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## An examination of the non-life insurance sector in India's perceptions of service quality

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### Abstract

With the liberalization in insurance sector, service quality has become an important means of differentiation and path to achieve business success. Insurance sector plays a vital role in India's service sector. The present paper is an attempt to study the perception of customer service quality offered by public and private sector general insurers using SERVPERE scale. A modified SERVPERE questionnaire on five point Likert scale from 1 (strongly disagree) to 5 (strongly agree) on a sample of 200 respondents has been used to study the perception of customer service quality offered by public and private general insurers. The study showed that six factors play a vital role in influencing the perception of customers toward service quality of general insurance company. The study indicated that among the various service quality dimensions, Empathy (with the largest  $\beta$  value) is the best predictor, followed by Reliability, Responsiveness, Assurance, Tangibles and Convenience.

**Keywords:** Transformational leadership, self-efficacy, creativity, performance, salespersons, logistics

### Introduction

Service sector is the fastest growing sector in India and is projected to have high growth in future. A major contributor among huge service sector is the insurance sector which plays an important role in enhancing financial intermediation, creating liquidity and mobilizing savings in the country. The Indian general insurance industry remained a monopoly of four public insurance companies till it was liberalized in 1999. At present, there are 27 non-life insurance companies operating in India with six public sector non-life insurers and the balance being private players.

With most insurance companies offering similar policies, product differentiation is tough in the increasing competitive market. As a result, Insurance companies in India are now moving from a product centered approach to a customer-centered strategy. The focus is on enhancing customer satisfaction through improved service quality which leads to improved customer retention, loyalty and profitability. In order to survive and thrive in the competitive insurance industry, non-life insurers are actively engaged in developing new strategies for customer satisfaction through proper improvement of service quality.

Quality is one of the competitive priorities which have migrated from the literature of manufacturing strategy to the service arena (Pariseau and McDaniel, 1997) <sup>[30]</sup>. Several authors have demonstrated its positive relationship with profits, increased market share, return on investment, customer satisfaction and future purchase intentions (Jain and Gupta, 2004) <sup>[21]</sup>. Service quality is a concept that has around considerable interest and debate in the research literature because of the difficulties in both defining it and measuring it with no overall consensus emerging on either (Wisniewski, 2001) <sup>[40]</sup>. In the service sector, the quality of service, one of the most dominant themes of research in services, has become a strategic instrument for firms since 1990s (Fisk *et al.*, 1993 <sup>[14]</sup>; Donnelly *et al.*, 1995 <sup>[13]</sup>). Customer perceives services in terms of its quality and how satisfied they are overall with their experiences (Zeithaml, 2000) <sup>[42]</sup>. Yoo and Park (2007) <sup>[41]</sup> found that employees, as an integral part of the service process, are a critical element in enhancing perceived service quality. The key to sustainable competitive advantage in today's competitive environment lies in delivering high-quality service that result in satisfied customers (Shemwell *et al.*, 1998) <sup>[33]</sup>. In fact, service quality has become a great differentiator, the most powerful competitive weapon which many leading service organizations possess (Berry *et al.*, 1985) <sup>[27]</sup>. Teas (1993) <sup>[35]</sup> stated that the service quality is derived from a comparison of the

