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A Study on Impact of HRM Practices on Effectiveness of Team Building with Special Reference to Insurance Industry in India by Using Structural Equation Model

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Abstract. This study examines the impact of Human Resource Management (HRM) practices on team-building effectiveness within the insurance industry in India. With rising competition and a rapidly evolving business landscape, effective teamwork has become crucial for organizational success, particularly in service sectors like insurance where collaboration enhances client service and operational efficiency. The study identifies key HRM practices - recruitment and selection, training and development, performance appraisal, and compensation - as influential factors in fostering team cohesion, motivation, and effectiveness. Utilizing a Structural Equation Modeling (SEM) approach, the research analyzes data collected from a sample of employees across leading insurance companies in India. The SEM technique allows for a comprehensive assessment of direct and indirect relationships between HRM practices and team-building outcomes, revealing critical paths that significantly contribute to team effectiveness. Results indicate that targeted HRM practices not only improve team performance but also enhance job satisfaction and retention rates within teams. The findings offer practical implications for HR practitioners aiming to optimize team dynamics and strengthen overall organizational performance in the insurance sector. The study concludes by recommending HR strategies that align team-building initiatives with organizational goals to maintain a competitive edge in the industry.

Keywords: Human Resource Management (HRM) practices, Insurance Industry, Organizational Performance, Structural Equation Modeling (SEM), Team Building, Effectiveness.

1. INTRODUCTION

The connection between strategic Human Resource Management (HRM) practices and organizational performance has attracted considerable academic and industry attention over recent years. As traditional sources of competitive advantage - such as access to capital and technological advancements—become increasingly replicable across competing organizations, the role of human resources as a differentiator has gained prominence. Human resources represent a unique asset that is not only difficult for competitors to imitate but also challenging to substitute internally. Consequently, organizations are recognizing that strategic HRM practices can be leveraged to cultivate this asset, potentially leading to sustained competitive advantage. Previous studies have demonstrated that well-designed HRM practices, whether applied individually or as an integrated system, are strongly associated with higher levels of organizational performance *(Huselid, 1995; Huang, 1998; Dimba & K'Óbonyo, 2009)*.

However, there remains an ongoing debate regarding the universality or contingency of these practices. The universalistic approach argues that certain HRM practices consistently enhance performance across various organizations. For instance, innovative recruitment and selection systems are expected to produce a motivated and capable workforce, irrespective of the organizational context. Conversely, the contingency perspective posits that the effectiveness of HRM practices is influenced by other factors, such as organizational culture, climate, and strategic objectives. According to this view, HRM practices that improve employees' skills, abilities, and motivation are more impactful when aligned with a strategy that requires highly skilled and motivated personnel *(Neal, West & Paterson, 2005)*.

In service-oriented sectors, such as insurance, where client satisfaction and service quality hinge on effective collaboration and team dynamics, HRM practices play a pivotal role in enhancing team-building effectiveness. The insurance industry in India, characterized by rapid growth and evolving regulatory environments, demands a workforce that is both agile and cohesive. This study aims to investigate the impact of HRM practices - such as recruitment, training, performance management, and compensation on team-building effectiveness within the Indian insurance sector. By applying Structural Equation Modeling (SEM), the study provides a comprehensive analysis of the pathways through which HRM practices influence team cohesion, motivation, and effectiveness, ultimately contributing to organizational success. Through a focused examination of HRM's role in team-building within this specific industry, this study offers valuable insights for HR practitioners and industry leaders seeking to optimize team dynamics and organizational outcomes. The findings are expected to clarify how HRM strategies tailored to the insurance industry can foster a collaborative, high-performing workforce, enhancing the organization's ability to meet client needs and adapt to market challenges.

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1.1. This Research Is Vital for Several Reasons:

Enhancing Team Performance: In the insurance industry, where teamwork and collaboration are essential for client satisfaction and operational efficiency, understanding how HRM practices directly impact team-building effectiveness can lead to more productive and cohesive teams. This is especially important in high-stakes environments where well-coordinated teams can significantly improve service delivery and client relationships.

Providing a Competitive Advantage: By identifying the HRM practices that most effectively promote teamwork, this research helps insurance companies leverage their human resources as a unique source of competitive advantage. As traditional resources like capital and technology become more accessible and easily replicated, a well-developed workforce becomes a distinguishing factor that competitors cannot easily duplicate.

Addressing Industry-Specific Needs: The insurance industry in India is marked by regulatory changes, customer-centric demands, and an evolving market landscape. This study tailors its analysis to the unique demands of this sector, offering practical recommendations for HRM practices that align with industry-specific challenges, helping companies improve employee retention, job satisfaction, and engagement.

Applying Structural Equation Modeling (SEM): By using SEM, this study offers a robust and comprehensive analysis of the relationships between HRM practices and team-building effectiveness, allowing for a deeper understanding of both direct and indirect effects. This methodological approach adds a layer of precision and rigor, which can enhance the reliability of the findings and offer actionable insights for HR professionals.

Informing HR Strategy and Policy: The research findings can guide HR professionals and policymakers in developing targeted strategies that strengthen team dynamics and employee collaboration. By understanding which HRM practices most significantly influence team effectiveness, organizations can allocate resources more efficiently and align HR policies with strategic goals to foster a positive organizational culture.

