# A COMPARATIVE STUDY OF THE ROLE BEHAVIOURS OF EMPLOYEES OF INSURANCE SECTOR IN INDIA

**Dr. Dolly Dolai***

**Abstract:** *In this era of huge competition, one of the major differentiating factors could be the people of the organization and the strategies adopted by the organization in order to sustain the competition. HR Strategy is aligning the goals of HR to the goals or strategy of your organization. In developing a strategy two critical questions must be addressed. What kinds of people do you need to manage and run your business to meet your strategic business objectives? What people programs and initiatives must be designed and implemented to attract, develop and retain staff to compete effectively? The success of a programme or initiative or a strategy is hugely dependent on the employee role behaviors, which can be instrumental in implementing the competitive strategies. The paper examines the various competitive strategies and the needed role behaviors for successful implementation of those strategies and also compares the differences in the employee role behaviors of the employees of the public and the private insurance companies in India.*

***Key words:*** *competition, strategies, role behaviors, public, private, insurance*

*Institute of Management and Information Science, Bhubaneswar, Odisha

## INTRODUCTION:

There are four key dimensions of an organization that must be addressed in order to find out what kinds of people are needed to manage and run the business to meet its strategic business objectives and what people programs and initiatives must be designed and implemented to attract, develop and retain staff to compete effectively . These are:

- Culture: the beliefs, values, norms and management style of the organization
- Organization: the structure, job roles and reporting lines of the organization
- People: the skill levels, staff potential and management capability
- Human resources systems: the people focused mechanisms which deliver the strategy -employee selection, communications, training, rewards, career development, etc

Based on an extensive review of the literature and secondary data, several role behaviors are assumed to be instrumental in the implementation of the competitive strategies. There are several dimensions along which employees' role behaviors can vary. However there are several other dimensions for which there are likely to be major differences across competitive strategies. This can be illustrated by describing the various competitive strategies and their necessary organizational conditions in more detail, along with the needed role behaviors from the employees

## OBJECTIVES AND METHODOLOGY

The Followings are the objectives of the study:

- To analyze the role behaviors and their link to competitive strategies
- To Compare the role behavior of the employees of the Public and Private Life insurance companies in India

Based on the objectives of the study a number of hypotheses were formulated which has been tested using both the primary as well as the secondary data. Based on the hypothesis, few sub-hypotheses were also formulated and tested to further support the findings of the study.

## SAMPLE

Employees of the insurance sector from both Public and Private companies were asked to participate in a study of Employee Behavior. The details of the sample profile of insurance sectors from each stratum have been shown in this Table below.

The Present Study is an attempt to assess the ROLE BEHAVIOURS OF EMPLOYEES in Insurance Sector. The data have been collected from the employees of both Public and Private sector Insurance companies in India. The questionnaires have been distributed randomly taking into consideration availability of employees and their interest to give response to the questionnaires. The data are analyzed quantitatively using percentages and mean scores with the help of SPSS.

**Table 1 Sample Profile of Insurance Sectors**

| No. of employees | Public | Private |
|---|---|---|
| 233 | 127 | 106 |

## LITERATURE REVIEW

Strategies exist at several levels in any organisation - ranging from the overall business (or group of businesses) through to individuals working in it.

***Corporate Strategy*** - is concerned with the overall purpose and scope of the business to meet stakeholder expectations. This is a crucial level since it is heavily influenced by investors in the business and acts to guide strategic decision-making throughout the business. Corporate strategy is often stated explicitly in a "mission statement".

***Business Unit Strategy*** - is concerned more with how a business competes successfully in a particular market. It concerns strategic decisions about choice of products, meeting needs of customers, gaining advantage over competitors, exploiting or creating new opportunities etc.

