.027	-0.017	0.088	0.083	—								
V13	0.353**	0.405**	0.207**	0.350**	0.379**	0.464**	0.322**	0.330**	0.054	0.171**	0.223**	0.441**	—							
V14	0.087	0.187**	0.059	0.330**	0.308**	0.298**	0.204**	0.368**	0.405**	0.335**	0.212**	0.066	0.362**	—						
V15	0.174**	0.309**	0.334**	0.289**	0.226**	0.193**	0.243**	0.247**	0.251**	0.366**	0.273**	0.149**	0.155**	0.234**	—					
V16	0.032	0.369**	0.120	0.113	0.056	0.070	-0.082	-0.023	0.082	-0.005	-0.058	0.348**	0.118	0.048	0.387**	—				
V17	0.359**	0.257**	0.184**	0.357**	0.234**	0.365**	0.253**	0.323**	0.065	0.395**	0.448**	0.104	0.477**	0.310**	0.334**	0.127	—			
V18	0.211**	0.389**	0.450**	0.198**	0.364**	0.283**	0.266**	0.221**	0.429**	0.334**	0.102	0.156**	0.196**	0.165**	0.387**	0.212**	0.175**	—		
V19	0.006	0.315**	0.221**	0.092	0.151**	0.138**	0.017	0.051	0.211**	0.127	0.052	0.299**	0.089	0.110	0.288**	0.464**	0.005	0.440**	—	
V20	0.217**	0.295**	0.174**	0.196**	0.282**	0.358**	0.301**	0.085	0.164**	0.272**	0.158**	0.250**	0.299**	0.124	0.233**	0.221**	0.246**	0.340**	0.440**	—
M	3.279	3.307	3.160	3.564	3.394	3.399	3.412	3.692	3.614	3.633	3.550	2.986	3.192	3.490	3.133	2.568	3.142	3.348	2.917	3.399
SD	1.295	1.160	1.217	1.186	1.115	1.120	0.981	1.065	1.050	1.129	1.135	1.300	1.323	1.149	1.489	1.269	1.211	1.159	1.230	1.107

NOTES Cronbach Alpha (20 variables) = 0.865, Kaiser-Meyer-Olkin Measure of Sampling Adequacy = 0.775, Bartlett's test of Sphericity Approx. $\chi^2 = 1648.724$, $df = 190$, significance = 0.000; * correlation is significant at the 0.05 levels, ** correlation is significant at the 0.01 levels, M – mean, SD – standard deviation; definitions of variables may be seen through table 1.

TABLE 5 Factor loadings of varimax rotated principal components

Factors	(1)	(2)	(3)
F1 Performance appraisal		5.819	29.096
Well defined recruitment policy	0.512		
Regular performance appraisal	0.524		
Due weight to service performance	0.818		
Proper HR information system	0.716		
F2 Workforce diversity and contemporary HR practices		2.119	10.595
Equal say of majority or minority employees	0.522		
Flexible work hours	0.749		
Conducting employee attitude surveys	0.807		
Lead with development and adoption of new HR practices	0.493		
F3 Training and Benefits		1.620	8.102
Training and development programs	0.649		
Providing service orientation to managers	0.691		
Benefits to employees	0.766		
F4 HR planning and recruitment		1.237	6.185
Regular job analysis	0.526		
Regular human resource planning	0.523		
Emphasis on service employees in HR planning	0.837		
Attracting service oriented employees	0.488		
Opportunities for career advancement	0.492		
F5 Selection and Socialization of employees		1.194	5.970
Selection on the basis of service attitude and competence	0.680		
Socialization of employees	0.809		
Lead with development and adoption of new HR practices	0.558		
F6 Competitive compensation		1.092	5.462
Pay for performance (service)	0.667		
Paying competitive salaries	0.750		

NOTES Column headings are as follows: (1) loadings, (2) eigen value, (3) % of variance.

ing and benefits ($p \leq 0.000$), and competitive compensation ($p \leq 0.005$) were found significantly different. So, H3a, H4a, H5a, and H6a, were accepted. Indian companies were found stronger on performance appraisal practice ($\bar{x} = 3.63$) than multinational companies ($\bar{x} = 3.26$). On workforce diversity and contemporary issues, multinational companies

