

**A STUDY ON CONSUMER SERVICE QUALITY IN ICICI
PRUDENTIAL LIFE INSURANCE COMPANY**

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ABSTRACT

The research is related to identification of variables related to Consumer Service Quality in an insurance company. One of the leading private sector company, ICICI Prudential Life is taken for the study. The following dimensions of service quality are considered for study i.e., tangibility- the tangible elements of service that can see and touch, reliability- performing the promised service dependably and accurately; responsiveness- helping customers and providing prompt service; assurance- inspiring trust and confidence; and empathy- providing caring, individualized attention to customers. These variables are independent variables and customer satisfaction is the dependent variable. The results of the study could be further used by the researcher and practitioners for conducting future studies in the similar area

Keywords: Consumer Service quality, significant variable and Customer satisfaction

INTRODUCTION:

The origin of insurance dates back to the 12th century, which first appeared in marine and land fields. Tracing the history of insurance to the present day, one can easily gauge the performance of industry both collectively as an industry as well as individually by the companies. The first Indian life insurance company was the Oriental Life Insurance Company, which was started in India in 1818 at Kolkata. A number of players (over 250 in life and about 100 in non-life) mainly with regional focus flourished all across the country. IRDA was set up as an independent regulatory authority, which has put in place regulations

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GE- International Journal of Management Research (GE-IJMR)

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in line with global norms. So far in the private sector, 12 life insurance companies and 9 general insurance companies have been registered.

ICICI Prudential Life Insurance was established in 2000 with a commitment to expand and reshape the life insurance industry in India. The company was amongst the first private sector insurance company to begin operations after receiving approval from Insurance Regulatory Development Authority (IRDA), and in the same time since, has taken several steps towards realizing its goal. The Company is a joint venture between ICICI BANK, a premier financial powerhouse and prudential plc; a leading international financial services group headquarters in the United Kingdom.

ICICI Prudential was amongst the first private sector insurance company to begin operations in December 2000 after receiving approval from Insurance Regulatory Development Authority (IRDA).

The objective of the present study is to examine the interrelationship between various consumers Service Quality dimensions, which will help the organisation to identify the steps needed to improve the overall quality of service. Hence, to have methodological improvement in the present study by plugging out the loop holes of the earlier studies, the studies pertaining to ICICI Prudential's Service Quality has been reviewed.

Though collectively, private sector has significantly captured the market share in initially, but now days, most of the private sector companies are struggling for a regular growth in business and market share, and the ICICIPLI is one them. Also the customer often complaints of poor services in life insurance services, which obviously means there is something wrong in customer strategies of these companies. Also it is well accepted that there is a relationship between service quality and customer satisfaction, customer satisfaction and customer loyalty, customer loyalty and sustainable profitability. So in the light of above construct, the current study aims to find out the Consumer service quality at ICICI Prudential Life Insurance on the basis of five elements i.e. Tangibility, Reliability, Assurance,

Responsiveness and Empathy; and to find difference in service quality offered by ICICI Prudential for customer of different occupation.

LITERATURE REVIEW

Several studies were conducted on the issue of service quality in various countries. Some studies were conducted for proper understanding of the concepts discussed in this study. Various models have been developed to determine measure and assess the determinants of service quality. SERVQUAL is based on the idea of a gap between expectations of the customers about service quality by service provider and their assessment of actual performance of service by service provider. Since Parasuraman et al. (1988) developed the SERVQUAL instrument many researchers have used and developed the 22-item scale to study service quality in different sectors of services industry.

The following studies are consulted for the present study:

Parasuraman (1990) in his study on superior customer service and marketing excellence discussed the meaning and measurement of service quality and offered managerial guidelines for delivering superior service by invoking key insights from a multi-year, multi sector stream of research on customer service. He developed a model called SERVQUAL, which consisted of five dimensions like reliability, responsiveness, assurance, empathy and tangibles. He concluded that reliability to be the most important of the five SERVQUAL dimensions.