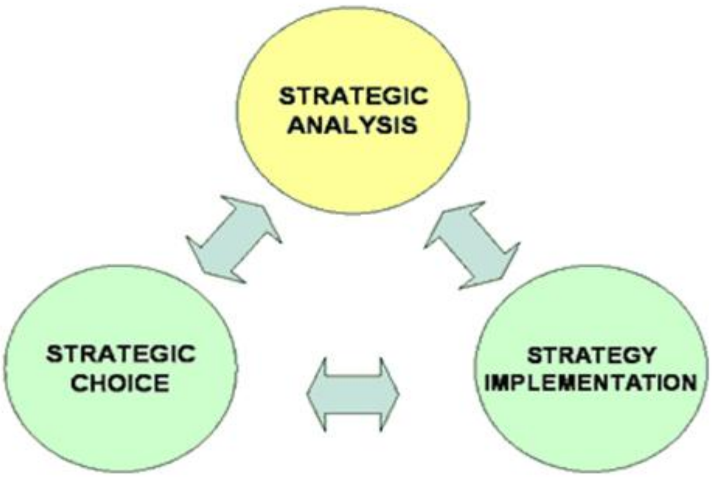


**Fig. 1 Components of Strategic Management Process**

***Operational Strategy*** - is concerned with how each part of the business is organised to deliver the corporate and business-unit level strategic direction. Operational strategy therefore focuses on issues of resources, processes, people etc.

In its broadest sense, strategic management is about taking "strategic decisions" - decisions that answer the questions above. In practice, a thorough strategic management process has three main components, shown in the figure 1.

## EMPLOYEE ROLE BEHAVIORS AND STRATEGIES

***Competitive Strategy: Needed Role Behaviors***

Schuler(1997) argued before developing a linkage between competitive strategy and HRM practices, there must be a *rationale* for that linkage. This rationale gives us a basis for predicting, studying, refining, and modifying both strategy and practices in specific circumstances. Consistent with previous research, the rationale developed is based on what is needed from employees apart from the specific technical skills, knowledges, and abilities (SKAs) required to perform a specific task." Rather than thinking about task-specific SKAs, then, it is more useful to think about what is needed from an employee who works with other employees in a social environment. These needed employee behaviors are actually best thought of as needed role behaviors. The importance of roles and their potential dysfunction in organizations, particularly role conflict and ambiguity, is well documented.

**Table 1 Employee Role Behaviors**

| | | |
|---|---|---|
| 1. Highly repetitive, predictable behavior | - | Highly creative, innovative behavior |
| 2. Very short-term focus | - | Very long-term behavior |
| 3. Highly cooperative, interdependent behavior | - | Highly independent, autonomous behavior |
| 4. Very low concern for quality | - | Very high concern for quality |
| 5. Very low concern for quantity | - | Very high concern for quantity |
| 6. Very low risk taking | - | Very high risk taking |
| 7. Very high concern for process | - | Very high concern for results |
| 8.High preference to avoid responsibility | - | High preference to assume responsibility |
| 9. Very inflexible to change | - | Very flexible to change |
| 10. Very comfortable with stability | - | Very tolerant of ambiguity and unpredictability |
| 11. Narrow skill application | - | Broad skill application |
| 12. Low job (firm) involvement | - | High job (firm) involvement |

Adapted from R.S_Schuler. "Human Resource Management Practice Choices," in R. S. Schuler, S. A. Youngblood, and V. L. Huber (Eds.) *Readings in Personnel and Human Resource Management,* 3rd Ed., St. Paul, MN: West Publishing, 1988.

**Innovation Strategy and Needed Role Behaviors**

Because the imperative for an organization pursing an innovation strategy is to be the most unique producer, conditions for innovation must be created. These conditions can be rather varied. They can be created either formally through official corporate policy or more informally.

To encourage as many employees as possible to be innovative, 3M has developed an informal doctrine of allowing employees to "bootleg" 15% of their time on their own projects. A less systematic approach to innovation is encouraging employees to offer suggestions for new and improved ways of doing their own job or manufacturing products. Overall, then, for firms pursuing a competitive strategy of innovation, the profile of employee role behaviors includes (1) a high degree of creative behavior, (2) a longer-term focus, (3) a relatively high level of cooperative, interdependent behavior, (4) a moderate degree of concern for quality, (5) a moderate concern for quantity, (6) an equal degree of concern for process and results, (7) a greater degree of risk taking, and (8) a high tolerance of ambiguity and unpredictability.

