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Acceptability of Modernization of IT Infrastructure Among The Life Insurers

Dr. Partha Sarathi Choudhuri

Department of Business Administration, The University of Burdwan, West Bengal, India

ABSTRACT

Emergence of information technology (IT) has changed service providers' business activity hugely and service providers are now involved in IT investment in their business on a regular basis. Like in any other sector, in life insurance sector also same incident is happening in a large frame. In the present context, researcher in this paper conducted a study to realize the acceptability of modernization of IT infrastructure among the life insurers as well as evaluated the opinion of life insurance customers about the improvement of quality of services provided by the life insurers after proper modernization and implementation of IT infrastructure in the organization. The current study was conducted in the district of Burdwan, West Bengal, where along with one and only Indian public life insurance company namely Life Insurance Corporation of India (LICI), all 23 private life insurance companies are operating their business. Here, accepted 788 usable responses with respect to the insurers and 882 usable responses with respect to the customers were considered as the sample size of the study and statistical package SPSS 16 was used to perform the analyses.

KEYWORDS: *Information Technology (IT), IT infrastructure, Life Insurer*.

INTRODUCTION

Indian life insurance sector has a significant impact in the country's economy. After the enactment of Insurance Regulatory and Development Authority (IRDA) Act of 1999, Indian insurance market was opened for both domestic private insurance companies and foreign insurance companies and at end-September 2012, along with the one and only public life insurance company of India named Life Insurance Corporation of India (LICI) there are 23 private life insurance companies operating in India (IRDA Annual report, 2011-12). Almost all these life insurance companies are offering more or less same type of products to their customers in the insurance market. After the entrance of private and foreign insurance companies in the Indian insurance market, the customers' perception of quality of services from the insurance companies has also changed. Realizing the present situation, life insurance companies are now trying to move their focus from the product to the customers where service quality has become the key driver for the business success in the market. In the period of information technology (IT), customers are fully aware of their needs and requirements, expectations and information technology enabled services (ITES). From the very early age of the business, life insurance companies have not only implemented information technology in their operations and providing various information technology enabled services to their customers but also adopted various strategies to modernize their present IT infrastructure. In order to survive in the future and to achieve maximum growth in the present competitive life insurance market, life insurers are now dedicatedly involved in the development of new strategies for the purpose of the customer

satisfaction through the proper improvement of service quality with the help of the most modern technology namely information technology in the efficient manner.

OBJECTIVES OF THE STUDY

Based on the following two objectives the current study was conducted in the district of Burdwan, West Bengal:

i) To understand the acceptability of modernization of IT infrastructure among the life insurers.
ii) To evaluate the opinion of life insurance customers about the improvement of quality of services provided by the life insurers after proper modernization and implementation of IT infrastructure in the organization.

REVIEW OF LITERATURE

Information Technology (IT) describes any technology that helps to produce, manipulate process, store, communicate, and/or disseminate information (William and Sawyar, 2005). Johns et al. (2003) asserted that a significant impact on business operations had already been taken place by the e-commerce and various advances in information technology. Bauer (2003) affirmed that within an organization, individual business units started creating their information technology units because the cost of computing technology decreased and the trained information technology personnel became readily available. According to Markus (2004), information technology has a significant impact in sustaining organizational operations and sparkling dramatic changes in the transformation of an institution that may be described as technochange, named for technology-driven organizational change, which has a potential importance to the people, processes as well as organizational performance that assure major strategic benefits and process improvements from the cross-functional integration and process streamlining. In life insurance industry high quality service (defined as exceeding "customers' expectations") is rare but increasingly demanded by the customers (Sherden, 1987). According to Dabholkar (1996), as a source of service quality, individuals can perceive the use of technology. Pitt et al. (1995) mentioned that as a measure of information technology effectiveness, service quality has been proposed. In life insurance industry, the organizational performance in the office operation of systems technology leaders was linked to the level of information technology investment intensity (Harris and Katz, 1991). Charles (1993) revealed that service industries have been identified as the biggest buyers of new information technology. That's why Jen-Her and Yu-Min (2006) and Leslie and Richard (2006) asserted that managers of the insurance companies are able to process work quickly as well as response to their customers has been faster and prompt using the latest information technology system.

