

Research Article

**STUDYING THE EFFECTS OF TRUST, QUALITY OF THE SERVICES
AND THE VALUE OF THE SERVICES ON CUSTOMERS'
SATISFACTION AND LOYALTY (CASE STUDY: IRAN INSURANCE CO.
OF RASHT CITY)**

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ABSTRACT

The purpose of this article is to inspect and review the effects of trust, quality of the services and the value of the services on customers' satisfaction and loyalty in the deputations of Iran Insurance Co. in Rasht City. The customers of Iran Insurance Co. in Rasht City comprise the statistical population of this survey. To determine the sample size, non-probability sampling method available to the statistical population was used and the sample size was determined 212. To investigate the validity of this survey, one-dimensional structure (component) method and the exploratory factor analysis and confirmatory factor analysis was used. Cronbach's alpha Test was used to determine the reliability of the survey. After collecting data and information by Inferential statistical, structural equation test was used with the help of LISREL Software. The data gathered then was analyzed by SPSS software. The findings of this survey show that the functional, social, emotional values and the customers' satisfaction of the insurance brands play a key role on the improvement of the customers' tendencies.

Keywords: *Service Value, Trust, Quality of the Services, Customers' Satisfaction, Loyalty*

INTRODUCTION

Organization today seek to identify and manage effective methods and models that create loyalty so that they can act more than just meeting the customers' basic needs and receive their sense of loyalty through establishing a long term, mutual and beneficial relations, and connections. They should focus on this matter with their capabilities because customers are the only source of the return of the assets being invested. Therefore, customer orientation constitutes the base of management theories of the new marketing. As a result, creating and implementing customers' satisfaction and loyalty monitoring and evaluation systems are the main measures for improving the organizations' function. The nature of the insurance companies makes it necessary to apply appropriate strategies and solutions for customer orientation, attracting and keeping the customers, for their existence depends on their customers; the more customers they receive and the more they can keep their current customers, the more successful they will be in the long run.

Issue

Increased international and local competitions in the markets compel organizations to turn to new ways of competing to be more successful in long term. Now days, the objective of marketing is to manage the demands through increasing the sense of loyalty among the costumers. Customers' satisfaction is not sufficiently enough and the organizations should not be contented and delighted with their customers' satisfaction. They should ensure that besides being satisfied, the customers should also be loyal (Momeni and Mohammadi, 2012). The competitive world of today has made organizations to give more importance and consider more the customers. Also, it has made them to consider their customers and their satisfaction instead of mass production (Richard and Shefter, 2000). With regard to this fact that the customers' expectations are becoming greater and increasing more, the organizations should beyond the customers' basic needs by meeting their expectations and focus on creating a sense of loyalty through establishing long term, mutual and beneficial relationship with their customers (Moradi, 2010). The study conducted, on how to avoid customers' separation from the organizations showed that the essential and main factors influencing loyalty depend on the level of customers' loyalty (Divandari and Delkhah, 2008). The

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findings of this study also showed that it is not correct and right to have the same behavior with all customers in order to increase their loyalty. Moreover, other findings of this study showed that factors such as satisfaction, reliability, the importance of relation play different role at various levels of customers' satisfaction (Jafari *et al.*, 2006). Taylor's investigations have shown that factors such as satisfaction, value, resistance to change, influence, trust and equity and justice of the organization have close a relation with customers' loyalty. On the relation between the quality of services and loyalty, Anderson and Lodzeng stated that in addition to the quality of the services which has a strong relation with customers' loyalty, relative attitude, repurchase and satisfaction can also change customers' sense of loyalty (Mansourian, 2008). Dang *et al.* (2010) has conducted a survey to study the relation that determines the customers' loyalty and satisfaction in China and concluded that a customer's satisfaction can follow the effect of the quality of the perceived services on the customer's loyalty as perceived services intermediaries. Moreover, the effect of the quality of perceived services on the customers' loyalty will be achieved through their satisfaction. Customers' trust and satisfaction as well as expenses directly will increase customers' loyalty while age, gender, and exploitation time will have moderate effects.

