CHAPTER-V

IDENTIFICATION OF DIMENSIONS OF CUSTOMER RELATIONSHIP IN LIFE INSURANCE CORPORATION
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Definitions of customer relationship management emphasize a longer-term perspective focusing on retaining customers rather than acquiring customers. As competition becomes more and more intense in the insurance sector, customer relationship management has become a more effective strategy in promoting satisfaction and loyalty of customers. Although there still exists discussion on which dimensions influence relationship, prior conceptualizations mainly emphasize on a critical importance of trust, commitment and quality to be the indicators of higher order relationship.

Relationship marketing as an emerging paradigm in marketing will remain undeveloped until the key dimensions of customer relationship have been identified and operationalised. The identification of the key dimensions of customer relationship is important. It is no longer sufficient to advise practitioners or researchers that the key to successful marketing is though relationship marketing, without providing information on what dimensions actually constitutes relationship. Thus, it is the aim of this chapter to address conceptual and measurement issues related to the study of the dimensions of customer relationship in insurance industry in India.

The objective of this study is to address both the explanatory and normative dimensions involved in customer relationships in doing so, to understand the dimensions important to the successful implementation of a relationship marketing strategy. The following ten dimensions have been conceptualized namely; trust, commitment, empathy, reciprocity, interaction, quality, attraction, emotional elements, customization and social responsibility as once which would influence relationships between customers and employees of LIC in the insurance industry. These dimensions were drawn from a number of existing literatures where several scholars have identified these under various contexts like service marketing, retail
marketing, strategic alliance, industrial marketing and the like. The researcher also had discussions with the customers and employees of various levels in Life Insurance Corporation regarding these factors.

This chapter deals with the identification of ten dimensions influencing relationship inclusive of establishing validity and reliability for the scale developed to measure the dimensions.

5.1 Dimensions of Customer Relationship

5.1.1 Trust

In today's rapidly changing competitive business environment, concept of trust has gained considerable attention as it has shown to positively affect customer retention, commitment as well as customer value. Trust is also viewed as key element in establishing lasting relationship with customer and in maintaining a company market share (Urban et al., 2000). Customers are more likely to trust the seller if they are satisfied with the perceived value of the goods that they purchase.

Trust is defined as “one party's confidence in the other relationship member's reliability, durability and integrity and the belief i.e., actions are in the best interest of and will produce positive outcomes for the trusting party” (Britton & Rose 2004, p. 43)

Trust is defined as the consumer's belief in the reliability and integrity of a service provider (Crosby, Evans, and Cowles 1990; De Wulf, Odekerken-Schröder, and Iacobucci 2001; Morgan and Hunt 1994; Palmatier et al. 2006).

Trust is a prerequisite in services marketing for maintaining the relationship between customers and service providers because customers often have to make a purchase decision before they actually experience the service Berry and Parasuraman, (1991) Moorman, Deshpande and Zaltman (1993) define trust as “a willingness to rely on an exchange partner in whom one has confidence”. In addition, most researchers agreed that trusting beliefs directly influenced loyalty (Chiou, 2004; Chaudhuri and Holbrook, 2001). Similarly, Jarvenpaa, Tractinsky and Vitale (2000) pointed out that trust is a critical factor in stimulating purchase.
An important aspect of this definition is the notion of trust as a belief, a sentiment, or an expectation about an exchange partner that results from the partner’s expertise, reliability and intentionality. The definition of trust proposed here reflects two distinct components: (1) Credibility, which is based on the extent to which the customer believes that the supplier has the required expertise to perform the job effectively and reliably and (2) Benevolence, which is based on the extent to which the retailer believes that the vendor has intentions and motives beneficial to the retailer, when new conditions arise, conditions for which a commitment was not made. Credibility encompasses the consistency, stability and control over the pattern of behavior exhibited. Benevolence focuses on the qualities, intentions and characteristics attributed to the partner.

Trust is an essential ingredient in any successful society Alesina (2002). Trust is necessary for the exchange of knowledge, goods and services and any organization/team or community has to build and sustain a mutual level of trust in the other party’s actions [Kugler, 2007]. Bhattacharjee³ [2002] defines different dimensions of trust as the “ability [expertise, information, competence, expertness and dynamism], integrity [fairness in transaction, fairness in data usage, fairness in service, morality, credibility, reliability and dependability], and benevolence [empathy, resolving concerns, goodwill and responsiveness]”.

Trust plays an important role in business relationships particularly in building loyal customers. Rauyruen and Miller⁴ (2007) observe that customer trust influences positively customer loyalty. In contractual relationships, trust is shown to encourage contract self-enforcement (Gow, et al., 2000), to reduce opportunistic behaviour (Morgan & Hunt, 1994), to lower transaction costs (Sartorious & Kirsten, 2007) and most importantly, to improve business performance (Sako, 1997). Gow, et al. (2000) emphasise that the presence of trust in a relationship can change contract characteristics, arguing that trust eliminates the need for bureaucratic involvement in contract enforcement and at the same time reduces transaction costs such as legal fees.

Winning the customers’ confidence is vital in any service organization, especially in Life Insurance Corporation. Life insurance corporation services are not accompanied by guarantees and both parties perceive greater risks during the
interation process. Consequently, a high level of trustworthiness will lead to a higher level of co-operation and lower level of risk. The ability of the life insurance corporation to establish trust greatly influences relationship between LIC employees and customers.

From an in depth study of the above literature, the researcher has conceptualized trust to comprise nine attributes namely frankness, clarity, making reliable promises, integrity, knowledge, responsiveness, caring, providing extra favors and dependability.

5.1.2 Commitment

Commitment is in marketing generally seen as the attitude and intention of one party towards acting and maintaining an enduring relationship with another (Liljander and Strandvik 1996, Fullerton, 2005). According to Bansal, Irving and Taylor (2004) commitment is negatively related to switching intention and has a positive relationship with service use.

Commitment is the consumer's voluntary willingness to remain in and make efforts towards maintaining a relationship (De Wulf, Odekerken-Schröder, and Iacobucci 2001; Morgan and Hunt 1994; Palmatier et al. 2006) and can be thought of as the foundation on which relationships are built (Berry and Parasuraman 1991). Committed customers experience relationship closeness (Geyskens, Steenkamp, and Kumar 1999; Verhoef, Franses, and Hoekstra 2002), which over time leads to confidence about the relationship (Gill, Swann, and Silvera 1998).

Commitment is an essential ingredient for successful long-term channel relationships (e.g., Lehtonen, 2006; Tummala et al., 2006). It has been defined as "an implicit or explicit pledge of relational continuity between exchange partners" (Dwyer et al., 1987)

Various researchers have elaborated upon the dependence of commitment on a successful relationship. Egan (2004) suggested that commitment is central construct to relationship marketing. Hocutt (1998) views commitment as an intention to continue a course of action or activity or the desire to maintain a relationship. This is often indicated by an ongoing investment into activities which
are expected to maintain the relationship (Blois, 1998). Mukherjee and Nath (2003) proposed that the degree and length of association and sense of belonging are the dimensions of commitment.

In marketing practice and research it is agreed that mutual commitment among partners in business relationships produces significant benefits for companies (Wetzls et al., 1998; Farrelly & Quester, 2003). Commitment is important to the study of relationships because it is not only signals enduring stability at the conceptual level, but also serves as a reliable surrogate measure of long-term relationships at the operational and empirical level (Farrelly & Quester, 2003).

Commitment is also one of the most important variables for marketing relationship. It is useful for measuring the likelihood of customer loyalty and for predicting future purchase frequency (Wong and Sohal, 2002). Recently scholars have conceptualized commitment to be an attachment between two parties that leads to a desire to maintain a relationship that is sometimes characterized as a “pledge of continuity” between customer and firms (Lee et al, 2007).

Commitment is a state of binding of the customer to the life insurance corporation. High levels of commitment between customer and employee of LIC places a high value on the alliance and believes in the importance of the alliance. Strong commitment to an alliance increases the LIC employees'/customers’ willingness to apply maximum efforts to maintain the relationship. From the literature, it is known that commitment comprises six items, which are termed as commitment variables. They are willingness to dedicate people and resources, willingness to sacrifice for retaining customers, unwillingness to quit in spite of low switching cost, experiencing genuine enjoyment in relationship and knowing the importance of maintaining long-term relationship.

