Impact of Service Quality on Customer Satisfaction; With Reference To Life Insurance Services in Sri Lanka

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Abstract: *This Research Was Attempted To Explore Determinant Of Service Quality Of Life Insurance Business. Determining The Population Of Insurance Policy Holders In Sri Lanka Is Imprecise. Considering The Time Constraints. The Researcher Selected The Target Sample Of 100 Policy Holders And The Study Was Limited To Colombo District In Sri Lanka. A Questionnaire Was Chosen As A Data Collection Instrument. The Sample Has Collected By Using Disproportionate Stratified Random Sampling Design By Using Statistical Package For Social Science (Spss) Software. Data Was Normally Distributed, Analysis Of The Study Revealed That Employees Of Insurance Company Communication Styles, Behavior And Financial Strength Pay More Consideration In Purchasing Life Insurance Policy.The Intangible Factors Which Were Not Considered By Servqual Scale Developed By Parasuraman And Colleaguesto Test Service Quality Have Influenced Here The Customers To Satisfy With Life Insurance Policies.*
Key Words: *Determinant, Service Quality, Communication, Financial Strength, Intangible, Influence.*

I. Introduction

Customer Satisfaction Has Been Recognized As An Important Indicator Of Organizational Success.Researchers Have Already Emphasized The Importance Of Service Quality On Customer Satisfaction.Customer Satisfaction Is A Foremost Conceptin Business World And A Psychological Statement. This Is A Marketing Measurement, Which Is Used To Manage And Develop The Business. Customer Satisfaction Has Been Recognized In Marketing Thought And Practice As A Central Concept As Well As An Important Goal Of All Business Activities (Anderson, Fornell& Lehmann 1994) "Person's Feeling Of Pleasure Or Disappointment Which Resulted From Comparing A Product's Perceived Performance Or Outcome Against His/ Her Expectations" (Anderson Et Al. 1994)

Customer Orientation, Expertise, Similarity, And Contact Intensity Have A Positive Effect On Relationship Qualities (Trust, Satisfaction& Commitment) Whichhave A Positive Effect On The Long-Term Relationship Orientation (Tsu-Wei Yu Mei-Su Chen, 2014).

All Business Entities Are Trying To Attain Customer Fulfillment Over Improved Service Quality. Service Quality Denotes Of A Firm's Performance. Since Service Is An Intangible Good, The Only Way To Know And Manage Service Quality Is By Reviewing How A Customer Recognizes It. The Service Quality Is Measured By Measuring The Expectations Of The Customer Before The Receipt Of The Service And His Perception. According To Parasuraman, Zeithaml And Berry, Service Quality Is Equal To The Difference Between The Perception And Expectations.

Service Quality = Perception - Expectations.

This Research Has Contributed By Adding Empirically Tested New Service Quality Factors To SERVQUAL Model. As Prior Research Focused Only Tangibility, Reliability Responsiveness, Assurance And Empathy, In Addition To These Factors, This Research Has Considered Intangible Aspect As Well. As Insurance Is Considered To Be A Service And In Service Marketing Intangible Factor For Service Quality Take Very Important Role. Intangibility Is One Of The Key Characteristics Of Services. (Wolak, Kalafatis&Harris. 1998).Secondly, It Has Been Tested The Moderation Effect Of Sector Ownership (Private Vs. Public) On The Relationship Of Service Quality And Consumer Satisfaction. Thirdly, It Has Been Tested Our Model Based On A Sample From Life Insurance Companies In Sri Lanka. Whereas, Most Of The Prior Researches Were Based On Non-Insurance Samples And Here Data Were Collected Frominsurance Policy Holders In Sri Lanka.

Customer Servicing Has Become The Focal Point Of Insurance Companies In The Current Context. However, There Is Absolute Increase In The Amount Of Customer Grievances In The Insurance Schemes. Every Hour Is A More Proactive Approach Aimed At Seeking What Additional Elements Would Delight The Customer (Kaur, Parmjitnegi&Meenakshi, 2010). This Study Discovered Factors, Which Are The Important

Determinants Of Customer Satisfaction In Case Of Life Insurance Customers To See How Much Effect The Factors Have On Overall Customer Satisfaction.