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performance with the ideal standards. The service quality is produced in the interaction between a customer and elements in the service organization. They differentiated between quality associated with the process of service delivery and quality service means confirming to the customer expectations on a consistent basis. Gronroos (1984) <sup>[17]</sup> explained service quality as a perceived judgment, resulting from an evaluation process where customers compare their expectations with the service they perceive to have received. The author also suggested that service quality issues could be split into technical quality (what is done) and functional quality (how it is done). In insurance, service quality relates to six broad aspect of business: quality of raw or original data; the quality of derived data; quality of performance of employees at all levels; quality of performance of equipment and machinery; quality of decision at all levels; quality of services related to financial aspect involved (Rosander 1985) <sup>[31]</sup>. The success of insurance companies in the market rests on the availability of customized product and also the service quality offered to customers. At this juncture, the insurance companies should evaluate their services and identify their distinction from others. The only way to succeed in the market is the formulation of differentiated service to different customer segments (Vanniarajan and Jeyakumaran, 2007) <sup>[38]</sup>. Delivering of quality services to the customers has become an indispensable factor for success and survival in today's competitive insurance environment. Devasenathipathi *et al.*, (2007) <sup>[12]</sup> compared and rated all the life insurance companies, measured the customer perception, purchase behavior, consumer awareness regarding life insurance industry and also studied the privatization, policy awareness and life coverage awareness among the consumers. The study concluded that the entry of private players brought better service, quicker settlement, greater awareness and more choice. Tornow and Wiley (1991) <sup>[36]</sup> Showed that there is a direct relationship between customer satisfaction and the attitudes of employees and on the other hand, there is a connection between them and organization practices. In addition, they proved that employee attitudes not only affect customer satisfaction but organizational effectiveness. Previous research also indicated that high levels of customer satisfaction are related to the service quality provided through customer interactions. The service profit chain specifically identifies a relationship between employee satisfaction, service quality and customer satisfaction. Service quality has formed a nucleus of research incorporating many dimensions of service outcome and the parameters for achieving these outcomes: costs, profitability, customer's satisfaction, customer retention, and service guarantee; corporate marketing and financial performance (Kumar *et al.*, 2008). Parasuraman *et al.*, (1988) <sup>[28]</sup> defined service quality as a global judgment, or attitude, relating to the superiority of the service and explicated it as involving evaluations of the outcome (i.e., what the customer actually receives from services) and the process of service act (i.e., the manner in which service is delivered). Parasuraman *et al.*, (1985) <sup>[27]</sup> initially identified 10 dimensions used by consumers in evaluating service quality and finally consolidated them into five broad dimensions. SERVQUAL refers to five service quality dimensions (Parasuraman *et al.*, 1988) <sup>[28]</sup>.

1. Reliability (The ability to perform the promised service dependably and accurately).
2. Responsiveness (Willingness to help customers and to provide prompt services).
3. Tangibles (Physical facilities, equipment, and appearance personnel).
4. Assurance (Knowledge and courtesy of employees and their ability to convey trust and confidence).

Empathy (Caring, individualized attention the firm provides to its customer) Though SERVQUAL has been utilized widely by practitioners it has been criticized on various conceptual and operational grounds. Some of the criticisms regarding Servqual were the universality of the scale (Cronin and Taylor, 1992) <sup>[9]</sup>, appropriateness of utilizing it in different cultural context (Carman, 1990 <sup>[6]</sup>; Cui *et al.*, 2003) <sup>[10]</sup>, focusing mainly on the service delivery process (Mangold and Babakus, 1991) <sup>[23]</sup>, and the questionnaire length due to measuring perception and expectation separately as different scores (Carman, 1990) <sup>[6]</sup>. Cronin and Taylor (1992) <sup>[9]</sup> developed a performance based only measurement called SERVPERF for assessing service quality as a way of overcoming some criticisms encountered by SERVQUAL. SERVPERF only evaluates customer's perception of the service delivered while SERVQUAL evaluates both customer's expectation and perception of the service offer. SERVPERF assumes that it is unnecessary to measure expectations directly from customers as they automatically provide their ratings by comparing performance perceptions with expectations (Culiberg and Rojsek, 2010) <sup>[11]</sup>. SERVPERF scale is identical to the SERVQUAL scale in its dimensions and structure. Empirically SERVPERF has found superior to SERVQUAL scale (Jain and Gupta, 2004 <sup>[21]</sup>; Wang and Shieh, 2006) and it has been favored over the SERVQUAL (Babakus and Boller, 1992<sup>[3]</sup>, Gotlieb, *et al.*, 1994) <sup>[43]</sup>.

### Review of Literature

Parasuraman (1985) <sup>[27]</sup> found that services were very difficult to assess than product given that services were characterized by intangible, heterogeneity, simultaneity of production and consumption, and a high proportion of accuracy versus search and experience properties. Further, professional services were complex in nature and their effects were often delayed, which made even post purchase evaluation difficult.

Parasuraman (1988) <sup>[28]</sup> define perceived quality as a form of attitude, related but not equal to satisfaction, and results from a consumption of expectations with perceptions of performance. Therefore, having a better understanding of consumers attitudes will help know how they perceive service quality.

Parasuraman (1991) <sup>[29]</sup> explained a multi-sector study in which they refined their original SERVQUAL instruments and re-examined the reliability and validity of this scale. They provided comparative discussion of insights from their study and those from other SERVQUAL replication studies. The results indicated that the reliability co-efficients for the perception minus expectation gap scores for the five SERVQUAL dimensions are consistently high across the various samples, thereby indicating high internal consistency among items within each dimension. The

research concluded that the main purpose of SERVQUAL is to serve as a diagnostic methodology for revealing broad areas of a company's service quality shortfalls and strengths. The use of SERVQUAL can fruitfully be supplemented with additional qualitative or quantitative research to uncover the causes underlying the key problem areas or gaps identified by a SERVQUAL study.