5.1.3 Empathy

In the services marketing literature, the dimension of empathy is used by Berry et al (1990) in developing the SERVQUAL test instrument for service quality. Empathy is the capacity to understand another person’s experience from within that person’s frame of reference. Empathy is an important variable to make customers
feel that the firm understands their feelings and is on their side Zeithaml et al (990). An affective response stems from the apprehension or comprehension of another's emotional state or condition, which is similar to what the other person is feeling or would be expected to feel (Eisenberg, 2002). Wong and Sohal (2003) identified empathy as a determinant of service quality in retailing trade. They state that empathy is the approachability, ease of access and effort made to understand customer's needs. Empathy creates a sense of belongingness and builds up a good personal relationship between customer and seller. Bejou et al. (1996) conclude that customer–salesperson’s empathetic behavior is a prerequisite to a successful long-term relationship.

Empathy is the dimension of a business relationship that enables the two parties to see the situation from the other person’s perspective. Empathy is defined as seeking to understand somebody else’s desires and goals.

Delivering the services to LIC up to or above customer expectations is the key to winning customers. It places greater emphasis on understanding needs or expectations and tracking the changing preferences and evolving needs. Hence, LIC should be able to look out through the eyes of the customers, their needs and wants, to make customers satisfied and be loyal to them. The researcher has included friendliness, giving priority to others' interests, flexibility, understanding and acting as per the others' convenience, to be the items comprising empathy.

5.1.4 Reciprocity

The goal of RM is to establish, preserve and augment lasting relationships between customers and organizational stakeholders. It relates to the way in which firms manage and improve their client relationships whilst sustaining profitability (Kennedy, 2006). It was developed on the principle that individuals differ in their needs, preferences, purchasing decisions, and price sensitivities (Chen and Popovich, 2003). Its importance can be summarized as the creation of reciprocal value through durable and solid relationships, which centre on understanding customers, managing resources and anticipating customer needs (Richard et al., 2007).
Reciprocity is the dimension of a business relationship that causes either party, to provide favors or make allowances for the other in return for similar favors or allowances to be received at a later date (Heffeman, O ‘Neill, Tranvaloione G. and Droulers. M 2008).12

Gratitude, the emotional appreciation for benefits received, accompanied by a desire to reciprocate, is an important construct for understanding RM effectiveness (Emmons and Mc Cullough 2004; Morales 2005). Relationship marketing investments generate customer feelings of gratitude, which lead to gratitude-based reciprocal behaviors, resulting in enhanced seller performance. Many disciplines have recognized that after receiving a benefit, people feel an ingrained psychological pressure to reciprocate, such that the act of reciprocating can generate pleasure, whereas the failure to repay obligations can lead to guilt Becker (1986); Buck (2004); Dahl, Honea and Manchanda (2005).

Steve Duck adds that the relationship between two parties is most often defined by, what the people in it provided for one another, the resources that they distribute and that the exchange that takes place.13 The state of reciprocity exists when two parties operate in such a way that they both gain the benefits from the relationship.

This implies that the nature of the life insurance corporation’s relationship to the customer is determined by what the customer receives and returns. The relationship between the LIC employees and customers is defined by what one provides for the other and the resources that they distribute and the exchange that take place. Hence, when both the customers and employees of LIC wish to perpetuate mutual relationship, they must convey reciprocal benefits to each other.

Reciprocity exists when customers and employees LIC have an inclination, appreciation and concern for each other. For the purpose of the study, the four attributes that have been included are: reciprocal benefits, joint responsibility, willingness to make cooperative changes and adopting the attitude of working together.
5.1.5 Interaction

Recent advances in technology and changes in consumer behavior have paved the way for different varieties of self-services. This trend has caused fundamental transformations in interaction between companies and customers (Dabholkar et al., 2003; Parasuraman and Zinkhan, 2002; Bauer et al., 2005). The relationship-based interactions in CRM entail retaining customer through providing the customers with what they want over time rather than over a single transaction.

The relationship-based interactions in CRM entail retaining customer through providing the customers with what they want over time rather than over a single transaction. Frequency of contact is the number of interactions per period between exchange partners (Crosby, Evans and Cowles 1990; Doney and Cannon 1997; Palmatier et al. 2006). But this variable is also referred to in the literature as frequency of interaction (Homburg and Stock 2004; Nicholson, Compeau and Sethi 2001); and it has been used to capture or reflect interaction intensity (Crosby, Evans and Cowles 1990), relationship depth (Bolton, Lemon and Verhoef 2004), and relationship experience (Bolton, Kannan and Bramlett 2000). Over time, relationship partners are also better able to predict behavior, as the outcomes of previous episodes provide a framework for subsequent interactions (Doney and Cannon 1997; Nicholson, Compeau and Sethi 2001). The longer a relationship continues, the greater the investment both parties make in the relationship. Because the relationship investments represent value to exchange partners, the length of time that a relationship has existed may correspond to greater levels of relationship value Yeung and Soman (2007) and hence to a stronger customer-provider relationship (Palmatier et al. 2006).

Interaction plays a lead role in building customer relationships. Customer Interaction Management constitutes the customer relationship technologies with additions of technology-based interactive solutions. The interactive channels that are currently available enable very effective customer interactive communications which leads to customer interaction management which further leads to relationship building.

The customer interaction management stands for intensive interaction between customers and the organization, which is supported by technology enabled mechanisms such as an internet. In view of technology growth, the interaction
management is facilitated by communication in terms of media, message, speed, accuracy, distance, content, reach, repetition etc. Today, however, the term also includes two-way electronic communication using a variety of media such as the internet, CD-ROMs, and virtual reality kiosks Boone and Kurtz (2007). These electronic conversations establish innovative relationships between users and the technology providing customized information based on users' interests and levels of understanding. The authors explain that dialogical interaction refers to an 'extended conversation among two or more people' - in essence the basis for a relationship that involves both parties learning together.

Interaction is important for companies using customer-strategy to interact with the customers. To handle individual customer relationships is an ongoing process where the company needs to get as close to its customer as possible. To try understanding and getting to know an individual requires interactions, where the parties learn about each other. Peppers & Rogers (2004).

With a customer-focused strategy a company needs to interact with its customers to get information and knowledge about the specific customer to build relationships. To succeed at interaction strategy the company will have to integrate through touch points. Every interaction conversation should start where the last one ended. All the information about the customer has to be stored; this also includes information about how the customer prefers interacting, by mail, phone or through other channels.

Technology is helping companies to interact with their customer on a personal level, which is important when getting to know the customers and understanding their needs. The relationship between the company and its customers are characterized by two-way, mutually beneficial, communication. Every time an interaction is happening, the company has an opportunity to learn more about customers' needs and value to the organization.

Peeru Mohamed, A. Sagadevan (2008) stated that organizations cannot truly develop a relationship with their customer base without instituting mechanisms for direct, bi-directional contact. These mechanisms are called "touch points" or "channels". They consist primarily of three architectural constructions:
The sales force automation system that allows direct sales forces to promote products and gather customer feedback.

The call centre, which allows both customer-initiated direct contact and outbound telemarketing/telesales, and

The expanding Web accesses components for self service.

The key to success here is the need for these touch points to be integrated into a cohesive whole. Customers must be able to get the same information from the web, the sales force, or the call centre. The sales force and call centre must know the same facts about the customers and their history. Treatment strategies and campaigns must be consistent across these channels so as to ensure consistent relationship management. All these elements must be connected within a “closed-loop” to make a CRM system successful.

The social exchange is a critical aspect of the interaction process for maintaining a close and long term relationship. The social exchange aspect consists of an important element of communication. Communication is defined as the formal as well as informal exchange and sharing of meaningful and timely information between buyers and sellers.

Many marketing roles, particularly in services are fundamentally communication positions that take communication deeper into the core of marketing activities. LIC employees have found that their role has shifted to financial counseling which involves the process of listening, aligning and matching – all of which require communication and active listening skills. Communication not only is spread throughout all marketing activities; it is at the heart of many marketing functions. Communication is the human activity that links people together and creates relationship. It is at the heart of meaning - making activities not only in marketing, but also in a wide range of political, social, economic and psychological areas. It serves as a way to develop, organize and disseminate knowledge.

The marketing of insurance services is seen as an interaction process between the employees of LIC and its customers within a certain environment and atmosphere. To implement the service strategy of the life insurance corporation and
ensure its success, the life insurance corporation management and the LIC employees must manage the exchange process actively. The LIC management’s persuasive action must be geared to the customer’s needs at every stage of the transactions. This transaction is the result of two parties engaging in the exchange process and negotiating in mutually satisfying terms.

To initiate the exchange process, the two parties should collect information about various aspects. The LIC must know what the customer wants, and the customer must be aware of everything about the LIC.

