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EXPLORING THE CUSTOMER RELATIONSHIP MANAGEMENT PRACTICES IN INSURANCE SECTOR

Dr. Deepti Abrol, Lecturer, Department of Commerce,
Udhampur Campus, University of Jammu, India.

Dr. Harleen Kour, Assistant Professor, Department of Commerce,
Udhampur Campus, University of Jammu, India.

ABSTRACT

Purpose: The present study aims to measure Customer Relationship Management (CRM) practices from both customers' perspective in insurance sector to represent the real implementation of CRM as perceived by their esteemed customers.

Design/methodology/approach- To assess customers' perspective, data were collected from the customers of General Insurance Companies operating in Jammu city, North India. Statistical techniques like EFA and CFA have been used to interpret the results. Further, reliability and validity tests were also performed.

Findings: The findings revealed that Customer Relationship Management is a multi- dimensional construct. The customers considered communication, knowledgeability, service quality, customer satisfaction, trust, commitment, loyalty, attitude and conflict handling as important dimensions of CRM in non-life insurance sector.

Research Limitations/ Future Research- The study focused on identifying the practices adopted by General Insurance Companies from customers' perspective. Hence, exploring and comparing CRM practices of specific but diverse business firms/sectors would prove to be an interesting area for future research. Future research also could examine the validation of the findings in other sectors.

Originality/Value- The study is the first of this type that contributes to the existing marketing literature by assessing perception of customers regarding Customer Relationship Management in Insurance sector.

Key words: Customer Relationship Management, Customer satisfaction, Service quality, Trust, Commitment

1. INTRODUCTION

The marketplace at the moment is becoming very dynamic, vigorous and competitive. The customers

are aware, more knowledgeable, have an alternative channels and can easily shift to other service providers who assured offerings at better financial bargains (Bhardwaj, 2007). The success mantra to sustain in established markets relies on maintaining long-term effective relationships with their esteemed customers (Madariaga & Valor, 2007). Customer Relationship Management (CRM) has emerged as acknowledged and accepted business strategy in today's competitive business environment. It is a technique that enables the business organisations to identify the prospective customers and target the most profitable customers. It involves the latest and an advance marketing strategies which help in acquiring new customers as well as retaining the existing customers but also acquire new customers. It has been originated as an exclusive technique that is capable of incredible changes in overall performance of companies. CRM practices has been extensively applicable in the service companies to acquire, administer, serve and extract profits from their existing customers by improving organisational efficiency which is crucial in today's financial system (Gwinner, Gremler & Bitner, 1998; Winer, 2001). Organisations these days have adopted real important virtues through empathic symbiotic relationship with customers that have been advocated in the CRM existing literature as satisfaction, two way communication, service quality, knowledge ability, trust, employee attitude, conflict handling, etc. for retaining the customer and long-term profitability for the organisation (Eiriz & Wilson, 2006; Ndubisi & Wah, 2005). Service organisations have already pursued or announced a strategy where the customer & his preferences, needs & objectives is put in the centre of interest and all processes are aligned around the customer. The reach of such practices is restricted to banks, telecommunication, tourism, hospitality, retailing but less in the insurance sector as evident from secondary literature and thus the need for the study is felt. As a customer centric business entity, insurance is important addition in our lives since they provide us with security against ever-growing perils and financial consequences associated. Moreover, CRM practices have become increasingly important worldwide due to the changes in the customer expectations as well as changes in market scenarios. It plays a significant role in controlling the companies touch points with their customers and help them to improve their experiences by knowing their customers better so that the desired business goals are achieved. The study is both explorative and descriptive in nature as it attempts to identify the practices like, customer satisfaction, communication, trust, commitment, service quality, employee attitude, loyalty, conflict handling & knowledge ability affecting the implementation of Customer Relationship Management (CRM) in General Insurance Companies of Jammu city of J&K. The major objective of the present study is to explore and measure the factors influencing the implementation of CRM practices in General Insurance sector and the same has been shown in symmetrically. The remainder of this paper is organised as follows. In the following section, conceptual framework of the variables and brief synthesis of the extant literature is presented along with hypotheses. Thereafter, research methodology and data analysis of the empirical study, followed by a presentation of the results are discussed. Finally, the research paper concludes with a summary of the discussion and managerial implications together with limitations and future research.