Brady (2002) <sup>[5]</sup> assessed the two service quality measurement models of the performance only index (SERVPERF) and the gap-based SERVQUAL scale. The study was carried out with the objective to examine the ability of the performance of only measurement approach to capture the variance in the consumers overall perceptions of the service quality across three studies. For the first study, the original Cronin and Taylor data was obtained from 660 persons through personal interviews in a medium-sized city in the south-eastern US. The data for second and third studies was collected from service industry, namely, spectator sports, entertainment, healthcare, long distance carriers and fast food. The results of first study exhibited that the replication successfully duplicated their finding as to the superiority of the 'performance only' measurement of service quality. The results from the other two studies also gave strong support again for the superiority of the 'performance only' approach 'to the measurement of service quality.

Jain and Gupta (2014) <sup>[21]</sup> evaluated the diagnostic power of the two service quality scales, namely, SERVQUAL and SERVPERF scales. The paper also searched the validity and methodological fitness of these scales in the Indian context' an aspect which has so far remained neglected due to the preoccupation of past studies with service industries in the developed world. The data has been collected from 300 students and lecturers of different colleges and departments of the University of Delhi spread all over the city of Delhi. The study found SERVPERF scale to be providing a more convergent and discriminated valid explanation of the service quality construct. However, the scale was found deficient in its diagnostic power. It is the SERVQUAL scale by virtue of possessing higher diagnostic power to indicate areas of managerial interventions in the event of lack of service quality.

### Objective of the Study

1. To study the perception of customer service quality offered by Public and Private Sector General Insurance Companies in Haryana;
2. To make recommendation for the improvement in the performance in respect of customer satisfaction in General Insurance.

### Research Methodology

For analyzing the customers' perception towards service quality offered by public and private sector general insurers, a modified SERVPERE type questionnaire relevant to the insurance industry has been constructed. In SERVPERE construct all the statements are one-dimensional and performance based, which incorporate the statements of SERVQUAL model that can be used for measurement (Cronin and Taylor, 1992) <sup>[9]</sup>. A questionnaire included 22-items from the original five dimensions (Tangibility, Reliability, Responsiveness, Assurance, and Empathy) of

the SERVQUAL instrument developed and updated by Parasuraman *et al.*, (1994) <sup>[44]</sup>. In order to obtain an even more comprehensive and insurance industry specific measure of service quality, 7 additional items added to the SERVPERE scale. Thus, in total 29 items were included under six dimensions (Tangibility, Reliability, Responsiveness, Assurance, Empathy and Convenience) to measure the perception of customer service quality of public and private general insurance companies. All the items were measured on the five point Likert scale from 1 (strongly disagree) to 5 (strongly agree). Based upon the earlier guidelines of researchers (Babakus and Boller, 1992 <sup>[3]</sup>, the overall perception of service quality was measured using single item, "your perception about the overall service quality of your company", measured on a five-point Likert scale, anchored at 1: "very bad" and 5: "very good". Besides these, impact of privatization on the overall working of the company; time taken to settle claims; procedure and formalities to settle claims; procedure and formalities for taking insurance policy; and behavior & efficiency of employee and agents were analysed on five point scales. Field survey was conducted in the period of 1<sup>st</sup> August, 2014 to 15<sup>th</sup> May, 2015.

The study covers all four public sector general insurers and eight private sector general insurers. Private companies are as Bajaj Allianz General Insurance Company Limited, ICICI Lombard General Insurance Company Limited, IFFCO Tokio General Company Limited, Reliance General Insurance Company Limited, Royal Sundaram Alliance Insurance Company Limited, TATA AIG General Insurance Company Limited, Future Generali India Insurance Company Limited, Universal Sompo General Insurance Company Limited. The primary data was drawn from the customers of both public and private sector general insurance companies in the state of Haryana, a progressive state of India. The Haryana has been divided into four commissioned viz. Ambala, Hissar, Rohtak, and Gurgaon for the purpose of study. The equal number of respondents from each division has been taken. A sample of 320 customers was taken up who were approached personally. Out of the total, 200 correct completed questionnaires in all respects, yielding a response rate of about 62.5%, was taken for the purpose of analysis. For choosing the sample, non-probabilistic convenience sampling technique has been used. Stratified sampling technique has been used.

