

## **Investigating the Relationship Between Organization Agility and Customer Satisfaction in Iran Insurance Company (A Case Study in Khorasan Razavi Province)**

<sup>1</sup>Zahra Yaghoob Kish and <sup>2</sup>Morteza Rojuee

<sup>1</sup>Department of Business Management, Neyshabur Branch, Islamic Azad University, Neyshabur, Iran

<sup>2</sup>Department of Management, Imam Reza International University, Mashhad, Iran

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**Abstract:** This study aimed to investigate the relationship between organizational agility and customer satisfaction in Iran insurance companies. The population of the present study is the Iran insurance customers in Khorasan Razavi province which through cluster sampling, 384 people were selected as samples. Also in this study, questionnaire was used as the data collection instrument and its reliability was calculated by Cronbach test. Also to test the hypotheses, Pearson correlation method and linear and multiple regression were used. The results of the hypotheses analysis suggest that, every 5 considered variables have significant positive correlation with customer satisfaction and in terms of importance and impact, the speed factor had the utmost importance in the view of the respondents.

**Key words:** Agility, organization agility, customer satisfaction, Iran insurance, speed

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### **INTRODUCTION**

In an era of global competition, global economy quickly replaces local markets. Industrial firms today have faced new competitive challenges and pressures. Agility is a new paradigm in the production environment. Agility leads to success of the profits, market share and gaining customers in competitive markets. Agility is a broad term which penetrates in all areas of the business such as production, marketing, design, organizing and people. Delivering value to the customer, readiness for facing changes and forming virtual participation are from the fundamental aspects of agility. An organization will be agile just when it can create, produce and support all the needed resources (Khosh Sima, 2003).

Agility may be defined as the ability of an organization to rapidly respond to market changes and customer demand. One of the goals of agile organization is providing customer and employee satisfaction (Robbins, 2006). In the other hand, during past two decades, many organizations have realized the importance of customer satisfaction in their success and have found that keeping existing customers is far less costly than attracting new customers. Research shows, the cost of attracting new customers is five times more than the cost of maintaining existing customers. Also, today marketing professionals acknowledge that there is a strong and direct relationship between customer satisfaction and

profitability of the organization. In this regard, providing and improving the level of customer satisfaction has become one of the great and important operational objectives in most organizations (Mohammadi, 2012).

Also, today the development and expansion of the insurance industry in the community and its extension to the various sectors has led to a good reception from different walks of society, including producers and consumers. Insurance development is coinciding with the country's economic progress. Studies have shown that a country's economic recovery and increase of transactions and development of living standards and investment development, has significant direct relationship with the development of the insurance industry (Gorji, 2009). Therefore, in this study it has been attempted to, given the importance of the insurance industry and the impact of customer satisfaction and organizational agility on the success of this industry, consider the relationship between organizational agility and customer satisfaction in the insurance industry.

**Research hypotheses:** In order to achieve the purposes of this study, the following hypotheses are used.

**The main hypothesis:** There is a significant relationship between organization agility and customer satisfaction of Iran Insurance Company in Khorasan Razavi province.

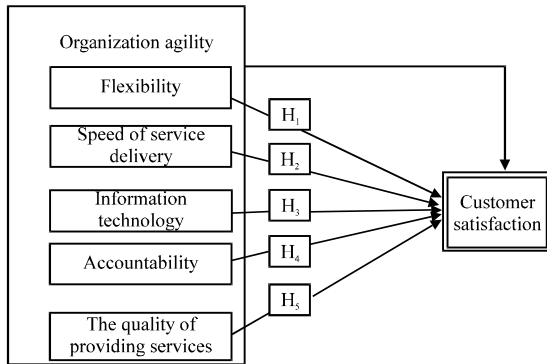


Fig. 1: The conceptual model of the research

**Sub-hypotheses:**

- There is a relation between the flexibility of the organization against the changes and customer satisfaction
- There is a significant relationship between the speed of service delivery and customer satisfaction
- There is a relation between technology and information technology, and customer satisfaction
- There is a relation between accountability in demand and customer satisfaction
- There is a relation between the quality of services and customer satisfaction

**The conceptual model of the research:** Conceptual framework is a conceptual model of how theorizing about the relationships between several factors which have been identified as the factors influencing the issue. In short, the conceptual framework shows the mutual relations between the variables (Danayeeferd and Saeed, 2009). As Fig. 1 shows, the model is derived from the model by Zhang and Sharifi (2000) that shows the relationship between the variables of flexibility, speed, accountability, internal organization coordination, information technology, low integration and complexity of the organizational structure and quality of service with customer satisfaction.

