

AN EMPIRICAL STUDY ON CUSTOMER RETENTION IN HEALTH INSURANCE SECTOR IN ODISHA

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ABSTRACT

The aim of this research is to investigate the factors affecting customer retention in the sector of health insurance. Five factors were taken in this research based on past studies in insurance sector; they are Insurance plans, Premiums, Services delivered, Employee Empathy and Reliability. At the beginning, T-test was conducted and according to the results obtained all the five factors mentioned were found to be significant. Then in order to cross verify the results obtained from T-test, multiple regressions was conducted taking Customer Retention as the dependent variable and the other five factors; Insurance plans, Premiums, Services delivered, Employee Empathy and Reliability as the independent variables. In multiple regression analysis, all the factors were found significant except Employee Empathy which was found to be of no significance. According to the results obtained in multiple regression analysis the null hypothesis which stated that “Employee Empathy has no role to play in Customer Retention” was accepted where as the other null

hypotheses were rejected. So, in this study the Insurance plans, Premiums, Services delivered and Reliability emerged as the factors that affect the customer retention in health insurance sector.

Keywords: Customer Retention, Health insurance, insurance plans, Premiums, Services delivered, Employee Empathy, Reliability, T-test, multiple regression.

INTRODUCTION

The health insurance industry is dynamic and needs to react profoundly to the consistently changing worldwide condition. Post liberalization with the passage of new players the business has gotten serious. Consequently, it is basic for the health insurance industries to obtain new clients and hold the current ones. Holding clients not just makes the insurance agency beneficial; it makes a difference counterbalance new client enlistment promoting and marketing costs. The health insurance industry is dynamic and needs to react profoundly to the consistently changing worldwide condition. Post progression with the passage of new players the business has gotten

serious. Consequently, it is basic for the health insurance organizations to obtain new clients and hold the current ones. Holding clients not just makes the insurance agency beneficial; it makes a difference counterbalance new client enlistment promoting and marketing costs. Health insurance arrangements protect against a few diseases and assurance to remain monetarily secure whenever the treatment is required. They protect significant serenity, dispose of all stresses over treatment costs, and permit cantering vitality on progressively significant things, such as improving. Wellbeing is a significant worry on everybody's mind nowadays. With soaring clinical costs, the chance of any sickness prompting hospitalization or medical procedure is a steady wellspring of tension except if the family has effectively given to assets to meet such a consequence.

Client maintenance is a movement a business embraces to lessen client abandonments. An association's capacity to hold what's more, pull in new clients, isn't just identified with its inside the commercial centre. Client maintenance is the main thrust behind Customer Relationship Management (CRM), relationship advertising and dependability promoting. Studies over various ventures have uncovered that the expense of holding a current client is just about 10% of the expense of gaining a possibility client, so client weakening rate ought to be decreased and make them for a more drawn-out time regarding financial development.

REVIEW OF LITERATURE

To build the quantity of clients, an organization needs to look at two unique angles. Off base organizations can utilize various procedures

to arrive at new potential clients and attempt to tie them. There are a few different ways and methodologies to arrive at new clients. Yet, close to that, organizations additionally need to ensure their present clients will remain with the organization and will not change to a contender. Particularly in-service industries, like for example health insurance industry, maintenance of current clients is significant (Jones, Mothersbaugh & Beatty, 2000). With expanded rivalry and expenses of pulling in new clients rising, organizations are focussing increasingly more on customer retention (Berry, 1983). So as to concentrate on maintenance and ensure current clients won't go to another wellbeing safety net provider, health insurance organizations have various procedures they can apply. Thinking about the serious condition, there is a requirement for banks to design their methodologies that will separate them from another. This can be accomplished through the conveyance of high assistance quality. The practice of superb service quality has been demonstrated that customer satisfaction will significantly route towards customer loyalty (Caruana et al., 2000; Caruana, 2002). Duncan and Elliot (2002) built up a connection between predominant client care execution, customer retention and gainfulness which has gotten an essential in the showcasing writing. Moreover, Gittell (2002) found that a progressively successful relationship with clients made by specialist organizations could prompt an expansion in consumer loyalty and expanded standards for dependability. Notwithstanding these examinations, earlier research shows that consumer loyalty is a critical determinant of the customer retention (Ganesh, et al., 2000).

Oliver (2000) proposes that 'customer satisfaction is the core way of thinking of marketing strategy of any firm and assumes a key job in the success of the firm. He stated that customer satisfaction is essential for the brand loyalty as it is a significant motivation to join somebody with a specific brand. Consumer loyalty has customarily been viewed as a central determinant of long-haul client conduct. As per Ranaweera and Prabhu (2003) the more satisfied the clients are, the more prominent is their retention, the positive informal exchange created through them and the money related advantages to the organizations who serve them. It isn't astounding thusly that the basic point of firms is to look to oversee and expand customer satisfaction in any event in this period of serious global marketing.

