CHAPER – IV

RESEARCH METHODOLOGY
CHAPTER – IV
RESEARCH METHODOLOGY

4.1 Introduction
4.2 Objectives of the study
4.3 Statement of the problem
4.4 Hypotheses
4.5 Research Methodology
4.6 Sampling and Techniques used for data collection
4.7 Data Collection
4.8 Tables & Graphs
4.9 Limitations of the study
4.10 Conclusion
4.1 INTRODUCTION:

Research is a systematic way to collect information and get knowledge out of it with a methodology so that the derived knowledge can be use to make decisions\(^1\).

Research is a scientific process of investigation. The Advanced Learner's dictionary of Current English lays down the meaning of research as "A careful investigation or inquiry especially through search for new facts in any branch of knowledge\(^2\)."

Research is a developmental task undertaken systematically to increase the stock of existing knowledge, including knowledge of humanity, culture and society, and use of this stock of knowledge to devise new applications\(^3\).

It is used to establish or reaffirm facts, the results of previous work, solve new or existing problems, support theorems, or develop new theories. A research project may also be an expansion on past work in the field. To set the validity of instruments, procedures, or experiments, research may replicate elements of prior projects or the project as a whole. The primary purpose of basic research are documentation, discover, interpretation or the research and development of methods and systems for advancement of human knowledge.


Present study is based on marketing strategies of select Life Insurance Companies with special to Life Insurance Corporation of India. Since it is a market related subject, so in order to collect on hand fresh stock of views of employees, customers, and other related informative sources of these Life Insurance Companies, it was necessary to carry out exploratory research.

The objective of exploratory research is to gather preliminary information because a problem has not been clearly defined. Exploratory research helps determine the best research design, data collection method and selection of subjects. Given it's fundamental nature, exploratory research often concludes that a perceived problem does not actually exist.
Exploratory research relies on secondary research such as reviewing available literature or the data available, or qualitative approaches such as informal discussions with consumers, employees, management of the organization, competitors, and more formal approaches through in-depth interviews, focus groups, projective methods, case studies or pilot studies. The results of exploratory research provide significant insight into a given situation. Although the results of qualitative research can give some indication as to the “Why”, How”, and “When” something occurs, it can not tell us “How often” or “How many”.

Life Insurance Corporation of India (LIC) was enjoying monopoly Life Insurance Business right form the birth of insurance. There were many other small insurance organizations but were no where near to the size of life insurance business earned by LIC. In the year 200 Government of India opened insurance sector for foreign direct investment and in response to this action now twenty four private foreign life insurance companies are operating life insurance business in India.

With the arrival of these private Life Insurance Companies, new minds, ideas, strategies, skills, experiences, techniques, methods, procedures, Functioning styles, principles, assets, manpower, human resources, knowledge, information, technology, all such factors also came to India from foreign Life Insurance Companies and also from within India. The new marketing strategies, concepts, skills, policies, techniques applied by new minds and generation has been consistently proving positive results of growth of these private Life Insurance Companies, and ultimately LIC also started experiencing gradually losing its market share to competitors.

As now the real competition started in the year 2000, LIC is now aware of the severity of the completion, and started upgrading its policies, principles, marketing strategies, skills, market segmenting, and product positioning, customer relationship techniques, human resources, training and development, research and development. This is necessary for survival in the competition.

Studying the practices followed by all Life Insurance Companies, it was concluded by government of India to form a central controlling authority to regulate the business of insurance and control the functioning of Insurance Companies; by using a well designed
professional system have legal bindings and support. Considering this view, (Insurance Regulatory & Development Authority of India (IRDA) was formed.

Now all the Insurance Companies have to function as per the norms and regulations set by IRDA, which has brought some uniformity in functioning of these Life Insurance Companies. Now, some fair practice by Life Insurance Companies is experienced by customers of life insurance. It is obvious that every creature, human, organization is struggling for survival and growth. For achieving this task of survival and growth everybody has to remain active, innovative, creative, alert, and upgrade every moment. For this everybody keeps on thinking untiringly and implements thoughts, ideas, strategies, skills, experiments, knowledge, techniques etc.

Customer awareness, Customer perceptions, Customer expectations, Customer Behaviour, Customer knowledge, Customer experience, Customer Preferences, Expectations of Life Insurance Companies from customers and Government of India, Competition in the Life Insurance Sector, research and development in the sector, Government of India’s policy about the insurance sector and for customers of Life Insurance, and all such major points have been systematically considered to perform this research work. The data and information has been collected focusing these points while working in the field to collect the information and data.

4.2 OBJECTIVES OF THE STUDY:

The objectives set for this research study are based on the observations, situations and environment experienced by the researcher when he was working with one of the leading private Life Insurance Companies.

1. To understand current status of awareness about Insurance in India
2. To analyze market share of select Life Insurance Companies
3. To study different marketing strategies applied by select insurance companies
4. To analyze factors contributing to success of LIC of India
The research study is focused on marketing strategy of following select Life Insurance Companies operating in India

1) Max Newyork Life Insurance

2) HDFC Life

3) Life Insurance Corporation of India

4.3 STATEMENT OF THE PROBLEM:

Life Insurance sector is growing at the rate of 15 % per annum. Government of India has kept doors wide open for inviting Foreign Direct Investment in this sector in order to boost Indian Economy. Many Foreign Life Insurance Companies have been carefully studying the present Life Insurance business trend in India and are in a position to launch their respective branches for grabbing business from India. Huge unutilized potential is still available in India in Life Insurance sector.

The present Life Insurance Companies operating in India are struggling for business despite of having huge unutilized potential. This is basically due to unawareness among the people about importance of life insurance and of course, economic earning of the people as majority of Indian population is still below the poverty line.

