



CONCEPTUAL MODEL FIT FOR CUSTOMER RELATIONSHIP MANAGEMENT IN INSURANCE SECTOR WITH SPECIAL REFERENCE TO TAMILNADU

Dr. V. Ramesh Kumar

Asst. Professor of Management, Adaikalamatha College,
Vallam, Thanjavur, Tamilnadu, India.

ABSTRACT

Customer Relationship Management (CRM) now was playing an inevitable role in the business world. Customers are the critical factors in each business in all companies, Employees awareness of CRM practices, Attitude of the employees, CRM challenges faced by employees and Employees performance. Insurance is a complex product where personalized service achieved through an intimate knowledge of customers and their histories with an insurance company is critical to making sales. Customer Relationship Management is a catalyst in insurance industry growth. Replacing the traditional in person encounter of door-to-door sales, the CRM system engages solid business relationships to meet customer demands for better results. The study is based on impact of customer relationship management practices on insurance sector in the market.



KEYWORDS: Employees awareness of CRM practices, Attitude of the employees, CRM challenges and Employees performance.

INTRODUCTION

Customer relationship Management is a strategic approach that is concerned with creating improved customer value through development of appropriate relationships with key customer segments. It is not just the application of technology, but is a strategy to learn more about customers' needs and behaviors in order to develop stronger relationships with them. As such, it is more of a business philosophy than a technical solution to assist in dealing with customers effectively and efficiently. It helps businesses to gain an insight into the behavior of their customers and modify their business operations to ensure that customers are served in the best possible way. In essence, CRM helps a business to recognize the value of its customers and to capitalize on improved customer relations. More you understand your customers; the more responsive you can be to their needs. In a nut shell, there is a cut-throat competition in the market and the companies have realized the importance of the superior customer service as the key for their survival. To face the competition almost all the companies operating in the life insurance market of India are always in the fore front of designing and implementing various CRM practices. The effort in recent times has been to bring the services as close as possible to the customers and initiating to improve the quality in services as well.

CUSTOMER RELATIONSHIP MANAGEMENT CONCEPT

CRM is being described as a strategic method which is concerned with creating enhanced shareholder value via the evolvment of suitable alignments with key customers and customer segments. According to Richards and Jones, CRM is a set of business activities supported by the alignment of both technology and process directed by strategy and designed to enhance firm performance in an area of customer management. Thus, successful customer relationship management aims at fathoming the desires

and needs of the customers and is accomplished by the integration of these desires with the organization's strategy, technology, people and enterprise process.

Customer relationship management (CRM) is being one of the leading modern business and market strategy employed in high competing business environment. More so, understanding the changing needs and expectations of customers and ensuring retention of such customers should primarily be the concern of business managers.

Understanding customers' profitability and retaining profitable customers had been recognized as one of the core value of customer relationship management. Therefore, maximizing profitability of the total customer relationship over a period of time tends to ensure increased profit for any organization as many companies had tapped into the use, measure and reliability of customer value in their activities; because customer value is a key element of CRM performance measure. The study is aimed at ascertaining relationship that subsist between CRM and customer satisfaction and thus, finds out if CRM helps create values for insuring populace in Tamil Nadu.

Couldwell 1998, defined CRM from the marketing perspective, a combination of business process and technology that seeks to understand a company's customers from the perspective of who they are, what they do and what they are like. It is clear from the above definitions that CRM is a multi-faceted approach made up of four broad segments including Key Customer Focus, CRM Organization, Knowledge Management and Technology-based CRM. This is an indication that successful CRM implies focusing on areas such as strategy; people; technology and processes (Fox and Stead, 2001). It is when these four elements work in tandem that a customer – relating capability can result. Value addition to both the organization and the customer is one of the cardinal aims of CRM. To achieve this, *Kwame Dzato (2007)* noted that the CRM strategy of any financial services organization needs to focus on integrating people, processes and technology to maximize the value exchange. *Bee (2008)* indicated that financial institutions who want to adopt CRM systems need to address three critical factors – people, processes and technology, *Ciborra and Failla (2000)*, simply described CRM as an information infrastructure that consists of people, processes and technology.

Insurance companies are recognizing that they can no longer look at a consumer from a specific product or snapshot perspective but must encompass the entire customer relationship to fully understand a client's profitability. From a strategic standpoint, CRM mobilizes resources around customer relationships rather than product groups and fosters activities that maximize the value of lifetime relationships. From an operational standpoint, CRM links business processes across the supply chain from back-office functions through all touch points, enabling continuity and consistency across customer relationships.

CRM IN INSURANCE SECTOR

Popular strategies adopted by private insurers towards relationship building and management efforts range from sending out a greeting message on special occasions, data mining and cross-selling to sponsoring mega events. Experience has shown that each interaction at an event may not result in a sale; nevertheless the aim is to make each interaction a potentially profitable opportunity to offer additional value to the customer. Again, insurers embarking on event-driven marketing strategies are in a better position to feel the pulse of the customers and channel their energies towards meeting customer expectations. The other advantage is that this strategy results in a greater return on marketing investment coupled with reduced marketing costs, lesser cost of communication reaching out to a larger targeted audience and a higher response rate.

Campaigning in insurance is also growing by leaps and bounds from single channel mass campaign to multi-channel targeted campaigns. Technologies have evolved to such an extent that the management can keep a tab on the real-time status of a campaign, complete with client history to enable competition has turned the insurance industry into a buyer's paradise. "The pension market has been developing in a big way that would benefit the large section of the people in the organized and unorganized sector.