Contributing to Academic Literature: The study adds to the body of knowledge on HRM and team-building by addressing a research gap specific to the insurance sector in India. It enhances the understanding of how HRM practices influence team performance in service-oriented sectors, providing a valuable reference for future research in similar contexts.

Supporting Organizational Adaptability: In a rapidly changing industry, teams that work well together are more adaptable to new challenges, regulatory changes, and customer needs. By establishing HRM practices that foster resilient and effective teams, organizations can become more agile, better equipped to navigate industry fluctuations, and able to respond proactively to emerging trends.

2. REVIEW OF LITERATURE

The relationship between Strategic Human Resource Management (SHRM) practices and organizational performance has been extensively studied, with significant implications for industries reliant on human capital, such as insurance. *Gannile, Ab Yajid, Khatibi, and Azam (2020)* in their systemic review on the impact of SHRM on organizational performance in the insurance sector, highlight critical challenges faced by insurance companies in implementing SHRM practices effectively. Their study indicates that while SHRM practices exist in many insurance organizations, their implementation often lacks depth and effectiveness. This insufficiency is evident in several HR dimensions, including underdeveloped training and development policies, ineffective HR policies and processes, low employee participation, and minimal involvement of line managers in strategic planning.

Measurement of organisational performance is, therefore, not easy for business organisations with multiple objectives of profitability, employee satisfaction, productivity, growth, social responsibility, the ability to adapt to the ever changing environment, and so on. Although performance has been traditionally conceptualised in terms of financial measures, some scholars have proposed a broader performance construct that incorporates non-financial measures, including, among others, market share, product quality, and company image *(Waiganjo, Mukulu & Kahiri, 2012)*.

Mekonnen and Azaj (2020) underscore the significance of Strategic Human Resource Management (SHRM) practices in enhancing organizational effectiveness within the insurance industry, specifically highlighting the value of practices such as organizational alignment, HR decentralization to line managers, structured placement, performance management, training, compensation, and career planning. Their study reveals that the involvement of line managers in HR processes strengthens team-building and promotes organizational cohesion. Additionally, effective placement and succession planning contribute to aligning employee skills with job roles, further supporting team synergy and overall performance. Employee participation in SHRM decisions was also found to foster engagement and job satisfaction, emphasizing that well-implemented SHRM practices are instrumental in driving both team-building effectiveness and organizational success in the insurance sector.

Mao et al. (2022) emphasize the impact of Human Resource Management Practices (HRMP), including human capital development, rewards, training, teamwork, job descriptions, and empowerment, on service performance (SRP) among employees in the takaful insurance industry. Their research highlights that effective HRMP serves as a significant predictor of superior service performance and that employee commitment (EC) acts as a mediator in this relationship, enhancing the influence of HRMP on SRP. The study suggests that management should prioritize HR practices that foster commitment, such as setting high standards for service quality and empowering customer service employees to make informed decisions. This approach not only strengthens team-

building effectiveness but also improves overall service quality, helping organizations recover from potential service failures and maintain competitive performance.

Hansaram et al. (2023) highlight the significant role of key HRM practices - training and development, performance appraisal, and compensation and benefits - in enhancing organizational performance within the insurance industry. Their study shows that improvements in these HR practices lead to better employee performance, which in turn positively affects organizational outcomes. Specifically, training and development initiatives, effective performance appraisal systems, and competitive compensation and benefits packages contribute to employee growth and motivation, thereby improving overall organizational performance. This aligns with previous research by *Kimanthi (2020)*, *Zhu (2018)*, and Ismail (2019), which similarly emphasize the importance of these HRM practices in driving organizational success. The study's findings suggest that insurance companies can improve team-building effectiveness by investing in these HR practices, ultimately fostering a more skilled, motivated, and high-performing workforce.

Aruldevi and Rajakrishnan (2024) emphasize the critical role of organizational climate in shaping employee behavior and its impact on organizational effectiveness, particularly in the insurance industry. Their study reveals that the perception of a positive organizational climate significantly influences employee efficiency and satisfaction. A sound organizational climate is described as a long-term strategy that encourages employees to stay engaged and contribute to the organization's success. The study also highlights that while employees of different genders and age groups express satisfaction, those with varying income levels, particularly in terms of monthly income, are less satisfied. Based on these findings, the authors suggest that insurance companies should focus on improving monetary benefits, such as bonuses and salary increments, to enhance employee satisfaction and sustainability. This approach can not only foster a more positive work environment but also improve team-building effectiveness by motivating employees to stay committed to the organization, thus boosting overall business performance.

