

IMPACT OF THE RATIONAL TYPE FACTORS ON CLIENT SATISFACTION ON THE ROMANIAN INSURANCES MARKET

Assistant Lecturer Cristina NEAGOE, PhD

Romanian-American University
1B, Expoziției Avenue, Sector 1, Bucharest
cristina_neagoie2004@yahoo.com

Abstract:

The relational marketing theoretical framework represented an important direction in respect of drafting the present scientific study. The fundamental truth acknowledged, by many authorities that decisively contributed to building the theoretical frame within the specific field, is that the most important objective of the modern organizations is cultivating among the clients the emotional commitment. However, as it is known, insurances represent a separate sector within the financial-banking services field as they are highly complex financial products that often create confusions at the level of consumers. Further to these considerations, we can state that the factors that determine the clients to choose an insurance company can be mainly defined by rational motivations. Based on the analysis of the Romanian insurances market, we expect that the factors that are included in the construction of the rational type commitment (price, economic advantage, insurance premium, office localization advantage) have a negative effect on the churn (meaning a positive effect on the client's satisfaction) as opposed to those extracted from the relational marketing literature. In this context, we consider to be highly useful, related to the volume of information possible to be obtained, the construction of the regression type econometric model.

Keywords: rational commitment, relationship marketing, satisfaction, insurances market

JEL Classification: M31

1. Introduction:

The relational marketing theoretical framework represented an important direction in respect of drafting the present scientific study. The fundamental truth acknowledged, by many authorities that decisively contributed to building the theoretical frame within the specific field, is that the most important objective of the modern organizations is cultivating among the clients the emotional commitment.

The distinctiveness of the insurances market, however, made necessary the testing and validating (or not) of the hypothesis according to which the successful relational market has as basis the clients' emotional attachment (or emotional commitment). Insurances represent a separate sector within the financial-banking services field. As it features a series of particularities, they require a separate approach. In the same time, they are highly complex financial products that often create confusions at the level of consumers. Further to these considerations, we can state that the factors that determine the clients to choose an insurance company can be mainly defined by rational motivations. By accepting this supposition, the rational commitment, determined by elements such as price,

payment of damages on time, etc., can have an important role in consolidating the relations with the clients on this specific market.

2. Theoretical aspects that underline the research

2.1. Conceptual limitations regarding the rational commitment

The literature on relational marketing emphasizes two different dimensions that lead to satisfaction among the clients: the emotional commitment created through interactivity, customization, reciprocity, trust and rational commitment, created through elements such as price, economic advantage, etc. (Fullerton 2003; Morgan and Hunt 1994).

These considerations set the limits of two essential dimensions of the commitment: the emotional dimension and the rational one (Hansen, Sandvik and Selnes 2003; Johnson et al. 2001). The rational commitment is defined as the connection with the organization determined by purely economic reasons and interests; which leads to a distant and calculated interaction.

2.2. Clients' satisfaction – key variable in the relational process

Consensually, satisfaction is used in order to explain fidelity and as a behaviour intention (Gustafsson A., Johnson D., Roos I., 2005, p.211), due to the existence of a positive and progressive relation between the two concepts. Although there are opinions according to which consumer's satisfaction represents the key to undertaking customer loyalty, it must be stated that by itself it cannot fulfill such a complex mission. Between the two acceptations there is a proportion as from part to whole.

3. The insurances market in Romania

3.1. The beneficiary of the insurance

In most cases, the one that benefits from the allowance is also the insured party. "The insured party is a natural or legal person, party within the insurance contract, who, based on this contract, assumes the obligation to pay an amount of money, named premium, to the insurer, and who is entitled on the occurrence of a risk, named insured risk, to receive from the insurer the compensation or insured amount, named compensation, within the agreed upon limits and terms" (<http://www.euroavocatura.ro/dictionar/2504/Asigurat>)

Therefore all natural or legal persons that hold an insurance policy are called insured party. "In case the beneficiary is a third party, he/ she can be nominated by the insured party in the insurance contract on signing or he/ she can be assigned during contract execution through a written declaration sent to the insurance company or he/ she can be assigned through a will" (Petrescu E. C., 2005, p. 30).

3.2. Dimensions of the insurances market in Romania

When setting the dimensions of the insurances market in Romania, we proceeded in analyzing the volume of cashed insurance premiums.

