CONTENTS

Chief Patron

Dr. JOSE G. VARGAS-HERNANDEZ

Member of the National System of Researchers, Mexico

Research professor at University Center of Economic and Managerial Sciences,
University of Guadalajara
Director of Mass Media at Ayuntamiento de Cd. Guzman
Ex. director of Centro de Capacitacion y Adiestramiento

Patron

Dr. Mohammad Reza Noruzi

PhD: Public Administration, Public Sector Policy Making Management,
Tarbiat Modarres University, Tehran, Iran
Faculty of Economics and Management, Tarbiat Modarres University, Tehran, Iran
Young Researchers' Club Member, Islamic Azad University, Bonab, Iran

Chief Advisors

Dr. NAGENDRA. S.

Senior Asst. Professor,
Department of MBA, Mangalore Institute of Technology and Engineering, Moodabidri

Dr. SUNIL KUMAR MISHRA

Associate Professor,
Dronacharya College of Engineering, Gurgaon, INDIA

Mr. GARRY TAN WEI HAN

Lecturer and Chairperson (Centre for Business and Management),
Department of Marketing, University Tunku Abdul Rahman, MALAYSIA

MS. R. KAVITHA

Assistant Professor,
Aloysius Institute of Management and Information, Mangalore, INDIA

Dr. A. JUSTIN DIRAVIAM

Assistant Professor,
Dept. of Computer Science and Engineering, Sardar Raja College of Engineering,
Alangulam Tirunelveli, TAMIL NADU, INDIA

Editorial Board

Title

APPLYING KNOWLEDGE MANAGEMENT IN THE LIFE INSURANCE INDUSTRY

Author(s)

Dr. M. Dhanabhakyam

Assistant Professor, Department of Commerce, Bharathiar University, Coimbatore- 46

V. Anitha

PhD Full Time Scholar, Department of Commerce, Bharathiar University, Coimbatore – 46

S. Kavitha

M.Phil Full Time Scholar, Department of Commerce, Bharathiar University, Coimbatore – 46

Abstract:

In the trend of globalization and coordination of banks, insurance and security enterprises, the life insurance industry has been facing tremendous competitive pressure. Business in the era of knowledge economy has realized that efficiently capturing the knowledge embedded in their organizations and deploying it into operations and services will create an edge over their competitors. Though the issues of knowledge management (KM) have been discussed widely, there is a genuine lack of empirical research for the life insurance sector. This study addresses the research gap via extensive literature review and conducting empirical surveys with an embedded qualitative field study among the life insurance enterprises in Coimbatore. The findings revealed that most of the respondents agreed that KM would improve their job performance in enhancing service quality, saving time and being more effective at work and the opinions from senior management played an important role in having KM into place. Nonetheless, there were a majority of the respondents indicated several obstacles in adopting and implementing KM. We also found that the main KM activities conducted among the respondents were sharing, converting and using knowledge. Finally, managerial suggestions and further research directions are provided.

Keywords: Knowledge Management (KM), Innovation Diffusion, Life Insurance Industry

Applying Knowledge Management in the Life Insurance Industry

1. Introduction:

There has been a growing recognition in the business community viewing knowledge as a critical resource and knowledge resources matter more than conventional ones, e.g., land and capital. The knowledge-based view provides a theoretical basis on why knowledge-based resources are crucial in creating the sustainable competitiveness of the firm. Knowledge management (KM) practices enhance the flow of insight and advice between employees and therefore they can benefit from other's expertise. The idea that enterprises can improve employees' use of knowledge via KM has been widely accepted among practitioners, whilst few organizations have tackled KM as successfully as they should

In this study, knowledge is defined as the understanding, awareness, or familiarity acquired through study, investigation, observation, or experience over the course of time In the case of life insurance business, "knowledge" refers to the familiarity and professional capability in new policy design, underwriting, claim, customer service and so on.

Life insurance can be seen as an arrangement through which the risk of specific individuals can be share by the general majority of people (Hsiao, 2003). Different from other industries, the products sold by the life insurance business are comparatively "invisible" and "untouchable".

