SERVQUAL ANALYSIS: AN ASSESSMENT OF CUSTOMER PERCEPTION IN LIFE INSURANCE CORPORATION OF INDIA

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ABSTRACT

In today's dynamic environment, the insurance sector has witnessed many spectacular changes in terms of advancement in technology which strengthen the existing customer base and attract the new customers. Life Insurance is the fastest growing sector in India since 2000 as government allowed private players to enter the insurance sector. Life insurance in India made its debut well over 100 years ago. Today, Life Insurance Corporation (LIC) has 2050 fully computerized branches, 100 divisional offices and seven zonal offices. The traditional market place has given way to dynamic new age professionalism and the LIC product basket has in it a variety of products catering to the needs of the different stages of life and appropriate to the risk appetite. LIC of India, the leading insurance company has set up 'benchmarks' in enervating the whole concept of service quality.

Service quality is the important aspect which can give a company unmatched competitive advantage. Service quality has been described as a form of attitude, related but not equivalent to satisfaction, which results from the comparison of expectations with performance. Successful companies add benefits to their offering that not only satisfy the customers but also surprise and delight them. Perceptions of service quality result from a comparison of consumer expectations with actual service performance. SERVQUAL analysis is an assessment of how well the service level delivered matches customer expectations on a consistent basis.

INTRODUCTION

After the economic reforms and global economic recession, the insurance companies have started to review their marketing strategies relating to assessing the customer's financial needs and their other economic expectations, budget allocation, sales targets, staff training, adopting sophisticated technology, office automation in order to compete with their counterparts emerging in the scenario. Although there has been a significant and rapid advancement in the area of customer management, there are many issues that need to be explored. Insurance companies across the world have started recognizing the value of superior customer care. There are about 30 players operating in both life and non-life segments and one is re-insurer.

At present, there are 25 private insurance companies including Indian companies and companies with foreign partners in India. Life Insurance in India was nationalised by incorporating Life Insurance Corporation in 1956. All private life insurance companies at that time were taken over by LIC of India. The insurance sector has been a booming sector and companies are going to get and retain customers. These companies are competing with the LIC of India to tap the immense insurance market potentials in India.

Knowing what the customer expects is the first and possibly most critical step in delivering quality service. Customers' service expectations arise from many sources such as past experience and word of mouth and achieving it. In general, customers compare the perceived service with the expected service. If the perceived service falls below the expected service, the customers are disappointed.

Based on the concept of service quality, Parsuraman *et al.* (1991), proposed a measurement scale called 'SERVQUAL'. The SERVQUAL model focuses on the difficulty in ensuring a high quality service to its customers at all situations. Thus, this model is used to analyse the difference between the customers' expectations and their perceptions of service quality in an organisation. Therefore, to sustain in the market, service quality becomes the most critical component of competitiveness for LIC of India. By providing quality services to its customers, the LIC of India can differentiate itself from other service firms and will be able to improve its profitability. Hence, in this context, an

attempt has been made to analyse the service quality dimensions *viz.*, tangibles, reliability, responsiveness, assurance and empathy in LIC of India.

OBJECTIVES OF THE STUDY

(a) To examine the socio-economic profile of the respondents.
(b) To find out the gap between the customers' expectation and perception level of service quality.
(c) To offer concrete suggestions based on the findings.

METHODOLOGY

This study depends on both primary and secondary sources of data. A sample survey was conducted for the collection of primary data by administrating a well-conceived questionnaire to the respondents. The questionnaire was pre-tested before it was administered to the respondents. Sampling frame was limited to the LIC of India, Virudhunagar. Respondents constitute the customers who were the policyholders of LIC of India during December 2015 – January 2016. The size of the sample was 250. Snowball sampling method was used for the selection of the required number of samples. Relevant statistical tools such as percentage analysis and gap analysis were used for the interpretation of primary data.

ANALYSIS AND INTREPRETATION

The socio-economic variables such as gender, age, marital status, educational status and monthly income of the respondents were taken into account.

Table 1
Socio-Economic Profile of Respondents

Socio-Economic Variables		No. of Respondents	Percentage to Total
Gender	**Male**	**165**	**66.0**
	Female	85	34.0
Age (in years)	Below 26	20	8.0
	26-35	**92**	**36.8**
	36-45	54	21.6
	46-55	50	20.0
	56-65	29	11.6
	Above 65	05	2.0
Marital Status	**Married**	**203**	**81.2**
	Unmarried	47	18.8
Educational Status	Up to Primary School	5	2.0
	Up to SSLC	13	5.2
	Up to HSC	32	12.8
	Diploma	19	07.6
	Under Graduate	**112**	**44.8**
	Post Graduate	69	27.6
Monthly Income (in Rs.)	Below 10000	58	23.2
	10001-15000	**85**	**34.0**
	15001-20000	39	15.6
	20001-25000	24	09.6
	Above 25001	44	17.6

Source: Primary Data

- It is seen in Table 1 that 66 per cent are male respondents and the remaining 34 per cent are female who invested in LIC of India.

