

Quality - the most important factor in the time of the ongoing economic crisis

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Introduction³

Until now, does not explicitly define essence of quality in relation to insurance services. Concern about the quality of services in the financial market, including insurance is accompanied by any action related to the safety of customers and insurance companies. The existing literature does not clearly identify the model of quality of insurance services, which would be regarded as optimal and model for all countries. Even more does not give an unambiguous answer to the question whether the quality of services in a separate institution represents a better solution than to develop one of the standard models. Therefore, in the process of business management becomes increasingly important the quality of management [Altkorn J. Kramer T., 1998; Bardini J.P., 2006; Bennion F., 1969; Christopher M., Payne A., Ballantyne D., 1991; Cummins J. D., Doherty N. A., 2005; Garczarczyk J. (red.), 2002; Horovitz J., 2006 Łańcucki J., 2008; Mayerson A. L., 1962; Payne A., 1996; Porter M. E., 2001; Rogoziński K., 2000; Grzebieniak A., 2015]. The quality of service is the final product of complicated process of management and operation of an insurance company [Przybytnowski, J.W., 2022, pp. 25-70].

It is commonly believed that the country's financial system, the insurance companies are one of the most important elements. They are distinguished by complicated system of economic relations, warranty, investor and regulatory mechanisms to reaching the various areas of law. An important issue in the business of insurance are the functions of insurance, which as J. Łańcucki [2001, p. 17] says, cause that insurance is a kind of "grease for the economy" and violation of that agreement causes disturbances in not only the area of finances, as well as the various entities interested in market the stability of financial, undermining entire confidence in financial system [Przybytnowski, 2019, pp. 65-68]. Please note that insurance occurs as activities in financial services and, as a scientific discipline.

The insurance knowledge is generally structured scientific messages aimed at understanding of nature and principles of action of insurance and the working conditions for their further development [Grzebieniak, 2015, pp. 46-55]. It is a synthetic apprehension of scientific achievements of many sciences: economics, law, mathematics, statistics, chemistry, sociology, psychology, life sciences, and even the knowledge of the criminal offenses of insurance coming from criminology. This knowledge is needed in many professions.

Insurance as a method

The insurance can be treated as a method [Rothschild, Stiglitz J., 1976, pp. 629-649; Ghosh, Hilliard, 2012, pp. 165-191], because the preventing entities for protection against financial consequences of risk (insurance companies) and companies secured use for several centuries' similar ways. They are constantly improved, but they are characterized by similar features.

To the most important features of insurance method belongs:

- The efforts aim to reproduce the financial balance of the entity affected by the consequences of random event,
- limiting the application of the method only to random events, which can be estimated probability (risk understood as measurable uncertainty),
- the existence of appropriate large number community of risk of potentially threatened entities - insured,
- group solidarity, or solidarity limited to entities in the community,
- the funding from insurance fund of community, created from contributions of members of the community (insurance premiums),
- the dependence of financing consisting in transfer of assets between members of the community from a random incident, called the insurance accident,
- anticipation of needs based on the awareness and foresight of the community, often called the awareness and insurance foresight.

On the basis of discussion related to the nature of insurance, in the literature we can find many definitions of insurance, because its nature can not be consolidated in one size. Therefore, on the essence of insurance, and thus on the same definition of insurance can be looked at from three points of view, as:

- Institution of redistribution of risk - financial undertaking enabling the redistribution of costs between the random loss of its participants.
- Financial service ceding the consisting of financial burden associated with compensating the future losses caused by random events of a professional institution, which is responsible for collecting funds for this purpose.
- Contract concluded between the insurer and the policyholder, in which the insurer in the range of its business undertakes to in return for insurance premiums, fulfill a particular benefit in case of the occurrence of accident specified in the contract of insurance.

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Insured uncertainty cannot be sure, the output must be an unintended and must have a negative value for the insured.

