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The study of base line factors for the service satisfaction of life insurance consumers in Imphal east, Manipur

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Abstract

This study explores the consumer satisfaction related to life insurance agents operating in the district of Imphal East, of Manipur. Data has been collected randomly from the respondent's based on series of questionnaire designed to gauge their satisfaction level, behavior, awareness and general attitude towards the agents. The data were treated with factor analysis, where agent's proactive approach, selling skills, customer relationship management, business transparency and personal development skills has emerged as the baseline factor influencing service satisfaction at large. The study also highlights the importance of the baseline factor determining the service quality and performance of the agents.

To the best of our knowledge, no academic research or studies has been conducted so far on the life insurance consumer satisfaction and the agent from where they purchase the life insurance policy. Thus the recommendation and finding from this study may help in bridging the gap in agent's training and development program as well the changes in consumer preferences and services.

Keyword: Training; Life insurance agent; Consumer satisfaction; Awareness; Variables; Penetration; Commitment; Trust; Service Quality

1. Introduction

In the Northeast India, life insurance market has witnessed a phenomenal growth in the last few years. Competition has compelled players to increase penetration and understand the market trend. It has become very important to understand the variables that influence consumer satisfaction on the service provided. An attempt has been made to uncover the influencing factors behind the consumer satisfaction. It is true that factors like geographical, social, education, economic, religion and performance of agents have a direct impact on the consumers' satisfaction in the North East. Also, life insurance penetration in North East India is much lower after comparing with the all India average penetration rate. The main reason of low penetration is due to lack of financial literacy, low concept and awareness level in all sections of the society. The existing agents need to be trained and their skill, knowledge and attitude should be developed in such a way that it will help the consumers and prospective clients to understand the concept of life insurance, awareness and educate them which will eventually lead to customer satisfaction.

An intensive study has been carried out in the state of Manipur and at the same time the study has made an attempt to identify essential job skills, knowledge and attitude to bridge the gap between the required skills and the present skill level. Since Manipur is a region comprising of multi culture, ethnic group and religion, it is essential to investigate and understand the factors determining the mind set of service satisfaction provided by the agents. After isolating out the factors that directly impact on the consumer satisfaction level, module for training can be developed and designed. The validation can be done by trail implementation in a selected geographical area. In another words, this paper attempts

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to supplement and highlight the training and development need for the agents, highlighting the key challenges faced, skill sets required and the way forward in enhancing the customer services.

2. Literature Review

2.1. Satisfaction

According to Szymanski and Henard's (2001) meta-analysis shows that satisfaction picturized positive impact on self-reported customer loyalty. Despite of such positive results in the literature, the relationship between satisfaction and actual customer loyalty has been questioned (Jones and Sasser 1995). Many other studies have highlighted that relationship age, product usage, variety seeking, switching costs, consumer knowledge, and socio demographics moderate the link between satisfaction and customer loyalty (Bolton 1998; Bowman and Narayandas 2001; Capraro, Broniarczyk, and Srivastava 2003; Homburg and Giering 2001; Jones, Mothersbaugh, and Beatty 2001; Mittal and Kamakura 2001). In most of the scenario, the customers update their satisfaction levels using information gathered during new interaction experiences with the firm, this new information might diminish the effect of prior satisfaction levels (Mazursky and Geva 1989; Mittal, Kumar, and Tsiros 1999). The absence of relationship between satisfaction and behavioral customer loyalty, several studies show that satisfaction affects customer retention (Bolton 1998; Bolton, Kannan, and Bramlett 2000). The underlying rationale behind is that customers aim to maximize the subjective utility they obtain from a particular supplier (Oliver and Winer 1987). The customer satisfaction and salesperson's relation orientation significantly influences the future business opportunities, as the salespersons are able to enhance their relationships with the clients, clients are more satisfied and are more willing to trust, and thus secures the long term demand for the services (Tam and Wong, 2001). Perceived service quality has a significant effect on the attitude towards obtaining insurance (Arora and Stoner, 1996). Hellier et al. (2003) found out that in insurance purchase brand preference is an intervening factor between customer satisfactions and repurchase intention and the main factor influencing the brand preference is the perceived value and customer satisfaction. The company and agent's service quality as well as recommendations of friends are factors that significantly affect decisions of purchasing life insurance policies (Chow-Chua and Lim, 2000).

2.2. Service Quality

As per Fogli (2006) service quality is a global judgment relating to a particular service; the customer's overall impression of the relative inferiority or superiority of the organization and its services. Toran (1993) argued that quality should be an essential element of insurance services. Stafford et al. (1998) pointed that insurance providers are putting increasingly more emphasis on service quality and customer satisfaction. They further noted that service quality in insurance industry is measured through complaint ratio which is the number of received complaints divided by a measure of insurance business in force, as stated by Wells and Stafford (1995).

