



# REVIEW OF RESEARCH

ISSN: 2249-894X

IMPACT FACTOR : 5.7631(UIF)

VOLUME - 9 | ISSUE - 11 | AUGUST - 2020



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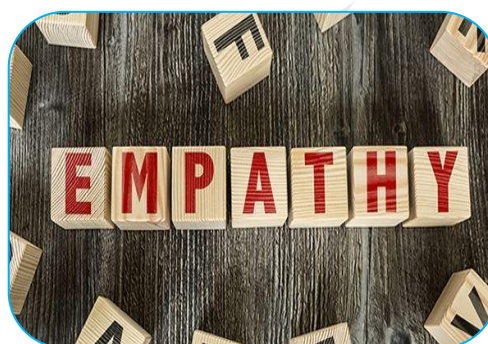
## “STUDY OF EMPATHY, A SERVICE QUALITY PARAMETER AT LIC KOLHAPUR”

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### ABSTRACT

Since its nationalization LIC, a giant public undertaking has completed sixty years in the Indian life insurance market. It played a prominent role in providing social security to the masses. With the entry of private insurers in Indian life insurance LIC is facing steep competition since 2000. With innovative products and aggressive marketing strategy, the private players are capturing the market share. In such a cut throat competition, improvement in the service quality is going to be the key to maintain the customer base and market share. The present study is an effort to assess the quality of service offered by LIC on SERVQUAL parameters 'empathy'. The study is conducted based on the primary data collected from 2500 samples from Kolhapur district of Maharashtra through a structured schedule. The study highlighted the strengths and weaknesses and recommended some policies to frame strategy to improve its services related to 'empathy' parameter of SERVQUAL model so as to maintain its market share and business growth. The paper revealed that LIC is weak on 'empathy' parameters of service quality.



**KEYWORDS:** Life Insurance, Empathy, Market Share, Service quality, Social Security.

### INTRODUCTION

Indian life insurance has completed a full circle from private insurers, nationalized era to liberalized era. The liberalization in life insurance market has ended the monopoly of LIC of India in this segment and opened doors for the private insurers. After a dozen of years since liberalization of this sector i.e. the year 2000 share of LIC in the life insurance market has dropped to 72.70% on the basis of total premium income (IRDA Annual Report p21), still it is a dominant brand in the Indian life insurance market. However, due to sheer competition, to maintain the same may not be possible. Therefore, LIC has to provide quality services to the customers to maintain its dominant position.

Customer is supposed to be the king of market. In the service industry like life insurance, customer assumes the prime importance in the marketing process. Every effort of the insurer is targeted to satisfy the customer through quality service. Being a service, 'intangibility' is an integral part of life insurance. In today's rapidly changing market, new technology, economic conditions, severe competition have compelled the insurance companies to improve quality of service rendered to the customers and build cordial relationship with them. Quality is an important and core factor in services marketing including life insurance. Service quality and customer satisfaction go hand in hand and quality in service delivery is the key to succeed in today's highly competitive environment. The positive relationship between quality and satisfaction leads to customer retention, increased market share and

profitability. Thus, in life insurance is service quality important factor. For the present study, parameter 'empathy' has been considered from the SERVQUAL model (Parsuraman A. , Zeithaml & Berry 1988). The empathy parameter comprises four statements related to service quality.

### **REVIEW OF RESEARCH:**

Ponreka Maria D. and Rao Surya U (2009), attempted to understand the dimensions of service quality, which help ensuring maximum customer satisfaction and hence leads to acquisition of larger share by LIC of India in life insurance market. They observed that the aggregate real household income of Indian people is rising in the past two decades; this will have a positive effect on life insurance sector in terms of penetration and per capita insurance coverage. They further observed that 45% policyholders of LIC are not satisfied with the quality of services provided by LIC of India. They concluded by stating that the public and private players in insurance market need not compete each other, rather, they should create their own niche through non-price competition and consistent development of their service quality and delivery of customized service. Finally, the writers declared that their paper provides some important initial insight in the role of service quality factors in life insurance market and gives an opportunity to gain more comprehensive understanding of service quality.