Mihir Dash, Swati Gunwant (2012): This is a Study on Impact of Service Quality on Customer Satisfaction in the Indian Insurance Industry. Service quality is a dominant issue in business today. Not only is superior quality linked to business success (Philips, Chang and Buzzell, 1983), but some consider service quality to be a prerequisite for the survival in the marketplace. The results of the present study confirm the same in the context of the Indian insurance industry. The most important parameters that influence perception of overall service quality found in the study are appealing brochures, pamphlets; time related promises being kept; services being provided at the promised time and employees' individual attention to customers. **Moss, Hollye K. (2007):** Aside from success stories and case studies there have been very few in-depth studies of TOC in service industries. An instrument to explore the

penetration of TOC principles into services without using a vocabulary specific to TOC is developed and validated. SERVQUAL is adapted to evaluate the impact of the TOC principles on the five dimensions of customer service quality-tangibles, reliability, responsiveness, assurance, and empathy. Using responses solicited from a broad range of organizations, the use of the principles underlying the logistics and thinking process paradigms was found to lead to significantly increased customer service quality.

Md. Hussain Kabir and Therese Carlsson (2010): This thesis is discussing and analyzing expectations and perceptions about service quality in Destination Gotland. The aim is to analyze and research about the role of service quality for creating customer satisfaction and we want to find out the gap between expectations and perceptions through the customers point of view. The difference between expectations and perceptions can be described as satisfaction or lack of satisfaction. **G.S.Sureshchandar, Chandrasekharan Rajendran, R.N.Anantharaman (2003)** critically examined the service quality issues from the customers' point of view. In their study conducted in a developing country, India, authors selected three groups of banks for their study viz. Public sector, Private sector, and foreign banks. Authors in their study found that in terms of the customer perceptions of service quality, the technological factors appear to contribute more in differentiating the three sectors and the people-oriented factors appear to contribute less in differentiation among three sectors. In terms of performance foreign banks topped among three groups, and performance of public sectors banks is even less than private sector banks.

Biljana Angelova and Jusuf Zekiri (2011): According to them service quality and customer satisfaction are very important concepts that companies must understand if they want to remain competitive and grow. In today's competitive environment delivering high quality service is the key for a sustainable competitive advantage. Customer satisfaction does have a positive effect on an organization's profitability. The aim of this research was to apply the ACSI model in the context of service quality in the Macedonian mobile telecommunication industry in order to describe how customers perceive service quality and whether they are satisfied with services offered by T-Mobile, ONE, and VIP (three mobile telecom players).

Gayathri, H, M. C. Vinaya, and K. Lakshmisha (2005) conducted a pilot study on insurance companies in India to quantitatively study the levels of the dimensions of service

quality and its relation to the level of customer satisfaction. The results showed that LIC was scoring lower in all the five dimensions of service quality. To relate the satisfaction level of customers with the levels of SERVQUAL dimensions, multiple regression equations were developed for the four companies. The study concluded by saying that the companies have to focus on service quality in order to differentiate themselves and create a competitive advantage in order to survive the competition in the market.

OBJECTIVES OF THE STUDY

The objectives of the research work are:

- (a) To identify the most significant variable contributing towards consumer service quality.
- (b) To study the difference in service quality offered by ICICI Prudential for customer of different occupation.
- (c) To give practicable suggestions so that the consumer service quality in ICICI Prudential Life Insurance company may be improved.

METHODOLOGY

The study is descriptive in nature. Both primary and secondary data collection methods were employed to conduct the research work. Secondary Data was collected from various research journals, conference proceedings, books and reports available in the library and online. Primary data was collected using sample survey which was carried out by means of a self-administered, structured questionnaire. The questionnaires were carefully designed by taking into account the parameter of the study. The scale used was a five-point Likert Scale. The questionnaire was filled by 120 respondents and reliability was checked using SPSS to calculate the value of Cronbach Alpha.