**MATERIALS AND METHODS**

Since the present study leads to increase of knowledge and better and deeper understanding and also the findings of this research will be used in order to help and solve the problems of insurance companies, to enhance customer satisfaction and ultimately more sales, this study is applied in terms of purpose. Also in terms of in terms of how to obtain the required data, this study is descriptive and correlational in which the relation between

Table 1: Frequency and percentage of respondents' gender

Gender	Frequency	Frequency percentage
Female	200	08/52
Male	184	92/47
Total	384	100/0

Table 2: Frequency and percentage of respondents in terms of qualification

Qualification	Frequency	Frequency percentage
High school and less	90	44/23
Undergraduate and graduate	210	69/54
More than graduate	84	87/21
Total	384	100

the variables is analyzed according to the purpose of the research. The population of the study consists of all insured persons who receive the service and are the main customers of Iran insurance company in Khorasan Razavi province and according to Cochran formula, the sample size was determined as 384 and was statistically analyzed. In this study, Cronbach's alpha coefficient was calculated by the SPSS Software. For this purpose, a sample of 30 people has been used as pretest. Cronbach's alpha in this questionnaire was 0.79 that is greater than 0.7. So its reliability is approved.

**Analyzing the information:** In this study in order to analyze the data, two methods of descriptive and inferential statistics have been used. In descriptive statistics, frequency tables, percentages and in inferential statistics, the Kolmogorov-Smirnov test, Pearson correlation coefficient and multiple regression, by SPSS Software have been used. The independent variables of the research are: flexibility, speed of service delivery, IT compliance, accountability, quality of provided services, organization agility and the dependent variable is customer satisfaction.

**Distribution of respondents in terms of gender:** In this part the number and percentage of respondents in terms of gender is investigated.

According to Table 1, among 384 respondents, 52.8% are female and 47.92% are male.

**Distribution of respondents in terms of qualification:** In this part, the number and percentage of respondents in terms of qualification is investigated.

According to Table 2, 23.44% of the respondents have had high school degree and less; 54.69% were undergraduate and graduate and 21.87% had educational degrees higher than graduate.

**Inferential statistics of the data:** To examine the hypotheses of the research regarding the distribution of variables, appropriate statistical methods are used.

**Investigating distribution of variables:** In order for the implementation of statistical methods and appropriate calculation of test statistics and reasonable deduction about the research hypotheses, the most important step before any action is choosing appropriate statistical method for the research. For this purpose, knowledge of the distribution of the data is essentially preferred. In the present study in order to evaluate the normality assumption of research variables, the valid Kolmogorov Smirnov test has been used. Kolmogorov-Smirnov test is a method for determining the consistency of the experimental data with selected statistical distributions. Therefore, the Kolmogorov-Smirnov test which from now on is showed with a K-S is a method for determining the normal distribution of the frequency of the collected observations. In this test, according to the following hypotheses, steps have been taken to check the normality of the data.

**Kolmogorov-Smirnov test:** In this section we examine the normality of variables. The hypothesis of K-S test:

- $H_0$ : data has normal distribution
- $H_1$ : data does not have normal distribution

Given that the significance level of the test for all variables is higher than 0.05, the claim of normality of research variables is accepted and parametric methods can be used to check the hypotheses (Table 3).

**Investigating the hypotheses:** This study includes 5 sub-hypotheses and one main hypothesis that we will consider.

**Sub-hypothesis number one:** There is a relation between organization flexibility against changes and customers' satisfaction. To test this hypothesis, given the normality of variables, the Pearson correlation coefficient was used. Pearson correlation coefficient changes between the positive 1 and negative 1. A zero indicates no significant relationship in the two variables' changes while positive coefficient indicates a direct relationship between them (with an increase of one variable the other variable

increases too) and negative coefficient indicates an indirect relationship between them (with an increase of one variable the other variable decreases and with its decrease, the other variable increases). Pearson test hypothesis is following and results shown in Table 4:

- $H_0$ : there is no relationship between the two variables studied.
- $H_1$ : There is a relationship between the two variables studied

According to Table 4, since the significance level is  $<0.05$  and also according to Pearson correlation coefficient positivity, there is a significant positive relationship between organization flexibility and customer satisfaction.

