

## Research Article

# THE INTERPLAY OF STRATEGIC HUMAN RESOURCE MANAGEMENT PRACTICES AND ORGANIZATIONAL PERFORMANCE: A STUDY IN THE INSURANCE INDUSTRY

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### ABSTRACT

The importance of human resources as a competitive advantage for modern businesses is widely recognized, as they have the ability to enhance organizational performance. The purpose of this study is to investigate the complex connection between strategic human resource management practices and the overall performance of a well-known insurance company in Cagayan de Oro City. The research study utilizes a descriptive correlational design, employing Pearson correlation to examine the connections between important variables. Additionally, the study revealed a strong and positive relationship between the implementation of different SHRM practices and multiple aspects of organizational performance. Moreover, there is a clear link between the overall implementation of SHRM Practices and positive outcomes in terms of employee satisfaction, employee performance, and service delivery within the organization. The findings imply that incorporating effective SHRM practices is valuable for achieving favorable organizational outcomes. In conclusion, the outcomes underscore the significant impact that well-executed SHRM practices have on promoting improved organizational performance within the prominent insurance companies situated in Cagayan de Oro City.

**Keywords:** Strategic Human Resource Management Practices, Organizational Performance, and Insurance Company, Philippines.

### INTRODUCTION

Any company's success hinges on having the right people. Human resources, which control all the assets of an organization, are considered a crucial element for modern businesses to stay ahead. Employees are the most valuable resource for gaining a competitive edge, and organizations need to manage them effectively. This involves using various HR systems simultaneously (Alaraqi, 2017). Many HR experts and stakeholders evaluating organizational efficiency recognize the importance of these systems for long-term survival (Kim *et al.*, 2022).

Strategic Human Resource Management (SHRM) involves activities related to handling relationships and employment within a company. It includes processes like hiring, training, reviewing, and rewarding staff to improve labor relations, health and safety, and fairness (Saleh *et al.*, 2022). SHRM practices play a role in enhancing employee commitment by creating a positive work environment and increasing employee engagement. Effective SHRM practices can also improve organizational performance, which is influenced by individual performance in the short, medium, or long term (Gabriela, 2020). Effective Strategic Human Resource Management Practices can directly improve organizational performance by enhancing capabilities, knowledge, and motivation. However, the impact of these practices on organizational performance is not always straightforward. Improving work involves more than just increasing skills; it also depends on how effectively those skills are used (Mahfouz, 2021).

This research endeavors to examine how SHRM practices influence aspects like organization, resourcing, learning and development, performance and reward management, and employee welfare. The investigation takes into account employee satisfaction, performance,

and service delivery within prominent insurance companies in Cagayan de Oro City. Furthermore, the study seeks to delve into the correlation between SHRM practices and organizational performance. The objective is to bridge a research gap by offering a theoretical contribution, as there has been no prior exploration of SHRM practices in connection with employee performance.

### METHODOLOGY

The study utilized a descriptive correlational approach along with a survey tool for data collection, with the objective of uncovering significant relationships between two variables (Tankersley, 2015). This methodology is centered on acquiring information related to a situation, event, or group of people, addressing questions about what, when, where, and how, rather than why. Descriptive research incorporates both numerical and descriptive data, enabling it to focus on specific aspects of diverse research methods, using numbers to convey information, and detailing events to varying extents. The descriptive-correlational design is apt for studies seeking to illustrate connections between different factors and create static representations of situations. In this research type, data is gathered without introducing any changes to the subject under investigation. For data collection, the study randomly chose 104 participants from a total of 143 employees at a leading insurance company in Cagayan de Oro City.