The implications of pursuing a competitive strategy of innovation for managing people may include selecting highly skilled individuals, giving employee more discretion, using minimal controls, making a greater investment in human resources, providing more resources for experimentation, allowing and even rewarding occasional failure, and appraising performance for its long-run implications. As a consequence of these conditions, pursuing an innovation strategy may result in feelings of enhanced personal control and morale and thus a greater commitment to self and profession rather than to the employing organization. Nevertheless, benefits may accrue to the firm as well as the employee, as evidenced by the success of such innovative firms as Hewlett-Packard, the Raytheon Corporation, 3M, Johnson & Johnson, and PepsiCo. Thus, the innovation strategy has significant implications for human resource management. Rather than emphasizing managing people so they work *harder* (cost-reduction strategy) or *smarter* (quality strategy) on the same products or services, the innovation strategy requires people to work *differently.* This, then, is the necessary ingredient."

**Quality-Enhancement Strategy and Needed Role Behaviors**

At Xerox, CEO David Kearns defines quality as "being right the first time every time." The implications for managing people are significant. According to James Houghton, chairman of Corning Glass Works, his company's "total quality approach" is about people. At Corning, good ideas for product improvement often come from employees, and in order to carry through on their ideas Corning workers form short-lived "corrective action teams" to solve specific problems. Employees [also] give their supervisors written "method improvement requests," which differ from ideas tossed into the traditional suggestion box in that they get a prompt formal review so the employees aren't left wondering about their fate. In the company's Erwin Ceramics plant, a maintenance employee suggested substituting one flexible tin mold for an array of fixed molds that shape the wet ceramic product baked into catalytic converters for auto exhausts.

At Corning, then, quality improvement involves getting employees committed to quality and continual improvement. While policy statements emphasizing the "total quality approach" are valuable, they are also followed up with specific human resources practices: feedback systems are in place, team work is permitted and facilitated, decision making and responsibility are a part of each employee's job description, and job classifications are flexible.

Quality improvement often means changing the processes of production in ways that require workers to be more involved and more flexible. As jobs change, so must job classification systems. At Brunswick's Mercury Marine division, the number of job classifications was reduced from 126 to 12. This has permitted greater fiexibility in the use of production processes and employees. Machine operators have gained greater opportunities to learn new skills. They inspect their own work and do preventive maintenance in addition to running the machines.'* It is because of human resource practices such as these that employees become committed to the firm and, hence, willing to give more. Not only is the level of quality likely to improve under these conditions, but sheer volume of output is likely to increase as well. For example, in pursuing a competitive strategy involving quality improvement, L.L. Bean's sales have increased tenfold while the number of permanent employees has grown only fivefold.

The profile of employee behaviors necessary for firms pursuing a strategy of quality enhancement is (1) relatively repetitive and predictable behaviors, (2) a more long-term or intermediate focus, (3) a modest amount of cooperative, interdependent behavior, (4) a high concern for quality, (5) a modest concern for quantity of output, (6) high concern for process *{how* the goods or services are niade or delivered), (7) low risk-taking activity, and (8) commitment to the goals of the organization. Because quality enhancement typically involves greater employee commitment and utilization, fewer employees are needed to produce the same level of output. As quality rises, so does demand, yet this demand can be met with proportionately fewer employees than previously. Thanks to automation and a cooperative workforce, Toyota is producing about 3.5 million vehicles a year with 25,000 production workers—about the same number as in 1966 when it was producing one million vehicles. In addition to having more productive workers, fewer are needed to repair the rejects caused by poor quality. This phenomenon has also occurred at Corning Glass, Honda, and L.L. Bean.

**Cost-Reduction Strategy and Needed Role Behaviors**

Often, the characteristics of a firm pursuing the cost-reduction strategy are tight controls, overhead minimization, and pursuit of economies of scale. The primary focus of these measures is to increase productivity, that is, output cost per person. This can mean a reduction in the number of employees and/or a reduction in wage levels. Since 1980, the textile industry's labor force decreased by 17%, primary metals, almost 30%, and steel, 40%. The result has been that over the past four years, productivity growth in manufacturing has averaged 4.1% per year, versus 1.2% for the rest of the economy." Similar measures have been taken at Chrysler and Ford and now are being proposed at GM and AT&T. Reflecting on these trends. Federal Reserve Governor Wayne D. Angell states, "We are invigorating the manufacturing sector. The period of adjustment has made us more competitive."