Through this paper, it has been attempted to investigate the factors which play an important role in customer retention in health insurance sector. As not much work is done regarding this field in the urban centric areas of Odisha like Bhubaneswar which is considered as one of the smart cities of India, Cuttack and Sambalpur, this paper aims bridge this gap. So the factors that play an important role in the retaining customers has been attempted to study through this research work.

RESEARCH OBJECTIVES

The objectives of the study are

- a. To investigate the several factors that affect customer retention in health insurance industry with respect to urban Odisha.
- b. To examine the impact of customer retention on health insurance industry with respect to urban Odisha.

RESEARCH HYPOTHESES

Based on the objectives and the literature review done, the following hypotheses are developed:-

H01: Insurance plans (Product) has no role to play in Customer Retention.

H02: Premium (Price) has no role to play in Customer Retention.

H03: Services delivered by Health Insurance companies are not significant in Customer Retention.

H04: Employee Empathy has no role to play in Customer Retention.

H05: Reliability of services has no role to play in Customer Retention.

RESEARCH METHODOLOGY

This study applied a survey research in order to interpret the factors and their impact in Customer Retention in health insurance industry. Survey research was the dominant method used in this research. The measurement device in this study was developed by going through past studies. In this section we shall discuss the sampling procedures and the data collection followed by the analysis of data and interpretation which has been discussed in the next section.

Sampling Procedures and Data Collection Instrument

To collect the data, a self-administered questionnaire was developed to measure the relevant variables which were already stated while framing the hypotheses. A 5-point Likert scale was adopted in the measurement device as "strongly agree" which indicated "5", and "agree" which indicated "4", "neither agree nor disagree"

which indicated “3”, disagree which indicated “2” and “strongly disagree” indicated “1”. In this research the data collection was done through google forms. In several studies where e-surveys are adopted, the number of users from the electronic medium is taken into account when determining the size of the sample (Cooper, 2006). Target respondents of this research were the policyholders of health insurance policies. Samples were collected by using the data obtained from the intermediary agents who sell

health insurance policies of several organizations and the respondents were spread across Cuttack, Bhubaneswar and Sambalpur. Here convenience sampling method has been used to collect the data. Out of 250 questionnaires that were sent through e-mail, 144 were completed and returned which implies a response rate of 57.6%. The socio demographic characteristics of the 144 respondents who filled up the questionnaire in all respects are given below in Table No. I.

Table 1: Demographic Profile of Respondents

Demographic Variables	Groups	Frequency	Percentage
Gender	Male	92	63.89
	Female	52	36.11
Age	21-30 years	57	39.58
	31-40 years	41	28.47
	41-60 years	32	22.22
	61 yrs and above	14	9.73
Occupation	Employed in public sector	18	12.50
	Employed in private sector	77	53.47
	Own/Family business	27	18.75
	Retired	22	15.28
Income (in INR)	<2.5 lakhs per annum	47	32.64
	2.5-5.0 lakhs per annum	68	47.22
	>5 lakhs per annum	29	20.14

Variables in the study

In this study there were both independent and dependent variables. There are five independent variables used in this study. They are Insurance plans implying the ‘product’, Premium implying the ‘price’, Services delivered by Health Insurance

companies, Employee Empathy and Reliability of services. Customer Retention is the dependent variable.

Analysis of Data and Findings

Coming up next is the discussion on every one of the parameters which has been considered in

this research of the customer retention of health insurance companies. For accomplishing the essential research objective different speculation have been encircled which have been taken individually to break down the information gathered. Customer Retention is a lot of multidimensional variables and the variables

considered in this study comprises of Insurance plans, Premium, Services delivered, Employee Empathy and Reliability of services. Table-II beneath delineates the consequences of t-test applied, which helps in distinguishing different measurements of customer retention.