### RESULTS AND DISCUSSION

#### The demographic profile of the respondents

The analysis of data from 104 individuals reveals a majority of women, constituting 58.65% of the total, while men make up 41.35%. This aligns with insights from Crista Walker, VP of agent engagement at Safeco, highlighting the need for improved gender diversity in leadership positions within the insurance sector. Examining education levels, 88.46% are college graduates, 3.85% hold master's degrees,

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2.88% have college-level education, and 1.92% each have doctorates or doctorate graduates. High school-level individuals comprise 0.96%. Many insurance roles require a college degree, covering tasks like client investigations and claims review. Work experience shows 39.42% employed for 1-5 years, 34.62% for 6-10 years, 13.46% for 1 year or less, 9.62% for 11-15 years, and 2.88% for 16 years or more. The median tenure in the industry is around 5.5 years (Whistman, 2022). In summary, leading insurance companies in Cagayan de Oro City are predominantly led by female staff, most of whom hold college degrees, with work experience typically falling between 1-5 years.

**Strategic Human Resources Management Practices**

The data analysis indicates that employees hold a positive view of Strategic Human Resource Management (SHRM) practices across all aspects. Specifically, in terms of organization, the average score is 3.25, reflecting excellent practices. This suggests that employees perceive strong practices within the organization, including fair selection processes, transparent information during hiring, and ensuring alignment between individuals and their roles. The overall measure, representing the general perception of SHRM practices, has an average score of 3.29, indicating an outstanding approach across all aspects. This favorable perception implies that the organization places significant emphasis on and implements strategic HR practices in various domains, potentially contributing to heightened employee satisfaction, engagement, and well-being. Moreover, effective SHRM practices can lead to enhanced organizational performance and competitiveness. Highlighting the role of the Human Resources (HR) division, it serves as a crucial link between a company's most valuable asset—its people—and the company's strategic direction, emphasizing the importance of strategic human resource management in corporate growth, cultural adaptation, and gaining a competitive advantage (Vaughan, 2019).

**Table 1 Summary for Strategic Human Resource Management Practices**

SHRM PRACTICES	Mean	SD	Interpretation
Organization	3.25	0.57	Very good practice
Resourcing	3.31	0.54	Excellent practice
Learning and Development	3.41	0.56	Excellent practice
Performance and Rewards	3.21	0.61	Very good practice
Employee Welfare	3.27	0.59	Excellent practice
Overall	3.29	0.51	Excellent practice

Legend of the Mean: 1.00-1.75 Poor practice; 1.76-2.50 Fair practice; 2.51-3.25 Very good practice; 3.26-4.00 Excellent practice

**Organizational Performance**

The results reveal that respondents hold a highly positive view of the organization's performance across various aspects, including employee satisfaction, employee performance, and service delivery. The average score for employee satisfaction is 3.40, indicating a very high level of contentment among those surveyed, who express happiness with their choice of the organization, share positive sentiments with others, and take pride in being part of it. In terms of employee performance, the average score is 3.49, signifying a very high level of performance, with respondents reporting fulfillment of job duties, meeting formal performance requirements, and consistently carrying out essential responsibilities. The overall measure of organizational performance receives an average score of 3.48, consolidating the perception of strong performance across employee satisfaction, employee performance, and service delivery. These findings suggest excellence in creating a positive work environment,

promoting high employee performance, and delivering outstanding service to customers, factors that contribute to employee engagement, customer satisfaction, and overall success. In an interview with an industry expert, the researcher learned that organizations prioritizing employee satisfaction, encouraging high employee performance, and emphasizing exceptional service delivery can benefit from increased productivity, customer loyalty, and a positive reputation. In today's dynamic workforce, organizational performance is viewed as a company's ability to achieve goals in a rapidly changing environment, with its subjective nature acknowledged. Initially connected to financial performance, various factors contribute to what is considered "successful" organizational performance, dependent on the company's values and principles, such as shareholder value, social systems, market share, and organizational culture (Miles, 2022).