The interaction appears in the form of exchange episodes such as information, financial transaction and social exchange in both directions. These different episodes are essential to maintain, develop and build strong financial and social bonds, which influence the decisions of each organization in the business relationship. The need to interact may arise from a desire to increase the efficiency of financial transactions and communications. These needs can be well satisfied if there is a reasonable and fair information exchange between life insurance corporations and firms. Adequate statements about the market and the industry are essential for the LIC to make the right decision and judgment. LIC sell services, not products. To sell services effectively and profitably, the employees of LIC have to serve their corporate and retail customers. A framework, that provides information, knowledge and advice, innovative product or service and support necessary for the satisfaction of the firms and customers.

In this study, interaction is conceptualized to include proactive communication, listening to complaints, providing latest information, frequency of customer contact, tacking timely feedback, responding to feedback and creating opportunities to frequently meet the customers.

5.1.6 Quality

Service quality is a cornerstone of service literatures especially to frame its impact on customer satisfaction (Ennew and Binks, 1999; Ting, 2004). Many studies have examined the relationship of service quality and customer satisfaction (Arasli, Katircioglu & Mehtap-Smadi, 2005; Lassar, Manolis & Winsor, 2000), customer
loyalty (Bloemer, Ruyter & Peeters, 1998; Ganesan, 2007), complaint (Yavas, Benkenstein & Stuhldreier, 2004; Yavas, Bilgin & Shemwell, 1997), Switching (Yavas, Benkenstein & Stuhldreier, 2004), and commitment (Venetis & Ghauri, 2004; Wetzel, Ruyter & Birgelen, 1998; Yavas, Benkenstein & Stuhldreier, 2004) (Yavas, Bilgin & Shemwell, 1997). Researchers suggest that service quality is positively associated with customer satisfaction (Arasli, Katircioglu & Mehtap-Smadi, 2005; Arasli, Mehtap-Smadi & Katircioglu, 2005; Ekinci, 2003; Tsoukatos & Rand, 2006). Companies understand that service quality will have its impact on customer satisfaction (Kim, Lee, Han & Lee, 2002). A positive relationship between service quality and satisfaction is well established in the literature in the banking sector (Jamal & Nasar, 2002; Sureshchandar, Rajendran & Anantharaman, 2002; Ting, 2004; Yavas, Bilgin & Shemwell, 1997).

Service quality management has been considered a major driver in enhancing business performance Zeithaml & Bitner (2003). In service organizations, customer perceived service quality is considered one of the key determinants of business performance (Hung-Chang, 2002; Teas 1993; Palmer 2001). Sureshchandar, Rajendran & Anantharaman, (2002) empirically investigated the relationship between management’s perception of total quality service and customer perceptions of service quality from a best practice perspective. They conclude that total quality service dimensions being good predictors of service quality.

Service quality is often conceptualized as the comparison between service expectations and actual performance perceptions (Zeithaml & Bitner 2003). Emphasis is placed on the combined attitudinal construct of service quality, highlighting constituents of both cognitive and affective components. Parasuraman, Zeithaml & Berry (1998) tend to delineate service quality using more cognitive items, whereas Palmer (2001) found that the affective attitudes exhibited more change under affective means of persuasion than under cognitive means of persuasion. Zeithaml & Bitner (2003) identify dimensions of reliability, assurance, tangibles, empathy and responsiveness. They further identify the gaps model of service quality and setting service standards. The integration of service relationship includes market orientation, loyalty, customer satisfaction, marketing culture, previous experience, internal marketing, future consumer behavior and culture.
According to Water, H, Devries J. (2001) Quality of services can be judged from its various dimensions, (e.g. reliability, availability, performance, service ability, reputation, security, competent staff responsiveness & Courtesy, technical facilities, operational facilities, technical procedure and communication). In other words “Universal dimensions determining” the quality of service as received by customers is: tangibility, reliability, responsiveness, assurance and empathy Zeithaml & Berry (1985), Cronin and Taylor (1992).

Service quality measurement includes analysis of a number of tools, including SERVQUAL (Parasuraman et al. 1998), SERVPERF (Cronin & Taylor 1992), Qualitometro (Franceschini & Rossetto 1997), the critical factor approach (Sureshchandar et al. 2002), bank service quality (Bahia & Nantel 2000) and the two-way model (Schvaneveldt et al. 1991). A widely used instrument of service quality is 22-indicator SERVQUAL scale. It measures service quality by the gap between customers’ expectations for the service and their perceptions of the providers’ actual performances. Five dimensions of service quality perceptions include tangibles, reliability, responsiveness, assurance, and empathy. The SERVQUAL instrument was subsequently applied to measure service quality in a variety of business settings.

Sureshchandar et al., (2001) in the Indian context have identified the following five factors of service quality as critical from the customers’ point of view (1) Core service or service product, (2) human element of service delivery (3) systematization of service delivery; non-human element (4) tangibles of service - services capes and (5) social responsibility.

Many studies have examined the relationship of service quality with customer loyalty (Bloemer, Ruyter & Peeters, 1998; Dean, 2002; Ganesan, 2007; Wong & Sohal, 2003), and indicate that they are positively associated. Moreover, a positive relationship between service quality and loyalty has been found in the banking sector (Bloemer, Ruyter & Peeters, 1998; Ehigie, 2006). Service quality is directly related to the customer’s behavioral intentions Venetis and Ghauri (2004). In another study of the banking sector, surveys quality was linked with the behavioral outcomes as word-of-mouth, complaint, recommending, switching Yavas,
Benkenstein and Stuhldreier (2004). Studies also indicate that service quality contributes strongly to the customer commitment, which can maintain long-term relationship; (Yavas, Benkenstein & Stuhldreier, 2004; Yavas, Bilgin & Shemwell, 1997). Venetis & Ghauri, 2004) indicated that service quality has a strong and positive effect on customer’s affective commitment.

Brady and Cronin (2001) and Rust and Oliver (1994) adopted Lehtinen and Lehtinen’s (1982) view to argue that the overall perception of service quality is based on the customers’ evaluation of three dimensions of the service encounter: (1) the customer-employee interaction reflecting employee behavior, attitude and expertise; (2) the service environment; and (3) the outcome (i.e., technical quality). To the extent that clients frequently lack confidence to assess technical outcomes, the process of service delivery (i.e., functional quality) becomes important in forming attitudes toward, and a commitment to the organization (Eisenreich and Bell, 2007).

Accordingly, this study includes under quality the following six attributes. They are; performing services right the first time, effectiveness of physical facilities and service support systems, competent employees, safe and secured transactions, speed in handling transactions and reducing delay in serving the customers.

Customers’ perception of the LIC employees’ effort to deliver quality services increases the satisfaction level. It is greatly influenced by how effectively the LIC employees deliver the services, the smooth functioning of the service support systems, the interactions and relationship between the customers and employees of LIC.

5.1.7 Attraction

Companies seeking to expand their profits and sales must spend considerable time and resources searching for new customers. To generate leads, they develop add and place them in media that will reach new prospects; send direct mail and make phone calls to possible new prospects.

The first step in the process of attracting and retaining customers is to identify the potentials that might conceivably have an interest in buying the
company’s product or service. The next step is to identify which potentials are really good prospects. In the third step marketing efforts can concentrate on converting the prospects into first-time customers, and then into repeat customers, and then into clients—people to whom the company gives very special and knowledgeable treatment. The next challenge is to turn clients into members and then turning members into advocates, who enthusiastically recommend the company and its products and services to others. The ultimate challenge is to turn advocates into partners.

Thakkar, Kanda and Deshmukh, (2008)21, adopted Anderson and Narus statement, “what the parties have come to expect from the relationship becomes the determinants of attraction”. A mutual attraction seems to be an especially important element for the progressive development of an advertising, agency-client relationship. Attraction turned out to be a key element in the unit business relationship studied.

Attraction refers to the pull exercised by the LIC on the customers’ conscious and unconscious states of mind. Attraction has to be built up consciously by parties in order to establish and maintain a business relationship. At the beginning the burden of building attractiveness, naturally lies with the LIC. Later, when a relationship is established, the need to maintain attraction may become the interest of the client too.

The deliberate building of attraction is important to the Life Insurance Corporation of India in the present context, where the foreign and private insurance companies have come out with striking credence qualities by almost exploiting the minds of the customers and thereby abducting them from the existing relationship.

Hence, the attributes explained as tangibles by Parasuraman, Zeithml and Berry (2003) in his multi-dimensional scale to capture customer perceptions and expectations of service quality have been included. Along with it, a few more attributes, those emanated from the discussions with customers and employees of the life insurance corporation have been added.