With regard to the importance of customers' loyalty and the competitive environment in the industrial companies, including insurance companies, marketers and managers should be aware and informed of the concepts on loyalty and customer orientation techniques and meet their customers' needs and demand better than their rivals by benefitting from new technologies so that they could survive and win the competition (Momeni and Mohammadi, 2012).

Insurance industry as an important part is not an exception. In order to succeed and overtake the rivals, insurance companies should pay great attention to their customers' satisfaction and loyalty (Zareei *et al.*, 2012). Insurance companies do not produce tangible products but they provide their customers with services called insurance policies (insurance cards). If the insurance companies are not efficacious and profit making, they will face problem in carrying out their commitments and providing their customers with services; consequently, they cannot survive in the market in long term (Bahrainzadeh and Ziaeei, 2012). As we know a policy holder relinquishes a tangible benefit (money) to reach to an intangible benefit (expectations). In other words, a policy holder, by paying money, will buy a dream that will come true later; therefore, the relationship between expectation and reality is of great importance (Ghaffari *et al.*, 2011). The final worry of a policy holder is that whether his or her expectations will come true or not? Therefore, their expectations should be clear what their expectations are and how they should be reached and fulfilled so that it would result in customer's satisfaction and consequently, their loyalty.

An increase in the number of private insurance companies and the intensity of the competitions among these companies, paying attention to the customers' satisfaction and loyalty became very important. Due to the importance of the topic on managing the relation with the customers to attract and keep them, this survey seeks to identify the factors affecting the customers' loyalty in the insurance companies so that the opportunity for increasing customers' satisfaction and loyalty would increase through establishing more effective relations, attracting new customers and keeping their old customers. Thus, the beneficiaries will see an increase in the market share and stock and more profitability in comparison with the rivals. Finally, with regard to the literature of the survey, the main objective of the present study is to inspect and review the effects of trust, quality of the perceived services and the value of the perceived services on customers' satisfaction and loyalty in the deputations of Iran Insurance Co. in Rasht City.

Hypothesis

1. The perceived changes expenses will affect the loyalty of the customers of Iran Insurance Co. in Rasht City.
2. Trust influences the loyalty of the customers of Iran Insurance Co. in Rasht City.
3. The perceived quality of the services influences the loyalty of the customers of Iran Insurance Co. in Rasht City.
4. Functional value influences the satisfaction of the customers of Iran Insurance Co. in Rasht City.
5. Social value influences the satisfaction of the customers of Iran Insurance Co. in Rasht City.
6. Financial (cash) value influences the satisfaction of the customers of Iran Insurance Co. in Rasht City.

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7. Emotional value influences the satisfaction of the customers of Iran Insurance Co. in Rasht City.
8. Satisfaction influences the loyalty of the customers of Iran Insurance Co. in Rasht City.

MATERIALS AND METHODS

Research Methodology

The present research is applied and operational in terms of purpose while it is descriptive in terms of implementation, with an emphasis on the scientific model. Data is gathered through field studies. The customers of Iran Insurance Co. in Rasht City comprise the statistical population of this survey. The sampling method in this survey is unlikely available. Data and information were gathered while being present in the representative offices of Iran Insurance Companies in Rasht City. Questionnaire was used as the tool for gathering data. It included 48 items. The questionnaire is the result of studying library resources and the help and guidance of the specialists. The researcher referred to the professors and specialists to ensure the validity of the measures and evaluation tools in inspecting and evaluating the variables of this survey. Cronbach's alpha Test was used to determine the reliability of the survey. The data gathered then was analyzed by SPSS software.

Table 1: Reliability of the questionnaire

No	Variable	Cronbach's alpha coefficient
1	Social value	0.85
2	Functional value	0.82
3	Financial (cash) value	0.84
4	Emotional value	0.84
5	Change expenses	0.84
6	Quality of the services	0.83
7	Trust	0.85
8	Customer's loyalty	0.86
9	Customer's satisfaction	0.82

As shown in the above tables, the reliability of the variables of this survey is more than 0.7, which proves the reliability of the test and the acceptance of data gathering tool. SPSS and LISREL software have been used to analyze the data. Structural equation model has been used to investigate the relations between the components of the model. Also, the researcher has used the structural equation model for conformity factor analysis.