2. CONCEPTUAL FRAMEWORK

Customer Relationship Management

The concept of CRM was initially traced in 1950s when some management practitioners acknowledged customers as the foundation and the only rationale for the existence of any business organisation (Coltman, 2007). Although, there is no exact & similar view regarding Customer Relationship Management (CRM) but different researchers & academicians have defined and presented CRM from various perspectives. As a comprehensive strategy, CRM is defined as a process that includes identification, acquisition, retention and development of association with existing customers for creating superior value for the both companies as well as their customers (Parvatiyar & Sheth, 2004; Boulding, Staelin, Ehret & Johnston, 2005; Azzam, 2016). Further, Zamil (2011) related CRM with marketing perspective and defined it as procedure of creating a sustainable competitive advantage by integrating technology, process and commercial activities which revolves around the customer. From IT perspective, CRM implies the application of technology to align all functional areas of business and provide customised services for building long-term relationship with customers (Srivastava, 2012; Soltani & Navimipour 2016 and Anuforo et al. 2015). As far as customers' perspective is concerned, CRM is regarded as a competitive strategy that must focus on the needs & expectations of the customers by placing them at the heart of the organisation and implementing the customer centric approach throughout the organisation (Becker, 2009; Rigby, Reichheld & Schefter, 2002). Moreover, CRM is all about establishment, advancement, maintenance, coordination and optimisation of long-term profitable relationship between customers & employees of the service organisation (Schierholz, Kolbe & Brenner, 2007; Croteau & Li, 2003). Thus, CRM is broadly recognised & well accepted strategy to discover and gain knowledge about customers' needs, expectations & behaviours to manage and nurture interaction with customers, clients & sales prospects for developing stronger relationships with them (Chary & Ravi, 2015; Hassan et al., 2015 and Malik 2015). The practices of CRM adopted by the employees/management in an organisational setting are measured and assessed from customers' perspective in the present study are:

Customer Satisfaction

Satisfaction is overall customers' buying opinion regarding the disparity between the anticipated and received value of a transaction. Rust & Oliver (2000) denotes customer satisfaction as the extent to which the consumer considers the use of service or possession of a product to induce his or her positive reactions. It is important determinant in realising economic success and growth of the business firm in terms of sales revenue, market share, financial & non-financial organisational performance, return on investment, etc. (Lenka, Suar & Mohapatra, 2009).

Trust

In service organisations, trust is regarded as one of the most pertinent factor for securing and collaborating long term relationship. It is the confidence of the customer in some organisation that they

are delivering services as per their expectations (Sarwar, Abbasi & Pervaiz, 2012). Thus, trust is the liaison which attaches customers with service providers and tends to get achievement of competitive advantage and organisational performance.

Service quality

Service quality is defined as the inbuilt characteristics and features of the products/services to satisfy the expected needs & expectations of the customers (Seth, Deshmukh & Vrat, 2005; Zineldin, 2006). It is an important antecedent to the service organisations and regarded as a core competitive strategy for corporate marketing philosophy and business performance.

Commitment

Mittal & Kamakura (2001) conceptualised commitment as an implied or expressive promise of relational continuity between employees & customers of business organisations. Customers who are committed with the service provider have a greater propensity to remain connected with the organisations for the longer period of time.

Conflict handling

Conflict handling is defined as the ability of the service provider to reduce the negative consequences of apparent and latent conflict (Morrison, 2008). It is the supplier's aptitude to evade possible conflicts, work out on the manifested complaints before they generate problems and the ability of the employees to discuss them openly and arrived at certain conclusions (Ndubisi, Wah & Ndubisi, 2007)

Loyalty

Loyalty is generally described as the continuous occurrence of repetitive purchase or the extent of similar buying from the same company (Waarden, 2008). It is the main determinant to deal with the prevailing market competition that will shift the focus point of business organisation from customer acquisition to customer retention.

Communication

Communication is viewed as an interactive conversation between the company and its customers during the phase of pre-buying, buying, consumption and post-consumption (Leonard, Graham & Bonacum, 2004). It can also be expressed as the formal & informal as well as verbal & non-verbal exchange of significant and timely information between the employees & the customers of the organisation.

Employee attitude

Attitude implies the consistent propensity to feel and act in a favourable or unfavourable manner towards some idea, object or an individual (Khan, Dongping & Ghauri, 2014). Rootman, Tait & Bosch (2008) advocated that positive attitude of employees is like a magic wand that can solve the problems of the customer and regarded as an important way to satisfy and retain the customers in the organisation.

