Survey to Measure Customer Satisfaction of the Insurance Services in Iran

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Abstract: The main purpose of this paper is the investigatioin/determination of the critical success factors in the Iranian insurance industry from the standpoints of the insurance companies. At first the service quality, customers' satisfaction and their loyalty are identified as the main fators and then it investigates the success factors in insurance companies by determining the indices of the service quality and the examination of its related theories. The method used in this research is descriptive- investigative and simple sampling procedure. For this purpose a stable valid questionnaire was prepared being distributed among 350 insurancer people of some big cities like Mashhad, Isfahan, Tehran and Tabriz and their theories were analyzed via SPSS and Minitab software. The results of this research show that all of the theories were confirmed and from the standpoint of the insurance companies in the Iranian insurance industry, the most important success index is related to the factors of sefaty, relationship, customer understanding, responsiveness and the validity of insurance companies.

Key words: Customer Satisfaction · Service Quality

INTRODUCTION

Today services are not considered as a small part of the economics anymore, but the heart of valuing in the economics. The presentation of services in developed countries formes an important part of Gross National Product (GNP) in which quality improvement and increasing satisfaction are the main purposes.

Service quality has a special role in the success of service companies as a strategic lever [1]. Researches show that there are strong relationships between service quality improvement, customer satisfaction and economical success [2].

Service providers throughout the world believe that presenting high-quality services and the continuous investigation of customer satisfaction are the most effective method in maintaining customer's loyalty which leads to the decrease in investment in customer attraction and the increase in sale iteration and market share. In this respect Service Quality is one of the most effective factors in making competitive advantages and commercial progress [3].

In addition due to the existence of intensive competitive pressures, one of the most important in order to reach the succerss of the organizations and competitive advantages is service quality improvement [4].

According to the considerable role of insurance industry in services and its importance in the economical development of the countries, this paper tries to investigate the effective factors on the succerss of insurance companies for the first time. By considering the above-mentiones descriptions and their impoatance in the economical development of the countries, service quality in customer's satisfaction and loyalty are considered as the indices determining in services.

First this research investigates the factors determining the service quality based on Parasuraman model followed by the study of the relation of service quality with customer's satisfaction and loyalty so that finally the most important indices of the success in the Iranian insurance industry are determined/evaluated from the standpoints of the insurance companies.

In other words, this paper evaluates the most important factors determining the satisfaction of the insurance companies from insurance services in Iran for the forst time from the standpoints of the insurance companies.

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Critical Success Factors (CSFs): During the last years, many researches were done in order to identify the critical success factors in an industry or activity in order to separate successful factors with unsuccessful ones. In this respect the factors necessary for commercial success – guaranteeing them- are declared as the critical success factors (CSFs).

There are various definitions in relation to critical success factors (CSFs) some of which are as below:

- Critical success factors are the ones that are necessary for producing deliverable items considered by the customer or they are the properties, conditions or variables which can have a considerable influence on the success of the company which competes in a special industry if being supported/managed properly [2].
- Depending on the target purpose, critical success factors are defined as the factors which are vital for the exxelent performance of the company, not only for its survive [5].
- Organizations should identify the factors related to the success of their organization, since failure in achieving the goals related to these factors may lead to the failure of the organization.

A new form of competition is seen in insurance industry in which companies need to investigate new ways for making satisfaction and loyalty in their customers in order to increase their competitive power [6]. Since the most important factor of success in service industries including insurance is customer's satisfaction and his/her maintenance via improving service quality, Parasuraman service quality determining factors are used for measuring success in insurance industry.

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Service quality → satisfaction →
keeping the customer [7]

Service quality → satisfaction →
company performance improvement [8].

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Service Quality: Customers evaluate service quality by comparing what they exoect with what the service provider actually presents. Therefore qualiy may be defined as the difference between customer's expectations and their understanding of the actual performance of the company [9].

In 1985 Parasuraman *et al*. classified more those 200 features of service quality. These features were obtained via interviewing with the customers of four different service departments i.e. banks, the organizations pressnting credit cards, service companies of repair and maintenance and phone communications center. They presented a standard for evaluating service quality according to 10 potential factors by using these 200 features which are:

- Tangible factors: loans, appearance and the facilities of the provider such as staff's appearance and make up, equipments' modernity, etc.
- Reliability: the extent which makes the services believable such as the organizatin's fame and validity, staf's behavior, etc.
- Responsivness: the ability to reaching the complaints and improving the ssrvices in an effective manner
- Credibility: the ability of presenting services at the first time in a correct manner
- Competence: The ability of the staff to offer their information, knowledge and skills in presenting effective services
- Courtesy: Being respectful with friendly behavior against the customers
- Security: lack of risk and doubt
- Availability: the ease of access and making relationships with the organization in order to solve the customers' needs
- Communications: acknowledging the customers about how to present services such that they are understandable for the customers
- Underasting The Customers: the identification of customers' needs/wants, paying special attention to them and knowing loyal customers [10].

