CHAPTER - 5
MAJOR FINDINGS AND SUGGESTIONS

Service quality is considered to be main force behind improvement of customer service standards in any economy. It is being seen as a strategy to achieve improved customer retention, customer satisfaction and hence improved brand equity. As discussed earlier, the competition in Indian life insurance industry is getting intense day by day and to gain a competitive edge over competitors, improving service quality can play an important role. Of course, service quality provides a strategic advantage to a life insurance services provider. Thus, assessment and comparison of customers’ expectations and perceptions and a further comparison of customers’ and managers’ expectations and perceptions regarding life insurance services being provided to the customers are needed to identify the customer delivery gaps. The insurance providers can take a clue for framing future strategies so as to enhance service quality and ensure customer satisfaction. Precisely, the present study, “Service quality in Indian life insurance industry- an empirical study” is an attempt in this direction.

To achieve above mentioned objectives, it was hypothesized that there is a significant difference in expectations and perceptions of customers as well as of managers. Also, it is assumed that there is a significant variance in customer as well as manager expectations and perceptions across their respective demographics.

The present study is descriptive in nature. To collect the data, field surveys of customers and managers were conducted with help of structured questionnaires using seven point likert scales on drawn samples of 500 customers and 150 managers, located in Haryana, Chandigarh and Delhi. The scale used for the survey 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,
Systemization of service delivery- Non-human element of service delivery, Tangibles of services and Social responsibility. 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).

An overview of major findings of the study is as follows:

5.1 Findings regarding Customer Service Quality Expectations, Perceptions and Gap

The average of all responses of customers on service quality expectations comes out as 6.7990 which is certainly very high and falls in strongly agree region of rankings which means customers expect that the life insurance companies must possess the given features of service quality dimensions. Apparently, this also means that the customer expectations about service quality are very high. However, the overall customer service quality perceptions score is assessed 4.4312 which is lower than that of overall service quality expectations and falls in region slightly above to neutral response. This means that customers are least agree of the fact that their respective life insurance company possesses the specified features of service quality dimensions. The gap in overall expectations and perceptions of customers is found to be -2.3678 which is a very high negative score of service quality and when Paired t- test is applied on data collected, it is found to be significant. At dimension level also, all the gaps are found significant at same level. However, the gaps are measured comparatively low regarding ‘core product’ and ‘tangibles of service’, whereas, high regarding ‘social responsibility’ systemization of service delivery’ and ‘human element’ dimensions of service quality.

So far as the customer service quality weightings of the five dimensions are concerned, customers have given highest importance to ‘core product’ and ranked it as their topmost priority with a score of 27.1000 out of total 100
points. The gap score (unweighted) on this dimension is found to be -1.9789 which lowest among all the components but when weightings are applied on it, a weighted gap score of -53.6100 is achieved which is highest among all weighted gap scores. ‘Human element’ is the second topmost priority of customers with a weightings of 23.220, here, the gap score (unweighted) is -2.4773, which is third highest among all components. But when weightings are applied, a weighted gap score of -57.8056 is achieved which is highest among all dimensions. The third dimension, ‘systemization of service delivery’ is the middlemost priority among all the five dimensions with a weighting of 18.8600. The gap score (unweighted) is measured -2.4773 regarding this dimension which is also at middlemost place. However, when weightings are applied on it a weighted gap score of -47.1543 is achieved, which is at middlemost place, with no change in position. Regarding the fourth dimension ‘tangibles of service delivery’, second lowest rank is given by the customers with a score of 17.6700 and a gap score (unweighted) of -2.3412 which is second lowest among all components. However, here weighted gap score is -41.7020 which is again second lowest. Customers have given the ‘social responsibility’ component least importance and ranked it as the lowest priority with a score of 13.1500. The service quality gap (unweighted) is -2.5487 about this component, which is highest among all components. However, when weightings are applied on it a weighted gap score of -33.3467 is achieved which is lowest.

