The measurement of service quality by using SERVQUAL and quality gap model

Sahar Siami³ and Mohammadbagher Gorji²

³Department of Management, Alibad Katoul Branch, Islamic Azad University, Alibad Katoul, Iran
²Assistant Professor, Department of Management, Alibad Katoul Branch, Islamic Azad University, Alibad Katoul, Iran

siami_s@yahoo.com

Abstract

The aim of this paper is to determine the status of service quality based on gap model in the insurance industry. The research method was an applied and Survey-Correlation type. The statistical population includes all managers, employees and customers of Iran's three insurance companies namely Alborz, Iran and Dana. The sample volume of various categories viz. managers, employees and customers are respectively 203, 324 and 356 people that have been selected by simple random and stratified sampling. The data collection tools are five questionnaires related to the five gaps of service quality, whose validity by content method and reliability by Cronbach method have been confirmed and for the first through fifth gaps are respectively 0.877, 0.758, 0.944, 0.878 (two questionnaires 0.916 and 0.959). In order to analyze the data, there have been used Spearman and Pearson correlation methods. Research Findings show that rate of present service quality as % 52/2 from the customers' point of view and also they estimated the rate of five gaps in service quality as -2.5, 2.7, -2.5, -0.2 and -1.6 for the first through fifth gaps respectively; these represent inappropriate service quality in industry. Also the results represent that reliability is the most important and tangible dimensions are the least important factors at delivering an optimal insurance services.

Keywords: Serve quality, Customer care, Service gap model, Insurance industry.

Introduction

Customer satisfaction and service quality are considered as critical issues in most service industries (Zeng et al., 2010). High and unique quality is a way to win customers and make them loyal for a long time. Management literature proposes many concepts and approaches concerning how to deal with service quality. There are also many different concepts how the notion “service quality” should be understood (Urban, 2009). Delivering appropriate service quality plays an increasingly important role in service industries such as insurance, banking, etc as the service quality is critical to the profitability and survival of these organizations. Therefore, it is worth to measure service quality to obtain better understanding of the service quality is delivered by organizations (Tahir & Abubakar, 2007).

To achieve customer expectations, insurance industry should employ strategic plans to provide appropriate products and services. To do so, using customers’ point of view, these organizations are supposed to measure their customers’ expectations and satisfaction level as these findings help them match their services with those in local and global markets (Al-Rousan & Mohamed, 2010). Given the increasing role of service organizations in the economic area and the importance of services in competitive environments, the service and public organizations such as bank should have strategic and dynamic look on managing service qualities and also have clear understanding of service quality, customer expectations and general specifications of quality.

The general philosophy and attitude which is based on marketing principles in insurance industry are "since no one buys the products, rather they should be sold". Therefore insurance organizations by using appropriate measures such as ideal service, quality and policies of encouragement should motivate the public to buy the products. So it is easy to understand that one of the success factors in insurance companies is use of management theories especially service quality management, because the main centre of service quality management is attending to customers’ needs and sustainable improvement of all products, services and processes. (Yee et al., 2010) The perception of service quality has been extensively studied during the past three decades. Owing to the intangible, heterogeneous and inseparable nature of services, service quality has been defined as “the consumer's judgment about a product's overall excellence or superiority or “the consumer's overall impression of the relative inferiority/superiority of the organization and its services'. Many models have been developed to measure customer perceptions of service quality (Martinez & Martinez, 2010).

Quality service and SERVQUAL model

Customer's satisfaction and service quality are considered as vital affairs in mostly service industry nowadays (Ying-feng et al., 2009). Bates and Habrt (1994) defined quality of service as a general understanding of the client or the suitability of the unsuitable relative to their organization and services. According to Parasuraman et al. (1985), quality of service received as an international judge or superior attitudes depends on the service provided. The judge on quality
service reflects the difference between order and route customer views and expectations (Lee et al., 2009).

Quality has been generally defined as “fitness for use” and “those product features which meet customer needs and thereby provide customer satisfaction” These basic definitions are commonly accepted and can also be applied in service management. However, when it comes to more specific service quality attributes and dimensions a wide variety of models and frameworks exist and there is an intense discussion on service quality measurement in different industry contexts. In particular, traditional concepts and measures of service quality and customer satisfaction have been questioned in the business-to-business environment (Juga et al., 2010). Service quality can have many different meanings in different contexts. Several scholars’ defined service quality based on different theoretical assumptions. For example, Bitner and Hubbert (1994) defined service quality as “the consumer's overall impression of the relative inferiority or superiority of the organization and its services”. Parasuraman et al. (1985) defined perceived service quality as “a global judgment, or attitude relating to the superiority of a service” and noted that the judgment on service quality is a reflection of the degree and direction of discrepancy between consumers’ perceptions and expectations (Rajasekhar et al., 2009).

