

QUALITY SERVICE ENHANCEMENT OF INDIAN INSURANCE COMPANIES- AN APPLICATION OF THE IMPORTANCE PERFORMANCE ANALYSIS**Dr. Madhukar Dalvi**Department of Mathematics and Statistics, Nagindas Khandwala College (Autonomous), Malad, Mumbai, India
mhdalvi7@gmail.com**ABSTRACT**

Organizations can assess and figure out the key benefits and drawbacks of the most important aspects for insurance companies by using importance-performance analysis (IPA). The author makes an effort to understand the expectations and opinions of policy holders about the services they offer, and he or she exhibits the value of the importance-performance analysis framework in assessing insurance-related services from the viewpoints of policy holders in India. From the literature reviews, the author selected a list of 21 items that were included in the modified SERVQUAL instrument. A 5-point Likert scale was used for evaluating each item. Results have been compiled from 609 genuine respondents. No dimension but five items fall into the "Keep up the good work" quadrant, tangible dimensions with five items fall into the "Possible overkill" quadrant, reliability dimensions with six items fall into the "Low priority" quadrant, and three dimensions—responsiveness, assurance, and empathy—with five items fall into the "Concentrate here" quadrant, according to the importance-performance grid. The results indicate that insurance providers need to make an effort to offer timely service and be open to collaborating with policyholders to improve the quality of their services. The findings can be used to help insurance businesses come up with novel approaches to enhance customer service.

Keywords: Importance-performance analysis, SERVQUAL, Insurance Sector

1 INTRODUCTION

Customers are only satisfied when their requirements and expectations are met. Almost all businesses try to satisfy their customers by offering high-quality goods and services. Therefore, in order to thrive, service organizations—particularly those in the insurance sector—struggle to come up with innovative strategies to fight against external advancements. They accomplish this by enhancing the services they already offer as well as by launching brand-new ones. Consumer expectations are increasing these days, and service provider organizations need to be conscious of this. Even though empirical research on many service sectors finds an extensive amount of information regarding service quality, very little research has been done to evaluate the SERVQUAL instrument's dimensionality in the context of the Indian life insurance industry. Therefore, in order to effectively use SERVQUAL as a tool to measure service quality of insurance organizations in India, the current study is being done to verify its reliability and investigate its dimensionality. Martilla and James (1977) developed Importance-Performance Analysis (IPA). This approach is also employed in this study since it can identify the aspects of the services required to be maintained and enhanced. Importance-Performance Analysis (IPA) has been employed in this study to measure policyholder satisfaction with the services offered by Indian insurance companies. The degree of expectations and customer satisfaction with insurance services in these organizations are the anticipated outcomes of this study. This evaluation is helpful in measuring how well Indian insurance providers are performing from the perspective of their customers. Furthermore, enhancing the top attributes will result from recognizing the actual performance of service quality attributes and the level of anticipation. As a result, the insurance companies are able to deploy resources efficiently.

2 REVIEW OF LITERATURE:

Numerous different service quality models and tools have been developed for measuring service quality in the empirical literature. The SERVQUAL instrument, originally developed by Parasuraman et al. in 1988, is one of the most prominent and extensively utilized tools for measuring customer perceptions of service quality. The ten characteristics or aspects of service quality are the "tangibles, reliability, responsiveness, communication, credibility, security, competence, courtesy, understanding/knowing the customer, and access" (Parasuraman et al.,

1985). Through exploratory factor analysis, Parasuraman et al. observed that five composite dimensions—tangibles, reliability, assurance, and empathy—were established by reducing the ten dimensions that were initially mentioned. According to Dotchin and Oakland (1994), SERVQUAL's dimensionality varies depending on the application embarking and cannot be applied universally to all service industries. Likewise, Brown et al. (1993) proposed that SERVQUAL needs to be modified and customized according to the firm, geographical area, and industry. As a result, a number of research in various service sectors have attempted to develop service-quality indexes that are specific to the respective industries. Using SERVQUAL as a base, for instance, several kinds of scales have been replicated, modified, and developed to measure various services: SELEB (Toncar et al., 2006) for educational services; LibQUAL (Cook et al., 2002; Hulagabali et al., 2012) for libraries; and ECOSERV (Khan, 2003) for ecotourism. The SERVQUAL instrument has been used to measure service quality in a number of contextual studies (Stafford et al., 1998; Westbrook and Peterson, 1998; Mehta et al., 2002; Evangelos et al., 2004; Goswami, 2007; Gayathri et al., 2005; Siddiqui et al., 2010) pertaining to the insurance industry.