The sampling technique chosen for the research work is non-probability convenience sampling because respondents were selected based on their availability for the study. The data was collected from the customers of ICICI Prudential Life Insurance. Given the nature of the data and findings of the study, the statistical tool used was one sample T test and ANOVA. Bar graph, Pie chart was used for graphical description of data. SPSS software was used for the analysis of data.

HYPOTHESIS

Ho₁: There is no significant influence of reliability contributing towards consumer service quality in ICICI prudential life insurance.

Ho₂: There is no significant influence of tangibility on consumer service quality in ICICI prudential life insurance

Ho₃: There is no significant influence of assurance on consumer service quality in ICICI prudential life insurance

Ho₄: There is no significant influence of empathy on consumer service quality in ICICI prudential life insurance

Ho₅: there is no significant influence of responsiveness on consumer service quality in ICICI Prudential life insurance

Ho₆- There is no significant difference in service quality offered by ICICI Prudential for customer of different occupation.

DATA ANALYSIS AND INTERPRETATION

A. Demographic Profile of the Respondents

Data was collected from 120 respondents. The composition of the sample included 30% female respondents as against 70% males. 50% respondent's age was under 18-36 year bracket, 33.3% respondent's age under 36-49 year bracket and rest 16.7% were above 50 years. 13.3% respondents belong to the lower income bracket (monthly incomes in the range of Rs.10, 000 to Rs. 20,000), 40.8% respondents belong to middle income bracket (monthly incomes between Rs.20, 001 to 30,000) and 37.5% respondents belong to the higher income bracket (monthly income more than 30000). Rest 8.3% respondents were students. An analysis of the occupations of the respondents revealed that 11.7% were students, 25% were professionals, 23% were businessman and 40% were private sector employees. 68.3% respondents were married and rest 31.7% unmarried. Qualification analysis revealed 8.3% respondents were Senior Secondary pass outs, 42.5% respondents were graduates, 47.5% respondents were Post Graduates.

B. Descriptive Statistics

Data analysis has been drawn through one way ANOVA and sample 't' test descriptive statistics analyses data through mean and standard deviation.

One Sample Test for Tangibility

	N	Mean	Std. Deviation	t-value	Sig. (2-tailed)
Tangibility	120	19.3833	2.32698	91.249	.000**

*d.f. = 119 **significant

Results of one sample 't' test value of 91.249 for 119 degree of freedom (df) is highly significant as significance value is 0.000 which is less than the alpha level of .05. Therefore, null hypothesis (H_{01}) is rejected. So, there is significant influence of tangibility contributing towards consumer service quality in ICICI Prudential Life Insurance.

One Sample Test for Reliability

	N	Mean	Std. Deviation	t-value	Sig. (2-tailed)
Reliability	120	19.9417	2.32377	94.007	.000**

*d.f. = 119 **significant

Results of one sample 't' test value of 94.007 for 119 degree of freedom (df) is highly significant as significance value is 0.000 which is less than the alpha level of 0.05. Therefore, null hypothesis (H_{02}) is rejected. So there is significant influence of reliability contributing towards consumer service quality in ICICI Prudential Life Insurance.

One Sample Test for Responsiveness

	N	Mean	Std. Deviation	t-value	Sig. (2-tailed)
Responsiveness	120	11.7083	1.78413	71.888	.000**

*d.f. = 119 **significant

Results of one sample 't' test value of 71.888 for 119 degree of freedom (df) is highly significant as significance value is 0.000, is less than the alpha level of .05. Therefore, null

hypothesis (Ho₃) is rejected. So there is significant influence of responsiveness contributing towards consumer service quality in ICICI Prudential Life Insurance.

One Sample Test for Assurance

	N	Mean	Std. Deviation	t-value	Sig. (2-tailed)
Assurance	120	7.6667	1.41619	59.303	.000**

*d.f. = 119 **significant

Results of one sample 't' test value of 59.303 for 119 degree of freedom (df) is highly significant as significance value is 0.000, is less than the alpha level of .05. Therefore, null hypothesis (Ho₄) is rejected. So there is significant influence of assurance contributing towards consumer service quality in ICICI Prudential Life Insurance.

