

A STUDY ON INTELLECTUAL CAPITAL IN HRM PRACTICES IN SELECTED INSURANCE COMPANIES OF YEMEN

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ABSTRACT

These days the human factor is receiving great importance and economic wealth is driven more by knowledge and information capital than production process. Intellectual capital of human resource and its elements could be perceived as the source of a company's fundamental growth to maintain sustainable development. The present paper highlights the overlap relation between intellectual capital and human resource management and practices in the insurance companies of Yemen. A Questionnaire was applied as study tool; it was distributed to key HR-Mangers in the selected companies. The data collected had undergone through Multiple Regression Analysis Model. The study implicitly revealed out that, insurance companies hardly adopt the intellectual capital applications on their human resource management.

Keywords: Human Resource Management, Intellectual Capital, Organizational Performance, Insurance Companies

INTRODUCTION:

The present times are considered as the age of competence and competitive edge, things excellence in performance of all domains in general and human resource in particular. A major growth of interest is being put into human resource management (HRM) profession, mainly because of dramatic growth of new technology, competitive edge and environmental change. These factors have influenced the present economic wealth of the world and the domain of HR.

In present days, the role of human resources governance is being transformed (Maryam et.al, 2015). HRM profession is exposed to numerous challenges, and trends, as result of the pressure of information technologies, rapid technological advancement, and innovation. To meet these challenges HR must be prepared to deal with such situational awareness, through promoting the practices of intellectual capital of human resource. According to Bontis, et.al (2000), intellectual capital comprise of three main elements namely; human capital, structural capital, and customer capital. The success of a firm depends highly on the strategic knowledge management and maximizing the workforces' intellectual capital.

The global supply of talent workforce is insufficient of the long-term demand, the shortage between the demand and supply of talent workforce is likely to continue increasing for the next generation of business executives (Kapoor, 2011).This gap should be filled through promoting the practices and application of intellectual capital.

Intellectual capital can include the skills and knowledge that a company has developed. It also refers to insight of information regarding the company's history; customers; vendors; processes; stakeholders etc... that might have value for a competitor (Jiang et.al.2012). As far as, the insurance market in Yemen is concern, the insurance sector deals with all kinds and types of insurance like; home insurance, life insurance, construction insurance, etc... The present paper aims to explore application of intellectual capital on HRM. Whereas, two interrelated approaches of research type have been implemented are analytical and descriptive.

PROBLEM OF THE STUDY:

Economic wealth is driven more by knowledge and information than production process (Maryam et.al, 2010). According to Middle East Insurance Review (MEIR, 2013), Yemen has a very underdeveloped insurance market. The current changing factors and new international drivers that govern the HRM profession, lead to the necessity to promote an excellent intellectual capital of the workforces, in order to create a productive HRM system in the insurance sector.

SIGNIFICANCE OF PAPER:

The present paper offers insight into what the intellectual capital of human resource looks like in insurance companies, and how shall evolve in future. The growing demand for the administrative reform process in the various sectors in the country, and in order to promote the management through good quality, calls for review of the status of the variance aspect of human resource. The paper attempt to analysis the relevant factor by applying T-test for variation of the test-hypothesis.

OBJECTIVES:

- To explore level of applying applications intellectual capital in the insurance companies.
- To find out the impact of intellectual capital practices on effectiveness of human resource management.

HYPOTHESIS:

H0 –Insurance companies do not adopt and apply intellectual capital on HRM.

H1 –Insurance companies adopt and apply intellectual capital on HRM.

RESEARCH METHODOLOGY:

The methodology depends on the analytical and descriptive approaches. A questionnaire was the main tool of the study. The questionnaire was given to key HR managers in the insurance companies. Simple random sampling was adapted in this study, where seven companies had been undertaken. The present study used various statistical tools like; T- test, Mean Stander division, and Percentage with the help of SPSS program.

