Educational Administration: Theory and Practice
2022, 28(1), 309-315
ISSN: 2148-2403
https://kuey.net/

Research Article

Impact Of Cultural Factors on Indian Insurance Organizations: An Empirical Study

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Citation: Dr. Parvez Ahmad Shah (2022), Impact Of Cultural Factors on Indian Insurance Organizations: An Empirical Study, *Educational Administration: Theory and Practice, 28(1)* 309-315
Doi: 10.53555/kuey.v28i01.8971

ARTICLE INFO

ABSTRACT

Cultural taboos and beliefs can negatively influence the adoption of insurance. This study examines cultural variances from a demographic perspective among employees of various insurance organizations in Haryana, India. Wallach's OCI Model (1983), which identifies three organizational culture types—Innovative, Supportive, and Bureaucratic—was utilized to assess the prevalent culture in these organizations. A sample of 235 on-roll employees was drawn from the top four insurance organizations in the state, determined using Morgan's sample size calculation technique. Data analysis, conducted through SPSS 16 software, employed statistical methods including Levene's test, T-test, and ANOVA. The findings reveal significant variations in employee perspectives across cultural types based on demographics such as nature of employment, gender, designation, and educational qualifications. These differences highlight the influence of demographic factors on employees' perceptions of suitable cultural types, which, in turn, affect their work attitudes and performance. The study underscores visible cultural disparities within Haryana's insurance sector and their impact on organizational outcomes. To address these disparities, authorities should focus on fostering a more democratic, supportive, and trustworthy organizational culture. Such efforts can improve employee attitudes and performance while attracting skilled youth to join and contribute to the growth of Haryana's insurance industry.

Keywords: *Culture, Demographics, Variances, Insurance organizations.*

1. Introduction

The issue of insurance uptake remains a key concern for insurance practitioners and scholars as well as policy makers. Insurance in different parts of the world has a specific association as viewed by the clients. Universally, insurance is perceived in regards to risks be it fire, accident, health or life. Consequently, insurance is made up of two divisions, life and non-life insurance, with the non-life insurance comprised of health, motor, accident as the major products all over the world (Capgemini, 2008). Non-life insurance includes medical, fire, property, theft, liability, agricultural, aviation and marine insurance, among others (AKI, 2013).The life and non-life insurance are viewed and appreciated differently depending with the economy, the communities‟ cultural factors and level of incomes as well as the policies in a country. Business entities and individuals are exposed to substantial risk associated with losses to property, income, and wealth because damage to assets, legal liability, disability, retirement, and death. Costs associated with legal liability and employee benefit programs and health care, have become matters of deep concern to company management. Individuals seeking coverage of their professional and personal risks have similar concerns (Rejda, 2008). Insurance is one form of risk management primarily used by entities and individuals to hedge against the risk of a contingent, uncertainty loss.

Insurance, like other financial services, has grown in quantitative importance as part of the general development of financial institutions (Patrick, 2017). The governments of many developing countries historically have held the view that the financial systems they inherited could not serve their countries' development needs adequately, so during the past thirty years they have directed considerable efforts to changing the structure of these financial systems a in order to channel savings to investments, which are crucial components of development program. Recent empirical evidence suggests that developing countries have a supply- leading causality pattern of development rather than a demand-following (Jung, 2017). The

uptake of insurance is generally very low in the third world countries compared to the developed countries. In Africa, only South Africa has a reasonable penetration of life insurance at 15%. According to (LIMRA, 2011), two factors explain the low penetration of life insurance in the developing countries. Life insurance for instance is largely distributed through the agency model. This means that insurance agents have been the sole customer touch point. The structure of this distribution model has led to erosion of customer confidence. Many agents have from time to time misadvised customers on the products and even expected projections of their policies at maturity (Odemba, 2013). Agents have also at times misappropriated customers funds; instead of using to pay premiums, they divert to personal use. Customers are therefore very skeptical in dealing with insurance agents and business has been lost leading to poor penetration of life insurance (Bull, 2009). When an insured event occurs, insurance companies have been slow in processing claims. This is largely because of the bureaucratic nature of the claims management process. Usually, by the time claims are processed, the insured has already waiting too long. The long wait means insurance companies lose referral value as they are perceived not to be willing to pay claims. Referral value is the most important value a customer can bring to any business. According to it is lacking in most developing countries leading to low penetration ((LIMRA, 2011).