In addition to reducing the number of employees, firms are also reducing wage levels. For example, in the household appliance industry where GE, Whirlpool, Electrolux, and Maytag account for 80% of all production, labor costs have been cut by shifting plants from states where labor is expensive to less costly sites. The result of this is that a new breed of cost-effective firms are putting U.S. manufacturing back on the road to profitability."

Cost reduction can also be pursued through increased use of part-time employees, subcontractors, work simplification and measurement procedures, autornation, work rule changes, and job assignment flexibility. Thus, there are several methods for reducing costs. Although the details are vastly different, they all share the goal of reducing output cost per employee. In summary, the profile of employee role behaviors necessary for firms seeking to gain competitive advantage by pursuing the competitive strategy of cost reduction is as follows: (1) relatively repetitive and predictable behaviors, (2) a rather short-term focus, (3) primarily autonomous or individual activity, (4) modest concern for quality, (5) high concern for quantity of output (goods or services), (6) primary concern for results, (7) low risk-taking activity, and (8) a relatively high degree of comfort with stability.

## FINDINGS AND ANALYSIS

Based on the above descriptions of competitive strategies and the role behaviors necessary for each, and the brief typology of HRM practices three summary hypotheses can be derived .

***Innovation Strategy***

Firms pursuing the innovation strategy are likely to have the following characteristics: (1) jobs that require close interaction and coordination among groups of individuals, (2) performance appraisals that are more likely to refiect longer-term and group-based achievements, (3) jobs that allow employees to develop skills that can be used in other positions in the firm, (4) compensation systems that emphasize internal equity rather than external or market-based equity, (5) pay rates that tend to be low, but that allow employees to be stockholders and have more freedom to choose the mix of components (salary, bonus, stock options) that make up their pay package, and (6) broad career paths to reinforce the development of a broad range of skills. These practices facilitate cooperative, interdependent behavior that is oriented toward the longer

term, and foster exchange of ideas and risk taking.

***Quality-Enhancement Strategy***

In an attempt to gain competitive advantage through the quality-enhancement strategy, the key HRM practices include (1) relatively fixed and explicit job descriptions, (2) high levels of employee participation in decisions relevant to immediate work conditions and the job itself, (3) a mix of individual and group criteria for performance appraisal that is mostly shortterm and results-oriented, (4) relatively egalitarian treatment of employees and some guarantees of employment security, and (5) extensive and continuous training and development of employees. These practices facilitate quality enhancement by helping to ensure highly reliable behavior from individuals who can identify with the goals of the organization and, when necessary, be fiexible and adaptable to new job assignments and technological change.

***Cost-Reduction Strategy***

In attempting to gain competitive advantage by pursuing a strategy of cost reduction, key human resource practice choices include (1) relatively fixed (stable) and explicit job descriptions that allow little room for ambiguity, (2) narrowly designed jobs and narrowly defined career paths that encourage specialization, expertise, and efficiency, (3) short-term, results-oriented performance appraisals, (4) close monitoring of market pay levels for use in making compensation decisions, and (5) minimal levels of employee training and development.

These practices maximize efficiency by providing means for management to monitor and control closely the activities of employees.

The Present Study is an attempt to assess the Role Behaviors of employees in the Insurance Sector in India. The data have been collected from the employees of both Public and Private sector Insurance companies in India .The questionnaires have been distributed randomly taking into consideration availability of employees and their interest to give response to the questionnaires. The data are analyzed quantitatively using percentages and mean scores with the help of SPSS.

The following statistics were noticed from the analysis

*H1: The employees of Government and private sector insurance companies differ significantly in their Role Behaviors*

The result of mean analysis shows that there is a difference of -0.466 in the score for Role Behaviours between the employees of government and private sector insurance companies. So the alternative hypothesis is accepted for the study.

