A Study of Performance Enhancement System at LIC with Special Reference to Agra.

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Abstract

In the present era of globalization, insurance companies face a dynamic global business environment. LIC in India being the major player in insurance sector has helped to grow the economic market of India. It has been observed from the past few years that due to varied reasons the LIC has slowed down in its profits. Apart from many reasons in different functional areas, one of the major facts is weak human resource system performance of employees is the key elements in the success of insurance sector. Thus performance enhancement strategies have to be worked upon for the overall development of LIC.

At a practical level India must anticipate and prepare for the Human Resource challenges in general that exists, or may be expected in the coming future. Keeping these aspects in view there is a need of performance enhancement. LIC is lacking in implementation of proper performance enhancement strategies because of several issues with LIC that require attention and resolution. In this paper the researcher has touched upon some of those problems and tried to analyze the major problems related to the performance enhancement system at LIC. After critically evaluating the performance enhancement system by using secondary data it has been found that the performance of the employees is affected by many intrinsic as well as extrinsic factor which are the real problem areas to be worked upon. After in depth study and proper attention and resolution and recommendations are being given to LIC Agra.

Key words: performance enhancement strategies, intrinsic factors, extrinsic factors, etc.

Introduction:

We live and work in an age of increasing global competition, new technologies, shifting, demographics and changing social values. A crucial reaction to these kinds of forces has been the emergence of a new breed of organization. There are too many people still working today in jobs that do not provide substantial opportunities for personal growth, creative contribution, performance enhancement and job satisfaction.

At all levels of operations, people are striving for productivity using a wide variety of new information technologies and managerial strategies. The manager are discovering the critical importance of human resource. Old methods of command and control are being replaced by new methods of participation and involvement, the managers are becoming facilitators, helpers, guides and coaches and in relation to these many old and new performance enhancement tactics are been practiced in the organization such as performance appraisals, potential appraisals, decentralization, delegation, empowerment, training and development techniques, rewards, incentives, welfare scheme, transfers, incentives, compensations and salary packages, job satisfaction techniques etc.

The strength of any organization lies in its people. If the people are attended properly by recognizing their talent, developing their capabilities and utilizing them appropriately, organizations are likely to be dynamic and grow fast. Ultimately the variety of tasks in any organization has to be accomplished by the people. One of the important process goals of any dynamic organization is to ensure that its people are capable of doing the variety of task associated with their roles/ responsibilities. Unlike the physical resources, human resources have the capability of expanding to unlimited. When the capabilities of people in any organization are multiplied, the organization has wider choices to make for performing different function.

performance enhancement is a comprehensive term taking into consideration the following aspects:
1. performance planning (Goal clarity/ Role clarity).
2. performance appraisal/ potential appraisal.
3. performance implementation (Benchmarking, motivators etc.)

Present study performance enhancement system at LIC Agra is exploratory in nature. Various dimensions of performance enhancement at LIC are to be analyzed.

The major technique is based on the secondary data. Sources of data are my thesis work and the books on performance enhancement, HRD, organizational Development etc. various journals on HRD, reference handbooks of performance management system at LIC and other relevant journals of LIC.

Performance enhancement system at LIC- Agra region:
Life insurance made its debut in India well over 100 years ago. Today it is accepted as one of the most attractive financial institutions in an individual portfolio that provides an assurance of security with attractive returns.

The main motto of LIC is to provide better life to every family during and after the death of policy owner of the family. It can be said that utilization of people’s money invested in life insurance for planned economic development of the country took roots. The management concerned efforts have been up to the corporate mission of “explore and enhance the quality of life of people through financial security by providing products and services of aspired attributes with competitive returns by rendering resources for economic development.

One of the objectives of the LIC was channeling of its funds for the benefits of the community at large. Currently in LIC, 1,171,138 employees are working with the 9,883,58 agents.