Gautam Vikas (2011), investigated the perceptions of customers regarding the service quality in insurance companies through analytical comparison between public and private insurance companies i.e. LIC of India and ICICI Prudential. The study focused on five dimensions of service quality viz. Tangibles, reliability, Responsiveness, Assurance and Empathy. The researcher found that private insurance company ICICI Prudential has high tangibility in terms of employees, physical evidence and ambience. He further, found that the employees of ICICI Prudential are more professional while LIC of India is perceived to be more reliable than ICICI Prudential. In case of responsiveness, the researcher observed that though there is no much difference between the two insurers, the public sector insurance company i.e. LIC of India is front runner. The researcher further revealed that the assurance dimension of service quality is also high in public insurance company. The last dimension, empathy, which asks for better understanding of customers' needs, it is very high in public insurance companies. The researcher claims that the public sector insurance company LIC has significantly high quality perception among insurance customers.

Joshi Sandhya (2011), opined that in the frequently changing and competitive market, customer satisfaction is the ultimate metric of success. The surest path to a strong business bottom line is assuring them the appropriate quality service. The author suggested that service providers have to access customer segments and identify the customer satisfaction drives so as to retain them. The personalized care services are to be provided. Good Customer Care Centre, proper training to staff should be established to handle customer problems. This is true in case of life insurance also.

Rajeswari K. and Karttheeswari S, (2012), studied purchase decisions of policyholders of LIC of India and their satisfaction level. The researchers opined that the life insurers should focus on the delivery of services to win the customers. Unawareness about product among the people and lack of appropriate marketing programmes by the industry is the constraint in the growth of the industry. The study revealed that- Different people have different insurance needs, Yield/return is the most important reason for making investments in the policies of LIC of India, LIC of India being a government undertaking, even after the entry private players, majority of the customers have patronage towards it.

### **RESEARCH METHODOLOGY:**

The study is descriptive inferential in nature that describes the quality of service rendered by LIC in relation to Empathy Parameter. The study was undertaken with the objective 'to assess quality of SERVQUAL parameter 'empathy' at LIC'. A sample of 2500 was selected from the policyholders of LIC of India in Kolhapur district of Maharashtra (India) including 1321 urban and 1179 rural samples. Quota sampling method has been used to collect data from all twelve tahasils in Kolhapur district and all eleven branches of LIC in the district. Care has been taken to collect the data from samples with

different demographic profile. The secondary data related to conceptual framework was collected through reference books, journals, newspapers, websites, office records of LIC of India, by visiting different LIC Offices in Kolhapur District.

A Structured Schedule was used to collect primary data from the respondents. The schedule was divided into different parts. The questions in the schedule were close ended and codified so as to facilitate data feeding and analysis. The service quality in regard to 'empathy' has been measured on five point scale as 1=strongly disagree and 5=strongly agree. The statistical tools percentage, mean, SD and ranks were used for analysis and interpretation.

### Analysis and Interpretation of Data:

**Table 1**  
**Opinions of Respondents on 'Empathy'**

Sr.	Sub-Parameters of Service Quality in 'Empathy'	Consolidated (n=1456)			Urban (n=1321)			Rural (n=668)		
		Mean	SD	Rank	Mean	SD	Rank	Mean	SD	Rank
1	Employees of LIC understand our specific needs	3.01	1.20	3	3.05	1.20	3	2.96	1.20	3
2	Employees of LIC always give personal/ individual attention	3.27	1.27	2	3.31	1.27	2	3.23	1.26	2
3	LIC has employees who give personal attention	2.91	1.12	4	2.96	1.13	4	2.86	1.10	4
4	LIC has convenient operating hours to all customers	3.90	1.12	1	3.89	1.13	1	3.91	1.10	1
	Spearman's rank correlation between consolidated and urban								1.000**	
	Spearman's rank correlation between consolidated and rural								1.000**	
	Spearman's rank correlation between urban and rural								1.000**	
	**. Correlation is significant at the 0.01 level (2-tailed).									