One Sample Test for Empathy

	N	Mean	Std. Deviation	t-value	Sig. (2-tailed)
Empathy	120	12.0667	1.44788	91.295	.000**

*d.f. = 119 **significant

Results of one sample 't' Test value of 91.295 for 119 degree of freedom (df) is highly significant as significance value is 0.000, is less than the alpha level of .05. Therefore, null hypothesis (Ho₅) is rejected. So there is significant influence of empathy contributing towards consumer service quality in ICICI Prudential Life Insurance.

**Combine table of five factors
One-Sample Statistics**

	N	Mean	Std. Deviation
Tangibility	120	19.3833	2.32698
Reliability	120	19.9417	2.32377
Responsiveness	120	11.7083	1.78413
Assurance	120	7.6667	1.41619
Empathy	120	12.0667	1.44788

The mean value of reliability is 94.167 which are highest among all the factors.

One-Sample Test

	Test Value = 0		
	T	df	Sig. (2-tailed)
Tangibility	91.249	119	.000
Reliability	94.007	119	.000
Responsiveness	71.888	119	.000
Assurance	59.303	119	.000
Empathy	91.295	119	.000

Results of one sample 't' test significance value of all factors are 0.000, this is less than Alpha value 0.05, thus all factors are contributing towards consumer service quality, but on the basis of mean value, Reliability is the most significant factors that contribute towards consumer service quality.

H₀₆. There is no significant difference in service quality offered by ICICI Prudential for customers of different occupation.

To know whether ICICI Prudential life insurance is offering different service quality to

Descriptive Statistics of Tangibility

Occupation	N	Mean	Std. Deviation
Professional	30	19.1667	2.45066
Businessmen	28	18.9643	2.47180
Student	14	19.4286	1.91007
Service	48	19.7500	2.28315
Total	120	19.3833	2.32698

customer of different occupation or not, ANOVA technique was used.

The above table of ANOVA shows the differences in respect to tangibility element of service for different Occupational group of respondents. The mean value of Service is greater i.e. 19.75 as compare to Businessmen respondents mean value which is lowest i.e. 18.94 which

shows Service people are more satisfied with the tangibility element of service quality offered.

ANOVA Technique on Occupation and Tangibility

	Sum of Squares	d.f.	Mean Square	F	Sig.
Between Groups	12.807	3	4.269	.784	.505
Within Groups	631.560	116	5.444		
Total	644.367	119			

The F value is .784 which is not significant as the significance value is .505 and p. sig. (2-tailed) value is .505 which is more than the 0.05, so null hypothesis is accepted. So there is no significant difference in service quality (tangibility) offered by ICICI Prudential for customer of different occupation groups.

The above table of ANOVA shows the differences in respect to Reliability element of service for different Occupational group of respondents. The mean value of Service is greater i.e. 20.2917 as compare to Businessmen respondents mean value which is lowest i.e. 19.6786 which shows Service people are more satisfied with the Reliability element of service quality offered.

Descriptive Statistics of Reliability
ANOVA Technique on Occupation & Reliability

	Sum of Squares	Df	F	Sig.
Between Groups	9.844	3	.602	.615
Within Groups	632.748	116		
Total	642.592	119		

Occupation	N	Mean	Std. Deviation
Professional	30	19.7333	3.00498
Businessmen	28	19.6786	1.90620
Student	14	19.7143	1.68379
Service	48	20.2917	2.24042
Total	120	19.9417	2.32377

The F value is .602 which is not significant as the significance value is .615 and p. sig. (2-tailed) value is .615 which is more than the 0.05, so null hypothesis is accepted. So there is no significant difference in service quality (Reliability) offered by ICICI Prudential for customer of different occupation groups.