"People" play an important role in conveying the knowledge and services to the customers in the life insurance industry. The life insurance industry sells insurance policies which are composed of the obligation, image, service and knowledge of the companies.

2. The Role of KM for the Life Insurance Business:

The swift expansion of product varieties in the past few years has a great impact on the life insurance enterprises in several aspects, such as the increase of paper usage, involving more complicated administration work and growing demands from the customers. The individual employees in an organization contribute their knowledge based on personal interpretations of information. Group interpretations of knowledge rely on the total members of the group. Moreover, organizational knowledge and its approaches to manage the knowledge are built on the unique history of the organizational own experiences and accumulated expertise

Even with the competitive necessity of becoming a knowledge-based organization, some managers have found it difficult to "transform" their firms via KM initiatives, especially when their organizations have long histories of development.

3. Methodology and Research Design:

The methodology and design adopted for the study was as follows

A Monthly Double-Blind Peer Reviewed Refereed Open Access International e-Journal - Included in the International Serial Directories
Indexed & Listed at: Ulrich's Periodicals Directory ©, U.S.A., Open J-Gage, India as well as in Cabell's Directories of Publishing Opportunities, U.S.A.
International Journal of Marketing and Technology
http://www.ijmra.us

233

Area of Study

The study has been conducted in Coimbatore city, which is one of the largest cities in Tamilnadu, having a population of more than fifteen lakhs. Coimbatore is known as the cotton city and number of tiny, small, medium and large industries and textile mills are located

Data Collection

This study is based on questionnaire methods. Primary data were collected from respondents living in Coimbatore city people from all walks of life were approached. The total number of employees of the life insurance enterprises was 362.

Sampling Design

A sample of 300 customers has been selected for the using the convenient sampling method. The data has been tabulated and satisfactory interpreted whenever and wherever needed.

4. Results and Discussions:

4.1. Demographics

The responses comprised of 36.2% male and 63.6% female. There were 0.6% of the respondents in the age group of 20 or below, 29.8% in 21 to 30, 53.0% in 31 to 40, 16.0% in 41 to 50 and 0.3% in 51 or above. 5.5% of the respondent's educational background was high school or equivalent, 23.5% was technical school, 57.7 % was college or university, and 13.0% was master degree or above. There were 23.5% respondents holding management positions and 76.5% were office staff. 21.3% of the respondents had worked in the current companies for less than 2 years, 18.8% for 2 more to 5 years, 31.5% for 5 more to 10 years, 21.5% for 10 more to 15 years and 6.9% for more than 15 years. The main jobs of the respondents included various areas as follows: 13.3% in underwriting, 23.5% in claim, 3.3% in marketing, 16.9% in customer service, 6.4% in policy service, 4.4% in premium collecting and bookkeeping, 3.9% in training, 7.2% in IT, 4.4% in accounting, 0.8 in actuarial and product development, 3.6% in human resource, 5.8% in legal affairs, 10.8% in registrar and 13.3% in others. The demographic information of the respondents in the main survey is presented in Table 1.

A Monthly Double-Blind Peer Reviewed Refereed Open Access International e-Journal - Included in the International Serial Directories
Indexed & Listed at: Ulrich's Periodicals Directory ©, U.S.A., Open J-Gage, India as well as in Cabell's Directories of Publishing Opportunities, U.S.A.
International Journal of Marketing and Technology
http://www.ijmra.us

234

Table 1: Demographic Information of Main Survey

	Demographic Characteristics	Frequency	Percentage (%)
(1)	Less than 2 years	77	21.3
(2)	2 to 5 years	68	18.8
(3)	5 to 10 years	114	31.5
(4)	10 to 15 years	78	21.5
2. Gender			
(1)	Male	131	36.2
(2)	Female	229	63.6
3. Age			
(1)	20 or below	2	0.6
(2)	21-30	108	29.8
(3)	31-40	192	53.0
(4)	41-50	58	16.0
4.Position:			
(1)	Vice President or above	1	0.3
(2)	Assistant Vice President	3	0.8
(3)	Office Director	3	0.8
(4)	Department Manager	8	2.2
(5)	Associate Manager	31	8.6
(6)	Assistant Manager	18	5.0
5. Job Classification			
(1)	Underwriting	48	13.3
(2)	Claim	85	23.5
(3)	Marketing	12	3.3
(4)	Customer Service	61	16.9
(5)	Policy Service (Policy Alteration, Loan, Surrender, etc.)	23	6.4