- In the total, 36.8 per cent of the respondents are in the age group of 26-35 years.

- More than three-fourths i.e. 80.8 per cent of the respondents are married and 18 per cent are unmarried.

- Majority (44.8%) of the respondents is degree holders, 27.6 per cent are post graduates and 42.8 per cent have studied up to HSC.

- One-third i.e. 34 per cent of the respondents earn monthly income of Rs.10001-15001 followed by 23.2 and 17.6 per cent whose monthly income are Rs.10,000 and above Rs.25001 respectively.

PERFORMANCE OF GAP ANALYSIS

The five dimensions of service quality such as tangibles, reliability, responsiveness, assurance and empathy are considered for the gap analysis. The respondents of LIC of India were asked to give their opinion regarding their expectations and perceptions of service quality. Likert's Five Point Scaling technique has been used to measure the opinion of the respondents. Based on the scores, mean score was calculated for each service quality dimensions. The difference between the expectation mean and perception mean is the gap score.

Factor 1- Tangibles

Tangibles are the physical evidence of the service, for instance, the appearance of the physical facilities, tools and equipment used to provide the service; the appearance of personnel and communication materials and the presence of other customers in the service facility. The following statements are considered for the calculation of expectation mean are modern looking equipment and fixtures, visually appealing other physically facilities, clean, neat and convenient working hall, availability of payment forms, spacious parking facility and Provision of proper drinking water.

Factor 2- Reliability

Reliability is the ability to perform the promised service in a dependable and accurate manner. The service is performed correctly on the first occasion, the accounting is correct, records are up to date and schedules are kept. The following statements were considered for the calculation of expectation mean is accurate record keeping, punctuality, adequate computer system, promised service, accepting major credit cards and convenient working hours.

Factor 3- Responsiveness

Responsiveness is to the readiness and willingness of employees to help customers in providing prompt timely services, for example, mailing a transaction slip immediately or setting up appointments quickly. The following statements were considered for the calculation of expectation mean: prompt service, upkeep of service time, always willing to help customers, readiness of employee towards delivery of service, willing to serve new customer till the transaction is over and real interest to solve the problems.

Factor 4- Assurance

Assurance is the possession of the required skills and knowledge to perform the service. The respondents were asked to give scores with regard to the statements such as competence of staff and mangers, trust worthiness among staff, safety of transactions, sufficient number of staff, attention to customer's queries and adequate number of insurance products.

Factor 5- Empathy

The respondents were asked to give scores regarding the empathy dimensions in LIC of India such as personal attention by staff, understanding the customers' specific needs, staff courtesy, interest in solving the customer problems, priority given to needy customers and handling customers' complaints immediately.

The mean score of expectation towards the five dimensions of service quality of the respondents are presented in Table 2.

Table 2

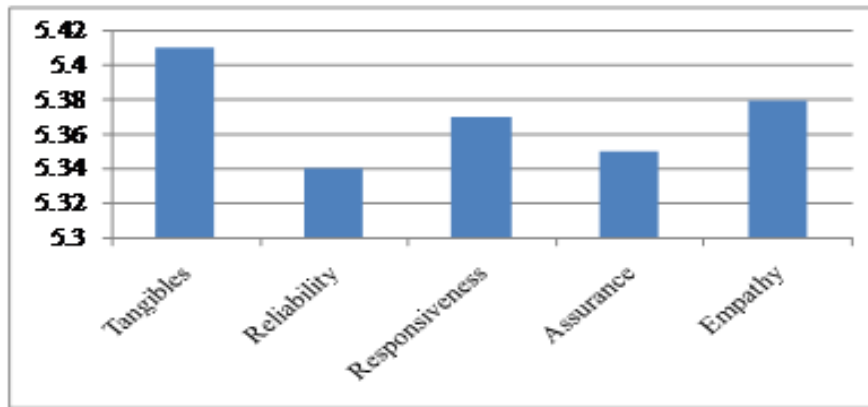**Mean Score for Expectations for the Service Quality Dimensions**

Sl. No.	Service Quality Dimensions	Expectations Mean
1	Tangibles	5.41
2	Reliability	5.34
3	Responsiveness	5.37
4	Assurance	5.35
5	Empathy	5.38

Source: Calculated Data

It is seen in Figure 1 that the simplest way to present the results of respondents' importance scores assigned to various service quality dimensions they expect from LIC of India. It shows the average score of five dimensions given by the respondents as important for each attribute.

Figure 1
Expectations Mean

The analysis shows that the attributes 'tangibles' has the highest mean score of 5.41 followed by 'empathy' and 'responsiveness' (mean score of 5.38 and 5.37). Tangibles are considered most important by the customers of LIC of India.

