

ANALYTICAL STUDY OF GROWTH OF COST INCURRED BY LIFE INSURANCE CORPORATION OF INDIA ON TRAINING

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Abstract: Training plays an important role in success of any insurance company. Through proper training agents and employees come to know about the new policies launched by the company and new technology adapted by the company which is helpful in performing the particular task. After introduction of Insurance Regulatory & Development Authority (IRDA) it becomes compulsory for every insurance company to follow the training schedule. In this study researcher analyzed the growth of cost incurred by LIC on training. By analyses of data researcher found that the cost of training shows increasing trend but this increment was not same for every year.

Index Terms - Training, LIC, Growth, Percentage.

INTRODUCTION

Training plays an important role in every areas of life to get knowledge and update & upgrade the knowledge. It improves the skills and abilities of an individual to perform his task. It will turn in the achievement of the objectives of the organization.

Life Insurance Corporation of India is one and only Public sector Life Insurance Company which is facing competition from Private sector Life Insurance Companies after privatization of insurance sector in India.

Before privatization LIC gave training to its employees and agents and it had a good set up for training but the facilities of training were not put its maximum use because there was no pressure on LIC to do so. But after introduction of the Insurance Regulatory and Development Authority (IRDA) which introduce compulsory training schedule for every insurance company of India, LIC became more serious about the training with the objective of survival in the face of competition, and later for retaining and improving market share.

Present study is an attempt to analyze the growth of cost incurred by LIC on Training in this competitive era.

OBJECTIVES OF THE STUDY

1. To know about the training expenses incurred by LIC during research period.
2. To analyze the growth of cost incurred by LIC on Training during research period.

HYPOTHESIS OF THE STUDY

- Every year LIC increases expenditure on training by a fixed percentage.

LITERATURE REVIEW

According to (Badhu & Saxena, 1999), an organization should have well-defined training policy as well as training manual and training should be made an ongoing process.

According to (K, 2000), the term 'training' indicates the process involved in improving the aptitudes, skill and abilities of the employees to perform specific jobs. Training helps in updating old talents and developing new ones. 'Successful candidates placed on the jobs need training to perform their duties effectively'.

According to (Arthur, Bennett, Edens, & Bell, 2003), the training method used, the skill or task characteristic trained, and the choice of training evaluation criteria are related to the observed effectiveness of training programs. They used meta-analytic procedures to examine the relationship between specified training design and evaluation features and the effectiveness of training in organizations. The choice of evaluation criteria (i.e., the dependent measure used to operationalize the effectiveness of training) is a primary decision that must be made when evaluating the effectiveness of training.

(Gomez, 2003) In her Dissertation Submitted to the Office of Graduate Studies of Texas A&M University found that, Participation Reaction is commonly used to evaluate the formal, employer-sponsored training in the financial services industry and evaluation using ROI appears to be the most difficult to implement. Researcher also identified the barriers to training evaluation in her study this were cost, lack of requirement by the organization, and a lack of training and/or experience with the various methods of evaluation.

According to (Rao & Rao, 2006), in a rapidly changing society, training and development is not only an activity but also an activity in which an organization has to invest resources, if it is to maintain available and knowledgeable employees.

According to (Madhavan & Ramachandran, 2011), the HR Department can motivate the workers to share their views at the time of training. For effective training output the HR Department should provide the training to the workers with in their working hours.

According to (Verma & Goyal, 2011), by providing training, employers support the skill development of their employees. If the training is good the employees will contribute their maximum for the achievement of the organizational objectives.

According to (Kulkarni, 2013), Training moulds the employee's attitude and helps them to achieve a better cooperation within the organization. Training and Development programs improve the quality of work-life by creating an employee supportive workplace.

According to (Sager, Dubinsky, Wilson, & Shao, 2014), Sales performance, Transfer of Training, Training Climate, Organizational and Sales Manager Support, Training Satisfaction, Socialization, learning Orientation, Task Specific Self-Efficacy, Locus of Control are the main factors which influence the impact of sales training.

According to (Jain, 2015), Training is an essential human resources development function of any organization. It requires a huge amount of dollars. Thus now –a-days, evaluation of training programs effectiveness becomes a very important activity for any organization.

According to (Sharma, 2015), Training and Development program improves the knowledge, skill and business aptitude of employee. It prepare the employee for short term requirement of the organization and for any specific job i.e., - (i) Employee orientation (ii) Skill and Technical Training (iii) Coaching (iv) Counseling etc.

RESEARCH METHODOLOGY

1. Population and Sample:

Researcher has selected LIC of India as a sample unit from Insurance industry of India.

2. Data and Sources of Data

Present study is based on secondary data. Data and information have been collected from annual reports of LIC of India published in the website of LIC of India. The period of the study was from 2011-12 to 2015-16 i.e. of 5 years and 2011-12 is taken as base year.

3. Theoretical framework

This study is an analytical study. Growth in cost of training has been analyzed. The researcher has used the tools as per the need and type of the study. The information so collected has been classified, tabulated and analyzed as per the objectives of the study. As per the nature of the data available the graphical presentation was also done.

RATIONAL OF THE STUDY

Training is needed by everyone to groom his skills and abilities to perform his task and in insurance industries it also plays an important role to get success. Training is time as well as money taking activity. While time is given by the employees, money invested by the employer in this activity. By the review of previous literature available researcher found the gap that on cost of training no work had been done before. The present study analyses the growth of cost incurred by LIC of India on training. The interference can be used by LIC of India itself as well as other life insurance companies for making decisions on training.