Basic study on the quality of service by Parasuraman and colleagues took place in 1998. Based on the definition of service quality, Parasuraman SERVQUAL words in a five-dimensional scale (feelings, reliability, response capabilities, ensures and guarantees, empathy) were spread widely within the various organizations has been used (Zeithaml et al., 2006). Research has shown SERVQUAL to be an effective and stable tool for measuring service quality across service industries (Bebko, 2000).

The literature is very rich in terms of definition, dimensions, models and measurement issues in service quality, supported by a number of empirical studies from a variety of service-related application areas. Some of the contemporary definitions of service quality from the literature were given in among them, the SERVQUAL scale is designed to measure service quality perceived by the respondents from five different service categories: retail banking, long-distance telephone, securities brokerage, appliance repair and maintenance firm, and credit cards. (Chen et al., 2009). According to this model, service quality is based on a comparison of customer’s expectations with perceptions of the service actually received (Juga et al., 2010). The authors developed SERVQUAL, a five-dimension scale which represent Tangibles, Reliability, Responsiveness, Assurance, and Empathy (Zeithaml et al., 2006). The five dimensions by which consumers evaluate service quality (Bebko, 2000): (1) Tangibles: The appearance of physical facilities, equipment, personnel and communications material; (2) Reliability: The ability to perform the promised service dependably and accurately; (3) Responsiveness: The willingness to help customers and provide prompt service; (4) Assurance: The knowledge and courtesy of employees and their ability to convey trust and confidence; (5) Empathy: The caring, individualized attention the firm provides its customers. Reliability largely concerns whether the outcome of service delivery was as promised. The other four dimensions concern the process of service or how the service was delivered (Santos, 2003).

According to Zeithaml et al. (2006), service is “deeds, processes, and performance”. The definition suggests that service in general is not a tangible object that can be felt or touched, which distinguishes service from tangible products. Zeithaml et al. (1990) emphasized four basic characteristics of services: intangibility, perishability, heterogeneity, and simultaneity. More specifically, intangibility suggests that services are performances only experienced by the customer. Perishability indicates that a service cannot be produced and stored for future use. Heterogeneity reflects that the performance of the producer and customer’s perception are often different from producer to producer, customer to customer, and from day to day. Thus, services are inherently variable and lack consistency. Lastly, simultaneity means the production of the services occur at the same time as consumption. Thus, a customer cannot judge the quality of the product prior to using it. Although the service tends to be intangible in nature, tangible aspects of the service organization have a critical role in delivering the service product or experience. Berry and Parasuraman (1991) noted that, “if the core benefit source is more intangible than tangible, it would be considered a service” (Lee et al., 2010).

However, Cronin and Taylor (1992) criticized SERVQUAL and proposed an alternative scale called SERVPERF. It includes all the SERVQUAL scale dimensions, but uses only service performance (perception) as a measure of customer perceived service quality instead of the gap (between expectation and perception) approach of SERVQUAL (Wong et al., 2010). Service Quality Gap Model

Among many concepts of service quality, the service quality gaps model plays an unquestionably significant role in the service management literature. Gaps approach proposes precious propositions on how the notion “service quality” might be understood and how the service quality emerges across a service organization (Urban, 2009). Parasuraman et al. (1985) think that the cognition level of service quality is evaluated by the difference between pre-sell service expectation and after-sell service perceptions. Therefore, the bank, credit card, security agent and product maintenance, etc industries were processed using exploration study to further establish service quality model. The model is mainly to explain the reason that the service quality of the service industry cannot meet the customer demands, and
considers that in order to meet the customer demands, it is necessary to break through the five service quality gaps in the model. In order to satisfy the customer, the difference of Gap 5 needs to be shortened, therefore, directly considering the customer expected service standard and actual perceptions service standard will be allow the evaluation of the overall service quality result, which is the value of Gap 5 (Yuan et al., 2010).

