



A STUDY ON THE HIGH INVOLVEMENT WORK SYSTEMS AND THEIR EFFECT ON ORGANIZATIONAL PERFORMANCE WITH REFERENCE TO HDFC STANDARD LIFE

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Abstract

High involvement systems are often contrasted with allegedly rigid "Fordist" systems of tight supervision and fragmented job tasks. There is less agreement as to their positive features. One article examined five recent studies in the USA and no found that no single measure of HIWS was common across all the studies and only two (presence of self-directed teams and of problem-solving groups) were present in four out of five. Even with these core practices, there is considerable scope for definitional dispute. Ascertaining the degree to which a workgroup is "self-managed" is likely to be problematic, since the boundary of control between the group and management may be continually renegotiated and therefore constantly shifting. Consequently, even similarly constituted workgroups may vary greatly in their autonomy from first-line management, and in the range of issues (e.g. work scheduling, the required level of labour effort, labour selection or the purchase of new equipment) over which they exercise a measure of discretion.

Key Words: Work Involvement,work group,work systems,life Insurance

INTRODUCTION

High involvement work systems(HIWS) vary widely, most writers on the issue emphasizes the active participation of employees in the work process through self-managed teams and problem-solving groups, together

with arrangements for information-sharing between management and labour and employee training and skill development. Growing bodies of studies suggest that these systems may raise organizational performance.

Many commentators suggest that "high involvement work systems" may markedly improve organizational performance.

An equally neglected area concerns organizational performance. Few of the available studies discuss what is meant by this term; most articles appear uncritically to adopt one or more measures with little or no justification as to their choice. An immediate concern is that studies may be measuring quite different things under the positive-sounding label of "performance"

STATEMENT OF PROBLEM

The term "HIWS" is not universally accepted as being the best descriptor for a group of work practices designed to encourage greater employee input and influence into the work they undertake. In fact there are many terms all referring to similar, if not the same idea: the idea that employee involvement in deciding how to undertake work is beneficial, and should be actively encouraged through such things as training and remuneration plans that will motivate employees to be more involved at work. HIWS may give rise to a multiplicity of outcomes, which may shift in mutually opposed directions and which must be interpreted in context, rather than selectively or in isolation. The nature and direction of any association between HIWS and performance.

It is commonly assumed that high involvement systems exert a direct and positive effect upon outcomes. This, it is held, occurs through increased labour effort, better training and the exercise of greater diligence by employees in the execution of their tasks. HIWS leads to some potential difficulties. For instance, multiple terms are likely to lead to confusion, and mean that it will be harder for practitioners to evaluate whether or not implementing HIWS components is likely to be of value to their organization. It is also likely to mean that researchers, who fail to search on the key words the journal articles on HIWS may be indexed by, might overlook valuable research contributions. This project will focus on high involvement work system and their effect on organizational performance

INDUSTRY PROFILE

INTRODUCTION OF INSURANCE:

Insurance, in law and economics, is a form of risk management primarily used to hedge against the risk of a contingent loss, insurance is defined as the equitable transfer of the risk of a loss, from one entity to another, in exchange for a premium. Insurer is the company that sells the insurance. Insurance rate is a factor rate is a factor

used to determine the amount, called the premium, to be charged for a certain amount of insurance coverage. Risk management, the practice of appraising and controlling risk, has evolved as a discrete field of study and practice.

TYPES OF INSURANCE:

Insurance companies may be classified as

- Life insurance companies, which sell life insurance, annuities and pensions products.
- Non-life or general insurance companies, which sell other types of insurance.

General insurance companies can be further divided into these sub categories.