2. Literature Review

The slow growth in life insurance can be explained by the customer perceived value theory. Ohlsson and Johansson (2010) argue that the customer will define satisfaction in his/her own perspective rather than the parameters set by the seller of goods and services. Customer Perceived Value is the difference between the prospective customer's evaluation of all benefits and all the costs of an offering and the perceived alternatives. Customer Perceived Value = what customer gets (benefits) - what he gives (costs). Total customer benefit is the perceived monetary value of the bundle of economic, functional and psychological benefits customers expect from a given market offering because of the products, services, personnel, and image involved. Total customer cost is the perceived bundle of costs customers expect to incur in evaluating, obtaining, using, and disposing of the given market offering, including monetary, time, energy, and psychological costs (Kotler 2010). The authors explain that creating loyal customers is at the heart of every business because the only value that an organization will ever create is the value that comes from present and future customers. They propose an adoption of the modern customer oriented organization chart as opposed to the tradition organization chart.

Culture has many definitions, and it affects everything people do in their society because of their ideas, values, attitudes, and normative or expected patterns of behaviour. Culture is not genetically inherited, and cannot exist on its own, but is always shared by members of a society (Hall, 1976). Hofstede (1980) defines culture as "the collective programming of the mind which distinguishes the members of one group from another", which is passed from generation to generation, it is changing all the time because each generation adds something of its own before passing it on. It is usual that one's culture is taken for granted and assumed to be correct because it is the only one, or at least the first, to be learned.

The major elements of culture include language, aesthetics, material culture (tools, artifacts and technology), education, religion, norms, attitudes, values, and social organisation (structure), according to the United Nations. Elements of culture can fall in various categories. The classic example is meanings: Some may be so culture specific as to be incomparable quantitatively across many societies. Symbols, another group of particular elements of culture, are closely associated with them (Cohen, 2007). So can be rituals and even heroes, which may also be considered components of culture (Hofstede, 1980). Taboos are another example of particular elements of culture. Many of them have a very limited distribution. Institutions are also an interesting case. Depending on one's preference, they can be viewed as completely independent of culture, as influenced by it, or as part of it. There is some inevitable subjectivity in deciding how to classify institutions as well as some objective facts that need to be considered in some cases. For instance, one may defend the view that forms of marriage, such as polygamy versus monogamy, should be considered extensions of a society's culture. Values are an important element of culture, as social behaviour is viewed as partly caused by dominant values and ideologies (Leung & Bond, 1989). Norms, or ideologies, are also an important cultural phenomenon. They are often studied together with other elements of culture, as in (Hofstede, 1980; Inglehart & Baker, 2000; Smith, Dugan & Trompenaars, 1996). Beliefs are expressed as agreements or disagreements with worldviews: The respondents are asked if they agree with various statements, most often about what they consider true or false. They are part of many cross-cultural projects, one of which, discussed in (Bond et al., 2004). Browne and Kim (2015) suggest that a number of variables may explain international differences in life insurance demand. They also suggest that a number of factors affect the supply of life insurance, although their study considers only the demand side.

Some recent works including Muduli and Raval, (2018) explore the relationship between work context, transfer design, and training transfer within an Indian insurance company. Their findings indicate that cultural factors, such as organizational context and employee motivation, play a crucial role in the effectiveness of training programs. The study highlights that a culturally sensitive approach to training can

enhance the transfer of knowledge and skills, thereby improving overall organizational performance in the insurance sector. Mishra and Mir (2019) argue that cultural factors, including societal attitudes towards insurance and risk management, significantly influence the growth trajectory of the insurance industry. They emphasize that a positive cultural perception of insurance can lead to increased adoption and penetration of insurance products, which in turn contributes to economic growth.

3. Significance of the study

Lack of education has a negative effect on the uptake of insurance organizations. In view of the research review cited above, it is evident that, the state of Haryana can offer best opportunities for the development of insurance industry. Therefore, it becomes imperative to identify the organizational culture with its different types within existing insurance organizations from the employee's perspective to maintain and sustain the best possible culture for the upliftment of this industry. This study therefore seeks to fill in the knowledge gap on the nature of contribution of certain often cited cultural factors that contribute to low penetration levels of insurance services

4. Objectives of the study

In light of the above mentioned facts, the present study aims to achieve the following set of objectives;

1. To study the demographic profile of the sample study respondents.
2. To ascertain the variances in the prevailing organizational culture across demographic variables identified in support of literature in the sample study organizations.
3. To provide suggestions based on the results of the study enabling select organizations to identify the variances among the prevailing organizational culture and sustaining the positive culture.