Knowledgeability

Employees' knowledgeability refers to the insight and competence of an employee to remember and implement organisational procedures, policies & the information related to the products/services (Mithas, Krishnan & Fornell, 2005). In service organisations, the knowledge of employees plays an indispensable role in providing the timely & reliable information regarding delivery of services to customers which influences the successful execution of CRM strategies

3. HYPOTHESES DEVELOPMENT

Practices of Customer Relationship Management (CRM)

Customer Relationship management (CRM) is regarded as one of the best business philosophy that focuses on developing comprehensive outlook of customer needs & their expectations and managing the positive relationship between organisations and their existing & prospective customers to improve customer retention and business performance (Ejaz, Ahmed & Ahmad, 2013; Chauey, Joshit & Zafar, 2010). Rootman, Tait & Bosch (2008) in their study of Customer Relationship Management in banking sector identified three variables that influence the effectiveness of the CRM strategies namely, employee attitude, communication and knowledgeability of employees. However, Ozgener & Iraz (2006) and Zamil (2011) confirmed the significant relationship of two-way communication, employee attitude & commitment with the effective implementation of CRM strategies. Mithas et al. (2005) considered employee knowledge & customer satisfaction as the important dimensions of Customer Relationship Management in their research work whereas, Ndubisi, Wah & Ndubisi, 2007 in their study confirmed that practices like communication, commitment, trust, relationship quality and conflict handling were directly and indirectly associated with CRM implementation. Further, effective grievance handling procedure and commitment of employee in service sectors positively influences CRM implementation (Soltani & Navimipour, 2016 and Pakira, 2015). Srinivasan & Moorman (2005) and Sarlak & Fard (2009) empirically revealed significant effect of firm's strategic commitment and customer satisfaction on the effectiveness of CRM by using customer satisfaction in online retailing and Wahab, Noor, Ali & Jusoff (2009) found the relationship between perceived trust and electronic banking adoption which is fully mediated by CRM performance. Similarly, conflict handling and customer loyalty exerted a significant positive influence on CRM while two-way communication exerted significant negative influence on CRM (Lombard, 2011). Sigala (2008) explored interlinks between CRM & service quality and confirmed the impact of service quality issues for developing successful CRM programmes. The above mentioned studies provide a foundation to assess the various practices of CRM. Thus, the hypothesis framed is:

H_1: CRM is reflected through customer satisfaction, trust, commitment, service quality, loyalty, attitude, communication, conflict handling and knowledge ability.

4. RESEARCH METHODOLOGY

The items under different dimensions of CRM from customers' perspective were generated from discussions with experts in the area of marketing and insurance. In addition to that, extensive reviewed literature has been scanned to generate the items pertaining to diverse practices of CRM i.e customer satisfaction, trust, commitment, service quality, loyalty, attitude, knowledgeability, communication and conflict handling. Self developed questionnaire for the customers of General Insurance Companies were used to collect the primary data. The questionnaire consisted of two sections, one general and other specific to elicit information about nine practices of CRM namely, commitment, trust, service quality, loyalty, employee attitude, conflict handling, knowledge ability, communication and customer satisfaction. Moreover, questionnaires was framed using five point Likert scale where 5 denotes strongly agree, 4 denotes agree, 3 denotes for neither agree nor disagree, 2 denotes disagree and 1 denotes strongly disagree. The section for individual remarks and suggestions were kept in open ended form. Initially, questionnaire was framed to confirm the understanding of CRM practices among customers of General Insurance Companies operating in Jammu city of J&K State. Subsequently, pretesting was done on 120 customers of GIC's and the respondents were selected using convenient sampling technique. On the basis of pretesting results, the questionnaire is further modified and few items were deleted for the final survey.

Sample Design and Data Collection

Selection of Companies

The present research work considered General Insurance Companies operating in Jammu city of J&K State. The study focused on non-life insurance companies which primarily deal with customers and provide varied insurance products such as motor vehicle insurance, fire insurance, health insurance, travel insurance and other services to them. Companies who were operating for more than five years in Jammu city were selected as the sample design for the research. Therefore, eight General Insurance Companies were considered for the study comprises of National Insurance Co. Ltd., New India GIC Ltd., United India GIC Ltd., Oriental GIC Ltd., Bajaj Allianz GIC Ltd., ICICI Lombard GIC Ltd., HDFC Ergo and Reliance General Pvt. Ltd.

Selection of Customers

During pretesting phase, the study randomly selected 80 customers from eight General Insurance Companies (10 each) for collecting information regarding nine practices of CRM. On the basis of results of pretesting, the final sample size of customers to be contacted in the final survey was computed using the statistical formula recommended by Burns and Bush (2007):

$$n = S2\ Z2/e2$$

where, 'n' denotes the sample size, 'Z' denotes the standard error along with the selected confidence level i.e. 1.96, 'S' is the variability pointed out by calculated standard deviation and 'e' denotes the

degree of precision in the estimated sample. We assumed 5% margin of error. Therefore, the sample size came out to be 448, which were finally rounded off to 480. During the stage of final data collection, 56 visiting customers from each GIC's were contacted at the company's office premises during office working hours and days.