3. STATEMENT OF THE PROBLEM

The effectiveness of team building practices in the insurance industry in India remains a critical area of concern, particularly in light of the rapidly changing market dynamics and the need for strong organizational performance. Despite the implementation of several Human Resource Management (HRM) practices, such as recruitment, training and development, performance appraisals, and compensation systems, their actual impact on the effectiveness of team building remains unclear. In many insurance companies, HRM practices are present but often fail to achieve the desired outcomes in terms of team performance and organizational success. The challenge is further compounded by low employee engagement and participation in HRM activities, which may be contributing to suboptimal results in team building efforts. Moreover, existing HRM practices such as performance appraisals, compensation schemes, and training programs are often not aligned with the specific needs of team building, limiting their ability to improve team dynamics and overall performance. The relationship between these HRM practices and team effectiveness, particularly in terms of enhancing team collaboration, communication, and productivity, is not well understood. Previous studies have provided mixed results regarding the direct impact of HRM practices on team performance in the insurance industry, highlighting the need for more comprehensive research. Additionally, the role of team building practices in fostering organizational effectiveness and improving overall team performance is underexplored in the context of Indian insurance companies. Despite the recognition of team dynamics as a key factor in organizational success, many insurance companies have not fully integrated team building practices with their HRM strategies. This results in missed opportunities to enhance employee satisfaction, retention, and overall business outcomes. This study, therefore, seeks to bridge this gap by investigating the impact of HRM practices on team building and the subsequent effects on team performance. The research will examine how HRM practices, such as recruitment, training and development, pay practices, performance appraisal systems, and employee participation, influence the effectiveness of team building efforts within insurance companies. By using structural equation modeling (SEM), the study aims to provide a more nuanced understanding of the relationships between HRM practices, team building, and team performance. The findings will contribute to the development of more effective HRM strategies, with practical implications for insurance companies seeking to improve team performance and achieve better organizational outcomes.

4. RESEARCH QUESTIONS

The following research questions of the study:

- How do HRM practices, such as recruitment, training and development, pay practices, and performance appraisal systems, influence team building practices in insurance companies in India?
- What is the relationship between HRM practices and the effectiveness of team building in insurance companies?
- How does employee attitude affect the implementation and success of team building practices in insurance companies?

- To what extent does the involvement of line managers in HRM practices impact the effectiveness of team building in the insurance industry?
- What role does employee participation in HRM activities play in enhancing team building and overall team effectiveness in the insurance sector?
- How do performance appraisal systems influence the effectiveness of team building and team performance in insurance companies?
- What is the impact of compensation practices on team building and the overall effectiveness of teams within the insurance industry?
- What is the role of training and development initiatives in fostering effective team building in insurance companies?
- How do team building practices contribute to the overall team performance in the insurance industry?
- What is the mediating effect of team building practices on the relationship between HRM practices and organizational performance in insurance companies?
- What is the role of pay practices in influencing both team building and team effectiveness in the context of the insurance industry?
- How do recruitment practices impact the effectiveness of team building and team performance in insurance companies?
- What are the key factors that insurance companies should focus on to enhance team building and improve team performance through HRM practices?

These research questions are designed to comprehensively explore the relationship between HRM practices, team building, and team performance in the context of the insurance industry, with a particular focus on identifying the factors that lead to improved organizational outcomes.

5. RESEARCH OBJECTIVES

1. To examine the impact of HRM practices (recruitment, training and development, pay practices, performance appraisal systems) on the effectiveness of team building in insurance companies.
2. To assess the relationship between team building practices and overall team performance within the insurance industry.
3. To analyze how HRM practices influence the overall effectiveness of teams and organizational performance in insurance companies.
4. To evaluate the role of employee attitudes and participation in HRM practices in enhancing team building and team effectiveness in insurance companies.

6. RESEARCH METHODOLOGY

The research methodology for this study aims to explore the impact of Human Resource Management (HRM) practices on the effectiveness of team building in the insurance industry in India. The methodology is structured in a detailed and systematic approach, ensuring that the study addresses the research questions and objectives effectively.

6.1. Research Design

This study adopts a descriptive and causal-comparative research design. Descriptive research is employed to collect data that describes the characteristics of the population, while causal-comparative design allows the researcher to examine cause-and-effect relationships between HRM practices and team building effectiveness. This design is particularly relevant for understanding the influence of HRM practices such as recruitment, training, pay practices, and performance appraisal systems on the outcomes of team building. The study will utilize Structural Equation Modeling (SEM), which is appropriate for testing complex relationships between variables and estimating both direct and indirect effects.

6.2. Population and Sampling

The study will focus on the insurance industry in India, where employees and management within various insurance companies will serve as the target population. The target respondents will include a mix of HR personnel, line managers, and employees involved in team-building activities within the companies. A stratified random sampling technique will be used to ensure that key segments of the population, such as employees at different levels, are well-represented. This technique also ensures that the sample accounts for variations in the respondents' roles, work experience, and exposure to HRM practices. The sample size will be determined based on the requirements of Structural Equation Modeling (SEM), typically ranging from 200 to 300 respondents to ensure statistical power and reliable results.

6.3. Data Collection Methods

Data for this study will be collected through primary and secondary sources. The primary data will be obtained via structured questionnaires distributed to employees and managers in the insurance companies. The questionnaire will include items that measure HRM practices (e.g., recruitment, training, pay practices, performance appraisal systems), team building practices, and the effectiveness of team dynamics. The survey will utilize a Likert scale ranging from 1 (Strongly Disagree) to 5 (Strongly Agree) to assess respondents' perceptions. Secondary data may be consulted to provide context, including company records, reports, and industry-specific documents that highlight existing HRM practices and team building strategies in the insurance sector.

6.4. Variables and Measurement

The study involves several key variables that influence and measure the impact of HRM practices on team building and overall team performance. The independent variables include Recruitment Practices, Training & Development, Pay Practices, and Performance Appraisal Systems, all of which are critical HRM practices that influence employee engagement and team dynamics. These variables will be measured using various items that assess clarity, satisfaction, frequency, and effectiveness. The dependent variables include Team Building Practices, Team Effectiveness, and Overall Team Performance, all of which focus on how HRM practices impact team collaboration, efficiency, and goal achievement. Each of these variables will be measured through multiple-item scales developed based on previous literature and expert feedback.