METHODOLOGY

In order to conduct the present study in Burdwan district, West Bengal, the initial questionnaire was developed as a survey instrument. To collect the necessary data, along with the other items, acceptability of modernization of IT infrastructure among the life insurers and the customers' opinion about the improvement of quality of services provided by the life insurers after proper modernization and implementation of IT infrastructure were included in the survey instrument. After proper formation of the survey instrument, pilot study was conducted where researcher

randomly selected 55 insurers and 55 customers. After explaining objectives and purpose of the study, researcher tried to get valuable feedback from these insurers and customers. Based on this pilot study, the preliminary analysis established the internal consistency of the items within questionnaire and gave the confirmation of validity and reliability of final survey instrument. The structure of the questionnaire is both open-ended and close-ended and consisted 7 point Likert scales ranging from 1- strongly disagree to 7-strongly agree. After successful completion of the pilot study, considering different demographic profile of the respondents (both insurers and customers of all 24 life insurance companies) and using random sampling technique 1200 questionnaires were distributed to both insurers and customers each to obtain the desire data for the purpose of the study. Though 959 insurers and 1028 customers were agreed to give response but usable responses were 788 in case of insurers and 882 in case of customers which were considered as the sample size for this study. Here, both employees and agents of the life insurance companies were considered as the life insurers. The statistical package SPSS 16 was also used to perform necessary analyses.

RESULTS AND DISCUSSIONS

To collect the data for the purpose of the study, a cross-sectional survey was conducted among the insurers of all the life insurance companies operating in the district of Burdwan. The summarized demographic profile of the insurers of the study is now given below:

Table 1: Demographic profile of the insurers

Demographic Variable	Demographic Characteristics	Frequency	Percentage (%)
Gender	Male	472	59.9
	Female	316	40.1
Age	≤ 30 years	343	43.5
	31 - 40 years	271	34.4
	41 - 50 years	94	11.9
	51 - 60 years	56	7.1
	≥ 60 years	24	3.1
Educational Qualifications	High school	112	14.2
	Graduate	218	27.7
	Post-graduate	235	29.8
	Professional	179	22.7
	Any other	44	5.6
Designation	Employee	306	38.8
	Agent	482	61.2
Experience	≤ 4 years	109	13.8
	≥ 5 < 10 years	141	17.9
	≥ 10 < 15 years	186	23.6
	≥ 15 < 20 years	177	22.5
	≥ 20 < 25 years	99	12.6

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	≥ 25 years	76	9.6
Modern Aids	Only mobile phone	115	14.6
	Combination of mobile & internet	673	85.4