**Sub-hypothesis number two:** There is a significant relationship between the speed of service delivery and customers' satisfaction. To test this hypothesis, given the normality of the variables, the Pearson correlation coefficient was used Table 5.

According to Table 5, since the significance level is  $<0.05$  and also according to Pearson correlation coefficient positivity, there is a significant positive relationship between the speed of service delivery of the organization and customers' satisfaction.

**Sub-hypothesis number three:** There is a significant relationship between information technology and customers' satisfaction. To test this hypothesis, given the normality of the variables, the Pearson correlation coefficient was used. The results of this test are shown in Table 6. According to Table 6, since the significance level is  $<0.05$  and also according to Pearson correlation coefficient positivity, there is a significant positive relationship between information technology of the organization and customers' satisfaction.

**Sub-hypothesis number four:** There is a significant relationship between accountability in demand and customers' satisfaction. To test this hypothesis, given the normality of the variables, the Pearson correlation coefficient was used. Results of test shown in Table 7.

Table 3: Kolmogorov-Smirnov test results

Variables	Data number	Test statistics	Significance level
Flexibility	384	3/105	/543
Speed of services delivery	384	2/282	/245
Information technology	384	2/846	/838
Accountability	384	2/980	/849
Quality of providing services	384	2/453	/190
Satisfaction	384	2/617	/244

Table 4: Pearson test results

Pearson coefficient	Significance level
0.420	$<0.001$

Table 5: Pearson test results

Pearson coefficient	Significance level
0.547	$<0.001$

Table 6: Pearson test results

Pearson coefficient	Significance level
0.534	$<0.001$

Table 7: Pearson test results

Pearson coefficient	Significance level
0.495	$<0.001$

According to Table 7, since the significance level is <0.05 and also according to Pearson correlation coefficient positivity, there is a significant positive relationship between accountability in demand and customers' satisfaction.

**Sub-hypothesis number five:** There is a significant relationship between the quality of service delivery and customers' satisfaction.

To test this hypothesis, given the normality of the variables, the Pearson correlation coefficient was used. The results of this test are shown in Table 8.

According to Table 8, since the significance level is <0.05 and also according to Pearson correlation coefficient positivity, there is a significant positive relationship between the quality of service delivery of the organization and customers' satisfaction.

Now given the relationship between the variables of organization flexibility against changes, speed of service, information technology, accountability in demand, quality of service and customer satisfaction, we assess the impact of any one of these variables on customer satisfaction variable that for this purpose, multiple regression has been used. The results of this study are shown in Table 9.

According to the results obtained from the above table, it is observed that the significance level of the model is <0.05 and therefore, the model is significant. Also, the determination coefficient of the model is 0.730. In order to investigate that which of the independent variables in the model are significant, we use Table 10.

According to Table 10 multiple regression model between independent and dependent variables are as follows: (Technology and IT) 0.501+(speed) 0.587/0+(flexibility) 0.308+(Quality of service) 0.475+(accountability) 0.410/0 = satisfaction 1.294. \*\* According to the result obtained, the speed of services has the greatest impact on the dependent variable\*\*

**The main hypothesis:** There is a significant relationship between organization agility and customer satisfaction of Iran insurance company in Khorasan Razavi province.

To test these hypotheses given the normality of variables, Pearson's correlation coefficient has been used. The results of this study are shown in Table 11.

According to Table 11, since the significance level is <0.05 and also according to the positivity of Pearson correlation coefficient, there is a significant positive relationship between organization agility and customer satisfaction of Iran insurance company.