**Table 2 Summary for Organizational Performance**

Organizational Performance	Mean	SD	Interpretation
Employee Satisfaction	3.40	0.60	Very High Performance
Employee Performance	3.49	0.51	Very High Performance
Service Delivery	3.55	0.45	Very High Performance
Overall	3.48	0.43	Very High Performance

Legend of the Mean: 1.00-1.75 No Engagement; 1.76-2.50 Poor Engagement; 2.51-3.25 Moderate Engagement; 3.26-4.00 High Engagement

**Test of Difference in the SHRM Practices When Grouped According to their Sex**

The analysis unveiled p-values above 0.05 for all SHRM practices, indicating that the observed differences lack statistical significance. Consequently, it can be inferred that gender does not exert a significant influence on the levels of SHRM practices within the sample. These findings carry crucial implications for organizations. Firstly, they underscore the importance of focusing on individual abilities and skills rather than gender when implementing SHRM practices. Organizations are urged to cultivate a gender-neutral work environment, ensuring equal opportunities and resources for both male and female employees in connection with HR practices. Secondly, the results suggest that organizations should eliminate gender bias in the formulation and implementation of HR policies and practices, promoting fairness and equal treatment. These measures contribute to building a positive work culture that supports employee engagement and dedication. Moreover, the results emphasize the imperative for organizations to adopt a diverse and inclusive approach to HR practices. Embracing workforce diversity brings forth varied perspectives and experiences, enhancing problem-solving, innovation, and overall organizational performance. By valuing and leveraging the strengths of both male and female employees, organizations can establish a more inclusive and productive work atmosphere.

**Table 3 Difference in the SHRM Practices When Grouped According to their Sex**

SHRM Practices	Sex Group		t-value	p-value	Remarks	Decision on Ho
	Male (n=43)	Female (n=61)				
Organization	3.27 (.57)	3.23 (.58)	.346	.730	Not significant	Failed to reject
Resourcing	3.38 (.56)	3.26 (.53)	1.123	.264	Not significant	Failed to reject
Learning and Development	3.47 (.57)	3.36 (.55)	.898	.371	Not significant	Failed to reject

Performance and Rewards	3.22 (.68)	3.21 (.57)	.050	.960	Not significant	Failed to reject
Employee Welfare	3.31 (.59)	3.24 (.60)	.559	.577	Not significant	Failed to reject
Total Measure	3.33 (.53)	3.26 (.49)	.658	.512	Not significant	Failed to reject

These findings have important implications for organizations concerning HR practices and talent management. It suggests that organizations shouldn't only depend on an individual's educational qualifications when planning and applying SHRM practices. Instead, they should take into account other aspects like skills, experiences, and competencies to ensure a comprehensive approach to talent management.

In general, the lack of significant differences in SHRM practices based on educational attainment emphasizes the need for organizations to take a more complete approach to talent management. By considering various factors, including skills, experiences, and ongoing learning, organizations can establish an environment that values individuals' contributions and encourages a diverse and inclusive workforce.

**Note:** Analysis is based on an Independent T-test (Levene's Test for Equality of Variances was not violated) Not significant (p-value >.05)

**Test of Difference in the SHRM Practices When Grouped According to their Highest Educational Attainment**

The results indicate that the educational background of an individual, ranging from college level to doctoral level, did not have a significant impact on how SHRM practices were perceived.

**Table 4 Difference in the SHRM Practices When Grouped According to their Highest Educational Attainment**

SHRM Practices	Highest Educational Attainment				H-value	p-value	Remarks	Decision on Ho
	<sup>2</sup> College Level or less (n=4)	College Graduate (n=92)	Masteral Level (n=4)	<sup>3</sup> At least Doctoral level (n=4)				
Organization	65.75	51.07	73.25	51.38	2.977	.395	Not significant	FTR
Resourcing	48.75	51.60	73.63	55.88	2.258	.521	Not significant	FTR
Learning and Development	55.00	52.46	56.50	46.88	.246	.970	Not significant	FTR
Performance and Rewards	66.75	50.80	79.50	50.25	4.533	.208	Not significant	FTR
Employee Welfare	52.13	52.05	67.25	48.50	1.076	.783	Not significant	FTR
Total Measure	58.00	51.40	72.50	52.25	2.019	.569	Not significant	FTR

