



Research Paper

Knowledge management in life insurance industry – evidence from India

■ VANI N. LATURKAR AND KULBIR SINGH

See end of the paper for authors' affiliations

Correspondence to :

VANI N. LATURKAR
School of Commerce and
Business Management,
S.R.T. Marathwada
University, NANDED
(M.S.) INDIA

Paper History :

Received : 09.08.2011;

Revised : 20.04.2012;

Accepted: 19.06.2012

ABSTRACT : Life insurance industry being highly knowledge-intensive, the proper adoption of KM strategies can give a competitive edge to a life insurer in huge market potential in country like India. This paper aims to understand the KM practices followed in various private life insurance companies compared to the government owned and oldest life insurer in the country – Life Insurance Corporation (LIC). The paper uses a sample comprising of private life insurance companies and the sole public sector life insurer in India. MIT90s framework and Hansen, Nohria, and Tierney's knowledge strategy model of codification versus personalization are used to evaluate KM practices. The paper empirically shows that private life insurance companies' perform well on all dimensions of KM compared to LIC; however, no insurance company follows codification and personalization knowledge strategy as envisaged by Hansen, Nohria, and Tierney's model. There is huge scope of KM implementation in insurance industry in India.

KEY WORDS : Life Insurance, Knowledge management, Personalization, Codification, Strategy.

HOW TO CITE THIS PAPER : Laturkar, Vani N. and Singh, Kulbir (2012). Knowledge management in life insurance industry – evidence from India, *Internat. Res. J. agric. Eco. & Stat.*, **3** (2) : 213-218.

INTRODUCTION

De Geus (1997, p.16) points out that “during the past 50 years, the world of business has shifted from one dominated by capital to one dominated by knowledge”. Both business and academic communities believe that by leveraging knowledge, a business organization in general, and life insurance organizations in particular, can sustain its long-term competitive advantages. Knowledge management is on its way to becoming an integral business function (Grover and Davenport, 2001) and a new aspect of management for many organizations.

Woolf (1990) defined knowledge as organized information applicable to problem solving. Broadly Turban *et al.* (2007) said that “knowledge is information that has been organized and analyzed to make it understandable and applicable to problem solving or decision making.” Nonaka and Takeuchi (1995) suggested the ‘Tacit knowledge’ and ‘Explicit knowledge’ as the types of knowledge. Rastogi (2000) provides a definition that seems to embrace the prism of KM. He states “knowledge management may be defined as a systematic and integrative process of coordinating organization-wide activities of acquiring, creating, storing, sharing, diffusing, developing, and

deploying knowledge by individuals and groups in pursuit of major organizational goals.”

Insurance sector is one of the sectors, which has witnessed this change and has tuned itself to the local/global demands particularly after the inception of General Agreement on Trade in Services (GATS). In fact, the more developed and efficient a country's insurance market, the greater will be its contribution to economic prosperity (Skipper, 2001). The Insurance Sector fundamentally being a service sector, it should make learning an inbuilt component in rendering quality service. In fact, the life insurance industry is most knowledge-intensive industry, among the financial services sector.

Role of KM in life Insurance Business:

The life insurance sector in India is witnessing a tough competition among the both public and private sector insurers, with an increasing impact on their efficiency in sales, innovation, underwriting, claims management, and risk management. New untapped market is being exploited by both private insurers and the sole public sector insurer forcing the insurers to come out with innovative schemes. Insurers are continuously