3 OBJECTIVE OF THE STUDY

To evaluate the Importance and Performance of the different service attributes offered by Indian insurance companies using Importance-Performance Analysis (IPA).

4 RESEARCH HYPOTHESIS:

H0: There is no significant difference in each mean importance and performance dimension for insurance company's service.

H1: There is significant difference in each mean importance and performance dimension for insurance company's service.

5 THEORETICAL FRAMEWORKS:

5.1 Technical Meanings of Dimensions:

According to Parasuraman et al. 1985, technical meanings of dimensions used in the present study are given below:

Tangibles refers the physical evidence of the service.

Reliability is defined as the ability to perform the promised service dependably and accurately.

Responsiveness is the ability to reaching the complaints and improving the services in an effective manner.

Assurance is knowledge and courtesy of employees and their ability to inspire trust and confidence.

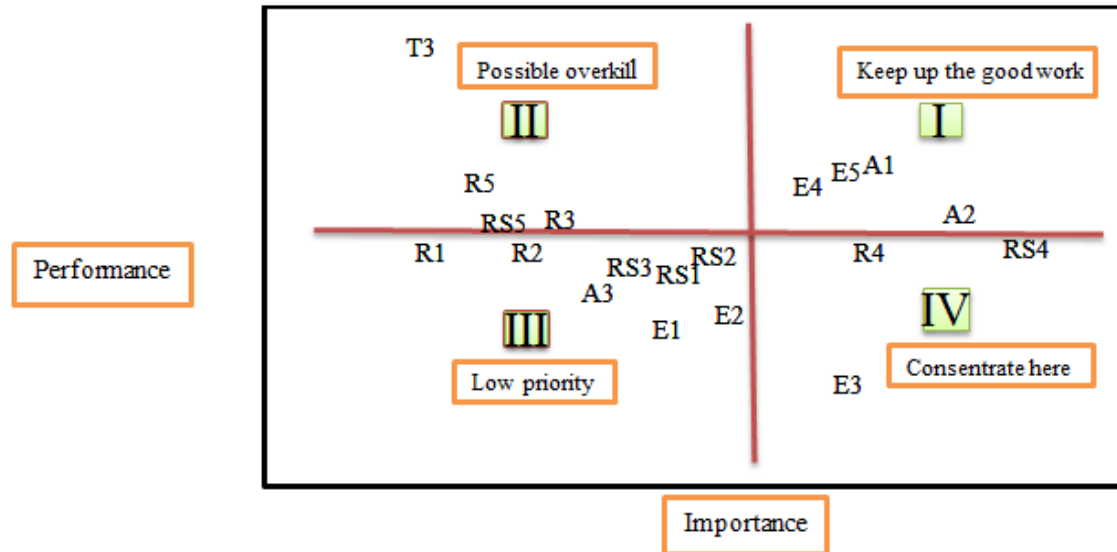
Empathy means making the efforts to understand customers need.

Importance-Performance Analysis

Plotting mean ratings of performance and importance, the IPA, developed by Martilla and James (1977), is a two-dimensional grid that may be used to examine customer satisfaction as a function of expectations associated to both importance and performance (Wu et al., 2008; Wu and Shieh, 2009). Furthermore, the y-axis represents performance, while the x-axis represents importance. Figure 1's four-quadrant matrix can be used to focus strategic planning initiatives as well as find areas for improvement (Skok et al., 2001; Deng et al., 2008; Wu et al., 2010). Below is a summary of the meanings associated with these four quadrants (Daniels and Marion, 2006; Lu and Wu, 2010; Shieh and Wu, 2011). Any item falling under Quadrant I, which has high performance and importance, can be considered a competitive advantage. High performance but low importance in Quadrant II indicates that the company has placed too much emphasis on each aspect in this quadrant. Quadrant III performs inadequately and is not very important. Any item in this quadrant is seen as having low priority for improvement, whereas low performance but highly important items in Quadrant IV need to be improved immediately because, in the perspective of the customers, they reflect the main weaknesses. In general, an organization's dominance in

