CHAPTER – VI

RESEARCH METHODOLOGY
6. INTRODUCTION

This chapter explains the methodology adopted in the research study, in the context of various aspect of research. The topics covered under this chapter are Research Design and Methodology, Scope of the study, Statement of the Problem, Objectives of the study, Hypothesis of the study selection of sample, Sources of data, Variable used in the study and Analysis Technique.

6.1 RESEARCH DESIGN AND METHODOLOGY

Research design serves as a master plan of the methods and procedures that should be used to collect and analyze the data needed by the decision maker. The master plan can be manifested in one of three main forms of research design, including: exploratory research (which focuses on the collection of secondary or primary data and the use of informal procedures to interpret them), descriptive research (which uses more scientific methods and procedures to collect and interpret raw data) and causal research (which is designed to collect raw data and create data structures and information that will enable the modeling of cause-and-effect relationships between two or more market/decision-making variables).

The purpose of this study was to explore the problems & prospects existing in the life insurance market including public & private players and do the comparative analysis.

Due to its empirical nature, this study depends upon secondary data and a sample size of customer’s survey. However, for collecting the necessary information it was required to analyze the published information and information collected by survey that is why it was necessary to conduct both Secondary (theoretical) and Primary (empirical) research in order to
shed some light on the research problem presented in this study. Regarding the secondary research component, a thorough literature review has been conducted with references from text records, research publication, management journals and articles from newspapers, magazines and organizations associated with the Life Insurance Industry. With regards to the primary research component a survey conducted with the help of structured questionnaire. Field survey gained a lot of crucial perceptions from those who are customers of public & private life insurance companies or those who have not invested in life insurance due to some reasons or problems. The focus of our empirical study was at the micro-level. Data were collected from different places that include metros, middle class cities and some of the villages of various part of the country. The sample customers are representative of all the segments of the population Data were collected using a questionnaire including both structured and unstructured questions, and through in-depth interviews with people involved in investing and non investing activities. The respondents were generally servicemen, businessmen and non working community.

Interviews focused on the possible problems faced by the customers, constraints related to insurance operations and opportunities available in the market. Data collection was carried out in 2008-09. The data was analyzed using SPSS for Analysis of Variance, Correlation Analysis for testing the hypothesis. The results were presented from a total of 511 samples.

The literature review, industry exploration & trends, and consolidated marketing strategist views of the companies were used as inputs in the development framework for suggesting strategies to develop sustainable competitive advantage in the Life Insurance Industry.
6.2 SCOPE OF THE STUDY

The existing literature & general public provide ideal information for the study. The northern & western states of India are major sources of the information because of high density of life insurance.

The study has aimed at finding out the current status of the existing problems and prospects in the market and comparison on the basis of Public & Private companies. In order to get primary information on the existing problems and prospects in the market, primary data collection has done from various part of the India with the help of questionnaire at various places like railway station which include the people from different part of the country, email and one to one interview. This was done in order to get the required information on the customer’s perspective of the problems and opportunities and compare that information on the basis of Public & Private companies which can help to find out the trends and develop international business strategies.

6.3 STATEMENT OF THE PROBLEM

As I observed during my research that very few researchers has done significant study in the newly emerging field of life insurance. Based on the problems & prospect in the life insurance market the issues that needs to be addressed is as to how to sustain the competitive advantage for a long period of time with effective service to the customers & company’s attempt at building up and maintaining advantage over competition for a long period. The present study identifies the problems & prospects of the life insurance industry with a view to suggest suitable strategies for improving their performance and potential in the global market.

The derived problem statement is as follows:
To find out the various micro and macro aspects of life insurance where customers are facing problems in public & private life insurance companies and suggest the suitable policies to grab the existing business potential available in the market on the basis of comparative study between public & private life insurance companies.

The study is an attempt to see whether the Indian Life insurance companies are able to find out the problems of the customers and reap the benefits of liberalization after the abolishment of Monopoly of LIC, focusing on what are the customer’s characteristics or expectations and what strategies should be adopted to develop sustainable competitive advantage.

The investigation of the above-stated problem was executed through the exploration of the following sub-problems:

- What is current market penetration of life insurance and on what parameters customers are buying policies?
- How the customers are dealing with life insurance companies and what satisfaction level they are getting through their services?
- What is the expectation level of the customers regarding services and how much they are satisfied with current performance?
- What are the different parameters where companies can act and win the confidence of the customers?

These queries were answered by investigating the available resources and responses of the respondent. These sub-problems give rise to the primary and secondary research objectives that are expressed in the succeeding section below.

**6.4 OBJECTIVES OF THE STUDY**

This study has focused on the current level of Life insurance scenario. It is focusing to find out various problems areas where customers are lacking
confidence on Life insurance companies and how we can differentiate those problems Public & Private companies. The analysis is useful in formulation of strategies for better service efficiency & products benefits.

The objectives of the study are:

1. To find out the preference level of the customer about the selection of the company and compare the parameters of selections.

2. To find out various purposes on which customers buy life insurance and reasons to choose the service provider accordingly & evaluate the relevance of the purposes & reasons.

3. To find out the preference of the intermediary while buying the life insurance and relevancy of the selection of the said intermediary.

4. To check the awareness level of life insurance among the population & critically evaluate the policies made by public & private life insurer to enhance the awareness level.

5. To find out overall satisfaction level of the policyholders of life insurance and examine the impact of existing strategies adopted by public & private life insurers to enhance customer satisfaction.

