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POLICYHOLDER PERCEPTION AND EXPECTATION WITH SERVICE QUALITY OF THE LIFE INSURANCE CORPORATION OF INDIA, THANJAVUR DIVISION OF TAMIL NADU

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tion of the Policyholders.

INTRODUCTION

Service organizations in India are facing tough competition in the global market because of liberalization and globalization of the Indian economy. Hence, it is helpful for service organizations to know about the policyholder service quality perceptions in order to overcome the competitors and attract and retain the policyholders. Because of the globalization and liberalization of Indian economy, the Indian service sector has been opened for multinational companies. In order to overcome the competition and to retain the world class service standards, Indian companies have been forced to adopt quality management programmes.

With the liberalization and internationalization in insurance, service quality has become an important means of differentiation and the path to achieve business success. Such differentiation based on service quality can be a key source of competitiveness for insurance companies

ABSTRACT

The study has been conceptualized in order to analyze the service qualities of the Life Insurance Corporation of India branches of Thanjavur division. There are five branches in the Thanjavur district, three branches in the Tiruvarur district and three branches in the Nagapattinam district. Thus, 11 branches were selected for the study by the multistage random sampling method. Since the number of policyholders in each of the branches was large, the policyholders could not be selected on a proportional basis. 30 policyholders from each branch were selected for

the study. Therefore, 330 policyholders were selected on the basis of non-probability purposive sampling method. The results indicate that customers perceived service quality is poor. In this regard, all the service quality dimensions such as tangibles, reliability, assurance, responsiveness, and empathy show a gap between perceived service and expected service. Therefore, the service quality of the Life Insurance Corporation of India in the study area needs to make improvements in all dimensions to close the gaps.

KEYWORDS: Life Insurance Corporation of India. Perception and Expecta

and hence have implication for leadership in such organizations. With the increasing demands of policyholders, the insurance sector has become competitive.

Policyholders are becoming increasingly aware of their expectations, and demand higher standards of services, as technology is enabling them to make comparisons quickly and accurately. Their perceptions and expectations are continually evolving, making it difficult for service providers to measure and manage services effectively. The trend of insurance companies shifting from a product-focused view to a policyholder-focused one has been developing recently as insurance products become increasingly hard to differentiate in fiercely competitive markets.

Insurance companies in India are consequently directing their strategies towards increasing policyholder satisfaction and loyalty through improved service quality. It is becoming desirable for insurance companies to develop a policyholder centric approach for future survival and growth. The awareness has already dawned that prompt, efficient and speedy service alone will tempt the existing policyholders to continue and induce new policyholders to try the services of the company.

In the life insurance sector, most of the companies have equivalent offerings. Service marketers have realized over the past few years that competition can be well managed through quality. Thus, service quality is imperative to achieve competitive advantage. Poor quality places a firm at a competitive disadvantage. Service quality offers a way of achieving success among competing services, particularly in case of firms that offer nearly identical services, such as life insurance, where establishing service quality may be the only way of differentiating oneself. Such differentiation can yield a higher proportion of consumer's choices, and hence mean the difference between financial success and failure. In this background, the researcher has analyzed the perception and expectation of the policyholders with service quality of insurance industry with special reference to Life Insurance Corporation of India.

METHODOLOGY

The present study has been conceptualized in order to analyze the service qualities of the Life Insurance Corporation of India branches of Thanjavur division. The study has made use of survey method of research to achieve the set objectives.

DATA COLLECTION

In order to achieve the objectives of this research, data were collected both from the primary and secondary sources. The primary data were collected from the respondents through questionnaire. The sources of secondary data were literature available in libraries in the form of books, journals and magazines. Besides the above mentioned literature, published and unpublished thesis and web sites of the sample unit were also referred to.

SAMPLE SIZE

The jurisdiction of the Thanjavur division of the Life Insurance Corporation of India covers eight districts in Tamil Nadu namely Trichy, Ariyalur, Pudukkottai, Perambalur, Karur, Thanjavur, Tiruvarur, and Nagapattinam and one district in the Puducherry Union Territory namely Karaikal district. Out of nine district three districts namely Thanjavur, Tiruvarur, and Nagapattinam were purposively selected for the study. There are five branches in the Thanjavur district, three branches in the Tiruvarur district and three branches in the Nagapattinam district. Thus, 11 branches were selected for the study by the multistage random sampling method. Since the number of policyholders in each of the branches was large, the policyholders could not be selected on a proportional basis. 30 policyholders from each branch were selected for the study. Therefore, 330 policyholders were selected on the basis of non-probability purposive sampling method.