(6)	Premium (Premium Collecting and Bookkeeping)	16	4.4
(7)	Training		
	Information Technology	14	3.9
(8)	Accounting, Financial and Investment	26	7.2
(9)		16	4.4
	Actuarial and Product Development		
(10)	Human Resource	3	0.8
	Legal Affairs		
(11)	Registrar	13	3.6
(12)	Others	21	5.8
(13)		39	10.8
(14)		48	13.3
6. Education			
(1) High School or equivalent		20	5.5
(2) Technical School		85	23.5
(3) College or University		209	57.7
(4) Master Degree or above		47	13.0

5. The Results Regarding Perceived Usefulness:

Our empirical study identified the importance of theses variables as percentage of respondents agreeing with the respective variables being important. Table 2 presents the respondents' opinions regarding how they think KM will increase their job performance. The column of Table 2 is interpreted as follows. For example, under Perceived Usefulness, 93% of the respondents agreed that KM would enhance their "work and service quality" (labeled as PU1). The findings revealed that more than 90 % of the respondents agreed that KM would help them in improving work/service quality, saving time, being more efficient and effective,

increasing convenience and flexibility, as well as decreasing the duplicate work. However, it was interesting to see that fewer respondents believed that adopting and applying KM would let them have promotion or raise. It implied that the responding employees were not well motivated to give efforts on KM and there were in lack of encouragement, e.g., promoting the employees who were willing to share experiences with others, and giving financial support for those people who contributed in implementing KM in the company.

Table 2: Results Summary of Perceived Usefulness on KM

Variables	Measurement items	Percentage of respondents
PU1	Work and service quality	93
PU2	Work quantity	87
PU3	Time saving	90
PU4	Efficiency	92
PU5	Making it easier to work	85
PU6	Convenience and flexibility	93
PU7	Meeting the needs at work	87
PU8	Effectiveness	92
PU9	Professional competency	88

5.3. The Results Regarding Complexity

The results regarding the complexity involved in KM is shown in Table 3. From this empirical study, it was found that more than 80 % of the responding employees perceived that the information systems for KM were not friendly to use, it took too much time to find the information need, the message was not clear, there was not instant assistance available when they had problems in applying KM, and KM was not easy to operate in practice. Theses findings indicated that there still remained several impediments in adopting and applying KM in the life insurance companies. To successfully implementing KM, the life insurance enterprises should recognize these obstacles and solve the associated problems.

A Monthly Double-Blind Peer Reviewed Refereed Open Access International e-Journal - Included in the International Serial Directories
Indexed & Listed at: Ulrich's Periodicals Directory ©, U.S.A., Open J-Gage, India as well as in Cabell's Directories of Publishing Opportunities, U.S.A.
International Journal of Marketing and Technology
http://www.ijmra.us

237

Table 3: Results Summary of Complexity Involved in KM

Variables	Measurement items	Percentage of respondents
CM1	Not friendly to use	82
CM2	Taking too much time	84
CM3	Not simple, clear and short enough	81
CM4	No assistance in time	83
CM5	Lack of accessibility	83
CM6	Not easy in the practical operation	82

5.4. The Results Regarding Subjective Norm of KM

Table 4 presents the results on the respondents' thoughts concerning the subjective norm of adopting and applying KM in their organizations. It was interesting to know that the employees cared more about the supervisors' and senior management's ideas and recognitions about KM, rather than peer pressure or whether other colleagues had adopted KM. It implied that in having KM into place in theses life insurance companies, support and requirement from the management still played an important role.