5.2 Findings regarding Manager Service Quality Expectations, Perceptions and Gap

The overall score of managers on service quality expectations comes out as 6.9981, which is certainly very high and falls in strongly agree level of rankings. It refers that managers strongly agree that insurance companies should have the listed features of service quality. This also means that managers believe that they are aware of what customers expect from a life insurance company. The overall customer service quality perceptions score is assessed as high as 6.8025. This score falls in strongly agree region of rankings which
means that managers believe that their company is providing the same level of service quality as expected from an excellent company. Further the overall gap between expectations and perceptions is found to be -0.1956 which is significant at 0.000 level. This obviously conveys that according to managers, there is significant difference in the service quality expected from the service providers and service quality delivered to the customers by the service providers in Indian life insurance industry. At dimension level also, the difference is found significant, however, the difference in respective gap scores of the dimensions indicate that gap is comparatively lower in ‘tangibles of service delivery’ and ‘systemization of service delivery’, comparatively higher in ‘human element’, ‘social responsibility’ and ‘core product’ dimensions of service quality.

5.3 Findings regarding Customer and Manager Service Quality Expectations Gap

The difference in an overall customer expectations score (6.7990) and an overall manager expectations score (6.998) is found to be 0.1991. The gap here is low, however, it is found significant at 0.000 level, when independent sample t test was applied. This obviously conveys that managers do not have an idea of what customers exactly expect from life insurance service providers. The dimension level analysis of data also reveals the same kind of significant service quality gaps as indicated at overall level. Further, it is observed that the gap is lowest in ‘core product’, second lowest in ‘human element’, middlemost in ‘social responsibility’, second highest in ‘tangibles of service delivery’ and highest in ‘systemization of service delivery’ components of service quality.

5.4 Findings regarding Service Quality Perceptions Gap of Customers and Mangers

The overall customer and manager perceptions scores are measured 4.4312 and 6.8025, respectively and when the manager perceptions is subtracted from the customer perceptions, it results in a very high gap of -2.3713. This gap is also found to be significant. Therefore, it is concluded that
managers do not have an idea of the service quality perceptions level of customers. In other words, managers have failed to realize the level of service quality that their respective life insurance companies are providing to customers therein. The dimension level analysis indicates that the gap in customers’ perceptions and the managers’ perceptions is also significantly different. The gap is found relatively low in ‘core product’ and ‘human element’ dimensions but relatively high in the rest of three dimensions i.e. systemization of service delivery’, ‘social responsibility’ and ‘tangibles of service delivery’ dimensions of service quality.

5.5 Findings regarding Customer Service Quality Measures across Demographic Factors

The analysis of data regarding customers of the selected five life insurance companies, i.e. LIC, BSLI, BALI, HDFCSLI and ICICIPLI indicates the overall service quality expectations is close to strongly agree level, but still there is a significant difference among expectations scores across the companies. The differences in respective scores of the five life insurance companies suggest that customer expectations is highest from BSLI, second highest from ICICIPLI, lowest from LIC, second lowest from BALI and middlemost from HDFCPLI. On the other hand, the overall service quality perceptions is quite low in comparison to expectations and the response level is in middle of neutral and somewhat agree rankings in all the five companies which clearly indicates that they are least convinced of the service quality delivery levels of their respective companies. The relative significant difference in the perceptions score of these companies indicate that customer perceptions is highest in HDFCPLI, second highest in ICICIPLI, lowest in LIC, second lowest in BSLI and middlemost in BALI. Further, high negative service quality gap scores in found in each company which is a result of very high expectations and very low perceptions. However, these gap scores are significantly different across the five companies. Gap is highest in case of BSLI, second highest in ICICIPLI, lowest in HDFCPLI, second lowest in LIC and middlemost in BALI
which clearly indicates that BSLI, ICICIPLI and BALI are lagging behind in
delivering service quality to customers in comparison of HDFCPLI and LIC
which are doing comparatively better in this regard but not sufficiently better.