Table 3
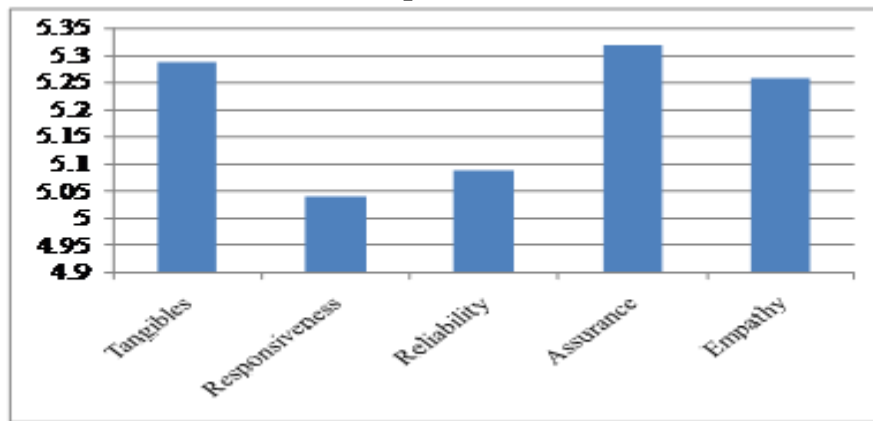**Mean Score of Perceptions for the Service Quality Dimensions**

Sl. No.	Service Quality Dimensions	Perceptions Mean
1	Tangibles	5.29
2	Responsiveness	5.04
3	Reliability	5.09
4	Assurance	5.32
5	Empathy	5.26

Source: Calculated Data

It is seen in Figure 2 that the results of respondents' satisfaction scores assigned to various service quality dimensions they received from LIC of India. The Figure 2 shows the average score of five dimensions given by the respondents to satisfaction for each attribute.

Figure 2
Perceptions Mean

The analysis shows that the service quality attribute 'assurance' (with mean score 5.32) followed by the quality attributes of 'tangibles' and 'empathy' (with mean score of 5.29 and 5.26 respectively) where the customers were more satisfied.

Table 4
Comparison of Service Quality Dimensions

Sl. No.	Service Quality Dimensions	Expectations Mean (EM)	Perceptions Mean (PM)	Gap (EM-PM)
1	Tangibles	5.41	5.29	0.12
2	Responsiveness	5.34	5.04	0.30
3	Reliability	5.37	5.09	0.28
4	Assurance	5.35	5.32	0.03
5	Empathy	5.38	5.26	0.12

Source: Calculated Data

Figure 3 shows the result of gap analysis.

Figure 3
Gap between expectations and perceptions
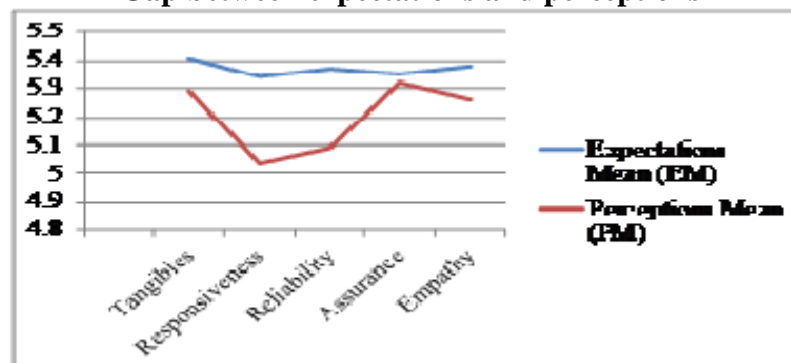
It is seen in Figure 3 that the gap between the mean score of expectations and perceptions. Perceptions mean for the five dimensions service quality is less than the expectations mean; this indicates that

there is a gap in the services rendered by LIC of India and the level of customer satisfaction. There is a less gap for the dimension 'assurance', and the gap is more for the dimension 'responsiveness'.

SUGGESTIONS

Gap analysis brings to the light that there prevail more gaps in the service quality dimension 'responsiveness'. Hence, LIC of India has to concentrate on this grey area of responsiveness. LIC of India agents and staff have to give prompt service to customers. They have to spare time to solve the problems of the customers and must be willing to serve the customers till the transaction is over. It is recommended to conduct 'consumer meet' at regular intervals to ensure customer retention.

CONCLUSION

Service quality is considered as a critical determinant of competitiveness. Service quality can help an organization to differentiate itself from others and gain a competitive advantage. Superior service quality is a key for increased profitability. LIC of India has to concentrate on the service quality dimension responsiveness and reliability. So that LIC of India can lead to satisfaction and thereby retain their existing and prospective future customers.

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