Table 1.**The dynamics of premiums collected from general and life insurances**

Year of reference	The dynamics of the issued premiums for <i>general insurances</i>		The dynamics of the issued premiums for <i>life insurances</i>	
	Issued gross premium (lei)	Nominal increase compared to the previous year (%)	Issued gross premium (lei)	Nominal increase compared to the previous year (%)
2003	2.053.884.178	-	619.932.113	-
2004	2.730.518.766	32,94	746.025.160	20,34
2005	3.379.170.106	23,76	1.037.995.713	39,14
2006	4.591.002.641	35,86	1.138.281.900	9,66
2007	5.726.752.784	24,73	1.449.036.915	27,30
2008	7.068.173.520	23,42	1.868.112.985	28,92

Source: 2008 Report of the Insurance control commission

“The volume of insurance premiums cashed in from the insured parties indicate the real size of the insurances market at a given time” (Petrescu E. C., 2005, p. 85). Starting 2003 this indicator registered an increasing trajectory. With reference to general insurances, the nominal increase has been decreasing in the recent years and regarding the life insurances the variations have been difficult to predict. In the most recently analyzed year, the dimension of the market has a value of 8.936.286.505 lei which represents the total value of insurances cashed in from the insured parties (for life and general insurances) by the 44 operators on the Romanian insurances market.

According to the results of the analysis of this indicator, at the level of year 2010, the first 10 insurance companies that develop their activity in our country are (Insurance Profile, No. 1, 2011): SC Astra SA, Allianz Ţiriac Asigurări SA, Omniasig Vienna Insurance Group, GroupAma, Asirrom, BCR Asigurări, ING asigurări de viaţă (ING life insurance), Generali Asigurări SA, Uniqua and BCR asigurări de viaţă (BCR life insurance). The top of the previous years has been dominated by the company Allianz Ţiriac, and 2010 was the year when Astra Asigurări became leader on this segment of market.

4. Research methodology

Based on the specialty literature, we expect that the factors that are included in the construction of the rational type commitment (price, economic advantage, insurance premium, office localization advantage) have a negative effect on the churn (meaning a positive effect on the client's satisfaction). In this context, we consider to be highly useful, related to the volume of information possible to be obtained, the simple regression type econometric analysis. The variables taken into consideration in order to define the regression model are: rational commitment (independent variable), build through more rational type factors (named hereinafter – items) and satisfaction (dependent variable).

The means to determine the quantitative research instruments (questionnaire) take into consideration the two variables as well as 6 and respectively 4 items from their structure. This is presented in the table below:

Table 2

The base of the research instruments

Independent variable ***Rational commitment ***	Dependent variable ***Insured party's satisfaction ***
<ol style="list-style-type: none"> 1. In choosing the insurer, the main criteria is the price; 2. I do not expect high quality products from the insurance company; 3. I am very careful when signing the insurance policy (I repeatedly read the contract); 4. It pay off, from the economic point of view, to be the client of an insurance company; 5. I would suffer financially when terminating the relation; 6. In taking the decision of renewing the policy with the insurer, the decrease of the insurance premium is the main criteria; 7. The company's office represents an advantage compared to other companies; 	<ol style="list-style-type: none"> 1. I am satisfied with the insurance company in accordance with the expectations; 2. The insurance company always fulfilled its promises; 3. In case of damages, I have always been reimbursed according to the promises; 4. Compared to an ideal insurance company, I am satisfied with the one that insured me;

Source: Own representation

4.1. Purpose and objectives of the research

The purpose of the quantitative research is the analysis of the impact of the rational factors (rational commitment) on client satisfaction on the Romanian insurances market as well as of the contribution to the development of an adequate decisional support in order to draft relational marketing strategies.

The objectives of the research have a causal nature and aim at obtaining some directions that can form a managerial support in order to optimize specific strategies:

- Between the "rational commitment" independent variable and the "satisfaction" dependent variable there is a high intensity positive correlation;
- Determine the measure in which the rational commitment can lead to the satisfaction of the insured party;

4.2. Data collection

The method for achieving the quantitative research is inquiry and the methodological design of the study lead to the use of questionnaire. The quantitative type approach allowed data collection from a significant number of subjects. The preliminary analysis of data revealed that the sample is representative at the level on analyzed population (insurances field). The period for data collection covered a period of approximately 5 months. Data collection was achieved in our country, the distribution of respondents, insured parties – legal persons clients that form the collectivity involved in running the process, being over the entire territory of Romania.

