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Human resources management practices and approaches in insurance

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Abstract. Looking with interest at the moments of recession and crisis before, but also at the pandemic and the current situation related to the political crisis in Ukraine, the geopolitical and economic context we are going through, both Romania and Europe, forces us to change and to adopt new approaches in terms of the whole activity, but especially the one related to the professional activity. The labor crisis, the coronavirus pandemic and the war in Ukraine are further accelerating the process of changing and changing the way organizations work, so human resource management needs to identify new approaches, methods and tools that work well and effectively in close connection with innovation and new technologies. The insurance sector is perhaps the most affected branch of the service area due to the effects of the pandemic and the labor crisis, so the need for new and innovative approaches to human resource management in insurance is imminent and must be treated with great responsibility by managers from this section. These methods and approaches aim to increase work performance and efficiency, increase the quality of work, create a pleasant environment for employees and an encouraging work environment so that the level of satisfaction is at its maximum.

Keywords. management, training, motivation, insurance, efficiency, performance, increase labor productivity, innovation, satisfaction

1. Introduction

Throughout history, ways of approaching managerial practices can be outlined since 1890, then the traditional (classical) approach has been outlined. Later, in 1940, the behavioral approach is outlined, and later, in 1950, the systemic approach will take shape, and in 1970 the situational approach will be developed.

Analyzing these approaches a little, we can see that the changes in context and thinking of organizational management through them have led to a change in the way of attention and focus from manager to group and then to the organization, thus shaping the organizational culture. Human resource management is a feature of organizational culture and can be defined as a complex process of activities aimed at using human capital as efficiently as possible, with the aim of achieving the organization's objectives and meeting the needs of human resources development.

In the current economic, social and political context, characterized by instability, competitiveness and volatility, the future development of any organization is based on a single

factor that generates sustainable competitive advantages, namely innovation. The sustainability of any business means continuous rehabilitation and repositioning in order to be able to meet any market requirements. In this context, innovation is no longer limited to new technologies, but must be extended to new forms of organization, new practices which, in turn, generate new performance standards to meet the challenges of the internal and external environment.

Human resources play a key role in this innovative process, through their creative ability to generate, promote and implement change. Thus, at the organizational level, human resource management should focus more and more on those innovative human resource practices, in order to attract, motivate and develop the skills of employees, in order to increase their creative potential and, implicitly, their performance.

2. Human Resource Management Practices in the Career Strategy of Insurance Agents in Malaysia

Following the global financial crisis and the increased competitiveness of global business, most Malaysian organizations are constantly involved in major labor cuts in an effort to reduce human capital costs and become more competitive in the business world. Simonetti (1999) stated that strategic reduction, especially labor cost reduction, is a common action that would be implemented by organizations facing the effects of the economic downturn, as this could help organizations increase their short-term profitability.

A minimal amount of research has explored the influence of HRM practices, career strategy and career satisfaction, especially on the insurance agent. Therefore, there is a gap in the literature that needs to be filled, as it is found that insurance agents are extremely involved in stressful situations and their jobs become more challenging. The latest statistics announced by the Central Bank of Malaysia show that the total number of insurance agents increased from 116.008 in 2009 to 118.783 in 2011 (annual insurance statistics 2011, 2012).

In addition, the latest statistics announced by Life, the Malaysian Insurance Association (LIAM), show that since February 2012 insurance business has decreased by six percent in 2011 from RM 8.42 billion in 2010 to 7.92 billion in 2011 (Annual Report 2011, 2012). The growing number of insurance agents is demonstrating the competitiveness of Malaysian insurance companies, which has become more intense as many agencies compete in the same field. A survey showed that insurance agents with less than four years of work experience received less than RM 20.000, about 4.700 euros, as an annual salary. As a result, insurance agents may find it increasingly difficult to secure a career as they struggle to achieve career satisfaction. Therefore, enhancing career satisfaction is a critical issue for insurance agents in Malaysia today.

2.1. HRM practices at the organizational level

Human resource management practices have been identified as a source of business and revenue generation. This is because HRM practices, such as:

- compensation (offer attractive rewards to attract and retain skilled labor);
- evaluation of performance (determines the strengths and weaknesses of employees);
- training and development (trains potential employees to perform higher-level tasks)

were considered as a foundation, respectively strategies to ensure that an organization has a group of talented employees who can help increase organizational productivity.

2.1.1 Rewards are usually compensated based on the value of the job, the level of personal contribution, effort and performance. The Malaysian Employment Act from 1955 provides that one of the most important obligations of employers towards an employee is the payment of fair benefits, wages and benefits. Therefore, it has become a vital responsibility for every employer to reward employees for their contributions to the organization in a fair and equitable manner. Employers can be charged under the 1955 Employment Act if the employer does not treat employees equally. Thus, a major issue in compensation is pay equity (fair pay of employees).