TABLE 6 Inter factor correlations, means, standard deviations and alpha values

Factors	F1	F2	F3	F4	F5	F6
F1	—					
F2	0.314**	—				
F3	0.477**	0.252**	—			
F4	0.508**	0.464**	0.410**	—		
F5	0.478**	0.464**	0.320**	0.481**	—	
F6	0.305**	0.346**	0.216**	0.431**	0.411**	—
No. of variables	4	4	3	5	3	2
M	3.472	3.005	3.599	3.298	3.404	3.089
SD	0.874	0.906	0.831	0.837	0.830	1.113
α	0.740	0.666	0.642	0.743	0.666	0.612

NOTES ** Correlation is significant at the 0.01 levels; M – mean, SD – standard deviation.

TABLE 7 Summary results of ANOVA

Factors/variable	(1)	(2)	(3)
F1 Performance appraisal	10.223 (0.002)	0.001 (0.973)	1.513 (0.220)
F2 Workforce diversity and contemporary issues	7.725 (0.006)	0.078 (0.780)	6.801 (0.010)
F3 Training and benefits	17.626 (0.000)	0.883 (0.348)	4.545 (0.034)
F4 HR planning and recruitment	1.495 (0.223)	0.145 (0.704)	2.210 (0.139)
F5 Selection and socialization of employees	0.502 (0.480)	3.455 (0.064)	4.083 (0.045)
F6 Competitive compensation	8.151 (0.005)	4.866 (0.028)	1.422 (0.234)

NOTES Column headings are as follows: (1) type effect (F -value), (2) gender effect (F -value), (3) two-way interactions. Significance levels are indicated in parentheses.

were giving due value to workforce diversity and contemporary issues ($\bar{x} = 3.38$) than the Indian companies ($\bar{x} = 2.72$). Rather Indian companies did not practice workforce diversity. Training and benefits related practices were comparatively stronger in Indian companies ($\bar{x} = 3.78$) than in the multinational companies ($\bar{x} = 3.37$). Compensation practices were found more competitive or performance based in multinational

companies ($\bar{x} = 3.33$) than in Indian companies ($\bar{x} = 2.90$). Further, the mean score of Indian companies showed that compensation practices were broadly based on seniority basis rather than competitive basis. However, both types of companies gave equal importance to HR practices related to HR planning and recruitment and selection and socialization of employees. Therefore, H1a and H2a were rejected.

According to the gender effect, only competitive compensation ($p \leq 0.028$) was found significantly different as between male and female employees/ executives. So, H5b was accepted. Male executives ($\bar{x} = 3.19$) were more accepting the practice of competitive compensation than the female executives ($\bar{x} = 2.67$). Further, male and female executives did not differ significantly on other HR practices i. e. performance appraisal, workforce diversity and contemporary issues, training and benefits, HR planning and recruitment, and selection and socialization of employees. These results caused the rejection of H1b, H2b, H3b, H4b, and H6b.

Interactive effects were significant on workforce diversity and contemporary issues ($p \leq 0.010$), training and benefits ($p \leq 0.034$), selection and socialization of employees ($p \leq 0.045$). Cell means of table 8 showed that male executives ($\bar{x} = 2.63$) did not favor workforce diversity and contemporary issues as compared to female executives ($\bar{x} = 3.06$) in Indian companies, whereas male executives highly favored this practice in multinational companies ($\bar{x} = 3.46$). In case of training and benefits, both males ($\bar{x} = 3.44$) and females ($\bar{x} = 3.00$) received less training and benefits in multinational companies as compared to Indian companies. In case of selection and socialization of employees, female executives ($\bar{x} = 3.82$) perceived stronger than the males ($\bar{x} = 3.25$) in Indian companies, whereas both perceived equally in case of multinational companies.

Discussion

Studies suggest that the insurance industry through risk transfer, financial intermediation, and employment can generate positive externalities and economic growth. HR plays a crucial role in service companies (Schneider and Bowen 1993).

