

Analysis of processes in insurance on the basis of GAP model of quality management

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Abstract: Insurance is an area that affects all areas of economics - businesses and citizens, too. The aim of this paper is to analyze the processes of customer requirements processing through GAP model in insurance. This model reveals the single critical points where gaps can arise among the requirements of customers and their understanding from the view of management in the process of creation and providing of services. An attention is paid to the issue of internal and external communication, too. Whereas, insurance are purely intangible services, communication has a direct impact on the perception and evaluation of quality of service from the side of customers. This can be reflected in the final quality perception as a certain level of customer satisfaction or dissatisfaction.

Keywords: quality of services, processes in insurance, quality management, communication, customers' satisfaction, insurance

INTRODUCTION

The current market of insurance services is characterized through a growing number of new insurance companies and their products, changing insurance practices, through a necessity of competently risks analyzes and through a high demands of clients on service levels. The quality of provided services is crucial for clients of insurance companies, which is formed through a number of factors. There are general factors that are important for any service. But due to the fact that insurance services rank among services purely intangible products, here is very important communication, it means quality of personnel in direct contact with customers (clients). From the view of time, we can consider insurance service as services with an unknown result and with unknown utilization time.

The aim of this paper is to analyze the processes of customer requirements processing through GAP model in insurance. This model reveals the single critical points where a gap can arise among the requirements of customers and their understanding from the view of management in the process of creation and providing of services. An attention is paid to the issue of internal and external communication, because communication is an important factor in various stages of the process. Communication can help to minimize differences (gaps) in the process of creation and the provision of services and to maximize customer satisfaction.

MATERIAL AND METHODS

We meet with several approaches in the quality management services that are independent on the nature of the service. The quality of service is determined solely through the requirements of customers, through the result of process performance, but especially through the process itself. A set of benefits from the service is the result of

the process of service that creates the added value for customers. If the service shall create the customer satisfaction, it has to reach a certain quality. The quality models are used in the quality management services, which are important in the implementation of characters and specificities of services to the management quality services system. A discrepancy (gap) among the customer expectations and the perception of management may be the cause of an unsuccessful delivery of service that occurs at the beginning and it can integrate and rise in the next stages. A „fuse” is created for this situation in the good services which is based on communication between supplier and customer during the process of creation and provision of services. In this paper, it was used GAP model of service quality for analysis of insurance services.

GAP model of service quality is independent on the industry. Authors Parasuraman, Berry and Zeithamlova described the fundamentals of this model *in three main points* (Mateides, Dado, 2002):

- The assessment of services quality at the consumer is more difficult than in physical goods, because the offers of services are many times more complex.
- It is necessary to consider not only the result of the services quality but also the process itself.
- The aspect of the customer is only relevant to assess the quality of services.

Customer expectations, from the view of quality of service, are determined mainly through the four pulses:

- a) oral communication of customers in contact with the service provider,
- b) personal situation of customers,
- c) past experiences with the provider of service,
- d) communication of service provider with the purchaser.

The basis of GAP model (Fig. 1) are two service interaction levels – level of service and level of customer.

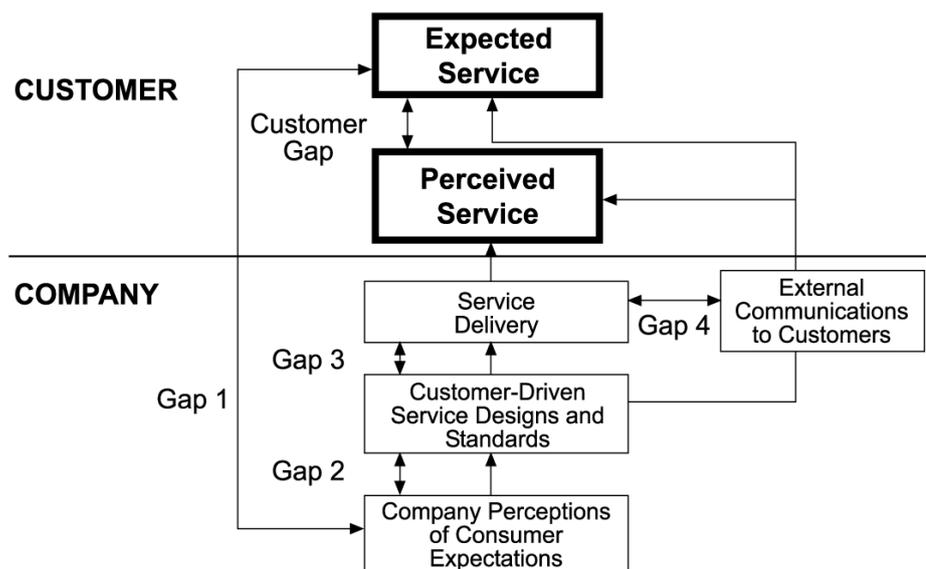


Fig. 1 GAP model

The aim of the model is to identify a gap among subjects on the market, through the analysis after the provision of services, based on sequences of four basic gaps (GAP 1 – GAP 4) with the following synergies in the frame of GAP 5, as disparities between expected and perceived service. This gap depends on the significance and level of previous four gaps that are connected with the maintaining the quality of service. ***Perceived quality of the product represents GAP 5.***

RESULTS AND DISCUSSION

Since the insurance cover need not be realized in the insurance business, the customer and the service provider need not get to the final conflict. The risk of GAP 5 disappears at the time of loss of insurance coverage. Despite this possibility (do not appear the insured event), there is a big risk of conflict (in the case of an insured event) between the client and the insurance company, because of the subjective degree of assessment of property or health damage, based on the relation to the damaged objects.