The annuity market has started growing. Customers are offered unbundled products with a variety of benefits as riders from which they can choose. This choice has empowered the customers and this is a positive signal. However in their anxiety to reach out to more customers and grab a bigger piece of the cake, insurance company branches appear to be mushrooming all over the cities. More branches entail deployment of more staff. Recruitment and deployment of personnel without adequate inputs relating to the industry, the products and related issues can have a detrimental effect on CRM. A 'top-down' CRM focused approach that starts with the top management, percolates and permeates all levels of the organization, is the need of the hour. Success of such a strategy will be possible only when an exclusive CRM team ensures dissemination of the CRM philosophy, conducts a regular CRM audit and offers suggestions and ideas while filing the 'CRM performance report' with the top management.

STATEMENT OF THE PROBLEM

One of the reasons for CRM project failure in the private sector is the lack of focus at what needs to be achieved from CRM, at a macro, programmed level, and at a more micro functional or activity level (*Insurance & Technology, 2003*). Like private sector organizations, most public sector ones cannot choose the people they serve. Public sector organizations are often poorly coordinated across departments and geographies, internally and with each other (*Porter, 2001*). There is also a resource problem. The public sector has rarely developed resources to design, build and optimize CRM. Public sector organizations are starting to understand that CRM philosophy involves not just technology but also changes to the proposition, the service is delivered, integration of access and delivery channels, improved data, different measurement systems and a new way of managing people (*Johri, 2000*). Public insurance companies have embraced the fundamental principles of CRM organization performance and networks in place. The majorities of public and private insurance companies are focusing largely on the technological aspects of CRM and is struggling to reap the expected benefits (*Crook et al., 2003*). While insurance companies have visions for the service models they would like to adopt, they lack the management and operational skills and experience to be able to do so alone. Many insurance firms now recognize the value of marketing to drive take-up of channels and services. However, the majority of current marketing efforts are neither targeted nor value driven and as a result, have little impact (*Insurance & Technology, 2002*). While insurance firms understand the need to communicate to customers, their lack of using customer data to create effective segmentation means they are unable to target the right message to various customer groups (*Smith et al., 2000*). The present study undertakes to analyze these problems and provide suitable suggestions.

OBJECTIVES OF THE STUDY

Following are the research objectives of the study.

- ✓ To assess customers perception on the practices of customer relationship management in Insurance companies in Tamilnadu.
- ✓ To study on employees awareness of CRM implementation in Insurance companies in Tamilnadu
- ✓ To identify practical difficulties challenges involved in implementing the CRM in insurance sector in Tamilnadu.
- ✓ To analysis the overall employee's performance of the CRM in insurance sector in Tamilnadu.
- ✓ To give suitable suggestions for effective functioning of the CRM in public and private Insurance companies in Tamilnadu.

REVIEW OF LITERATURE

Anand Deo Rai (2011) in his article on "CRM in Insurance Industry" has observed that insurance industry is in a complex and competitive environment tinged with little stability. This is due to the fact that the big fish in the insurance industry dominates the sector, which had become increasingly difficult for this sector to gain profits while curtailing costs. Customers tend to lose out as they were not buying from the right provider. In addition to this, the internet had increased the pressure for insurance companies in

capturing the market. All this had succeeded in making the insurance world more complicated. CRM helps insurance companies to ensure that the customer is understood better.

The concept of customer relationship management (CRM) was derived from the term 'contact management in the 1980s and it essentially relates to collecting all the information when customers come in contact with companies *Knox et al., (2003)*. It may be described as a process companies utilize to understand and react to customers' evolving desires, utilizing detailed customer behavior and transaction information, to drive customer acquisition, loyalty, satisfaction and profitability. It has been defined as an enterprise approach to developing full knowledge about customer behavior and preferences and to developing programs and strategies that encourage customers to continually enhance their business relationship with the company, *Parvatiyar and Sheth, (2002)*. Worldwide, especially developed countries are characterized by a stable insurance market with low growth potential and a high degree of competitiveness, the focus in these areas being on creating and managing a portfolio of profitable customers and maintaining it. *Biswamohan and Bidhubhusan, (2012)*. The adopted strategies take into account improving after-sales services (particularly in the field of damage management and complaint resolution) and to develop attractive and complex product packages that closely match the customer requirements. In this regard an important role belongs to the implementation of the customer relationship management concept in the insurance industry.

RELATED REVIEWS ON EMPLOYEES AWARENESS OF CRM IMPLEMENTATION

Ferrel and Hartline (2005) considered that employees are the essential part to an effective CRM implementation. In addition, according to *Wilson, Daniel and McDonald (2002)* Employees especially the top management must give full support towards CRM implementation because the commitment among the top management is a key factor of CRM implementation. Successfulness of CRM implementation also relies on the involvement of the employees at early stage rather than just enforce it on them. This is supported by *Teng, Jeong and Grover (1998)*, as they described successful of 105 BPR implementations actually depends on human rather than simple technology application. On top of that, since CRM implementation is a critical area in organizational issues, employees are the essential component of the delivery of CRM activities (*Boulding, Staelin, Ehret and Jihnston, 2005*). Hence, it is obvious that Employees or the internal customers are the key success of CRM implementation and the management should certify their internal customers' awareness towards the implementation.

The main expectation of CRM is possible to collect, integrate, and analyze large volume of data (*Caufield, 2001*). Large volume of data can be handled by using data warehouse which seem to be more convenient and can ensure to maintain the success of CRM. This should be educated to the employees to the functionality and effectiveness of CRM system (*Sandoe, Corbitt and Boykin, 2001*).