Table 8: Pearson test results

Pearson coefficient	Significance level
0.550	<0.001

Table 9: Pearson test results

Multiple correlation coefficient (R)	Determination coefficient (R <sup>2</sup> )	F-statistic	Significance level
875/0	730/0	863/55	0/0001

Table 10: The significance level of independent variables

Coefficients	Coefficients of the regression assessment	Standard error	Test statistic	Significance level (p-value)
Constant coefficient	1/294	/191	2/367	0/018
Flexibility	/308	/055	/515	0/008
Speed of service	/587	/065	4/104	0/006
Information technology	/501	/060	3/792	0/002
Accountability	/410	/047	3/710	0/014
Quality of service	475/0	/062	2/410	016/0

Table 11: Pearson test results

Pearson coefficient	Significance level
640/0	<0/001

Table 12: Multiple regression results

Correlation coefficient (R)	Determination coefficient (R <sup>2</sup> )	F-statistic	Significance level
0/820	0/684	167/265	0/0001

Table 13: The significance level of independent variables

Coefficients	Coefficients of the regression assessment	Standard error	Test statistic	Significance level (p-value)
Constant coefficient	/501	/183	2/733	0/007
Organization agility	/832	/051	16/284	0/001

Now, given the relationship between organization agility variables and customer satisfaction of Iran insurance company, we check the impact of this variable on the variable of customer satisfaction that for this purpose, a simple regression has been used. The results of this study are shown in Table 12.

According to the results obtained from Table 12, it is observed that the significance level of the model is <0.05 and therefore, the model is significant. Determination coefficient of the model is 0.684. To investigate the significance of independent variable in the model, Table 13 is used:

According to Table 13 simple regression model between independent and dependent variables is as follows: (Agility of the organization) 0.832+0.501 = Customers satisfaction.

## RESULTS AND DISCUSSION

The results of descriptive statistics show that most of the respondents are female and most of the

respondents are undergraduate or graduate people. Based on the results of the first hypothesis, there is a significant positive relationship between organization flexibility and customer satisfaction. And this means that in the view point of the respondents: conditions, rules and regulations of Iran insurance company has needed flexibility according to the customers' conditions; Iran insurance company staff have required flexibility in dealing with customers; customer satisfaction from staff flexibility and compliance of this company with their demands impacts on choosing of Iran insurance company by customers and. Based on the results of the second hypothesis test, there is a significant positive relationship between organization speed of service and customer satisfaction. And this means that in the view point of the respondents: speed and time in doing the affairs is important for the customers; Iran insurance company speed in performing tasks impacts customer satisfaction; the customers are satisfied from the speed of Iran insurance company in providing service; the speed of adjusting of the company with the changes of the conditions and demands of customers impacts their satisfaction.

And based on the results of the third hypothesis there is a significant positive relationship between information technology of the organization and customer satisfaction. And this means that in the view point of the respondents: using of information technology impacts the easiness of affairs in Insurance companies; using of information technology leads to acceleration of doing affairs; using of information technology impacts on customer satisfaction; customers are satisfied from using the present information technology in Iran insurance company.

And based on the results of the fourth hypothesis, there is a significant positive relationship between accountability in demand and customer satisfaction. And this means that in the view point of the respondents: Iran insurance company is accountable to its commitments; Iran insurance company is accountable to customers' needs and conditions; the accountability of the staff impacts on customers' satisfaction; customers are satisfied with the accountability speed of Iran insurance company.

Based on the results of the fifth hypothesis, there is a significant positive relationship between organization quality of service and customer satisfaction. And this means that in the view point of the respondents: Iran insurance company provides services in accordance with the expectations of the customers; customers are satisfied

from the information that Iran insurance company offers for its services; Iran insurance company uses appropriate deal, needed speed, accuracy and other attentions in providing its services and customers are satisfied from the quality of services of Iran insurance company.

## CONCLUSION

And finally, the results of the test of the main study hypothesis show that there is a significant positive relationship between organization agility and customer satisfaction of Iran insurance company. Also, according to the results of multiple regression model between independent and dependent variables, the speed of providing services had the greatest impact on the dependent variable (customer satisfaction). Finally, it is suggested that, since according to the results, speed is the most important factor of agility that influences customer satisfaction, mechanisms to increase this indicator to be considered. One of the factors affecting this index which itself also affects accountability is using of virtual communication. In fact one of the very important factors in terms of agility is sharing information. Access to information through Internet, timely update of the information related to sales, increasing of data investigating capabilities, using of paperless transactions, using of web applications and intra-organization exchange of information are among the cases that may impact it and lead to increase of the speed in one hand and the possibility to respond appropriately to demand in the other hand.

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