



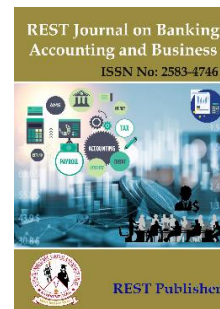
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Need of Performance Evaluation Systems for Employees in Insurance Companies

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Abstract: Companies use performance appraisals to figure out how well their employees are doing. This involves setting goals, deciding what's important to measure, and then checking if employees meet those goals. Employees get regular feedback on how they're doing, and there are training programs to help them get better. A good performance appraisal system is fair and objective, making sure everyone is treated the same way. For insurance companies, it's especially important to have a strong system for evaluating employee performance. This is because the insurance industry has its own unique challenges and is always changing. The study highlighted in this summary talks about why it's so crucial for insurance companies to regularly evaluate how their employees are doing. By doing this, companies can improve how well their employees work, help them grow in their careers, and make sure everyone is working towards the company's goals. The summary aims to explain the specific needs and benefits of performance appraisals designed specifically for the insurance industry in an easy-to-understand way.

Keywords: employee performance, insurance, performance appraisal, appraisal system and human resource management

1. INTRODUCTION

Performance appraisal is an official method of evaluating and assessing an organization's employees' performance. It is an essential component of human resource management and is used to assess employees' effectiveness in achieving the objectives and goals of the company. Setting clear and measurable performance standards, identifying key performance indicators, evaluating the worker's achievements against these standards, providing regular feedback, and coaching, and providing opportunities for training (Beer, 1981) and development are all part of the process. Performance appraisal's primary goal is to provide an objective and systematic assessment of an employee's performance. It aids in the identification of weaknesses and strengths, the setting of goals and targets for future performance, the provision of feedback on regions for enhancement, and the provision of rewards and recognition for exceptional performance. Organizations must use performance appraisal to motivate employees, improve profitability, while retaining top talent. Organizations use a variety of performance appraisal methods, (Mayer, 1981) including objective measures like rating numbers and behavioral determines like serious incidents and tale evaluations. The method chosen is determined by the requirements of the job, the employee's level, and the organizational culture. Overall, evaluation of performance is an important process for organizations (kuo, 2008) to use effectively to manage their workforce while accomplishing their business goals. A well-designed system for performance evaluations can increase employee satisfaction, productivity, and organizational performance.

➤ Objective of the study:

To understand the concept of performance appraisal system in insurance companies.

➤ Conceptual framework:

Performance appraisal is a vital procedure in insurance companies because it aids in evaluating employee performance and identifying areas for enhancement (suvvery, 2019).

When it comes to performance appraisal in insurance companies, here are some key factors to consider:

Setting an objective: Setting specific and quantifiable goals for employees is critical for evaluating their performance. Goals should be aligned with the company's goals and expectations, and employees should be provided with periodic updates on how they are progressing towards these goals.

Key performance indicators (KPIs): key performance indicators for various roles in the organization should be established. The indicators need to be depending on each role's specific responsibilities and goals. KPIs for a sales executive, for example, might encompass the number of strategies sold, revenue produced, and satisfaction with clients' levels.

Performance Metrics: A variety of performance metrics, such as productivity, quality, customer satisfaction, and teamwork, can be used to evaluate employee performance. (Murphy, 1991) Metrics should be measurable and relevant to the employee's role.

Consistent Feedback: It is critical to provide regular feedback to employees to help them improve their job performance. Feedback should be offered on an ongoing and beneficial basis, with a focus on areas for enhancement and practical suggestions.

Training and development: Employees should be provided with training and development programs to help them improve their skills and knowledge. Training in both technical and soft skills is possible.

Performance appraisal system: To ensure that the process is fair and objective, a comprehensive performance appraisal system should be established. (Neely, 1991) The system should include straightforward instructions for evaluating criteria, providing feedback, and developing development plans.

Performance Management: Performance management needs to be included in the business's performance management framework. Setting goals, measuring performance, providing feedback, and developing action plans are all part of this.

In a nutshell a well-designed evaluation system can assist insurance companies in identifying employees who excel, providing feedback and training to those in need, and ensuring that workers have a connection with the business's objectives and goals.

➤ **Insurance companies in Salem District:**

- Some of the insurance companies in Salem district of Tamilnadu in India are:
- Bajaj Alliaanz Life Insurance
- Bharti AXA Life Insurance
- HDFC Life Insurance
- ICICI Prudential Life Insurance
- Kotak Life Insurance
- Life Insurance Corporation of India
- Max Life Insurance
- Reliance Life Insurance
- State Bank of India Life Insurance
- Tata AIA Life Insurance

➤ **Importance of Insurance Companies:**

Insurance companies provide monetary safeguards against threats such as injuries, illnesses, catastrophes caused by nature, and other unforeseeable events that can result in substantial monetary losses. Insurance policies assist individuals and businesses in risk management and asset protection. Financial security is provided by insurance companies to individuals and their families in the event of an unexpected event such as passing away, becoming disabled, or serious illness. (Boice, 1997) Insurance policies can pay for medical expenses, provide an additional source of income, and cover additional monetary obligations. Several kinds of insurance, such as automobile coverage and health coverage, are required by law. Insurance firms assist people and companies in meeting legal obligations while avoiding penalties. Insurance companies provide a variety of investment products, including life insurance policies and pensions, that can assist people as well as companies in reducing for retirement or other long-term financial goals. Individuals and businesses can have harmony of awareness and concentrate on their daily activities without worrying about financial risks if they know they are protected against unexpected events.

2. CONCLUSION

Finally, for insurance companies to successfully oversee their workforce and achieve their business objectives, a well-designed performance appraisal system is critical. The method of performance evaluation provides a platform

for setting clear performance expectations, determining progress against pre-determined goals, and providing employees with feedback and coaching. Insurance companies can improve employee satisfaction, productivity, and overall organizational performance by identifying individuals who excel while offering training and development opportunities to those who need it. A comprehensive system for performance evaluations can also help identify areas over enhancement for the company and its staff members, resulting in increased efficiency and economic viability. To improve their competitiveness and long-term success, insurance companies should priorities the development and implementation of effective performance appraisal systems.

Future scope for insurance companies:

To remain competitive in the future, insurance businesses will need to adapt to shifting customer needs, emerging technologies, and evolving risk environments. Insurance companies can build a resilient and innovative business model that meets the changing needs of their customers by embracing digitalization, customization, risk management, collaboration, and sustainability.

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