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Research Paper

HR POLICIES AT HDFC LIFE INSURANCE

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ABSTRACT

Human resource management is concerned with people element in management. Since every organization is made up of people, acquiring their services, developing their skills/ motivating to high level of performances and ensuring that they continue to maintain their commitments to the organization which are essential to achieve organizational objectives.

This project is meant to know the Human Resource Policies in the organization. The HR Policiesare a tool to achieve employee satisfaction and thus highly motivated employees. The main objective of various HR Policies is to increase efficiency by increasing motivation and thus fulfill organizational goals and objectives.

The objective is to provide the reader with a framework of the HR Policy Manual and the various objectives that the different policies aim to achieve. The main focus was on the managerial levels of employees in HDFC Life Insurance Ltd.

INTRODUCTION

HUMAN RESOURCE POLICIES

Human Resource Policies refers to principles and rules of conduct which –formulate, redefine, break into details and decide a number of actions‖ that govern the relationship with employees in the attainment of the organization objectives.

HR Policies cover the following:

1. Policy of hiring people with due respect to factors like reservations, sex, marital status, and the like.
2. Policy on terms and conditions of employment-compensation policy and methods, hours of work, overtime, promotion, transfer, lay-off and the like.
3. Policy with regard medical assistance-sickness benefits, ESI and company medical benefits.
4. Policy regarding housing, transport, uniform and allowances.
5. Policy regarding training and development-need for, methods of, and frequency of training and development.
6. Policy regarding industrial relations, trade-union recognition, collective bargaining, grievance procedure, participative management and communication with workers.

FORMULATING POLICIES

There are five principal sources for determining the content and meaning of policies:

1. Past practice in the organization.
2. Prevailing practice in rival companies.
3. Attitudes and philosophy of founders of the company as also its directors and thetop

management.

4. Attitudes and philosophy of middle and lower management.
5. The knowledge and experience gained from handling countless personnel problems on day to day basis.

NEED FOR THE STUDY

This project aims at gaining an overall knowledge of HR policies, organizational- structure and compensation management of HDFC Life Insurance and comparing it with other top companies. This provides as the basis for total learning abouthow a good HR Policy helps a company to grow by utilizing the human resource which is one of the most important assets of any company.

SCOPE OF THE STUDY

1. In any organization human resource is the most important asset. In today‘s currentscenario, HDFC Life Insurance is a very large Service based Organisation.
2. As most of the company‘s overall performance depends on its employee‘sperformance which depends largely on the HR POLICIES of the organization.
3. So the project has wide scope to help the company to perform well in today‘sglobal competition.
4. The core of the project lies in analyzing and assessing the organization and todesign an HR POLICY manual for the organization.

OBJECTIVES OF THE STUDY

1. To study the HR Policies of the company.
2. To study the amendments made in the HR Policies of HDFC Life Insurance since thetime of incorporation.
3. To incorporate the amendments in the base policy and prepare a final policy.
4. To design a HR Policy manual for the company with special emphasis on the ―Managerial Service Conditions‖.

RESEARCH METHODOLOGY

1. METHOD OF DATA COLLECTION

The researcher has chosen the questionnaire methods of data collection due to limited time in hand. While designing data-collection procedure, adequate safeguards against bias and unreliability must be ensured. Researcher has examined the collected data for completeness, comprehensibility, consistently and reliability.

Researcher has also gathered secondary data which have already been collected and analyzed by someone else. He got various information from journals, historical documents, magazines and reports prepared by the other researchers. For the present piece of research the investigator has used the following methods:

- Questionnaire
- Interview
- Observation

2. SAMPLE SIZE

Here, researcher has taken 100 as the sample size.

3. HYPOTHESIS OF PROJECT

- ❖ Human Resource Policies provided by the organization of employees works as an agent for the growth of employees and also motivates the employees to perform well i.e. employee performance and satisfaction is the valuable outcome of sound of HR Policies of the organization.
- ❖ The various HR Policies in HDFC Life Insurance makes the employees enthusiastic towards work.