The analysis of service quality measures across the respective region of
the customers indicate that the overall customer service quality expectations in
all the three geographical regions falls close to strongly agree rankings. The
differences in the responses of the three regions are very small. However, the
difference in the respective customer expectations of the three regions is found
significant. On the other hand, overall service quality perceptions level is quite
low in comparison to high expectations and customers have responded between
neutral and somewhat agree level in all of these regions which clearly indicate
that they are least convinced of the service quality levels of their respective
companies. Though customers have responded at almost same level but still
there is a significant difference in perceptions scores of the three regions. These
differences in scores also suggest that customer perceptions are highest in
Chandigarh, middlemost in Haryana and lowest in Delhi. At service quality
component level also, the status of service quality perceptions remains almost
same in all components, highest in Chandigarh, second highest in Haryana and
lowest in Delhi but regarding core product and tangible components,
Chandigarh offices performed even better than other components. The high
service quality gap in each region is a result of very high expectations and very
low perceptions of customers. As the gaps in all the three regions are quite high
and significant, this is certainly not desirable on the part of the industry. Again,
Gap is highest in Delhi, middlemost in Haryana and lowest in Chandigarh. At
component level, the status of service quality gap remains almost same, highest
in Delhi, middlemost in Haryana and lowest in Chandigarh.

In case of sex of the customers, overall service quality expectations of
the both, male and female customers are assessed very high with a very small
and insignificant difference between them. On the other hand, overall service
quality perceptions level is quite low in comparison to high expectations. Both
male and female customers have responded at almost same level and t test results shows that there is no significant difference in customer perceptions across male and female customers. At service quality component level, the status of service quality perceptions remained almost same, except ‘core product’ dimension where the perceptions is found to significantly different in male and females. The service quality gap is found comparatively high among males than females. However, the results of t test indicate that this difference is not significant in male and female customers. At service quality component level, the status of service quality gaps shows parity to overall results, except ‘tangibles of service’ and ‘systemization of service delivery’ components where service quality gap is found to be significant in males than females.

At the overall level, the service quality expectations in all the four categories of education level of the customers i.e. primary school, high school, graduate and post-graduate, are assessed close to strongly agree level and a small difference is found among expectations level of these categories. However, the variance in expectations of customers of all the four categories is significant. At component level, the results are same except ‘core product’ and ‘tangibles of service’ components where no significant difference is found in customer expectations across the different educational levels. The overall service quality perceptions are quite low in comparison to high expectations and responses are assessed close to neutral level of response which clearly indicate that customers are least convinced of the service quality of their respective companies irrespective of their education level. The difference in customer perceptions across the four categories of educational level of customers is found not significant. At service quality component level, the status of service quality perceptions level remained almost same.

The analysis across the five categories occupation of the respondent i.e. employee, professional, businessman, student and housewife, revealed that he overall score about expectations in all the five categories falls close to strongly agree level and just a little difference is found among expectations level of
these categories. Results of ANOVA test also indicate that there is no significant difference in respective expectations scores of the five categories of occupation. Similarly, there is also found no significant difference in customer perceptions and gap across the five categories of occupation of the customers of Indian life insurance industry. However, at dimension level, the difference in perceptions across the five categories is found significant regarding ‘core product’ and ‘systemization of service delivery’ dimensions of service quality.