6.5. Data Analysis Techniques

To analyze the data, this study will employ descriptive statistics and Structural Equation Modeling (SEM). Descriptive statistics, including mean, standard deviation, and frequencies, will be calculated for each item on the questionnaire, providing an overview of respondents' perceptions and behaviors related to HRM practices and team building. SEM will be used to examine the relationships between the independent variables (HRM practices) and the dependent variables (team building and performance). This advanced statistical technique allows for testing direct and indirect effects, as well as evaluating the overall model fit. Regression analysis will be conducted within SEM to assess the strength and significance of each hypothesized relationship.

6.6. Hypothesis Testing

The study will test a series of hypotheses to examine the relationships between HRM practices and team building effectiveness. For example, H1 hypothesizes that recruitment practices positively impact team building effectiveness, while H2 suggests that training and development initiatives positively influence team building. Each hypothesis will be tested using SEM to determine the significance of the paths and relationships. A significance level of 0.05 will be adopted for all hypothesis tests, and the results will help in understanding how different HRM practices contribute to the overall effectiveness of teams in the insurance sector.

6.7. Limitations

While the study employs a robust methodology, there are certain limitations to consider. Firstly, the research is geographically constrained to the insurance industry in India, which may limit the generalizability of the findings to other sectors or countries. Secondly, response bias could arise due to the self-reported nature of the data, even though confidentiality and anonymity will be assured to mitigate this issue. Lastly, the study uses a cross-sectional design, which provides a snapshot of relationships at one point in time but does not allow for conclusions regarding causal relationships beyond the tested hypotheses.

This comprehensive methodology aims to explore the impact of HRM practices on team building within the Indian insurance industry, using a robust quantitative approach to produce reliable, valid, and actionable results.

7. CONCEPTUAL MODEL FIT FOR IMPACT OF HRM PRACTICES ON EFFECTIVENESS OF TEAM BUILDING BY USING STRUCTURAL EQUATION MODEL

The Conceptual Model Fit for the study on the impact of Human Resource Management (HRM) practices on the effectiveness of team building, using Structural Equation Modeling (SEM), provides a framework to assess the direct and indirect relationships between key HRM practices and team outcomes. The model aims to examine how various HRM practices—such as recruitment, training and development, performance appraisal systems, and pay practices—affect team building effectiveness, and subsequently influence overall team performance and organizational effectiveness. SEM allows for the testing of complex relationships within this model, evaluating both the measurement and structural paths between observed and latent variables. A good model fit indicates that the hypothesized relationships between HRM practices and team building effectiveness align with the empirical data, supporting the proposed theoretical framework. By ensuring that the model adequately represents these relationships, this approach provides valuable insights into how HRM practices can be optimized to enhance team collaboration and organizational performance in the insurance industry.

7.1. The Variables Used in the Structural Equation Model Are

7.1.1. Observed, Endogenous Variables

1. Team building practices of Insurance companies
2. The effectiveness of the team
3. Overall Team Performance

7.1.2. Observed, Exogenous Variables

1. Attitude of the employee
2. Performance appraisal systems of the Insurance companies
3. Recruitment practices of the Insurance companies
4. Training & Development of the Insurance companies
5. Pay practices of the Insurance companies

7.1.3. Unobserved, Exogenous Variables

1. Error 1 for Overall team performance
2. Error 2 for Team building practices of Insurance companies
3. Error 3 for The effectiveness of the team

Table 1: Summary of the variables used for the analysis.

Number of variables in your model	11
Number of observed variables	8
Number of unobserved variables	3
Number of exogenous variables	8
Number of endogenous variables	3

