



Investigating the effect of service quality on customer satisfaction in the entrepreneur insurance in Tehran

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Abstract: *The aim of this study was to evaluate the effect of service quality on customer satisfaction in the entrepreneur insurance in Tehran. This research was conducted through a survey method. The statistical population in this study was entrepreneur insurance customers in Tehran that 384 of them were selected as the sample based on Cochran's formula through a simple random method. Data collection tool was a researcher-built questionnaire in this study that its validity and reliability were confirmed. Pearson correlation test and multiple regression were used to test hypotheses. The results showed that service quality on customer satisfaction in the entrepreneur insurance is effective in Tehran and entrepreneur insurance customer satisfaction increases enhancement of the quality of services. Also, the physical dimensions, reliability, responsiveness, empathy and surety of quality of service, entrepreneur insurance customer satisfaction.*

Keywords: *Service quality, Customer satisfaction, Insurance, Entrepreneur insurance*

I. Introduction

The most important foundation of any organization is its customers. A person is named customer that purchases goods or services of a seller or provider in exchange for something (Etebarian and Taleh, 2010). Customer is placed on top of the board in organizational chart of some of the world's most successful companies. This means that the board has come to obey his/her orders, seek his/her tastes and provide his/her desires (Hosseini, 2009). Customers are always looking for suppliers who supply far better goods or services they offer (Maleki and Darabi, 2008). Also, due to increased competition in the market, the diversity of goods and services, and increased awareness the customers have wide choices and when they find better supplier, stop their own purchase. So, in today's business, maintaining customer through providing his/her satisfaction is very important. Also, attracting a new customer costs 5 to 11 times to maintain an old customer and two percent increase in customer retention, decreases costs up to ten percent (Shahin and Teimouri, 2007). In fact, the purpose of a business is to create a satisfied customer not profit. Profit is the reward of the action; the reward of creating customer satisfaction. When customer satisfaction is achieved, the profits will follow. Targeting customer satisfaction and exceeding his/her demands and expectations will ensure the long-term benefit. Customer satisfaction will have very important effect on current and future status of organizations. Schlesinger and Heskyt by presenting optimal service cycle theory, argue that by increasing satisfaction of customers, their sustainability to pay the price goes up, and as the result, profitability of the organization will increase and ultimately, job satisfaction and improved employee morale will be achieved, because the customers who have satisfaction from the organization, will transfer their positive experiences to others and thus, they will be a propaganda for the organization and consequently the cost of attraction of customers will decrease. And higher levels of customer satisfaction lead to his/her loyalty. Jones and Sasser believe that complete customer satisfaction is the key to ensure customer loyalty and creating a long-term financial performance is a superior long-term behavioral pattern (Karna, 2004). In Terblanch and Boshef's perspective, loyalty is a long-term behavior that has been strengthened by extra experiences over time. The customers whom the organization has surety about their loyalty must be supported by means of a shield of competitive elements such as price choice, performance development, and production improvement (Khoshpanjeh and Baghi, 2010). It is necessary to note that insurance industry is a service industry in which the quality and the communicational manner of organization and staff with customers play an important role in creating satisfaction. Hence, according to very high importance of the quality of services in the present age, the significant question is that what services can provide the highest satisfaction for customers and prepare customer loyalty? In other words, what properties and characteristics must be existed in services and productions encouraging customers to purchase and use them, affect their behaviors, and finally make them loyalty for the organization (Matzler et al., 2008)? This study aims to investigate this issue in entrepreneur insurance in Tehran.

II. Theoretical framework

The theoretical framework of the present study is based on Servqual model. In a study conducted on the quality of services it is observed that there is not a general agreement on the measurement of the quality of services. Servqual and service quality gap models were used to measure service quality (Parasuraman, 2006). Servqual approach as the most useful tool for measuring service quality compares customer expectations before facing services and customer perceptions resulted from real received services with each other. SERVQUAL model is capable to measure the quality of service that is used to measure the level of quality of services, gather customer opinions and determine their expectations of services in physical, responsiveness, empathy, reliability, and guarantee dimensions. In the service quality literature, the most common model for measuring service quality is SERVQUAL scale that is built in 1988 by Parasuraman, Zythamel and Berry (1988) and is based on the gap model. In this model, the evaluation of the quality of services is based on the customer real understanding of provided service quality in scale with ideal situation from their point of view.