5. Research hypotheses

There are significant variances between organizational culture types with:

- Nature of organization.
- Employee Gender.
- Employee Designation.
- Employee Qualifications

6. Materials & Methods

Four top insurance organizations of the state namely, LIC of India, United India Insurance Corporation ltd., HDFC life Pvt and ICICI Lombard Pvt. were selected for the present study. The sample was calculated by sample size calculator to determine the accurate size for the present study which came out as 235 and was obtained by using Proportionate Probability Stratified Random Sampling (PPSRS) Technique. Wallach's (1983) most popular 24 items Organizational Culture Index (OCI) scale was found to be more appropriate to measure the various types of cultures prevailing within the select organizations of the Haryana . Wallach has defined three types of cultureviz; (a) Bureaucratic, (b) Innovative & (c) Supportive and each of the three types is assigned 8 items. The Wallach's scale had been used by many other researcher's.

6.1 Instrument reliability

The reliability of the research instrument for the present study was calculated by using SPSS: 16. The Cronbach's alpha coefficient for all the dimensions has been revealed in Table1.

Table 1. Cranach's Alpha Coefficients (α) of (OCI)

Scale No. of Items	Cronbach's (α) coefficient
Innovative Culture (8)	0.725
Bureaucratic Culture (8)	0.523
Supportive Culture (8)	0.881

6.2 Demographic Profile of Respondents

Demographic information about the various sample respondents is discussed in (Table 2) which is reflective of the fact that the public sector insurance employee's out-number the private ones in India which is evidenced by the fact that the sample consists of 194 respondents from public and only 41 from the private insurance organizations. Whereas, in terms of gender 144 were male respondents and 91 were female respondents. Further, in terms of level employee designation maximum number of respondents i.e. 130 fell under clerical level, 60 were from scale-1 (i.e. Administrative officers), 40 belonged to scale-2 (i.e. Assistant Manager) whereas, 5 respondents were from scale-3 (i.e. Branch Manager). And, in terms of educational qualifications maximum respondents i.e. 120 were found to be graduates followed by 81 post-graduates, 28 respondents were having professional qualifications and only 6 were found to be under-graduates. In summary, the select industry is representative more of public sector domination in employing personnel and is also male dominated with maximum number of graduates working as clerical staff.

Table 2. Demographic Information

Demographics	Frequency	Percent
Nature of organizations		
Public	90	82.5
Private	41	17.5
Employee Gender		
Male	144	61.1
Female	91	38.9
Employee Designation		
Clerical staff	58	24.8
Administrative officers (scale-1)	127	54.3
Assistant managers (scale-2)	30	12.8
Branch managers (scale-3)	14	6.0
Employee Qualification		
Undergraduate	6	2.1
Graduate	120	51.3
Post-graduate	81	34.6
Professional degree	28	12.0

7. Results & Discussion

7.1Comparison of means on the basis of nature of organization

As revealed by the Levene's test the p-value was (>.05) for all the cultural dimensions. It was concluded that, there is no significant difference between the two groups in terms of homogeneity of variances. To measure the level of difference between the variables independent sample T-test was applied which revealed a comparative picture of perceived cultural types by the employees in terms of nature of their organizations (Table 3). The public sector employees core high mean (4.35) on Bureaucratic culture indicating that, their culture is more bureaucratic as there exists complete centralization of authority. Whereas their private counterparts scored high (3.75, 4.46) on supportive and innovative culture depicting that, their organizational culture is more supportive in completing their assigned tasks, there is proper decentralization of authority and due participation of employees in decision making. Besides, these organizations follow proper innovative activities to be at par with the dynamism of work culture. And the difference in such mean scores was found to be statistically significant on innovative (t= 5.462; p=.000), supportive (t= 5.100; p=.000), &bureaucratic culture (t= -1.153; p= .000) at 95% confidence level. However, to measure the effect size of differences observed in responses of two sectors Cohen's D test was applied, and the values of innovative supportive and bureaucratic culture (0.595, 0.944& 0.625) indicated the difference between two groups is medium and large.