Attraction is conceptualized as comprising the following variables namely, visually appealing and aesthetic outlook, convenient location, presence of courteous
employees and attentiveness in handling transactions, economical cost of service, comparative returns and convenient business hours.

5.1.8 Emotional Element

Berscheid, Snyder and Omoto observed that close relationships are characterized by positive affective ties. Consequently, they focused on the emotional tone of the relationship to assess its closeness and therefore, its likelihood of long lasting.

Emotion is a psychological reaction to events relevant to the needs, goals, or concerns of an individual. Emotion is also described as composition of physiological, affective, behavioral, and cognitive components. Researchers have created many different emotion measurement tools. These tools include verbal measurement tools, nonverbal measurement tools. Verbal emotion measures have been developed and utilized primarily in marketing and advertising research. These tools usually take the form of self-reports where respondents use a scale to record their emotions.

Carolyn Y Nicholson, Larry D Compeau and Rajesh Sethi state that liking through emotional factors has long been believed to be a powerful human motivator for relationship development and maintenance. John Egan states that emotion is the complex series of human responses (sometimes negatively described as 'agitation of the mind' or 'cognitive dissonance') generated as a result of the exchange.

Emotions of an individual influence the emotions, thoughts and behaviors of others; others' reactions can then influence their future interactions with the individual expressing the original emotion, as well as that individual's future emotions and behaviors. Our emotions are involved in business like everything else in our lives, whether those emotions are excitement, pride, pleasure, frustration, anger or something more subtle. Sometimes people's good feelings allow deals to close quickly and on advantageous terms. Sometimes emotions block agreement, understanding, collaboration, decision making and teamwork.

Emotions (also called "feelings") are increasingly appreciated as a complex interaction between distinct brain and body systems. Because emotions are integrally
linked to decision making, they are a key component of communication. But because the role of emotions is poorly understood, and "purely rational thought" has long been celebrated as an ideal within science, economics, and other influential schools of thought, emotions are often ignored, avoided or mishandled even while they are playing a pivotal role in business decisions.

Emotionally relevant communication is not for the armchair listener or the faint of heart, however, while discussing emotions explicitly may at times be the only way for people to understand one another. Poor communication about emotions can also lead to frustration and hostility. Patience, resilience, and a genuine desire for self-awareness are advisable for anyone experimenting with emotionally relevant communication.

Emotion is how the customer is made to feel by the interaction. One of the best predictors of a customer’s overall lies to the extent to which the LIC succeeds in creating positive as opposed to negative emotions in that customer.

The LIC has to have the ability to arouse emotions in their dealings with the customer. A customer who has continuously had a very positive experience with a particular insurance company will come to expect this high level of service each and every time he or she comes in contact with the LIC. If during the interaction the customers expectations are not met, negative emotions are elicited that take the form of anger, regret, frustration, humiliation or embarrassment. On the other hand, a customer whose expectations are exceeded by a particular insurance company will have positive emotions such as satisfaction, pride and even surprise the customer will be made to feel important and valued. A life insurance company that is able to elicit positive feelings customer’s interactions will place itself in a competitive advantage because the customer will be encouraged to continue his relationship with the life insurance company. The same customer will also want his friends and family to have the same experience that he or she had and will be inclined to tell others.

The emotional content thus comprises of the following attributes also, namely (a) maintenance of error-free records, (b) tolerant employees, (c) recognition, (d) appreciation of customers pride and (e) acquired sense of contentment.
5.1.9 Customization

Customization creates the perception that a company is interested in customer needs by offering increased choices (Shostak, 1987). Furthermore, customization can signal high quality of services and products and lead to a better match between the customer and the product (Ostrom and Iacabucci, 1995). Feinberg and Kadam (2002) have identified customization as one of the e CRM features that affect customer satisfaction with retail Web sites. When a site is customized, individuals are able to complete their transactions more efficiently. A wide product selection may irritate customers and drive them to use simpler decision rules to narrow down the alternatives (Kahn, 1998). Therefore, it is important to understand the adaptation of e-service and its impact on customer behaviors and expectations (Rust and Lemon, 2001).

A clear definition is necessary to differentiate customization from personalization. Bunt et al (2004) made a distinction between personalization and customization. According to Bunt et al (2004) personalization as an adaptive interface that performs the adaptation for the user by modeling individual users' interests, preferences, and usage characteristics. Where as customization is the adaptable interface that allows users to customize the application to suit their needs. Zo (2003) proposes that customization is a more effective approach than personalization for customer satisfaction because the former approach provides customers with a greater sense of control. Perceived customizability refers to a broad range of customizable features along the customer life cycle in three phases: acquisition, sales and services, and retention Chan and Lam (2004).

A company adopting a customer-oriented strategy has to adapt when satisfying the expressed needs of a customer. To treat every customer differently and tailor offers for each customer is important when handling close relationships with each customer Peppers & Rojers37 (2004).

The organization has to change its behavior toward serving single, individual customers. This will imply a need for accountability of each customer in order to make every part of the company’s organization is ready to serve customers individually.
To build learning relationships there is a need for close collaborative dialogue between the company and the customer. The information flow between the two parts needs to be efficient to collect the customer’s precise needs in order to customize their products and service.

In order to create a relationship where the customer fully customized service the different parts of the company need to be connected to each other. This means that integration between the back-office functions such as production should come through to the front end functions like sales and marketing. All these functions have to be coordinated to satisfy the individual customer.

The concept of mass customization was identified by David (1987) and was later discussed in an influential book by Pine (1993). Consumers are getting highly sophisticated and there is growing individualization of demand. Coupled with this are ability and willingness to pay for such customized goods. On the other hand, competitive pressures do not allow a free hand in premium pricing for individualized offerings. The objective of mass customization is to deliver goods and services, which meet individual customers’ needs with near mass production efficiency (Tseng and Jiao 1996). Piller and Muller24 (2004) stated that mass customization enables production of goods and services, for a relatively large market, which meet the needs of each individual customer with regard to certain product characteristic, at costs not very different from those of standard mass-produced goods.

Intangibility is the unique characteristics of the insurance services that make it possible to be tailored as per customer specific requirements. Customization or personalization is regarded as an essential attribute of service offerings. Life Insurance Corporation is expected to deliver a service in response to a particular customer’s needs. Rapid developments in the technology, particularly in information technology, are making this task easier. Flexibility to accommodate personal preferences or changes has become an integral aspect of service delivery systems in the insurance sector.

Life insurance companies are now willing to see the customer relationship in general, and customer data in particular, as strategic and worthy of investment. If a life insurance company is to commit itself entirely to relationship marketing, mass
customization, as a concept, it is not an option; it is a necessity LIC and other financial institutions have started with personalizing and customizing communication with the customer, then providing either customized service or product before potentially customizing all dimensions. For the purpose of this study, customization is hypothesized to include: catering to the specific needs, providing individual and caring attention and providing services as per their best interest.

5.1.10 Social Responsibility

Traditionally business organizations were involved in commercial activities aimed at making a profit. However, today business is considered to be a social institution forming an integral part of the social system. Robert D. Calkins Says25 "it is now recognized that the direction of business is important to the public welfare, that business perform a social function".

Because of the social responsibility accorded on business, it is the moral responsibility of businessmen to be bound by certain ethical principles and rules of conduct which reflect its responsibility, authority and dignity. Few of the important ethical principles, affecting the consumers are: (1) do not deceive or cheat customers by selling substandard or defective products by under measurement or by any other means. (2) do not resort to hoarding, black marketing or profiteering. (3) do not destroy or distort competition. (4) do not tarnish the image of competitors by unfair practices. (5) Be precise, accurate and sincere in the advertising labeling and packaging of goods and services.

Social responsibility helps an organization to lead as a corporate citizen in encouraging ethical behavior in everything it does. This subtle, but nevertheless forceful element sends strong signals towards improving the organization's image and goodwill and consequently influences the customer's overall evaluation of service quality and their loyalty to the organization26.

Social responsibility is an important concept especially to the public sector life insurance companies that are more concerned with providing services to the society at large including the sub-urbs and rural population. The public sector life insurance companies must concentrate on their social responsibility for retaining
valuable customers. Though it is a missed-out concept in relationship marketing in almost all the international studies, the researcher considers this to be a concept that should be included in relationship marketing practices in the insurance sector in the Indian context.

The researcher has included innovation of new services as per the requirements of the society, having a mission which would state their responsibility and providing valuable services to the benefit of the society as variables under this strategy.

5.2 Validity Test

To conceptualize the dimensions of relationship, all the aspects of relationship dimensions already addressed in the existing literature and some of these left out in the literature, have been taken into account and thus the ten dimensions were identified as critical from the customers and employees' points of view in the insurance sector.