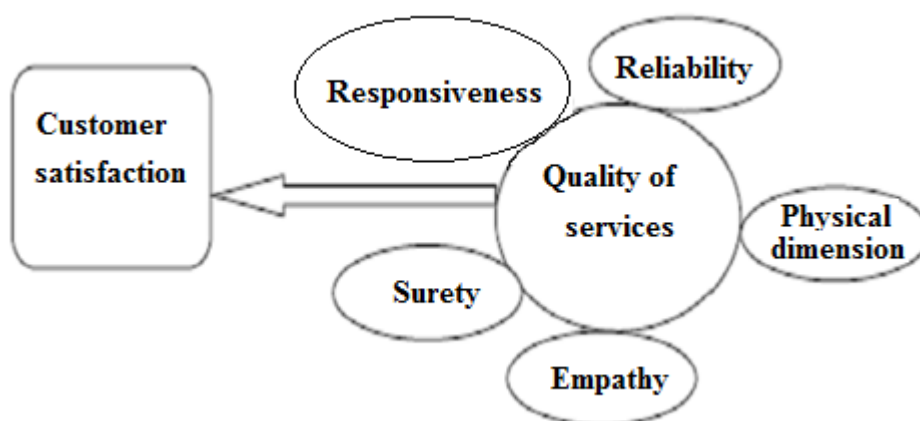
The main hypothesis

Service quality is effective on customer satisfaction in the entrepreneur insurance in Tehran.

Secondary hypotheses

1. The physical dimension of service quality is effective on customer satisfaction in the entrepreneur insurance in Tehran.
2. The reliability dimension of service quality is effective on customer satisfaction in the entrepreneur insurance in Tehran.
3. The responsiveness dimension of service quality is effective on customer satisfaction in the entrepreneur insurance in Tehran.
4. The surety dimension of service quality is effective on customer satisfaction in the entrepreneur insurance in Tehran.
5. The empathy dimension of service quality is effective on customer satisfaction in the entrepreneur insurance in Tehran.

The research model



Conceptual model derived from studies (Upadhyaya and Badlani, 2011; Chatzoglou et al., 2014)

III. Method

The present study is an applied study from aspect of the purpose and a descriptive survey from aspect of method. The statistical population in this study was entrepreneur insurance customers in Tehran that 384 of them were selected as the sample based on Cochran's formula through a simple random method. Data collection tool was a researcher-built questionnaire. Judgement of the elite and review of the literature were used to assess the content validity of the questionnaire and questionnaire reliability was calculated through Cronbach's alpha after a preliminary study and completion of at least 30 questionnaires by the study samples. The reliability for physical, validity, responsiveness, surety, empathy dimensions and whole questionnaire was obtained 0.782, 0.824, 0.832, 0.844, 0.749, and 0.822, respectively indicating acceptable reliability of questionnaire and its dimensions. In the descriptive section of analysis of data and information, mean descriptive statistics, standard deviation, frequency and percentage were used. In the analytical method, according to the hypotheses of the study inferential statistics proportionate with each hypothesis including Pearson correlation test and regression using SPSS software were applied.

IV. Findings

In this study, 384 entrepreneur insurance customers in Tehran were studied. 34.9% of respondents were male and 65.1% female. 35.41% of the study samples were over 40 years, 46.35% between 31 and 40 years, 14.58 %

between 21 to 30 years, and 3.64% were less than 20 years. 14.8% of the samples were single and 85.2% of them were married. 39.06% of the samples were associate's degree, 32.29% undergraduate, 20.83% master's degree and 7.81% diploma and lower. Average physical dimension of service quality in the entrepreneur insurance is 14.56; average reliability dimension of service quality in the entrepreneur insurance is 25.36; average responsiveness dimension of service quality in the entrepreneur insurance is 19.09; average surety dimension of service quality in the entrepreneur insurance is 22.29; and average empathy dimension of service quality in the entrepreneur insurance is 22.32.