- Standard lines
- Excess lines

ORIGIN OF INSURANCE:

In some sense we can say that insurance appears simultaneously with the appearance of human society. We know of two types of economics in human societies money economics (without money, market, financial instruments and so on) the second type is a more ancient form than the first. In such an economy and community, we can see insurance in the form of people helping each other. For example, if a house burns down, the members of the community help build a new one. Same thing happen to one's neighbor, the other neighbors must help. Otherwise, neighbors will receive help in the in the future. This type of insurance has survived to the present day in some countries where modern open economy with its financial instruments is not widespread (for example countries in the territory of the former Soviet Union)

Turning to insurance in the modern sense (i.e., insurance in a modern money economy, in which insurance is part of the financial sphere), early methods of transferring or distributing risk were practiced by Chinese and Babylonian traders as long ago as the 3rd and 2nd millennia BC, respectively, Chinese merchants travelling treacherous river rapids would redistribute their wares across many vessels to limit the loss due to any single vessel's capsizing. The Babylonians developed a system which was recorded in the famous code of Hammurabi, c.1750 BC, and practiced by early Mediterranean sailing merchants. If a merchant received a loan to find his shipment, he would pay the lender an additional sum in exchange for the lender's guarantee to cancel the loan should the shipment be stolen.

PRESENT TRENDS IN INSURANCE INDUSTRY IN INDIA:

In 19th century there were lots of insurance companies established in India like, Oriental Life Insurance Company in Calcutta in 1818, Bombay Life Assurance Company in 1923, The Madras equitable Life Insurance Society in 1829 and Oriental Government Security Assurance Company in 1874. For General Insurance or Non Life Insurance business also started from U.K and other foreign countries throw their agents in India. The first general insurance company Tifton insurance company limited was established in Calcutta in 1850 It shares were held mainly by the British. The first insurance company was set-up by an Indian for transacting all classes of general

insurance business was Indian mercantile insurance company ltd in 1907. The Indian life assurance companies act 1912 was the Indian insurance companies act was enacted.

In order to control the mushroom growth of insurance companies, to prevent unhealthy competition, to consolidate and amend the separate law for protecting the interest of policy holders, to enable the government to collect statistical information about both life and non-life insurance societies comprehensive arrangements were brought in to effect with enactment of the insurance act 1938. Under the 1938 act any company association or partnership could carry on insurance business in India. Later section 2 C was inserted in the act by amendment act in the year 1950, prohibiting any person other than a public company or a cooperative society or a body incorporated under the law of any country not being of a nature of a private company from carrying on any class of insurance business in India.

NATIONALIZATION OF INSURANCE INDUSTRY:

Life Insurance

In 1956, 154 Indian insurers, 16 non – Indian insurers and 75 provident societies were on life insurance business in India. On 19th January 1956, the management of the entire life insurance business of 229 Indian insurers and provident insurance societies and Indian life insurance business of non- Indian life insurance companies then operating in India, was taken over by the central government and then nationalized on 1st September 1956, and Life Insurance Corporation came into existence.

Postal Life Insurance (PLI):

Postal life insurance was not merged with the LIC. It is separately operating life insurance business under the control of postal department. PLI came in to force on 1st February 1984 exclusively for the benefits of employees of the postal department. It was extended to the employees of the telegraph department in 1988.

Again the scheme was extended to cover the employees of state and central governments, local bodies, municipalities. The RBI nationalized banks, public sector undertakings, port trust, universities and government and aided educational institutions, railway and Defense services. With effect from 24.3.1994, the scheme was open to public in the rural areas. This is called rural PLI.

. General Insurance:

Up to May 1971 there were 107 general insurance companies operating in the market. Some companies were in the market. Some companies were in the cooperative sector. The size of the company and their reach varied to a great extent. Many companies used to underwrite all types of covers viz, fire, marine, miscellaneous insurance. The government in May 1971 took over the undertaking of all companies and general insurance (Nationalization) act 1972 came in to force. Since 1.1.1973 a single holding company was created viz., general Insurance Corporation of India, for the purpose of superintending, controlling and carrying on the business of general insurance with 4 subsidiary companies like

- ❖ National insurance company limited,

- ❖ The new India assurance company limited,
- ❖ The oriental insurance company limited,
- ❖ The united India insurance company limited to cover four regions of our country.