In the present study, six derived factors have been further used. It was found that three factors i. e. 'performance appraisal,' 'selection and socialization of employees' and 'HR planning and recruitment' were moderately practiced in companies; 'performance appraisal' loaded significantly with HR practices such as well defined recruitment policy, reg-

TABLE 8 Summary of means and grand means for main scales (factors)

Factors/ Variables		(1)	(2)	GM
F1 Performance appraisal	M	3.60	3.29	3.46
	F	3.78	3.10	3.53
	GM	3.63	3.26	3.47
F2 Workforce diversity and contemporary issues	M	2.63	3.43	2.99
	F	3.06	3.08	3.07
	GM	2.72	3.38	3.00
F3 Training and benefits	M	3.74	3.44	3.60
	F	3.91	3.00	3.58
	GM	3.78	3.37	3.60
F4 HR planning and recruitment	M	3.28	3.32	3.30
	F	3.45	3.04	3.30
	GM	3.32	3.28	3.30
F5 Selection and socialization of employees	M	3.25	3.45	3.34
	F	3.82	3.42	3.67
	GM	3.37	3.44	3.40
F6 Competitive compensation	M	3.04	3.36	3.19
	F	2.38	3.17	2.67
	GM	2.90	3.33	3.09

NOTES Column headings are as follows: (1) Indian, (2) multinational. M – male, F – female, GM – grand mean.

ular performance appraisal, due weight to service performance, proper HR information system. This factor brought out the importance of due weight to service performance and proper HR information system in companies. The factor 'selection and socialization of employees' loaded significantly and positively with variables like selection on the basis of service attitude and competence and socialization of employees. Variables like regular job analysis, regular human resource planning, and emphasis on service employees in HR planning loaded highly on the factor 'HR planning and recruitment.' Indian companies were found stronger on performance appraisal practice than multinational companies. It was also found that both types of companies gave equal importance to HR practices related to HR planning and recruitment, and selection and socialization of employees. Performance management is a vehicle for the continuous improvement of business performance via a co-ordinate program of people management interventions (Walters 1995). The HRIS market has now grown significantly across the spectrum of organizational types (Ball 2001). An up-to-date and sophisticated global HRIS en-

TABLE 9 Summary of hypothesis and brief findings

(1)	(2)	(3)	(4)
H1	Yes	Practicing human resource planning and recruitment	Accepted
H1a	No	Indian and multinational insurance companies did not differ	Rejected
H1b	No	Male and female executives did not perceive differently	Rejected
H2	Yes	Practising selection and socialization	Accepted
H2a	No	Indian and multinational insurance companies did not differ	Rejected
H2b	No	Male and female executives did not perceive differently	Rejected
H3	Yes	Practising training and benefits	Accepted
H3a	Yes	Indian and multinational insurance companies differed.	Accepted
H3b	No	Male and female executives did not perceive differently	Rejected
H4	Yes	Practising performance appraisal	Accepted
H4a	Yes	Indian and multinational insurance companies differed	Accepted
H4b	No	Male and female executives did not perceive differently	Rejected
H5	Yes	Practising competitive compensation	Accepted
H5a	Yes	Indian and multinational insurance companies differed	Accepted
H5b	Yes	Male and female executives perceive differently	Accepted
H6	Yes	Practising workforce diversity and contemporary HR practices	Accepted
H6a	Yes	Indian and multinational insurance companies differed	Accepted
H6b	No	Male and female executives did not perceive differently	Rejected

NOTES Column headings are as follows: (1) hypothesis, (2) significant difference, (3) results, (4) hypothesis rejected/accepted.

ables identification, grooming of and equitable career opportunities for high potential global managers (Thite 2004). Staff selection is becoming the axis on which all other human resource issues turn (Langtry 2001). Atkinson (1984) described that selection process requires greater emphasis and thought because the quantity and quality of output required will be greater. Campbell and Baldwin (1993) suggest that in many industrialized countries there is a concern that skills shortages and mismatches are appearing in the labor market reducing the competitiveness of small and large firms. Top performing companies are better than their competitors at recruiting and retaining top talent (Chambers et al. 1998).