Source: (compiled from Field data)

Table number 1 shows that the mean scores on the opinions of all samples fall between 2.91 and 3.90 with standard deviation ranging from 1.12 to 1.27, the mean scores on the opinions of urban samples fall between 2.96 and 3.89 with standard deviation ranging from 1.13 to 1.27 and mean scores on the opinion of rural samples fall between 2.86 and 3.91 with standard deviation ranging from 1.10 to 1.26.

The Spearman's rank correlation is calculated to find out the relationship between the opinions of the samples and it is found that the Spearman's correlation between the opinions of consolidated samples and urban samples, between consolidated samples and rural samples as well as urban samples and rural samples is 1.000 which is significant at the 0.01 level. This shows that there is perfect positive correlation between the opinions of consolidated samples and urban samples, between consolidated samples and rural samples as well as urban samples and rural samples.

The parameter 'LIC has convenient operating hours to all customers' ranked first by all samples including urban and rural samples. This parameter carried mean score of 3.90 on the opinions of consolidated samples with standard deviation of 1.12, opinions of urban samples carried mean score of 3.89 with standard deviation of 1.13 and mean score on the opinion of rural samples is 3.91 with standard deviation of 1.10. This indicates that the samples are on the verge of almost satisfaction with variations in the opinions showing operating timings of branch offices are suitable for the customers.

Two parameters carried mean scores between 3.0 and 3.5. The parameter 'Employees of LIC always give personal/ individual attention' carried mean score of 3.27 on the opinions of all samples

with higher standard deviation of 1.27, opinions of urban samples on this parameter carried mean score of 3.31 with higher standard deviation of 1.27 and the opinions of rural samples carried mean score of 3.23 with higher standard deviation of 1.26. This shows meager satisfaction of the samples with too much variation in the opinions of samples. Taking into account the standard deviations it can be stated that the opinions are on the verge of dissatisfaction the respondents expect more individual attention from the employees of LIC. The higher standard deviation states that few employees get themselves involved in understanding specific needs of customers at the same time few employees do not found to do it so. The service quality standards are not found to be uniform. It is not expected and even possible that all employees deliver the uniform kind of services but the higher deviation is also not expected.

The mean score 3.01 on the opinions of consolidated samples is marginally above 3 for parameter 'Employees of LIC understand our specific needs' with standard deviation of 1.20, mean score on the opinions of urban samples is 3.05 that is also marginally above 3 with standard deviation of 1.20 for this parameter. The opinion of rural samples show even more pity position which mean value falls below 3 with standard deviations of 1.20. This indicates that there is poor satisfaction of urban samples and rural samples are dissatisfied. There exists gaps in understanding the specific needs of customers this is serious aspects to look into. Delivering services, products without understanding specific needs is like shooting around the bushes. There is huge scope to fill the gap between the expectations of the customers and the actual service. The employees of LIC need to understand the specific needs of the customers.

It is observed that the parameter 'LIC has employees who give personal attention' is rated low by all the samples including urban and rural samples. The mean values on the opinions of all samples are below 3. The mean value on the opinion of consolidated samples is 2.91 with standard deviation of 1.12, it is 2.96 on the opinion of urban samples with standard deviation of 1.13 and it is 2.86 on the opinion of rural samples with standard deviation of 1.10. Thus, it is stated that the samples are not satisfied with this parameter and there are uncontrollable variation in the opinions of the samples.

## CONCLUSIONS:

Overall agreement of respondents about SERVQUAL parameter 'Empathy' is on the lower side except one statement 'LIC has convenient operating hours to all customers'. Therefore, it is recommended that the remaining parameters in this parameter viz. 'Employees of LIC understand our specific needs', 'Employees of LIC always give personal/ individual attention' and 'LIC has employees who give personal attention' should be the key areas for LIC to improve. Samples opined that employees of LIC are less courteous. The more standard deviation in the opinion reveals that there is deviation in the opinions. Professionalism in management should be practiced. Understanding the behaviour of people, understanding the problems of customers and then efforts to solve them is of apex importance. There exists reasonable gap between understanding customer expectations by employees. As the ego/esteem needs play an important role in the life of human beings LIC employees should give more attention towards understanding their expectations this need. Though, it is not possible for the employees to give individual attention to the all customers all the time, with the help of the personal profile available with them they should try to understand their specific need.

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