Chapter IV - Research Methodology

4.1 Statement of the Problem

The research aims to study the problems and prospects of the general insurance companies in the public sector in the city of Pune. Prior to liberalization, there were only four public sector companies in the general insurance sector. All these companies had monopoly in the general insurance business before the entry of private insurance companies.

The Government accepted the recommendations of RN Malhotra committee and opened up the sector for private sector. With the entry of private insurance companies and liberalization of Indian economy the competition has become fierce. The entry of the private sector companies is inevitable. Though there is a change in the situation, the problems of the public sector general insurance companies have still remained. The research therefore aims to study these problems and also to study the prospects of these companies in a changed situation after liberalization.

4.2 Objectives of the Study

Because of liberalization, the monopoly of public sector general insurance companies has come to an end. There is, now, fierce competition between public sector and private sector companies as well as between public sector to public sector companies. There are various problems that all these companies are facing because of this. It would also be interesting to study and know the prospects of these companies.

Considering the above points, the need is felt to conduct the research to study the problems and prospects of public sector general insurance companies with the following objectives in the mind:
1) To find out the customer awareness about the general insurance business

2) To know the impact of the general insurance companies on the policy holders in financial terms

3) To study the marketing strategies of the general insurance companies

4) To study the policy holders’ opinion about the public sector general insurance companies

5) To study the effects of government policies on the business of the public sector general insurance companies

6) To study the future prospects of the public sector general insurance companies

7) To suggest the remedial measures for solving the problems of the public sector general insurance companies

4.3 Hypothesis

1. There is significant relationship between qualification of policy holders and awareness of the terms and conditions of the policy that they have taken

2. The public sector general insurance companies in India have good prospects

3. The response and awareness of the customers towards the insurance business are poor

4. Because of globalization there is ever increasing competition between all the insurance companies for business

5. There is significant relationship between level of management and awareness of the terms and conditions of the policy that they have taken

6. The public sector general insurance companies have been facing various problems in their day to day business

7. There is more awareness in the urban area about the general insurance business
8. Liberalization has affected the business of public sector general insurance companies
9. The public sector general insurance companies need to improve the quality of service
10. Proper training to the management personnel and the staff will attract more business
11. Rotation/Transfer policies of the companies are complicated and not acceptable by majority of employees

4.4 Research Design

The major parts of the Research Methodology are:

a. Research Design

b. Research Method - Secondary and Primary
   i) Desk Research/Library Research
   ii) Field Research

c. Sampling Plan

d. Questionnaire Design

e. Field work Plan

f. Analysis Plan

A Research Design provides the framework to be used as a guide in collecting and analysing data.

There are three traditional categories of research design namely:

- Exploratory
- Descriptive &
- Causal
The choice of the most appropriate design depends largely on the objectives of the research and how much is known about the problem and these objectives.

In **Exploratory** Research the objective is to gain background information, to define terms, to clarify problems and develop hypotheses, to establish research priorities, to develop questions to be answered.

In **Descriptive** Research the objective is to describe and measure marketing phenomena at a point in time.

And in **Causal** Research the objective is to determine causality, test hypotheses, to make “if-then” statements and to answer questions.

The Research Design used for the survey is **Descriptive Research** and the type of research design is **Cross-sectional**.

Cross-Sectional design is a one-shot research study at a given point of time, and consists of a sample (cross-section) of the population of interest.

### 4.5 Library Research

This is based on review of mostly secondary and readily available published materials. It is a very inexpensive method of gathering information.

An extensive Library Research was carried out by visiting and accessing Books, Journals, Periodicals, Research Monographs and allied materials mostly from the various institutions located in Pune including:

- Tilak Maharashtra University
- National Academy of Insurance
- Sinhgad Institute of Business Administration & Research
- Maratha Chambers of Commerce and Industries (MCCI)
- Vidya Bhavan College of Commerce
- Jaikar Library, Pune University)
4.6 Field research

The field research was conducted in Pune during December 2008 to August 2009 by canvassing two sets of Questionnaires to different target respondents. The respondents were from the different levels in the public sector general insurance companies and from the category of officers from different levels, viz. lower level, middle level, top level. The respondents chosen for other questionnaire were also from different category, viz. students, salaried class people, professionals and business class people.

4.6.1 Sources of Data

The information used for the research covers an array of sources as outlined below:

**Primary Sources:**

Primary Data gathering methodologies include interviews, questionnaires and observation.

This source refers to original data derived for a new research study and collected directly from first-hand experience at source, as opposed to previously published material. For this research, study information was obtained through a cross section of respondents who are the customers of general insurance companies and the personnel working in the public sector general insurance companies at various levels of management, viz. lower level, middle level and top level in these general insurance companies in Pune.

**Secondary Sources:**

This source refers to available published materials on the research topic and includes the following:

1) Statistical Data from the books on general insurance.

2) Published Books, Monographs and Reports of various committees on the subject including those appointed by the Government of India.

3) Deliberations and Proceedings of various Workshops and Seminars.
4) Articles in different newspapers, Magazines, articles and websites of relevant sites.

5) Internet and websites.

Secondary data was collected from the libraries of National Insurance Academy, Sinhgad Management Institutes, Websites, Magazines, and Internet Search Engines, to name a few.

4.7 The Sampling

The chosen Research Design is Descriptive in nature. The basic objective underlying this choice is to find out, understand and study the problems and prospects of the public sector general insurance companies in Pune city.

The questionnaire survey method has been employed for collection of data from the selected respondents.