Perceptions of insurance solely from the perspective of providers of insurance protection (insurance companies) narrows the perspective to categories of economic – legal considerations (risk calculation, profit and loss). In the insurance business we are dealing with risks arising from insurance business (deposits, investments, etc.) and the risk of a streamlined product offering targeted at potential customers.

Insurance is one of the alternatives to protect against material consequences of adverse random events. They rely on transferable financial burden associated with compensating the future losses caused by random events of a professional institution, which is responsible for collecting funds for this purpose [Doherty, Richter. 2002, pp. 9-24].

Quality in distribution of financial services

Knowledge as a condition of financial services quality

Economy based on knowledge is seen as an effective mechanism for competition due to globalization [Dima, Begu, Vasilescu, Maasen, 2018, p. 1706]. Its foundation is the creation, distribution and application of knowledge. Productive use of knowledge [Powell, Snellman, 204, pp. 199-220; Alnafrah, Mouselli, 2019, pp. 205-220] requires a comprehensive action transiting both at the whole economy (general system of education in the field of insurance, basic contents of insurance incorporated into educational programs), and at the level of the company (insurer’s strategy for knowledge transfer). The prospect of productive use of knowledge, as the ability to produce and provide unique values implies an interactive model of knowledge, whose essence is:

- Recognition of knowledge in the context of social learning;
- Recognition of knowledge in a dynamic way - not, as the ambient resource, but sustained and developed through practice [Bencsik, Juhász, Mura, Csanádi, 2019, pp. 25-42].

Insurance companies are characterized by repetition of interaction (continuity of the activities), the mutual dependence (due to specialization and coordination), the relative separation from the environment (closure). These factors are promoting the development of social capital as the basis for creating a productive use of knowledge.

The process of insurance services promotes the transfer of knowledge. The insurance knowledge which is available to insurance intermediaries, workers employed in the insurance companies, agents working with insurance companies may be recognized as an economic category, with the help of which the provider of insurance mediation can gain a competitive advantage. Moreover, it can be recognized in the context of social learning. In addition, practice and experience verify the theoretical knowledge in insurance sometimes in a very short time. The insurance knowledge in the social dimension constitutes the verbalized transfer of experiences and risks of daily life. It can be seen as part of widely understood education (Fig 1) [Przybytniowski, 2007, p. 111-118].

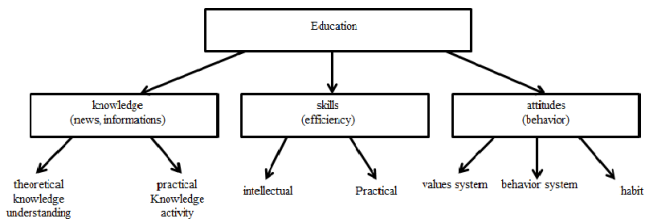


Fig. 1 Education as economic category
Source: Source: Studies based of [Przybytniowski, 2022, pp. 71-136].

According to J. Garczarczyk [2002, p. 291] increased competition on the insurance market makes that quality has become a key factor in gaining competitive advantage, designating the market position of an insurance company. This requires constant learning and satisfying continually changing customer needs and expectations, and thereby encouraging service quality. To assess the quality of services offered by insurance companies consists the client’s expectations to perception of service quality and service.

There are three levels of customer expectations with the services:

Desired level of service that reflects the desires of the client;

Adequate service - what the customer is able to accept;

Anticipated service - what customers believes that they should receive [Zeithaml V.A., Bitner M., 1966, p. 123].

Each of these levels plays a different role in shaping the requirements for quality of service. Services perception is a subjective feeling experienced during its acquisition and implementation Customer along with service provider co-creates the parameters (attributes) of the quality of insurance services. It is important now to identify quality attributes and determine their significance in relation to service recipients and service providers. Discrepancies between customer expectations and perceptions of service or actual service in the model of service quality constitute a system of gaps [Parasuraman, Zeithaml, Berry, 1985, pp. 41-50; Hoffman, Howe, Hardigree, 1991, pp. 13-25; Przybytniowski, 2022, pp. 151-178]. Gaps model of A. Parashuram, V.A. Zeithaml, Berry L. allows to identify situations in which services fall far short of quality expected by customers. The authors of model have identified five gaps between rankings of quality, namely:

The gap between customer expectations and the assessment of these expectations by the management of company,

The gap between the assessment of management and normative quality of service,

The gap between the technical standards of quality of service and actual service rendered,

The gap between the provision of services and content of communication with consumers,

The gap between expected and received service.