This difference of -0.466 is quite negligible and it suggests that the Role behaviors of the employees in the Public as compared to that of the private insurance companies are almost similar with a very few deviations in certain elements.. However the private organizations have an edge when it comes to working in an unstable environment. Private sector insurance companies are highly driven by quantity and not by quality which has established the difference in the role behaviors of the employees in government companies .Another major area accounting for the difference is their perception of the work pressures, which is generally high in the private sector and hence responsible for lesser focus on quality and more focus on quantity and in turn neglecting customers as well. However the responses of the employees of the government and the private sector were almost same when it came to the question of innovativeness and preference to work in teams.

***Hypotheses 5a:***

*H1a: There is significant relation between "Work Experience" and "Role Behavior" of the employees of the government and private sector insurance companies*

**Table 2 Work Experience and Role Behavior**

**ANOVA**

Role behavior

| | Sum of Squares | df | Mean Square | F | Sig. |
|---|---|---|---|---|---|
| Between Groups | 261.289 | 4 | 65.322 | 107.704 | .000 |
| Within Groups | 138.282 | 228 | .606 | | |
| Total | 399.571 | 232 | | | |

The ANOVA output of SPSS shows that the significance level is 0.000 which is lesser than 0.05. So the alternate hypothesis is accepted. Thus there is a significant relation between the work experience and the Role Behaviour.

***Hypothesis-5b*:**

H1b : There is significant relation between "Age of employee" and the "Role Behavior"

**Table 3 Age and Role Behavior**

**ANOVA**

Role behavior

| | Sum of Squares | df | Mean Square | F | Sig. |
|---|---|---|---|---|---|
| Between Groups | 101.441 | 3 | 33.814 | 25.973 | .000 |
| Within Groups | 298.130 | 229 | 1.302 | | |
| Total | 399.571 | 232 | | | |

The ANOVA output of SPSS shows that the significance level is 0.000 which is lesser than 0.05. So the null hypothesis is rejected and the alternate hypothesis is accepted. Thus there is a significant relation between the age of employees and their role behavior.

## CONCLUSIONS & DISCUSSION

As established and most importantly as statistically proven one factor that can set an organization apart from its competitors whether in services or products, in both the private or public sector is the way it manages its employees. The quality of the organization's employees, their enthusiasm, newcomer's smooth integration, their development and their satisfaction with their jobs and the company all have a significant impact on the organization's productivity, level of customer service, reputation, competitiveness and survival. In other words, in a competitive environment, people make the difference. Human resources are a critical component in every area of the organization, from finance to sales to customer service to line management.

In order to formulate appropriate competitive advantage through employees, it is first necessary to analyze the firm's competitive strategy or business strategy and organizational human resource practices. The organization should create a complete model of HRM and employment relationship; also it should support long-term thinking, building "core competencies" and also develop "sensing" capabilities.

## REFERENCES:

1. Al-Nadi, Fathi, *People Concern Developing a HR Competitive Advantage,*://fathielnadi.blogspot.com/
2. Alvesson, M. (2000). *Social Identity and the Problem of Loyalty in Knowledge-Intensive Companies'*. Journal of Management Studies, 37(8), 1101-1123.
3. Alvord, Brice, *Building Sustainable Competitive Advantage*, Article Source: http://EzineArticles.com/?expert=Brice_Alvord
4. Armstrong, M.A. (2005). Handbook of Human Resource Management Practice, New Delhi: Kogan Page India.
5. Atkinson, J. (1984). Manpower strategies for flexible organizations. *Personnel Management*, 16 (8), 28-31.
6. Ball, K.S. (2001). The use of human resource information systems: a survey. *Personnel Review*, 30 (6), 677-693.
7. Bamberger, P., & Meshoulam, I. (2000). *Human Resource Strategy: Formulation, Implementation, and Impact*. Thousand Oaks, CA: Sage.