Note: Valyes expressed in mean rank

1. The analysis is based on the Kruskal-Wallis test (Homogeneity of variances was violated)
2. Colle level or less comprises college level and high school graduates (merge due to small sample size)
3. At least Doctoral Level comprises of Doctoral level and Doctoral Graduate (merge due to small sample size)

Not significant (p-value >.05)

**Test of Difference in the SHRM Practices When Grouped According to their Length of Employment**

The results reveal that the duration of an individual's employment, spanning from 1 year or less to 11 years or more, did not significantly impact the perception of SHRM practices. These findings hold key implications for organizations in terms of employee retention and development. They suggest that the effectiveness of SHRM practices is not strongly tied to an employee's tenure, emphasizing that organizations should not solely prioritize the length of employment when formulating and implementing HR practices. Instead, attention should be directed towards factors such as performance, skills, and potential for growth. Additionally, these results underscore the importance of offering consistent and fair HR practices to employees at various stages of their tenure. Organizations should ensure that all employees, regardless of their length of employment, have access to development opportunities, recognition for performance, and initiatives for well-being. This inclusive approach fosters a positive work environment, enhances employee satisfaction, and contributes to overall organizational success. Furthermore, the findings highlight the necessity for continuous HR efforts throughout an employee's career. Regular evaluation and improvement of SHRM practices are crucial to meet the evolving needs and expectations of employees. Taking a proactive and flexible approach enables organizations to create a supportive and engaging work atmosphere that promotes employee well-being and encourages long-term commitment. In conclusion, the absence of significant differences in SHRM practices based on the length of employment underscores the importance of comprehensive HR strategies that cater to the diverse needs of employees at different points in their tenure, ultimately enhancing engagement, retention, and overall organizational success.

**Table 5 Difference in the SHRM Practices When Grouped According to their Length of Employment**

SHRM Practices	Length of Employment				F-value	p-value	Remarks	Decision on Ho
	1 year or less (n=14)	1-5 years (n=41)	6-10 years (n=36)	11 years or more <sup>2</sup> (n=13)				
Organization	3.34 (.62)	3.24 (.50)	3.26 (.60)	3.15 (.71)	.244	.866	Not significant	FTR
Resourcing	3.30 (.62)	3.23 (.53)	3.40 (.53)	3.36 (.56)	.666	.575	Not significant	FTR
Learning and Development	3.43 (.61)	3.43 (.43)	3.33 (.67)	3.54 (.57)	.503	.681	Not significant	FTR
Performance and Rewards	3.27 (.87)	3.24 (.46)	3.13 (.70)	3.29 (.48)	.340	.797	Not significant	FTR
Employee Welfare	3.36 (.61)	3.23 (.49)	3.27 (.72)	3.29 (.55)	.172	.915	Not significant	FTR
Total Measure	3.34 (.60)	3.27 (.42)	3.28 (.58)	3.33 (.51)	.088	.967	Not significant	FTR

**Note:** Values expressed in Mean (SD)

<sup>1</sup>Analysis is based on the One-way ANOVA (Homogeneity of variances was not violated) except for performance rewards and employee welfare. These two sub-domains are estimated by the Welch test

<sup>2</sup>11 years or more category includes 11-15 and 16 or more years

Not significant (p-value >.05)

Also, the results indicate a lack of significant differences, which hold crucial implications for how organizations retain and develop their employees. The findings suggest that the effectiveness of SHRM practices remains consistent, irrespective of an individual's length of service within the company. Consequently, organizations should not solely focus on the duration of employment when formulating and implementing HR practices; instead, they should consider factors such as performance, skills, and growth potential. Additionally, these results underscore the importance of providing fair and consistent HR practices for employees at various stages of their tenure. Regardless of the duration of employment, organizations should ensure equal opportunities for development, recognition for outstanding performance, and access to employee welfare initiatives. This approach fosters a positive work environment, enhances employee satisfaction, and contributes to overall organizational performance.