II. Research Problem

In Order To Interact With Insurance Customers It Is Important To Identify The Determinantsof The Service Quality Of Lifeinsurance. Therefore This Research Was Focused To Identify The Service Quality Determinants In The Insurance Industry.

III. Literature Review

To Exceed Customer Expectations, It Is Necessary For Even A Public Sector Organization To Continually Improve The Quality Of The Service Provided To Its Customers (Prabharamseook-Munhurrun2010).Service Quality In The Insurance Industry Remains A Critical Aspect As Businesses Strive To Maintain Competitive Advantage In The Market Place. Also Insurance Companies That Have Distinctive Marketing Advantage And Improved Service Quality Will Have Increased Revenues Through Expanded Markets Share, Customer Satisfaction And Customer Retention. Masood, (2010) As Cited By Gilal, Drgilal, &Dr Bhutto (2010) Stated That With This Background, Service Quality And Customer Satisfaction Are Forcing The Consideration Of The Insurance Institutions Across The World And Sri Lanka.

The Organizations Get The Chance To Differentiate Themselves From Others In The Competitive Market When They Provide High Service Quality To Their Customers. The High Service Quality Leads To Customer Satisfaction And Loyalty And Also Shows The Greater Willingness To Recommend To Others, Reduction In Customer Complaints And Customer Retention Rate Also Increases. Service Quality In Banking Sector Is The Most Important Criteria And Asset For Evaluating And Satisfying Customers And Thereby Increases The Customer Loyalty And Average Retention Rate Of Customers(Selvakumar &Purushartha, 2016).

Main Factors Which Influence The Service Quality And Customer Satisfaction Are Eased For Competitiveness Of The Institute. These Factors Influence The Overall Satisfaction Levels Of Customers. Many Researchers Have Studied How The Customers Make The Decisions Of Choosing An Insurance Company For His Insurance Policy. Along With These Service Quality Factors, Intangible Dimension Which Determines The Customer Satisfaction Are Important.Besides Service Quality, Service Firms Attract And Maintain Long Term Relationship With Their Customers Through Their Promises And Trust (Kandampully, 1998).The Advancement Of Knowledge Consists, Mainly In The Modification Of Earlier Knowledge (Karl, 1960). The Difference Between The Expectations And Experience Or The Gap Between The Two Is The Measurement Of The Service Quality. The Narrow The Gap Keeps The Service Quality Better And The Increased Gap Keeps Service Quality Poor. Customer Satisfaction Is Generally Defined As A Feeling Or Judgment By Customers Towards Products Or Services After They Have Used Those(Ahmad& Naser. 2002).Favorable Experiences Of Customers Are Conveyed To Others And Thus, Engage In Positive Word-Of-Mouth Advertising, Whereas Dissatisfied Consumers Likely To Switch Brands And Engage In Negative Word-Of-Mouth Advertising (Kamal, Ahamad& Khalid, 1999).

In Sri Lanka Current Tax Law Impact To Sri Lankan Insurance Companies To Pay Higher Tax, Therefore There May Be A Premium Increment On Insurance Policies (Dapkevicius&Melnikas, 2009). Researchers Revealed That Price And Quality Are Important Factors For Customer Satisfaction. However These Researches Were Mainly Focused On How Tangible Factors Influence On Customer Satisfaction And How These Factors Collectively Increase Customer Satisfaction. Thus More Researches Are Required To Understand The Influence Of Both Tangible And Intangible Service Quality Factors On Customer Satisfaction.

Research Objective
Though There Were Lots Of Researches Based On Service Quality, Researches On Insurance Industry Seem To Be Very Less. Further Out Of Them, Limited Researches Have Been Done About The Life Insurance.
Following Objectives Were Structured For The Purpose Of This Study:
- To Study The Effect Of Service Quality On Consumer Satisfaction.
- To Determined Whether Gender And Profession Are Influence On Customer Satisfaction.