As on 31st March 2003 the corporation has 8 zonal offices, 113 divisional offices and 2,048 branches, 1,381 satellite offices and corporate offices; it also has 54 customer zones and 25 metro-area service hubs located in different cities and towns of India across the country.

During recent time the LIC has adopted various performance enhancement strategies. A sincere attempt is made by LIC to develop the strategies by focusing on various areas of management.

The performance of employees are periodically reviewed after the targets are jointly set by appraiser and appraisee, and the assistance required in achieving the targets is provided.

The reward and welfare system acts as motivators. The whole process is to be conducted in such a way that employees know exactly what is expected of them at each stage and how they face as the years goes along.

Thus clarity of role and responsibility, performance review and feedback are emerging as new dimensions of management.

It needs to be kept in mind that the basic objective is to improve the capability and efficiency of the LIC employees by emphasizing on their development.

On of the passionate aspirants of the top management of LIC is to make it a great place to work. Performance enhancement is one of the tools to achieve this vision. The performance enhancement strategies serves two purpose as business management tool and at the same time lays stress on communication, motivation and mutuality.

The core purpose of strategies is:

“Improving Business Performance Through People.”

Objectives of study:
LIC being a premier player in the insurance sector, values the human lives and humans as the resource to the nation. In this connection the proposed study in performance are step ahead to look into this sector that up to what extent the corporation really thinks about:
1. To understand performance enhancement techniques used by LIC.
2. To identify the critical areas related to performance enhancement system of LIC Agra.
3. Recommendations for enhancing the performance at LIC Agra.

Performance enhancement strategies:
The importance of performance is to be understood organization wide. The different enhancement programs along with the factors that contribute to performance are explored. For total performance it has to be at two levels individual performance and organizational performance. Thus for organizational performance development the relation between the performance developments, with other HRD interventions have also been looked upon as a whole.
The strategic Human resource management clearly explains the importance of human resources in the implementation of strategies.

“The development of a consistent aligned collection of practices, programs and policies to facilitate the achievement of the organization’s strategic objectives.”

Jeffrey A Mello

To attain the strategic goals of the organization, employees should be committed, competent and there objectives should match the overall organizational objectives.

To achieve good performance, organizations and employees must have the capacity and the commitment to perform. The concept of Federal regulations for performance can be expressed as

Performance= Capacity x Commitment

Performance management processes done well are a key to creating a productive work climate and retaining good employees. Many of the critical factors affecting employee retention relate to the quality of performance management. These include:

1. planning employee performance: type of work (planning)
2. monitoring employees performance: coaching/ feedback from boss (monitoring)
3. developing employees performance: opportunity to learn new skills (developing)
4. Rating employees performance : training (developing) and
5. Rewarding employee’s performance: recognition for a job well done (rewarding).

Performance development includes enhancing various competencies. Competencies can be linked with HRD interventions through: mentoring, seminars and conferences job rotation, in-house training programs, management development programs, vocational training programs, informal interactions.

The goal of HRD is to improve the performance of the organizations by maximizing the efficiency and performance of the people. Organizations are going to develop for there employees, knowledge and skills, the actions and standards, motivation, incentives, attitudes and work environment HRD interventions which can be emphasized upon for performance development are:

performance evaluation, training and development, organization development, career development, organization research and program evaluation, work teams, and developing human resources information system.

Performance Enhancement system at LIC Agra:
LIC has emerged as an institution of repute, and is widely recognized and acclaimed for its commitment and integrity. It is a responsible and responsive organization, alive and attuned to the beat of the nation. LIC has
shown progress since its establishment and thus can be understood from the market share it holds in comparison to the private players. LIC’s performance is judged in terms of new business, premium income, operations, rural new business, first insurance number of lives covered, first insurance, sum assured. It has exhibited tenacity to take up challenges by adapting to the changing need of the environment.

To understand the performance enhancement system of LIC especially at different branches of Agra division the following performance enhancement dimensions are looked into:

- Performance planning
- Performance monitoring
- Performance developing
- Performance evaluating and performance rewarding

For the better understanding of the constituents and mechanism of the appraisal system a study of performance parameters of the appraisal forms at different levels is being done.