- Sampling Design
- Survey of the policy holders and management personnel of public sector general insurance companies
- Universe: Policy holders and management personnel of these companies from Pune region
- Definition of the universe: Policy holders of public sector general insurance companies as well as management personnel (officers) of these companies
- Sample Size: 450 respondents
- The sample consists of 4 types of respondents in case of policy holders: and one type of respondents in case of management personnel:
  - Students: 75 responses
  - Professional: 75 responses
  - Business man: 75 responses
  - Salaried: 75 responses
Management Personnel: 75 responses (Officers/middle management/top management)

- Instrument: Questionnaires
- Response Rate: 83.33%
- Segments covered: Students, Professionals, Businessman and Salaried and management personnel of 4 public sector general insurance companies at different levels

The class of **Students** includes: Engineering students, Management students

The class of **Professionals** includes: Chartered Accountants, Architects, Doctors, Advocates, and Consultants

The **Business Class** includes: Shop owners, Proprietors

The **Salaried Class** includes: Employed people like Directors, Deans of institutes, Administrative Staff, Professors/Lecturers, people working in IT Sector, Banks, Financial Institutes, Manufacturing Sector, Automobile Sector, Hotel & Hospitality Sector, Media Sector, FMCG Sector, Insurance Sector and Pharmaceutical Sector.

The class of **Management** personnel includes: The personnel working in the four public sectors general insurance companies. This class includes the officers working at lower, middle and top level management cadre.

The **Sampling Method** used is **Non-Probabilistic Quota** Sampling. Quota sampling was used as the samples are selected from 5 various strata.

**4.8 Data Collection**

The data for the fulfilment of the objectives of this study was collected from primary as well as secondary resources.
Secondary Data:

In achieving the objectives of the study data has been collected from secondary sources also. In addition to primary resources, the data has been collected from credible sources, responsible in their respective fields. The data has also been collected from the officers of the four different public sector general insurance companies working at different levels of management, viz. lower level, middle level and top level. Such verified data has been utilized for the purpose of the study.

The researcher used the facilities in libraries of National Insurance Academy, an institute of repute Pune, for literature review. The research journals and various business magazines available in the library were a major source of secondary research. The CRISIL and EBSCO Database facilities available helped to download a number of related topics and research papers for reference. The researcher also used the proquest database for referring to various research papers on the said subject.

Primary data collection:

The primary data required for the study was collected through a pre-tested questionnaire during the period of January 2011 to April 2011. The sampling method used was non-probabilistic Quota sampling and the respondents were extracted from four strata of policy-holders viz. students, professionals, businessmen and salaried class people. The other class of respondents was extracted from one stratum of management personnel of four different public sector general insurance companies.

4.8.1 The Questionnaire:

A simple easy to understand questionnaire consisting of close ended questions was used for data collection from policyholders and management personnel
4.8.2 Questionnaire for policyholders:

The questions were grouped under the following headings:

**Part I** of the questionnaire seeks personal information about the respondent like the name, phone number, Sex, Qualification, Occupation, and Marital Status.

**Part II** of the questionnaire contains 46 questions emphasizing on the awareness of general insurance business, problems, and prospects of public sector general insurance companies, their expectations from these companies, opinion about these companies, problems faced by them while dealing with these companies etc.

4.8.3 Questionnaire for management:

The questions in this questionnaire were grouped under the following headings:

**Part I** of the questionnaire seeks personal information, about the respondent like the name, phone number, Sex, Qualification, Occupation, and Marital Status.

Part II of the questionnaire contents 48 questions emphasizing on the awareness of the management personnel about the work that they are carrying out, their knowledge about the day to day work, problems faced by them while working, their opinion about the terms and conditions about the policy, claims, agents, brokers etc.

4.9 Statistical Tools used for Data Analysis

The Data was analysed with the help of Microsoft Excel 2007 Software, SPSS and the Chi-Testing.

4.10 Limitations of the Sources & Methods of Collection & Data Analysis

Like any research or primary investigation, a few problems were anticipated before undertaking the investigation and accordingly, advanced plan of action was prepared to prevent them from occurring. However, a couple of problems
were still encountered while collecting or generating data. This section briefly describes how they have been dealt with:

a) Several techniques have been combined to get as extensive information as possible for the study

b) The questionnaire were distributed to those people who, after explaining to them the purpose, showed interest

c) Before handing over the questionnaires, the respondents were informed about the nature, requirement, purpose and importance of the study

d) In case of four companies, permission was taken from the branch managers to collect the data from the personnel of those companies

e) The respondents were assured about the confidentiality of the responses provided by them

f) For increasing the response rate, follow-up attempts and reminders by providing another copy of the questionnaire and extending deadline were attempted. 90 questionnaires were given to each category of respondents. Even then, a few policy holders and management personnel, after obtaining all the requisite information and questionnaire, did not return the questionnaire and did not participate.

g) When filled in questionnaires are received, it is natural to assume that the respondent is the same person to whom the questionnaire was sent. However, in reality this was not always the case. This is an error factor inherent in questionnaires. However, for this research, only a few of them were rejected and not considered for the purpose of final analysis.

h) It was noticed that many a times the people were busy on telephone calls, busy in work—asked to keep on table and to come afterwards. They had to be convinced about the confidentiality, had to make several visits and a huge follow up was required to be made.
i) The research methodology adapted in the present study is mainly qualitative in nature and as such may be more susceptible to subjectivity and biases than in the case of quantitative analysis.