### Exploratory Investigations

An exploratory qualitative study was undertaken to better understand the key dimensions of service quality that are important to policyholders. For this, personal in-depth interviews, comprising open-ended questions with the customers, were conducted (Seth, 2008) <sup>[32]</sup>. In all, thirty customers, having policies of various service providers were randomly selected for interviews. Each interview lasted 15 to 30 minutes. The semi-structured in-depth interviews focused on the following issues:

- How do the customers evaluate service quality in general insurance sector?
- What are the important factors influencing the customer's perceptions of service quality in general insurance services?



The respondents provided valuable insights regarding the service quality measures and key factors impacting their perceptions. The important insights obtained from analyzing the customers' responses provided a new dimension convenience that includes three variables in addition to four variables as an outcome of interview for measurement of perception of service quality. The additional seven variables including 22 variables were also discussed with employees, and agents of general insurance companies.

**Statistical Tools**

Data collected were subjected to descriptive analysis and reliability analysis, exploratory factor analysis using principal component method with varimax rotation, and multiple regression analysis. The regression analysis was conducted to determine the relative importance of service quality items influencing the overall service quality, importance of overall service quality to influence the customer satisfaction. Regression helps to predict the value of a dependent variable using one or more independent variables and is used for the investigation of relationships between variables. This analysis was also useful in quantifying the influence of various simultaneous effects on a single dependent variable (Gupta, 2009) [18].

In order to test the strength of the relationship between the dependent and independent variables, regression coefficients were used to evaluate the strength of the relationship between the independent variables and the dependent variable. Chu (2002) [7] indicated that the beta coefficients of the independent variables can be used to determine its derived importance to the dependent variable compared with other independent variables in the same model. In general, the relationship of the independent variable with the dependent variable will be positive if the beta coefficient is positive. In contrast, if the beta coefficient is negative, the relationship between the independent and dependent variables will become negative. Of course, the beta coefficient equaling zero implies that there is no relationship between both of the independent and dependent variables.

R<sup>2</sup> which represents the percent of variance in the dependent variable (overall service quality) explained collectively by all of the independent variables. Thus the R<sup>2</sup> value in the model provided a measure of the predictive ability of the model. The close the value to 1, the better the regression equation fit the data.

**Data Analysis and Results**

Data collected has been analyzed by validated tools and procedures. Reliability of the construct has been measured. The factor analysis of the collected data has been done.

**Reliability Analysis**

The reliability test has been assessed by computing the coefficient alpha (Cronbach, 1951), that measures internal consistency of the items means reliability refers to the instrument's ability to prove consistent results in repeated uses. For a measure to be acceptable, coefficient alpha should be above 0.70 (Nunnally, 1978) [25], therefore, perception scale demonstrated high reliability. The reliability coefficient (Cronbach alpha) values for the six dimensions are 0.926, 0.921, 0.861, 0.877, 0.859, and 0.838

Table 2 which is generally considered to be the criterion for demonstrating internal consistency of the new scale (Nunnally and Bernstein, 1994) [26]. This shows that the policyholders expressed a good understanding of the questions that shows higher consistency of the answers.

**Exploratory Factor Analysis**

In order to examine the dimensionality of SERPERE instrument from the Indian perspective, 29-item scale was then Factor analyzed using the Principal Component method with Varimax rotation on the perceptions for the customers is performed for establishing the strength of the factor analysis solution as it is essential to establish the reliability and validity of the obtained reduction. However, before conducting the factor analysis, the adequacy or appropriateness of data for factor analysis has been analyzed using SPSS software with the help of Kaiser-Meyer-Okin (KMO) Measure of Sampling Adequacy (MSA) and Bartlett's test of sphericity. In this study, value of KMO is acceptable because it exceeded the recommended value of 0.6 as suggested by Hair *et al.*, (2010) [20] indicating that factor analysis could be used for the given set of data. Moreover, the p value is 0.000 which is less than 0.05. The results thus indicate that the sample taken is appropriate to proceed with a factor analysis procedure.