On the basis of income level of the customer, they are divided in four categories i.e. having income below 3 lacs, 3-6 lac, 6-9 lac and above 9 lac per annum (in Rs.) At overall level, expectations in all the five categories is found close to strongly agree level and just a little difference is found among expectations level of these categories. Further the results of ANOVA test also confirmed that there is no significant difference in customer expectations across the five categories of customer income level. On the other hand, overall service quality perceptions level is quite low in comparison to high expectations and responses are assessed between neutral and somewhat level of response which clearly indicates that customers are only a bit convinced of the service quality levels of their respective companies irrespective of their income level. The F value of further indicates that customer perceptions are not significantly different across the five categories of income level. However, it is also noticed that perceptions level is highest in the category of 6-9 lac, second highest in category of upto 3 lac, second lowest in category of above 9 lac and lowest in category of 3-6 lac. At service quality component level, it is found that customer belonging to category of below 3 lacs and 3-6 lac have higher perceptions level regarding ‘core product’ and tangible components but customer belonging to category of 6-9 lac and above 9 lac have higher perceptions regarding ‘systemization’ and ‘social responsibility’ components, regarding human element all the categories shows a negligible difference in perceptions level. Also, very high negative service quality gap scores is found in all the four categories of customers. Here, again none of the gap is found
significant across the four categories. However, overall gap is found highest among customers having income of 3-6 lac and lowest among customers having income of 6-9 lac. At service quality component level, gap is highest in income of 6-9 lac and in income of above 9 lac and lowest in income below 3 lac regarding core product, highest in income of below 3 lac and lowest in income of 6-9 lac regarding human element, highest in income of below 3 lacs and lowest in income of above 9 lac regarding systemization, highest in income of 6-9 lac and lowest in income of below 3 lac regarding tangibles and highest in income of 3-6 lac and lowest in income of 6-9 lac regarding social responsibility.

The overall service quality expectations in all the five categories of sum assured i.e. up to 5 lac, 5-10 lac, 10-15 lac, 15-20 lac and above 20 lac (in Rs.) of customers, is found close to strongly agree level with very little differences among the categories. This difference is also not significant. However, at component level, customer expectations are found significantly different in case of ‘systemization of service delivery and ‘social responsibility’ components. The overall service quality perceptions level is quite low in comparison to high expectations and responses are assessed between neutral and somewhat level which clearly indicate that irrespective of their income level, customers are only a bit convinced of the service quality delivered in their respective companies. Also, the differences among these five categories are not significant. However, at component level, customer perceptions are found to be significantly different in case of ‘core product’ and ‘social responsibility’ components. It is also found that perceptions level is highest in the category of 15-20 lac and lowest in category of below 5 lac. At service quality component level, perceptions is highest in sum assured of 15-20 lac and lowest in sum assured below 5 lac regarding core product, highest in sum assured of 15-20 lac and lowest in sum assured of 5 lac regarding human element, highest in sum assured of above 20 lac and lowest in sum assured of 15-20 lac regarding systemization, highest in sum assured of 15-20 lac and
lowest in sum assured of above 20 lac regarding tangibles and highest in sum assured of above 20 lac and lowest in sum assured of 5-10 lac regarding social responsibility.

In order to find variance in service quality across the type of plan taken by the respondents, collected service quality responses were categorized according to the type of plan taken by the respondents i.e. term plan or endowment plan. The overall service quality expectations in both the categories is assessed close to strongly agree level and perceptions between neutral and somewhat agree region of rankings. There is a very small difference which is not significant at all. However, the perceptions level of the customers is found to be significantly different across the two categories. At service quality component level, service quality scores of ‘core product’ component is found lower about expectations but higher about perceptions which leads to lower service quality gap among customers having endowment plans than customers having term plans, scores of ‘human element’ component is found lower about expectations but higher about perceptions which leads to lower gap among customers having term plans than customers having endowment plans, scores of ‘systemization of service delivery’ component is found higher about expectations and higher about perceptions which still leads to lower gap among customers having term plans than customers having endowment plans, scores of ‘tangible of service’ component is found lower about expectations and perceptions which still lead to lower gap among customers having endowment plans, also, scores of ‘social responsibility’ component is found equal about expectations and higher about perceptions which leads to lower gap among customers having endowment plans than customers having endowment plans.