‘Workforce diversity and contemporary HR practices’ and ‘competitive compensation’ were also practised in companies but not as high as other factors (practices). Workforce diversity here includes variables like workforce diversity, flexible work practices, conducting employee atti-

tude surveys, adoption of new HR practices. Competitive compensation includes variables like pay for service performance and paying competitive salaries. On workforce diversity and contemporary issues, multinational companies were giving due value to workforce diversity and contemporary issues than were the Indian companies. Indeed, Indian companies were weak on the practice of workforce diversity. Compensation practices were found more competitive or performance based in multinational companies than in Indian companies. Further, Indian companies turned to a seniority basis of compensation rather than competitive basis. Flexi time has been associated with increased productivity and morale, job satisfaction, reduced absenteeism and turnover, truancy and use of overtime (Dalton and Mesch 1990; Guy 1993; Mellor 1986; Swart 1985; Narayanan and Nath 1982; Pierce and Newstrom 1983). Comparatively high compensation contingent on organizational performance is one of the key practices of companies that produce profit through people (Pfeffer and Veiga 1999). It plays a key role in recruitment, job performance, and job satisfaction (Jyothi and Venkatesh 2006). The pay policy decision can have a major impact on the quality of a company's workforce and, therefore, on company's performance (Dreher and Dougherty 2005). Performance-based pay schemes are implemented by the firms in order to induce greater efforts from their existing workforce (Gibbons 1998). Kundu (2003; 2004) gave favourable arguments for creating a diverse workforce. Further, in a service economy effective interactions and communications between people are essential to business success (Kundu 2003). By managing and valuing diversity, the organization can justify itself as a true representative of the society (Kundu 2001).

Further, it was found that 'training and benefits' was high in practice in the companies. HR practices like training and development, providing service orientation to managers, and benefits to employees were loaded with high significance level on this factor. 'Training and benefits' related practices were comparatively stronger in Indian companies than the multinational companies. Researches conclude that employer-provided training increases worker productivity (Holzer 1990; Bartel 1994; Pindus and Isbell 1997; Bloom and LaFleur 1999). Training benefits companies through enhanced product and service quality, reduced production waste, higher employee retention and better labor-management relations (Bloom and LaFleur 1999). Training and development are a morale booster, enhance knowledge, skill, attitude and experience, and reduce scraps, accidents and wastes (Kundu and Kumar 2006).

Employee benefits attract new employees, and retain them in the latter stages of their careers (White and Becker 1980). Research results suggest that the flexible benefit plan enhances motivation (Werther 1986; White and Becker 1980) empowers employees (Kauk 1996; Lawler 1990) and increases employee satisfaction (Barber et al. 1992; Tremblay, Sire, and Pelchat 1998).

In this study, significant differences of perceptions have been found among male and female employees/ executives only on competitive compensation. Male executives were accepting the practice of competitive compensation more than the female executives. Further, male and female executives did not differ significantly on other HR practices. The career experiences of women and men have been shown to differ to some degree (Betz and Fitzgerald 1987; Gutek and Larwood 1987; Larwood, Stromberg and Gutek 1985). For example women more often make career choices to accommodate their spouse's careers. Hence, women employees/ executives accept less pay than their male counterparts. In many cases they have the tendency to shift to part-time jobs and also depend on flexi time options on job. Further, a study on Indian organizations clearly indicated the prevalence of gender discrimination in organizations (Kundu 2003).

Interactive effects were significant on workforce diversity and contemporary issues, training and benefits, and selection and socialization of employees in the present study. Male executives did not favor workforce diversity and contemporary issues as compared to female executives in Indian companies, whereas in multinational companies these factors were highly favored by male executives. In case of training and benefits both males and females received less training and benefits in multinational companies as compared to Indian companies. In case of selection and socialization of employees, female executives perceived more strongly than the males in Indian companies, whereas both perceived equally in case of multinational companies.

To sum up, by considering the grand mean scores of Indian and Multinational companies on six HR factors, it was visible that Multinational companies were comparatively weaker on performance appraisal, training and benefits, HR planning and recruitment, and comparatively stronger on workforce diversity and contemporary issues, selection and socialization of employees and competitive compensation than Indian companies. Multinationals were weak on some factors due to non-adaptation of local HR practices. Bjorkman and Budhwar (2007) suggested that while the introduction of HRM practices from the foreign

parent organization was negatively associated with performance, local adaptation of HRM practices was positively related with the performance of foreign firms operating in India (Bjorkman and Budhwar 2007).