Table 3. Mean comparison test of cultural types in terms of nature of organization

Constructs	Nature	N	Levene's Statistics (F-Value)	df	Sig.	Mean	Std. Deviation	t-value	p-value	Cohen's D (ES)
Innovative Culture	Public	194	10.50	75.73	.724	3.577	1.99008	5.462	.000**	0.595
	Private	41				4.469	.72283			
Supportive Culture	Public	194	8.68	50.75	.653	2.573	1.11000	5.100	.000**	0.944
	Private	41				3.781	1.42768			
Bureaucratic Culture	Public	194	.97	52.02	.411	4.353	.84775	-1.153	.000**	0.625
	Private	41				3.190	.69528			

Source: Primary Data; For Cohen's D an Effect Size of 0.2 to 0.3 is considered "small effect", around 0.5 is " medium effect" & 0.8 or above is relativity considered a " large effect"

7.2 Comparison of means on the basis of gender

As revealed by the Levene's test the p-value was (>.05) for the all the cultural types concluding that, there is no significant difference between the two groups in terms of homogeneity of variances. To measure the difference between the variables independent sample T-test was applied revealing a comparative picture of perceived cultural types by the employees in terms of employee gender (Table 4). Male employees scored high mean (3.87, 3.64) on Innovative and Supportive culture indicating there is proper decentralization of authority and employees are encouraged to participate in decision making processes in their organizations and is more supportive too in completing the assigned tasks. However, female employees scored high (4.31) on Bureaucratic culture depicting that, they perceive their organizations have complete centralization of authority and more rigid rules and regulations to follow. And the difference in such mean scores was found to be statistically significant on innovative, supportive & bureaucratic culture at 95% confidence level.

Further, to measure the effect size of differences observed in responses of two groups Cohen's D test revealed the value of innovative, supportive & bureaucratic culture (0.221, 0.273 & 0.158) indicate the difference between the two groups is small.

Table 4. Mean comparison test of cultural types in terms of gender

Constructs	Nature	N	Levene's Statistics (F-Value)	Df	Sig.	Mean	Std. Deviation	T-value	P-value	Cohen's D (ES)
Innovative Culture	Male	144	8.501	19.34	.959	3.878	1.0031	1.838	.000**	0.221
	Female	91				2.664	1.0132			
Supportive Culture	Male	144	8.683	17.68	.653	3.641	1.2752	1.102	.000**	0.273
	Female	91				3.156	1.2228			
Bureaucratic Culture	Male	144	1.244	21.89	.266	4.159	.75791	-1.590	.000**	0.158
	Female	91				4.313	.6631			

Source: Primary Data; For Cohen's D an Effect Size of 0.2 to 0.3 is considered "small effect", around 0.5 is " medium effect" & 0.8 or above is relativity considered a " large effect"

7.3 Multiple mean comparisons of cultural types in terms of employee designation

Revealed by the findings of (Table 5) Scale-3 i.e. Branch Managers score high (3.93, 4.91) on innovative and supportive culture compared to other categories of designations indicating that branch managers of all the sample organizations perceived their organizational culture are very supportive, and quite innovative type whereas, their lower level staff score very low in these types of cultures and their bureaucratic culture score (4.47) was higher compared to other types depicting they have to strictly follow the set rules and regulations of the organizations without having any say in the organizational system which needs to be reframed. However, One-Way ANOVA test found that the variances are statistically significant for supportive and bureaucratic culture at 95% confidence level. Further to interpret the relative magnitude of any difference between group's means, the effect size was calculated using eta squared. The Eta^2 statistics of (0.214 & 0.360) for supportive and bureaucratic culture indicate the effect size is medium.

Table 5. Multiple mean comparison test of cultural types in terms of designation

Construct	Designation	Levene's Statistics (F-Value)	df	Sig.	N	Mean	Std. Deviation	F-Value	P-Value	Eta^2 Effect Size
Innovative Culture	Clerical staff	2.069	229	.086	130	3.6516	1.99660	1.148	.335	
	Administrative officers (scale-1)				60	3.4464	1.85783			
	Assistant managers (scale-2)				40	3.8000	1.13601			
	Branch managers (scale-3)				5	3.9353	1.29414			----
Supportive Culture	Clerical staff	8.526	229	.000	130	3.0965	1.18901	15.545	.000**	
	Administrative officers (scale-1)				60	3.8448	1.07588			
	Assistant managers (scale-2)				40	4.1917	1.22946			
	Branch managers (scale-3)				5	4.9107	.27045			0.214
Bureaucratic Culture	Clerical staff	3.761	229	.006	130	4.4744	1.44302	32.225	.000**	
	Administrative officers (scale-1)				60	4.3491	1.70546			
	Assistant managers (scale-2)				40	3.5167	.78766			
	Branch managers (scale-3)				5	3.3750	.67759			0.360