To determine, whether significant difference exists in service quality measures across the different categories of premium paid (annually) by the customers, they are categorized in five groups i.e. premium amount up to 5000, 5,000- 10,000, 10,000- 15,000, 15,000- 20,000 and above 20,000 (in Rs). The
overall service quality expectations in all the five categories are close to strongly agree level and a very little and insignificant difference. However, at component level, customer expectations are found significantly different in case of ‘systemization of service delivery and ‘social responsibility’ components. On the other hand, overall service quality perceptions level is quite low in comparison to high expectations and responses are assessed between neutral and somewhat level which clearly indicate that irrespective of their income level, customers are only a bit convinced of the service quality delivered in their respective companies. Also, the perceptions differences across these five categories are not significant. However, at component level, customer perceptions are found to be significantly different in case of ‘core product’ and ‘social responsibility’ components. It is also found that perceptions level is highest in the category of 15,000-20,000 and lowest in category of below 5,000. At service quality component level, perceptions is highest in premium paid of 15,000- 20,000 and lowest in premium paid below 5,000 regarding core product, highest in premium paid of 15-20,000 and lowest in premium paid of 5,000 regarding ‘human element’, highest in premium paid of above 20,000 and lowest in premium paid of 15,000-20,000 regarding ‘systemization of service delivery’, highest in premium paid of 15,000-20,000 and lowest in premium paid of above 20,000 regarding ‘tangibles of service’ and highest in premium paid of above 20,000 and lowest in premium paid of 5,000-10,000 regarding ‘social responsibility’. The service quality gap scores among all the five categories of customer are very high but not significantly different.

Findings regarding Manager Service Quality across the Demographic Factors

At overall level, the expectations of managers in all the five companies (i.e. LIC, BSLI, BALI, HDFCSLI and ICICIPLI) falls at strongly agree level with negligible difference among exact overall expectations scores of the companies. Results of ANOVA test also indicate the same, therefore it is concluded that there is no significant difference in service quality expectations
of customers across the five life insurance companies. The overall service quality perceptions is observed quite high in these companies and falls close to strongly level region. Here also, F value of 2.263 is not found significantly different across the five companies. Also, the gap in the expectations and perceptions is found very small which is not significant at all, this kind of very low gap across all the selected life insurance companies also indicate that manager believe that their companies are delivering the almost same level of service quality as expected from an excellent company. It is also found that at component level, manager service quality expectations, perceptions and gap shows almost same trends as shown at overall level.

The overall service quality expectations of managers in all three geographical regions (i.e. Haryana, Chandigarh and Delhi) falls at strongly agree level with negligible difference among exact overall expectations scores. The differences in customer expectations across the three regions are not significant. Also the overall service quality perceptions in the three regions is quite high and falls close to strongly agree region which leads to a very minimal service quality gaps. These small gaps are also not significant among three regions. This kind of negligible gap also indicate that manager in all of these regions believe that their companies are delivering the almost same level of service quality as expected from an excellent company. It is also found that even at component level manager service quality expectations, perceptions and gap shows almost same trends as shown at overall level.

In nutshell, the picture of customer of Indian life insurance industry that emerges from the findings of the study looks very gloomy. The level of service quality perceived by the customers is nowhere close to the service quality expected by them. The situation worsens when managers’ perceptions about customers’ expectations and perceptions of service quality is found myopic. Managers have failed miserably in realizing the service quality expectations and perceptions level of customers in each of the company. The only sigh of relief for them is at ‘core product’ and ‘tangibles of service’ dimensions of
service quality, where only relatively, the service quality delivery is better where as at other dimensions i.e. social responsibility, ‘human element’ and ‘systemization of service delivery’ the situation is dismal and require an immediate concern of the life insurance service providers.

5.7 Suggestions

In the light of above findings, first of all, it is suggested that the life insurance companies should make best possible efforts to raise the service quality perceptions level of the customers, as there exists a huge gap in the expectations and perceptions of customers. Secondly, managers of the life insurance companies should accept that there is a big difference in the service quality level perceived by the customers and the service quality level delivered by the life insurance companies, therefore it is suggested that life insurance service providers in India should shun their myopic viewpoint as soon as possible, as this could be fatal for them. They should step in to the shoe of customer to perceive like a customer and take immediate corrective measures in all deficient areas of service quality so that customer services may improve and customers have a wonderful experience and relationship with the companies.