In order to validate empirically the identified dimensions of customer relationship in insurance companies, a survey instrument consisting of 55 items has been developed in the present study. Each of the ten dimensions is measured with a multi-scale, taking into consideration all the items relating to each dimension explained already. A questionnaire was constructed and data collected from the sample respondents.

There are several methods available for factor analysis. But the principal factor method with orthogonal Varimax rotation is mostly used and widely available in factor analysis computer programmes. In the present study, Factor analysis with the Principal Component Method\(^{27}\) and Varimax Rotation\(^{28}\) has been used in order to test the validity of the instrument and to summarize the items and identify the structures within each dimension.

The communality of a factor is its common factor variances. The factors with factor loadings of 0.50 or greater are considered significant factors. This limit is
chosen as the factors with less than 0.50 common variations in the rotated factor pattern are too weak to report\textsuperscript{28}. Within each dimension, items having significant factor, whose communality was more than 0.50 were selected and a run has been made again to extract a single factor group. The factor scores of the extracted items have been used for further multivariate analysis. Hence, item validity is established through factor analysis in each dimension. Testing for Sampling Adequacy

Before extracting the factors, to assess the appropriateness of the factor model Bartlett's test of sphericity was used to test the validity of the instrument. The test statistic for sphericity is based on a Chi-square transformation of the determinant of the correlation matrix.

Another useful statistics is the Kaiser-Meyer-Olkin (KMO) measure for sampling adequacy\textsuperscript{30}. Small value of the KMO statistic indicates that the correlation between pair of variables cannot be explained by other variables and that factor analysis may not be appropriate generally, a value greater than 0.50 is desirable.

The correlation matrix was examined carefully and the two tests namely Bartlett’s test of sphericity and Kaiser-Meyer-Olkin test, were undertaken to ensure if it was judicious to proceed with factor analysis in the present study. The computed result is given from table 5.1 to 5.10.

Tables No. 5.1 to 5.10 exhibit the actual results of the factor analysis. The first two columns in each table gives the factor loadings of the first run and the third column states communalities with their eigen values and proportion of total variance.
Table 5.1 Factor Analysis - Trust

<table>
<thead>
<tr>
<th>Trust</th>
<th>Factor Loading</th>
<th>Communalities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q 7 - Dealing in a caring fashion</td>
<td>0.829</td>
<td>0.693</td>
</tr>
<tr>
<td>Q 2 - Revealing information with clarity</td>
<td>0.807</td>
<td>0.6550</td>
</tr>
<tr>
<td>Q 8 - Willingness to provide extra favors</td>
<td>0.738</td>
<td>0.546</td>
</tr>
<tr>
<td>Q 9 - Dependability in times of crises</td>
<td>0.735</td>
<td>0.563</td>
</tr>
<tr>
<td>Q 1 - Frankness in their dealings.</td>
<td>0.724</td>
<td>0.527</td>
</tr>
<tr>
<td>Q 5 - Readiness to respond with knowledge based ability</td>
<td>0.585</td>
<td>0.517</td>
</tr>
<tr>
<td>Q 6 - Instilling confidence</td>
<td>0.542</td>
<td>0.365</td>
</tr>
<tr>
<td>Q 3 - Providing services as promised.</td>
<td>0.300</td>
<td>0.383</td>
</tr>
<tr>
<td>Q 4 - Unwillingness to make false claims integrity</td>
<td>0.219</td>
<td>0.515</td>
</tr>
<tr>
<td>Eigen Value</td>
<td>3.3850</td>
<td>3.4200</td>
</tr>
<tr>
<td>Proportionate of Total Variance (%)</td>
<td>37.6160</td>
<td>41.227</td>
</tr>
<tr>
<td>KMO and Bartlett's Test</td>
<td></td>
<td>0.7778</td>
</tr>
<tr>
<td>Bartlett's Test (Chi-Square)</td>
<td></td>
<td>1168.523**</td>
</tr>
</tbody>
</table>

It has been observed from Table 5.1 that the Bartlett's Test was statistically significant with 1168.523. The sampling adequacy measured using the Kaiser-Meyer-Olkin (KMO) of 0.7778 was taken as an acceptable. Thus the factor analysis may be considered an appropriate technique for analyzing the data.

Table 5.1 exhibits the actual results of factor analysis for the dimension Trust which consists of nine items. The items are grouped into two factors. The first factor shows an eigen value of 3.38 and explains a total variance of 38%. Caring tendency, revealing information with clarity, providing extra favors, dependability, frankness, knowledge ability and instilling confidence have high loadings in the first factor.
The second factor shows an eigen value of 1.38 and explains a total variance of 15.3%. Two items namely providing promised services and integrity have higher loading in the second factor. Third column shows the communalities. Referring to communality, the items namely providing promised services and instilling confidence whose communality were less than 0.50 has been removed and factor analysis has been run again to extract a single factor representing the dimension ‘Trust’.

Column three shows the factor loadings of the extracted items. The single factor extracted to represent the trust dimension has an estimated eigen value of 3.42 and this factor explains an improved proportion of total variance of 41.23. Dealing in a caring fashion which has the highest factor loading is considered as the key variable in the dimension of Trust.

### Table 5.2: Factor Analysis – Commitment

<table>
<thead>
<tr>
<th>Commitment</th>
<th>Factor Loading</th>
<th></th>
<th>Communalities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q13 - Unwillingness to quit in spite of low/absence of switching cost.</td>
<td>0.819</td>
<td>0.675</td>
<td></td>
</tr>
<tr>
<td>Q14 - Experiencing genuine enjoyment in relationship</td>
<td>0.709</td>
<td>0.563</td>
<td></td>
</tr>
<tr>
<td>Q15 - Knowing the importance of maintaining long-term relationship.</td>
<td>0.702</td>
<td>0.506</td>
<td></td>
</tr>
<tr>
<td>Q12 - Willingness to sacrifice for retaining customers.</td>
<td>0.682</td>
<td>0.500</td>
<td></td>
</tr>
<tr>
<td>Q10 - Low propensity to look for an alternative</td>
<td>0.208</td>
<td>0.702</td>
<td></td>
</tr>
<tr>
<td>Q11 – willingness to dedicate people and resources</td>
<td>0.121</td>
<td>0.737</td>
<td></td>
</tr>
<tr>
<td>Eigen Value</td>
<td>2.6270</td>
<td>1.0560</td>
<td></td>
</tr>
<tr>
<td>Proportionate of Total Variance (%)</td>
<td>43.7800</td>
<td>17.5940</td>
<td></td>
</tr>
<tr>
<td>KMO and Bartlett’s Test</td>
<td></td>
<td>0.764</td>
<td></td>
</tr>
<tr>
<td>Bartlett’s Test (Chi-Square)</td>
<td></td>
<td>607.350**</td>
<td></td>
</tr>
</tbody>
</table>
It is found from Table 5.2 that the Bartlett's Test was statistically significant with 607.350. The sampling adequacy measured using the Kaiser-Meyer-Olkin (KMO) of 0.764 was taken as an acceptable. Thus the factor analysis may be considered an appropriate technique for analyzing the data.

Commitment consists of six items. The table 5.2 exhibits the actual results of the factor analysis for the dimension commitment. The items are grouped into two factors. Four items namely one continuance in spite of low switching cost, experiencing genuine enjoyment in relationship, importance of long-term relationship and willingness to sacrifice for retaining customers have high loadings in factor one. This factor shows an eigen value of 2.63 and explaining a total variance of 44%. Low propensity to look for an alternate and dedication of people and resources have high loadings in factor two. This factor shows an eigen value of 1.06 and explaining a total variance of 17.6%. All the items whose communality is more than 0.50 have been included.

Third column shows the communalties. With referring to communality none of the item has been removed. Among the six items dedication of people and resources has emerged to be the key item in this dimension.

### Table 5.3: Factor Analysis - Empathy

<table>
<thead>
<tr>
<th>Empathy</th>
<th>Factor Loading</th>
<th>Communality</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q17 - Giving priority to customer’s interest</td>
<td>0.858</td>
<td>0.736</td>
</tr>
<tr>
<td>Q18 - Readiness to respond flexibly at customer’s interest</td>
<td>0.770</td>
<td>0.592</td>
</tr>
<tr>
<td>Q16 - Friendly attitude</td>
<td>0.715</td>
<td>0.511</td>
</tr>
<tr>
<td>Q19 - Understanding and acting as per the others’ convenience</td>
<td>0.684</td>
<td>0.467</td>
</tr>
<tr>
<td>Eigen Value</td>
<td>2.3070</td>
<td>1.960</td>
</tr>
<tr>
<td>Proportionate of Total Variance (%)</td>
<td>57.674</td>
<td>55.876</td>
</tr>
<tr>
<td>KMO and Bartlett's Test</td>
<td></td>
<td>0.737</td>
</tr>
<tr>
<td>Bartlett's Test (Chi-Square)</td>
<td></td>
<td>487**</td>
</tr>
</tbody>
</table>
It is observed from the application of Bartlett's Test that it is significant with 487. The sampling adequacy measured using the Kaiser-Meyer-Olkin (KMO) of 0.737 was taken as an acceptable. Thus the factor analysis may be considered an appropriate technique for analyzing the data.