2.1.2 Performance appraisal is a formal system used by organizations to periodically evaluate an employee's performance. Specifically, performance appraisal is a process of assessing how well employees perform their tasks compared to a set of organizational standards or expectations. Through performance appraisal processes, employees can become aware of their level of performance and be aware of their weaknesses, which can lead to valuable feedback or guidance from managers and allow action to be taken to improve performance. Therefore, performance evaluation should be done regularly for the purpose of human capital development. The results of the performance evaluation can facilitate top management decision-making by allocating compensation, promotion, termination, transfers, recognition awards and training opportunities that can influence employees' career satisfaction. However, performance appraisal can also be a source of frustration for employees due to the unfairness of performance appraisal processes. Evaluation errors, such as personal issues, will usually prevent employees from being included in promotion lists and will subsequently experience fewer opportunities for career advancement and job satisfaction. Employees may perceive the appraisal process as fair if they are accurately appraised against performance standards and the right actions are taken in accordance with the appraisal test.

2.1.3 Training and development. Training and development are formal activities designed by organizations to help employees gain the skills and knowledge needed to perform their tasks at current or future jobs. Training and development has been considered one of the crucial activities of human capital development, as these training and development activities such as on-the-job training, mentoring, coaching and counseling are important activities for employees to gain valuable support, knowledge, skills that can increase the success rate and adaptability in an organization. Therefore, training and development play an important role in the career satisfaction of an employee over time. It has become very important for insurance agents to develop different networks of contacts in order to maintain a good sales performance, which are compensated on the basis of a sales commission without being paid a basic salary. In view of such clearing practices, undoubtedly, most insurance agents are constantly involved in strategies aimed at relationships with everyone they interact with.

Analyzing these aspects, we can conclude that insurance agencies that have a positive perception of organizational HRM practices (training and development, performance appraisal and compensation) are more likely to find social support as a development strategy and to increase their satisfaction in his career. Since the income and performance of insurance agents are determined by the volume of sales made, seeking social support, contacts and new prospects should be their dominant strategy. Insurance agents need this strategy to expand their network of contacts and get more business opportunities, helping them to maintain good sales performance. In addition, insurance agents who have a high perception of the availability and

effectiveness of their organization's training programs are considered to be looking for new social support strategies to help them obtain career-relevant information.

3. Developing the leadership model in the insurance industry in Turkey

The Turkish insurance industry is constantly developing and growing, looking to create new opportunities. There are 66 companies operating in the Turkish insurance industry, including reinsurance companies. Low penetration rates, coupled with massive growth in the private insurance and pension sector, have aroused investor interest in recent years. In 2000 there were only 17 foreign-owned insurance companies, but until 2013, the number had grown to 43 companies. By the end of 2013, when economic conditions were favorable and developments were positive, such as raising awareness of the insurance or raising the middle class, the Turkish insurance industry saw an increase of more than 22%.

During the development process of the insurance sector in Turkey, the Undersecretariat of the Treasury of the General Directorate of Insurance published a series of regulations and legislation in order to build organizational infrastructure, governance and organizational sustainability. After the development of the sector, the appointment of a competent employee and the retention of such an employee has become one of the major problems. In this context, leadership development models developed by the human resources departments of an insurance company and specialized consulting firms were developed. In the design phase of the project, meetings were held, attended by the General Manager of Güneş Insurance Inc. and the HR team, with the consulting firm, and the contents of the module were designed. After 3 revisions in the design phase, the content of the project was approved by the management and the project was completed.

The idea of improving the development of employee skills and the structure of a leader development approach was defined, which consisted of self-knowledge, relationship management, business management by understanding the outside world, internal and external coaching applications, directly by Güneş general manager Insurance Inc. Consequently, the objectives of the Güneş Insurance Inc. leadership development model have been listed as follows:

- Determine future aspects of organizational leaders that are strong and open to improvement;
- Increasing the level of awareness of leaders on these issues and making leaders build their own leadership styles;
- To plan the preparation, homework, training, feedback, presentation and similar development applications on the designated topics;
- Develop new and differentiating projects, aligned with the company's mission, vision and strategy, to add value to the company with these projects and to increase organizational commitment and organizational performance by building a strong employer image for all employees.

The leadership development model was initiated in January 2012. According to Güneş Insurance Inc.'s "Leadership Development Model" was developed to make the 17 mid-level managers known, to get to know each other, to manage their business and teams according to their acquired skills and to make them better perceive the outside world. In this context, the Integrative Coaching Model was used and studies were conducted to strengthen transformational leadership. At the end of the program, both the leaders and the internal coaches were asked to make an evaluation of the program (in general). After evaluation, the success of

the program was 4.85 out of 5. Both leaders and internal coaches expressed their contribution to individual and organizational performance. Post-program contributions and their organizational contributions are defined in the following groups:

1. Contribution to individual and organizational performance. The purpose of the leadership development model was to make leaders notice their own personal differences and guide them to increase their performance by focusing on their strengths. In this regard, the premium production of Güneş Insurance Inc. increased with 31% from 2011 to the end of 2013.