The fifth gap is affected to shortcomings of quality by the assessment of customers, while the gaps 1-4 refers to decline in the quality within the company and greatly contribute to the occurrence of fifth gap. Through the appropriate management of quality affecting on organizational structure,

internal communication can be avoid the creation or elimination of existing gaps.

Ch. Grönroos [1978, pp. 588-601; 1984, pp. 36-44] emphasizes the role of marketing management in shaping the quality. Quality of service is perceived by the customer in two basic dimensions: technical and functional. The result of the service provided and how it benefits included in the technical dimension. While the functional dimension reflects the way in which the proceeds execution of the service and decide whether the recipient is feeling in authentic interest in him as a customer. These dimensions shape the experimental quality, which only in combination with the expected quality lead to total conscious quality [Garczarczyk J., 2002, p. 291]. E. Gummensson partial quality model [1987, pp. 167-169; 1993, p. 218] assumes that the quality perceived by the receiver is identical to its satisfaction. However, the assumption is insufficient in order to translate the customer satisfaction measurement on service activities aimed at improving the quality of services, it is necessary to objectifying it. E. Gummensson [1987, pp. 167-169] makes it by introducing an integrated model, the quality of Q4, the quality of the design, execution, delivery and implementation.

ICT in company

In the age of widespread development of ICT the information and knowledge gained from it is strategic product. The ability to obtain it, based on available data often decides about the success of the company in the market.

Information is a product that brings with it the following advantages:

- we can save it on any appropriate medium, with its capacity, contain an impressive amount of data, which are properly cheaper than the traditionally used,
- the possibility of a „movement” of information through the network. Use of this form of „transport” of information is cheaper and faster than the standardly used.

Companies in the age of XXI century, trying to keep up with evolving ICT technology, must be prepared to invest in modern equipment. This includes companies involved in the production and processing, as well as the business world. Investment in information and communication technologies are important for increasing the innovativeness of firms, economic growth, growth of competitiveness, reduce bureaucracy and creating new jobs (Przybytniowski, 2019, pp. 63-67; 2020, p. 34; 2022, pp. 71-136).

Level of service quality

The quality level of service is much harder measurable than the level of quality. Service company must constantly observe the quality of services and keep it at the highest level [Chege, 2021, pp. 259-265].

From the observation of consumer behavior follows that they are guided by the following criteria in assessing the quality of various service [Grzebieniak, 2015, pp. 46-55; Przybytniowski, 2022, pp. 71-136]:

- Service availability, location and time of openings and waiting for the execution of the service.
- Information about services provided by the company - affordable clearly formulated offer.

- Competence, professional training of providers, training them.
- Politeness - the culture behavior towards customers.
- Trust - the company and its employees are trustworthy and care about the interests of their customers.
- Reliability - Services are provided thoroughly.
- Responsibility - the service provider take into account the expectations and notes of buyers, they act quickly and efficiently.
- Security - the service is free of risk elements, such as financial liquidity of the insurance company.
- The nature of the material - visible to purchaser's parts of the service (state of the facility, its equipment) must correspond to the professional use of them.
- Knowledge of the needs of buyers - the correct segmentation and identification of needs.

Examining the quality of services is very often taken in a number of studies devoted to the theory and practice of the insurance market.

The main elements of the quality of insurance services are [Assa, Hirbod. 2015, pp. 70-75; Przybytniowski, 2022, pp. 71-136]:

- The reality of the insurance cover provided,
- Completeness of insurance cover,
- After-sales service,
- Execution of the contract of insurance (claims handling timeliness and payment of benefits).

