
**AGENTS' PERCEPTION TOWARDS LIFE INSURANCE CORPORATION OF
INDIA**

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ABSTRACT

Life Insurance Corporation of India, the capital intensive business, provides the most important financial instrument to customers aimed at protection as well as long term savings. The Corporation reaches out to the people through the main traditional route of the agency model for the selling processes of the numerous complex need-based products. The agents help in marketing its policies by spreading the message of life insurance among the masses. They serve as the kingpin for insurance companies seeking to provide traditional and innovative products, and focal point for customers seeking to procure insurance coverage and long term savings. This paper investigates the factors influencing agents' perception towards Life Insurance Corporation of India.

KEYWORDS

ANOVA, Factors, Perception, Sales.

INTRODUCTION

Life Insurance Corporation of India (LIC), the capital intensive business, provides the most important financial instrument to customers aimed at protection as well as long term savings. The Corporation reaches out to the people through the main traditional route of the agency model for the selling processes of the numerous complex need-based products. The gigantic superstructure that LIC has evolved into over the years is in fact built on the singular efforts of the salesperson, the primary contact point of the customers who motivates and persuades them to buy an insurance product. Such a salesperson, a sole player must display highest degree of integrity and ethics to foster a trusting relationship with his clients who would be more than satisfied and willing to be buyers. At present, LIC has around 2.70 million agents and they represent more than 60 percent of the life insurance business (www.licindia.in). They concentrate their efforts on seeking out new clients and maintaining relationships with the old ones.

Clearly, the pyramid of LIC squarely rests on the back of the agents who craft the selling processes to focus more on the needs of his clients – education, home loans, marriage provisions, maximization of wealth, saving for future etc. The traditional market place has given way to dynamic new age professionalism and the LIC product basket has in it a variety of products catering to the needs of the different stages of life and appropriate to the risk appetite. However, the kingpin is the primary contact person. If agents are satisfied with the services or facilities provided by LIC or even with the environment prevailing in the organization, they can be able to provide efficient services to the customers and help in Corporation's success.

It is evident from the literature that most of the studies on agents have been done in foreign countries. In India, much effort has not been made to record the views of agents towards LIC in respect of supervisors' behaviour, training, systematization, working condition etc. (Bala, 2011). Thus this paper focuses on those issues of agents' perception which are not yet considered from an Indian perspective and an attempt has been made to assess the factors influencing agents' perception towards LIC.

REVIEW OF LITERATURE

Dubinsky et al. (1988) examined that when agents' sales supervisors are high on initiating structure, agents had less role ambiguity and more job satisfaction. When sales supervisors were high on consideration, agents tend to have less role conflict and higher job satisfaction. Moreover, it was concluded that role conflict apparently raises agents' role ambiguity, reduces their job satisfaction, and augments their performance. Arora (1992) found that majority of agents are dissatisfied with the functioning of LIC. A proper understanding of the environment, characteristics, strengths & weaknesses of the available financial instruments, and the changing scenario would be of immense advantage for the proper and successful functioning of LIC marketing force (Rao and Machiraju, 1988).

McElory et al. (1993) investigated three forms of commitment namely, job involvement, professional commitment, community commitment and their relationship to insurance agents' perceptions, attitudes, and performance. The results revealed that professional commitment demonstrated strong and pervasive relationship with job perceptions, job attitudes, and annual earned income. Community commitment exhibited only isolated effects. In addition, Job involvement was significantly associated with some specific job perceptions and attitudes but not with performance.

Agents are the indeed ambassadors and the backbone of the insurance industry (Malliga, 2000). Chung (2000) observed that 'ideological system' of control not only encourages agents to provide life-long personalized and quality services to customers, generate strong/mutual trust among agents and managers themselves, but also made agents willing to behave altruistically, in turn sustaining a warm and supportive working environment. Tam and Wong (2001) examined that satisfaction, the salesperson's self-disclosure, and relation orientation significantly influenced future insurance business opportunities.

Malliga (2000) suggested that LIC should adopt special marketing strategies and modern sales techniques for better performance of the agents. Eastman et al. (2002) found that agents appeared to be more concerned about non-Internet direct marketing. Lal and Dhanda (2003) conducted a survey of agents, development officers, and employees to know their perception towards different variables viz., life insurance products, amount of premium, working conditions, training programmes, computerization and efficiency level etc. The

study revealed that there are no significant differences in the opinion of agents, development officers, and employees with respect to the aforesaid variables.

Mathew et al. (2003) found that independent agents who have ability to effectively communicate information, provide service and effectively solve customers' problems, will no doubt, be able to sustain long-term business relationship with the customers. Customer loyalty depends on how strong the agents' link with the customer is (Balachandran, 2004). Noor and Muhamad (2005) suggested that organizational commitment and intrinsic motivation positively influence salespeople to perform customer-orientation behaviour in their selling activities. Rajatanavin (2005) found that whole brand image of the company depends directly on the sales force and its ability to develop strong relationship with customers.