REVIEWS ON EMPLOYEES PERFORMANCE

Goodhue et al (2002) identified the following as CRM success factors: Top management support, vision, willingness to share data, and willingness to change process. Similarly, *Alt and Puschmann (2004)* highlighted a number of success factors that have a strategic and wide scope such as evolution path, timeframe, organizational redesign, system architecture, change management, and top management support. On the other hand, a number of studies concentrated on more specified or more technical factors. An example of this approach is the work of *Roh et al (2005)* in which the researcher identified the following factors as requirements for CRM success: process fit, customer information quality, system support, efficiency, customer satisfaction, and profitability. A successful CRM approach enables customer service organizations to create the knowledge they need to implement the right retention strategies and minimize defection of valuable customers. The insight and knowledge gained in the CRM process is directed at developing predictive models, timely and effectively tailored communications as well as exceptional value delivery by means of a superior product and service offerings. Information Technology (IT) employs innovative methods to facilitate business process re-design so that work practices are changed with the aim

of linking the company and its employees with its customers, suppliers and internal stakeholders (*Hammer and Champy, 1993*).

Eckerson and Watson, (2000) are of the view that using technology to optimize interaction □ allows a company a 360° view of customers and so provides the opportunity to learn from past interactions with its customers in order to optimize

RESEARCH METHODOLOGY

The purpose of this chapter is to explain the methods used in this study. Items include the research design, pilot study, dimension of the study, hypothesis of the study, population and sample, instrumentation, reliability and validity of the instrumentation, data-gathering procedures, and the methods of statistical analysis.

PILOT STUDY

A pilot study was conducted among the employees of various insurance companies in random within Tamilnadu in order to get the feedback on the questionnaire. Based on the feedback of the questionnaires, certain modification, addition and deletions were carried out. The final drafts of the questionnaire were prepared to collect the data from the employees of the insurance companies. This is preliminary investigation conducted by researchers to find out the scope and possibility for conducting a research on a particular topic.

SOURCES OF DATA USED

Both types of data i.e., secondary and primary data have been used in the present study. The secondary data was collected at first form the text books, web sites, journals and other secondary sources. Since the present study is based on primary data, two different Questionnaires were prepared to collect the data from the employees of the insurance companies considered for the study.

POPULATION AND SAMPLING PROCEDURE

Population of the study consists of two groups such as employees of the insurance companies. Tamil Nadu is the geographical area of the present study. The sample respondents for the study were the employees of the six insurance companies in the selected districts. The first group consists of the sample distribution of the customers including all types of policy holders.

Sample distribution of the employees for the study

Selected districts for the study	Selected six insurance companies	No. of Employees as respondents
Trichy	LIC	10
	SBI Life Insurance Company Limited	01
	HDFC Standard Life Insurance Company Ltd	04
	Tata AIG Life Insurance Co Ltd	06
	Reliance Life Insurance Company	15
	Birla Sun Life Insurance Company Ltd	23

Thanjavur	LIC	22
	SBI Life Insurance Company Limited	01
	HDFC Standard Life Insurance Company Ltd	05
	Tata AIG Life Insurance Co Ltd	03
	Reliance Life Insurance Company	20
	Birla Sun Life Insurance Company Ltd	18
Pudukkottai	LIC	15
	SBI Life Insurance Company Limited	0
	HDFC Standard Life Insurance Company Ltd	7
	Tata AIG Life Insurance Co Ltd	05
	Reliance Life Insurance Company	21
	Birla Sun Life Insurance Company Ltd	15
Thiruvarur	LIC	13
	SBI Life Insurance Company Limited	00
	HDFC Standard Life Insurance Company Ltd	03
	Tata AIG Life Insurance Co Ltd	08
	Reliance Life Insurance Company	17
	Birla Sun Life Insurance Company Ltd	14
Nagapattinam	LIC	12
	SBI Life Insurance Company Limited	00
	HDFC Standard Life Insurance Company Ltd	06
	Tata AIG Life Insurance Co Ltd	07
	Reliance Life Insurance Company	13
	Birla Sun Life Insurance Company Ltd	16
Total samples		300

Source: Researcher's own calculations

RELIABILITY AND VALIDITY OF DATA

As the Cronbach's alpha of two parameters (Employees awareness of CRM practices, Attitude of the employees, CRM challenges faced by employees and Employees performance) reveal .600 and more than .600 as alpha. So, it is confirmed that the data are highly reliable and valid for analysis. The following table

shows that, the Cronbach’s alpha value for every dimension of customer relationship management in insurance sector in Tamilnadu.

Table – 1
Reliability and validity of data

Dimensions	Reliability	No. of Items
Employees awareness of CRM practices	0.867	13
Attitude of the employees	0.713	24
CRM challenges faced by employees	0.652	9
Employees performance	0.601	8

Source: Output generated from SPSS 20

ANALYSIS AND INTERPRETATION OF DATA

Data analysis is the most important chapter. It acts like a filter acquiring meaningful insights out of huge data. One of the most important uses of data analysis is that it helps in keeping human bias away from research conclusions with the help of proper statistical analysis. The present chapter attempts to execute analysis and interpretation of all major dimensions considered for the study such as included for analysis since the variables such as gender, education, monthly income and Organizational cadre they belong to, can be identified. Usually demographics or research participant characteristics serve as independent variables in the research design and therefore it can be associated with the dimensions like Employees awareness of CRM practices, Attitude of the employees, CRM challenges faced by employees and Employees performance. The analysis reveals the level of association with these dimensions taken for the study.