Table 5.3 shows the actual results of factor analysis for the dimension empathy. Empathy consists of four items i.e., giving priority to customers' interest, readiness to respond flexibly to the customer's request, treating customers friendly and making an attempt to understand and act as per the customer's convenience. All the items have fallen under first factor that shows an eigen value of 2.30 and explains a total variance of 57.7%. The item namely 'making an attempt to understand and act as per the customer' convenience with less than 0.50 communality has been removed and a factor analysis has been done again to extract a single factor representing the dimension Empathy.

Thus single factor thus extracted with the three items namely giving priority to customer's interest, readiness to respond flexibly at customer's interest, friendly attitude shows an eigen value of 1.96 and explaining a total variance of 55.88. In the dimension of Empathy, giving priority to customers' interest which has the highest loadings has emerged to be the key variable.

Table 5.4: Factor Analysis - Reciprocity

<table>
<thead>
<tr>
<th>Reciprocity</th>
<th>Factor Loading During Factor-1</th>
<th>Communalities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q-22 - Willingness to make co-operative changes.</td>
<td>0.828</td>
<td>0.680</td>
</tr>
<tr>
<td>Q-21 - Considering problem-solving as a joint responsibility</td>
<td>0.810</td>
<td>0.657</td>
</tr>
<tr>
<td>Q-20 - Attaching value to the reciprocal benefits.</td>
<td>0.773</td>
<td>0.597</td>
</tr>
<tr>
<td>Q-23 - Adopting 'WE' attitude instead of the 'You' attitude</td>
<td>0.750</td>
<td>0.563</td>
</tr>
<tr>
<td>Eigen Value</td>
<td>2.5910</td>
<td></td>
</tr>
<tr>
<td>Proportionate of Total Variance (%)</td>
<td>62.53</td>
<td></td>
</tr>
<tr>
<td>KMO and Bartlett's Test</td>
<td></td>
<td>0.707</td>
</tr>
<tr>
<td>Bartlett's Test (Chi-Square)</td>
<td></td>
<td>696.557**</td>
</tr>
</tbody>
</table>
From the application of Bartlett's Test it is found that it is significant with 696.6. The sampling adequacy measured using the Kaiser-Meyer-Olkin (KMO) of 0.707 was taken as an acceptable. Thus the factor analysis may be considered an appropriate technique for analyzing the data.

Table 5.4 shows the actual results of the factor analysis for the dimension reciprocity which contains four items. All the four items namely willingness to make co-operative changes, considering problem-solving as joint responsibility, attaching value to the reciprocal benefits and adopting “WE” attitude instead of the “YOU” attitude have fallen under factor one with high loadings which shows an eigen value of 2.24 and explaining a total variance of 56%. The item namely Adopting ‘WE’ attitude instead of the ‘YOU’ attitude has been extracted with high loading in factor two that shows an eigen value of 2.6 and explaining a total variance of 62.53%. The communality of each item exceeds 0.50. Among the four items ‘Adopting ‘We’ attitude instead of the ‘You’ attitude’ which has the highest loading is considered to be the key variable of the dimension.

**Table 5.5: Factor Analysis – Interaction**

<table>
<thead>
<tr>
<th>Interaction</th>
<th>Factor Loading</th>
<th>Communality</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q 31 - Keeping customers informed about the latest information</td>
<td>0.880</td>
<td>0.774</td>
</tr>
<tr>
<td>Q 30 - Responding to feedback to improve its services</td>
<td>0.876</td>
<td>0.768</td>
</tr>
<tr>
<td>Q 29 - Taking timely feedback</td>
<td>0.868</td>
<td>0.753</td>
</tr>
<tr>
<td>Q 28 - Directing complaints to the right authority</td>
<td>0.865</td>
<td>0.749</td>
</tr>
<tr>
<td>Q 27 - Frequently contacting customers</td>
<td>0.861</td>
<td>0.741</td>
</tr>
<tr>
<td>Q 25 - Listening to complaints</td>
<td>0.800</td>
<td>0.640</td>
</tr>
<tr>
<td>Q 26 - Creating opportunities to contact frequently</td>
<td>0.796</td>
<td>0.634</td>
</tr>
<tr>
<td>Q 24 - Pro-active in communication</td>
<td>0.770</td>
<td>0.593</td>
</tr>
<tr>
<td>Eigen Value</td>
<td>5.650</td>
<td></td>
</tr>
<tr>
<td>Proportionate of Total Variance (%)</td>
<td>70.631</td>
<td></td>
</tr>
<tr>
<td>KMO and Bartlett's Test</td>
<td></td>
<td>0.934</td>
</tr>
<tr>
<td>Bartlett's Test (Chi-Square)</td>
<td></td>
<td>3181.005**</td>
</tr>
</tbody>
</table>
It is found from the application of Bartlett’s Test that it is significant with Chi-square (3181). The sampling adequacy measured using the Kaiser-Meyer-Olkin (KMO) of 0.934 was taken as an acceptable. Thus the factor analysis may be considered an appropriate technique for analyzing the data.

Table 5.5 shows the actual results of the factor analysis for the dimension of interaction which contains eight items. All the items namely disseminating information to the customers, responding to feedback to improvise the customer services, Taking timely feedback, Directing complaints to the right authority, Frequently contacting customers, Listening to complaints, creating opportunities to contact frequency and pro-active in communication are found to load under factor one with high loadings which shows an eigen value of 5.65 and explaining a total variance of 70.63%. The communality of all the items was found to be above 0.50. Among the eight items Keeping customers informed about the latest information has emerged as the key variable in the dimension of interaction since it has got higher loading.

<table>
<thead>
<tr>
<th>Quality</th>
<th>Factor Loading</th>
<th>Communalities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q36 - Speed in handling transactions</td>
<td>0.907</td>
<td>0.822</td>
</tr>
<tr>
<td>Q35 - Safe and confident transactions</td>
<td>0.896</td>
<td>0.802</td>
</tr>
<tr>
<td>Q37 - Making continuous effort to reduce delay in serving the customers.</td>
<td>0.880</td>
<td>0.775</td>
</tr>
<tr>
<td>Q34 - Competent and responsive employees</td>
<td>0.879</td>
<td>0.772</td>
</tr>
<tr>
<td>Q33 - Effective physical facilities and service support systems.</td>
<td>0.847</td>
<td>0.717</td>
</tr>
<tr>
<td>Q32 - Performing services right the first time</td>
<td>0.841</td>
<td>0.707</td>
</tr>
<tr>
<td>Eigen Value</td>
<td>4.590</td>
<td></td>
</tr>
<tr>
<td>Proportionate of Total Variance (%)</td>
<td>0.740</td>
<td></td>
</tr>
<tr>
<td>KMO and Bartlett’s Test</td>
<td></td>
<td>0.877</td>
</tr>
<tr>
<td>Bartlett’s Test (Chi-Square)</td>
<td></td>
<td>2693</td>
</tr>
</tbody>
</table>

Table 5.6 Factor Analysis – Quality
It is observed from the application of Bartlett's Test that it is significant with 2693. The sampling adequacy measured using the Kaiser-Meyer-Olkin (KMO) of 0.877 was taken as acceptable. Thus the factor analysis may be considered an appropriate technique for analyzing the data.

Quality consists of six items. Table 5.6 exhibits the results of the factor analysis for the dimension of quality. It can be observed that all the six items namely speed in handling transactions, safe, secured and confident transactions, Making continuous efforts to reduce delay in serving the customers, Competent and responsive employees, effective physical facilities and service support systems and Performing services right the first time were found to load on to factor one with high loadings which shows an eigen value of 4.59 and explaining a total variance of 74%. The communality of each item exceeds 0.50. Among the six items speed in handling transactions has emerged as the key variable in the dimension of interaction since it has got higher loading.

