

Professional Ethics and its application to Customer Relationship Management (A Study based on selected leading Insurance Organization in the Colombo District)

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Abstract - Due to the more and more fierce competition in today's business, many companies are required to build long-term profitable relationship with customers. Therefore, concept of Professional Ethics will be more vital for any organization to build up proper Customer Relationship Management. The research problem is how to apply principles of Professional Ethics into the field of Customer Relationship Management. The main purpose of this research is to identify the Professional Ethics principles relevant to the Customer Relationship Management and identify the several types of customer grievances and its related Professional Ethics in the insurance industry and the strategy of Customer Relationship Management. Fifty customers were randomly taken as the sample of this research. Both primary and secondary data collection methods were used and questionnaires were referred to as primary data and magazines, books and web sites were used as secondary data. Data analysis has been done quantitatively. According to the survey overall it was found that in Sri Lankan context, application of Professional Ethics in Customer Relationship Management is in a satisfactory level and Customer Relationship has improved in Sri Lanka compare to the past. Suggestions help further improvement of customer service and to design a good customer relationship program and employee development program at every single meeting point of the customer and the organization.

Keywords - Professional Ethics, Customer Relationship Management, Customer Grievances

I. INTRODUCTION

Due to the more and fiercer competition in today's business, many companies are required to build long-term profitable relationship with customers. Therefore, concept of professional ethics will be more vital for any organization to build up proper customer relationship management.

Providing Quality Services to individual Customers while being identifying Customer Grievances in the

organization is found essential and thus company should build customer relationship effectively and efficiently. Identifying and handling customer grievances should be done within a professional framework. The guideline for that is concept of professional ethics. Professional ethics is a part of general ethics.

In recent years, sophisticated "Customer Relationship Management" (CRM) software has helped identify customer grievances achievable and efficient. CRM is a strategy that is recognized broadly and implemented widely to both manage and increase the quality of a company's interactions with a variety of clientele and potential business interests. Customer relationship management involves the use of technology to optimize business processes through organization, synchronization, and automation. This optimization primarily involves activities related to sales, but may also involve activities related to technical support, marketing, and customer service. The primary goals of customer relationship management are related to discovering, engaging, and signing on novel clients, as well as maintaining relationships with established clientele, restoring relationships with former clients, and minimizing resources used on marketing and serving clients. Customer relationship management is a business strategy implemented at the company level, involving all departments related to clients. When implemented successfully, there is consistency between customers and employees relationship and companies may be able to reduce customer grievances.

In the case of CRM this is achieved mainly by providing a better service to the customer than the competitors. CRM not only improves the service to customers through; a good CRM capability will also reduce customer complaints. Effective CRM also reduces staff stress, because attrition a major cause of stress reduces as services and relationship improve. Good CRM also helps to grow organizational business: customers stay with the company longer.

The research is a study based on selected leading Insurance organization. Insurance is an agreement by which one party called the 'insured' pays a stipulated consideration called 'premium' to the other party called the 'insurer', in return for which the insurer agrees to pay a defined amount of money or provide a defined service if a covered event occurs during the policy term. There is a delicate financial relationship between the insured and the insurer; therefore insurance is a highly regulated industry worldwide.

This research aims to study ethics in philosophy disciplines. Ethics is about "good." According to that, professional ethics is "good conduct of professionals." This shows the importance of studying professional ethics.

The main purpose of this research is to identify the Professional Ethics principles relevant to the Customer Relationship Management and identify the several types of customer grievances and its related professional ethics in the insurance industry and the strategy of customer relationship management.

Customer's grievances are one of the major issues in customer relationship of any customer service. It is said that Customer's grievances are the heart of any organization. Therefore, this should be handled very carefully, for the success of any organization.

A. Problem of the Research

It is said that the cost of gaining a new customer has been determined to be four times, the cost of maintaining existing customers. Therefore, the customer base has to be managed as effectively as possible. The base of the customer relationship is identifying customer grievances in the insurance industry. In Sri Lankan context, insurance industry becomes highly growing and profitable industry rather compare to other Asian countries.