The Relationship Between Service Quality and Customer's Loyalty: In today's competitive markets, the main purpose of the companies is to make loyal customers which leads to maintain/repurchase of the customers. The importance of making loyal customers is more due to that fact that the organization should pay higher costs than the customers who are in the organization at present.

For example, making a new customer costs is five times higher than the customers who are in the organization [10]. Most of the marketing researchers believe that service quality and customer's satisfaction are the pre-requisite factors for customer's loyalty. Some other researches done in this field are:

Table 1: The relationship between customer's loyalty and service quality from the standpoint of different researchers

Chow & *et al*, 2007	customer's loyalty → customer's satisfaction → service quality
Grass & ocass, 2005	customer's loyalty → customer's satisfaction → service quality
Hame & *et al*, 2006	customer's loyalty → customer's satisfaction → service quality

Research Methodology: This research is an applied descriptive study whose data gathering tools are interview and questionnaire whose questions are made based on standard questionnaire, quality measurement, design services and then making the necessary changes for making them native according to insurance experts' views. The measurement scale was concecutive using Likert spectrum.

In order to determine the Reliability, Cronbach's Alpha methid (the calculation of the internal coordination of questionnaire's questons) was used. 350 questions were distributed among the (governmental or private) insurers and the answers obtained were examined by using SPSS software.

The value of the final alpha was 85% which shows the validity of the measurement tool. The Validity of the questionnaire was confirmed after being examined by the insurance experts. The statistical society of this research was the country of Iran including insurance representatives which were active as (governmental or private) insurers in 2008. According to the clearness of the list of insurers, random sampling was used.

Research's Findings and Results: In this part the results of the theories and the findings of the research are presented.

After classifying and evaluating the data, the theories of the research are anakyzed according to the research content via Wilcoxon non-parametric test (the amount of the success of the insurers who use success indices/factors is more than the ones who lack these factors) being extended to the statistical society.

According to the above-mentiond items, the results below are found:

Hypothesis (1): The degree of the success of the insurers using tangible factors in presenting insurance services is more than other insurers in the Iranian insurance industry.

$$\{Me=4/5, P=0/000\}$$

Result: In the reliability level of 95%, the assumption of statistical zero based on the equaity of the insurers' success median using tangible factors with other insurers with "test value number 3" is rejected and the opposite

assumption are accepted. In other words, the first index, i.e. the tangibility of services is one of the success factors in the insurance industry.

Hypothesis (2): The degree of the success of the insurers with high reliability in presenting insurance services is more than other insurers in the Iranian insurance industry.

$$\{Me=4/5, P=0/000\}$$

Result: In the reliability level of 95%, the assumption of statistical zero based on the equaity of the insurers' success median with high reliability with other insurers with "test value number 3" is rejected and the opposite assumption are accepted. In other words, the second index, i.e. the reliability to the company is one of the success factors in the insurance industry.

Hypothesis (3): The degree of the success of the responsive insurers in presenting insurance services is more than other insurers in the Iranian insurance industry.

$$\{Me=4/5, P=0/000\}$$

Result: In the reliability level of 95%, the assumption of statistical zero based on the equaity of the responsive insurers' success median with other insurers with "test value number 3" is rejected and the opposite assumption are accepted. In other words, the third index, i.e. the responsiveness of the insurers is one of the success factors in the insurance industry.

Hypothesis (4): The degree of the success of the insurers with high Competence in presenting insurance services is more than other insurers in the Iranian insurance industry.

$$\{Me=4/5, P=0/000\}$$

Result: In the reliability level of 95%, the assumption of statistical zero based on the equaity of the insurers' success median with high competence with other insurers with "test value number 3" is rejected and the opposite assumption are accepted. In other words, the forth index, i.e. the competence of the insurers is one of the success factors in the insurance industry.

Hypothesis (5): The degree of the success of respectful insurers in presenting insurance services is more than other insurers in the Iranian insurance industry.