4.3. Research results

Taking into consideration the specific of the insurances market, it is expected that the rational commitment have a significant impact on the insured parties' satisfaction. Due to the less clear perception regarding the implications of this type of activity, generated by the fact that the insured parties do not know exactly what they paid for and permanently

wish that they shall not need what they bought, we admit that the rational commitment can be considered more important than the emotional one.

$$\text{Model : } a + b \cdot X + \varepsilon = Y$$

X – rational commitment (independent variable, causal)
 Y – satisfaction (dependent variable, effect)
 a, b – regression coefficient

The model is valid because the simple linear regression parameters are significantly different from 0 (probably <0,05) and the Fisher test (see Annex 6, Table 7.3.47) is high enough (F=17.285). *The rational commitment*, the causal variable, explains in a 32,4% percentage the variation of the dependent (effect) variable.

The percentage is significant while taking into consideration the trends registered by demand, which is mainly orientated to identifying some elements such as trust, quality, reputation, etc. in the organization's offer.

Table 3

Results of the regression model – the impact of rational commitment on client satisfaction

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.570 ^a	.324	.306	1.55878
a. Predictors: (Constant), q1_1. In choosing the insuring company, the main criteria is the price q1_2. I do not expect high quality products from the insurance company q1_3. I am very careful when signing the insurance policy q1_4. It pay off, from the economic point of view, to be the client of an insurance company q1_5. I would suffer financially when terminating the relation q1_6. In taking the decision of renewing the policy with the insurer, the decrease of the insurance premium is the main criteria q1_7. The company's office represents an advantage compared to other companies				

The influence of each item that describes the *rational commitment* related to satisfaction is presented in the table below:

Table 4

The value of linear regression coefficients (X=rational commitment, Y=satisfaction)

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant) * the items that describe the X independent variable*	3.458	.562		6.151	.000
	Ar1 In choosing the insuring company, the main criteria is the price	.066	.050	-.075	-1.333	.028
	Ar2 I do not expect high quality products from the insurance company →	-.069	.033	-.111	-2.075	.039
	Ar3 I am very careful when signing the insurance policy	.344	.055	.356	6.271	.000
	Ar4 It pay off, from the economic point of view, to be the client of an insurance company	.174	.046	.226	3.775	.000
	* Ar5 I would suffer financially when terminating the relation	.053	.036	.087	1.459	.146
	Ar6 In taking the decision of renewing the policy with the insurer, the decrease of the insurance premium is the main criteria	.071	.046	.095	1.566	.041
	Ar7 The company's office represents an advantage compared to other companies	.040	.037	.061	1.067	.048

Source: Own research supported by the use of the SPSS 19 statistical program

The analysis of the regression model coefficients emphasizes that transparency is the factor with most impact on satisfaction. If the value of the item ** I am very careful when signing the insurance policy ** increases with 1%, the general satisfaction increases with 0,344%. In the hierarchy of criteria that lead to client satisfaction on the insurances market, *the client's economic benefit* also registers with a significant percentage (coefficient value = 0,174).

It is worthy of note the reverse action of the item ** I do not expect high quality ** on satisfaction. For the clients that confer an increased importance to low prices, quality should not hold a determinant factor in choosing a product. By analyzing the research's results we observe that *price* (coefficient value = 0,066) does not have a major impact on respondents' satisfaction variation.

5. Drawn conclusions and their managerial implications

While accepting that the resulted model could be optimized by including some additional variables, we have to state that the action of those considered is significant. We consider that the items that described the “rational commitment” independent variable have covered substantially the researched issues (for example price, office location, transparency, economic advantage, etc.) and as it has been demonstrated, by result analysis, each of these is correlated with the dependent variable.

In terms of cultivating satisfaction, among the clients from the insurances market in our country, the rational commitment holds an important role. We noticed that transparency holds an important impact on client satisfaction. The obtained results have a high managerial value. Based on their analysis, we consider useful the recommendation regarding the implementation of a performant management system which is specialized in managing complaints and claims (with the purpose of optimally solving the problems signaled by the insured parties). In equal measure, in the purpose of insuring transparency, we consider necessary the creation of an optimum frame for interactive and direct communication. As managing the sales forces implies significant costs, an efficient alternative could be represented by electronic communication by means of a specialized and secured chat which has the capacity to fulfill the functions of the face to face communication. We are convinced that these measures can significantly increase the clients' perception on a transparent collaboration.

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