Insurance industry is having huge competition even though there are several competitors. Due to that all are using different strategies to keep customers with them. Therefore, today identifying and encourage the resolution of customer grievances is become very important and challengeable concept for all organizations. Hence, in this case need professional ethics to interact relationship between customers and employees. So it is essential to have understood on what is the customer grievances highly influences in Insurance context in Sri Lanka.

B. Limitation of the Research

Even though there are so many Insurance companies in Sri Lanka, the research has been limited for studying one insurance company. Among the related insurance company there are 120 branches speeded in island wide, the research has been limited for studying customer grievances in randomly Head Office. And also there are lot of customers transacts several type of business and the research has been limited for select 50 customers among them.

II METHODOLOGY

Fifty customers were randomly taken as the sample of this research.

The researcher has utilized primary data gathered in the form of questionnaire and secondary data in the form of magazines, books and the web sites. A questionnaire was given to the customers in order to identify what those customer grievances are valuing most in order to be with organization in the long run. The questionnaire was developed by referring the literature on the professional ethics and the grievances. The main purpose of this strategy was to identify the several types of customer grievances and its related professional ethics in insurance industry.

Accordingly Quantitative research method was followed. Quantitative research designs are either descriptive or experimental. Descriptive research method is undertaken as the researcher was intends to measure the relative importance of the customer grievances through customer relationship management and identify how to use those factors in Insurance Industry.

The responses obtained were analyzed using MS Excel. To ascertain which of the customer grievances in the insurance industry perceived as more or less important by the insurance industry's the data were analyzed using descriptive statistics and analysis. These techniques were deemed to be appropriate for this particular analysis because the main purpose of this research is to explore the main determinate of customer grievances in Insurance industry. The first part of the questionnaire asked Disciplinary and Financial problems of customer grievances handling using a five point Likert type agreements scale rendering from "Exceptional" to "Poor."

The second part identified compensation grievances customers have to face by tick in appropriate compensation. The third part of the survey address the customer grievances management techniques+ which exist in a good customer care and organization in the insurance industry, using a four-point scale type agreement scale ranging from "Strongly Agree" to

“Strongly Disagree.” The fourth part of the questionnaire asked customer grievances management techniques relative Ethics, using Yes/ No type.

III. RESULTS

Chart 1: Gender

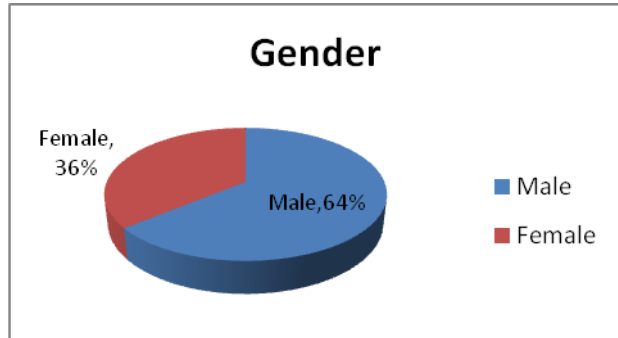


Chart 2: Age

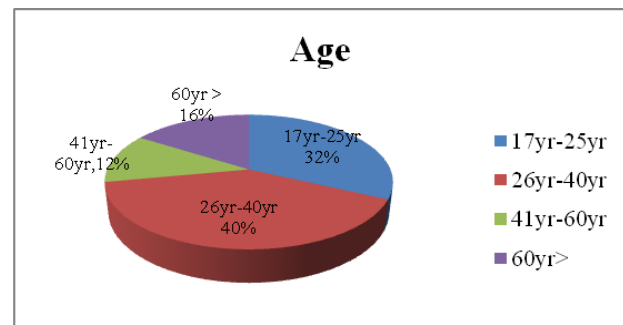


Table 01: Customer Satisfaction

Customer Satisfaction		Exce pti	Very Good	Good	Fair	Poor
Q-12	Attention		16	23	11	
Q-13	Communicatio n	1	7	26	16	
Q-14	Time taken Quotation or Certificate	6	35	5	4	
Q-15	Amount of premium	5	34	8	3	
Q-16	Facilities provided for payment	3	23	19	5	