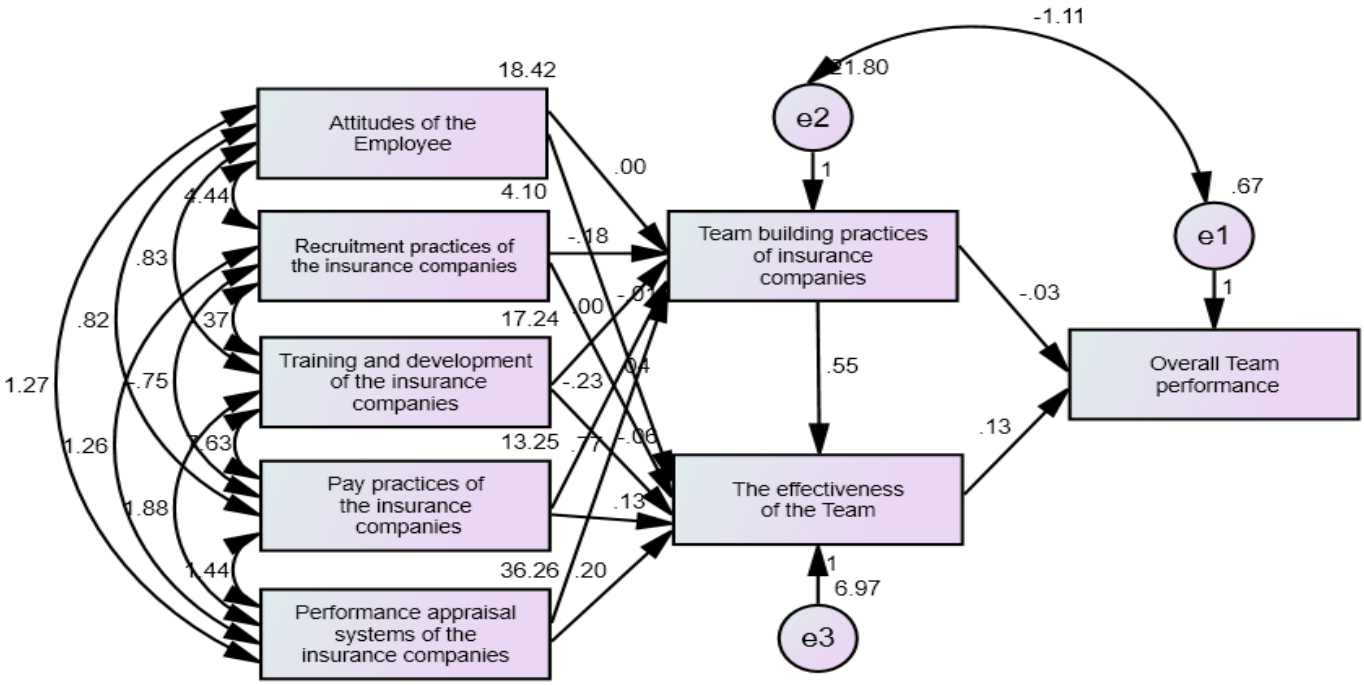


Figure 1: Unstandardized estimate for Structural Equation Model of impact of HRM practices on effectiveness of team building

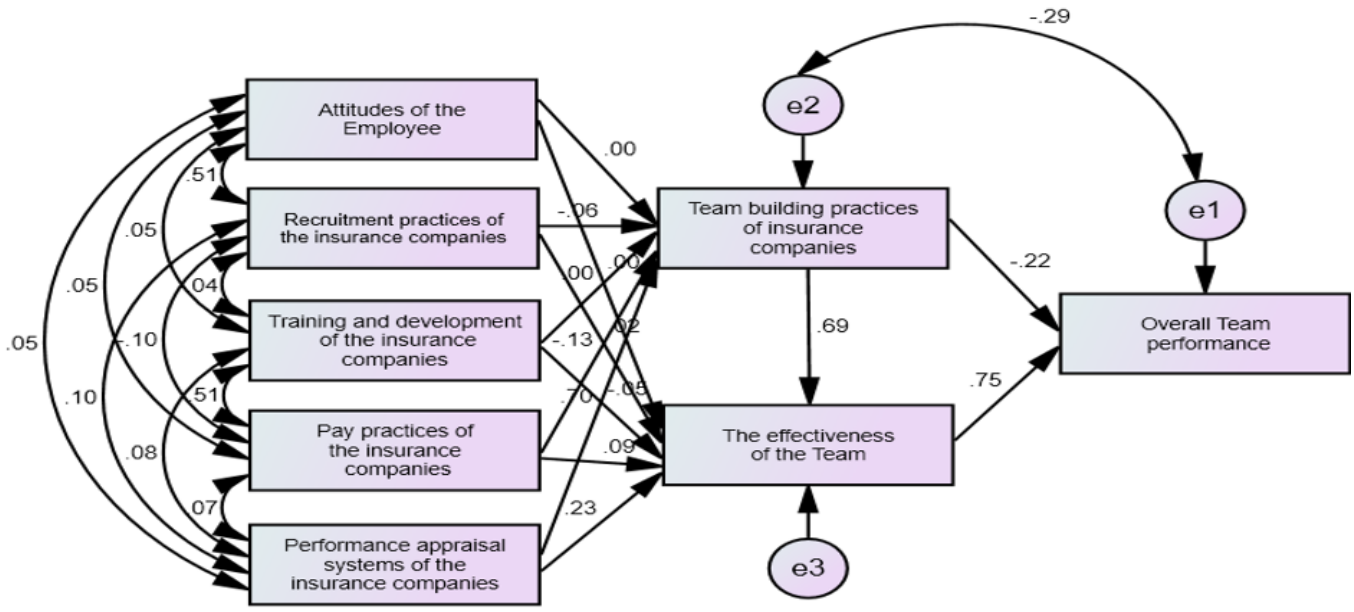


Figure 2: Standardized estimate for Structural Equation Model of impact of HRM practices on effectiveness of team building.

Table 2: Regression weights for Structural Equation Model for impact of HRM practices on effectiveness of team building.

Regression weights	Unstandardized Coefficient Estimate	S.E.	Standardized Coefficient Estimate	C.R.	P
Team building practices of Insurance companies <--- Attitude of the employee	-.002	.042	-.002	-.054	.957
Team building practices of Insurance companies <--- Recruitment practices of the Insurance companies	-.183	.091	-.056	-2.009	.045
Team building practices of Insurance companies <--- Training & Development of the Insurance companies	-.005	.043	-.003	-.106	.915
Team building practices of Insurance companies <--- Pay practices of the Insurance companies	-.234	.050	-.130	-4.665	<0.001
Team building practices of Insurance companies <-- Performance appraisal systems of the Insurance companies	.766	.027	.703	28.122	<0.001
The effectiveness of the team <--- Attitude of the employee	-.005	.025	-.004	-.209	.834
The effectiveness of the team <--- Recruitment practices of the Insurance companies	.045	.054	.017	.829	.407
The effectiveness of the team <--- Training & Development of the Insurance companies	-.058	.026	-.046	-2.263	.024
The effectiveness of the team <--- Pay practices of the Insurance companies	.134	.030	.093	4.468	<0.001
The effectiveness of the team <--- Performance appraisal systems of the Insurance companies	.203	.022	.232	9.392	<0.001
The effectiveness of the team <--- Team building practices of Insurance companies	.551	.020	.688	27.985	***
Overall team performance <--- Team building practices of Insurance companies	-.031	.010	-.220	-3.078	.002
Overall team performance <--- The effectiveness of the team	.133	.010	.752	13.252	***