IV. Research Methodology

Researchers Selected A Quantitative Research Method. Bryman And Bell (2005) Have Described That A Quantitative Method Means That Data Was Collected With The Plan To Apply Theories. The Difference Between Making A Qualitative Or Quantitative Study Is That The Qualitative Study Goes To The Heart Of The Problem And Has An Inductive Approach. The Quantitative Research Design Reaches A Broader Part Of The Problem And Has A More Deductive Approach. Quantitative Research Focuses On Measurement, Causality, Generalization And Replication. Quantitative Research Rather Has A Lot Of Interpretation. The Reason For Choosing A Quantitative Method For This Study Is That It Was Required To Gather More Data. Questionnaire

Was Used And Given To Customers Who Have Various Types Of Insurance Policies In Sri Lankan Insurance Companies In Both Public And Private Sector. It Was Planned To Understand And Measure Relationship Between Customer Satisfaction And Service Quality Dimensions.A Self-Completion Questionnaire Was Developed From The SERVQUAL Instrument And Was Distributed.

Convenience Sampling Technique Was Used To Select Insurance Policy Holders For The Data Collection In Order To Analyze Their Perception Of Service Quality In Insurance Sector In Sri Lanka. The Questionnaire Was Divided Into Two Sections. In The First Part, Data Were Relevant To Social, Economic And Demographic Criteria Like Education, Job And Gender Etc. Second Part Information Was Relevant To Measure Parameters Related To Insurance Policy Holder's Perception.This Part Consists Of 35 Items Inquestionnaires. Conceptual Framework Of The Study Is Given In Figure 01
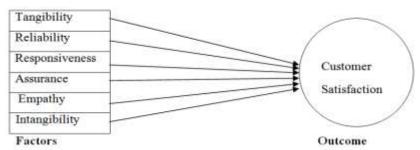

Figure 1: Conceptual Framework Of The Study

4.1 Data Collection

To Test Our Hypotheses, Data Were Collected From 100 Insurance Policyholders In Sri Lanka. Convenient Sampling Technique Was Used In Sampling. The Study Population Was All Life Insurance Policy Holders In Sri Lanka. Information Weregathered By Distributing Questionnaires To Selected Customers Who Came Out From Both Private And State Insurance Companies In Colombo District. There Are 27 Insurance Companies In Sri Lanka. Out Of Them Researchers Selected One State Owned Insurance Company And Five Private Insurance Companies. Researches Distributed A Copy Of English Questionnaire With Translation Of Sinhala Copy For Understanding Of Each Customer, Considering The Fact That There Might Be Customers Who Cannot Understand English Language. Researches Provided 150 Questionnaires To Customers And Completed Questionnaires Were Analyzed Ad Its Number Was 100 And Incomplete Questionnaires Were Rejected.

4.2 Measurements

All Variables Were Measured With A Response Scale From 1 To 5likert Scale. Established Scale Was Used From Insurance Policy Holders To Measure Tangible, Reliability, Responsiveness, Empathy, Assurance, Intangible And Satisfaction In Order To Identify Customer Satisfaction. Especially Here We Have Developed A Scale To Measure Intangibility Of Service Quality. This Scale Comprises With Five Items.

4.3 Data Analyses And Results
4.3.1 Reliability Analysis

Researchers Tested Internal Consistency Among The Items Which Have Been Used To Create Variables. Cronbach Alpha Has Been Applied An The Result Is Given By Table 1

Table 1: Reliability Analysis

Variable	Cronbach's Alpha	No Of Items
Tangible	.765	5
Reliability	.835	5
Responsiveness	.801	5
Empathy	.716	5
Assurance	.716	5
Intangible	.613	5
Satisfaction	.798	5

Scandalized Residual Have Been Presented Against Standardized Predicted Value .They Do Not Have Systematic Pattern And Randomly Distributed .This Means That Various Of Residual Is Constant .Residuals Do Not Have Heteroscedasticity Problems . Accordingly Regression, Result Are Appropriate. Figure 2 Present The Normality Of Residuals.

All The Variables Have Been Operationalized With Respect To Five Items And There Is An Internal Consistency Among Them As The Cronbach Alpha Value Are More Than 0.6. This Indicates That The Concept

And Theory Is Well Represented By The Corresponding Items. Accordingly Researcher Created Corresponding Variables Using The Given Items.