Chart 03: Compensation Grievances

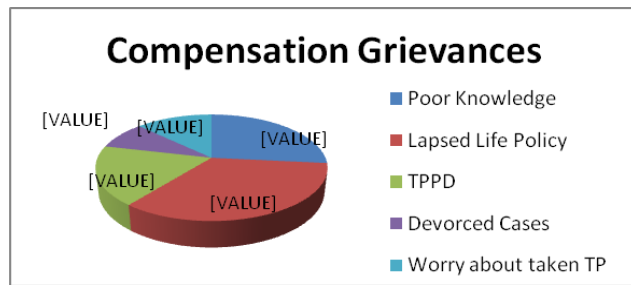


Table 02: Good Customer Care Techniques

Good Customer Care Techniques		SA	A	DA	SDA
Q-22	Difficult to find Officer/ Place	22	29	9	
Q-23	Have to wait much time	11	25	9	5
Q-24	Receive a chair while talking with him		22	20	8
Q-25	Full Attention given to you	3	27	16	4
Q-26	While talking, he doesn't engage in another work		9	29	12
Q-27	If the error is organization give his sympathy while talking	11	25	9	5
Q-28	Given exact advice	4	7	25	14
Q-29	Given extra support to solve problem	3	25	18	4
Q-30	Let time to idling	3	25	18	4

RELATIVE ETHICS

YES/NO TYPE

This section of the survey asked respondents to relative ethics on a scale from 1 to 0, where 1= Yes and 0 = No. Sample Size is 50 randomly selected.

Chart 04: Gratification

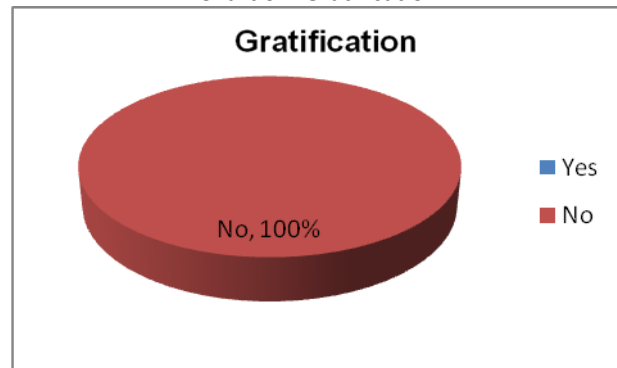


Chart 05: Improper Suggestions

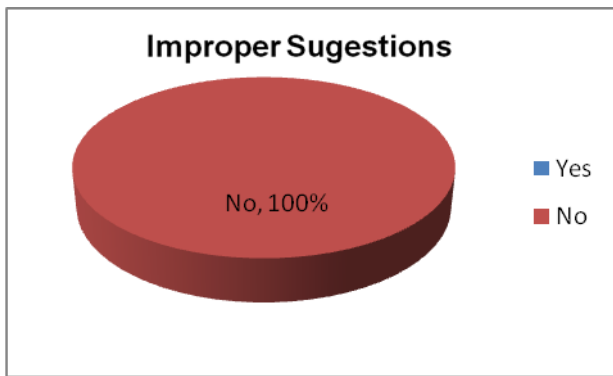
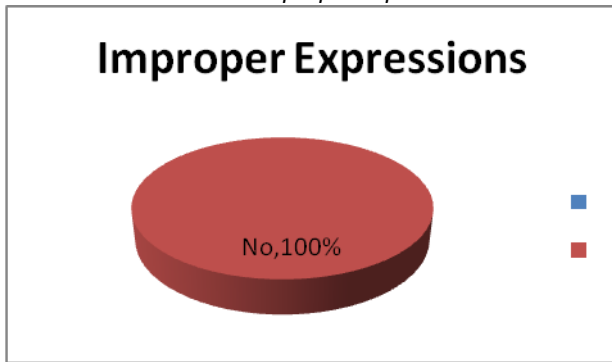


Chart 06: Improper Expressions



IV. DISCUSSION

Some grievances are genuine and some are imaginary, but all of them turn out to be seriously disturbing to customers. All of them require prompt attention. The best way to handle a grievance is to develop a work environment in which grievances don't occur in the first place and where one learns by past experience. Organizations should act proactively through dialogue processes so that possible grievances are minimized.

Some features can be identifying in a grievance. It can be real or imaginative feelings of personal justice that a customer has, about the company relationship. It need not be expressed to become a grievance. It need not be true or correct. A feeling arising from imaginative conditions or from incorrect reasoning is still a grievance if it causes a feeling of injustice.

While the real grievance exists, the customer may state a different grievance either because he is unable to see the real situation or because of his unwillingness to define the actual cause of the grievance.

The management should take care of some aspects to develop a culture of trust and confidence upon the customers.

They are always ensure that the managers involved in the grievance have proper training and know how to

empathize with others and ensure that they have adequate time to be devoted to the complainant and show respect. Explain manager's role, the policy and the procedures clearly in the grievance handling procedure. And also fully explain the situation to the customer to eliminate any misunderstanding and promote better acceptance of the situation complained of. Let customer present their issues without prejudging or commenting.

Use a positive, friendly way to resolve the situation. Don't show annoyance, impatience, sarcasm or hostility.

Remain calm, cool, collected during the course of the meeting. Do not say anything which shows any bias or which could be interpreted as using duress. If necessary take a break and do not rush things. If the complainant is emotional calm things down. Listen and respond sensitively to any distress exhibited by the customers. Try to get the complainant to move away from blaming people and focus on the interests affected. Be aware of the customer's potential concerns to the possible repercussions of raising a grievance. Assume a problem solving approach and show concern for finding options and alternatives which could resolve the issue amicably.

Reassure the complainant that your task is to make the customer satisfied that his/her grievance has been satisfactorily dealt with. Manager is not a judge and if the complaint is false or unfair, and the complainant does not seem to accept this fact, do not bluntly say so but report the conclusions to the higher authorities subsequently for due follow up. Where relevant involve others who could help to resolve the issue.

Suggestions help to further improvement for customer service and to design a good customer relationship program and employee development program as well at the every single reaching point of the both customer and company.

They are improve the quality of front line employees and service center itself. And introducing a good performance evaluation system for employees. Therefore, every customer can obtain a good customer care service. It is better to arranging the meeting with department heads once a month to discuss the customer grievances. To maintain good training policy is essential. Develop Professional Ethics education to the internal and field staff employees and develop Customer Relationship Management (CRM) strategy. Like Employee Grievances Handling Procedure, add Customer Grievances Handling Procedure to HR policy. Not only penalizing Customer Grievance Officer in Head Office they have to be located in other branch network as well.

V. CONCLUSION

In Sri Lankan context, Application of Professional Ethics in Customer Relationship Management is in a satisfaction level. According to the survey data most of customers were satisfied when dealing business with Insurance organization. In this case employees used principles of professional ethics.

Researchers have found that most of these grievances are imaginative and unfounded beliefs. Most of the dissatisfactions never turn into big issues, as something happens to make it unnecessary. Grievances are rarely reported as most customers do not wish to antagonize their immediate superior by questioning their judgement. Also most customers do not initiate grievances because they believe that nothing will be done as a result of their attempt.

A grievance can be any discontent or dissatisfaction, whether expressed or not, whether valid or not, and arising out of anything connected with the company that the customer thinks, believes, or even feels as unfair, unjust, or inequitable. Thus, a grievance represents a situation in which the customer feels that something unfavorable to him has happened or is going to happen.

Although, through this survey able to identify customer grievances and obtain proper answers to them. Unless that all these will lead to poor work output, poor quality and will in turn affect the productivity of the organization. Therefore the management necessarily should develop effective grievance handling procedures to outcome unnecessary problems. According to the survey details through overall Customer Relationship has improved than before in Sri Lankan context.

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