ANALYSIS FOR AWARENESS OF THE EMPLOYEE TOWARDS CRM PRACTICES IN INSURANCE SECTOR

Employee Awareness is considered as a metaphorical factor to undergo the research on Customer Perception on CRM practices in insurance companies as the employees are also in turn customers or the internal customers to understand the co customer’s needs and expectations. This they are able to deliver only if they are aware of CRM activities. This factor is analyzed with the help of thirteen sub factors, towards which the employees should have minimum knowledge of ‘CRM policy of the Insurance Companies, Customer Data Base of the Insurance Companies, Importance of the CRM, Customer meet, E-CRM practice, Benefits of CRM, CRM environment, CRM Promotes customers awareness, CRM attract new customers, CRM promotes service quality of the Insurance Companies, CRM enhances customers loyalty, CRM boosts customer’s confidence and Overall awareness of CRM in Insurance sectors’ are the factors taken for analysis.

MEAN AND STANDARD DEVIATION FOR AWARENESS OF THE EMPLOYEE TOWARDS CRM PRACTICES IN INSURANCE SECTOR

Table -
Awareness of the employee towards CRM practices in insurance sector

Awareness of the employee towards CRM practices in insurance sector	Mean	Std. Deviation
CRM policy of the Insurance Companies	3.66	1.209
Customer Data Base of the Insurance Companies	3.89	.975
Importance of the CRM	3.97	.988
Customer meet	3.82	.997
E-CRM practice	3.89	.906
Benefits of CRM	3.45	1.301

CRM environment	3.76	.906
CRM Promotes customers awareness	3.90	.826
CRM attract new customers	3.87	.887
CRM promotes service quality of the Insurance Companies	3.95	.916
CRM enhances customers loyalty	3.88	.901
CRM boosts customer’s confidence	3.67	.916
Overall Awareness	3.56	.830

Source: Output generated from SPSS 20

From the above table, the identified mean for all the eight attributes of CRM policy of the Insurance Companies, Customer Data Base of the Insurance Companies, Importance of the CRM, Customer meet, E-CRM practice, Benefits of CRM, CRM environment, CRM Promotes customers awareness, CRM attract new customers, CRM promotes service quality of the Insurance Companies, CRM enhances customers loyalty, CRM boosts customer’s confidence, Overall awareness falls on the scale as ‘somewhat aware’. The attributes, ‘CRM policy of the Insurance Companies and Benefits of CRM’ are those which falls on the scale as agree. The standard deviation of the respective attributes shows that only two factors deviates more out of the scale. However, the standard deviation alone is not particularly useful without a context within which one can determine a meaningful result. The above result explores the fact that the employee’s awareness towards CRM practices is present and some of the attributes of CRM practices are well known to the employees.

CONCEPTUAL MODEL FIT FOR CUSTOMER RELATIONSHIP MANAGEMENT IN INSURANCE SECTOR BY USING STRUCTURAL EQUATION MODEL

Structural equation modeling, or SEM, is a very general, chiefly linear, chiefly cross-sectional statistical modeling technique. Factor analysis, path analysis and regression all represent special cases of SEM. SEM is a largely confirmatory, rather than exploratory, technique. That is, a researcher are more likely to use SEM to determine whether a certain model is valid., rather than using SEM to "find" a suitable model--although SEM analyses often involve a certain exploratory element. In SEM, interest usually focuses on latent constructs - abstract psychological variables like "intelligence" or "attitude toward the brand"--rather than on the manifest variables used to measure these constructs. Measurement is recognized as difficult and error-prone. By explicitly modeling measurement error, SEM users seek to derive unbiased estimates for the relations between latent constructs. To this end, SEM allows multiple measures to be associated with a single latent construct. A structural equation model implies a structure of the covariance matrix of the measures (hence an alternative name for this field, "analysis of covariance structures"). Once the model's parameters have been estimated, the resulting model-implied covariance matrix can then be compared to an empirical or data-based covariance matrix. If the two matrices are consistent with one another, then the structural equation model can be considered a plausible explanation for relations between the measures.

The variables used in the structural equation model are

Observed, endogenous variables

1. Overall satisfaction of the customers
2. Overall performance of the employees
3. Loyalty of the customers

Observed, exogenous variables

1. Awareness of the employees
2. Challenges of the employees
3. Attitudes of the employees

4. Awareness of the customers
5. Perception of the customers
6. Behaviour of the customers

Unobserved, exogenous variables

1. Error 1 for Overall satisfaction of the customers
2. Error 2 for Overall performance of the employees
3. Error 3 for Loyalty of the customers

Table – 4.211
Summary of the variables used for the analysis

Number of variables in your model	12
Number of observed variables	9
Number of unobserved variables	3
Number of exogenous variables	9
Number of endogenous variables	3

Source: Output generated from Amos 20.