PERCEPTION AND EXPECTATION ABOUT SERVICE QUALITY

The SERVQUAL model is used to assess expectations of the policyholders and perceptions regarding service quality in the selected study units. Both expectations and perceptions are measured using a 7 point scale to rate their level of agreement or disagreement (1 strongly disagree and 7 strongly agree), on which the higher

numbers indicate a higher level of expectation or perceptions.

Perceptions are based on the actual service they receive from Life Insurance Corporation of India, while expectations are based on past experiences and information received about life insurance industry. Service quality scores are the difference between the perception and expectation scores (P-E). The quality score measures the service gap or the degree to which expectations exceed perceptions. The more positive the P-E scores, the higher the level of service quality leading to a higher level of policyholder satisfaction. Satisfaction and service quality are both treated together as functions of a policyholder perception and expectation. If expectation and perception are equal, service quality is satisfactory.

OVERALL PERCEPTION AND EXPECTATION ON SERVICE QUALITY

The summary of customers' perception, expectations and service quality scores for all the service quality dimensions such as tangibles, reliability, assurance, responsiveness, and empathy is analyzed in table 1.

TABLE 1
OVERALL PERCEPTION AND EXPECTATION ON SERVICE QUALITY

Dimension	Perception		Expectation		
	Mean Score	Mean Score (%)	Mean Score	Mean Score (%)	Service Quality Score
Tangibles	16.97	60.61	24.18	86.34	-7.21
Reliability	18.33	52.37	32.01	91.46	-13.68
Assurance	13.25	47.32	24.82	88.64	-11.57
Responsiveness	12.24	43.71	25.25	90.18	-13.01
Empathy	16.48	47.09	29.34	83.83	-12.86
Average (N=330)	77.27	50.18	135.60	88.06	-58.33

Source: Primary data

Table 1 shows the difference between customers' expectations and perceptions of the service quality provided by the study unit in the study area. Out of a maximum score of 154, the average expectation and perception score obtained by the respondents for overall service quality was 135.60 and 77.27 respectively. The difference between expectation and perception score was -58.33, which indicates a wide service quality gap perceived by the respondents.

The highly perceived Service Quality Factors among the customers is Reliability since its mean score is 18.33. The second Service Quality Factor perceived by the customer's is Tangibles since their mean score is 16.97. The next three Service Quality Factors perceived by the customers are Empathy, Assurance and Responsiveness since their mean scores are 16.48, 13.25 and 12.24 respectively. However, the highest negative gap score was found in reliability (mean score of -13.68) followed by Responsiveness (mean score of -13.01). Empathy, Assurance and Tangibles was -12.86, -11.57 and -7.21 respectively.

Table further reveals that the respondents have secured negative mean gap score for all five service quality dimensions such as Tangibles, Reliability, Responsiveness, Assurance and Empathy. Therefore, it can be inferred from the table that the customers have high expectation whereas their perception was low towards the quality of service provided by the study units. The insurance services provided by the Life Insurance Corporation of India is not upto the expectations of customers in the study area.

LEVEL OF PERCEPTION ABOUT OVERALL SERVICE QUALITY

The level of perception of the respondents about the overall service quality of the Life Insurance Corporation in the study area is given in the table 2.

TABLE 2
LEVEL OF PERCEPTION ABOUT OVERALL SERVICE QUALITY

S.No	Level of perception	No. Of Respondents	Percentage
01	Low	180	54.55
02	Medium	104	31.52
03	High	46	13.93
	Total	330	100.00

Source: Primary data

Table 2 shows that out of 330 respondents about 55 per cent of the respondents perceived low service quality followed by nearly 32 per cent of the respondents perceived moderate and 14 per cent of the respondents perceived high level of service quality of the study units. Therefore, it can be inferred from the table that the majority of the customers perceives poor service quality of overall service quality of the Life Insurance Corporation of India in the study area.

REGION-WISE DISTRIBUTION AND LEVEL PERCEPTION

The region-wise distribution of the respondents and their level of perception about the overall service quality of the study units is shown in table 3.

TABLE 3
REGION -WISE DISTRIBUTION AND LEVEL OF PERCEPTION

Region	No. of Respondents			
	Low	Medium	High	Total
Thanjavur District	78 (43.33)	45 (43.26)	27 (58.69)	150 (45.46)
Tiruvarur District	56 (31.11)	21 (20.19)	13 (28.27)	90 (27.27)
Nagapattinam District	46 (25.56)	38 (36.55)	06 (13.04)	90 (27.27)
Total	180 (100.00)	104 (100.00)	46 (100.00)	330 (100.00)

Source: primary data, figure in the bracket is a percentage of the total

Table 3 shows that out of 180 respondents who perceived low perception about 43 per cent, 31 per cent and 26 per cent of the respondents were belonging to Thanjavur, Tiruvarur and Nagapattinam districts respectively. Therefore, to find out whether there is any significant difference between region-wise distribution of the respondents and their level of perception about overall service quality, a null hypothesis is framed and tested with the help of ANOVA test. The result is given in table 4.