INTRODUCTION OF IRDA (INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY):

The insurance act 1938 provides that the government should appoint a controller of insurance to ensure that insurance companies registered under the act, comply with the various provisions of the act. His duties include approval of the terms and conditions of various plans being offered by the companies, including the adequacy on the basis of premium. Scrutinizes of the various returns on investment, annual accounts, periodicals, actuarial valuations etc, are required to be submitted by the companies. The controller also has powers to order special investigations and to take over the management of the companies.

COMPANY PROFILE

PRE-INCORPORATION OF HDFC STANDARD LIFE INSURANCE COMPANY NLIMITED:

HDFC and standard life insurance first came together for a possible joint venture, to enter the life insurance market, in January 1995. it was clear from the outset that both companies shared similar values and beliefs and a strong relationship was quickly formed. In October 1995 the companies signed a 3-year joint venture agreement. Around this time, standard life insurance a 5% stake in HDFC, further strengthening the relationship. The next three years were filled with uncertainty, due to changes in government and ongoing delays in getting the IRDA (insurance regulatory and Development Authority) Act in parliament. This both companies firmly committed to the venture

In October 1998, the joint venture agreement was renewed and additional resource made available. Around this time standard life purchased 25 of Infrastructure Development Finance Company ltd.(HDFC). Standard life also started to use the services of the HDFC treasury department to advise them upon their investments in India.

Towards the end of 1999, the opening of the market looked very promising and both companies agreed that the time was right to move the operation to the next level. Therefore, in January 2000 an expert team from the UK joined a hand picked team from HDFC to form the core project team, based in Mumbai.

Around this time standard life insurance purchased a further 5% stake in HDFC and a 5% stake in HDFC Bank. In a further development, standard life agreed to participate in the asset management company promoted by HDFC to enter the mutual fund was launched on 20th July 2000.

PRODUCT PROFILE

At HDFC Standard Life, offer a bouquet of insurance solutions to meet every need. Cater to both, individuals as well as to companies looking to provide benefits to their employees. This section gives you details of all products.

For individuals, they have a range of protection, investment, pension and savings plans that assist and nurture dreams apart from providing protection. Customers can choose from a range of products to suit their life-stage and needs.

Individual Products

HDFC Standard Life realize that not everyone has the same kind of needs. Keeping this in mind, they have a varied range of Products that customer can choose from to suit all his needs. These will help secure future as well as the future of family.

Protection Plans

Customer can protect his family against the loss of his income or the burden of a loan in the event of his unfortunate demise, disability or sickness. These plans offer valuable peace of mind at a small price. Plans include

- ✓ Term Assurance Plan
- ✓ Loan Cover Term Assurance Plan
- ✓ Home Loan Protection Plan

Investment Plans

Investment products are well suited to meet customer's long-term needs. Plans include

- ✓ Single Premium Whole of Life plan.
- ✓ Unit Linked Wealth Maxi miser Plus.

Pension Plans

Pension Plans help to secure financial independence even after retirement. Plans include

- ✓ Personal Pension Plan.
- ✓ Unit Linked Pension Plus.
- ✓ Unit Linked Pension II.
- ✓ Unit Linked Pension Maxi miser II.

Savings Plans

Savings Plans offers flexible options to build savings for future needs such as buying a dream home or fulfilling children's immediate and future needs. Plans include

- ✓ Endowment Assurance Plan.
- ✓ Assurance Plan.

- ✓ Children's Plan.
- ✓ Unit Linked Endowment.
- ✓ Unit Linked Young Star plus II.

Health Plans

Health plans provides with timely support in case of any health related emergencies and helps to remain financially independent in difficult times. Plans include

- ✓ Critical Care Plan

For organizations they have a host of customized solutions that range from Group Term Insurance, Gratuity, Leave Encashment and Superannuating Products. These affordable plans apart from providing long term value to the employees help in enhancing goodwill of the company.