Table 5.7: Factor Analysis – Attraction

<table>
<thead>
<tr>
<th>Attraction</th>
<th>Factor Loading</th>
<th>Communalities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q44 - Convenient business hours.</td>
<td>0.907</td>
<td>0.823</td>
</tr>
<tr>
<td>Q40 - Convenient location.</td>
<td>0.902</td>
<td>0.813</td>
</tr>
<tr>
<td>Q42 - Economical cost of service</td>
<td>0.895</td>
<td>0.801</td>
</tr>
<tr>
<td>Q41 - Presence of employees who are consistently courteous.</td>
<td>0.893</td>
<td>0.797</td>
</tr>
<tr>
<td>Q39 - Visually appealing and aesthetic outlook</td>
<td>0.887</td>
<td>0.787</td>
</tr>
<tr>
<td>Q43 - Comparative high returns</td>
<td>0.881</td>
<td>0.776</td>
</tr>
<tr>
<td>Q38 - Attentiveness in handling transactions</td>
<td>0.858</td>
<td>0.736</td>
</tr>
<tr>
<td>Eigen Value</td>
<td>5.533</td>
<td></td>
</tr>
<tr>
<td>Proportionate of Total Variance (%)</td>
<td>79.036</td>
<td></td>
</tr>
<tr>
<td>KMO and Bartlett's Test</td>
<td>0.922</td>
<td></td>
</tr>
<tr>
<td>Bartlett's Test (Chi-Square)</td>
<td>3589**</td>
<td></td>
</tr>
</tbody>
</table>
It is found from the application of Bartlett's Test that it is significant with 3589. The sampling adequacy measured using the Kaiser-Meyer-Olkin (KMO) of 0.922 was taken as an acceptable. Thus the factor analysis may be considered an appropriate technique for analyzing the data.

Attraction consists of seven items. Table 5.7 shows the actual results of the factor analysis for the dimension attraction. All the seven items have been extracted in factor one with high loadings with eigen value of 5.53 and explaining a total variance of 79%. All the seven items namely convenient business hours, convenient location, economical cost of service, presence of courteous employees, visually appealing and aesthetic outlook, comparative high returns and attentiveness in handling transactions. All the items are found to have high factor loadings with communality above 0.50. Convenient business hours appear to be the key variable with high factor loadings in the dimension of attraction.

Table 5.8: Factor Analysis – Emotional Element

<table>
<thead>
<tr>
<th>Emotional Element</th>
<th>Factor Loading</th>
<th>Communalities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q46 - Tolerant employees</td>
<td>0.941</td>
<td>0.886</td>
</tr>
<tr>
<td>Q48 - Appreciating customer’s pride</td>
<td>0.94</td>
<td>0.884</td>
</tr>
<tr>
<td>Q45 - Maintaining error-free records</td>
<td>0.937</td>
<td>0.879</td>
</tr>
<tr>
<td>Q47 - Recognition with warmth and affection</td>
<td>0.925</td>
<td>0.856</td>
</tr>
<tr>
<td>Q49 - Inducing a sense of contentment</td>
<td>0.917</td>
<td>0.841</td>
</tr>
<tr>
<td>Eigen Value</td>
<td>4.346</td>
<td></td>
</tr>
<tr>
<td>Proportionate of Total Variance (%)</td>
<td>86.912</td>
<td></td>
</tr>
<tr>
<td>KMO and Bartlett's Test</td>
<td>0.906</td>
<td></td>
</tr>
<tr>
<td>Bartlett's Test (Chi-Square)</td>
<td>2932**</td>
<td></td>
</tr>
</tbody>
</table>
It is found from the application of Bartlett's Test that it is significant with 2932. The sampling adequacy measured using the Kaiser-Meyer-Olkin (KMO) of 0.906 was taken as an acceptable. Thus the factor analysis may be considered an appropriate technique for analyzing the data.

The five items of the dimension, 'Emotional Element' have been used in factor analysis. Table 5.8 explains the results of factor analysis for the dimension emotional element. All the five items namely presence of tolerant employees, appreciating customer's pride, maintaining error-free records, recognition and inducing a sense of contentment are found to load on first factor with high factor loadings. The factor shows an eigen value of 4.35 and explaining a total variance of 86.91%. All the items were found to have high factor loadings with communality above 0.50. Presence of tolerant employees appears to be the key variable with higher loadings in this dimension.

Table 5.9: Factor Analysis - Customization

<table>
<thead>
<tr>
<th>Customization</th>
<th>Factor Loading</th>
<th>Communalities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q50 - Catering to specific needs</td>
<td>0.953</td>
<td>0.909</td>
</tr>
<tr>
<td>Q51 - Giving individualized attention to customers.</td>
<td>0.950</td>
<td>0.903</td>
</tr>
<tr>
<td>Q52 - Customer service-fit in my shoes.</td>
<td>0.928</td>
<td>0.862</td>
</tr>
<tr>
<td>Eigen Value</td>
<td>5.000</td>
<td></td>
</tr>
<tr>
<td>Proportionate of Total Variance (%)</td>
<td>89.136</td>
<td></td>
</tr>
<tr>
<td>KMO and Bartlett's Test</td>
<td></td>
<td>0.76</td>
</tr>
<tr>
<td>Bartlett's Test (Chi-Square)</td>
<td></td>
<td>1351**</td>
</tr>
</tbody>
</table>

It is observed from the application of Bartlett's Test that it is significant with 1351. The sampling adequacy measured using the Kaiser-Meyer-Olkin (KMO) of 0.76 was taken as an acceptable. Thus the factor analysis may be considered an appropriate technique for analyzing the data.
The three items comprising customization were used in factor analysis. Table 5.9 shows the actual results of factor analysis for the dimension emotional element. All the three items namely catering to specific needs, focusing on individualized attention to customers and providing services which “fit the shoes of the customer” have been loaded under factor one with high factor loadings with an eigen value of 5 and explaining 76% of the total variance. All the items are found to have high factor loadings with communality above 0.50 in each case. Catering to specific needs emerged to be the prominent variable with higher loading in this dimension.

Table 5.10: Factor Analysis – Social Responsibility

<table>
<thead>
<tr>
<th>Social Responsibility</th>
<th>Factor Loading</th>
<th>Communalities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q55 - Providing valuable services to the society</td>
<td>0.954</td>
<td>0.909</td>
</tr>
<tr>
<td>Q53 - Innovating new services as per the requirements of the society</td>
<td>0.949</td>
<td>0.901</td>
</tr>
<tr>
<td>Q54 - Social responsibility as the objective of LIC</td>
<td>0.944</td>
<td>0.892</td>
</tr>
<tr>
<td>Eigen Value</td>
<td>2.702</td>
<td></td>
</tr>
<tr>
<td>Proportionate of Total Variance (%)</td>
<td>90.059</td>
<td></td>
</tr>
<tr>
<td>KMO and Bartlett’s Test</td>
<td></td>
<td>0.772</td>
</tr>
<tr>
<td>Bartlett's Test (Chi-Square)</td>
<td></td>
<td>1405**</td>
</tr>
</tbody>
</table>

It is found from the application of Bartlett's Test that it is significant with 1405. The sampling adequacy measured using the Kaiser-Meyer-Olkin (KMO) of 0.772 was taken as an acceptable. Thus the factor analysis may be considered an appropriate technique for analyzing the data.

The three items of dimension, ‘Social Responsibility’ have been used in factor analysis. Table 5.10 exhibits the actual results of factor analysis for the dimension social responsibility. All the three items namely providing valuable services to the society, innovating new services as per the requirements of the
society, having the social responsibility have been loaded under factor one with the high factor loadings with an eigen value of 2.70 and explaining 90% of the total variance. All the items are found to have high factor loadings with communality above 0.50 in each case. Providing valuable services to the society which has the highest factor loading is considered to be the key variable of the dimension.

Reliability Test

To test the reliability of the instruments, the Internal Consistency Method has been adopted which is supposed to be the most effective one in field studies. Reliability of a measure is the ability to yield consistent results (Nunnally, 1988). In Internal Consistency Method, reliability is the degree of inter-correlations among the items that constitute a scale (Nunnally, 1988). Internal Consistency Method is estimated using a reliability coefficient called Cronbach alpha (Cronbach, 1951).