**Table 1:** KMO and Bartlett's Test Results for Customer Perceived Service Quality KMO and Bartlett's Test

<b>Kaiser-Meyer-Olkin Adequacy</b>	<b>Measure of Sampling</b>	<b>0.879</b>
Bartlett's Test	of Sig.	0.000
Sphericity		

KMO static value above 0.6 being acceptable (Hair *et al.*, 2010) [20]

Further, in order to assess the appropriateness of the data for factor analysis, the communalities (h<sup>2</sup>) ranged from 0.822 to 0.608 for various statements derived from the factor analysis were reviewed shown in the Table 2. Communality indicates how much of each variable is accounted for by the underlying factors taken together. In other words, it is a measure of the percentage of variables variation that is explained by the factors. A relatively high communalities show that not much of the variable is left over after whatever the factors represent is taken into consideration. It meant that factor analysis extracted a good amount of variance in the statements.

The items having factor loadings less than 0.5 were eliminated. The commonly used procedure of Varimax Orthogonal Rotation using 0.5 as a cut off point for factor loading for naming the factor is employed in the analysis (Hair *et al.*, 1995) [19] shown in Table 2. The factors so generated had Eigen values range from 1.121 to 7.538. These were all relatively large (greater than 0.5), suggesting that the data set is appropriate (Stewart, 1981).

Meanwhile, six-factor solution explaining 72.39% cumulative variance, which is higher than 50% as recommended by Nunnally and Bernstein (1994) [26]. F1 explains maximum variance (19.42%) followed by F2: 15.96% and F3: 10.62% variance, F4: 10.48% variance, F5: 9.15% variance, F6: 6.73 % variance, respectively. It means that factor analysis has extracted a good amount of variance in the items. All the dimensions are named on the basis of the contents of the final items making up each of the six

dimensions. All items were found highly loaded under six factors, which indicate customers are highly satisfied with these statements.

**Table 2:** Factor extraction results of service quality measurement items

Sr. No.	Name of Factor	Factor Loading	Eigen Value	Variance in %	Cronbach Alpha	Communalities (h <sup>2</sup> )
<b>F1: Empathy</b>						
1	Welcome complaints & Criticism and respond positively	0.836	7.538	19.42	0.926	0.755
3	Employee and agents understand the specific needs of their customers	0.822				0.701
4	General Insurance Company has the customers' best interest at heart	0.795				0.700
5	Employees deal with customers in a caring fashion	0.777				0.699
6	Commit to ethics and promote ethical behavior	0.762				0.757
7	Operating hours convenient to their customers	0.753				0.657
8	Organize consumer awareness programmes under CRM	0.691				0.608
<b>F2: Reliability</b>						
1	Performs the service right in the first instance	0.887	6.805	15.969	0.921	0.806
2	Customer can fully depend or rely on employee of the general insurance company	0.870				0.818
3	General Insurance Company provides the services at the time they promised to do so	0.866				0.771
4	General Insurance Company insists on error free records i.e., issuing error free bills, statements, receipts, contracts etc.	0.770				0.641
5	When customers have a problem General Insurance Company shows sincere interest in solving it	0.757				0.689
6	General Insurance company have goodwill towards customers	0.729				0.688
<b>F3: Assurance</b>						
1	The behavior of employees and agents of General Insurance Company instills confidence in customers	0.845	2.364	10.625	0.859	0.764
2	Customers of General Insurance Company feel safe in their transactions	0.822				0.743
3	Employees and agents of General Insurance Company are consistently courteous with customers	0.764				0.685
4	Employees and agents of General Insurance Company have the knowledge to give professional services to customers and to answer customer's questions	0.763				0.644
<b>F4: Tangibility</b>						
1	Employees and Agents of General Insurance Company are neat & clean	0.877	1.894	10.483	0.877	0.811
2	General Insurance Company has modern equipment & technology	0.811				0.770
3	The physical facility of General Insurance Company are visually appealing	0.796				0.702
4	Material associated with the services such as pamphlets, forms or statements are visually appealing in the General Insurance Company	0.743				0.711
<b>F5: Responsiveness</b>						
1	Employees and agents of General Insurance Company give prompt services to customers	0.8	1.27	9.156	0.861	0.761
2	Employees and agents of General Insurance Company have always been willing to help customers	0.752				0.758
3	Employees and agents of General Insurance Company tell customers exactly when services will be performed	0.716				0.703
4	Employees & agents of General Insurance Company are never too busy to respond to customers request	0.706				0.684
<b>F6: Convenience</b>						
1	Formalities of taking a policy of the company are simple	0.787	1.121	6.736	0.838	0.822
2	Settle customers claims without any delay	0.708				0.751
3	Contract of insurance policies with clear and transparent terms	0.654				0.667

Notes:

1. Factor loadings greater than 0.5 is acceptable (Hair *et al.*, 1995) <sup>[19]</sup>.
2. Alpha values of 70% or higher are considered acceptable (Nunnally, 1978) <sup>[25]</sup>.