2. Contribution to organizational commitment. None of the leaders who participated in the program left their jobs, and the organizational dropout rate fell with 1%.

3. Contribution to career management. According to the general manager of Güneş Insurance Inc, 2 of the 17 leaders who participated in the program were promoted to a higher position, 1 participant was appointed to a higher position with a higher area of responsibility, but remained in the same rank, and 2 participants were appointed to strategic positions of the company which were restructured.

4. Contribution to strategic targets. Through the projects given in the context of the Leadership Development Model, the leaders were asked to develop various projects that would have affected the performance and strategy of the organization. In this context, the leaders proposed changing the regional structure of the insurance company to increase premium production and profitability. The leaders' proposal was accepted by the directors and the board. The Council decided that the distribution channels of the agencies and banks should be managed by different regional directorates and that the service model should be changed.

5. Contribution to effective communication. Participants in the Leadership Development Model were managers of various organizational functions and stated that interaction and collaboration increased due to the Development Program.

6. Contribution to transformation processes. Leaders became the "Pioneers of Transformation" by taking responsibility for the "Constant Improvement" competency model that existed in Güneş Insurance's competency set.

7. Contribution to the perception of the organizational brand. The Leader Development program, which was first developed in Güneş Insurance Inc., was an important program that supported the change and development of all employees, together with the organizational interaction. In this way, the participating leaders shared the content of the program in their networks, and during this period, the applications for employment to the organization increased with 233%, and the duration of closing the positions of professional manager decreased.

8. Contribution to brand perception in human resource management. Through the mentioned program, the employees' perception on human resources management was transformed into a strategic function from a support function. In addition, through the built relationship of trust, the organizational interaction has increased.

9. Contribution to internal coaches. It was also established that the volunteer internal coaches of the leadership development program were positively affected during the process. The in-house coaches have improved.

The results of the model showed that employee motivation increased significantly, the company was able to improve its sales channels through a new innovative structure, and leaders became more efficient than ever. Similarly, the literature states that transformational leaders build trust, improve organizational learning, and encourage members of the organization to share their expertise. The results of the implemented model showed that organizational engagement increased among employees, and employees and leaders began to share more information with each other and within the organization. Increased competition in the business

climate has forced organizations' human resource management to look for better approaches to improve their competitiveness, especially through the use of more transformative leadership. Organizations will want to develop transformational leaders and develop the ability to become transformational leaders. Two important assumptions underlie leader development programs: a) leader development is an ongoing process that takes place in almost any situation and b) leader development must be at the heart of the collective mental mode of the organization. Companies can develop contingency leadership development models that take into account the current organizational context, individual leadership development needs, and a strong understanding of the leadership development approaches that work best for each.

Evaluations of leaders, employees and internal coaches reveal that the model has had a significant impact on employee engagement and motivation. As an overall assessment, it is recommended to apply the model to:

- increase the development and performance of leaders and their direct subordinates;
- helps to create a sustainable high performance culture in the organization;
- creating an environment in which individual talents and potential are used;
- Supporting employees to take on new responsibilities and encouraging them to achieve difficult goals;
- to create loyalty and restraint by increasing employee happiness;
- managing the perception of organizational human resources;
- strengthening the general perception of the organization's brand.

4. Approaches to human resources management in the insurance sector in Romania. The macroeconomic and financial outlook at European and global level has been strongly influenced by the high level of uncertainty generated by the COVID-19 pandemic and the ability of government and central bank measures to mitigate the negative impact on the economy.

The importance of performance indicators is very relevant to analyze a country's ability to keep its economy in a comfort zone and not to disrupt business activities so that there are no major difficulties and imbalances in the most important sectors in a country. Speaking of commercial activities, whether they are production activities or service activities and they have their role in the economy. The insurance sector has seen a significant increase in terms of interest and the European mentality in this area.

The development of the insurance sector in Romania took place mainly as a result of Romania's accession to the European Union. The need for change and development in the sector was imminent. This idea arose due to the influences, new ideologies and business strategies of foreign companies that acquired or merged with insurance companies in Romania. These foreign companies have come with tradition and experience in the field of insurance, have identified new business development opportunities in Romania as a result of our country's accession to the EU and as a result of the lack of vision and long-term strategy of Romanian insurance companies.