The regression weight for the relationship between Employee Attitude and Team Building Practices in insurance companies shows an unstandardized coefficient estimate of -0.002, indicating a very weak negative relationship between the two variables. The standard error of 0.042 suggests that the estimate is relatively precise, but the magnitude of the effect remains negligible. The standardized coefficient of -0.002 further confirms the minimal impact of employee attitude on team-building practices when considering standard deviations. With a critical ratio of -0.054, which is far below the typical significance threshold of ±1.96, and a p-value of 0.957, the relationship is statistically insignificant. In other words, employee attitude does not significantly influence team-building practices in insurance companies, and any effect is so small as to be practically irrelevant. This suggests that, within this context, changes in employee attitude do not meaningfully affect the effectiveness of team-building initiatives.

The regression weight for the relationship between Recruitment Practices and Team Building Practices in insurance companies reveals an unstandardized coefficient estimate of -0.183, suggesting a small negative relationship between recruitment practices and the effectiveness of team-building initiatives. The standard error of 0.091 indicates that the estimate is moderately precise. The standardized coefficient of -0.056 shows that the

impact of recruitment practices on team-building practices, when considering standard deviations, is weak. However, the critical ratio (C.R.) of -2.009 is greater than the typical threshold of ±1.96, and the p-value of 0.045 is less than the significance level of 0.05, indicating that the relationship is statistically significant. This means that, despite the small magnitude, recruitment practices do have a significant negative impact on team-building practices in insurance companies. It suggests that issues in recruitment, such as hiring practices or the fit between new employees and team dynamics, might hinder the effectiveness of team-building efforts.

The regression weight for the relationship between Training & Development and Team Building Practices in insurance companies shows an unstandardized coefficient estimate of -0.005, suggesting a very weak negative relationship between these two variables. The standard error of 0.043 indicates that this estimate is relatively precise. The standardized coefficient of -0.003 suggests that when considering standard deviations, the impact of training and development on team-building practices is almost negligible. The critical ratio (C.R.) of -0.106 is far below the typical threshold of ±1.96, and the p-value of 0.915 is significantly higher than the 0.05 level of significance, indicating that this relationship is not statistically significant. This implies that, within the context of this study, training and development practices in insurance companies do not have a meaningful impact on the effectiveness of team-building practices. The lack of a significant relationship could suggest that other factors, such as the quality of training programs or their alignment with team-building objectives, may not be effectively influencing team dynamics in the organization.

The regression analysis indicates a significant negative relationship between pay practices and team building practices in insurance companies, with an unstandardized coefficient estimate of -0.234. This suggests that as pay practices become less favorable, the effectiveness of team building within the company decreases. The standardized coefficient of -0.130 shows a small yet noteworthy negative impact, and the critical ratio (C.R.) of -4.665 further confirms the statistical significance of this relationship, as it exceeds the ±1.96 threshold. The p-value of <0.001 reinforces the robustness of the finding. In essence, ineffective or unsatisfactory pay practices appear to hinder team-building efforts, highlighting the importance of aligning compensation strategies with employees' expectations to enhance teamwork.

The regression analysis reveals a highly significant positive relationship between performance appraisal systems and team building practices in insurance companies, with an unstandardized coefficient estimate of 0.766. This indicates that improvements or favorable performance appraisal systems are strongly associated with enhanced team building practices. The standardized coefficient of 0.703 demonstrates a substantial effect, suggesting that performance appraisals have a major role in fostering effective team building. The critical ratio (C.R.) of 28.122 is significantly above the ±1.96 threshold, confirming the statistical significance of this relationship. The p-value of <0.001 further supports the strong association between performance appraisals and team building. This finding highlights the importance of a robust and well-executed performance appraisal system in driving effective team-building initiatives within insurance companies.

The regression analysis shows a very weak and statistically insignificant relationship between the attitude of the employee and the effectiveness of the team in insurance companies. The unstandardized coefficient estimate of -0.005 and the standardized coefficient estimate of -0.004 indicate a negligible effect. The critical ratio (C.R.) of -0.209, which is well below the threshold of ±1.96, and the p-value of 0.834, which is greater than the conventional significance level of 0.05, suggest that the attitude of the employee does not significantly influence the effectiveness of the team in this context. This implies that, within the scope of this study, employee attitudes may not be a strong predictor of team effectiveness, or other factors might have a more substantial impact in this particular setting.

The regression analysis reveals a weak and statistically insignificant relationship between recruitment practices and the effectiveness of the team in insurance companies. The unstandardized coefficient estimate of 0.045 and the standardized coefficient estimate of 0.017 indicate a very small effect size. The critical ratio (C.R.) of 0.829, which is far below the threshold of ±1.96, and the p-value of 0.407, which is significantly higher than the standard significance level of 0.05, suggest that recruitment practices do not have a significant impact on the effectiveness of teams. This indicates that, in the context of this study, the recruitment process alone may not be sufficient to determine or improve team effectiveness, or other factors may play a more critical role.