4.3.2 Effect On Service Quality On Customer Satisfaction
Effect Of Service Quality Factors On Customer Satisfaction Has Been Analyzed By Applying Regression Model. Model Summary Is Given By Table 2

Table 2: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.678[a]	.459	.424	.53231	1.918

The R-Square Is 0.459. That Means More Than 45% Covered By Regression Model.   Durbin Watson Is 1.918. This Figure Is Within The Standard Of 1.5 To 2.5, Therefore This Model Is Appropriate. Anova Result Is Given By Table 3

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	22.389	6	3.731	13.169	.000[a]
	Residual	26.352	93	.283		
	Total	48.740	99			

Probability Of F- Text Statistic Is .000 And Highly Significant. Therefore Factors Of Service Quality Jointly Influence On Customers Satisfaction. Model Is Appropriate .An Individual Effect Is Provided By Table 4

Coefficientsa

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	.614	.399		1.540	.127		
	Tangibles	.058	.094	.065	.624	.534	.538	1.857
	Reliability	.020	.121	.020	.165	.869	.386	2.587
	Responsiveness	.070	.113	.070	.618	.538	.456	2.193
	Empathy	.050	.114	.047	.438	.662	.503	1.989
	Assurance	.543	.120	.514	4.511	.000	.447	2.235
	Intangible	.094	.114	.082	.822	.413	.578	1.730

Table 4

According to the individual effect assurance is the significant factors that is influence on customer satisfaction. Its individual beta value is .0.543 its say that assurance has a significant positive effect on customer satisfactions tangible ratability responsive empathy and intangibility are having joint influence but not the individual influence. According to the standardized coefficient of beta assurance most influencing factor. Intangible is the second influence factor. Third and fourth factors responsiveness and tangible respectively. All VIF values are less than 10.Therefore no multi collinearity problems. Model is appropriate. Figure I is presenting behavior of standardized residual

Scatterplot

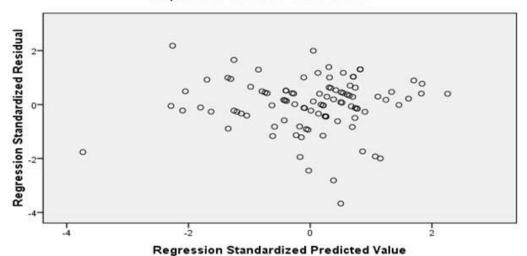### Dependent Variable: Satisfaction

Figure 1 Residual behavior

Scandalized residual have been presented against standardized predicted value .They do not have systematic pattern and randomly distributed .This means that various of residual is constant .Residuals do not have heteroscedasticity problems . Accordingly regression, result are appropriate. Figure 2 present the normality of residuals.

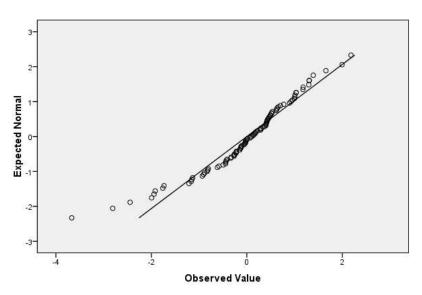### Normal Q-Q Plot of Standardized Residual

Figure 2: Normal Q-Q Plot Of Standardized Residual

In The Normal Q-Q Plot Residuals Are Distributed Close To The Liner Lines. It Says That Residual Is Normally Distributed With Zero Means. Results Are Highly Valued.

4.3.3 Effect Of Gender And Occupation On Customer Satisfaction

Effect Of Gender On Customer Satisfaction Has Been Analyzed Using Independent Sample T- Test .Result Is Given By Table 5

Table 5 Gender Effect

Independent Samples Test

		Levene's Test for Equality of Variances		t-test for Equality of Means						
		F	Sig.	T	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference Lower	Upper
Satisfaction	Equal variances assumed	1.381	.243	-.208	98	.836	-.02949	.14173	-.31074	.25175
	Equal variances not assumed			-.204	85.522	.839	-.02949	.14437	-.31652	.25753

Probability Of Levene's Test For Equality Of Variances Is .243 This Is Insignificant No Difference On The Variance Between Male And Female.Probability Of T Test For Equality Of Means Is Also Insignificant As The P Value Is .836. This Also Says That No Difference Between Male And Female With Regard To Customer Satisfaction. Effect Of Occupation Has Been Analyzed Using One Way Anova Result Is Given By Table 6