8. Barney, J. 1991,*"Firm Resources and Sustained Competitive Advantage"*, Journal of Management, Vol. 17, No 1, pp99-120.
9. Boxall, P. 1995, *"The challenge of HRM, Directions and Debates in New Zealand"*, Longman Paul
10. Boxall, P. 1996, *"The Strategic Human Resource Management Debate and the Resource-Based View of the Firm"* Human Resource Management Journal, Vol. 6, No.3, pp 59-75.
11. Bracken, D.W. (2000). Designing and using organizational surveys. Personnel Psychology, 53, 206-209.
12. Guest, D. E., Conway, N. & Dewe, P. 2004, '*Using Sequential Tree Analysis to Search for `Bundles' of HR Practices',* Human Resource Management Journal, vol. 14, no. 1, pp. 79-96.
13. Huselid, M.A. & Becker, B.E. 1997. *The Impact of High Performance Work Systems, Implementation Effectiveness, and Alignment with Strategy on Shareholder Wealth*. Academy of Management Proceedings, 144-149.
14. Ouchi, William G. 1981 *Theory Z: How American Business can Meet the Japanese Challenge*. Reading, MA: Addison-Wesley.
15. Penrose, E. (1959). *The Theory of the Growth of the Firm*. Oxford: Basil Blackwell.
16. Performance Appraisal: State of the Art in Practice, San Francisco: Jossey-Bass.
17. *Perspective*. Organizational Dynamics, 9 (3): 51-68.
18. Pfeffer, J. (1995). Producing sustainable competitive advantage through the effective management of people. *Academy of Management Executive*, 9, 55-69.
19. Porter, M. 1985, *"Competitive Advantage: Creating and Sustaining Superior Performance"*, Free Press NY, Chapter 1, pp1-30.
20. Prasad, Eswar, Kenneth Rogoff, Shang – Jin Wel, M Ayhan Kose (2003). 'Effects of Financial Globalisation on Developing Countries – some Empirical Evidence' in Economic and Political Weekly, October 11-17, 2003.
21. Prasad, K. (2005). Strategic Human Resource Management: Text and Cases, New Delhi: Macmillan India Ltd.
22. Premack, S. & Wanous, J. 1985, *"A Meta-Analysis of Realistic Job Preview Experiments"* J. of Applied Psychology, Vol. 70, pp 706-719.

23. Proceedings of the 13th Asia Pacific Management Conference, Melbourne, Australia, 2007, 472 488 -481
24. Purcell, J (1989), *"The Impact of Corporate Strategy on Human Resource Management"*, in Storey, J (Eds), New Perspectives on Human Resource Management, Routledge , London
25. Schuler, R. and Jackson, S. 1987, *"Linking Competitive Strategies and Human Resource Management Practices"* Academy of management executive Vol.1, No 3, pp 207-219.
26. Schuler, R. S. (1992): *Strategic Human Resource Management: Linking the People with the Strategic Needs of the Business*. In: Organizational Dynamics (Summer): 18-32.
27. Smith, A.D. and Manna, D.R". (2006b). *"Operational and Marketing Aspects of Inventory Management: Case Studies of Selected Global Companies."* Oil Gas and Energy Quarterly. 54(4): 829-845.
28. Snell, S. A. and J. W. Jr. Dean, 1992, *'Integrated Manufacturing and Human Resource'*
29. Snell, S. A./Youndt, M. A./Wright, P. M. (1996): *Establishing a Framework for Research in*
30. Sternberg, R. J. ed. The Nature of Creativity, Cambridge University Press, Cambridge,UK.
31. Storey, J 1989. *From Personnel Management to Human Resource Management*, in New Perspectives on Human Resource Management, ed J Storey, Routledge, London
32. Storey, J. 1995, *Human Resource Management: A Critical Text,* Routledge, London.
33. *Strategic Human Resource Management: Merging Resource Theory and Organizational Learning.* In: Research in Personnel and Human Resource Management, 14: 61-90.
34. Ulrich, D. and Lake, D. (1991). Organizational capability: creating competitive advantage. *Academy of Management Executive*, 5, 77-92.
35. Wright, P., McMaham, G., 1992 *"Theoretical Perspectives for Strategic Human Resource Management"*. Journal of Management, Vol. 18, No 2, pp 295-320.
36. Youndt, M. A. & Scott, S.A. (1996). *Human Resource Management, Manufacturing Strategy, and Firm Performance*. Academy of Management Journal, 39 (4): 836-857.