**Statistical independence of extracted factors**

The six extracted factors should be statistically independent. This means the correlation coefficient among the six factors scores should be zero. To verify this, correlation among the six factor scores has been computed using SPSS 16 software

and the result is presented in the Table 3. The correlation matrix given in the Table 3 indicates that the correlation among the six factor scores is zero means there is no Multicollinearity problem among extracted factors.

**Table 3: Correlations**

	AR factor score 1 for analysis 1	AR factor score 2 for analysis 1	AR factor score 3 for analysis 1	AR factor score 4 for analysis 1	AR factor score 5 for analysis 1	AR factor score 6 for analysis 1
A-R factor score Pearson 1 for analysis 1 Correlation (Empathy)	1	.000	.000	.000	.000	.000
Sig. (2-tailed)		1.000	1.000	1.000	1.000	1.000
N	200	200	200	200	200	200
AR factor score Pearson 2 for analysis 1 Correlation (Reliability)	.000		.000	.000	.000	.000
Sig. (2-tailed)	1.000	1	1.000	1.000	1.000	1.000
N	200	200	200	200	200	200
AR factor score Pearson 3 for analysis 1 Correlation (Assurance)	.000	.000		.000	.000	.000
Sig. (2-tailed)	1.000	1.000	1	1.000	1.000	1.000

**Multiple Regression Analysis**

In order to assess the overall effect of the instrument on service quality and to determine the relative importance of six customer-perceived service quality dimensions of the generated scale, they were subjected to regression analysis. For this, based on Parasuraman *et al.*, (1988) [28] approach, multiple regression analysis model was followed in which the respondents’ overall judgment of service quality perception was considered as dependent variable and the six extracted customer perceived service quality dimensions were made independent variables. Thus, the extracted score for each of the dimensions were regressed on the overall service quality score obtained from each respondent survey.

**Table 4: Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.815 <sup>a</sup>	.664	.653	.37693

Predictors: (Constant), Empathy, Reliability, Assurance, Tangibility Responsiveness, Convenience

**Table 5: ANOVA<sup>B</sup>**

Model	Sum of Squares	DF	Mean Square	F	Sig.
Regression	54.079	6	9.013	63.438	.000 <sup>a</sup>
Residual	27.421	193	.142		
Total	81.500	199			

Predictors: (Constant), empathy, reliability, assurance, tangibility responsiveness

Convenience dependent variable: Overall customers service quality perception

**Table 6: Coefficients <sup>a</sup>**

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	STD. Error	Beta		
1	(Constant)	3.250	.027		121.937	.000
2	Empathy	.305	.027	.477	11.427	.000
3	Reliability	.272	.027	.425	10.184	.000
4	Assurance	.158	.027	.246	5.901	.000

Dependent Variable: Overall customers service quality perception

The value of R<sup>2</sup> is 0.664, which explains that extracted factors account for 66.4% of variation in the overall customers’ service quality perception. In other words, it has been observed that the overall regression model is

significant (F= 63.438, *p*<0.000), with 66.4% of the variation in overall customers service quality perception is predicted by independent variables. In other words, the value of R<sup>2</sup> is significant as indicated by the value of *p* value (0.000) of F statistic as given in ANOVA Table 6.12. This shows that regression model results are showing significantly better prediction of overall customers’ service quality perception. The result of Table 6 can be summarized as regression equation given below:

$$\text{Overall service quality as perceived by customers} = 3.250 + 0.305 (\text{Empathy}) + 0.272 (\text{Reliability}) + 0.158 (\text{Assurance}) + 0.144 (\text{Tangibility}) + 0.220 (\text{Responsiveness}) + 0.101 (\text{Convenience}).$$

All the factors were found to be significant and remained in the equation explaining overall service quality. The beta ( $\beta$ ) coefficients provide the relative importance. The dimension with the largest coefficient represents the most important dimension in terms of its influence on overall quality perceptions. The next largest coefficient represents the second most influential dimension and so forth. In other words, the higher the beta coefficient, more the contribution of factors in explaining perceived service quality. The results indicate that perceived service quality is influenced by all the six dimensions with “empathy” as the most important dimension having  $\beta$  coefficient = 0.477, and convenience appearing to be the least important (with  $\beta$  coefficient = 0.158). This shows that the customers perceive “convenience”, i.e., Settle customers’ claims without any delay; Formalities of taking a policy of the company are simple; and Contract of insurance policies with clear and transparent terms etc., as the least important for influencing their service quality perceptions. In other words, among the various service quality dimensions, empathy (with the largest  $\beta$  value) is the best predictor, followed by, reliability, responsiveness, assurance, tangibility and convenience.