An alpha value of 0.60 and 0.70 or above is considered to be the criterion for demonstrating internal consistency of new scales and established scales respectively. Table 5.11 reports the results of the reliability analysis stating Cronbach alpha for each of the ten dimensions and also for the total scale as per the perception of the respondents.
Table 5.11: Results of Reliability Analysis

<table>
<thead>
<tr>
<th>Statement</th>
<th>Cronbach’s Alpha</th>
<th>Item to Total Subscale</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Trust</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q1 – Frankness in their dealings.</td>
<td>0.758</td>
<td></td>
</tr>
<tr>
<td>Q2 - Revealing information with clarity.</td>
<td>0.740</td>
<td>0.740</td>
</tr>
<tr>
<td>Q4 – Unwilling to make false claims – integrity.</td>
<td>0.735</td>
<td></td>
</tr>
<tr>
<td>Q5 – Readiness to respond with knowledge based ability.</td>
<td>0.708</td>
<td></td>
</tr>
<tr>
<td>Q7 – Dealing in a caring fashion.</td>
<td>0.721</td>
<td></td>
</tr>
<tr>
<td>Q8 – Willingness to provide extra favors.</td>
<td>0.743</td>
<td></td>
</tr>
<tr>
<td>Q9 – Dependability in times of crises.</td>
<td>0.711</td>
<td></td>
</tr>
<tr>
<td><strong>Compliance</strong></td>
<td>0.624</td>
<td></td>
</tr>
<tr>
<td>Q10 – Low propensity to look for an alternative</td>
<td>0.563</td>
<td></td>
</tr>
<tr>
<td>Q11 - Willingness to dedicate people and resources.</td>
<td>0.601</td>
<td></td>
</tr>
<tr>
<td>Q12 – Willingness to sacrifice for retaining customers.</td>
<td>0.567</td>
<td></td>
</tr>
<tr>
<td>Q13 – Unwillingness to quit in spite of low/absence of switching cost.</td>
<td>0.557</td>
<td></td>
</tr>
<tr>
<td>Q14 – Experiencing genuine enjoyment in relationship.</td>
<td>0.556</td>
<td></td>
</tr>
<tr>
<td>Q15 – Knowing the importance of maintaining long-term relationship.</td>
<td>0.592</td>
<td></td>
</tr>
<tr>
<td><strong>Empathy</strong></td>
<td>0.646</td>
<td></td>
</tr>
<tr>
<td>Q16 – Friendly attitude</td>
<td>0.542</td>
<td></td>
</tr>
<tr>
<td>Q17 – Giving priority to customer’s interest</td>
<td>0.560</td>
<td></td>
</tr>
<tr>
<td>Q18 – Readiness to respond flexibly at customer’s request.</td>
<td>0.634</td>
<td></td>
</tr>
<tr>
<td><strong>Reciprocity</strong></td>
<td>0.661</td>
<td></td>
</tr>
<tr>
<td>Q20 - Attaching value to the reciprocal benefits.</td>
<td>0.608</td>
<td></td>
</tr>
<tr>
<td>Statement</td>
<td>Cronbach’s Alpha</td>
<td>Item to Total Subscale</td>
</tr>
<tr>
<td>--------------------------------------------------------------------------</td>
<td>------------------</td>
<td>------------------------</td>
</tr>
<tr>
<td>Q21 - Considering problem-solving as a joint responsibility.</td>
<td></td>
<td>0.528</td>
</tr>
<tr>
<td>Q22 - Willingness to make co-operative changes.</td>
<td></td>
<td>0.602</td>
</tr>
<tr>
<td>Q23 – Adopting ‘We’ attitude instead of the ‘You’ attitude.</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Interaction</strong></td>
<td>0.767</td>
<td></td>
</tr>
<tr>
<td>Q24 – Pro-active in communication.</td>
<td></td>
<td>0.760</td>
</tr>
<tr>
<td>Q25 – Listening to complaints.</td>
<td></td>
<td>0.751</td>
</tr>
<tr>
<td>Q26 – Creating opportunities to contact frequently.</td>
<td></td>
<td>0.756</td>
</tr>
<tr>
<td>Q27 – Frequently contacting customers.</td>
<td></td>
<td>0.737</td>
</tr>
<tr>
<td>Q28 – Directing complaints to the right authority.</td>
<td></td>
<td>0.732</td>
</tr>
<tr>
<td>Q29 – Taking timely feedback.</td>
<td></td>
<td>0.725</td>
</tr>
<tr>
<td>Q30 – Responding to feedback to improvise its services.</td>
<td></td>
<td>0.724</td>
</tr>
<tr>
<td>Q31 – Keeping customers informed about the latest information.</td>
<td></td>
<td>0.726</td>
</tr>
<tr>
<td><strong>Quality</strong></td>
<td>0.703</td>
<td></td>
</tr>
<tr>
<td>Q32 - Performing the services right the first time.</td>
<td></td>
<td>0.719</td>
</tr>
<tr>
<td>Q33 – Effective physical facilities and service support systems.</td>
<td></td>
<td>0.704</td>
</tr>
<tr>
<td>Q34 – Competent and responsive employees.</td>
<td></td>
<td>0.655</td>
</tr>
<tr>
<td>Q35 - Safe and confident transactions.</td>
<td></td>
<td>0.631</td>
</tr>
<tr>
<td>Q36 – Speed in handling transactions.</td>
<td></td>
<td>0.622</td>
</tr>
<tr>
<td>Q37 – Making continuous effort to reduce delay in serving the customers.</td>
<td></td>
<td>0.675</td>
</tr>
<tr>
<td><strong>Attraction</strong></td>
<td>0.647</td>
<td></td>
</tr>
<tr>
<td>Q38 – Attentiveness in handling transactions.</td>
<td></td>
<td>0.634</td>
</tr>
</tbody>
</table>

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<table>
<thead>
<tr>
<th>Statement</th>
<th>Cronbach’s Alpha</th>
<th>Item to Total Subscale</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q39 - Visually appealing and aesthetic outlook.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q40 - Convenient location.</td>
<td>0.605</td>
<td></td>
</tr>
<tr>
<td>Q41 - Presence of employees who are consistently courteous.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q42 - Economical cost of service.</td>
<td>0.580</td>
<td></td>
</tr>
<tr>
<td>Q43 - Comparative high returns.</td>
<td>0.642</td>
<td></td>
</tr>
<tr>
<td>Q44 - Convenient business hours.</td>
<td>0.612</td>
<td></td>
</tr>
<tr>
<td><strong>Emotional Element</strong></td>
<td><strong>0.654</strong></td>
<td></td>
</tr>
<tr>
<td>Q45 - Maintaining error-free records.</td>
<td>0.595</td>
<td></td>
</tr>
<tr>
<td>Q46 - Tolerant employees.</td>
<td>0.551</td>
<td></td>
</tr>
<tr>
<td>Q47 - Recognition with warmth and affection.</td>
<td>0.628</td>
<td></td>
</tr>
<tr>
<td>Q48 - Appreciating customer’s pride.</td>
<td>0.557</td>
<td></td>
</tr>
<tr>
<td>Q49 - Inducing a sense of contentment.</td>
<td>0.658</td>
<td></td>
</tr>
<tr>
<td><strong>Customization</strong></td>
<td><strong>0.629</strong></td>
<td></td>
</tr>
<tr>
<td>Q50 - Catering to specific needs.</td>
<td>0.667</td>
<td></td>
</tr>
<tr>
<td>Q51 - Giving individualized attention to customers.</td>
<td>0.783</td>
<td></td>
</tr>
<tr>
<td>Q52 - Customer service-fit in shoes.</td>
<td>0.610</td>
<td></td>
</tr>
<tr>
<td><strong>Social Responsibility</strong></td>
<td><strong>0.693</strong></td>
<td></td>
</tr>
<tr>
<td>Q53 - Innovating new services as per the requirements of the society</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q54 - Social responsibility as the objective of LIC.</td>
<td>0.728</td>
<td></td>
</tr>
<tr>
<td>Q55 - Providing valuable services to the society.</td>
<td>0.780</td>
<td></td>
</tr>
<tr>
<td><strong>For Whole Scale</strong></td>
<td><strong>0.923</strong></td>
<td></td>
</tr>
</tbody>
</table>
The alpha value for the total scale is 0.923, which is considered high. The reliability coefficient for the dimension of trust is given by 0.758, it was found to be for 0.624 for commitment, 0.646 for empathy, 0.661 for reciprocity, 0.767 for interaction, 0.703 for quality, 0.647 for attraction, 0.654 for emotional element, 0.629 for customization, 0.693 for social responsibility. All values exceed the minimum requirement, thereby indicating that all the scales are internally consistent and have acceptable reliability values.

Moreover, high alpha value of the combined scale indicates that the convergent validity of the scale is met, (Parasuraman, et al.,) the same conclusion can be arrived from the results in the column of the table (item to sub scale), which indicates a simple correlation coefficient of each item to total subscale in their respective dimensions. All the significant coefficient correlation values further support the case for scale reliability and validity.