4. ABOUT THE QUESTIONNAIRE

In this method a questionnaire is sent to the HR Manager concerned with a request to answer the questions and return the questionnaire. The questionnaire consisted of a number of questions printed or typed in a definite order. The HR Manager has to answer the questions on their own. The researcher has chosen this method of data collection due to low cost incurred, it is free from bias of the interviewer and respondent have adequate time.

LIMITATIONS OF THE STUDY

- The information collected and opinions are of customers as to what they feel. Thus the accuracy and information collected depends upon the perception of each respondent and circumstances involved.
- VERY TIME CONSUMING in the fast competitive market everybody is busy in performing his /her job. It is really hard for the managers to spare time. So it is time consuming.
- TIME CONSTRAINTS understanding the work culture of any organization in few weeks is very hard task. For doing project few weeks are not enough. Managers were very busy so managing time with them was quite difficult.
- As the researcher was an outsider so co-ordination with the employees took some time and it was formal.
- HR managers were quite reserved in sharing their company's policies with an outsider.
- The sample size of study was small.

REVIEW OF LITERATURE

HR POLICIES AND PROCEDURES

This factsheet gives introductory guidance. It:

- Highlights the main policies and procedures that organizations need to consider
- Looks at formatting a policy and sources of information

Introducing HR policies and procedures gives organizations the opportunity to offer a fair and consistent approach to managing their staff. For more on why HR policies are introduced, see our factsheet *HR policies and procedures: why introduce them?*

11 Policy or practice areas those are crucial to effective people management anddevelopment:

- Recruitment and selection
- Training and learning/development
- Career opportunities
- Communication
- Employee involvement
- Team working
- Performance appraisal
- Pay satisfaction
- Job security
- job challenge/job autonomy
- Work-life balance.

Not all policies and procedures will be relevant to all organizations, and some policies arerequired by law while others are to promote good practice.

The following paragraphs indicate the range of possible policies which apply during the employment life cycle - more detailed information and the legal requirements on each of these areas is included.

Beginning employment Recruitment and selection

Successful recruitment depends on finding people with the necessary skills, expertise andqualifications to deliver organizational objectives and who have the ability to make a positive contribution to the values and aims of the organization. A diverse workforce that reflects customer groups in the local community should be encouraged.

INDUSTRY PROFILE

'INSURANCE' is basically a sharing device. The losses to assist resulting from natural calamities like fire, flood, earthquake, accidents, etc. are not met out of common pool contributed by large number of persons who are exposed to similar risks. This contribution of many is used to pay the losses suffered by the few. However the basic principle is that loss should occur as a result of natural calamities or unexpected events, which are beyond the human control. Secondly insured person should not make any gainsout of insurance.

It is natural to think of insurance of physical assets such as motorcar insurance or fire insurance but often we forget that creator of all these assets is human being whose efforts have gone a long way in building up the assets. In that sense, human life is a unique income-generating asset. Unlike the physical assets, which decrease in value with the passage of time, the individual becomes more experienced and more matured as he advances in age. This raises his earning capacity and the purpose of life insurance is to protect the income of individual and provide financial security to his family, which is dependent on his income in the event of his premature death. The individual himself also needs financial security for the old age or on his becoming permanently disabled whenhis income will stop. Insurance also has an element of savings in certain cases.

Insurance is related to the protection of the economic value of the asset. Every asset has a value .The asset would have been created through the effort of the owner, in the expectation that, either through the income generated there from or some otheroutput, some of his needs would be met. In the case of the factor or a cow, the production is sold and income generated. In the case of a motorcar, it provides comfort and convenience in transportation. There is no direct income. There is normally expected life time for the asset during which time it is expected to perform. the owner, aware of this , can so manage his affairs that by the end of that life time, a substitute is made available to ensure that the value, or income is not lost, however , if the asset get lost earlier, beingdestroyed or made non functional, through an accident or other unfortunate event, the owner and those deriving benefits therefore suffer. Insurance is a mechanism that helps to reduce such adverse consequences.