Table 6 One Way ANOVA

Satisfaction	Sum Of Squares	Df	Mean Square	F	Sig.
Between Groups	4.190	3	1.397	3.010	.034
Within Groups	44.550	96	.464		
Total	48.740	99			

Probability F Test Statistic Is 0 .034 This Is Significant At 5%. It Says That Occupation Of Customers Is Having An Influence On Customers Satisfaction. Significant Difference Is Identified Using Multiple Comparisons And Result Is Given By Table 7

Table 7 Multiple Comparison

(I) What is your occupation	(J) What is your occupation	Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval Lower Bound	Upper Bound
Student	civil servant	-.41083	.23680	.311	-1.0300	.2083
	Businessman	-.42571	.28205	.436	-1.1632	.3117
	Other	.01000	.25096	1.000	-.6462	.6662
civil servant	Student	.41083	.23680	.311	-.2083	1.0300
	Businessman	-.01488	.20692	1.000	-.5559	.5261
	Other	.42083	.16199	.052	-.0027	.8444
businessman	Student	.42571	.28205	.436	-.3117	1.1632
	civil servant	.01488	.20692	1.000	-.5261	.5559
	Other	.43571	.22298	.213	-.1473	1.0187

According To The Multiple Comparison Satisfaction Of Civil Servant Is Different From Other Categories As The P Value Is .052. This Indicate That Those Who Are Not Employed And Other Professional Are Having Significant Different In Comparison Civil Servant. Descriptive Statistics Is Provided To Identify This Difference In Table 8

Table 8 Descriptive Statistics

Satisfaction	N	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean		Minimum	Maximum
					Lower Bound	Upper Bound		
Student	10	3.4600	.99800	.31559	2.7461	4.1739	1.00	5.00
civil servant	48	3.8708	.61401	.08862	3.6925	4.0491	2.40	5.00
businessman	14	3.8857	.66432	.17755	3.5021	4.2693	3.00	5.00
Other	28	3.4500	.67027	.12667	3.1901	3.7099	2.00	4.40
Total	100	3.7140	.70166	.07017	3.5748	3.8532	1.00	5.00

The Minimum Mean Value Belongs To The Occupation Other Category That Value Is 3.45 And Those Who Are Unemployed And Professional Are Having Moderate Response With Regard To Satisfaction. Students Are Having A Little Bit Higher Respond Than The Other Group But They Are Also In Moderate Level. Civil Servant And Businessman Are Having Positive Response And They Are Most Satisfied Than Students And Other Category.

V. Conclusion And Recommendation

In A Competitive Business Environment, Service Quality Plays A Crucial Role In The Success Of Any Business And Quality Is An Effective Tool To Ensure Customer Satisfaction. Life Insurance Is A Business Of Long –Term Relationship Between Insurance Company And Their Customers. Policy Holder May Expect Different Kinds Of Services Right Throughout. The Initial 22 Attributes Of SERVQUAL Scale Developed By Parasuraman And Colleagueswere Used In This Research Without Any Modifications. This Research Was Also Aimed To Cross Compare The Level Of Customer Satisfaction In Public And Private Life Insurance Spheres.It Was Found That All SERVQUAL Dimensions Have Significant Effect On The Level Of Customer Satisfaction In Life Insurance Industry And Customers Of Public Sector (LIC) Are More Satisfied Than Private Sector Customers (Jothi&Lenin2016). However This Research Found That The Assurance That Is Mainly Covers Employees Behavior And Their Communication Style And Financial Strength Of The Insurance Company Is The Key Factor To Decide To Purchase Life Insurance Policy. Then The Intangible Factors(Security, Staff And Customers Relationship, Image Of Top Managementpast Experience And Feeling On Long Lasting Of Insurance Company) Which Were Not Considered By SERVQUAL Scale Developed By Parasuraman And Colleagues Have Influenced Here The Customers To Satisfy With Their Life Insurance Policies. Also All Other Factors Were Jointly Influence The Customers Satisfaction. There Is No Gender Effect With Regard To Life Insurance Business And Attention Should Be Looked In To Attract Professional For Life Insurance Policies By The Insurance Companies. Civil Servant And Businessmen Were Satisfied With Existing Service Quality Elements. When Insurance Companies Make Business Decision On Life Insurance Business, Priority Should Be Given To Maintain Service Quality Determinants Of Assurance.

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