Table 2: Showing the Results of ‘T’ Test Analysis

Factors	Parameters	Mean	Std. Deviation	T- Value	Sig. (2-tailed)
Insurance Plans	Availability of variety of plans	3.5	0.301	44.236	0.001
	Unique characteristics and uttermost benefits of plans and schemes	3.6	0.638	17.245	0.006
	Advanced and customized plans	4.2	0.799	26.039	0.002
	Intensive insurance coverage of critical illness	3.4	0.487	13.625	0.001
	Additional choices available	3.2	0.603	22.014	0.003
Premium	Clarity in premium fixation	3.9	0.792	15.176	0.007
	Premium	3.7	0.615	27.442	0.008
	Discounts availability on long term renewals (For ex premium of 2 years paid at a time)	3.8	0.605	26.658	0.001
Services delivered	Cashless facilities in the hospital that is included in their network	4.3	0.489	41.346	0.002
	Toll free services available 24x7	3.8	0.611	36.631	0.009
	Transactions message with invoice sent to e-mail/whats app no	4.4	0.491	40.543	0.010
	Swift and effortless claim settlement process	4.2	0.477	42.592	0.003
	Willingness to renew the plan without any thoughts of portability	3.9	0.561	35.219	0.011
Employee Empathy	Employees give customers personal attention.	3.6	0.656	34.208	0.007
	Company employees' have their customer's best interest at heart.	3.7	0.672	37.573	0.001
	Employees understand the specific needs of their customers.	3.5	0.684	29.801	0.006

Reliability	Services delivered properly as per promises made on consistent basis.	4.1	0.541	45.301	0.008
	Secrecy of customer information	4	0.557	43.168	0.008
	Flexible and secure mode of payment of premium	3.9	0.563	42.804	0.004

T-test two tailed significant with $p < 0.05$

From the above table it is clear that all the factors those were taken into consideration i.e. Insurance plans, premium, Services delivered, Employee Empathy and Reliability of services; all were found to be significant when T-test was applied. So to cross verify the above result multiple regression was conducted with Customer Retention as the dependent variable. The results of multiple regression analysis conducted are given below in Table No.– III.

Table 3: Results of multiple regression analysis

Model	Standardized Coefficients (β)	T	Significance, p
Constant	0.112	1.364	0.193
Insurance Plans (IP)	0.216	2.318	0.025
Premium (Pr)	0.297	2.962	0.016
Services delivered (Sd)	0.267	2.735	0.02
Employee Empathy (EE)	0.078	0.926	0.143
Reliability (RL)	0.302	3.103	0.008
R2	0.623		
Adjusted R2	0.598		

All IP, Pr, Sd, EE, RL Correlation significant with $p < 0.05$ (two tailed)

From the above table it is clear that only “Employee Empathy” has been found to be insignificant in this study (with $p=0.143$) where as the other factors Insurance Plans, Premiums, Services delivered and Reliability are all found to be significant in this study. The results of multiple regression analysis vary from the results of T-test where all the factors were significant but in multiple regression analysis

all the factors sans “Employee Empathy” were found to be significant. So now we can conclude the results of the hypotheses testing which is given in Table No.- IV.

Table 4: Summary of Hypothesis Testing

Hypotheses	Accepted/Rejected
H01: Insurance plans (Product) has no role to play in Customer Retention.	Rejected
H02: Premium (Price) has no role to play in Customer Retention.	Rejected
H03: Services delivered by Health Insurance companies are not significant in Customer Retention.	Rejected
H04: Employee Empathy has no role to play in Customer Retention.	Accepted
H05: Reliability of services has no role to play in Customer Retention.	Rejected

From the results obtained from T-test all the factors were found significant in the determination of Customer retention which implies all the null hypotheses shall be rejected. But in order to cross verify the results obtained from t-test we also conduct a multiple regression analysis with Customer retention as the dependent variable and the rest as the independent variables. In multiple regression analysis, however the factor “Employee Empathy” was not found to be significant. So in the case of Employee Empathy, the null hypothesis H04 is accepted whereas the rest variables which were found significant in both T-test as well as multiple regression analysis, we reject the hypotheses H01, H02, H03 and H05. The same thing has been represented in tabular form above in table-IV.

CONCLUSION

The issue of consumer retention is a basic factor that must be provided consistent consideration so as to accomplish expressed company objectives. From the discoveries of this investigation, it very well may be reasoned that service delivery all in all has autonomously contributed tremendously to the retention of particular clients. All the more along these lines, Innovative plans; premium fixation at par with competition, reliability of services also plays an important role in retaining the clients. Though employee empathy was found insignificant factor in this study but giving customers special attention when there is a health issue which hospitalizes the customer; empathy becomes an important factor and it

cannot be discarded completely. The health insurance organizations need to consider the grey areas so as to meet client prerequisite. The investigation has impediments as far as test size and if more respondents could be incorporated may be changed as far as fulfilment positioning.

LIMITATIONS OF THE STUDY AND SCOPE FOR FURTHER RESEARCH

There are several limitations that have been detected in this research work. In the first place, as it where the health insurance sector is secured under the investigation. Second, the sample size and the quantity of genuine respondents are constrained and lastly; a progressively strong and robust research is required to arrive at a

strong conclusion. So as to extraordinarily add to the current assemblage of information about customer retention inside the insurance sector in India, it is suggested that comparative future research could be directed taking health

insurance in different parts of India with a larger sample size as well as in life insurance and also other divisions of General insurance with additional sample sizes.

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