Data Analysis

Prior to the analysis of the data, negatively worded items were reversed and normalcy was checked before applying the parametric tests. Subsequently, outlier responses of the data were removed and normality of data was also checked using box-plots method to determine item-to-item outlier and later on by using range method. In case of customer data, 12 outliers were removed to ensure the normalcy of data. After deletion of outliers from the data sheet, the effective sample was arrived at 436. Further, Skewness & Kurtosis techniques were used to confirm the statistical normalcy of data whereas Q-Q plot & box plot were used to check the graphical normalcy of customer data. In the present study, the value of Skewness and Kurtosis in case of customer data came to be -0.246 and -0.364 respectively which were within the threshold criterion of ±1. The descriptive analyses of the dimensions of have been carried out with the help of mean and standard deviation.

Exploratory Factor Analysis (EFA)

Purification of CRM construct was independently performed on each dimension using SPSS (17.0 Version). The process of EFA was performed through Principal Component Analysis with varimax rotation on the first dimension i.e. customer satisfaction which consisted of sixteen items. The KMO value was accorded at 0.642 and three factors, along with four, three and two identified items respectively were emerged. The communality for nine items ranged from 0.537 to 0.664 exhibiting moderate to high extent of linear association among the indicators. The value of factor loadings fluctuates between 0.676 to 0.772 and the cumulative variance extracted varied from 12.486% to 28.280%. Further, Customers' perception regarding 'trust' dimension contained fifteen items and the process got completed in six rounds where ten statements were retained. Three factors were extracted namely, 'Confidence', 'Integrity' & 'Belief' and the KMO value of the respective construct came to be 0.737. The communality value of ten indicators comprises of three factors fluctuates between 0.575 and 0.746 representing average to highest degree of linear relationship across the variables. The value of factor loadings ranged from 0.690 to 0.824 and the cumulative variance extracted varied from 12.278% to 27.926 percent. However, the scale measuring commitment dimension of CRM revealed the KMO value of 0.758 which indicated the required adequacy of data for factor analysis. The scale originally consists of fifteen items and five rounds of purification were carried out in which three items were deleted due to low communality and finally got reduced to twelve items under three factors. The communality value for remaining twelve items ranged from 0.497 to 0.667, factor loadings ranged from 0.605 to 0.795 and the cumulative variance extracted ranged from 10.510% to 23.515%. The next dimension of CRM i.e. 'Service quality' initially includes seventeen items and it took seven rounds to

complete where five factors were extracted with eleven items namely, 'Employee responsiveness', 'Convenience' & 'Reliability'. The KMO value came to be 0.659 and BTS values as chi-square =419.211, df = 55 at 0.000 significant level with cumulative variance of 62.058%. The items selected in respective three factors are four, three and three items respectively. The factor loading values range between 0.665 & 0.819 which reflects that there exist significant association between factors and their respective items. Further, the factor explains 25.472%, 12.674% &13.689 respectively of variance explained. Moreover, the measure "Loyalty" comprised of eleven items and the process got completed in three rounds with deletion of three items having communality value below 0.50 and three factors emerged namely, 'Continuity', 'Repurchase' and 'Positive word of mouth'. The KMO value came to be 0.683 and BTS measure (chi- square = 550.825, df = 28 and p = .000) ensures the suitability of data for conducting factor analysis. The communality value for the three factors varied between 0.501 & 0.694 and explains 24.485%, 19.363% & 12.447% of variance out of total variance explained. Subsequently, EFA was applied on eighteen items of the dimension 'Attitude' which got reduced to thirteen items in the final run. The KMO value arrived at 0.668 and BTS as chi square= 995.803, df= 78 and p=.000. The thirteen retained items emerged under four factors explained 62.070% variance out of total variance and were named as 'Supportive attitude', 'Accountability', 'Assurance' and 'Propensity to innovate'. The communication dimension scale initially comprised of sixteen items. After applying EFA, thirteen items were retained and grouped into five factors after four rounds namely, 'Product information', 'Apparent information', 'Explication', 'Interaction' and 'Customer involvement'. In this stage, KMO value was found to be 0.786 and BTS values as chi-square=799.841, df=78 at 0.000 significant level. The items selected in respective factors were four, three, two, two and two items respectively. The conflict handling dimension scale comprised of fourteen items and the process got completed in five rounds with deletion of one item at each round having communality value which was below the threshold value of 0.50. The KMO value of 0.627 and BTS measure (chi- square= 298.311, df= 45 and p= .000) indicated that the data were suitable for conducting factor analysis. The three factors were emerged namely, 'Acknowledgement', 'Grievance handling' and 'Timely responses'. The Cronbach's alpha value of the factors was 0.961, 0.848 & 0.775 respectively. The factor loading values ranges between 0.568 & 0.777 which denotes that there exist significant relationship between factors and their indicators. The knowledgeability dimension scale comprised of eleven items and the process took four rounds to complete. After that three factors were extracted with seven items having 59.448% variance explained and KMO value 0.667. The alpha value of this dimension was 0.873. The application of EFA resulted in three factor-solutions (product acquaintance, employee awareness and procedural knowledge). This dimension emerged with three factors and their respective items are three, two & two. The communality values ranges from 0.434 to 0.736 and factor loading value ranges from 0.604 to 0.857.