The unhealthy employee turn-over is also responsible for customers losing their faith in Life Insurance Companies and concepts. Because, suddenly one fine morning the customers come to know that the person who has sold them life Insurance is now not working with that particular Life Insurance Company, the respective customer gets disappointed and the frequently changing administration staff does not provide punctual service to the customer.

Some of the Life Insurance Companies have been explaining that low returns for investment in Unit Linked Products are due to fluctuating Indian share market and recession faced by Indian Economy. Based on these observations, there is scope of for studying marketing strategies of Life Insurance Companies.
4.4 **HYPOTHESES:**

1. After entry of private life insurance companies in the sector, Life Insurance Corporation of India (LIC of India) has been consistently losing its market share.

2. Traditional products of Life Insurance Companies are safe compared to Unit-linked products and hence are preferred by customers.

3. People with poor economic and educational background are not much aware of importance of Life Insurance and Life Insurance Companies operating in India.

4. Life Insurance Corporation of India is mostly trusted and preferred by customers considering it as a Government owned Life Insurance Company and senior most Life Insurance Company.

4.5 **RESEARCH METHODOLOGY:**

The study is focused on studying marketing strategies of Select Life Insurance Companies, so, it is necessary to reach to grass root level of the sector and other important factors, persons involved in the sector and to skillfully extract the needful information.

Those persons who are actually involved in Life Insurance sector such as Sales Executives, Sales Agents, and Actual customers of three select Life Insurance companies namely 1) Life Insurance Corporation of India (LIC), 2) HDFC Life, 3) Max Life Insurance were personally contacted for collecting the information.

Detail questionnaire with open ended questions and with given multiple choice of answers was provided to sales executives and sales agents of Life Insurance companies. Questions in the questionnaire are very relevantly designed in order to extract information on Life Insurance Concept, its importance among the people and awareness among the people, understanding present competition and marketing strategies adopted by respective Life Insurance Companies.

There is specially designed different questionnaire with open ended and with multiple choices of answers for the customers of all the three the Life Insurance Companies selected for the study. In this questionnaire also the questions are triggered in order to extract the frank and true feelings and opinion of the customers towards Life Insurance and those Life Insurance companies selected for the study.
4.6 SAMPLING AND TECHNIQUES/TOOLS USED FOR COLLECTING THE INFORMATION:

1) Research is limited to Nanded City and above mentioned three Life Insurance Companies only.

2) Three (3) Sales Executives from each Life Insurance Company have been selected for collecting the information. This selection is based on their actual sales performance. The criteria for selection was

Class “A” – Excellent Performer

Class “B” – Average Performer

Class “C” – Poor Performer.

Total nine (9) Sales Executives have been selected for attending the questionnaire and extracting the information.

3) Twenty Seven (27) Life Insurance Agents have been selected [3 Agents of each Sales Executive of each Life Insurance Company]

The selection criterion for Life Insurance Agents is also same as it is for Sales Executives.

4) All 27 Life Insurance Agents were requested to randomly select any ten (10) of their customers, of their choice and then these customers were personally contacted by researcher for extracting the needful information. Total 270 customers were personally contacted for one to one discussion.

5) Customer selection was on following pattern

a) 50 Customers having life insurance policy of only LIC of India

b) 50 Customers having life insurance policy of only HDFC Life

c) 50 Customers having life insurance policy of only Max Life

d) 50 Customers having life insurance policy of LIC of India and also of either HDFC Life or Max Life

e) Total 200 final randomly selected such customers have been considered for final statistical calculation purpose.
4.7 DATA COLLECTION:

a) Primary Data:

Primary data is collected by directly contacting Sales Executives, Sales Agents, and Customers and through one to one interaction by making use of designed questionnaire.

b) Secondary Data:

Secondary data is collected from the actual records available at the respective Life Insurance Company branch offices and from other journals, magazines, books, literature and from Internet source.

4.8 TABLES AND GRAPHS:

Collected information is analyzed by using statistical tools and has been presented in the form of various tables on various subjects and also in the form of coloured graphs on various subjects. Chi square test has been conducted to test the null hypotheses for few select information mentioned in the tabulated form.

4.9 LIMITATIONS OF THE STUDY:

1. To study this topic at research level it needs direct interaction with many persons individually. So, the selection of right person is the first major point to be thought over for getting the desired results. Without knowing minimum details of the person, one can not come to the conclusion that which person is right for extracting the information. So it becomes a time taking process.

2. Generally people don’t share their views if they smell that the discussion won’t be offering any benefits to them and assuming that it is only a time killing activity for them.

3. Lack of general awareness about Life Insurance concept among the general people takes lot of time for them to understand first the subject and then to develop their interest for participation in discussion.

4. Even people already working in the sector do not show interest in sharing information for various reasons such as A). No personal benefit B) Lack of domain knowledge C) Short term benefit thinking attitude D) Inferiority complex E)
Assume that, mere such discussion won’t help them for generating any new business F) Busy schedule for other important works G) Language barrier, people involved for extracting information preferred regional Marathi language majoritily, and the terms involved in insurance concept are in English, so it was time taking and difficult for researcher to make people understand the purpose and collect the needful information

4.10 CONCLUSION:

Collecting required information and both the data primary and secondary, is a real tough task. In many of the cases even the select life insurance agents were also not found with required adequate knowledge and concepts that are routinely used in life insurance sector. Many of the life insurance agents and customers were found mostly unaware of regulations implemented by IRDA in the life insurance sector. Questionnaire provided with ready made answer choices has provided required direction and help for attendants to think and answer quickly and precisely.

REFERENCES: