

A Study on Service Quality Perceptions and Customer Satisfaction in Private Sector Life Insurance Companies: A Study with Special Reference to Chennai City

*CMA.CS. Dr. V.N. PARTHIBAN, PhD., FCMA, FCS, FIII, FIIMM, ASM, AMT, CA(I), ML, MBL, LLM, MBA, MS,
CPA, M.PHIL., etyc
ASSOCIATE PROFESSOR AND HEAD, DEPT. OF COMMERCE, RAMA KRISHNA MISSION VIVEKANANDA
COLLEGE, CHENNAI – 600 004 TAMIL NADU
Cell No.988 472 3138

INTRODUCTION

Service quality is a recent and more dynamic decisive issue in the marketing thought. It also helps control the competitive position and consequently determines the market share and profits (Shabib, 2002). Therefore, the ability of private sector life insurance companies to continue and survive in the market depends on their ability to respond to their requirements of change and interact with the output of it. As the customers' needs and wishes are shaped and formed in the light of their economic, social and civilization conditions, there is a close relationship between the private sector life insurance companies' ability to continue and survive and their ability to produce services that fit in with the increasing and changing needs of the customers. Hence, service organizations, especially insurance sector, work hard to find effective ways to counter external changes in order to survive and they enhance their effectiveness by means of activating their services and creating and developing new ones. Thus, The importance of achieving high levels of quality lies in the number of economic and non-economic benefits resulting from quality commitment and lies in eliminating its problems and the causes of these problems. In this cut-throat competition among the life insurance companies, consumers are very much aware of the alternatives available in the relation to services and the provider organization. Now consumer's expectations are rising and service provider organization should be aware of these expectations. Therefore, the present study is undertaken to find out the Service Quality Perceptions and Customer Satisfaction In Private Sector Life Insurance Companies: A Study with Special Reference to Chennai City

REVIEW OF LITERATURE

There are many studies were undertaken on the issue of service quality in many place and different occasions. For the present study some of the important studies were consulted for the concept. Various models have been developed to determine measure and assess the determinants

of service quality. The SERVQUAL is the tool to find out the gap between expectations of the customers about service quality by service provider and their assessment of actual performance of service by service provider. The SERVQUAL was developed by the Parsuraman et.al. (1988) is instrument for many researchers have used and developed the 22 item scale to study service quality in different sectors of services industry. The following studies were discussed for the present study.

A. Parsuraman, Leonard L. Berry, and Valarie A. Zeithaml, (1988) in their study described the development of 22-item instrument in the assessment of service quality perceptions of customers in service and retail firms, which was called "SERVQUAL". This study was revolutionary as it didn't depend on the earlier dimension of goods quality in the manufacturing sector. The initial study based on the focus groups yielded 10 dimensions of service quality that included access, competence, courtesy, credibility, security, tangibles, reliability, responsiveness, communication, and understanding the customer. In concluding remarks, authors proposed that SERVQUAL scale can help a vast range of service and retail firms to assess the customer expectations and perceptions of service quality as it had a variety of potential applications.

Gayathri, H, M. C. Vinaya and K.Lakshmi (2005) conducted a pilot study on the insurance companies in India to quantitatively study the levels of the dimensions of service quality and its relation to the level of customer satisfaction. The results showed that LIC was scoring lower in all the five dimensions of service quality. To relate the satisfaction level of customers with the levels of SERVQUAL dimensions, multiple regression equations were developed for the four companies. The study concluded by saying that the companies have to focus on service quality in order to differentiate themselves and create a competitive advantage in order to survive the competition in the market.

Dr. H. S. Sandhu & Ms. Neetu Bala (2011) concluded in their study that the service quality has become

a highly instrumental co-efficient in the aggressive competitive marketing. For success and survival in today's competitive environment, delivering quality service is of paramount importance for any economic enterprise. Life Insurance Corporation of India, the leading insurance company has set up 'benchmarks' in enhancing the whole concept of service quality.

Dr. Rajeswari K & Mrs. Kartheeswari S (2011) found in their study that Customer satisfaction is the perception of customers on the service whether that service has met his needs and expectations. Service quality, personal factors, perception of equity and fairness, price, product quality, situational factors and attributions for service success or failure are the factors that influence the customer satisfaction. However, the perceptions and expectations of the policyholders who have taken the policies from Life Insurance Companies vary from person to person.

Gautam, Vikas (2011) concluded in his study that customers perceive better quality of service for public sector insurance companies as compared to private sector insurance companies.

OBJECTIVES OF THE STUDY

1. To study the relationship between service quality dimensions and Customer Satisfaction in private sector life insurance companies in Chennai city.
2. To examine how for the service quality dimensions influence the overall customer satisfactions in private sector life insurance companies in Chennai city.

RESEARCH METHODOLOGY

The present study's ultimate objectives are to study the relationship between service quality dimensions and customer satisfaction and to examine how for the service quality dimensions influence the customer overall satisfaction in private sector life insurance companies in Chennai city. Both primary and secondary data are used as a data source for the present study. The researcher approached the customers of the private life insurers personally for collection of necessary data for the research. The sampling units for the study are customers of ICICI Prudential life insurance Company, SBI Life insurance company, HDFC Life Insurance Company and Bajaj Allianz life insurance Company in Chennai city. The private sector life insurers have been considered for the study on the basis of their market share in life insurance industry. The service quality is assessed based on Parasuraman, *et. al.*, 's (1988) five dimensions namely, tangibility, reliability, responsiveness, assurance and empathy. All questions are measured on 5-point likert scale where "1=strongly disagree", "2=disagree", "3=neutral", "4=agree", and "5=strongly agree". The overall customer satisfaction is measured by one

item question: "Overall, how satisfied are you with the private sector life insurers?" The responses are made on scale labelled "very satisfied" and "very dissatisfied" at both extremes. The researcher approached the customers of private sector life insurers who came out of the office after completing their transactions, and requested them to fill the structured questionnaire to generate the response to the listed objectives of the study. The convenience sampling method was adopted to fulfill the present objectives. The total sample size is 400 out of which 100 samples from each life insurance company. The field work was carried out by the researcher for period of six months from January 2014 to June 2014. In order to accomplish the objectives, the descriptive calculations, correlation analysis and multiple regressions have been applied.

DATA ANALYSIS AND DISCUSSION

Table 1
Gender wise distribution of respondents

Gender	Frequency	Percent
Male	272	68.0
Female	128	32.0
Total	400	100

Source: Primary data

The above table represents that gender wise distribution of respondents. Out of 400 respondents, 272 (68%) of respondents were males and 128(32%) of respondents were female customers of private sector life insurance companies.

Table 2
Age wise distribution of respondents

Age	Frequency	percent
Up to 20 years	92	23.00
21-30 years	185	46.25
31-40 years	87	21.75
Above 40 years	36	9.00
Total	400	100.00

Source: Primary data

Age wise distribution of respondents shows in Table 2. Majority 46.25% of respondents were in the age group of 21-30 years, followed by 23% of respondents were in the age group of up to 20 years, 21.75% of respondents were in the age group of 31-40 years and 9% of respondents were above 40 years .

Table 3
Educational qualification wise distribution of respondents

Educational qualification	Frequency	percent
Up to HSC	44	11.00
UG	156	39.00
PG	104	26.00
Professional	96	24.00
Total	400	100.00

Source: Primary data

The above table highlights that educational wise distribution of respondents. 39% of respondents were under graduate, 26% of respondents were post-graduate, 24% of respondents were professional and only 11% of respondents were up to HSC qualified.

Table 4
Occupation wise distribution of respondents

Occupation	Frequency	percent
Business	61	15.25
Self Employed	89	22.25
Salaried	164	41.00
Professionals	86	21.50
Total	400	100.00

Source: Primary data

The above table illustrates that occupation wise distribution of respondents. Majority 41% of respondents were salaried group, followed by 22.25% of respondents were self-employed group, 21.50 % of respondents were professionals and only 15.25% of respondents were business individuals.

Table 5
Monthly income wise distribution of respondents

Monthly income	Frequency	percent
Up to Rs.20,000	71	17.75
Rs.20,001 – 40,000	165	41.25
Rs.40,001 -60,000	120	30.00
Above Rs.60,000	44	11.00
Total	400	100

Source: Primary data

Monthly income wise distribution of respondents highlights in Table 5. Majority 41.25% of respondents were in the monthly income group of Rs.20,001 – 40,000, followed by 30% of respondents were in the monthly income group of Rs.40,001 – 60,000, 17.25% of respondents were in the monthly income group of up to Rs.20,000 and 11% of respondents were in the monthly income group of above Rs.60,000.

Relationship between Service Quality Dimensions and Customer Satisfaction

Null Hypothesis: There is no significant correlation between service quality dimensions and customer satisfaction in private sector life insurance companies.

Table 6
Relationship between Service Quality Dimensions and Customer Satisfaction

	Tan-gibles	Respon-siveness	Relia-bility	Assur-ance	Empa-thy	Customer Satisfaction
Tangibles	1.00					
Respon-siveness	0.53**	1.00				
Reliability	0.69**	0.55**	1.00			
Assurance	0.57**	0.48**	0.45**	1.00		
Empathy	0.64**	0.44**	0.55**	0.57**	1.00	
Customer Satisfaction	0.59**	0.67**	0.64**	0.62**	0.43**	1.00

Note: ** represents significant at 1% level

The above table shows that Relationship between Service Quality Dimensions and Customer Satisfaction. The results further reveal that there is a significant and positive relationship between five dimensions of service quality and customer satisfaction, the highest correlation is between responsiveness and customer satisfaction ($r= 0.67$; $p<0.01$) followed by between reliability and customer satisfaction ($r= 0.64$; $p<0.01$) between assurance and customer satisfaction ($r= 0.62$; $p<0.01$) and between tangibles and customer satisfaction ($r= 0.59$; $p<0.01$). The weakest association is between empathy and customer satisfaction ($r= 0.43$; $p<0.01$).

All the p value is less than 0.01; therefore, the null hypothesis is rejected at 1% level. Hence it is concluded that there is significant relationship between service quality dimension and customer satisfaction.

Influence of Service Quality Dimensions on Overall Customer Satisfaction

The influence of service quality dimensions on overall customer satisfaction was analyzed by employing multiple regression and the results are presented in **Table 7**.

The results point out that the coefficient of multiple determinations (R^2) is 0.661 and adjusted R^2 is 0.637 indicating the regression model is reasonably fit. It is inferred that about 63.7% of the variation in dependent variable (Overall Customer Satisfaction) is explained by the independent variables (Service Quality Dimensions).

Table 7
Influence of Service Quality Dimensions on Overall Customer Satisfaction

Variable	Regression Co-efficient (Beta)	t-value	Sig
Constant	-0.221**	4.429	0.00
Tangibles	0.108**	3.224	0.01
Responsiveness	0.162**	3.863	0.00
Reliability	0.141**	3.542	0.00
Assurance	0.133**	3.312	0.01
Empathy	-0.096**	2.981	0.01
R ²	0.661		
Adjusted R ²	0.637		
F	27.627		0.00
N	400		

The proposed model is adequate as the F-statistic = 27.627 and it is significant at one per cent level ($p < 0.01$). This indicates that there is a statistically significant association between service quality dimensions and overall customer satisfaction. The results show that the service quality dimensions of tangibles, responsiveness, reliability and assurance are positively and significantly influencing the life insurance customers overall satisfaction, while the empathy is negatively and significantly influencing the customers overall satisfaction at one per cent level in private sector life insurance companies in Chennai city. Thus, it indicates that there is a statistically significant relationship between service quality dimensions and overall customer satisfaction.

CONCLUSION

It is observed from the study, service quality and examines the relationship between perceived service quality dimensions and customer overall satisfaction. The research model proposed in the study postulates that service quality dimensions influence on overall customer satisfaction directly. The model also postulates that service quality has a positive relationship with overall customer satisfaction and tested them through Correlation Analysis and Multiple Regression to find their significance in the hypotheses.

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