Confirmatory Factor Analysis (CFA)

Confirmatory Factor Analysis (CFA) was carried on with the aim of confirming the fitness of each latent construct along with their respective factors and indicators. In the present research work, CFA was performed to confirm the fit indices, reliability and validity of the measurement models (constructs) and the results are represented in Table 1. A second order CFA was firstly performed on customer satisfaction dimension of CRM which includes three factors namely, 'Customer expectations', 'Claim procedure' and 'Customer needs'. The model was found valid and reliable after discarding third factor having regression weight less than 0.50. After deleting one factor (Customer needs), CFA produced good fitness results as CMIN/DF = 1.882, GFI = 0.984, AGFI = 0.966, NFI = 0.900, TLI = 0.917, CFI = 0.949 and RMSEA = 0.045 (Table 4.2). The composite reliability came out to be 0.85 and AVE value came out to be 0.62 thereby indicated that the model was valid & reliable. Out of the two factors, factor 2 (claim procedure) emerged to be strongest contributor towards the measurement i.e., Customer satisfaction, as its regression weight is 0.74. Further, second order CFA was executed on second latent construct of CRM i.e. trust consisted of three factors namely, confidence, integrity, and belief. One item of the belief factor was removed because their regression weight was below the threshold criteria, i.e. 0.50. The results of CFA confirmed that the model exactly fits the data (CMIN/DF = 1.966, GFI = 0.986, AGFI =0.970, NFI = 0.886, TLI = 0.908, CFI = 0.939 and RMSEA = 0.047). The composite reliability and validity are confirmed through composite reliability (0.84) and AVE = 0.60. Out of the remaining eight items, the item 'Company maintains privacy of your personal information' contributed highest with regression weight of 0.810. Moreover, second order CFA was performed on third construct i.e. commitment, which comprised of four factors viz. initiatives (3 items), customer priority (5 items), innovative services (2 items) and accessible management (2 items). While running CFA, four items got deleted as they were not meeting the threshold criteria. The measurement model yielded the average model fit results i.e. CMIN/DF = 3.296, GFI = 0.976, AGFI = 0.943, NFI = 0.889, TLI = 0.856, CFI = 0.918 and RMSEA = 0.073. Further, this model was found to be valid and reliable, as the value of AVE was 0.64 and the value of composite reliability was 0.83. Among the eight items of the commitment the item, 'Your suggestions are valued and implemented has the highest factor loading value i.e. 0.72 which depicted that this statement was contributed maximum to the respective dimension. Subsequently, second order CFA was performed on the fourth dimension of CRM i.e. Service quality which contained three factors namely, 'Employee responsiveness', 'Convenience' and 'Reliability'. One item from the factor 'employee responsiveness' having regression weights below the threshold criteria, i.e. 0.50 got deleted. The CFA model showed good model fit results i.e. CMIN/DF =2.106, GFI = 0.983, AGFI = 0.961, NFI = 0.901, TLI = 0.901, CFI = 0.943 and RMSEA = 0.051. The value of AVE 0.69 was above the critical level of 0.50 and thus reflected the overall variance in the items accounted by the three latent constructs, thus, confirming the reliability and convergent validity of measurement model. All regression weights of the remaining ten items were above 0.50 verified that all measured variables were important contributors of service quality