the market may be challenged by its inability to recognize these strengths and weaknesses, which usually leads to low customer satisfaction.

Figure 1: Importance-performance analysis



6 METHODOLOGY:

6.1 Empirical Data

The primary data used in this investigation were gathered via a standardized questionnaire. For evaluating the quality of the services, the scale items were derived from the SERVQUAL instrument, which was modified, and was first developed by Parasuraman et al. (1988). Data on 642 policyholders from various insurance companies was gathered over a period of a year, from April 2022 to March 2023 using structured questionnaire. After eliminating irrelevant responses 609 responses are considered for the final study. The 21 attributes included in the modified SERVQUAL instrument are divided into five dimensions: Assurance (3 items), Responsiveness (5 items), Empathy (3 items), and Tangible (3 items). Using simple random sampling, data was gathered from policyholders of four insurance companies operating in the public and private sectors each.

On a five-point Likert scale, with 1 indicating very unimportance (unsatisfactory) and 5 indicating highly importance (satisfactory), every respondent was asked to evaluate the importance and performance for every concern. Using Cronbach's α , the questionnaires' reliability was determined. The survey's overall performance and importance reliabilities were 0.927 and 0.919, respectively, indicating strong internal consistency reliabilities (George and Mallery, 2003). Each dimension-wise Cronbach's α value is given in the following table 1. All Cronbach's α values are greater than 0.7 indicate adequate internal consistency reliabilities.

Table 1: Cronbach's α values of importance and performance of each dimension

Dimension	Tangible	Reliability	Responsiveness	Assurance	Empathy
Importance (α)	0.74	0.758	0.804	0.731	0.844
Performance (α)	0.737	0.8	0.822	0.734	0.808

7 RESULTS AND DISCUSSION:

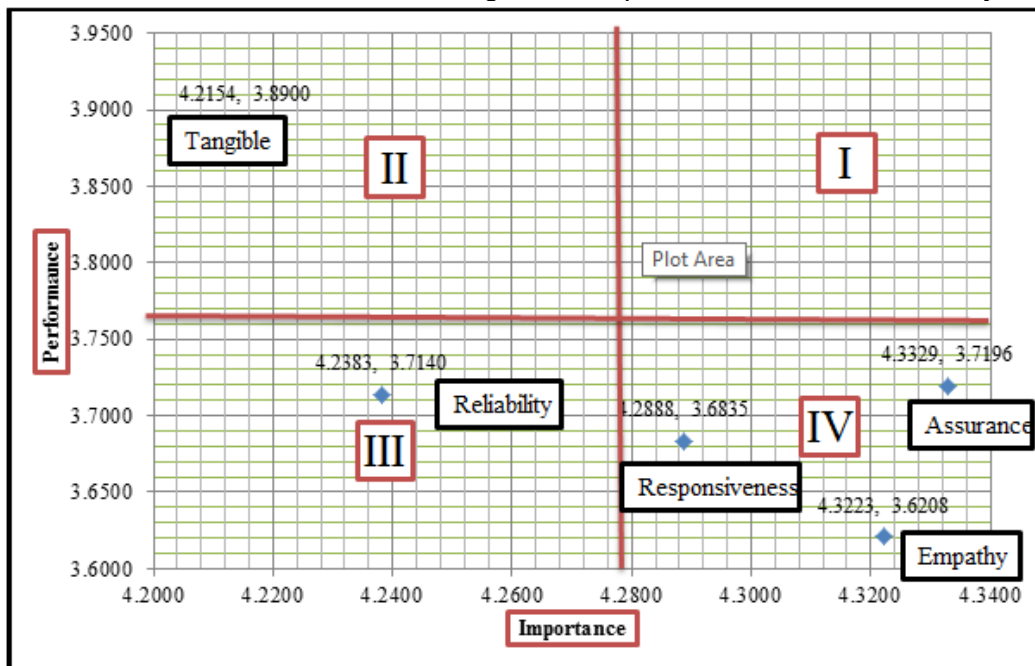
From table 2 mean values for importance and performance are 4.2795 and 3.7256 respectively indicates overall service performance of insurance company is not as good as expected by policy holders. All insurance companies must focus on improvement in their service because 3 out of 5 dimensions are showing low performance but having high importance in the policy holder's point of view.