The parameters considered under different dimensions can be divided into two factors:

1. **Extrinsic Factors:** the factors not forming a part of or belonging to a thing i.e. originating outside a part and acting upon the part as a whole. Understanding organization mission and vision, Seniors help in work planning, Employee satisfaction audit, Managing employee productivity, Performance execution, Employee growth and development, job rotation, Teamwork, work-culture develop risk taking, communication of HR policies and development and seniors open to employees suggestion, recruitment, training, role clarity, empowermen, work culture, employee welfare, performance rewarding, feedback regular from seniors etc.

2. **Intrinsic factors:** Doing something in order to get self satisfaction. Intrinsic motives include a sense of accomplishment the intellectual fulfillment, the satisfaction, job involvement, recognition and motivation, leadership development decisions, Employee satisfaction audit, Job satisfaction, Employee satisfaction.

**Critical areas for study:**

As we try to understand the performance enhancement parameters keeping in mind the extrinsic and intrinsic factors we come across the following critical areas which have to be worked upon:

- Unequal distribution of work as more and more work is loaded to the willing and competent employees.
- The vision, mission and values are not clear to the employees, hence the expectations of LIC are not met to the extent it is required.
- The performance planning is done by the top management, who lay down the goals in the form of targets of the different departments. Thus performance planning for individuals by the organizations is missing hence it is done by themselves, which lack expertise decision in planning for their performance.
- The need to develop skilled manpower for the LIC is a major challenge today. Apart from general candidates at entry level there is also a severe shortage of specialists such as actuaries, accounting and financial executives, legal personnel, HR executives.
- Customization constantly faces challenges like excess awareness and affordability. LIC to some extent lacks in designing the products as per the customer need. As a result the customers are shifting to the private insurance sector.
- Awareness is about knowing better, and differentiating the product. LIC agents are not in a position to give a comparative analysis of various products available in the market.
- Dilution of work ethics has been attributed mainly to union pressures. This is because there are no penalties imposed for non action or wrong decisions.
There is improper documentation of the department’s perfect role in the cross functional processes by the employer.

Workers are not clear about the parameters against which they are being evaluated.

The appraisal totally depends upon the judgment of the superior/appraiser done by the first person. As the appraisal form is moved to the seniors in the hierarchy for the second person opinion he/she will base the judgment only on the evaluation done by the first person. If in case superior of the employee considered for evaluation is biased then the whole process of appraisal is at fault.

No transparency is maintained for the employees as far as appraisals are concerned by the seniors.

LIC employees do not work in an environment where their job design, goals, feedback, rewards, resources and training enable them to make their maximum contribution to process efficiency and effectiveness.

The human resource department does not conduct diagnosis that go beyond training and development needs analysis, they even do not unearth the other problems such as task interference, poor feedback, and supportive consequences.

In the wake of reforms in insurance sector LIC needs to concentrate on performance reward system as almost 65% employees at Agra are not satisfied with the salary structures, the incentives are also not satisfactory as compared to the private sector.

Incentives are not given as per the performance of the employees.

Awareness is about knowing better, and differentiating the product. LIC agents are not in a position to give a comparative analysis of various products available in the market.

**Recommendations:**

- **Review manpower planning:** in LIC there is saturation of class II and III levels which has created a bottleneck situation as there are less promotions ensured for class I position and thus the top management and human resource planning experts are required to take corrective action in terms of judging the right number and right kind of people and adjusting the excess manpower by transferring, promoting them so that ensuring future manpower requirements are properly met.

- **Clearing mission and vision:** at the time of recruitment care should be taken that the candidates selected should have the individual objectives well aligned with the organizational objectives. Also at the time of induction program the organizations mission and vision has to be made very clear so that there is no confusion left in terms where the employee has to head forward.