The customers' communication with the services providers is the basis of the ***quality of insurance services***. Its level depends on the quality of the contact personnel that passes, before starting their work with clients, a comprehensive training. The role of trained counselors is to help to select, or suggest the customer a product that meets their needs and their expectations in the process of services provision.

Analysis of gaps (GAP 1 – GAP 5) in insurance services

To minimize these gaps, management has to work constantly with contact personnel (sales representatives) in the area of development and specification of insurance services. It brings an opportunity of the greater satisfaction of the customers' needs and requirements. The level of conflicts (gaps) reflects the quality of management in the organization.

GAP 1 – the difference between customer expectations and management perceptions

This gap arises when the management does not correctly perceive what the customers want. Key factors leading to this gap are: insufficient market research, incorrectly interpreted and incorrectly understood information about customers, about their expectations, research is not focused on requisite quality, too many layers of management in company or poor communication in company.

The main source of information by creation and specification of insurance products should be the insurance sales agents (the workers of first line), with respect the changes in legislation. It is important that management knows which insurance products are preferred at clients, what clients miss at the offered products or if clients have a feeling that they pay for something they do not need. Otherwise, it is very supposed that the client will search for a suitable product at the competition.

GAP 2 – the difference between what customers expected and what management perceived about the expectation of customers

This gap arises when the management or service provider might correctly perceive what the customer wants, but may not set a performance standard. The gap may arise in company from following reasons: insufficient planning, insufficiently declared liabilities of leadership, unclear or ambiguous service acts or non-system processes.

Even in this case, to reduce this gap in the specification of services from the side of management, it is necessary to consult the service or insurance product with sales

representatives who are in close contact with customers and have the best knowledge about their requirements, needs or complaints.

GAP 3 – the difference between service quality specification and quality of services provided

The gap may arise in the process of service creation. It could also happen in the production facilities, but most frequently is caused incorrect service or incorrect intervention or progress of employee of the company. Here is necessary realize the fact that human factor exercise an influence on quality of service with important share. The possible main reasons for this difference are: deficiencies in human resources policy, for example in recruitment a new employees, incorrect system of quality evaluation, incorrect system of reparation, insufficient staff training, ineffective internal market, violation of declared supply or demand or insufficient education and vocational training.

Each insurance group or company has its own standards and corporate culture, which affects the quality of provided services. The corporate culture presents a superstructure, which should be the norm and which manifests itself already at the first contact of the insurance company employee with the customers. It is a part of the specification of quality of service and sales representative must identify yourself with it. Otherwise, it will be reflected on its performance. This gap can be minimized or avoided through the suitable explanation and completion of information during communication. This can lead to minimization of the earlier gaps, what can reduce the resulting conflict GAP 5.

GAP 4 – the difference between service delivery and external communication

Consumer expectations are highly influenced by statements made by company representatives and advertisements. The gap arises when these assumed expectations are not fulfilled at the time of delivery of the service.

The cause may be a lack of horizontal communication - for example among marketing and sales representatives, or the tendency to give the company exaggerated promises. It may be a lack of harmonization between the process of services production and the processes of analyses of their improvement.

GAP 5 – the difference between expected service and experience that the customer has

This difference arises when the consumer misinterprets the service quality. It is the difference between expected service and experience.

The process of concluding the insurance contract and the current service can report a high degree of satisfaction at the client. The gap, which can cause the customer dissatisfaction or low degree of satisfaction, may arise in the case of insurance event, if the customer expects higher insurance coverage for some damage, whether health or property. These discrepancies (gaps) often arise from ignorance of customers, from refusal or hush-up of information before signing the insurance contract.

CONCLUSION

GAP model of service quality reveals the various gaps, where differences can arise, which can have a drastic impact on the perception of service quality from the side of customers. Contact officers can positively influence the perception of service quality from the

side of customer through the suitable approach, their communication, empathy and through the knowledge of customers. Great impact on removal of gaps - of conflict has an internal communication among contact employees and managers. Through communication, it is possible continually to adapt processes of creation and provision of services to the needs and requirements of customers and thereby to ensure the higher customer satisfaction and better company image on the market.

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Streszczenie: Analiza procesów w zakresie ubezpieczeń na podstawie modelu GAP zarządzania jakością. Ubezpieczenia wpływają na wszystkie obszary, ekonomiczne, businessowe oraz obywatelskie. Celem pracy jest analiza przetwarzania wymagań klienckich na bazie modelu GAP w ubezpieczeniach. Model wykazuje punkty krytyczne pomiędzy wymaganiami klientów i ich rozumieniem przez proces wytwarzania i udostępniania usług. Zwrócono także uwagę na procesy wewnętrznej i zewnętrznej komunikacji. Mając na uwadze, że ubezpieczenia mają charakter usług niematerialnych, komunikacja ma bezpośredni wpływ na postrzeganie i ocenę jakości usługi ze strony klientów. Może to znaleźć odzwierciedlenie w końcowym postrzeganiu jakości jako pewnego poziomu satysfakcji lub niezadowolenia klienta

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