dimension but among the seven items, the item 'Company has an affective institutional and dealership tie-ups' regarded as the strongest contributor (SRW= 0.73). In addition to the above, second order CFA was performed on loyalty dimension which consisted of three factors i.e. 'Continuity', 'Repurchase' and 'Positive word of mouth'. The model was found to be valid and reliable after deleting one item which further discarded one complete factor. The model was of excellent fit as all the fit indices satisfies the threshold criterion i. e $\chi 2$ value is less than 5.0, GFI, AGFI, CFI, TLI and NFI values were above or nearer 0.90. In addition to the above, RMSEA and RMR values are also less than the 0.08. The validity and reliability of the model was also established through AVE which came to be 0.58, good value of SR estimates and construct reliability i.e. 0.80. Furthermore, CFA was applied on the construct 'Attitude' which comprised of four latent sub-constructs viz. Supportive Attitude (4 items), Accountability (4 items), Assurance (3 items) and Propensity of innovation (2 items). After deleting fourth factor and one item from third factor, the model fitness improves and considerably their statistics were within recommended levels i.e. CMIN/DF = 4.496, GFI = 0.959, AGFI = 0.913, NFI = 0.922, TLI = 0.871, CFI = 0.922 and RMSEA = 0.080. The composite reliability value was 0.88 and the value of AVE was 0.56. Therefore, the reliability and convergent validity of measurement scale in our study was confirmed. The regression weights of all the items fall under three factors were above 0.50 which verified that all the measured variables were significant contributor of the Attitude dimension. Afterwards, CFA was applied on the 'Communication' dimension of CRM, which initially comprises of five factors resulting from EFA i.e., 'Product information', 'Apparent information', 'Explication', 'Interaction' and 'Customer involvement'. After applying CFA, three factors were retained with nine items. The model predicted a good model fitness results with Chi-square statistics of 2.605, GFI = 0.969, AGFI = 0.945, CFI = 0.928, NFI = 0.890, TLI = 0.896 and RMSEA = 0.061. The factor loading values of all the items were above 0.70, AVE value was arrived at 0.62 and composite reliability value of 0.87 which finally showed that the model was valid and reliable. Thereafter, second order CFA was conducted on 'Conflict handling' construct comprising of three factors namely, 'Acknowledgement', 'Grievance handling', and 'Timely response'. The results of CFA indicated that model fit statistics are within recommended levels and showed excellent fitness results (CMIN/DF = 1.207, GFI = 0.991, AGFI = 0.978, NFI = 0.936, TLI = 0.979, CFI = 0.988 and RMSEA = 0.022). In addition to model fitness, the model was found to be valid and reliable, as AVE is 0.70 and composite reliability equals to 0.82. All the indicators of the dimension 'Conflict handling' have satisfactory factor loading value i.e. above 0.50, thus, the construct validity also stood established. Out of the two factors, the factor 'Acknowledgement' emerged to be strongest contributor towards the dimension (SRW= 0.745). Finally, second order CFA was performed on the indicators and resulting factors of Knowledge ability dimension, which has three factors namely, 'Constant work force (3 items)', 'Prompt response (2 items)' and 'Procedural knowledge (2 items)'. None of the items got deleted in CFA and it produced good fitness results i.e. CMIN/DF = 3.357, GFI = 0.974, AGFI = 0.940, CFI = 0.883, NFI = 0.846, TLI = 0.794 and RMSEA = 0.074. This exhibited that all the fit indices were

within the prescribed limits i.e. $\chi 2$ value is less than 5.0, GFI, AGFI, CFI, TLI and NFI values were above or nearer 0.90. The RMSEA and RMR values were also within the prescribed limits i.e less than 0.08. All the factors were reliable which is indicated by composite reliability value which came out to be 0.79. Model was proved to be valid, as AVE came out to be 0.67. All the indicators showed factor loading above 0.50 which established the construct validity. Out of the three factors, third factor 'Procedural knowledge' emerged to be strongest contributor towards dimensions of knowledge ability (SRW=0.825).

Table 1: Fit Indices of Measurement Models and Second Order Models

S. No.	Dimension/ Construct	Chisq /df	GFI	AGFI	CFI	NFI	TLI	RMSEA	RMR
1.	Satisfaction	1.882	.984	.966	.949	.900	.917	.045	.015
2.	Trust	1.966	.986	.970	.939	.886	.908	.047	.014
3.	Commitment	3.296	.976	.943	.918	.889	.856	.073	.019
4.	Service Quality	2.106	.983	.961	.943	.901	.901	.051	.014
5.	Loyalty	2.746	.983	.955	.957	.935	.919	.064	.015
6.	Attitude	4.496	.959	.913	.922	.903	.871	.080	.019
7.	Communication	2.605	.969	.945	.928	.890	.896	.061	.017
8.	Conflict Handling	1.207	.991	.978	.988	.936	.979	.022	.010
9.	Knowledge ability	3.357	.974	.940	.883	.846	.794	.074	.025

Reliability and Validity

Internal consistency of the data was analysed through the Cronbach's alpha value and acceptable criterion of 0.50 or above is confirmed which is given in Table 1 (Malhotra, 2002). In order to establish internal consistency of the indicators in the primary data collected, reliability analysis was carried on before CFA. Further, composite reliability also established for all the constructs and the criterion considered is 0.50 or ideally 0.70 or higher and therefore in the present study, reliability is established. This indicates that all measures consistently represent the same latent construct. In addition to that, construct validity was also established through convergent validity and discriminant validity. Convergent validity was observed through factor loadings. Factor loadings above 0.5 are considered to be significant which provides empirical evidence for the convergent validity of the scale (Table 2).