Pearson correlation test

Pearson correlation test was used to investigate the relationship between two variables. In this test, initial (H_0) and opposite (H_1) hypotheses are as follows:

$$\begin{cases} H_0: \rho = 0 \\ H_1: \rho \neq 0 \end{cases}$$

In which, ρ indicates the correlation between two variables. In this test, if initial hypothesis is rejected it can be concluded that two variables has a significant relationship.

Table 4-7. Correlation between service quality and customer satisfaction in entrepreneur insurance in Tehran

Service quality	Customer satisfaction	
	Correlation factor	
	Significance level	0.823
physical dimension of service quality	Correlation factor	0.554
	Significance level	0.000
reliability dimension of service quality	Correlation factor	0.587
	Significance level	0.000
responsiveness dimension of service quality	Correlation factor	0.768
	Significance level	0.000
surety dimension of service quality	Correlation factor	0.792
	Significance level	0.000
empathy dimension of service quality	Correlation factor	0.744
	Significance level	0.000

As can be seen in Table 2, there is a significant positive relationship between service quality and customer satisfaction in entrepreneur insurance in Tehran and customer satisfaction in entrepreneur insurance increases with enhancement of service quality or increase of each service quality dimension.

Regression

Regression test is used to investigate the effect of service quality variables on customer satisfaction in entrepreneur insurance in Tehran. In this test, initial and opposed hypothesis is as follows:

$$\begin{cases} H_0: \beta = 0 \\ H_1: \beta \neq 0 \end{cases}$$

In which, β is the effect of independent variable on dependent variable. In this test, if initial hypothesis is rejected it can be concluded that independent variable has a significant effect on dependent variable.

Table 3. Regression test for investigating the effect of service quality on customer satisfaction in entrepreneur insurance in Tehran

Model	Sum of squares	Degree of freedom	Mean square	F	Significance level	R	Coefficient of determination
Regression	99.460	4	24.865	58.082	0.000	0.677	0.682
Residue	111.506	265	0.421				
Total	210.967	269					

As can be observed in Table 3, significance level is less than 0.05; consequently initial hypothesis is rejected at level of 0.05. Thus, service quality dimensions have significant effect on customer satisfaction in entrepreneur insurance in Tehran. The coefficient of determination of the model shows that 68% of customer satisfaction changes in entrepreneur insurance in Tehran are determined by service quality dimensions.

Table 4- Investigating the effect of the quality of services on the satisfaction of customers in entrepreneur insurance in Tehran

Model	Non-standard coefficients		Standard coefficients	t	Significance level
	B	Standard error	Beta		
Constant value	1.473	0.162	-	9.090	0.000
Physical	0.086	0.012	0.448	6.132	0.000
Reliability	0.071	0.018	0.723	1.733	0.004
Responsiveness	0.066	0.017	0.698	2.091	0.037
Surety	0.042	0.020	0.669	5.348	0.000
Empathy	0.021	0.017	0.403	1.733	0.001

According to the data presented in Table 4 it can be seen that the significant level of brand value dimension on customer retention is less than 0.05 and thus the initial hypothesis for these variables is rejected at the level of 0.05. Thus: With a physical increase of one unit in the quality of services entrepreneur insurance customer satisfaction increases by 0.44. With an increase of one unit in reliability the quality of services of entrepreneur insurance customer satisfaction increases by 0.72. With an increase of one unit in responsiveness the quality of services of entrepreneur insurance customer satisfaction increases by 0.69. With an increase of one unit in surety, the quality of services of entrepreneur insurance customer satisfaction increases by 0.66. With an increase of one unit in empathy, the quality of services of entrepreneur insurance customer satisfaction increases by 0.69.