- **Minimizing the leadership vacuum:** build leaders to take charge of tomorrow by restoring to fresh recruitment.

- Developing zero tolerance for failure on accountability issues.

- **Grievance redressal:** LIC is required to revamp the grievance redressal mechanism to inspire confidence that it is fair, independent and quick. It should involve outside experts of insurer’s choice to give opinions. Keep time frames for responses. Encourage issuance of speaking orders.

- **Organizing restructuring:** restructuring the head office management. It should go in for a zonal setup with empowerment for all operating decisions to zonal offices. Head offices should deal only with corporate responsibilities of investment, human resources, accounts and performance reviews. Staff head office/zonal office with higher-ranking officials and junior staff must be in lower formations. Split the role of chief managing Director into non-executive chairman and executive managing Director to improve board supervision.

- **High level training and development:** Ensure high levels of training and development not just for staff but also for agents and distribution organizations. LIC Agra will have to train staff for better service and
flexibility, and should train agents/employees to cope with new products and an intensive use of information technology. They should be international in outlook and should learn from all sources.

- **Proper training inputs for distributors**: LIC Agra should look at imparting refresher courses for the personnel, in order to properly update their skills.

- **Improved technology**: technology should be used to complement as well as supplement the distribution channels. The LIC Agra should look at the collective data mining, which would allow them to understand customers better and result in efficient and more tailor made product offerings.

- **Developing proper human resource information system**: LIC Agra should insist that all internal correspondence should be in electronic mail to cut and improve speed of response.

- **Proper welfare benefits**: improvement/retention of employees in LIC may be affected by the inability to offer key benefits. Healthcare, fringe benefits, and retirement benefits were reported as being very important by members of the workforce.

- **Improved employee skills**: LIC’s workforce may not be developing skills in critical thinking, communications, and professional work-habits. Employers, educators, and the workforce all recognize the importance of these skills but disagree on their prevalence. The workforce believes they have these skills and the recruiters/trainers are generally satisfied with soft skill levels of their employees. Employers, however, report difficulty in finding employees with these skills.

- **Employee motivation**: to retain good staff and to encourage them to give of their best while at work requires attention to the financial and psychological and even physiological rewards offered by the organization as a continuous exercise.

- The organization demand better-educated, mobile and multi skilled employees much more likely to be influenced by things like job satisfaction, involvement, participation, etc.

- **Distribution network**: there can be different channels of distribution which LIC can work upon. The very first type can be as direct selling other than agents through financial advisors/consultants call centers (sales calls) it can be indirect selling through bundled products with commodity purchase or financial instruments.

- **Market segmentation**: LIC must segment the market carefully to arrive at the appropriate products and pricing and should cater the needs of every individual.

- **Customization**: LIC should formulate its policies according to its customers needs so that they do not shift to private insurance sector.

- **Revising performance enhancement strategies**: performance appraisal system at LIC Agra requires constant innovation and revitalization. Appraisal system has to serve developmental purpose and the organization needs to learn how to treat people as people and not as statistical data. Promotion should be matter of routine and should not become sources of frustration.

- **360 degree appraisal**: 360 degree appraisal is also a powerful developmental tool as when conducted at regular intervals (say yearly) it helps to keep a track of the changes others perceptions about the employees. A 360 degree appraisal is generally found more suitable for the managers as it also helps to assess their leadership and managing styles.

- **Revised reward system**: LIC should revise the salary structure so that it is comparatively better than the other private insurance companies which in turn will stop brain drain. The incentives should be worked upon and are required to be performance based.

**Conclusion:**
Performance enhancement system is about enabling managers to perform better in order to succeed. This means creating a motivating environment through appropriate incentives, feedback and rewards, innovations in leadership and an overall organizational climate that exudes optimism and high performance expectations
without underplaying organizational limitations, obstacles and constraints. If the above said areas are worked upon with effective strategies formulated in this regard LIC can again revive the losses and overcome the image of being a traditional public sector and compete with the private players of the present era insurance sector.

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