RESULTS AND DISCUSSION

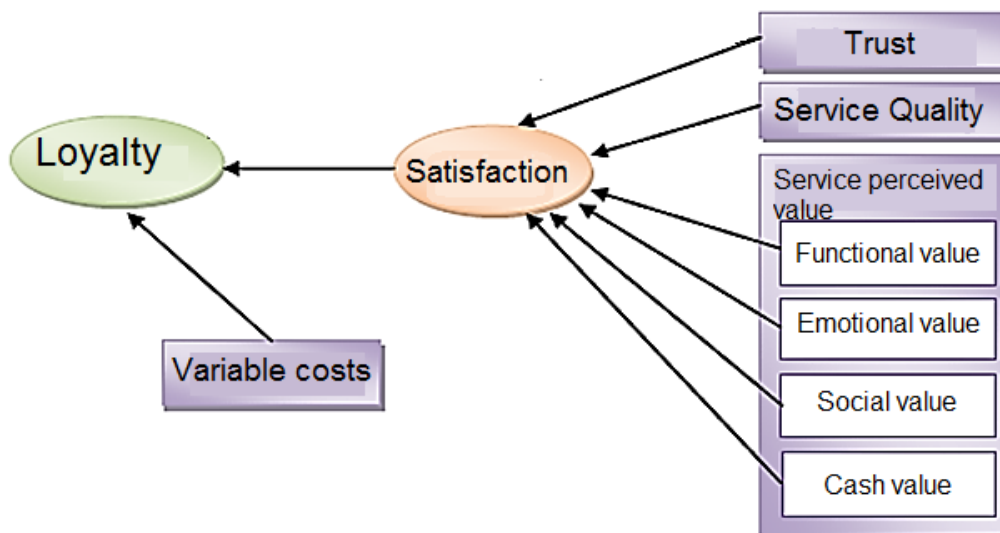
Findings

Structural equation model has been used along with Lisrel 8.8 Software to review and analyze the hypothesis. This method provides the opportunity to test the correctness of the hypothesis and shows the meaningfulness of the coefficients. The result of the inferential methods based on scientific model is presented in this part, so that, the test of the primary model of the survey is presented first. Then, the test on the hypothesis is presented.

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Testing Survey Model

In this part, the survey model is tested for research hypothesis.



Graph 1: Conceptual model of the survey

Expletory Factor Analysis

In expletory analysis, the researcher reviews experimental data to discover and identify indices and the relation between them. No specific model is imposed in this procedure. In other words, expletory factor analysis is not only worth recommending or exploring, but it can also make a structure, a model, and a hypothesis.

Expletory analysis is used when the researcher does not have enough pre experimental evidence to form the hypothesis on the number of the infrastructural factors of data and explores the data to determine the nature of the factors that explain the covariance of the variables. Hence, expletory analysis is a method for compiling and forming theory rather than being a way of testing theory.

Regarding table 1, since KMO is 0.826 in this research ($\cong 1$), then it can be stated that the data is suitable for analysis.

Moreover, since sig is less than 0.5 in Bartlett's Test, it can be concluded that factor analysis is suitable for identifying the structure.

Table 1: KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		0.826
Bartlett's Test of Sphericity	Approx. Chi-Square	2844.32
	Df	1051
	Sig.	0.000

Conformity Factor Analysis

In conformity factor analysis, the researcher tries to prepare a model which describes or explains experimental data according to few parameters. This model depends on pre experimental information on the structure of data which, in the form of a theory or hypothesis, could be a classification scheme for certain items in conformity with the objective characteristics of form and content, clear empirical situations or knowledge gained from previous studies of large data. The conformity methods determine if data are in accordance with a special factor structure or not?