**Findings, Conclusions and Suggestions**

Thus the study shows that six factors play a vital role in influencing the perception of customers toward service quality of general insurance company. The results of the regression analysis highlighted the priority areas of service improvement and revealed that not all the dimensions contribute equally to the customers’ perceptions of service quality in general insurance sector. The study indicated that among the various service quality dimensions, Empathy

(with the largest  $\beta$  value) is the best predictor, followed by Reliability, Responsiveness, Assurance, Tangibles and Convenience. Thus, superior performance on the most important dimension, Empathy may be helpful in providing enhanced quality of service while the performance on less important dimension like Convenience may not significantly impact customers perceptions of service quality. Looking at this individual dimension, it is suggested that general insurance company should welcome complaints & criticism and respond positively; give customer individual attention; employee and agents understand the specific needs of their customers; General Insurance Company should have the customers' best interest at heart; employees should deal with customers in a caring fashion; commit to ethics and promote ethical behavior for the customer; operating hours convenient to their customers; organize consumer awareness programmes under CRM by which service quality could be maintained and improved for sustaining and increasing policyholders.

Additionally, reliability factor appeared to play an important role in influencing the overall service quality as perceived by the customers' of general insurance sector. Thus, the insurance companies should need to focus on performs the service right in the first instance to customer; customer can fully depend or rely on employee of the General Insurance Company by creating confidence among them; General Insurance Company should provide the services at the time they promised to do so; General Insurance Company be insists on error free records i.e., issuing error free bills, statements, receipts, contracts etc.; When customers have a problem General Insurance Company shows sincere interest in solving it; General Insurance company should goodwill for increasing reliability among customers of general insurance.

Customer perceived Responsiveness at the third important place in the overall perception of service quality. For this, insurance companies should need to pay attention on providing prompt services to customers; employees and agents of General Insurance Company have always been willing to help customers; employees and agents of General Insurance Company tell customers exactly when services will be performed; employees & agents of General Insurance Company are never too busy to respond to customers request. For this, the employees and agents are able to make important decisions regarding customers' requirements at their own level, thereby providing adequate responsiveness to the policyholders of the company.

The Assurance factor involving friendly, courteous and polite behavior of employees and agents of the general insurance company; having adequate knowledge to handle the queries of the policyholders; employees should behave to make customer to feel safe in their transactions assumed the forth important place in the overall rating of service quality. In this context, it is imperative for the service providers to provide adequate training to their employees to improve their customer interaction skill and their knowledge.

Tangibility appears as on the fifth place in term of importance. This requires that service providers should have modern equipment's and technology with employee neat and clean at the work place. Material associated with the services and physical facility should be visually appealing. The new dimension identified this study, Convenience appeared to be the least important dimension in affecting the customers' perceptions of overall service quality. The least important given to Convenience can be attributed to the fact that customers attached less importance to formalities of taking a policy of the company are simple; settle customers' claims without any delay; and contract of insurance policies with clear and transparent terms.

Thus, the general insurance companies are required to focus on important dimensions to achieve high levels of service quality and also aim at reaching acceptable level for not so important dimensions. Finally, the monitoring of service quality should be on continuous basis. The service providers can increase the size of market by managing the service quality dimensions in order of their importance. This is expected to increase the customers' satisfaction and the company will be more competitive in long run. Based on the relevance of each of these factors, general insurance companies can draft a suitable action plans. Moreover, general insurance players who are planning to do business in India should be attentive when analyzing on service quality, so that they can focus on the major dimensions and plan to meet the customers' perception regarding service quality. The insurance companies shall have to reorient themselves in terms of the customer service parameters to instill the concept of quality service in the mind of the customer and further in terms of growth.