Figure – 4.35
Unstandardized estimated for Structural Equation Model of customer relationship management in insurance sector

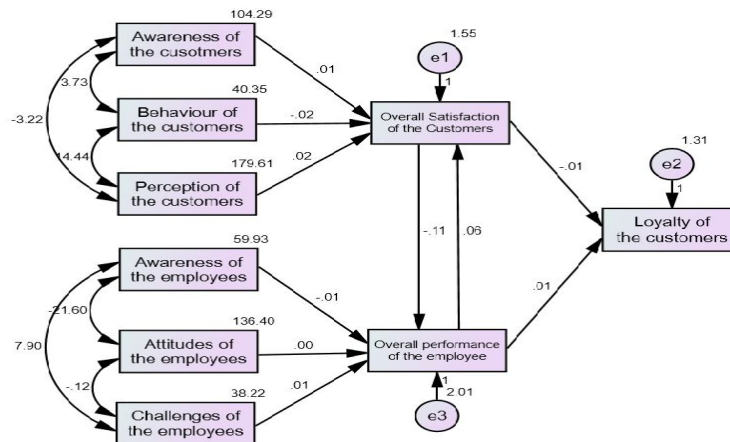


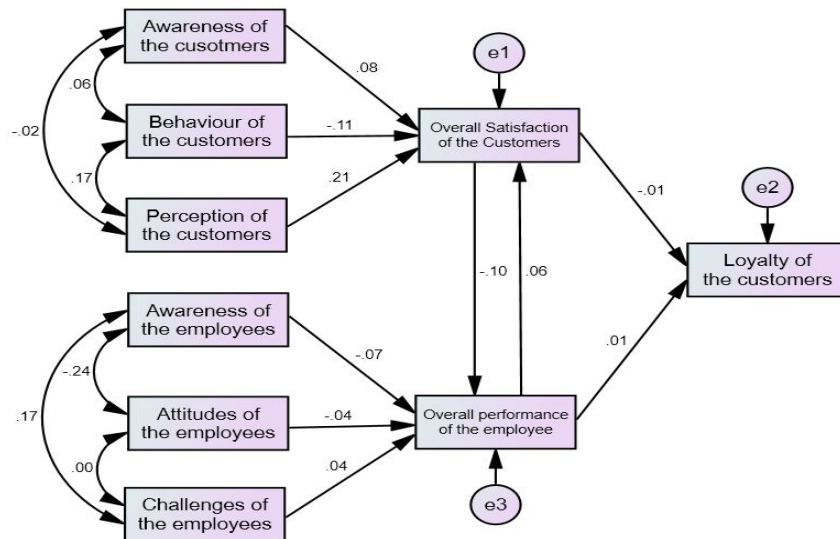
Table –
Regression weights for Structural Equation Model

Regression weights	Unstandardized coefficient Estimate	S.E.	standardized coefficient	C.R.	P
Overall satisfaction of the customers <--- Awareness of the customers	.010	.007	.077	1.365	.172
Overall satisfaction of the customers <--- Behaviour of the customers	-.023	.012	-.113	-1.963	.050
Overall satisfaction of the customers <--- Perception of	.020	.005	.214	3.714	***

Regression weights	Unstandardized coefficient Estimate	S.E.	standardized coefficient	C.R.	P
the customers					
Overall performance of the employees <--- Awareness of the employees	-.013	.011	-.069	-1.136	.256
Overall performance of the employees <---- Attitudes of the employees	-.005	.007	-.041	-.682	.495
Overall performance of the employees <---- Challenges of the employees	.009	.013	.038	.640	.522
Loyalty of the customers <-- -- Overall satisfaction of the customers	-.006	.052	-.007	-.122	.903
Loyalty of the customers <-- -- Overall performance of the employees	.005	.047	.006	.107	.915
Overall performance of the employees <---- overall satisfaction of the customers	-.109	.265	-.098	-.410	.682
Overall satisfaction of the customers <---- overall performance of the employees	.057	.209	.063	.272	.785

Source: Output generated from SPSS 20

Figure – 4.36
Standardized estimated for Structural Equation Model of customer relationship management in insurance sector



When awareness of the customers goes up by 1, **overall satisfaction of the customers** goes up by 0.01. When awareness of the customers goes up by 1 standard deviation, **overall satisfaction of the customers** goes up by 0.077 standard deviations. The probability of getting a critical ratio as large as 1.365 in absolute value is .172. In other words, the regression weight for awareness of the customers in the prediction of **overall satisfaction of the customers** is not significantly different from zero at the 0.05 level (two-tailed). The regression weight estimate, .010, has a standard error of about .007. *Here the coefficient of awareness of the customers is 0.01 represents the partial effect of awareness of the customers on overall satisfaction of the customers, holding the other variables as constant. The estimated positive sign implies that such effect is positive that overall satisfaction of the customers would increase by 0.01 for every unit increase in awareness of the customers and this coefficient value is significant at 5% level.*

When **Behaviour** of the customers goes up by 1, **overall satisfaction of the customers** goes down by 0.023. When **Behaviour** of the customers goes up by 1 standard deviation, **overall satisfaction of the customers** goes down by 0.113 standard deviations. The probability of getting a critical ratio as large as 1.963 in absolute value is .050. In other words, the regression weight for **Behaviour** of the customers in the prediction of **overall satisfaction of the customers** is significantly different from zero at the 0.05 level (two-tailed). The regression weight estimate, -.023, has a standard error of about .012. *Here the coefficient of behaviour of the customers is 0.023 represents the partial effect of behaviour of the customers on overall satisfaction of the customers, holding the other variables as constant. The estimated negative sign implies that such effect is negative that overall satisfaction of the customers would decrease by 0.023 for every unit increase in behaviour of the customers and this coefficient value is significant at 5% level.*

When **perception** of the customers goes up by 1, **overall satisfaction of the customers** goes up by 0.02. When **perception** of the customers goes up by 1 standard deviation, **overall satisfaction of the customers** goes up by 0.214 standard deviations. The probability of getting a critical ratio as large as 3.714 in absolute value is less than 0.001. In other words, the regression weight for **perception** of the customers in the prediction of **overall satisfaction of the customers** is significantly different from zero at the 0.001 level (two-tailed). The regression weight estimate, .020, has a standard error of about .005. *Here the coefficient of perception of the customers is 0.02 represents the partial effect of perception of the customers on overall satisfaction of the customers, holding the other variables as constant. The estimated positive sign implies that such effect is positive that overall satisfaction of the customers would increase by 0.02 for every unit increase in behaviour of the customers and this coefficient value is significant at 1% level.*