2.3. Customer Satisfaction

Oliver (1980) explained that customer satisfaction arises when the customers weigh their perceptions of actual service performance against their expectations and any discrepancy between the two generates disconfirmation which can be of three types:

- Positive disconfirmation: high satisfaction.
- Negative disconfirmation: high dissatisfaction.
- Zero disconfirmation.

The response of a consumer who has been fulfilled is called satisfaction. Oliver (1997) came to the conclusion that a certain attribute of a product or service produced a satisfyingly gratifying level of consumer gratification which is high or low. Over the years, Ganesan (1994), Mittal, Ross, and Baldasare (1998), Mittal and Kamakura (2001) and others have exhibited customer satisfaction to be influencing the factors that signify customer loyalty or in other words, the long term orientation of a relationship. Also, Geyskens, Steenkamp and Kumar (1999) considered that customer satisfaction as an essential factor responsible for the long term association between suppliers and buyers. It has often been noticed that the impact of satisfaction could stimulate a satisfied customer to refer its products and services to others.

2.4. Trust

Moorman et al. (1993), Morgan and Hunt (1994) suggested trust as a vital element of relationships and Mayer et al. (1995) also defined trust as the willingness of the party to be vulnerable to the actions of another party based on the

expectation that the other will perform a particular action important to the trust. As suggested by Kumra and Mittal (2004), that trust in honesty denotes faith in partner's openness and truthfulness in business communication. On the other hand, Lim et al. (1997); Garbarino and Johnson (1999); Chaudhuri and Holbrook (2001) underlined the significance of trust in explaining loyalty, also as per Garbarino and Johnson (1999); Chaudhuri and Holbrook (2001), found trust to be affecting loyalty.

2.5. Commitment

Thibault and Kelley (1959) identified commitment as construct that belongs to literature of social exchange, as the relationship literature regarded commitment as an important dimension. In the opinion of Moorman et al. (1992); Morgan and Hunt (1994), commitment in a relationship is very much a psychological state where client has plans to continue the relationship with his existing supplier. Acknowledging the role of commitment in relationships, Parasuraman (1991) stated that relationships are built on the foundation of mutual commitment. Moorman et al (1992) also defined that commitment as an enduring attitude for a particular brand or service. Otherwise, it is the degree to which customers as members of an organization are emotionally connected to an organization, its brand or product or services, sustained by desiring to maintain membership and relationship. Also, Jones et al. (2010) opined that the dimensionality of commitment as a construct and concentrated on the differential effects of affective, normative and continuance dimensions on an array of consumer responses signifying loyalty such as repurchase intentions, willingness to pay more, fidelity and advocacy.

Objective of Current Research

The study's primary purpose is to identify the service quality dimensions that ensure maximum satisfaction for the customers in the life insurance industry.

3. Research Methodology

The study was carried out in the state of Manipur, where the city consists of people belonging different ethnic community, culture, speaking different languages, wide religious group. The data were collected randomly from the life insurance policy holder (various insurers). The survey administered certain set of questionnaire designed to gauge the satisfaction level of each customer. Thus the study would help discerning the relationship between service quality and customer satisfaction.

In total, 150 questionnaires were distributed to the respondent, out of which 100 were usable. Respondents were asked how far they were satisfied with their agent's service on a five-point Likert scale to measure the level of satisfaction –

- Strongly agree,
- Agree,
- Neutral,
- Disagree and
- Strongly disagree.

4. Results and Discussion

The analysis of descriptive statistics indicates that the mean response for Dependability, Business Continuation, Communication skills and Service Motive are neutral and for all remaining Items there was an agreement from the respondents. Most of the item responses are symmetrically distributed exhibiting Normal Distribution

Since the distribution was normal, the Data Reduction was done using Factor analysis in SPSS and the following 5 factors were extracted. The factor analysis further yielded loading for all the items and none of the items were left out of rotated factor matrix

Table 1 Descriptive Statistics

	Service Assistance	Dependability	Business Continuation	Communication Skills	Honesty	Product Explanation	Service Motive	Satisfaction Level	Benefit Explanation	Product Knowledge	Reputation	Follow Up	Information Updates	Overall
Mean	2	3	3	3	2	2	3	2	2	2	2	2	2	2
Standard Error	0.09	0.09	0.10	0.10	0.08	0.08	0.11	0.08	0.09	0.08	0.08	0.09	0.09	0.04
Median	2	3	3	2	2	2	3	2	2	2	2	2	2	2
Mode	2	2	3	2	2	2	4	2	2	2	2	2	2	2
Standard Deviation	0.94	0.93	1.03	1.02	0.78	0.77	1.15	0.84	0.90	0.85	0.80	0.90	0.90	0.38
Sample Variance	0.88	0.86	1.06	1.04	0.62	0.59	1.32	0.71	0.81	0.72	0.64	0.81	0.80	0.14
Skewness	0.43	0.06	-0.19	0.31	0.69	0.54	-0.4	0.44	0.86	0.55	0.84	0.63	0.28	0.49
Minimum	1	1	1	1	1	1	1	1	1	1	1	1	1	1
Maximum	4	4	5	5	4	4	5	4	5	4	4	5	4	4
Confidence Level (95.0%)	0.19	0.18	0.20	0.20	0.16	0.15	0.23	0.17	0.18	0.17	0.16	0.18	0.18	0.08