Table 4: Results Summary of Subjective Norm of KM

Variables	Measurement items	Percentage of respondents
SN1	Peer pressure	64
SN2	Co-workers' adoption and comments	66
SN3	Supervisor	78
SN4	Senior management	82
SN5	Opinion leader	75
SN6	Requirement of company	77
SN7	Prestige/profile/status	70

5.5. The Results Regarding Attitude toward KM Adoption

Table 5 shows the respondents' attitudes toward adopting KM. The results indicated that, although a high percentage (92%) of respondents agreed that KM was a good idea, they put less conformity on the statement that KM made work more interesting and that they liked KM. Only 70 % of them agreed that KM was fun.

Table 5: Results Summary of Attitude toward KM Adoption

Variables	Measurement items	Percentage of respondents
AT1	Knowledge management is a good idea	92
AT2	Knowledge management makes work more interesting	79
AT3	Knowledge management is fun	70
AT4	I like knowledge management	80

5.6. The Results Regarding KM Activities

Table 6: Results Summary of KM Activities

Variables	Measurement items	Percentage of respondents
KP1	Gathering knowledge	78
KP2	Identifying Knowledge	78
KP3	Organizing knowledge	76
KP4	Sharing knowledge	80
KP5	Converting knowledge	81
KP6	Using knowledge	84
KP7	Having KM a part of ordinary jobs	77

Table 6 reflects that the extent of employees' conducting KM activities in their companies. It was observed that the respondents were involved more in sharing knowledge,

converting knowledge and using knowledge, but slightly less in gathering, identifying, organizing knowledge, and having KM become a part of their ordinary jobs. It showed the real situations in Taiwan's life insurance companies that employees were willing to share their ideas and experiences within and across departments and then more colleagues could benefit from using the knowledge. However, the task of gathering knowledge from individuals, identifying what kind of knowledge was useful or redundant, and organizing the collected knowledge seemed a little more bothersome and thus not so popular among the employees.

6. <u>Concluding Remarks and Future Research Directions:</u>

To investigate the adoption and applications of KM in the life insurance industry, we extensively reviewed the relevant theories along with previous studies and conducted empirical studies among Coimbatore city. This study enlightens our understating of the employees' perceptions on KM, their attitudes toward KM adoption and their KM activities in practice. findings also help life insurance enterprises, particularly those embarking on KM in Coimbatore, realize that they should well promote KM projects, solve the possible problems involved in employing KM, and generate the subjective norm in which employees are encouraged and motivated to adopt and apply KM.

This study can be extended through further examination of the casual relationships among the perceptive factors, employees' attitudes and their KM activities which are important in implementing KM in these organizations. The researchers attempt to further probe into the phenomenon of KM adoption and diffusion in the future by utilizing structural equation modeling techniques. Besides, the external factors which would influence the employees' perceptions on KM and the effects of KM activities on the organizational performance are also worthwhile more investigation. Lastly, the conclusions reached in the current study were not of universal applications as the research was conducted in the context of Taiwan' life insurance business. The results of this research might be generalized through adjustment and testing in other countries or different financial industries.

References:

- Alavi, M. and D.E. Leidner, 2001, "Review: Knowledge Management and Knowledge Management Systems: Conceptual Foundations and Research Issues", MIS Quarterly 25, 107-146.

- Baptista, R., 1999, "The Diffusion of Process Innovation: A Selective Review", International Journal of the Economics of Business 6, 107-129.

- Carter, Jr. F.J, T. Jambulingam, V.K. Gupta and N. Melone, 2001, "Technological Innovations: A Framework for Communicating Diffusion Effects", Information and Management 38, 277-287.

- Choi, B. and H. Lee, 2003, "An Empirical Investigation of KM Styles and Their Effect on Corporate Performance", Information and Management 40, 403-417.

- Davis, D.F., R.P. Bagozzi and P.R. Warshaw, 1992, "Extrinsic and Intrinsic Motivation to Use Computers in the Workplace", Journal of Applied Social Psychology 22, 1111-1132.

- Gold, A.H., A. Malhotra and A.H. Segars, 2001, "Knowledge Management: An Organizational Capabilities Perspective", Journal of Management Information Systems 18, 185-214.

- Gupta, B., L.S. Iyer and J.E. Aronson, 2000, "A Study of Knowledge Management Practices Using Grounded Theory Approach", Journal of Scientific and Industrial Research.59, 668-672.