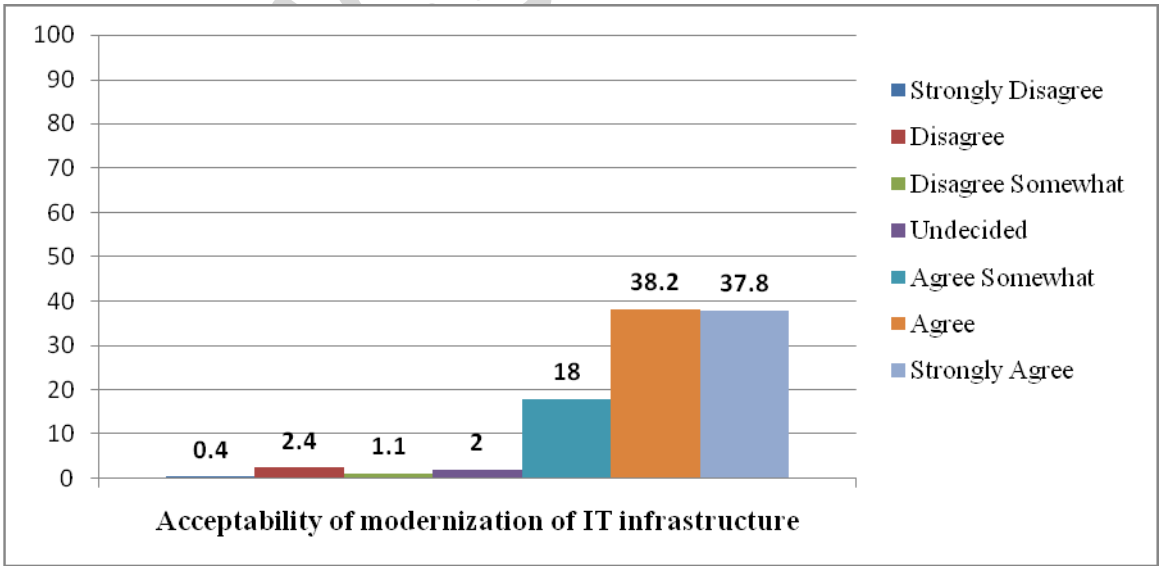
From the available data, the acceptability of modernization of IT infrastructure among the life insurers was estimated which is presented at Table 2.

Table 2: Opinion of the life insurers

Variables	Characteristics	Frequency	Percentage (%)
Acceptability of modernization of IT infrastructure	Strongly disagree	3	0.4
	Disagree	19	2.4
	Disagree somewhat	9	1.1
	Undecided	16	2.0
	Agree somewhat	142	18.0
	Agree	301	38.2
	Strongly Agree	298	37.8

From the Table 2, it is easy to observe that 2% life insurers were undecided to express their opinion about the acceptability of modernization of IT infrastructure but 18%, 38.2% and 37.8% life insurers were agreed somewhat, agreed and strongly agreed with the acceptability of modernization of IT infrastructure respectively where disagreed somewhat, disagreed and strongly disagreed with the acceptability of modernization of IT infrastructure were only 1.1%, 2.4% and 0.4% respectively. The graphical illustration of the above discussion is given in the Graph 1.

Graph 1: Opinion of the life insurers



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After observing the present scenario of the acceptability of modernization of IT infrastructure among the life insurers, the opinion of life insurance customers about the improvement of quality of services provided by the life insurers after proper modernization and implementation of IT infrastructure in the organization was evaluated which is presented at Table 3.

Table 3: Opinion of the life insurance customers

Variables	Characteristics	Frequency	Percentage (%)
Improvement of quality of services provided by the life insurers after proper modernization and implementation of IT infrastructure	Strongly disagree	8	0.9
	Disagree	39	4.4
	Disagree somewhat	57	6.5
	Undecided	21	2.4
	Agree somewhat	63	7.1
	Agree	255	29.0
	Strongly Agree	439	49.8

Table 3 indicates that though 2.4% customers were undecided to express their opinion about the improvement of quality of services provided by the life insurers after proper modernization and implementation of IT infrastructure in the organization but 6.5%, 4.4% and 0.9% customers were disagreed somewhat, disagreed and strongly disagreed respectively where 7.1%, 29% and 49.8% customers were agreed somewhat, agreed and strongly agreed respectively with the improvement of quality of services in the present context of the study.

CONCLUSIONS

The study of acceptability of modernization of IT infrastructure among the life insurers conducted in Burdwan district established that in the present perspective, life insurers realize the necessity of proper modernization and effective implementation of IT infrastructure in their business operation in order to provide better services especially IT enabled services to the customers. Study also revealed that after proper modernization and implementation of IT infrastructure, customers are now getting better quality of services from their life insurers. So, it is expected that life insurers will continuously involve in the proper modernization processes of their IT infrastructure as well as its proper implementation with the help of strong efficient dedicated manpower through which they will try to fulfill the various needs and requirements of the customers in the competitive market than before.

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