Objectives of life Insurance

There are many reasons for investing in life insurance policies, such as:

1. **Protection for the Family**

The most important objective of life insurance is to provide financial protection for the family in case of an unexpected and premature death of its breadwinner. The purpose is to protect the dependents against the loss of earning power of the insured through deathor disability. Those who have insured their lives for an adequate sum can live in peace and comfort, free of the gnawing worry of what would happen to their families in the event of their sudden and premature death. Life insurance has long been recognized as a necessary and essential element in a family's total financial program.

2. **Regular Savings**

Saving is not a physical need, unlike hunger or sleep. Many of us may not save unless there is compulsion to do so. For such people, life insurance is a compulsory, regular savings scheme, especially the monthly salary savings schemes.

Even if you do not subscribe to the salary savings scheme, you can issue standing instructions to your bankers to pay the premium regularly without reference to you.

The element of savings in a life insurance contract should be understood in a proper perspective. Typically, life insurance is made available on the basis of equated periodical payments. In the initial years, you tend to pay more compared to the risk factor. Strictly, speaking, the 'savings' aspect in a life insurance policy should not be compared with otherpure savings media.

COMPANY PROFILE

HDFC LIFE INSURANCE

HDFC Life Insurance Company Ltd. Is one of India‘s leading private life insurance companies, which offers a range of individual and group insurance solutions? It is a joint venture between Housing Development Finance Corporation Limited (HDFC Ltd.) India‘s leading providers of financial services in the United Kingdom. Both the promoters are well known for their ethical dealings and financial strength and are thus committed to being a long-term player in the life insurance industry –all important factorsto consider when choosing your insurer.

HDFC is india‘s leading housing finance institution and has helped build more than 23, 00,000 houses since its incorporation in 1977.In the financial year 2003-04 its assets under management crossed Rs.36,000cr.As march 31, 2004 outstanding deposits stood at Rs. 7,480 crores. The depositor base now stands at around 1 million depositors. Rated
_AAA‘ by CRSIL and ICRA for the 10th consecutive year.

The Standard Life group has been looking after the financial needs of customers for over 180 years. It currently has a customer base of around 7 million people who rely on the company for their insurance, pension, investment, banking and health-care needs. Its investment manager currently administers 125 billion assets. It is a leading pension provider in UK, and is rated by standard & poor‘s as _strong‘ with a rating of A+ and as
_good‘ with a rating of A1 by moody‘s Standard Life was awarded the Best pension provider‘ in 2004, 2005 and 2006 at the money marketing Awards, and it was voted a 5 star life and pensions providers at the Financial Advisor service Awards for the last 10 years running. The _5‘star accolade has also been awarded to standard Life investments for the last 10 years, and to standard Life bank since its inception in 1998.standard Life bank was awarded the _best flexible mortgage lender _at the mortgage magazine Awards In 2006.

One of India's leading private life insurance companies, offers a range of individual and group insurance solutions. It is a joint venture between Housing Development Finance Corporation Limited (HDFC), India's leading housing finance institution and Standard Life plc, the leading provider of financial services in the United Kingdom.

HDFC Ltd. holds 72.37% and Standard Life (Mauritius Holding) Ltd. holds 26.00% of equity in the joint venture, while the rest is held by others.

Ing's product portfolio comprises solutions, which meet various customer needs such as Protection, Pension, Savings, Investment and Health. Customers have the added advantage of customizing the plans, by adding optional benefits called riders, at a nominal price. The company currently has 25 retail and 9 group products in its portfolio, along with 10 optional rider benefits catering to the savings, investment, protection and retirement needs of customers.

HDFC continues to have one of the widest reaches among new insurance companies with about 500 branches in India touching customers in over 900 cities and towns.The company has also established a liaison office in Dubai. Ing has a strong presence in its existing markets with a strong base of Financial Consultants.