7.4 Multiple mean comparison of cultural types in terms of educational qualification

The results of the (Table 6 and 7) revealed that, graduate employees scored high (3.77, 3.97) on innovative and supportive culture compared to other categories of qualifications revealing that employees with graduation perceived their organizational culture is quite supportive and innovative followed by the under-graduate employees however, their highly qualified employees possessing the degree of post-graduate and professional degrees low on these two cultures whereas their bureaucratic culture score (4.37) was higher compared to other types of cultures revealing that, they have to strictly follow the set organizational rules and regulations irrespective of their qualification levels and are not allowed to have any say in the organizational system. One- Way ANOVA test found that the variances are statistically significant for innovative and supportive culture at 95% confidence level. And, to further interpret the relative magnitude of

any difference between group means, the effect size was calculated using eta squared. The Eta² statistics of (0.257 &0.118) for innovative & supportive culture indicating the effect size is medium.

Table 6. Multiple mean comparison test of cultural types in terms of qualification

Construct	Designation	Levene's Statistics (F-Value)	Df	Sig.	N	Mean	Std. Deviation	F-Value	P-Value	Eta² Effect Size
Innovative Culture	Undergraduate	.094	230	.964	6	3.5716	1.00623	1.124	.000**	0.257
	Graduate				120	3.7783	1.99839			
	Post-Graduate				81	2.9500	1.01103			
	Professional degree				28	3.1607	1.29111			
Supportive Culture	Undergraduate	2.687	230	.047	6	3.5542	1.89443	10.240	.000**	0.118
	Graduate				120	3.9722	1.26864			
	Post-Graduate				81	2.1500	1.09259			
	Professional degree				28	2.7232	1.12080			
Bureaucratic Culture	Undergraduate	1.529	230	.208	6	4.1000	1.41079	2.271	.546	----
	Graduate				120	4.1292	1.77146			
	Post-Graduate				81	4.3728	1.66807			
	Professional degree				28	4.3125	1.74107			

Source: Primary

Table 7. Summary of hypothesis test results

S.No	Hypotheses	Statistical Tools Used	Results
1	There are significant variances between the type of organizational culture and Nature of organization.	Independent Sample T-Test	Accepted
2	There are significant variances between type of organizational culture and employee Gender.	Independent Sample T-Test	Accepted
3	There are significant variances between type of organizational culture and employee Designation.	One-Way ANOVA Test	Not- Accepted
4	There are significant variances between type of organizational culture and employee Qualification	One-Way ANOVA Test	Not-Accepted

8. Summary, Conclusions and Recommendations

The comprehensive analysis of variances across the selected demographic variables in relation to organizational culture evidently revealed that, there exist visible variances in terms of cultural types among the employees working with insurance sector of Haryana. Therefore, it becomes imperative for the concerned authorities to rectify the cultural variances and their impact on the attitude as well as performance of their employees. However, the following suggestions based on the above present study results would be helpful for the sample organizations in improving their existing cultural types for the effective performance of their employees. The findings suggested that the public sector organizations of Haryana need to adopt innovative and democratic type of culture and should encourage their employees to design new and creative insurance policies. Besides, allowing them to participate in organizational decision making process so as to ensure low intensity of rigid bureaucratic policies. Whereas, in case of private sector attempts should be made to enhance and enrich their existing cultures in a more effective manner. In order to increase the employment percentage of female employees in this industry, authorities ought to take every measure that encourages their effective participation in various decision-making processes as well as holding better positions in the otherwise male dominated industry to increase their morale and bringing about a positive attitude of mind towards the select organizations. The findings further suggest that lower scale employees viz; clerical staff should also be provided the opportunities to participate in decision making. By allowing those to discuss and share their views regarding their work procedures that will encourage them and change their perception about the existing cultural setup and will equally attract more youth to join this industry in Haryana. Lastly, the study suggests that highly qualified employees with post-graduate and professional degrees perceived that, their existing rules and regulations are more stringent and rigid which discourages them to try-out their best capabilities. The existing rules & regulations governing this industry needs to be revisited and properly addressed by the concerned authorities so as to encourage the well qualified youth of Haryana to join and expand this industry within the state by creating more democratic, supportive and trust-worthy organizational culture.

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