Table 2: Dimension –Wise Average Value of Importance and Performance Level

Dimension	Importance	Performance	Quadrant	
Tangible	4.2154	3.8900	II	high performance but low importance
Reliability	4.2383	3.7140	III	both low performance and importance
Responsiveness	4.2888	3.6835	IV	low performance but high importance
Assurance	4.3329	3.7196	IV	low performance but high importance
Empathy	4.3223	3.6208	IV	low performance but high importance
Average	4.2795	3.7256		

Based on Figure 2, first quadrant is having no service quality dimension with high level of importance level and performance level. Tangible dimension in the Second quadrant illustrating high performance but low importance. This indicates attributes like physical facilities, equipment’s and appearance of personals having low importance but having high performance in the policy holder’s point of view. Presence of Reliability dimension in third quadrant means ability to perform promised service dependably and accurately by insurance companies is unimportant and not prioritised by them. Top priority dimensions are Responsiveness, Assurance and Empathy are in forth quadrant indicates insurance companies should take efforts to provide prompt service and they must be willing to help policy holders. Employees must pay attention and use their knowledge and courtesy to inspire trust and confidence in policy holders.

Figure 2: Dimension -Wise Cartesian Diagram of Importance-Performance Analysis (IPA)



Attribute –Wise Average Value of Importance and Performance Level:

From table 3 it is seen that in all attributes, service performance of insurance company is not as good as expected by policy holders indicating need of improvement by insurance companies.

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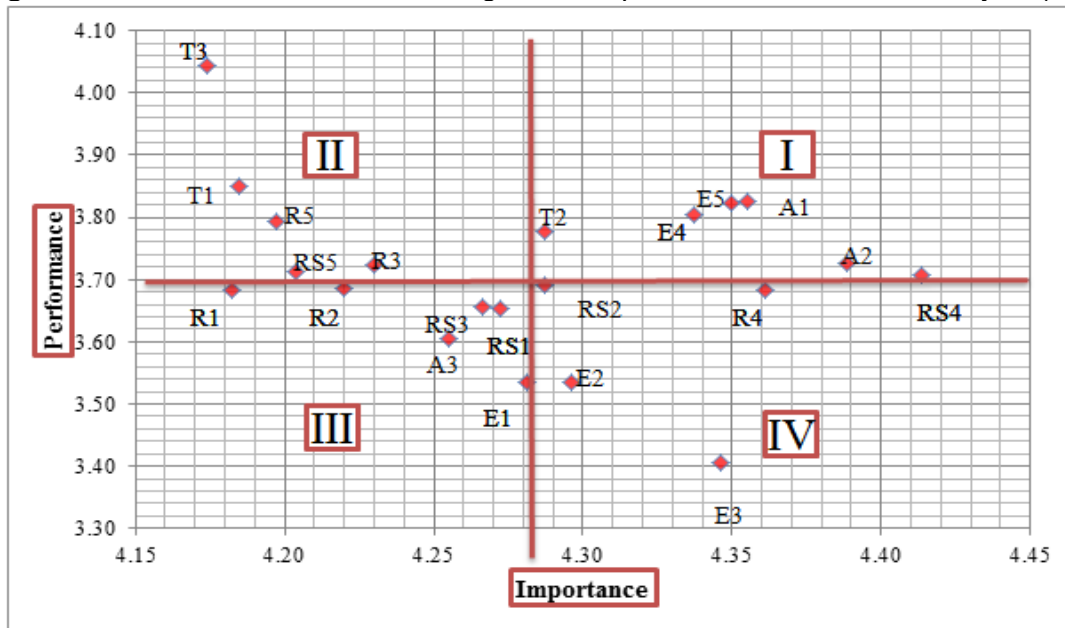
Table 3: Attribute –Wise Average Value of Importance and Performance Level