Table 2 Baseline Factors

	Customer Relationship	Pro-activeness	Business transparency	Selling skills	Personal skills
Follow up	0.74	0.28	0.02	0.22	-0.10
Dependability	0.62	-0.12	0.30	-0.02	0.17
Service assistance	0.58	-0.49	0.20	-0.09	0.10
Information updates	0.46	0.06	0.43	0.13	0.31
Service motive	0.06	0.80	-0.15	-0.02	0.08
Business continuation	0.01	0.76	-0.02	-0.27	-0.07
Honesty	0.02	-0.11	0.82	0.22	0.00
Satisfaction level	0.24	-0.35	0.64	0.10	-0.05
Reputation	0.39	0.05	0.54	-0.19	0.21
Product knowledge	-0.22	-0.03	0.23	0.79	0.08
Benefit Explanation	0.43	-0.17	-0.05	0.73	0.08
Product Explanation	0.23	-0.24	0.09	0.54	-0.42
Competency	0.05	-0.19	-0.05	-0.08	0.82
Communication skills	0.20	0.20	0.26	0.19	0.65

4.1. Extraction Method: Principal Component Analysis

4.1.1. *Rotation Method: Varimax with Kaiser Normalization. Rotation converged in 17 iterations.*

The analysis was further extended to find out, was there any significant difference in the perceptions of male and female respondents for the new factors with the t-Test (2-tailed) assuming unequal variances and the results are tabulated as under:

Table 3 Customer Relationships

t-Test: Two-Sample Assuming Unequal Variances		
	Female	Male
Mean	2.71875	2.642157
Variance	0.266017025	0.32609
Observations	32	68
Hypothesized Mean Difference	0	
df	67	
t Stat	0.668980979	
P(T<=t) two-tail	0.50580623	
t Critical two-tail	1.996008331	

Inference: There is no Significant Difference in perception of Male and Female

Table 4 Personal Skills

t-Test: Two-Sample Assuming Unequal Variances		
	Female	Male
Mean	2.359375	2.727941
Variance	0.600554	0.645029
Observations	32	68
Hypothesized Mean Difference	0	
df	63	
t Stat	-2.19272	
P(T<=t) two-tail	0.032028	
t Critical two-tail	1.998341	

Inference: There is a Significant Difference in perception of Male and Female Respondents

Table 5 Business Transparencies

t-Test: Two-Sample Assuming Unequal Variances		
	Female	Male
Mean	2.265625	2.338235
Variance	0.124748	0.21971
Observations	32	68
Hypothesized Mean Difference	0	
df	79	
t Stat	-0.85995	
P(T<=t) two-tail	0.392421	
t Critical two-tail	1.99045	

Inference: There is no Significant Difference in perception of Male and Female

Table 6 Selling skills

t-Test: Two-Sample Assuming Unequal Variances		
	Female	Male
Mean	1.96875	1.985294
Variance	0.368168	0.289996
Observations	32	68
Hypothesized Mean Difference	0	
df	55	
t Stat	-0.13174	
P(T<=t) two-tail	0.895668	
t Critical two-tail	2.004045	

Inference: There is no Significant Difference in perception of Male and Female

Table 7 Proactiveness

t-Test: Two-Sample Assuming Unequal Variances		
	Female	Male
Mean	2.390625	2.294118
Variance	0.495716	0.531607
Observations	32	68
Hypothesized Mean Difference	0	
df	63	
t Stat	0.63212	
P(T<=t) two-tail	0.529596	
t Critical two-tail	1.998341	

Inference: There is no Significant Difference in perception of Male and Female

Table 8 Overall

t-Test: Two-Sample Assuming Unequal Variances		
	Female	Male
Mean	2.340625	2.397549
Variance	0.196343	0.148684
Observations	32	68
Hypothesized Mean Difference	0	
df	54	
t Stat	-0.62399	
P(T<=t) two-tail	0.535264	
t Critical two-tail	2.004879	

Inference: There is no Significant Difference in perception of Male and Female

5. Conclusion

The contribution from the above study may be concluded that the implementation of baseline factor intensively can increase the efficiency of the life insurance agents. Also, the companies operating in the region can be considered as part of training curriculum to improve the customer relationship. This would not only retain and satisfy the customers, but also enhance marketing strategy to increase penetration. Eventually this would give more emphasis on imparting training to the insurance agents to enhance sales services and develop proper customer relationship management. This would not only ensure increased customer satisfaction but also help in absorb new customers as well as retaining the old customers.

Compliance with ethical standards

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Disclosure of conflict of interest

The authors declare that they have no conflict of interest

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