The above table of ANOVA shows the differences in respect to Responsiveness element of service for different Occupational group of respondents. The mean value of Student is greater i.e. 12.2857 as compare to Professional respondents mean value which is lowest i.e. 11.2667 which shows students are more satisfied with the Responsiveness element of service quality offered.

Descriptive Statistics of Responsiveness

Occupation	N	Mean	Std. Deviation
Professional	30	11.2667	1.85571
Businessmen	28	11.5357	1.68835
Student	14	12.2857	1.89852
Service	48	11.9167	1.73614
Total	120	11.7083	1.78413

ANOVA Technique on Occupation & Responsiveness

	Sum of Squares	Df	F	Sig.
Between Groups	13.437	3	1.422	.240
Within Groups	365.355	116		
Total	378.792	119		

The F value is 1.422 which is not significant as the significance value is 0.240 and p. sig. (2-tailed) value is 0.240 which is more than the 0.05, so null hypothesis is accepted. So there is no significant difference in service quality (Responsiveness) offered by ICICI Prudential for

Descriptive Statistics of Assurance

Occupation	N	Mean	Std. Deviation
Professional	30	7.3333	1.56102
Businessmen	28	7.1429	1.43280
Student	14	8.1429	1.23146
Service	48	8.0417	1.23699
Total	120	7.6667	1.41619

customer of different occupation groups.

The above table of ANOVA shows the differences in respect to Assurance element of service for different Occupational group of respondents.

The mean value of Student is greater i.e. 8.1429 as compare to Professional respondents mean value which is lowest i.e. 7.1429 which shows students are more satisfied with the Assurance element of service quality offered

ANOVA Technique on Occupation & Assurance

	Sum of Squares	Df	F	Sig.
Between Groups	20.940	3	3.719	.013
Within Groups	217.726	116		
Total	238.667	119		

The F value is 3.719 is not significant as the significance value is 0.013 and p. sig. (2-tailed) value is 0.013 which is less than the 0.05, so null hypothesis is rejected. So there is significant difference in service quality (Assurance) offered by ICICI Prudential for customer of different occupation groups

Descriptive Statistics of Empathy

Occupation	N	Mean	Std. Deviation
Professional	30	12.3333	1.06134
Businessmen	28	12.1429	1.17739
Student	14	12.6429	1.44686
Service	48	11.6875	1.71546
Total	120	12.0667	1.44788

The above table of ANOVA shows the differences in respect to Empathy element of service for different Occupational group of respondents. The mean value of Student is greater i.e. 12.6429 as compare to Professional respondents mean value which is lowest i.e. 11.6875 which shows students people are more satisfied with the Empathy element of service quality offered.

ANOVA Technique on Occupation & Empathy

	Sum of Squares	df	F	Sig.
Between Groups	13.845	3	2.272	.084
Within Groups	235.622	116		
Total	249.467	119		

The F value is 2.272 is not significant as the significance value is 0.084 and p. sig. (2-tailed) value is 0.084 which is less than the 0.05, so null hypothesis is accepted. So there is no significant difference in service quality (Empathy) offered by ICICI Prudential for customer of different occupation groups.

CONCLUSION

The study analysed past literature and data that helped to identify the most significant variable contributing towards consumer service quality that increased or impeded the satisfaction level and loyalty of the customers. This helped to identify variables like reliability, tangibility, assurance, empathy and responsiveness that have a bearing on customer satisfaction. It also provided a closer look at the variables that needed to be concentrated on to further enhance the satisfaction level of the customers.

Upon conducting this research, new findings were discovered. However, the main objectives of this research were achieved. The research managed to identify the most significant variable contributing towards consumer service. From the analysis conducted to test significant variable, reliability had a significant relationship with customer satisfaction. Also there is no difference in service quality offered by ICICI Prudential for customer of different occupation. Finally, to conclude it all, future research is still needed to justify and strengthen the outcomes of this research. There may have been research similar to this topic but the situations in all the researches may be different, including this research. Therefore, future researchers are welcomed to conduct a similar research as this in the same context.

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