Fan and Cheng (2006) suggested that life insurance companies need to train their sales representatives to an adequate standard in competencies of problem solving, communication, information technology utilization, culture compatibility, emotional intelligence, collective competence and ethics.

HYPOTHESES

To study the perception of agents towards Life Insurance Corporation of India, the following hypotheses are formulated in null form.

H1₀: Educational level of the respondents does not have significant effect on their perception towards LIC.

H2₀: Work experience of the agents does not have significant effect on their perception towards LIC.

RESEARCH METHODOLOGY

Simple random sampling technique is used in the selection a sample of agents of Life Insurance Corporation of India in Machilipatnam Division. The final sample consisted of consisted of 317 agents. Both primary and secondary data are used. The primary data is collected through a well-structured survey. The self-administered questionnaire used 5-point Likert type statements (where 1 = strongly disagree, 2 = agree, 3 = undecided, 4 = agree, 5 = strongly agree). Inferential statistics like Univariate ANOVA is used selectively for the

testing of hypotheses. Reliability analysis, using Cronbach's alpha, is employed to check the reliability of the scale.

Table 1: Reliability analysis of the scale

S.No.	Item-Total Correlation	Cronbach's Alpha if Item Deleted
Q1	.692	.757
Q2	.697	.754
Q3	.367	.787
Q4	.548	.773
Q5	.553	.769
Q6	.469	.779
Q7	.506	.778
Q8	.412	.783
Q9	.615	.760
Q10	.080	.798
Q11	.729	.769
Q12	.158	.810
Q13	.158	.810
Q14	.682	.758
Q15	-.040	.821

Principal component analysis is used followed by Varimax rotation. The extraction of factors is stopped when Eigen values (latent roots) came to be less than 1.00. Five factors with Eigen value greater than 1 emerged explaining 85.234 per cent of variance with a Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy of 0.655 which is in the acceptable range, being more than 0.5.

Table 2: Identified Variables and Factors

Factor No.	Factor Description	No. of variables	Variable Codes*	% of variance explained
F1	Staff Coordination	5	Q1 (.948), Q14 (.944), Q2(.892), Q11(.640), Q9 (.629)	26.667%
F2	Customer Target	2	Q6 (.870), Q5(.736)	16.637%
F3	Competitive Advantage	3	Q3(.900), Q4(.684), Q8(.677)	14.693%
F4	Basic Infrastructure	2	Q12(.999), Q13(.999)	14.276%
F5	Service Quality	2	Q10(.926), Q7(.744)	12.961%

DATA ANALYSIS AND RESULTS

Educational Level and Perception towards LIC

From univariate ANOVA, it is implicit that educational level of the agents has no significant effect on their perception towards LIC, namely ‘Staff Coordination’ $F(1,136)=0.428$, $p=.513$; ‘Customer Target’ $F(1,136)=0.191$, $p=.663$; ‘Competitive Advantage’ $F(1,136)=0.576$, $p=0.448$; ‘Basic Infrastructure’ $F(1,136)=0.206$, $p=0.650$; and ‘Service Quality’ $F(1,136)=0.124$, $p=0.725$.

The null hypothesis of educational level (H_{10}) is accepted for all the perceptions of the agents. Therefore the null hypothesis (H_{10}) stands accepted. The result extracted from this testing is that educational level of the agents has no significant effect on their perception towards the variables describing the activities of LIC.

Work Experience and Perception towards LIC

The univariate ANOVA test results revealed that there is no significant effect of work experience of the agents on their perception towards LIC, namely ‘Staff Coordination’ $F(2,136)=0.568$, $p=0.567$; ‘Service Quality’ $F(2,136)=0.436$, $p=0.647$; ‘Competitive

Advantage' $F(2,136)=0.020$, $p=0.980$; and 'Basic Infrastructure' $F(2,136)=0.055$, $p=0.946$ with the exception of 'Customer Target' $F(2,136)=202.091$, $p=0.000$.

The null hypothesis of work experience (H_{20}) is accepted for all the perceptions except for 'Customer Target' where the null hypothesis is rejected. It is found that only one of the five variables is found affecting significantly the perception of the agents. Therefore, it could be safely stated that the null hypothesis (H_{20}) stands accepted. The finding from this testing is that work experience of the agents has no significant effect on their perception towards LIC.

CONCLUSIONS

Success and overall growth potential of the insurance business depend on the efforts being made by the insurance companies in selling insurance products and services to the policyholders. Selling insurance products is a smart strategy and the real challenge is to retain and service the customer in the vibrant multiplayer competitive industry. Agents serve as the kingpin for insurance companies seeking to provide traditional and innovative products, and the focal point for customers seeking to procure insurance coverage and long term savings.

The results of this paper show that agents perceive staff coordination as the most important factor followed by followed by Customer Target, Competitive Advantage, Basic Infrastructure and Service Quality. With respect to the personal attribute, education has no significant effect on the perceptions of the agents. When it comes to organizational attributes, work experience of the agents also failed to affect their perception towards LIC in different spheres.

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