Group Products

HDFC Standard Life has the most comprehensive list of products for progressive employers who wish to provide the best and most innovative employee benefit solutions to their employees. They are offering different products for different needs of employers ranging from term insurance plans for pure protection to voluntary plans such as superannuation and leave encashment.

- ✓ Group term insurance.
- ✓ Group variable term insurance.
- ✓ Group unit linked plan.

NEED OF THE STUDY:

The need of this study is to gauge the percentage of organizations using HIWS components and the number of components that the organizations are using, specifically, the number of key HIWS being utilized (teams, training, and suggestion systems). HIWS in the organizations studied were used, and aim of this research was to examine their effect on organizational performance and employee turnover.

SCOPE OF STUDY:

The main scope of this study is to find ways to increase employee contribution to the organization while better understanding how effective human resource systems operate. If an organization can recruit and retain the right employees, develop them through training and skill acquisition, then this knowledge can be used as a competitive advantage to drive the organization forward.

Objective of the Study:

The major objective of the study are summarized below

1. To know about the High Involvement Work System in HDFC Standard Life
2. To analyze the various components of HIWS being utilized in HDFC Standard Life
3. To examine HIWS effect on organizational performance and employee turnover
4. To suggest the suitability of HIWS for other organization

RESEARCH METHODOLOGY

RESEARCH PROBLEM

HIWS are complex and difficult to define precisely. There are also some contradictory findings about whether HIWS do enhance performance in organizations and whether HIWS having a more extensive components which has a greater impact on performance than a system with fewer components. It did not adequately describe what the key elements of high involvement organizations were, or show whether these key elements appeared to have an effect on performance.

SOURCE OF DATA

The data was collected by both primary and secondary sources

1. Under the primary data research, a survey taken through the usage of structured questionnaires to study the organization adopting diversity for their workforce.
2. Secondary data refers to the existing information, which has previsouly gathered and recorded by someone else prior to (and for the purpose other than) the current project this study included textbooks, journal, websites and other reliable sources of information.

RESEARCH DESIGN

Under research design, descriptive research is applied mainly in the format of a structured questionnaire for the purpose of data collection; this explores the work system adopted in the organization.

TOOLS AND TECHNIQUES

The following tools and techniques are used to analyze are as follows . They are:

- ❖ Weighted average method
- ❖ Chi-square test

1 SAMPLING DESIGN

Unit of analysis : The population to be studied in this research in high involvement of
Work system

Sampling method : Convenience sampling was used in this study.

1 Sample Size

The Sample Size of the study in 171.

LIMITATION OF THE STUDY

The data collected for this survey appeared to be comprehensive, but most managers do not know what is happening in all areas of the organization. Therefore, some sections of the responses may have been very accurate while other areas less so, and it is not possible to tell with each individual returned survey if this has occurred.

LITERATURE REVIEW

HIWS are examined through various definitions, and the components of HIWS are identified. To date the uptake of HIWS components has not been great; therefore, organizational and managerial barriers are then reviewed to identify possible reasons for this slow uptake. A significant factor identified for this slow uptake is the resistance felt by middle managers to support the required changes necessarily for implementation of HIWS components, and the reasons for this resistance are considered. The enthusiasm for implementing components of HIWS is disappointing considering the possible gains from such implementation. Therefore, a review of the benefits of HIWS to the organization, and the effect they have on organizational performance follows. One of the most significant impacts of HIWS is the influence on employee turnover, and so the literature on turnover in relation to HIWS is reviewed in depth.

DATA ANALYSIS & INTERPRETATION

STATISTICAL TEST AND INTERPRETATION:

STATISTICAL TOOLS

WEIGHTED AVERAGE:

Where the relative importance of the difference items is not the same, weighted arithmetic mean is computed. The term “weight” stands for the relative importance of the different items. The formula for calculation is:

$$WX = \sum WX / \sum W$$

Where,

WX = the weighted arithmetic mean,

X = the variable values,

W = the weights.