So far as, the service quality at dimension level is concerned, there is a greater need to improve service quality on ‘social responsibility’, ‘human element’ and ‘systemization of service delivery’ fronts. Also, the rating of customers about the importance of the selected five dimensions of the service quality indicate that ‘core product’, ‘human element’ and ‘systemization of service delivery’ components are relatively more important to them. Therefore, it can be suggested that life insurance companies should consider these fact while planning strategically.

On the basis of analysis of service quality measures variance across the demographics of customers, it is suggested that life insurance should acknowledged that customers residing in the three regions (i.e. Haryana,
Chandigarh and Delhi) have different levels of service quality perceptions. Companies should explore why the service quality gap is highest in Delhi, middlemost in Haryana and lowest in Chandigarh, whether because of different consumer psychology of because of difference in companies performance across the three regions. Across the companies also, the perceptions level is different, HDFCSLI and ICICIPLI have better perceptions levels but the expectations is also relatively high. On the other hand the expectations and perceptions, both are low in case of LIC and BALI which leads to lower gap in comparison of other companies. Therefore, HDFCSLI and ICICIPLI should improve the service delivery in greater deal than their competitors, as expectations are comparatively very high there. Life insurance companies should also acknowledge that educational level of the customer has an impact on service quality expectations level, more the customer is educated, high is the expectations and low is the perceptions. Further, it should be incorporated in policies that customers have significantly different perceptions levels with regards to term and endowment plans, and hence requires improvements, accordingly.

Regarding ‘core product’ dimension, it is suggested that life insurance companies should offer a wider range of need specific innovative plans; ensuring plans fulfill the legal requirements avoiding premature closures. Life insurance companies should ensure that maturity and life loss claims should be settled without annoying customers rather very comfortable. On ‘human element’ front, it is suggested that the employees of the customers should be prompt, polite and must possess the required technical, professional and interpersonal skills, so that they can handle customer queries and grievances properly making customer interactions enjoyable every time. They must also take customer feed- backs actively, so that service quality may be improved further on the basis of customer suggestions. To improve service quality on
‘systemization of service delivery fronts, life insurance companies should ensure standardized yet simple, smooth and full proof service delivery procedures, especially, online customer solution procedures. The website and customer care facilities should be user friendly, making them effective and efficient in all regards. On ‘tangible of service’ fronts, life insurance companies should ensure that their premises of service delivery have good ambiances, visually appealing and practically organized structures so that, customer can have a worth visiting experience there. Also, employees should wear a neat and clean professional appearances and promotional material should be displayed properly. Last but not the least, to fulfill social obligations, life insurance companies should treat customer equally irrespective of their social, financial and religious status. The service offered should be a ‘value of money’ to the customers. They should also contribute towards noble causes and help in preserving natural resources. Above all, life insurance companies should behave like good corporate citizen and contribute towards the social and economic well being of the nation.

5.8 Further Research Directions

Research is a never ending process. An individual research may be completed but it only paves way to subsequent researches relating to the said theme. The present study is a humble attempt made by an individual researcher to appraise the service quality in Indian life insurance industry. Only five life insurance companies, namely LIC, BALI, BSLI, ICICIPLI and HDFCSLI have constituted the sample for present research. These companies, as a matter of fact, are leaders and oldest players of Indian life insurance industry.

The future researchers can think of conducting similar study on some another group of companies chosen on some relevant basis from the same industry. Then, the conclusion can be drawn as to what extent the service quality construct is relevant in this industry and how far it can contribute in
betterment of customers and the industry. Even different service quality model can be applied to find their respective advantages and limitations on life insurance industry or any other industry.

Further, the relationship of service quality with customer satisfaction and customer loyalty can be explored on life insurance industry. Also, it will be illuminating to undertake such a study in some other developed and developing countries and see where the Indian life insurance industry vis-à-vis life insurance industries of other countries on service quality fronts.

The present study has been confined to life insurance industry alone and studied parameters are equally important in other service industries as well. Thus, there are ample opportunities for future researchers to analyze other service industries on the said service quality construct or any construct.