Attribute		Importance	Performance	Quadrant	Meaning
Visually Appealing Materials (E.g. Brochures)	T1	4.19	3.85	II	high performance but low importance
Materials associated with service i.e. clarity of policy statements	T2	4.29	3.78	I	both high performance and importance
Convenient location of the branch office	T3	4.17	4.04	II	high performance but low importance
When insurance company promises to do so by a certain time, they do so	R1	4.18	3.68	III	both low performance and importance
Customers have a problem; excellent insurance company show sincere interest in solving it	R2	4.22	3.69	III	both low performance and importance
The services of a insurance company are performed correctly right at the first time	R3	4.23	3.72	II	high performance but low importance
Insurance company deliver the services on time (timely settlement of claim)	R4	4.36	3.68	IV	low performance but high importance
Insurance company insist on Error free Records	R5	4.20	3.79	II	high performance but low importance
Tell customers when exactly the services be performed	R S1	4.27	3.65	III	both low performance and importance
Employees/Agents of an insurance company give prompt service	R S2	4.29	3.69	IV	low performance but high importance
Your insurance company has got simplified formalities for transactions	R S3	4.27	3.66	III	both low performance and importance
Willingness of Employees / Agents to help customer	R S4	4.41	3.71	IV	low performance but high importance
Employees/Agents are never too busy to respond to customers request	R S5	4.20	3.71	II	high performance but low importance
Customers of an insurance company feel safe in all their transaction	A 1	4.36	3.83	I	both high performance and importance
Employees / Agents have the knowledge to answers customers question	A 2	4.39	3.73	I	both high performance and importance
Easy to reach appropriate staff person of an insurance company	A 3	4.26	3.61	III	both low performance and importance
Employees / Agents of an insurance company give their	E1	4.28	3.54	IV	low performance but high importance

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customers personal attention					
An insurance company have a customer’s best interest at heart	E2	4.30	3.54	IV	low performance but high importance
Employees / Agents of an insurance company understand the specific needs of their customer	E3	4.35	3.41	IV	low performance but high importance
Easy online access	E4	4.34	3.80	I	both high performance and importance
Easy telephone access	E5	4.35	3.82	I	both high performance and importance
		4.28	3.71		

Figure 3: Attribute-Wise Cartesian Diagram of Importance-Performance Analysis (IPA)



From figure 3, it is observed that, in the First quadrant there are 5 attributes illustrating the conditions of service quality attributes that should be maintained. Policy holders consider the attributes in this quadrant as very important, and the performance as good or satisfactory. Although the attributes are considered good, the management should not create complacency and should still maintain and even improve the performance of the attributes. Clarity of policy statements, safety in traction, adequate knowledge of agents and employees, easy online and telephone access are five attributes which are very important, and the performance is also satisfactory. Second quadrant with 5 attributes illustrates high performance but low importance. The attributes situated in this quadrant are visually appealing materials, convenient location of the branch office, first time services are correctly right, more emphasis on error free records and immediate customer request response by employees and agents are given overemphasised by insurance companies. Third quadrant having 5 attributes illustrates the situation of service quality attributes that have an average level of importance-performance below the overall average score of attributes. and. Insurance company always keep promises, sincere attempts are made to solve policy holder’s problems, proper information of service time, simplified formalities for transactions and easy employee reach are five service attributes which fall in this quadrant which are unimportant for policy holders and the company does not prioritize these attributes. Six service attributes in Fourth Quadrant namely timely settlement of claim, prompt

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customer service, willingness of employees / agents to help customer, giving personal attention to the customers, customer's best interest at heart and understanding the customer's specific needs considered as top priority service quality attributes. These services require immediate attention for improvement. These are the major weaknesses of insurance companies from customers' viewpoints.