V. Discussion and conclusion

The results of the present study showed that the quality of services is effective on the satisfaction of entrepreneur insurance customers in Tehran. Sandhu and Neetu Bala (2013) based on their studies reported that whatever insurance companies have better performance and efficiency from the perspective of customers and have more appropriate and sufficient equipment and also fulfill their promises, and adhere their ethical obligations, quality of their services will be well-assessed and this is in agreement with the results of the present study. Rod et al. (2009) conducted a study on bank customers and concluded that except physical dimension, the other dimensions have a direct significant relationship with satisfaction of bank customers that this finding is consistent with the result of the present study. But effectiveness of physical dimension on the satisfaction of customers was not observed in the study of Rod et al. (2009) that is not consistent with the present study. Studies show that identifying effective factors on the quality of services can lead to increase in the quality of services and decrease in gap between understood services and expectations of customers. Hosseini and Ghaderi (2010) counted staff behavior, competence and skills of employees, innovation in bank services, profit and facilities, responsiveness and providing services, bank physical equipment, reliability, diversity in services, and easiness in services as some effective factors on the quality of services that this was observed in insurance industry and also in entrepreneur insurance according to the findings of the present research. The results showed that there is a positive significant relationship between physical dimension of the quality of services and customer satisfaction in entrepreneur insurance in Tehran. It means customer satisfaction in entrepreneur insurance in Tehran increases with enhancement of physical dimension of the quality of services. Zivyar et al. (2012) in their study also showed that the dimensions of the quality of the services are effective on the satisfaction of customers. The results showed that there is a positive significant relationship between reliability of the quality of the services and satisfaction of customers of entrepreneur insurance in Tehran. It means customer satisfaction in entrepreneur insurance in Tehran increases with enhancement of reliability of the quality of the services. In Zivyar et al. study (2012), warranty was effective on the satisfaction of customers from the quality of services that this finding was in agreement with the present study. The gap of the quality of services in reliability dimension between expectations and perceptions of insurers is one of the findings of the present research. The quality warranty includes all rules and activities that are necessary for maintaining, sustaining and improving the quality and related centers should employ capable people with proper knowledge and expertise for providing services so that they are able to response referrers (Bahadori et al., 2013). There was not any findings in the present research to contradict this finding. The results showed that there is a positive significant relationship between reliability of the quality of services and customer satisfaction. It means customer satisfaction in entrepreneur insurance increases with enhancement of reliability of the quality of services. In study of Zivyar et al. (2012), responsiveness dimension was effective on the satisfaction of customers from the quality of services that this finding is consistent with the results of the present research. In studies conducted in insurance industry, the results show that variables presenting timely services and informing have most effectiveness on insurer satisfaction and whatever timely services are provided for insurers and correct and timely informing are given to insurers, they will report more satisfaction from services (Shahnoushi et al., 2009) that this findings is in agreement with the results of the present study. There was not any findings in the present research to contradict this finding. The results showed that there is a positive significant relationship between surety dimension of the quality of services and customer satisfaction. It means customer satisfaction in entrepreneur insurance increases with enhancement of surety of the quality of services. In study of Zivyar et al. (2012), surety dimension was effective on the satisfaction of customers from the quality of services that this finding is consistent with the results of the present research. The results indicate that ensuring service quality has been effective on the satisfaction of the customers in entrepreneur insurance in Tehran. As well as doing tasks according to performed commitments, staff willing to do the work and present services, How to properly perform services at the first visit, presenting services at given time, and keeping records and files for visitors accurately cause enhancement of credence to the staff. In recent years, some service centers have invested on physical and environmental aspects causing meeting customer needs to a large extent. There was not any findings in the present research to contradict this finding. The results showed that there is a positive significant

relationship between empathy dimension of the quality of services and customer satisfaction. It means customer satisfaction in entrepreneur insurance increases with enhancement of empathy of the quality of services. In study of Zivyar *et al.* (2012), empathy dimension was effective on the satisfaction of customers from the quality of services that this finding is consistent with the results of the present research. There was not any findings in the present research to contradict this finding. What is can be concluded from this research is that service organizations such as insurance companies should try to recognize needs and demands of customers. Sometimes these organizations recognize what is important for customers. Incorrect recognition will cause dissatisfaction of customers and more distance between real satisfactions of customer. Modifying anomies and finally quality service improvement will possible by applying Servqual model and evaluating the quality from customer point of view.

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