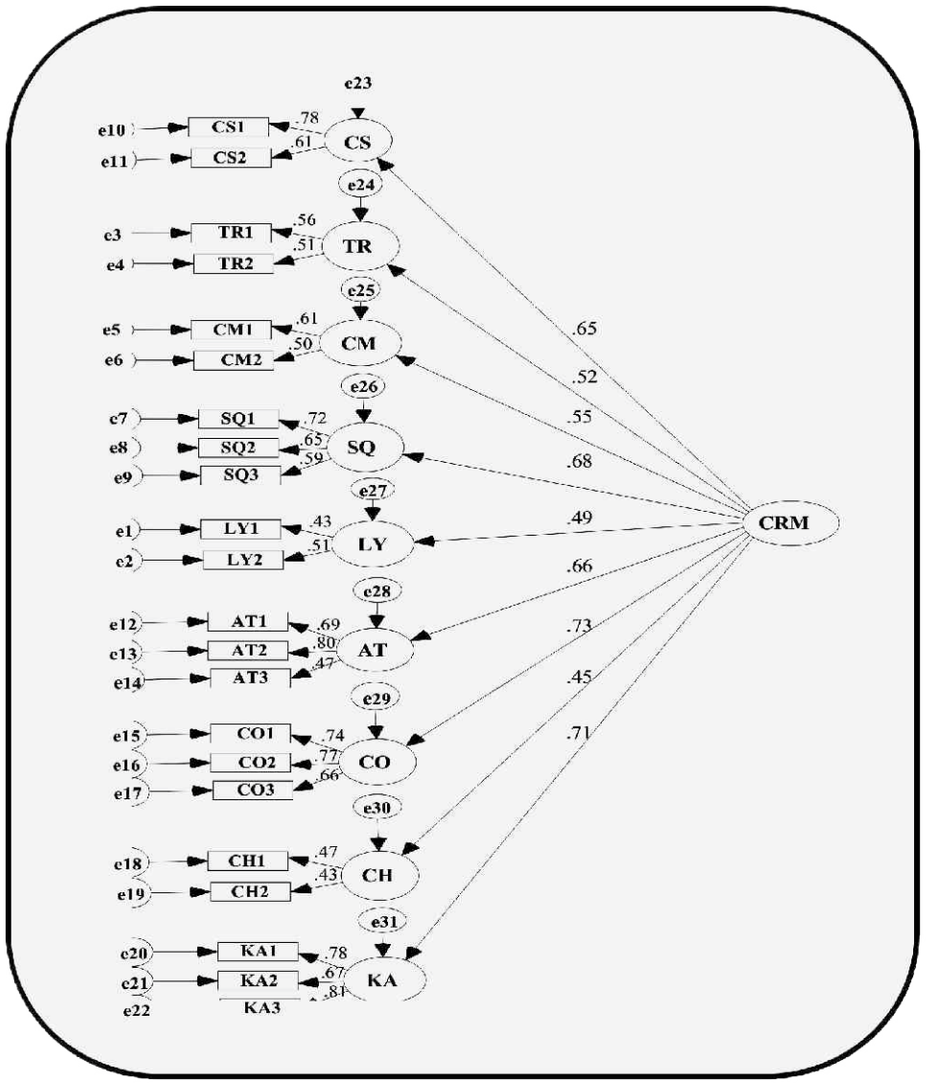
Table 2: Dimension-wise Reliability and Validity of Scale

S. No.	Dimension/ Construct	AVE	CR
1.	Satisfaction	0.62	0.85
2.	Trust	0.60	0.84
3.	Commitment	0.64	0.83
4.	Service quality	0.69	0.79
5.	Loyalty	0.58	0.84
6.	Attitude	0.56	0.88
7.	Communication	0.62	0.87
8.	Conflict handling	0.70	0.82
9.	Knowledge ability	0.67	0.79