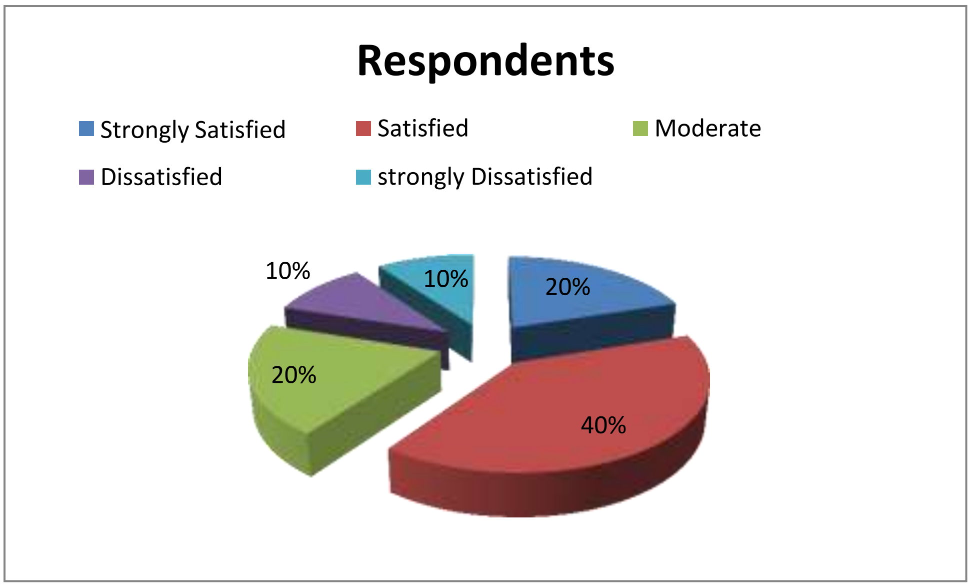
DATA ANALYSYS AND INTERPRETATION

1. Are you satisfied with the external recruitment sources performed in yourorganization.

Table no.1

Particulars	Respondents
Strongly Satisfied	20
Satisfied	40
Moderate	20
Dissatisfied	10
strongly Dissatisfied	10

Chart no.1



Interpretation

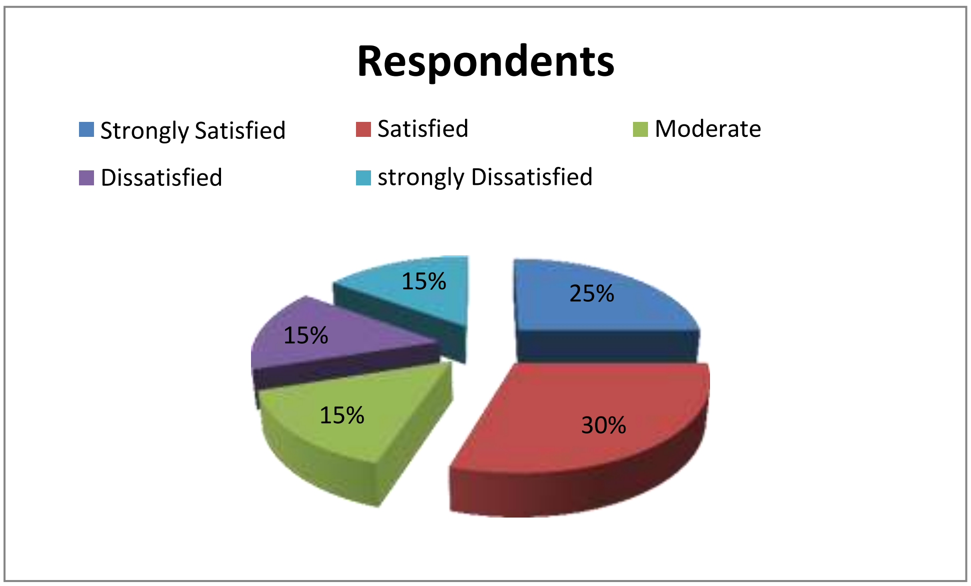
From the above analysis 40% of the employees satisfied with the external recruitment sources performed in the organization, 20% strongly satisfied, 20% moderate and the remaining 10% each feels dissatisfied and strongly dissatisfied.