Null Hypothesis: There is no significant difference between region-wise distribution of the respondents and their level of perception about overall service quality.

TABLE 4
ANOVA TEST

Variables		SS	Df	MS	F	Significance
Region-wise distribution and level of perception	Between sample	3010.67	2	1505.33	8.45	*Significant
	With in sample	1069.33	6	178.22		
	Total	4080.00	8			

*Significant at 5% level

Table 4 reveals that the calculated f-value is greater than that of table the value at 5 per cent level; therefore, the null hypothesis is rejected. Hence, it can be concluded that there is a significant difference between region-wise distribution of the respondents and their level of perception about the overall service quality of the study unit.

CORRELATION COEFFICIENTS BETWEEN VARIABLES

In order to find out whether there is any significant association between perceptions of the respondents about the service quality dimension and overall service quality, the correlation coefficient is used to test the following hypothesis.

Null Hypothesis: The perception about the tangibles, reliability, assurance, responsiveness, and empathy are positively related with the overall perception about the service quality of the Life Insurance Corporation.

TABLE 5
CORRELATION COEFFICIENTS BETWEEN VARIABLES

Variables	Overall Service Quality	Tangible	Reliability	Assurance	Responsiveness	Empathy
Overall service quality	1.00					
Tangible	0.98**	1.00				
Reliability	0.97**	0.92**	1.00			
Assurance	0.99**	0.96**	0.99**	1.00		
Responsiveness	0.95**	0.89**	0.99**	0.97**	1.00	
Empathy	0.99**	0.99**	0.96**	0.99**	0.94**	1.00

The correlation value is significant both at ** $p < 0.05$ and $p < 0.01$,

Table 5 shows the results of testing the relationship between perception of the customers about tangibles, reliability, assurance, responsiveness, empathy and overall service quality. The outcomes of testing the relationship display that tangibles, reliability, assurance, responsiveness, and empathy are positively and significantly associated with the overall service quality.

To find out whether there is a significant difference between demographic variables of the respondents and their level of perception about service quality, a null hypothesis is framed and test with the help of ANOVA test.

Null hypothesis: There is no significant difference between demographic variables and level of perception about

service quality.

TABLE 6
ANOVA TEST

Variable		Sum of Squares	Df	Mean square	F	Result
Gender and level of perception	Between groups	4516	2	2258	10.08	*Significant
	Within groups	672	3	224		
	Total	5188	5			
Age and level of perception	Between groups	3010.67	2	1505.33	1.78	Not significant
	Within groups	5073.33	6	845.55		
	Total	8084.00	8			
Marital Status and level of perception	Between groups	4516	2	2258.00	0.86	Not significant
	Within groups	7914	3	2638.00		
	Total	12430	5			
No. of dependents and level of perception	Between groups	3010.67	2	1505.33	4.41	Not significant
	Within groups	2047.33	6	341.22		
	Total	5058.00	8			
Educational qualification and level of perception	Between groups	2258	2	1129.00	0.74	Not significant
	Within groups	13649	9	1516.56		
	Total	15907	11			
Occupation and level of perception	Between groups	3010.67	2	1505.33	0.88	Not significant
	Within groups	10279.33	6	1713.22		
	Total	13290.00	8			
Income and level of perception	Between groups	3010.67	2	1505.33	3.46	Not significant
	Within groups	2613.33	6	435.55		
	Total	5624.00	8			
No. of earning members and level of perception	Between groups	3010.66	2	1505.33	0.90	Not significant
	Within groups	10077.33	6	1679.56		
	Total	13088.00	8			
Residential Area and level of perception	Between groups	3010.67	2	1505.33	4.31	Not significant
	Within groups	2097.33	6	349.55		
	Total	5108.00	8			

*Significant at 5% level

Table 6 shows that age, marital status, number of dependents, educational qualification, occupation, income, number of earning members and residential area of the respondents have no significant difference in perception of the respondents about overall service quality, which means that the customer are not differently perceived about the service quality. However, there is a significant difference between gender and level of perception about the overall service quality of the study units.

CONCLUSION

To conclude, from results obtained, it is seen that customers perceived service quality is poor in all dimensions. In this regard, all the dimensions show a gap between perceived service and expected service and this therefore means that service quality of the Life Insurance Corporation of India in the study area needs to make improvements in all dimensions to close the gaps.

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