When **awareness of the employees** goes up by 1, **overall performance of the employees** goes down by 0.013. When **awareness of the employees** goes up by 1 standard deviation, **overall performance of the employees** goes down by 0.069 standard deviations. The probability of getting a critical ratio as large as 1.136 in absolute value is .256. In other words, the regression weight for **awareness of the employees** in the prediction of **overall performance of the employees** is not significantly different from zero at the 0.05 level (two-tailed). The regression weight estimate, -.013, has a standard error of about .011. *Here the coefficient of awareness of the employees is 0.013 represents the partial effect of awareness of the employees on overall performance of the employees, holding the other variables as constant. The estimated negative sign implies that such effect is negative that overall performance of the employees would decrease by 0.013 for every unit increase in awareness of the employees and this coefficient value is significant at 5% level.*

When **attitudes of the employee** goes up by 1, **overall performance of the employees** goes down by 0.005. When **attitudes of the employee** goes up by 1 standard deviation, **overall performance of the employees** goes down by 0.041 standard deviations. The probability of getting a critical ratio as large as 0.682 in absolute value is .495. In other words, the regression weight for **attitude of the employee** in the prediction of **overall performance of the employees** is not significantly different from zero at the 0.05 level (two-tailed). The regression weight estimate, -.005, has a standard error of about .007. *Here the coefficient of attitudes of the employees is 0.005 represents the partial effect of attitudes of the employees on overall performance of the employees, holding the other variables as constant. The estimated negative sign implies*

that such effect is negative that overall performance of the employees would decrease by 0.005 for every unit increase in attitudes of the employees and this coefficient value is significant at 5% level.

When **challenges of the employees** goes up by 1, **overall performance of the employees** goes up by 0.009. When **challenges of the employees** goes up by 1 standard deviation, **overall performance of the employees** goes up by 0.038 standard deviations. The probability of getting a critical ratio as large as 0.64 in absolute value is .522. In other words, the regression weight for **challenges of the employees** in the prediction of **overall performance of the employees** is not significantly different from zero at the 0.05 level (two-tailed). The regression weight estimate, .009, has a standard error of about .013. *Here the coefficient of challenges of the employees is 0.009 represents the partial effect of challenges of the employees on overall performance of the employees, holding the other variables as constant. The estimated positive sign implies that such effect is positive that overall performance of the employees would increase by 0.009 for every unit increase in awareness of the employees and this coefficient value is significant at 5% level.*

When **overall satisfaction of the customers** goes up by 1, **loyalty of the customers** goes down by 0.006. When **overall satisfaction of the customers** goes up by 1 standard deviation, **loyalty of the customers** goes down by 0.007 standard deviations. The probability of getting a critical ratio as large as 0.122 in absolute value is .903. In other words, the regression weight for **overall satisfaction of the customers** in the prediction of **loyalty of the customers** is not significantly different from zero at the 0.05 level (two-tailed). The regression weight estimate, -.006, has a standard error of about .052. *Here the coefficient of overall satisfaction of the customers is 0.006 represents the partial effect of overall satisfaction of the customers on loyalty of the customers, holding the other variables as constant. The estimated negative sign implies that such effect is negative that loyalty of the customers would decrease by 0.006 for every unit increase in overall satisfaction of the customers and this coefficient value is significant at 5% level.*

When **overall performance of the employees** goes up by 1, **loyalty of the customers** goes up by 0.005. When **overall performance of the employees** goes up by 1 standard deviation, **loyalty of the customers** goes up by 0.006 standard deviations. The probability of getting a critical ratio as large as 0.107 in absolute value is .915. In other words, the regression weight for **overall performance of the employees** in the prediction of **loyalty of the customers** is not significantly different from zero at the 0.05 level (two-tailed). The regression weight estimate, .005, has a standard error of about .047. *Here the coefficient of overall performance of the employees is 0.005 represents the partial effect of overall performance of the employees on loyalty of the customers, holding the other variables as constant. The estimated positive sign implies that such effect is positive that loyalty of the customers would increase by 0.005 for every unit increase in overall performance of the employees and this coefficient value is significant at 5% level.*

When **overall satisfaction of the customers** goes up by 1, **overall performance of the employees** goes down by 0.109. When **overall satisfaction of the customers** goes up by 1 standard deviation, **overall performance of the employees** goes down by 0.098 standard deviations. The probability of getting a critical ratio as large as 0.41 in absolute value is .682. In other words, the regression weight for **overall satisfaction of the customers** in the prediction of **overall performance of the employees** is not significantly different from zero at the 0.05 level (two-tailed). The regression weight estimate, -.109, has a standard error of about .265. *Here the coefficient of overall satisfaction of the customers is 0.109 represents the partial effect of overall satisfaction of the customers on overall performance of the employees, holding the other variables as constant. The estimated negative sign implies that such effect is negative that overall performance of the employees would decrease by 0.109 for every unit increase in overall satisfaction of the customers and this coefficient value is significant at 5% level.*

When **overall performance of the employees** goes up by 1, **overall satisfaction of the customers** goes up by 0.057. When **overall performance of the employees** goes up by 1 standard deviation, **overall satisfaction of the customers** goes up by 0.063 standard deviations. The probability of getting a critical ratio as large as 0.272 in absolute value is .785. In other words, the regression weight for **overall performance of the employees** in the prediction of **overall satisfaction of the customers** is not significantly different from zero at the 0.05 level (two-tailed). The regression weight estimate, .057, has a standard error of about

.209. Here the coefficient of overall performance of the employees is 0.057 represents the partial effect of overall performance of the employees on satisfaction of the customers, holding the other variables as constant. The estimated positive sign implies that such effect is positive that overall satisfaction of the customers would increase by 0.057 for every unit increase in overall performance of the employees and this coefficient value is significant at 5% level.