2. Are you satisfied with the monetary reward given on bringing a candidate on board?

Table no.2

Particulars	Respondents
Strongly Satisfied	25
Satisfied	30
Moderate	15
Dissatisfied	15
strongly Dissatisfied	15

Chart no.2



Interpretation

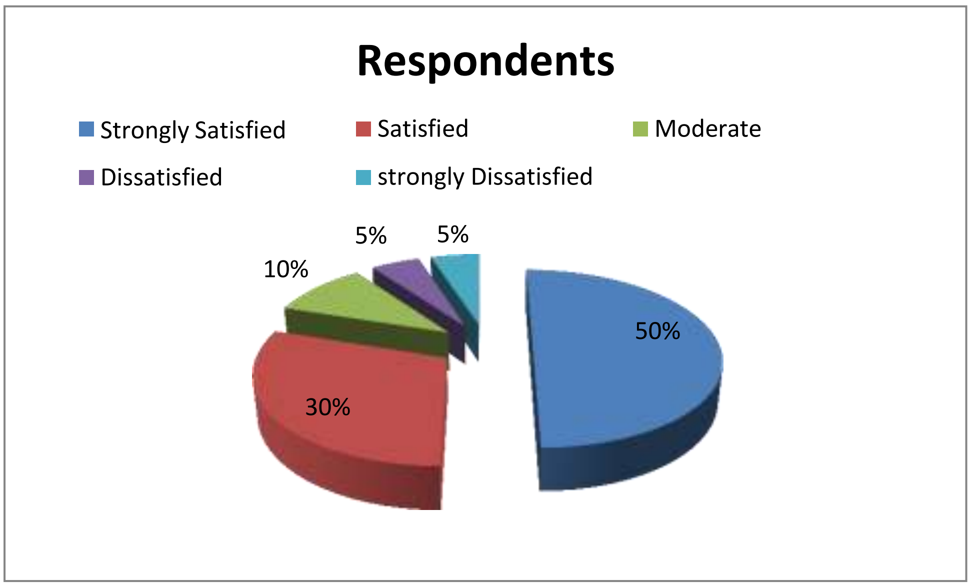
Above analysis states 30% of the employees satisfied with the monetary reward given on bringing a candidate on board, 25% strongly satisfied and the remaining 15% each feels moderate, dissatisfied, and strongly dissatisfied.

3. Are you satisfied with the background checks conduct for employees.

Table no.3

Particulars	Respondents
Strongly Satisfied	50
Satisfied	30
Moderate	10
Dissatisfied	5
strongly Dissatisfied	5

Chart no.3



Interpretation

From the survey 50% of the employees strongly satisfied with the background checks conduct for employees, 30% satisfied, 10% feels moderate and the remaining 5% each feels dissatisfied and strongly dissatisfied.

FINDINGS

1. 40% of the employees satisfied with the external recruitment sources performed in the organization, 20% strongly satisfied, 20% moderate and the remaining 10%each feels dissatisfied and strongly dissatisfied.
2. 30% of the employees satisfied with the monetary reward given on bringing a candidate on board, 25% strongly satisfied and the remaining 15% each feels moderate, dissatisfied, and strongly dissatisfied.
3. 50% of the employees strongly satisfied with the background checks conduct for employees, 30% satisfied, 10% feels moderate and the remaining 5% each feels dissatisfied and strongly dissatisfied.
4. 50% of the employees satisfied with the monetary limits given to you for the expenses, 15% each feels strongly satisfied and moderate, and the remaining 10% each feels dissatisfied and strongly dissatisfied.

SUGGESTIONS

1. The company should focus its attention more on campus interviews to attract young potential employees who have the zeal to achieve goal for themselves and the company
2. The company can take up short-term projects with new technologies and fixed deadlines to bring out competitiveness and cutting edge approach by the employees.
3. Efforts for making training and development formats user friendly should be kept continued

CONCLUSIONS

1. The employees understand how their work goals relate to company‘s goals.
2. Company inspires the employees to do their best work every day.
3. The employees are not satisfied with the communication and decision- makingprocess as it leaks the information related to organization.
4. The employees do not receive the appropriate recognition and rewards for theircontributions and accomplishments.
5. The employees feel that they are not paid fairly for the contributions they make tocompany‘s success.

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