Quality in distribution of insurance service

According to Allozi, A., Alshurideh, M., AlHamad, A., & Al Kurdi, B. (2022, pp. 1-13) initiatives related to customer service should be linked to quality improvement program. Insurance business has its own special characteristics. Its multi aspect often affects on critical issues related to the payment of compensation, and its essence is revealed just when the insured risk becomes real. One of the tasks of insurance, is among others the creation of beliefs of professionalism and competence in relationships with customers. It is not easy due to the complex - from a legal point of view - conditions insurance business. There are many legal regulations and nuances of deciding about compensation, whose existence and knowledge of the client often is not aware of. The role of company is to point to these factors and awareness of their existence. [Mahmoud, Hinson, & Anim, 2018, pp. 402-422]. The most difficult part of the work is considered the process of claims handling, which can be a primary measure of assessing the quality of service.

Claims handling

Claim handling is a particularly sensitive phase of the insurance service, and professionalism of its implementation and the effect can make the difference on the client's decision to continue the contract (Grzebieniak, 2015, pp. 46-55). Carelessness in claims handling, customer neglect, disregard of its time and needs not only will weigh on loyalty, but also creates a negative view in the customer environment. This can certainly be a hindrance in company pursuit to create the perfect quality management system.

The process of claims handling (Özen, E., & Yurdakul, H., 2020, pp. 94-117) can be divided into several basic steps,

e.g.: damage report, inspection, time after the inspection, payment of compensation (Fig. 2). According to experts a sense of comfort of the client decide the first two stages.

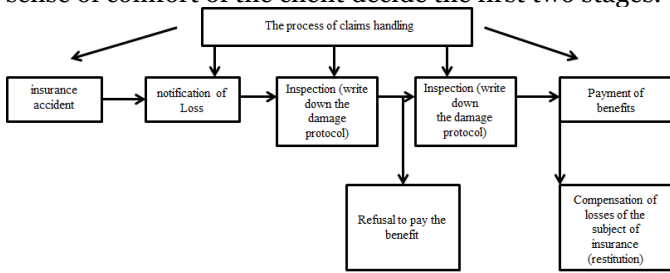


Fig. 2. Process of claims handling
Source: Studies based of [Przybytniowski, 2022, pp. 71-136].

Conflicts of insured with the insurance company are often result from ignorance of the customer's general terms of insurance and lack of their proper understanding [Yusuf, Ajemunigbohun, 2015, pp. 6-10]. As process of claims handling especially in motor insurance has an important role, it is useful to place this attribute of the quality in a model of quality of insurance services, taking into account its relationship with other attributes.

Models of dependency and relationship of quality of process of financial service

Over the years, created much synthetic approach to the course and development of the quality that made it possible to develop models depicting the relationships and the relationships between the elements of service delivery processes. It is impossible in this brief paper to quote all the examples, but definitely worth to propose my own solution based on existing, well-known models. We can omit the SERVQUAL quality model, based on five gaps between expected and realized quality. It seems to be interesting at this moment, a reminder of the approach to the problem of the partial quality of E. Gummensson [Gronroos, Gummesson, 1985, p. 21] This model, can be regarded as "the conditions of perceived quality and satisfaction" (Fig. 3) [Askariadz, Babakhani, 2015, pp. 17-31; Taylor, Hunter, Lindberg, 2008, pp. 241-252]:

- Quality of the project means that the perfect design, that the product can better fulfill the functions expected of the client.
- Workmanship – it is not just about the best performance, but also for the realization which would be consistent with the project and with its characteristics.
- Quality of supply – it relates to supply of material products and has a significant importance in trade, but in the extended version also applies to service products, which may mean the timely provision of services, provide proper documentation and efficient transport.
- Quality of relationship – involves the assessment of the success that the company refers in the creation of external relationships with customers, agents, partners, colleagues.