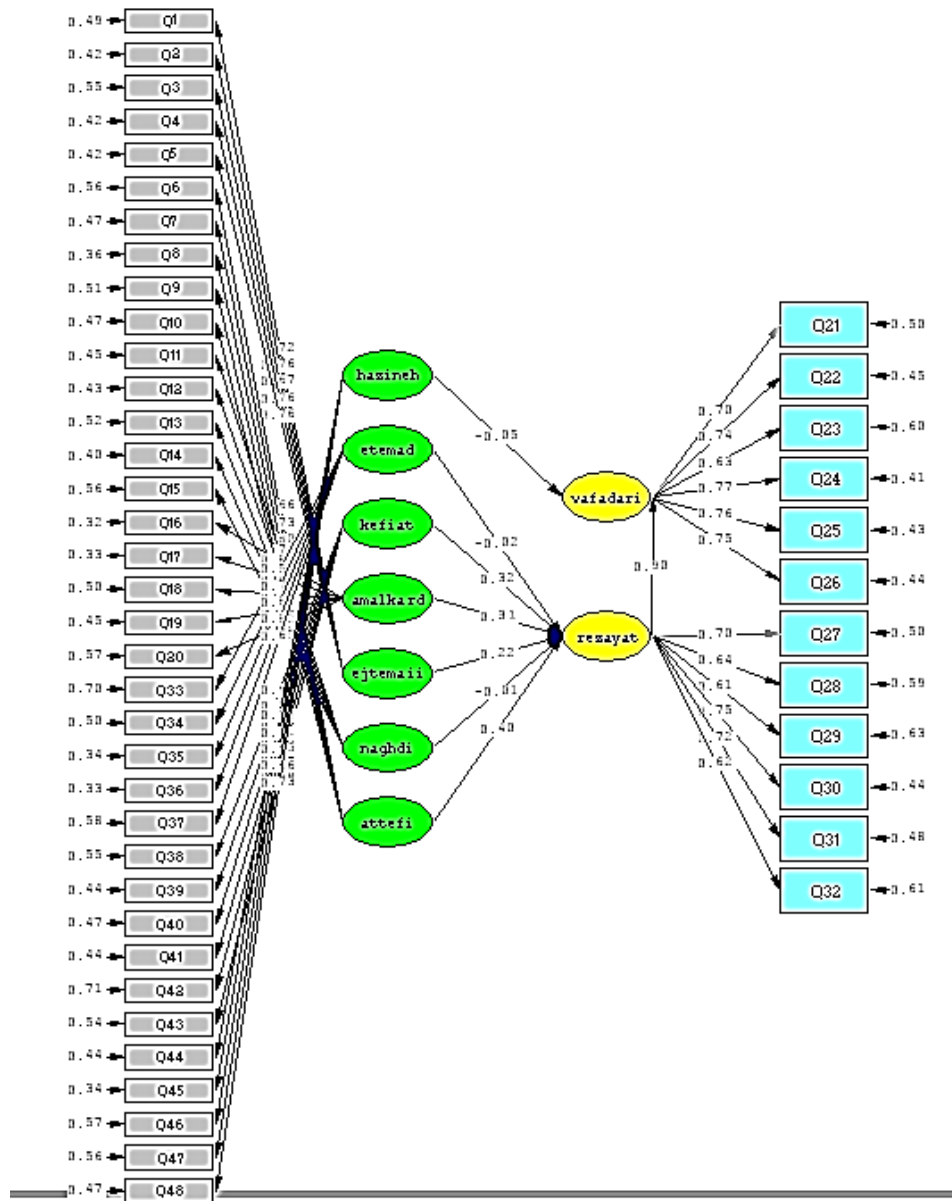
Factor loadings indicate any correlation between (manifest variables) and each (latent) variable. 3.0 is the standard for acceptable factor loadings. If the item loading is greater than 3.0, it can be said that the item

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is properly validated and accepted. With the average variance extracted (AVE), the convergent validity can be measured. Its value ranges between zero and one, and the higher the value is, the more credit the scale.