DATA INTERPRETATION AND HYPOTHESIS TESTING:

Table No (1): Arithmetic Means and Standard Deviation for Respondents' Views on the Extent of Adapting Intellectual Capital in HRM.

No	Statement	Mean	St. Div.	T Test	Sig.
1	Recruitment program is comprehensive, organization are dedicated to hiring the best candidates.	3.14	1.149	4.000	0.000
2	The company supports employees by constantly upgrading their skills and education whenever it is necessary	3.09	1.033	1.938	0.054
3	Company is communicating employees' intellectual training to the appropriate parties for the enhancing purpose.	3.01	1.181	0.565	0.573
4	The company implement new ideas in upgrading knowledge and awareness among employee.	2.99	1.033	0.072	0.943
5	The company continuously meet with customers to find out what they expect their shortcomings and treat them.	2.97	1.032	0.359	0.720
6	The company is consulting the line of employees about suggestions & ideas	2.96	1.079	0.481	0.631
7	The company structure keeps employees updated of internal & external factors.	2.71	0.987	1.953	0.052
Overall Mean & St.D.		2.85	0.517	0.721	0.472

Source: Field Survey

In the analysis of respondents' views of the above table no.(1), it was observed that, the approval rate degree of the respondents' views about the practices of 'Intellectual Capital' varies between average and weak application with the arithmetic means average 3.14 and 2.71, with overall standard deviation is (0.517). The first statements, which pertains upgrading employees' skills, and implementing new conceptions of work producers have obtained high approval rate. Whereas, statements No. 7, 6 & 5, which are related to work structure updating, creative internal environment, involving employees, knowledge implementations have shown a low approval rate. This indicates that there is lack of ability to deal with the internal & external factors, and low level of recycling the knowledge management in the insurance sector. The overall mean is (2.85) displaying the percentage of applying the intellectual capital practices on HRM is 57%, which indicates the application is WEAK. This indicates that, there is an insufficient implementation practices of human, structure, network, process, and technological capital, which are the key components of intellectual capital of human resource.

THE RESULT OF TESTING THE HYPOTHESIS:

H0 – Insurance companies do not apply the application of intellectual capital on HRM.

H1 – Insurance companies apply the application intellectual capital on HRM.

Table No. (2): One-Sample T- Test for the hypothesis

Hypothesis No.	Mean	Std. Deviation	T-value	Indexed Value of-T	Sig. (2-tailed)	Result
H ₀	2.85	0.517	0.721	1.96	0.47	Accepted

Source: Field Survey

On the observation of above table (2), it is evident that; the value of (T) calculated concerning the hypothesis is equals to (0.721). Moreover, the P-value is (0.47), which is greater than level of significance (0.05). Therefore, the researcher accepting the null hypothesis (H₀), and rejecting alternative hypothesis (H₁). Which means that, Insurance Companies do not apply the Application of Intellectual Capital on HRM.

FINDINGS & SUGGESTION:

- The study revealed that, insurance companies hardly apply some application of intellectual capital, but application of intellectual capital is 57%, which could be perceived as weak application.
- The analyzed data revealed that, there is low creative implementing in the insurance companies when it comes to human capital, structure capital, and technological capital of HRM, which are of vital components of intellectual capital of an organization.
- The insurance companies in Yemen do not effectively implement all the applications of intellectual capital.
- The study also revealed that the sense of belongingness among workforce is another issue that need to be addressed.
- Insurance companies are suggested to continually review a comprehensive HR-Strategy and carry out further research in order to update, through evaluation of works, internal & external analysis, and implementing global standards.
- Changing the current HRMs’ policies in insurance companies is suggested and should be replaced by a new diversified mechanism and approaches that are truly matched and suitable to the varied needs of employees and interest.
- Insurance companies need to pay an attention to the effective and comprehensive training programs for all line of employees. Moreover, HR department needs to make initiative of training programs with regard to emerging trends of HR, and update the workforce workforces’ intellectual capital need be remained flexible and relevant.

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