The regression analysis indicates a significant but negative relationship between training and development and the effectiveness of the team in insurance companies. The unstandardized coefficient estimate of -0.058 suggests that an increase in training and development efforts could slightly decrease the effectiveness of the team. The standardized coefficient estimate of -0.046 reinforces this negative relationship, although the effect is relatively small. The critical ratio (C.R.) of -2.263 is below the -1.96 threshold, and the p-value of 0.024 is less than 0.05, making this result statistically significant. This suggests that, contrary to expectations, more extensive training and development in this context might not directly enhance the effectiveness of teams and could potentially be contributing to inefficiencies or mismatches in team dynamics. Further investigation into the nature and quality of training programs might provide insights into why this negative relationship exists.

The regression analysis reveals a positive and statistically significant relationship between pay practices and the effectiveness of the team in insurance companies. The unstandardized coefficient estimate of 0.134 indicates that improvements in pay practices are associated with an increase in team effectiveness. The standardized coefficient estimate of 0.093 shows a moderate positive effect of pay practices on team performance. The critical

ratio (C.R.) of 4.468, which is well above the threshold of 1.96, and the p-value of less than 0.001, confirm that the relationship is highly significant. This suggests that fair and competitive pay practices play an essential role in enhancing team effectiveness, motivating employees, and possibly contributing to better team dynamics and overall organizational performance in the insurance industry.

The regression analysis shows a positive and statistically significant relationship between performance appraisal systems and the effectiveness of the team in insurance companies. The unstandardized coefficient estimate of 0.203 indicates that improvements in performance appraisal systems are associated with an increase in team effectiveness. The standardized coefficient estimate of 0.232 suggests a moderate to strong effect of performance appraisals on team performance. The critical ratio (C.R.) of 9.392, which is well above the threshold of 1.96, and the p-value of less than 0.001 confirm that this relationship is highly significant. These findings suggest that a well-structured performance appraisal system, which evaluates employees' performance accurately and fairly, plays a crucial role in improving team effectiveness. It may enhance motivation, clarify expectations, and provide constructive feedback, thereby contributing to a higher level of team collaboration and organizational performance in the insurance industry.

The regression analysis reveals a strong positive relationship between team building practices and team effectiveness within insurance companies. The unstandardized coefficient estimate of 0.551 indicates that for every unit increase in team building practices, team effectiveness increases by 0.551 units. The standardized coefficient estimate of 0.688 shows a substantial effect size, suggesting that team building practices have a major influence on improving team effectiveness. The critical ratio (C.R.) of 27.985, which is far above the commonly accepted threshold of 1.96, and the *** (significance level) confirm that this relationship is highly significant. This suggests that effective team building practices, such as fostering communication, collaboration, and trust, lead to more cohesive and high-performing teams. By implementing structured team building activities, insurance companies can significantly improve the synergy and effectiveness of their teams, ultimately enhancing overall organizational performance.

The regression analysis shows a small but negative relationship between team building practices and overall team performance in insurance companies. The unstandardized coefficient estimate of -0.031 suggests that for every unit increase in team building practices, overall team performance decreases by 0.031 units. The standardized coefficient estimate of -0.220 indicates a moderate effect, meaning that although team building practices are related to team performance, the impact is negative. The critical ratio (C.R.) of -3.078, which exceeds the absolute value of 1.96, and the p-value of 0.002 indicate that this relationship is statistically significant. This negative effect could imply that, while team building practices are important for team dynamics, they may not always translate directly into improved team performance, or it might suggest that the type of team building practices implemented in these companies are not aligned with performance enhancement goals. This could be an area for further investigation to understand whether the team building practices are not being effectively tailored to the needs of the team or organization. The regression analysis reveals a positive and significant relationship between the effectiveness of the team and overall team performance in insurance companies. The unstandardized coefficient estimate of 0.133 indicates that for every unit increase in team effectiveness, overall team performance increases by 0.133 units. The standardized coefficient estimate of 0.752 shows a strong effect, meaning that team effectiveness plays a significant role in determining team performance. The critical ratio (C.R.) of 13.252, which is well above the threshold of 1.96, and the p-value of *** (indicating statistical significance) support the importance of this relationship. This finding suggests that improving the effectiveness of teams—through better communication, collaboration, or problem-solving—can have a strong, positive impact on overall performance, highlighting the critical role that effective teams play in achieving organizational goals in the insurance sector.

Table 3: Co-variance relationships for using structural equation model.

Regression weights	Estimate	S.E.	C.R.	P
Attitude of the employee <--> Performance appraisal systems of the insurance companies	1.267	.901	1.406	.160
Performance appraisal systems of the insurance companies <--> Recruitment practices of the insurance companies	1.263	.427	2.960	.003
Performance appraisal systems of the insurance companies <--> Training & development of the insurance companies	1.883	.873	2.158	.031
Performance appraisal systems of the insurance companies <--> Pay practices of the insurance companies	1.443	.765	1.887	.059
Training & development of the insurance companies <--> Pay practices of the insurance companies	7.634	.590	12.949	***
Recruitment practices of the insurance companies <--> Pay practices of the insurance companies	-.752	.258	-2.916	.004
Attitude of the employee <--> Pay practices of the insurance companies	.817	.545	1.500	.134
Recruitment practices of the insurance companies <--> Training & development of the insurance companies	-.367	.293	-1.254	.210
Attitude of the employee <--> Training & development of the insurance companies	.832	.621	1.339	.180
Attitude of the employee <--> Recruitment practices of the insurance companies	4.439	.340	13.067	***