**Table –
Model Fit Summary for customer relationship management in insurance sector**

Indices	Value	Suggested Value
Chi-square value	38.808	
P value	0.007	>0.05 (Hair et al., 1998)
CMIN/DF	1.940	< 5 (Marsh&Hocevar,1985)
GFI	0.973	>0.90 (Hu and Bentler, 1999)
AGFI	0.939	>0.90 (Hair et al. 2006)
CFI	0.922	>0.90 (Daire et al., 2008)
RMR	2.450	<0.08 (Hair et al. 2006)
RMSEA	0.056	<0.08 (Hair et al. 2006)

Source: Output generated from Amos 20

Based on the result generated by SPSS 20, it is found that the calculated P value is 0.007 which is less than 0.05 which indicates the model is not fit. But in the case failure in P-value, the CMIN/DF value is less than 5 which indicate the model is fit. Here GFI (Goodness of Fit Index) value and AGFI (Adjusted Goodness of Fit Index) value is greater than 0.9 which represent it is a good fit. The calculated CFI (Comparative Fit Index) value is 0.922 which means that it is a perfectly fit and also it is found that RMR (Root Mean Square Residuals) value is less than 0.08 which indicates the model is fit. And also RMSEA (Root Mean Square Error of Approximation) value is less than 0.08 (0.056) which indicates the model is perfectly fit.

FINDINGS, SUGGESTIONS AND CONCLUSION

FINDINGS

- All the eight attributes of CRM policy of the Insurance Companies, Customer Data Base of the Insurance Companies, Importance of the CRM, Customer meet, E-CRM practice, Benefits of CRM, CRM environment, CRM Promotes customers awareness, CRM attract new customers, CRM promotes service quality of the Insurance Companies, CRM enhances customers loyalty, CRM boosts customer’s confidence, Overall awareness falls on the scale as ‘somewhat aware’. The attributes, ‘CRM policy of the Insurance Companies and Benefits of CRM’ are those which falls on the scale as agree. The standard deviation of the respective attributes shows that only two factors deviates more out of the scale. However, the standard deviation alone is not particularly useful without a context within which one can determine a meaningful result. The above result explores the fact that the employee’s awareness towards CRM practices is present and some of the attributes of CRM practices are well known to the employees.
- The research takes both the service provider and the demand side of Insurance sector, where the employees on the supply side render Insurance services adopting CRM practices and the customers on the demand side experience the service provided. The research takes demographic profile of the insurance customers, Customers behavior, Awareness towards CRM, and Customer perception towards CRM as the major independent variables taken for analysis as the major variables for customer side analysis. Whereas on the employees side, Employees awareness towards CRM, Employees Attitude, and Challenges faced in practicing CRM are taken as the independent variables. Here, these variables are the independent variables on one hand and the satisfaction of the customers, loyalty of the customers and performance of the employees are the dependent variable on the other. It is studied how and to what extent the independent

variables make changes in the dependent variable. The proposed conceptual research model confirms that the major variables (demographic profile of the insurance customers, Customers behavior, Awareness towards CRM, and Customer perception towards CRM, Employees awareness towards CRM, Employees Attitude, and Challenges faced in practicing CRM) make impact on the satisfaction of the insurance customers, loyalty of the customers and performance of the employees by using structural Equation Model and other SPSS tools. The role of the variables is at large extent so that the satisfaction of the insurance customers, loyalty of the customers and performance of the employees depends on them. But, it is very important that no single variable influences the overall satisfaction. When two more variables combine together, then the satisfaction of the insurance customers and performance of the employees increases or decreases.

SUGGESTIONS

This study contributes significant knowledge over CRM in the insurance sector and its practices. In that way it attempts to educate insurance companies' managers of need to continually evaluate their firm's relationship management to customers and the need to integrate customer satisfaction and retaining them. It also signals the regulatory authorities of the need to continually review the customer database of insurance companies. In this fierce competitive environment in the industry CRM is the best strategy that is required for facing this competition by private players. The general discussions reflect that insurance sector has not yet properly focused towards CRM. The study shows that the service rendering companies are far from developing a customer-centric approach. It is identified from the study that the customers are having highly favorable perception towards CRM in the insurance sector. It is recommended that the insurance companies should operate with regular CRM practices to sustain customer with satisfaction and loyalty. Since the place of this research is mostly covered by semi urban and rural area, the companies have to motivate the same in these areas too. After a careful examination of the major findings of the study, the following were observed;

