CHAPTER - 3

RESEARCH METHODOLOGY

Today’s business world is altogether different than what it happened to be before the era of economic reforms. Under the prevailing hyper competitive environment ‘survival of the fittest’ has become popular mantra for every business, be it a more manufacturing concern or service provider. Now, more importance is attached to create loyal customers to increase both, the market share and profitability. The same is true about the Indian life insurance industry, since the opening up of this industry for private and global players, number of life insurance service providers in the market has increased and hence the competition. The opening up of the insurance sector is also indicative of new products, increased product variants and improved customer service. Also the Product innovation, and channel diversification would gain momentum, in line with the global trend of the convergence of insurance services.

In such a volatile and challenging environment insurance companies are adopting innovative marketing strategies to avert risks and strengthen their market positions. Indian life insurance companies are now more customer oriented and offering insurance plans best suited to customers. These companies are also redesigning service processes for effective delivery to give best service experience to customers. Focus is more on developing strong and everlasting bond between company and the customer. As life insurance is a high credence service, and it should be assessed, as viewed by the eyes of customers. So life insurance companies must try to understand the perceptions of customers regarding level of service quality they expect, level of service quality they perceived and how different is company’s perceptions from the customers. Once these gaps are identified then life insurance companies can go for bridging up of these gaps with improved marketing strategies to give best service experience to customers.

By the above discussion, the relevance of service quality in services is quite evident and the same is applicable to life insurance services. Also, there are very less number of studies available that researches service quality construct with
regards to life insurance services, still there is a lot to be explored and discussed to improve the quality of life insurance services in India. Therefore the purposed study titled “Service Quality in Indian Life Insurance Industry- An empirical study” aim to assess the service quality levels regarding customers of Indian life insurance industry.

Also, it is well accepted in researches conducted in the field of service quality that there is a relationship between service quality and customer satisfaction; customer satisfaction and customer bonding; customer bonding and customer loyalty; customer loyalty and company profitability and sustainability. So quite obviously, studying the construct of service quality in context of life insurance industry can help industry in felicitating customer with improved services, hence the study is conducted with following objectives and methodology:

3.1 Objectives of the Study

(i) To measure the service quality expectations and perceptions of customers as well as of managers of Indian life insurance industry.

(ii) To determine the gap in service quality expectations and perceptions of customers as well as of managers of Indian life insurance industry.

(iii) To determine the gap in respective service quality expectations of customers and managers of Indian life insurance industry.

(iv) To determine the gap in respective service quality perceptions of customers and managers of Indian life insurance industry.

(v) To determine the difference in service quality expectations and perceptions across the demographics of customers and managers Indian life insurance industry.

(vi) To give practicable suggestions so that the service quality in Indian life insurance industry may improve.

3.2 Hypotheses

H_{01}. There is no significant difference in the service quality expectations and perceptions of customers of Indian life insurance industry.
H_{02}. There is no significant difference in the service quality expectations and perceptions of managers of Indian life insurance industry.

H_{03}. There is no significant difference in the respective service quality expectations of customers and managers of Indian life insurance industry.

H_{04}. There is no significant difference in the respective service quality perceptions of customers and managers of Indian life insurance industry.

H_{05}. There is no significant difference in service quality expectations and perceptions across the demographics of customers of Indian life insurance industry.

H_{06}. There is no significant difference in service quality expectations and perceptions across the demographics of managers of Indian life insurance industry.

3.3 Research Design

Though there is no dearth of literature in the field of service quality but still there is very less literature available regarding use of service quality constructs in life insurance industry. Therefore, the present study is a sincere effort to describe the status of service quality in Indian life insurance context, and hence the study present study is descriptive in nature.

3.3.1 Industry Selected for Study

The industry selected for the study is Indian Life Insurance Industry.

3.3.2 Companies Selected for Study

On the basis of life span in the industry, volume of business and market share, following five leading life insurance companies were selected for the study. These are:

1. Life Insurance Corporation of India (LIC)
2. Bajaj Allianz Life Insurance Company Limited (BALI)
3. Birla Sun Life Insurance Company Limited (BSLI)
4. HDFC Life Insurance Company Limited (HDFSCLI)
5. ICICI Prudential Life Insurance Company Limited (ICICIPLI)
3.3.3 Scope of the Study

The study is pertained to Haryana, Chandigarh and Delhi.

3.3.4 Population of the study

For customer survey, all the customers of selected life insurance companies residing in Haryana, Chandigarh and Delhi constitute the population of for the study. Similarly, for manager survey, all the managers of selected life insurance companies located in the same region constitute the population of the survey.

3.3.5 Sources of Data and Sample Size

To source primary Data, field surveys of consumers and managers of the selected companies were conducted with the help of structured questionnaire on seven point likert scale containing 34 items each on expectations and perceptions for customers as well as managers. In this regard, a sample of 500 customers, 100 each from selected companies for customer survey and 150 managers, 30 each from selected companies for manager survey were drawn randomly. The study has also used all kind of literature from various sources.

3.3.6 Analytical Techniques

The scale used for the study is a customized version of SERVQUAL model developed by Sureshchandar et al.(2001). This model measures service quality on five dimensions i.e. Core Product, Human elements of service delivery, Systemisation of service delivery- Non-human element of service delivery, Tangibles of services and Social responsibility. As shown in the table 3.1, the scales developed on the basis of the above said model is found reliable at 0.700 level of cronbach alpha value.

The collected data has been organized, tabulated, analyzed and interpreted with the help of appropriate model and statistical techniques. The analytical techniques among others include Mean, Standard Deviation, Scale Reliability Test (Cronbanch alpha), Paired Sample t-Test, Independent Sample t Test and F Test (ANOVA).
Table 3.1
Reliability Test of Survey Scale of Customers and Managers

<table>
<thead>
<tr>
<th></th>
<th>Customer Expectation</th>
<th>Customer Perception</th>
<th>Manager Expectation</th>
<th>Manager Perception</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chronbach Alpha Value</td>
<td>0.8322</td>
<td>0.8104</td>
<td>0.8136</td>
<td>0.7131</td>
</tr>
</tbody>
</table>

3.4 Chapters Plan

The study is divided into following 5 chapters:

Chapter 1 introduces the study and all relevant concepts and constructs. Besides discussing the evolution, status of life insurance industry in India and defining various terms such as service quality, service quality models, service quality assessment techniques, it also contains a brief profile of selected life insurance companies. Chapter 2 is devoted to review of literature. It contains the gist of relevant studies undertaken by various researchers from time to time.

Chapter 3 pertains to research methodology. It highlights the background against which the present study has been undertaken, its major objectives, analytical techniques used in the study, scheme of the study, its scope, significance and limitations. Chapter 4 contains an analysis and interpretation of data collected from primary sources.

Chapter 5 contains a summary of major findings of the study. It also highlights the shortcomings which might have retarded the progress of Indian life insurance industry. Further, it explains important suggestions which if practiced may prove crucial in improving the service quality not only in selected life insurance companies but also of those life insurance companies which could not be included in the present study due to one reason or the other.