Parasuraman et al. (1985) found 11 determining factors of service quality in the service quality model established from the difference between expected customer service and cognition service. These respectively are Tangibles, Reliability, Responsiveness, Competence, Courtesy, Credibility, Security, Access, Assurance, Communication, and Understanding (Udo et al., 2010). Parasuraman et al. (1988) used ten service dimensions as the foundation to develop 97 questions and adopted the concept of service quality is originated from the difference between customer expected service and cognition service, which is \( Q \) (service quality) = \( P \) (Perceptions) - \( E \) (Expectations), to process questionnaire investigation and analysis, using the factor analysis method to find the service quality scale with good
reliability and validity. This scale is formed using five dimensions and 22 service quality questions. The scale is called “SERVQUAL”, and the five dimensions of the scale respectively are Tangibles, Reliability, Responsiveness, Assurance and Empathy (Yuan et al., 2010).

Materials and methods
The research method was applied and Survey-Correlation. The statistic population includes all managers, employees and customers of Iran's three insurance companies namely Alborz, Iran and Dana. The sample volume for managers, employees and customers are 203, 324 and 356 people respectively. They have been selected by simple random and stratified sampling. The data collection tools are five questionnaires related to the five gaps of service quality, which validity by content method and reliability by Cronbach method have been confirmed and for the first through fifth gaps are respectively 0.877, 0.758, 0.944, 0.878 (two questionnaires 0.916 and 0.959). In order to analyze the data, there have been used Spearman and Pearson correlation methods.

Results
Table 1. Comparison of perceptions and expectations of customers in the Insurance Industry

<table>
<thead>
<tr>
<th>Servqual factors</th>
<th>Customer expectations</th>
<th>Consumer perceptions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tangibles</td>
<td>90.71%</td>
<td>63.43%</td>
</tr>
<tr>
<td>Reliability</td>
<td>93.26%</td>
<td>57.09%</td>
</tr>
<tr>
<td>Responsiveness</td>
<td>90.03%</td>
<td>57.91%</td>
</tr>
<tr>
<td>Assurance</td>
<td>91.88%</td>
<td>58.34%</td>
</tr>
<tr>
<td>Empathy</td>
<td>86.24%</td>
<td>58.69%</td>
</tr>
</tbody>
</table>

Table 1. displays findings from data analysis which shows status of service quality in insurance industry, with respect to the percentages of consumer expectations column) it becomes clear the rates of consumer expectations in the five dimensions of Servqual for delivering services are very high, but consumer perceptions column shows that the level of delivered services are average. Therefore, with making a comparison between consumers expectation and perceptions in both columns of table 1 it can be perceived that there is the maximum gap in reliability criterion and also the minimum gap in tangibles criterion, so based on the results it is found out the insurance companies pay more attention to tangibles criterion whereas reliability criterion is a factor of great importance in delivering service and insurance companies pay less attention to this criterion. In continuation, the rates of service quality gaps in insurance companies are presented.

As specified in Table 2, there is a gap in every five situation, in the insurance industry in a way that all rates are negative and only the second gap's rate is positive, and the reason is, the managers misunderstand the customers of insurance industry's expectations and based on this matter, service quality specifications are founded incorrectly. Finally, this matter confirms the effect of the second gap's rate in low quality of services in the insurance industry.

Conclusion
This study evaluated the situation of service quality based on the Service Quality gap Model to determine the five service gaps in Iran's insurance industry. The results showed that customers expect that five dimensions of Servqual for delivering excellent service get high levels, but their perceptions resulting from the perceived service are evaluated in moderate level. It also became clear that reliability and assurance criteria are the most important factor and the highest customers' expected criteria and empathy criterion is considered as the least important factor in insurance industry. In addition, it was found that in all five criteria of service quality model there are gaps between expectations and perceptions of customers and it means that the perceived services wasn't equal to expected needs of clients and customers don't get great satisfaction with the perceived services. Also the results of the research findings revealed that make use of and Servqual and service gap model, are appropriate tools for measuring service quality in the insurance industry, so it is suggested that these models are used to measure service quality continuously.

It should be noted that the priority of criteria for service quality in organizations and communities can be different according to the mission and culture of communities and organizations, but it can be certainly said that the reliability and assurance criteria will have the major effect on customers' satisfaction in the insurance industry.

Acknowledgements
We would like to thank the cooperation of all managers'; employee and customers of insurance companies whose assistance and comments were instrumental in the development of this study.

Table 2. The rates of service quality gaps in the insurance industry

<table>
<thead>
<tr>
<th>First rate gap</th>
<th>Second rate gap</th>
<th>Third rate gap</th>
<th>Fourth rate gap</th>
<th>Fifth rate gap</th>
</tr>
</thead>
<tbody>
<tr>
<td>-2.5</td>
<td>2.7</td>
<td>-2.5</td>
<td>-0.2</td>
<td>-1.6</td>
</tr>
</tbody>
</table>
References