- Customer Relationship Management is acting a very vital role in life insurance sector as it is beneficial for both the sides of the concern, the Organization which implement it & the Customers of that particular company. The cohesiveness between the employees and the customers should be ensured by insisting the employees to endorse their regular premium paying customers.
- Management should focus on maintenance of relationship with existing customers & try to getting more business from them as well as generating new clients for the industry by giving better services. It is essential for the insurance company in today's scenario where the competition is increasing day by day, and CRM implementation helps the organization to face the new challenges.
- The Insurance companies should impose CRM to the employees where it helps in upgrading & growing market were all the people are aware of the need/importance of insurance but taking it from the company were it get better/best services & policy's which fulfills their need & wants as per their thoughts. CRM is required for fulfilling these things & if CRM programs are being successful then it may turn the organization as the horse for long race & generate a profitable business.
- Well reinforced foundation is necessary by way of legislation, policy framing at different levels of popularization in the development of insurance sector and replacement or reduction in the usage of traditional practices. It is observed that the customers approach is traditional right now. It will be an uphill task, motivating the customers due to lack of knowledge and internal resistance, lack of skilled professionals and educational background. If the top management of the insurance service institutions trains their professionals in terms of creating awareness, providing information about benefits related to CRM practices, then it will help the insurance sector to uphold its customers in the long run.
- Disclosures and Implementation of new policy options and standards are the major problems of in insurance Sector. It is recommended that insurance companies should understand the problems and try

to overcome from these problems by effective formulation of CRM, so that they can serve the customers full-fledged.

- The aftermath of taking insurance and sum assurance with full policy regulation and norms should be explained and cleared to the customer, which can be accomplished with installation of CRM in the organization.

CONCLUSION

The results of the study were based up on the discussion of data obtained from close ended questionnaire distributed to customers and the employees of the selected insurance companies for the study. The study emphasizes on the existence of the relationship between the employees of the organization and their customers measured by customer relationship management practices and the enhancement in the employee's performance. In Insurance service sector secure, trustworthy and quality insurance services are the basis of a sound CRM function. From the results obtained, customers who are policy holders of the selected insurance companies feel safe and secure with the company products and policies as well as their services. However, it is difficult to arrive at such conclusion and generalize that the selected companies are doing their service transactions well, since there were some respondents who disagreed and remained neutral. The aim of this study was fulfilled so as to identify the perceptive factors of the customers towards CRM practices in insurance sector to establish, maintain, and enhance relationships with customers to achieve the fundamental issue to maximize the business. It is common that as satisfaction declines, customers are unwilling to conduct business transaction. Particular to the insurance sector, customer satisfaction guides to construct long-term relationship with their customers leading to Customer retention and loyalty. The research recommends implementing new approaches to improve CRM practices and thereby accelerating customer satisfaction.

REFERENCE

- ✓ Adrian Payne and Pennie Frow, "A Strategic Framework for Customer Relationship Management", *Journal of Marketing*, Vol.69, October 2005, pp.167–176.
- ✓ Anand Deo Rai, "CRM in Insurance Industry". *Indian Journal of Research*, Vol. 5, 2011, pp.4-9.
- ✓ Anderson, I., Gaile-Sarkane, E. (2008). *Influence of factors on consumer behavior, in the 5th International Scientific Conference "Business and Management" 2008*. Vilnius, Lithuania, May 16 17. Vilnius, Technika, 246–252.
- ✓ Arora A (2003). *E-Insurance Analysis of the impact and implications of e-commerce on the insurance industry*. Dissertation submitted for the award of M.sc in Actuarial Management Cass Business School Faculty of Actuarial Science & Statistics.
- ✓ Caulfield, B. (2001), "Facing up to CRM". Retrieved from www.business2.com/articles/mag/print/0,1643,16663,00.html (accessed on 22 June 2011).
- ✓ Christopher M, Payne A, Ballantyne D (1991). *Relationship management*, Butterworth-Heinemann. Oxford.
- ✓ Eckerson, W. and Watson, H. (2000), *Harnessing Customer Information for Strategic Advantage: Technical Challenges and Business Solutions*, special report, The Data Warehousing Institute, Chatsworth, CA.
- ✓ Goodhue, D.L., B.H. Wixom, and H.J. Watson. (2002). *Realizing business benefits through CRM: Hitting the right target in the right way*. *MIS Quarterly Executive*, Vol. 1(2), pp. 79-94.
- ✓ Hammer, M and Champy, J. (1993), *Reengineering the Corporation*, Harper Business, New York, NY <http://epubl.ltu.se/1653-01872009/039/LTU-PB-EX-09039-SE.pdf>
- ✓ Roh, T., Ahn, C., and Han, I. (2005). *The priority factor model for customer relationship management system success*. *Expert Systems with Applications*, Vol. 28, pp. 641-654.
- ✓ Rust, R.T. and A.J.Zahorik, 'Customer Satisfaction, Customer Retention and Market Share', *Journal of Retailing*, Vol.69, 1993.

- ✓ S. Durvasula, S. Lysonski, S.C Mehta and B.P Tang, "Relationship Quality Vs. Service Quality: An investigation of their Impact on Value, Satisfaction and Behavioural Intentions in the Life Insurance Industry", *Asian Journal of Marketing*, Vol.11, No.1, 2005, pp.92-103.
- ✓ Sandoe, K., Corbitt, G., and Boykin, R., (2001). *Enterprise Integration*, John Wiley & Sons, Inc.
- ✓ Teng, J.T.C., Jeong, S.R., and Grover, V., (1998). Profiling successful reengineering projects. *Communications of the ACM*, Vol. 41 No. 6, pp. 96-102.
- ✓ Wilson, H., Daniel, E., and McDonald, M., (2002). Factors for Success in Customer Relationship Management (CRM) system. *Journal of Marketing Management*, Vol. 18, Nos. 1 -2, pp. 193 –219.
- ✓ Woodcock. N., M. Starkey, and M. Stone. 2000. 'The Customer Management Scorecard; The State of the Nation', *Business Intelligence*.



Dr. V. Ramesh Kumar

Asst. Professor of Management, Adaikalamatha College, Vallam, Thanjavur, Tamilnadu, India.