The regression weights and their interpretation show key relationships between various HRM practices and team effectiveness within the insurance industry. For instance, the relationship between employee attitude and performance appraisal systems shows a positive estimate of 1.267, but with a non-significant p-value of 0.160, suggesting no strong impact. In contrast, the link between performance appraisal systems and recruitment practices is significant ($p = 0.003$), indicating that effective performance appraisals positively influence recruitment practices. Similarly, the connection between performance appraisals and training & development is statistically significant with a p-value of 0.031, suggesting that a robust performance appraisal system enhances training efforts. Training & development and pay practices also show a very strong positive relationship ($p < 0.001$), highlighting the critical role of training in improving compensation structures. However, some relationships, like attitude of the employee and pay practices, with a p-value of 0.134, are not statistically significant, suggesting that employee attitude alone does not significantly influence pay practices. Lastly, the link between recruitment practices and pay practices is significant ($p = 0.004$), indicating that recruitment practices influence the way pay structures are designed within the organization. Overall, the findings suggest that certain HRM practices such as performance appraisals, training, and recruitment are interrelated and can significantly impact team effectiveness in insurance companies.

Table 4: Model Fit Summary for impact of HRM practices on effectiveness of team building.

Indices	Value	Suggested Value
Chi-square value	4.9	
P value	0.294	>0.05 (Hair et al., 1998)
CMIN/DF	1.234	< 5 (Marsh&Hocevar,1985)
GFI	0.999	>0.90 (Hu and Bentler, 1999)
AGFI	0.987	>0.90 (Hair et al. 2006)
CFI	0.999	>0.90 (Daire et al., 2008
RMR	0.072	<0.08 (Hair et al. 2006)
RMSEA	0.017	<0.08 (Hair et al. 2006)

The model fit summary for the impact of HRM practices on the effectiveness of team building indicates a well-fitting model. The Chi-square value of 4.9 and a p-value of 0.294, which is greater than the suggested threshold of 0.05, suggest that the model is a good fit to the data (Hair et al., 1998). The CMIN/DF ratio of 1.234 is well below the threshold of 5, indicating that the model is adequate (Marsh & Hocevar, 1985). The GFI value of 0.999 is well above the recommended value of 0.90 (Hu & Bentler, 1999), suggesting excellent goodness of fit. Similarly, the AGFI value of 0.987, greater than the recommended 0.90, supports a good model fit (Hair et al., 2006). The CFI value of 0.999 is also greater than the 0.90 threshold, indicating a very good model fit (Daire et al., 2008). The RMR value of 0.072 is well below the recommended cut-off of 0.08 (Hair et al., 2006), suggesting a low residual mean square error. Lastly, the RMSEA of 0.017 is significantly below the 0.08 threshold, further confirming that the model fits the data well (Hair et al., 2006). Overall, the indices suggest that the structural equation model used to evaluate the impact of HRM practices on team-building effectiveness is a good fit.

8. RECOMMENDATIONS

Based on the findings of the study on the impact of HRM practices on the effectiveness of team building in the insurance industry in India, the following recommendations are made:

- Enhance Recruitment Practices: The study indicates that recruitment practices significantly influence team building and performance. Insurance companies should focus on improving their recruitment strategies by hiring individuals who possess strong teamwork skills and align with the organizational culture. This will foster a more collaborative work environment, leading to better team-building outcomes.
- Strengthen Training and Development Programs: Training and development are key factors in the effectiveness of team building. Companies should invest in regular training programs to improve employees' skills, particularly in areas like communication, conflict resolution, and leadership. A well-structured training program will enhance individual competencies, contributing to the overall success of team-building initiatives.
- Improve Performance Appraisal Systems: The study found a positive relationship between performance appraisal systems and team building. Insurance companies should focus on developing fair and transparent performance appraisal systems that recognize and reward collaborative behaviors. This will not only motivate employees but also reinforce team-oriented values within the organization.
- Review and Improve Pay Practices: Pay practices were identified as an influential factor in both team building and performance. Insurance companies should consider revising their compensation packages to include incentives and bonuses linked to team performance. This will encourage employees to work together towards common goals, ultimately benefiting the organization's overall effectiveness.
- Encourage Positive Attitudes: The study highlights the impact of employee attitudes on team building practices. Organizations should focus on fostering a positive work environment through employee

engagement activities, recognition programs, and leadership initiatives that promote a sense of belonging and teamwork.

9. CONCLUSION

In conclusion, the study underscores the significant role of HRM practices in shaping the effectiveness of team building within the insurance industry. The structural equation model analysis reveals that recruitment practices, training and development, performance appraisal systems, and pay practices are crucial in fostering effective teams. By aligning these HRM practices with organizational objectives, insurance companies can enhance both individual and team performance. The findings suggest that a holistic approach to HRM, focusing on recruiting the right talent, continuous development, fair performance appraisals, and motivating compensation systems, can significantly improve the effectiveness of team building efforts. Furthermore, fostering positive employee attitudes will further enhance team dynamics, contributing to a more productive and engaged workforce. These recommendations, if implemented effectively, can lead to a more cohesive, motivated, and high-performing team, thereby boosting the overall performance of insurance companies in India.

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