With the acquisition, merger and incorporation of companies in the new organization, the change of concepts and business strategies were very important and targeted all departments and directions within the companies.

When we think of departments, the first and most important department in which improvements, changes in perception and ideologies have been observed is that of human resources. There are currently 10 insurance companies in Romania, all of them with majority foreign capital.

The human resources department of insurance companies in Romania has undergone major structural changes due to changes in legislation, economic context and last but not least in the perception and development strategy of performance and companies in general.

Successful companies, which are experiencing increasingly high performance in terms of increased performance, gross written premiums but also a higher level of efficiency of the measures implemented, boast of a better and more involved human resources management in human capital development. These approaches, of the best performing companies in the field, are different from one to the other and specifically target several areas or areas of interest from the perspective of human resources management such as:

1. Staff development or qualification of each individual for the position they hold through training, mentoring, induction process. These aspects are especially aimed at developing the individual in the position he occupies, participating or being involved in various projects of the company so that he understands, perceives his activity as well as possible and does it as best as possible in order to have the expected result and proposed by the company.

2. Specialization of staff in areas of interest. This approach aims in particular at improving the insurance advisor in different areas and sectors of the economy. The specialization presupposes that each insurance advisor has as objective certain sectors and fields of activity in the economy that he will approach in his activity in order to fulfill his proposed and agreed objectives. Analyzing a little, we can say that it is a restrictive approach of insurance advisors due to the limitation to a single field or sector but also due to the high competition in the insurance market. At the same time, it is an approach that aims to improve the staff as much as possible regarding the targeted field, through this aspect it could be concluded that by training the staff the competition would lose.

3. Career development. There is more and more talk of developing a career in insurance. Before Romania's accession to the EU, it was not possible to discuss a career in insurance because the economic situation and economic activities were unstable as were the insurance companies, they did not offer stability and the possibility to have a career in insurance. Over the last 10 years, more and more emphasis has been placed on this and insurance advisers are feeling this new approach and are looking forward to developing a career in this field due to growing interest in insurance and the complexity of current and future activities. In other countries with a stable and strong economy such as the USA, this field is perhaps one of the most important sectors in the economy, so this influence can also be felt at European level.

4. Reward staff. With the specialization and training of the staff, a sustainable reward is needed so that the sales advisor can have a vision of his career in insurance. This vision also refers to the one of rewards and here it is not only about the financial part, salary and / or commissions but also about the extra-salary benefits that it has at its disposal. Employees have become more sophisticated and demanding. I am looking for more and more extra-salary benefits such as vouchers or extra vouchers for entertainment services, benefits such as car service, medical subscription for employee and family are already current and are no longer a novelty.

Conclusions

The sustainable and sustainable development of modern companies is based on a strategy for the development of the most important capital, namely human capital. The different approaches and concepts of human resource development used and implemented by human resource management within their companies reflect the ability of organizations to adapt to new

market requirements and new challenges. Adapting new and innovative concepts that can increase performance both at the individual and organizational level leads to the well-being and satisfaction of employees in this field. It can be seen that the approach to human resources management of the organization in Malaysia pursued the well-being and satisfaction of the individual in the sales area, going on the idea that if employees at the lower level have a satisfactory satisfaction and are well paid they will seek to grow their business of new contacts.

By developing a community of references, so a greater spread and implicitly more business opportunities, the latter will have a high performance through higher sales volumes. Therefore, in this case the emphasis is very much on the quantitative aspect to the detriment of the qualitative one. A high sales volume also leads to an increase in individual and organizational performance, to a higher commission income, but there is uncertainty that this increase is sustainable and healthy.

Compared to the approaches of human resources management in the field of insurance in Malaysia, the human resources management in the field of insurance in Turkey adopts a separate strategy. It starts from the top down, from top management to middle or bottom management, aiming to develop new skills and approaches of managers in the midline of the company. Thus, they would acquire new management skills, could identify and take advantage of any opportunity and would turn any difficult situation into a favorable one and of interest to them. Following this development idea, it can be seen that the methods used found that there were very high success rates among managers, and the level of performance increased in proportion to the level of ranking in the company. In other words, the whole company has undergone a modern process of change and modernization by adopting new approaches to human resource management.

The human resources management approaches of the insurance companies operating in Romania mainly aim at staff development, their specialization in different fields and areas of activity so that their efficiency and performance are maximum. In the current specialized literature, a lot of emphasis is also placed on the best possible improvement of the staff. This approach certainly has its origins in foreign companies that have entered the Romanian market, completely changing the perception of insurance and employees in these companies. The development and expansion strategies of large companies focus on the continuous development and qualification of staff, on all hierarchical lines, from bottom to top management or even CEO, a very important and sustainable feature for the future of companies. We can conclude that this approach is a healthy and lasting one, and can be applied in other areas as well.

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