5. HYPOTHESES TESTING

Second-order model of Customer Relationship Management (CRM) and its measurement represents good fitness results. The fit indices of the measurement model indicated that model fit statistics are within recommended levels i.e. CMIN/DF= 4.175, GFI= 0.872, AGFI= 0.837, NFI= 0.723, TLI= 0.735, CFI= 0.772 and RMSEA= 0.086. Hence, it is confirmed that CRM is significantly reflected through customer satisfaction, trust, service quality, conflict handling, commitment, attitude, loyalty, communication and knowledge ability (Figure 1). Therefore, the hypothesis, 'CRM is predicted by various practices namely, customer satisfaction, trust, service quality, conflict handling, commitment, attitude, loyalty, communication and knowledge ability' stands accepted as the values of SRW are either close to or above 0.5. Further, CRM is highly reflected through communication (SRW= 0.73) followed by others practices in descending order, knowledgeability (SRW= 0.71), service quality (SRW= 0.68), attitude (SRW= 0.66), customer satisfaction (SRW= 0.65), commitment (SRW= 0.55), trust (SRW= 0.52), loyalty (SRW= 0.49) and conflict handling (SRW= 0.45). The above mentioned relationships is also empirically proved by the previous research studies such as Ejaz, Ahmed & Ahmad (2013), Chauey, Joshit & Zafar (2010), Rootman, Tait & Bosch (2007), Lombard (2011), Wong & Sohal (2002), Long, Khalafinezhad, Ismail & Rasid (2013) and Zulkifli & Tahir (2012) which concluded that the CRM practices namely, customer satisfaction, trust, service quality, conflict handling, commitment, attitude, loyalty, communication and knowledge ability are vital contributors for sustaining long-term relationship with customers.

Figure 1: Measurement Model of Customer Relationship Management (CRM) Practices



Keywords: *CRM-Customer Relationship Management, CS (Customer satisfaction), TR (Trust), CM (Commitment), SQ (Service quality), LY (Loyalty), AT (Attitude), CO (Communication), CH (Conflict handling) & KA (Knowledge ability) are the observed variables and e1- e31 are the error terms.*

6. DISCUSSION

Customer Relationship Management (CRM) practices has been extensively applicable in the service companies to acquire, administer, serve and extract profits from their existing customers to improve organisational efficiency which is crucial in today's financial economic system. Organisations these days have adopted real imperative practices like, customer satisfaction, communication, trust, commitment, service quality, employee attitude, loyalty, conflict handling & knowledge ability affecting the implementation of Customer Relationship Management (CRM) in General Insurance Companies of Jammu city of J&K. This research paper empirically proved that the effectiveness of implementing CRM in General Insurance Companies is predicted through the practices namely, satisfaction, commitment, trust, service quality, communication, conflict handling, attitude, knowledge ability and loyalty. However, communication, knowledge ability and service quality are highly contributing factors affecting the implementation of CRM strategies. Overall, the findings provide an insight into the significance of CRM practices which is necessary for developing and maintaining long term association of General Insurance Companies with their esteemed customers.

7. MANAGERIAL IMPLICATIONS

The present empirical study on CRM and its practices in General Insurance sector is contributing to the field of marketing by recommending suitable practices & strategies for attracting and retaining customers in the service organisations for the longer period of time. Moreover, considering the findings of the present research work as they are very significant for researchers, management practitioners and academicians, the present research work provides managerial implications to successfully and effectively implement CRM practices in Insurance companies. The results revealed that companies' sales & channel partners are easy locatable for new business contracting but the Third Party Associates (TPA's), channel partners and employees responsible for claim settlement are not so easily accessible. The study suggested that management of General Insurance companies should create greater visibility of the claim network so as to instill greater confidence and ease among the customers which may result in better customer retention. For effective implementation of a CRM practices in General Insurance sector, companies must disclose their terms, conditions and hidden charges at the time of pre-buying interaction of company's representatives and prospective customer. Further, arising claims should be honoured & settled timely by designing effective compliance department, building strong organisational culture and arranging behaviour modification workshops for employees to satisfy their customers and hence increasing customer retention ratio. However, public general insurance companies need to reorient their communication system by setting training programs for increasing the knowledge ability of their employees for resolving the customer conflicts to build customer loyalty & wider customer base which in turn accelerate the organisational performance.

8. LIMITATIONS AND FUTURE RESEARCH

Although the present research work provides unique insights into the established relationship of CRM practices which lead to customer retention & business performance, yet certain limitations are emerged and taken up as opportunities for future research. Firstly, the present study is focused on identifying the practices adopted by General Insurance Companies from customers' perspective. Hence, exploring and comparing CRM practices of specific but diverse business firms/sectors would prove to be an interesting area for future research. Future research also could examine the validation of the findings in other sectors like telecommunication, airlines, tourism, etc. The study has measured the perception of customers through self developed questionnaire but still the biasness in their responses cannot be ruled out. Although the present research work covered majority of practices of CRM but still the researcher in future could explore the other uncovered practices of CRM namely, CRM organisation, customer involvement, technology based CRM, etc. Lastly, the future studies could also measure and compare the perception of customers with regard to the CRM practices adopted by public and private General Insurance Companies.

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