CHI-SQUARE TEST

The most popular and widely used nonparametric test of significance is the chi-square test. The particular test is used in testing nominal data and also data with higher scales. Situations are cases, persons, events or objects are grouped in two or more nominal categories such as “yes-no”, favor undecided against or class “A, B, C or D”.

The formula by which the chi-square is calculated is

O = Observed frequency in the category

E = Expected frequency in the category under H_0

Degrees of freedom = $n-1$ or $(c-1)(r-1)$

Decision arrived from the test is based on the comparison between the calculated value and the critical value. Comparing with the critical value (table value), if the calculated value is higher we accept the alternative hypothesis. Similarly if the calculated value is less than the critical value we accept the null hypothesis.

The calculated value of χ^2 is compared with the table value of χ^2 of given degrees of freedom at specified level of significance.

If the calculated value is higher than the table value, we accept the alternative hypothesis. Similarly if the calculated value is less than the critical value we accept the null hypothesis.

WEIGHTED AVERAGE METHOD – 1

TABLE 29

Options	Strongly agree	Agree	Neutral	Disagree	Strongly Disagree	Total	Score	Rank
Employees are led to expect long-term employment in this organization	$0*5=0$	$44*4=176$	$0*3=0$	$66*2=132$	$61*1=61$	369	2.15	4
It is up to individual employees to balance their work and family	$1*5=5$	$40*4=160$	$48*3=144$	$62*2=124$	$20*1=20$	453	2.65	3
Those at the top are best placed to make decisions about this workplace	$1*5=5$	$30*4=120$	$93*3=279$	$47*2=94$	$0*1=0$	498	2.91	1
Most decisions at this workplace are made without consulting employees	$0*5=0$	$46*4=184$	$79*3=237$	$6*2=12$	$40*1=40$	473	2.76	2

INFERENCE

From the above table it is inferred that Those at the top are best placed to make

decisions about this workplace 2.91 which weight more when compared to other given factors.

WEIGHTED AVERAGE METHOD – 2

Option	A lot some	A little	None	Total	Avg	Rank
Variety in their work	$49*3=147$	$112*2=224$	$10*1=10$	381	2.22	1.5
Discretion over how they do their work	$49*3=230$	$112*2=224$	$10*1=10$	381	2.22	1.5
Control over the pace at which they work	$16*3=48$	$95*2=190$	$60*1=60$	298	1.74	3

INFERENCE

From the above table it is inferred that Variety in their work 2.22&Discretion over how they do their work 2.22 which weight more when compared to other given factors.

WEIGHTED AVERAGE METHOD – 3**TABLE 31**

Options	Gone up a lot	Gone up little	Stayed the same	Gone down little	Gone down a lot	Total	Score	Rank
L. p at this workplace gone up or down compared with five years ago	$0*5=0$	$0*4=0$	$73*3=219$	$38*2=76$	$60*1=60$	355	2.07	4
Imp of employee relations matters in setting org goals and objective	$0*5=0$	$0*4=0$	$33*3=99$	$46*2=92$	$92*1=92$	283	1.65	5

Flexibility to move employee from one test to another	$0*5=0$	$33*4=132$	$26*3=78$	$96*2=192$	$16*1=16$	418	2.44	3
The amt of employee influence over the way they do their job	$0*5=0$	$63*4=252$	$21*3=63$	$71*2=142$	$16*1=16$	473	2.76	2
Amount of employee influence over managerial decision-making	$0*5=0$	$33*4=132$	$112*3=336$	$26*2=10$	$0*1=0$	520	3.04	1

INFERENCE

From the above table it is inferred that Amount of employee influence over managerial decision-making 3.04 which weight more when compared to other given factors.

CHI SQUARE TEST:

H₀: There is no significant difference between gender & their rating on relationship between the management & employer in work place.

H₁: There is significant difference between gender & their rating on relationship between the management & employer in work place.