Structural Equation

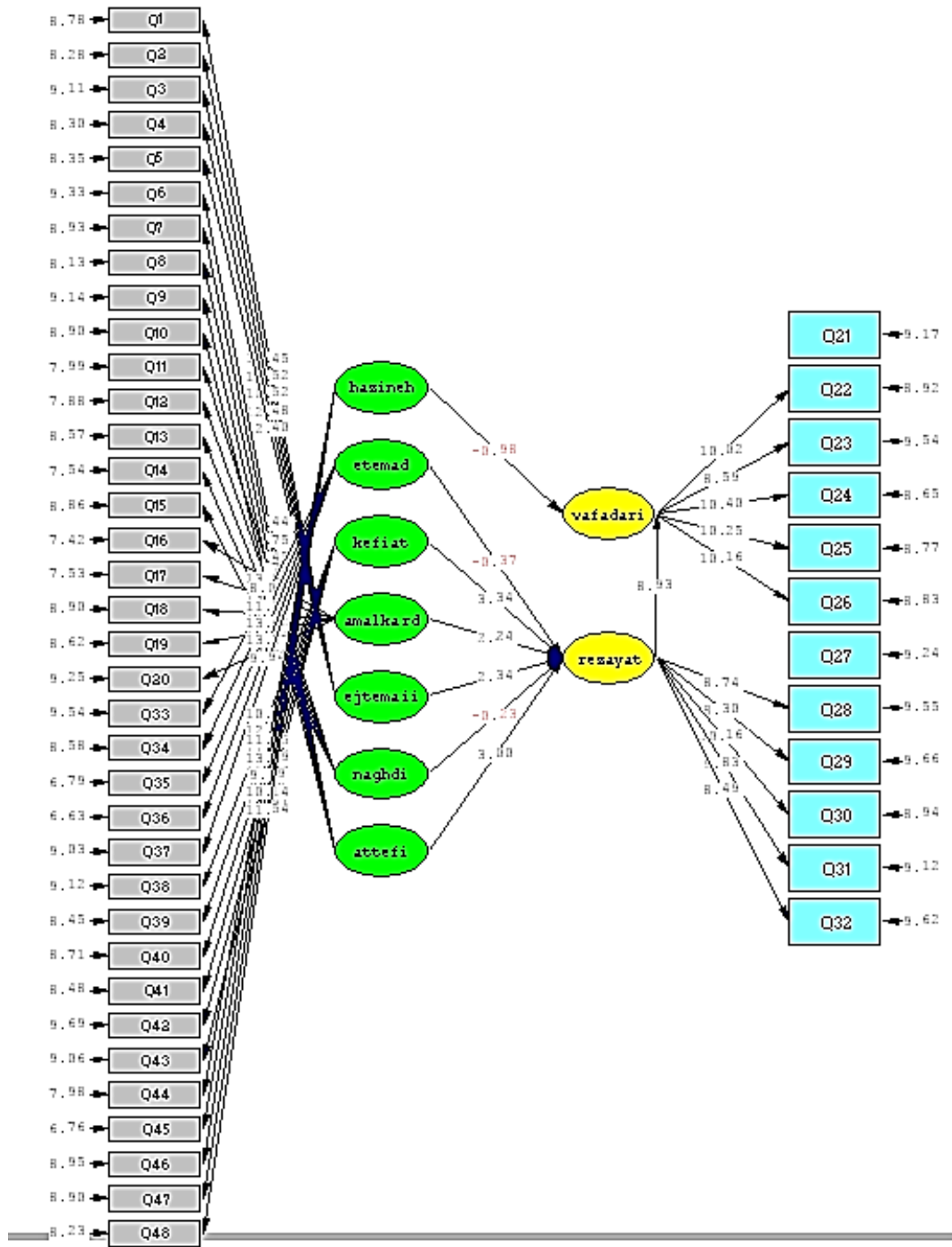
The final model of the research is presented in Graph 2.



Graph 2: Final revised model

Based on structural equation modeling, LISREL8.8 soft ware process the survey model and outcome is presented in Graph 3. In this model, only the relation between the variables is considered and the coefficients are just for the relations. As shown in Graph 3, the arrows connecting hidden variables to the observed and visible ones are factor loads. The greater the factor load and the closer it is to 1, the better the observed variables can define the hidden ones. What's more, the greater the factor load, the less the errors of the model will be.

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Graph 3: Final model test with t item for the paths

With regard to the above graph, t is for dependent and independent variables. In case t-value is more than 1.96 and less than -1.96, then there would be a relation. But in case it is less than 1.96 and more than -1.96, then there would be no relation.