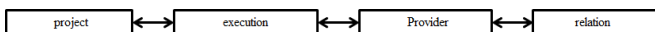


Fig. 3. E. Gummensson partial qualities model
Source: Source: Studies based on concept of Gummensson quality model [Przybytniowski, 2022, pp. 71-136].

Increased knowledge of the insurance market and products offered by insurance companies has created a situation favorable to the customer in terms of access to information and insurance companies. Customers are interested in how the claims handling process runs in a selected company, and on this basis, shapes the opinion and confidence in the insurance company. Referring to the Gummensson [1985, p. 21] model and taking into account the stages of claims handling process in conjunction with other quality attributes of insurance companies - these most important to customers and managers of insurance companies can be suggest a quality attributes of insurance services (Fig. 3), on which It is worth to base the construction of a quality management system in insurance companies.

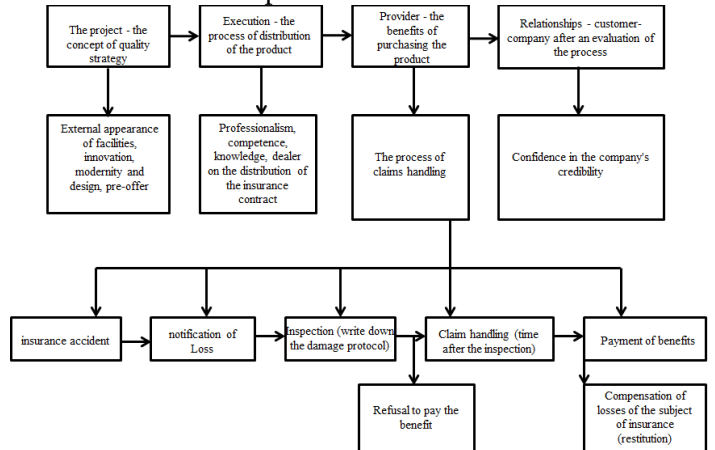


Fig. 4. The quality attributes of insurance services based on the concept of Gummensson quality model
Source: Studies based on concept of Gummensson quality model [Przybytniowski, 2022, pp. 71-136].

Modern companies which want to strengthen their competitive position in the market must implement and practice the quality management.

Quality management [Stentoft, Wickstrøm, Philipsen, Haug, 2020, pp. 811-828] is not only fulfill the requirements of standards, but above all a modern organization and the systematic and persistent efforts to improve its products and services to meet the needs and expectations, even the most demanding customers. For insurance undertakings more and more should care about improving its offer. Part of this improvement should be enhancing actions to improve the quality of service. Quality is becoming an area of competitive activities for insurers, and one of the essential components of service quality is the quality of claims handling process. From the efficiency, reliability and professionalism of this process depends the customer satisfaction.

According to Boulton, Lenton, Boers [2022, pp. 271-278], insurance, by its nature is a social device, because its essence consists in associations, connecting different entities in order to spread (apportionments) the financial consequences of risk, and therefore the insurer is actually only the organizer of this association, this community. A similar approach to insurance accentuate its social macroeconomic aspect we can find in E.J. Vaughan thesis [1997, p. 207]. He distinguishes approach to insurance from the social and individual point of view. In terms of social He seen

insurance as an economic tool, designed to reduce risk in the community through the process of connecting a sufficiently large number of homogeneous objects exposed to similar risks. This combination allows to estimate future losses of group and pricing the insurance coverage. Consideration of insurance from an individual point of view emphasizes its role as an economic measure, by which individual actors may with little, known cost move large, unknown losses on the insurance companies [Vaughan, Vaughan 2001, pp. 10-11].

Summary

Considerations dedicated to research on the quality in insurance services, raises the conclusion that the role of the quality related to customer service will be more clearly exhibited, and gradually begin to take a leading position in of the insurance market policy.

Analyzing the current situation on the insurance market, can be risk the statement that attention to quality, which is characterized, among others implementation and ongoing adaptation of quality management systems to new conditions is a specific ultimatum refugium in the face of increasing competition, to the mutual benefit and for providing services and for customers of insurance companies.

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