{Me=4/5, P=0/000}

Result: In the reliability level of 95%, the assumption of statistical zero based on the equaity of respectful insurers' success median with other insurers with "test value number 3" is rejected and the opposite assumption are accepted. In other words, the fifth index, i.e. the competence of the insurers is one of the success factors in the insurance industry.

Hypothesis (6): The degree of the success of highly valid insurers in presenting insurance services is more than other insurers in the Iranian insurance industry.

{Me=4/5, P=0/000}

Result: In the reliability level of 95%, the assumption of statistical zero based on the equaity of highly valid insurers' success median with other insurers with "test value number 3" is rejected and the opposite assumption are accepted. In other words, the sixth index, i.e. the competence of the insurers is one of the success factors in the insurance industry.

Hypothesis (7): The degree of the success of the insurers who make the sense of security in the policy holders in presenting insurance services is more than other insurers in the Iranian insurance industry.

{Me=4/5, P=0/000}

Result: In the reliability level of 95%, the assumption of statistical zero based on the equaity of the success median of the insurers who make the sense of security in the policy holders with other insurers with "test value number 3" is rejected and the opposite assumptions are accepted. In other words, the sixth index, i.e. the competence of the insurers is one of the success factors in the insurance industry.

Hypothesis (8): The degree of the success of highly accessive insurers in presenting insurance services is more than other insurers in the Iranian insurance industry.

{Me=4/5, P=0/000}

Result: In the reliability level of 95%, the assumption of statistical zero based on the equaity of highly accessive insurers' success median with other insurers with "test value number 3" is rejected and the opposite assumption are accepted. In other words, the sixth index, i.e. the competence of the insurers is one of the success factors in the insurance industry.

Hypothesis (9): The degree of the success of highly communicative insurers in presenting insurance services is more than other insurers in the Iranian insurance industry.

{Me=4/5, P=0/000}

Result: In the reliability level of 95%, the assumption of statistical zero based on the equaity of highly communicative insurers' success median with other insurers with "test value number 3" is rejected and the opposite assumption are accepted. In other words, the ninth index, i.e. the competence of the insurers is one of the success factors in the insurance industry.

Hypothesis (10): The degree of the success of highly understanding insurers in presenting insurance services is more than other insurers in the Iranian insurance industry.

{Me=4/5, P=0/000}

Result: In the reliability level of 95%, the assumption of statistical zero based on the equaity of highly understanding insurers' success median with other insurers with "test value number 3" is rejected and the opposite assumption are accepted. In other words, the ninth index, i.e. the competence of the insurers is one of the success factors in the insurance industry.

Other Research Findings: It was discovered by the examinations performed in the classification of success preferences in four big cities of Mashhad, Isfahan, Tehran and Tabriz that three factors among others, i.e. customers' security, communications and understanding are more important which show the important neds of policy holders in this respect.

In addition, the tangibility of services is identified the last success index in these four big cities whose reason may be not attending the policy holder's need on important level such as customer's understanding, responsiveness, security and access.

The difference in indices classification in these four big cities such as respect/good behavior (in Mashhad and Tehran in the third rank, Isfahan in the fifth rank and Tabriz in the seventh rank) can be due to economical, cultural, social and traditional differences in these cities. Differences were observed in the classification of the factors, especially trust/reliability/validity factor between governmental and private insurance companies whose reason may be high trust of Iranian people to governmental companies which is too less to the private sector.

Follow-up and responsiveness by phone were identified in policy holders' success, but using the internet for removing the need to physical reference has the least importance which shows the importance of the factor of lack of nedd to physically reference, but most of policy holders have problems worling with new technologied such as the internet.

CONCLUSION

According to the high importance/preference of policy holders' trust/reliability factor in respect to the insurers, their attempt in order to increase this trust such as the property of the amount of damage received according to the maximum level of responsiveness, the insurer's mastery in transferring correct insurance information and in-time responsiveness are important in addition, according to the importance of vital factors such as security, communications, respect, good behavior and customer's understanding, the policy holders should pay much attention to factors such as long-term communications with policy holders, the behavior of the insurer and the staff of insurance companies with the policy holder, mutuam cooperation with the policy holder (like recalling the date), responsiveness to customer's phone follow-up.

The insurers should have enough knowledge of the customer and their needs considering their needs/demands in using success factors for their higher success.

Paying attention to factors such as physical place and situation, proper designing the workplace, the competence of the declared rate in comparison with the oponents, The amount of your mastery on the strong/weak points of his/her and other insurance companies are among effective factors is attracting the satisfaction of the policy holders and the success of insurance companies.

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