7.1 Results of Hypothesis Testing:

Initially data for each dimension is tested for normality using Shapiro-Wilk test which is suitable in most of the cases (Yap and Sim, 2011). For all dimensions data was found to be not normally distributed (all p Values 0.00). Hence Spearman's rho Correlation test is used to find significant correlation. Results are as below.

Table 4: Results of Spearman's rho Correlation Test

Correlation between parameters	Spearman's rho Correlation Coefficient	Sig. (2-tailed)	Result
I_Tangible & P_Tangible	0.119**	0.001	Significant +ve correlation
I_Reliability & P_Reliability	0.204**	0.000	Significant +ve correlation
I_Responsiveness & P_Responsiveness	0.269**	0.000	Significant +ve correlation
I_Assurance & P_Assurance	0.177**	0.000	Significant +ve correlation
I_Empathy & P_Empathy	0.181**	0.000	Significant +ve correlation
** Correlation is significant at the 0.01 level (2-tailed).			

Table 4 shows all correlations are Significant (all $p < 0.01$) and positive. Hence for testing significant difference between each dimensions mean importance and mean performance value non-parametric related sample Wilcoxon Rank Test. Results are presented below.

Table 5: Results of non-parametric related sample Wilcoxon Rank Test

Null Hypothesis	Standardize Test Statistics	Sig. (2-tailed)	Result
Median of difference between I_Tangible & P_Tangible equals 0	-9.777	0.000	Reject Null Hypothesis
Median of difference I_Reliability & P_Reliability equals 0	-14.857	0.000	Reject Null Hypothesis
Median of difference I_Responsiveness & P_Responsiveness equals 0	-17.160	0.000	Reject Null Hypothesis
Median of difference I_Assurance & P_Assurance equals 0	-17.928	0.000	Reject Null Hypothesis
Median of difference I_Empathy & P_Empathy equals 0	-18.114	0.000	Reject Null Hypothesis

Table 5 indicates null hypothesis is rejected in all cases (all $p < 0.01$). This indicates there is significant difference in each mean importance and performance dimension for insurance company's service. In fact, from table 2, we may infer that mean performance value is significantly lower than mean importance value.

8. CONCLUSION

This study examines and makes use of the IPA analysis to highlight significant dimensions and features as seen from the perspective of the policy holder. The fourth quadrant's top priority dimensions—responsiveness, assurance, and empathy—indicate that insurance enterprises need to make an effort to offer timely service and be willing to assist policyholders. Employees need to be aware of their surroundings and exhibit concern and expertise in order to earn policyholders' trust and confidence. Top priority service quality attributes include timely claim settlement, prompt customer service, willingness on the part of employees / agents to assist customers, personal attention to customers, keeping the customer's best interests in mind, and a knowledge of the customer's

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specific requirements. Improving these services needed to be implemented immediately. The results also indicate that, from the perspective of the policy holder, attributes such as physical facilities, equipment, and personnel appearance relatively low important but extremely effective. Insurance companies should therefore place less importance on these tangibly associated features. The null hypothesis, according to which there is not any significant difference in the mean importance and performance dimensions for the services provided by insurance companies, is rejected. Specifically, it has been found that mean performance value is significantly less than mean importance value. Therefore, IPA specifies important dimensions and services that insurance companies must provide. Additionally, IPA assists insurance companies explore strategies to enhance their customer service.

The primary limitation of the research is that the author used information from four insurance companies in the public and private sectors. Even though the survey received favorable responses from 609 policyholders, future research could extend the study's scope by taking into account a larger sample of the healthcare system and creating an IPA model based on the distinctive demographics of Indian policyholders. This is due to the fact that policy holders' demographics have an impact on the importance and performance rating.

Similar studies could be carried out by interested researchers using techniques like conjoint analysis and factor analysis, besides others. Despite its limitations, the study offers insights to enhance the quality of customer service offered by the insurance industry.

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