Furthermore, the findings emphasize the necessity for ongoing HR efforts throughout an employee's career. Regular assessment and improvement of SHRM practices are essential to meet evolving employee needs and expectations. Through a proactive and flexible approach, organizations can create a supportive work environment that encourages employee longevity. In conclusion, the absence of significant differences in SHRM practices based on the length of employment underscores the importance of comprehensive HR strategies catering to employees at different tenure stages, ultimately enhancing employee engagement, retention, and overall organizational success.

**Significant relationship between SHRM Practices and Organizational performance**

The results show important positive connections between different SHRM practices and various aspects of organizational performance. The overall assessment of SHRM practices also demonstrates strong positive links with all elements of organizational performance, such as employee satisfaction, employee performance, and service delivery. This indicates that effectively putting SHRM practices into action overall is crucial for achieving positive outcomes in the organization.

These findings have significant implications. Organizations that strategically handle their human resources by concentrating on organizational factors, resourcing, learning and development, performance and rewards, and employee welfare are more likely to improve employee satisfaction, performance, and service delivery. By investing in these SHRM practices, organizations can build a positive work atmosphere, boost employee engagement, and ultimately better organizational performance. These findings stress how important it is to align HR practices with organizational goals and the value of taking a complete approach to managing human resources. Strategic human resource management (SHRM) is crucial for the success and performance of companies. People have become a vital part of companies' development. Despite a lot of literature on SHRM effectiveness, it's still unknown which SHRM practices are linked to organizational success. This study aims to fill this gap by exploring the relationship between SHRM practices and organizational performance in the Iraqi oil sector. The study finds that SHRM practices, including recruitment and selection, training and development, and remuneration and rewards, are directly connected to organizational success (Alaraqi, 2017). These study findings can help the Iraqi oil sector enhance organizational performance by using appropriate SHRM practices.

**Table 6 Relationship between SHRM Practices and Organizational Performance**

Variables	Organizational Performance											
	Employee Satisfaction			Employee Performance			Service Delivery			Total Measure		
SHRM Practices	r-value (p-value)	SIG	Decision on Ho	r-value (p-value)	Remarks	Decision on Ho	r-value (p-value)	SIG	Decision on Ho	r-value (p-value)	SIG	Decision on Ho
Organization	.657*** (.000)	S	R	.425*** (.000)	S	R	.349*** (.000)	S	R	.594*** (.000)	S	R
Resourcing	.563*** (.000)	S	R	.316*** (.001)	S	R	.314*** (.001)	S	R	.496*** (.000)	S	R
Learning and Development	.659*** (.000)	S	R	.356*** (.000)	S	R	.357*** (.000)	S	R	.571*** (.000)	S	R
Performance and Rewards	.622*** (.000)	S	R	.391*** (.000)	S	R	.286** (.003)	S	R	.543*** (.000)	S	R
Employee Welfare	.654*** (.000)	S	R	.400*** (.000)	S	R	.364*** (.000)	S	R	.589*** (.000)	S	R
Total Measure	.717*** (.000)	S	R	.430*** (.000)	S	R	.379*** (.000)	S	R	.634*** (.000)	S	R

**Note:** Values expressed in r-value (p-value) S-Significant (\*\*p<.001; \*\*p<.01)

## CONCLUSIONS

Based on the analysis and findings derived from the study, several conclusions are drawn. The research reveals a non-significant difference in strategic human resource management (SHRM) practices when categorized by sex, highest educational attainment, and length of employment. The p-values for all SHRM practices exceeded 0.05, signifying a lack of statistical significance in observed differences, leading to the conclusion that sex, educational background, and employment duration do not significantly influence the levels of SHRM practices in the sample. Moreover, the study emphasizes the perceived importance of effective SHRM practices among employees in leading insurance companies in Cagayan de Oro City, aligning with the dominance of the resource-based view in the field of strategic management (Davis, 2021). The research also establishes a significant positive correlation between various SHRM practices and diverse aspects of organizational performance. Additionally, the total measure of SHRM practices exhibits robust positive correlations with all facets of organizational performance, encompassing employee satisfaction, employee performance, and service delivery. These results suggest that the comprehensive implementation of effective SHRM practices is beneficial for achieving positive organizational outcomes.

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