Managerial Implications, Limitations, and Future Direction

There is no need to emphasise that it is the people, people and people that make an organization achieve competitive advantage. The people (human resources) in an organization, when looked after and provided with, will certainly pay back in terms of better results, better performance and enhanced productivity. So, this study has practical and policy implications for the organizations. Organizations can certainly make significant improvements to their performance by emphasizing excellent HR practices.

Globalization has become one of the buzzwords in business and academia (Joynt and Morton 2005). In a fast-paced, globally competitive economy, efforts to boost productivity and quality never end (Cascio 1998). The Indian companies need to learn from the practices adopted by the multinational companies especially with regard to workforce diversity practices, competitive compensation, and selection and socialization of employees. Gone are the days when experience was the basis for deciding seniority, which in turn was the basis for deciding compensation. Age and experience is no bar, gender is no bar, and above all culture is no bar when we talk of globalization. A correctly selected and well socialized employee can be expected to exhibit organizational citizenship behavior which leads to more commitment towards the organization, better retention, lower absenteeism and hence increased productivity.

Diversity of human resources has become a demographic reality. Indian organizations have to learn how to manage a diverse workforce to get maximum benefit and competitive advantage in the changed scenario (Kundu 2004). All employees, no matter whom, no matter at what level, want to be treated with respect. This is the most basic thing one must do in managing diversity (Cascio 2006). Managing it well is an essential part of HR strategy.

The results indicated that both multinational companies and Indian companies have to significantly improve their practices regarding performance appraisal, training and financial benefits, and HR planning and recruitment. Though the Indian companies scored better on these aspects, yet there has to be more emphasis on them. The organizations may feel complacent regarding these practices due to the labor surplus econ-

omy of India. Organizations must enrich the HR practices, such as performance appraisal in terms of service delivery, service oriented training programs, and service performance based financial and other benefits. Service organizations should plan to attract employees having a service attitude and orientation.

There has been a phenomenal growth in service industries (Bateson and Hoffman 1999). Services are human resource intensive businesses. To gain competitive advantage, service organizations ought to lay greater emphasis on human resource management practices, as has been indicated in the results of this study on insurance companies (service organizations). A strategy that focuses on the human side can be an effective way for competing in the current environment (Verma 2000).

A well-defined framework of human resource management practices benefits not only the organization but also the employee. HR policies of an organization benefit the employee by providing better opportunities for growth in terms of better compensation, benefits, training and development opportunities, and career management, in turn leading to job-satisfaction and self-fulfillment. Further, this study will be helpful for the organizations to develop intrapreneurship/ corporate entrepreneurship. Organizations can cultivate corporate entrepreneurship (entrepreneurship of the whole staff) to enhance corporate innovation and performance (Chen, Zhu and Anquan 2005). Lee and Peterson's (2000) research reveals that a culture with a strong entrepreneurial orientation is important to global competitiveness. This is contingent on the high performing HR practices being implemented in organizations.

Despite the different sources, different timing of data collection, and high alpha values of data, a potential limitation of this study was that the data were collected by using same construct (using self-completion questionnaires) with same method. The relationships among the variables and sub-scales could be influenced by common method variance. Podsakoff and Organ (1986) recommend that researchers should at least report results from a test of single-factor hypothesis as an explanation of inter-correlation of the variables. Harman's one-factor test on the HR practices construct showed that the first factor accounted for only 29.096% of the covariance among measures (Podsakoff et al. 2003; Podsakoff and Organ 1986), suggesting that common method variance is not a severe issue.

Another limitation was that the data were collected from Indian bases, which could have been collected from the wider area. The study could,

however, be extended cross culturally that in order to more generalized conclusions. Researches may be taken up to cover a wider area and more respondents with cross cultural extensions. The data were analyzed by using only two independent variables. Further, researchers can increase independent variables to analyze the data more effectively. Finally, the variables incorporated in the questionnaire were strictly related to HR practices and could not establish the relationship of HR practices with the performance. Future researchers may take up studies on human resources from these aspects.

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