THE SEX GROUP OF THE RESPONDENTS

S.NO	PARTICULAR	NUMBER OF RESPONDENT	PERCENTAGE
1	Male	134	78
2	Female	37	12
Total		171	100

CHI SQUARE TABLE

O	E	(O-E)	(O-E) ²	(O-E) ² /E
10	12.91	-2.91	8.47	0.66
6	3.09	2.91	8.47	2.74
45	45.19	-.19	0.04	0.0009
11	10.81	.19	0.04	0.004

83	7.899	3.11	9.67	0.12
16	19.17	-3.17	10.05	0.52
			$\chi^2 = \sum (O-E)^2/E$	4.0449

$$\chi^2 = \sum (O-E)^2/E$$

Calculated value of $\chi^2 = 4.0449$

Degrees of freedom = (r-1) where r= no. of rows

$$= (6-1)$$

$$= 5$$

Tabulated value of χ^2 at 5% level is 9.49

RESULT:

For n = 5, the table value of chi-square distribution at 5% level of significance at

(r-1) degrees of freedom is 9.49. The computed value of chi-square distribution is 4.0449 is less than table value. So, H_0 is accepted.

FINDINGS & SUGGESTIONS

FINDINGS

- ❖ Most of the respondents are under the age group of 21-30 yrs.
- ❖ Majority are the male employees in the organization.
- ❖ Majority of the respondent express that controlling owners actively involved in day-to-day management of this workplace on a full-time basis
- ❖ Most of the respondents are agreed with supervisors have the authority to make final decisions on selection people who work.
- ❖ Majority of the respondents are totally agreed with supervisors have the authority to make final decisions on dismissing workers for unsatisfactory performance
- ❖ A large number of respondents is agreed with no sought advice from any of these bodies on any employee relations issues during the last 12 months
- ❖ Majority of the respondents are agreed with standard induction programme designed to introduce new employees to this workplace

- ❖ Most of the respondents expresses that most 60-79% proportion of employees is formally trained to be able to do more than one job or fill more than one position.
- ❖ Majority of them expresses that, small proportion of time given, to employees to ask questions or express their views, in staff meeting.
- ❖ A large number of respondents said that, no committees at this workplace primarily concerned with consultation, rather than negotiation
- ❖ Most of the respondents expresses that Around half 40-59% proportion of employees at this workplace have their performance formally appraised
- ❖ Most of the respondents proportion of employees at this establishment, ever work from outside during normal working hours
- ❖ Most of respondents said Shift working arrangements for any non-managerial employees at this workplace
- ❖ Most of the respondents rate the good relationship between management and employees generally at this workplace

SUGGESTIONS

As the involvement of employees towards the organization goal is very excessive which increases the organizational performance and decrease employee turnover, to augment the work system even better the following mentioned points could be considered.

1. The components involved in work system are difficult and complex to define, and the synergy amongst the different components hard to evaluate. So, it would be better if these components are defined well to the employees.
2. It is to be explained to the employees that there is no relationship between high involvement work systems, and employee turnover and organizational performance; but high involvement systems may contribute to increased labour productivity.
3. The organization could include some key practices such as participation and training to make the employees to contribute their efforts to the work system at large.
4. The employees could be allowed to possess the work and to design the system to make working system triumphant.
5. It would be better if there will be support within the organization that encourages employees to participate fully in the process of involvement.
6. Organizational supports could be in the forms of appropriate rewards, communication practices, and training and selection procedures.

CONCLUSION

The Comprehensive Study of High Involvement Work System and Their Effect on Organizational Performance in Hdfc standard life have proven this study accurate. A good high involvement work system (HIWS) is one that involves and engages employees in such a way that they are working at optimum productivity. Employees, who do feel they have the aptitude and motivation to participate more fully in an organization, are likely to feel more valued and appreciated. This can translate into increased productivity for the organization, and may help to retain employees in the long term. This project will be very supportive to discern about the working system and its involvement by the employees in the organization.

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