LIMITATION OF THE STUDY

This study is restricted or limited to Life Insurance Corporation (LIC) of India only and the suggestions and conclusion viewed here would be as per the data collected by the researcher from websites and annual reports of LIC of India.

RESULTS AND DISCUSSION

Life Insurance Corporation (LIC) of India provides training to its employees and agents time to time. According to the objectives of the study researcher has analyzed the cost of training incurred by LIC during research period.

Table 1.1: Training Expenses of LIC (Rs. In Lacs)

Year	2011-12	2012-13	2013-14	2014-15	2015-16
Training Expenses	2270.87	2372.56	3085.33	3190.09	3618.23

Percentage %	100	104.48	135.87	140.48	159.33
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Source: - annual reports of LIC

The above table shows the training expenses incurred by LIC and growth in this expenditure. Table also indicates that base year (2011-12) amount of training expenses paid, and in the next line calculated percentages of five years during the period of the study.

➤ **Graphical Analysis**

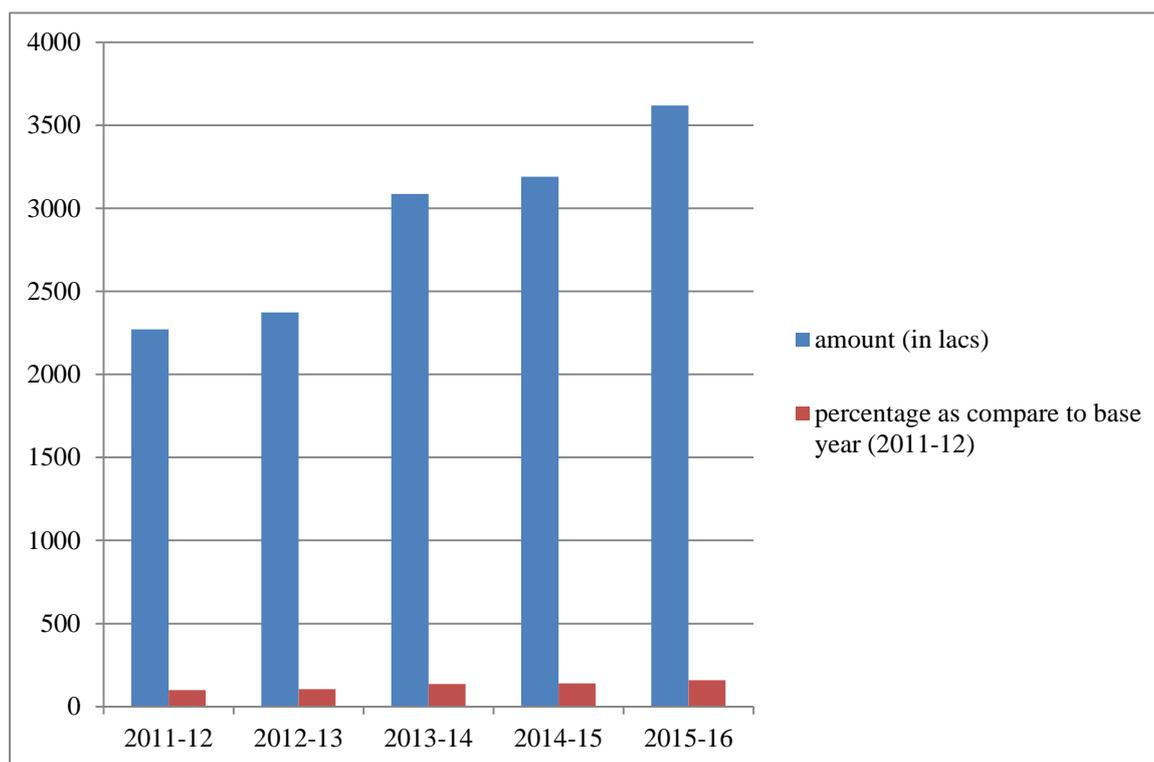


Chart 1.1: Training expenses of LIC

As per data shown in above graph the base year 2011-12 is taken as 100. As compare to this base year Expenses on training of all other years are showing increasing trend.

Hypothesis Testing

This study was based on following hypothesis.

- Every year LIC increases expenditure on training by a fixed percentage.

As per data collected, researcher analyzed the cost incurred by LIC on training during the research period and came to know that the training expenditure is not increasing by a fixed percentage. As compare to base year that is 2011-12, growth in 2012-13 is 4.48% but in the next year (2013-14) cost in this expenditure increased by 35.87% similarly in the year 2014-15 and 2015-16 the increment in this expenditure is 40.48% and 59.33% respectively (as compare to base year).

As compare to last year expenditure, researcher also found that the training expenditure is not increasing by a fixed percentage. The following table shows the increment in training expenses in Rs. and in percentage as compare to last year expenses.

Table 1.2: Increment in Training Expenses of LIC

Year	2011-12	2012-13	2013-14	2014-15	2015-16
Training Expenses	2270.87	2372.56	3085.33	3190.09	3618.23
Increment in Training Expenses	–	101.69	712.77	104.76	428.14
Percentage %	–	4.48	30.04	3.40	13.42

From the above table it becomes clear that the increment in training expenses is not fixed as in the year 2012-13 it was increased by 4.48% while in the year 2013-14 it was increased by 30.04% but in the year 2014-15 LIC increased the cost by a minimum percentage that is 3.40% and in the next year (2015-16) LIC increased the percentage of expenditure by 13.42%.

CONCLUSION

Researcher has focused percentage method to determine the growth of training expenses and for compare the cost of training of present year with previous year. LIC does not increase cost of training by a fixed percentage every year but according to the needs of training required by employees and agents on that particular year.

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