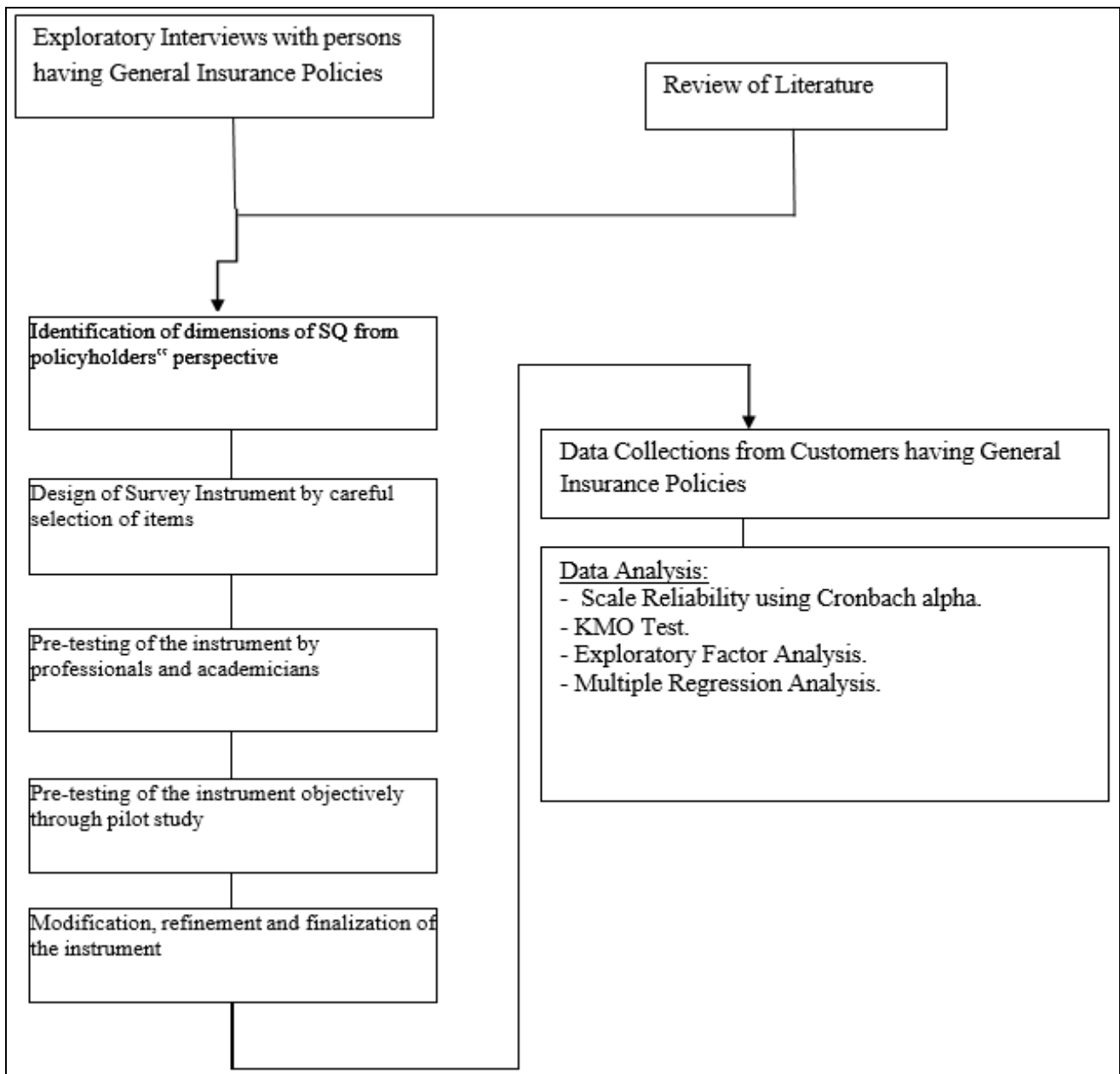
#### **Scope for further study**

This study is done in Haryana, therefore, the result got may not fit to the country as a whole. There may be a possibility of cultural differences playing a role in the outcome of the study. Thus, there is need to explore these result for other part of country and other countries as well. This may provide comprehensive understanding of the service quality dimensions across different culture, values and beliefs. More dimensions of services can be added to measure the perception of customer service quality.

In the current study, exploratory factor analysis using principal component method with varimax rotation has been used. Moreover, the results of this study may further be validated by using confirmatory factor analysis technique.

The future studies may explore the significance of service quality dimensions and the factors influencing customer satisfaction and retention for corporate customers.

The study can be further extended to investigate the relationship between service quality, customer satisfaction, loyalty, retention, and competitiveness. Another comparison can be done among private and public sector insurance companies in term of products offered. Study can also be done to measure the gap between expectation and perception of service quality of public and private sector insurance companies.



**Appendix 1:** Research methodology adopted for the measurement of perception of customer service quality offered by public and private sector general insurers

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