Fitting Index of the Model

Fitting index of the model would be determined according to the research test model. This index is presented in table 2:

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Table 2:

Fitting index	Amount
X ² square on degree of freedom (df)	2.7
CFI (Comparative fitting index)	0.88
GFI (Good fitting index)	0.9
NFI (Standardized fitting index)	0.9
NNFI (Not standardized fitting index)	0.9
RMSEA (The square root of the variance of the estimation error of approximation)	0.09

If X² is not statistically meaningful, it then means it is fitting well. But since the above mentioned model has a high degree of freedom, the reduction of X² is not possible. But we can say that X² square on degree of freedom is near 3, it shows the desired fitting. It is 2.7 for the above mentioned model which is less than the accepted thresh hold; therefore, it is good fitting for the model. On the other hand, in case GFI, NFI, and NNFI are near 0.80, the good fitting of the model would be achieved. As shown in the table, GFI, NFI and NNFI are each 0.9, which are at the desired and appropriate thresh hold. Moreover, RMSEA is 0.09 which again shows a good fitting.

Review the Hypothesis

The result of the test based on the structural equation model is presented in table 3.

Table 3: The result of the test based on the structural equation model

N0.	Hypothesis	Standard calculations	t	results
1	The perceived changes expenses will affect the loyalty of the customers of Iran Insurance Co. in Rasht City.	-0.05	-0.98	Failed
2	Trust influences the loyalty of the customers of Iran Insurance Co. in Rasht City.	0.02	-3.37	Failed
3	The perceived quality of the services influences the loyalty of the customers of Iran Insurance Co. in Rasht City.	0.32	3.34	Approved
4	Functional value influences the satisfaction of the customers of Iran Insurance Co. in Rasht City.	0.31	2.24	Approved
5	Social value influences the satisfaction of the customers of Iran Insurance Co. in Rasht City.	0.22	2.34	Approved
6	Financial (cash) value influences the satisfaction of the customers of Iran Insurance Co. in Rasht City.	-0.01	-3.23	Failed
7	Emotional value influences the satisfaction of the customers of Iran Insurance Co. in Rasht City.	0.40	3.00	Approved
8	Satisfaction influences the loyalty of the customers of Iran Insurance Co. in Rasht City.	0.90	8.93	Approved

As shown in table 3, the path is meaningful for 5 relations while it is not for 3 of them. The hypothesis can be reviewed according to the amounts calculated in the survey model.

Conclusion

The present survey was conducted to inspect the effects of trust, quality of the services and the perceived value of the services on the Iran Insurance Company customers' satisfaction and loyalty. The findings show that:

- ❖ The perceived quality of the services influences the loyalty of the customers of Iran Insurance Co. in Rasht City.
- ❖ Functional value influences the satisfaction of the customers of Iran Insurance Co. in Rasht City.

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- ❖ Social value influences the satisfaction of the customers of Iran Insurance Co. in Rasht City.
- ❖ Emotional value influences the satisfaction of the customers of Iran Insurance Co. in Rasht City.
- ❖ Satisfaction influences the loyalty of the customers of Iran Insurance Co. in Rasht City.

Findings of this research are parallel to the findings of a research conducted by Dang *et al.*, (2010) in which they examined the determining relationship between customers' satisfaction and loyalty. Since the relationship between perceived quality of the services and the customers' loyalty in Iran Insurance Co. has been approved, it is suggested to review and inspect the quality of the services from other aspects such as trusting the services, privatizing the services, and providing the services in a professional way and the speed in providing the services. Managers of Iran Insurance Co. should avoid activities that will reduce the quality of the services this brand is providing.

Also, considering the meaningful relation between the functional value and the customers' satisfaction, it is suggested to provide and deliver services in such a way that easily accessible to the customers. Moreover, the insurance company should consider the benefits of the customer in accordance with its main objectives.

Regarding the relation between the social value and the customers' satisfaction, it is suggested that the company prepares strategies to increase its credit and reliability through customers' satisfaction so that the customers will also benefit from this reliability.

Regarding the relation between the emotional value and the customers' satisfaction, it is suggested that the managers and authorities of Iran Insurance Co. increase customers' satisfaction keeping in mind issues such as the appearance and the social skills.

Finally, regarding the relation between the customers' loyalty and the customers' satisfaction, it is suggested that the managers and authorities of Iran Insurance Co. consider the customers as a key element along with other above mentioned points so that they can have their loyalty in selecting this brand once more and recommending it to their relatives.

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