6. To suggest strategies for better service efficiency & products benefits.

Based on above objectives certain sub-objectives formed and tested through collected data. Those sub-objectives are:

(i) To find out basic reasons for fewer life insurance ratio in the population and suggest the strategies to overcome the problem.

(ii) To find out current preferences of the type of the products among the policyholders and examine the popularity of products according to needs.
(iii) To find out the problems, with intermediaries and Life insurance companies faced by policyholders and recommend the way out.

(iv) To critically evaluate the service given by life insurance companies (including Claims) and suggest policies for improvement.

(v) To compare the life insurance policies with other existing instruments and suggest policies to enhance the competitiveness of the products.

6.5 HYPOTHESES OF THE STUDY

For comparative study of the Public & Private companies on the basis of customer’s perspective of buying life insurance, problems faced by them and growth opportunity the following hypotheses were framed:

**Hypothesis 0**: The Purchase decision of life insurance policy is independent of type of company.

**Hypothesis 1**: The Purchase decision of life insurance policy is dependent on the type of the company.

**Hypothesis 0**: The purpose for which life insurance is bought is independent of the service provider.

**Hypothesis 2**: The purpose for which life insurance is bought is dependent on the type of the company.

**Hypothesis 0**: Reasons for choosing the service provider is independent of Service providers.

**Hypothesis 3**: Reasons for choosing the service provider is dependent on the type of Service providers.

**Hypothesis 0**: Choice of Intermediary to buy life insurance product is independent of Service provider.
**Hypothesis 4:** Choice of Intermediary to buy life insurance product is dependent on the type of Service providers.

**Hypothesis 0:** Awareness about the terms & conditions of the policy is independent of Service provider.

**Hypothesis 5:** Awareness about the terms & conditions of the policy is dependent on the type of Service providers.

**Hypothesis 0:** Overall satisfaction about the benefits of Life insurance policy bought is independent of service provider.

**Hypothesis 6:** Overall satisfaction about the benefits of Life insurance policy bought is dependent on the type of Service providers

### 6.6 SELECTION OF SAMPLE

Data were collected from different places that include metros, middle class cities and some of the villages of various part of the country. The sample customers are representative of all the segments of the population. Data were collected using a questionnaire including structured questions, and through in-depth interviews. The respondents were generally servicemen, businessmen and non working community. Data collection was carried out in 2008-09. The data were analyzed by Chi Squire Analysis using SPSS for testing the hypothesis. The results were presented from a total of 505 samples.

### 6.7 SOURCES OF DATA

This study is based on both the analyses of Secondary as well as Primary data. This was done in two phases. Regarding the secondary research component, a thorough literature review has been conducted with references from text records, research publication, management journals and articles from newspapers, magazines and organizations associated with the Insurance Industry.
Following the analysis of the secondary material, with regards to the primary research component a survey conducted with the help of structured questionnaire. Field survey gained a lot of crucial perceptions from those who are existing customers of Public & private life insurance companies or those who have not invested in life insurance due to some reasons or problems. Interviews were focused on the possible problems faced by the customers, constraints related to insurance operations and opportunities available in the market.

The literature review, Industry exploration & trends, and consolidated marketing strategist views of the companies were used as inputs in the development framework for suggesting strategies to develop sustainable competitive advantage in the Life Insurance Industry.

6.8 DATA COLLECTION

For the purpose of this study, data was collected with the help of a structured questionnaire which was personally ordered. The questionnaire developed was consisting of suitable 26 close ended questions to suit to the requirements of the present research. The interviews lasted for 15 minutes to 30 minutes. The questionnaire was pre tested for its content validity through an extensive interaction with the eminent experts and practitioners in academics as well as industry.

6.9 LIMITATIONS OF THE STUDY

Every study suffers from some limitations. This is no exception. It also faced some limitations as mentioned below:-

1. Due to vast geographical dispersal and limitation of time, the study was limited to only few states.
2. Due to comprehensive nature of topic, the global market phenomenon has not been included in the study.

3. The primary sources are limited only to the Indian customers not to the insurance companies, again due to comprehensiveness of the area of the study. The relevant information about the companies has been taken from secondary sources.

4. It can not be said that the study is free of all the pitfalls inherent in any research dealing in primary data. These perpetual differences, arising out of individual viewpoints on the part of the respondents might have crept in, in spite of taking every possible step to avoid such errors.

5. In the study it was assumed that the information provided by the respondent is correct. On account of shortage of time or disinterest or even a desire to present an ideal picture of the situation, the respondent might have given incorrect information.

In spite of above limitations, the study has great significance for the Life Insurance sector as it provides valuable information on how the Life Insurance customers are facing problems in several areas like services, claims, product benefits and how much potential exist in the market. So these information can help the Life Insurance companies to formulate the strategies and determine the competitiveness according to nature of the organization in the current environment. The study also highlights how important it is to analyze the competitive environment in which the company exists so that the best policies & products can be developed.

6.10 VARIABLES USED IN THE STUDY

The questionnaire adapted to suit the requirements of the present research. The investigation included certain recent facts where the life insurance
customer is facing problems. The interview schedule contained 26 statements related to the Insurance status, Choice of Company, Purpose of Life insurance, Income & Premium, Type of Intermediary, Problems related to Intermediary and Service Provider, Problems in Policy, Problems in Claims, Benefits & returns, Insurance disputes and Comparison with other available financial instrument in the market.

6.11 Analysis Techniques

On the basis of the objectives drawn up for the research, the field data was processed and the issues were analyzed by using appropriate statistical tool by using SPSS software. Chi squire test was used to test the relationship among the factors. The analysis is given in the form of table, Charts and statements regarding findings.

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