

Factors Affecting Customers' Satisfaction on Public Service Quality at the Social Insurance Agency of Lao Cai Province, Vietnam



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ABSTRACT: Applying the servqual model (Parasuraman et al., 1988), in this study, the authors proposed a model to assess customer satisfaction with the quality of public services at the insurance agency in Lao Cai province, Vietnam. The study used a combination of qualitative and quantitative research methods. The research model is tested with the survey data of customers participating in using public services at the social insurance agency of Lao Cai province. The results of the regression analysis show that the five factors affecting customer satisfaction with the quality of public services at the social insurance agency are arranged in order of decreasing importance as follows: responsiveness, service capacity, empathy, reliability, and tangible means.

KEYWORDS: Servqual model, public service quality, satisfaction, social insurance, Vietnam.

1. INTRODUCTION

The relationship between service quality and customer satisfaction using services is an issue of interest to many researchers. Previous studies have shown a direct relationship between perceived service quality and customer satisfaction (Cronin & Taylor, 1992; Anderson & Sullivan, 1993); Service quality and customer satisfaction are closely related (Parasuraman et al., 1988; Zeithaml & Bitner, 2000; Curry & Sinclair, 2002). These studies have shown that service quality plays an important role in bringing satisfaction to customers, accordingly, if the quality of service provided meets customer expectations, it will lead to satisfaction and customer satisfaction and vice versa will lead to customer dissatisfaction.

In the insurance industry, Arora & Stoner (1996) assert that insurance service quality has a significant influence on customer attitudes and satisfaction (Durvasula et al., 2005). At the same time, other studies in this area also show that customer dissatisfaction is mainly rooted in the design and delivery of insurance services (Wells & Stafford, 1995). Determining the level of service quality from the point of view of customers using the services of social insurance service providers (Justyna Witkowska & Ausrine Lakstutiene, 2014) shows the application potential of these studies on customer satisfaction, thereby improving service quality in the field of social insurance.

In Vietnam, social insurance is an important component of the social security system, playing a great role in ensuring the lives of workers and ensuring social security. Social insurance service is a public, non-profit service; that affects many objects in society; managed and organized by the State. One of the contents of social insurance reform is to develop a streamlined, professional, efficient, modern organizational system for implementing social insurance policies, improving attractiveness and strengthening trust. and the satisfaction of the people as well as the subjects participating in social insurance according to Resolution No. 28-NQ/TW of the Seventh Conference of the 12th Central Executive Committee on reform of social insurance policies, the committee Issued on May 23, 2018, it is "Promoting administrative reform, applying information technology, simplifying processes and procedures for registration, payment, and enjoyment of social insurance, improving the quality of service provision and payment providing social insurance services in a friendly, open and transparent manner, creating favorable conditions for people and businesses". Towards the target of the social insurance participant satisfaction index of 80% by 2021, 85% by 2025, and 90% by 2030. The quality of public services toward participant satisfaction is identified as a central task of the entire Vietnamese social insurance industry. Research and understand customers feelings when using social insurance services to improve and improve service quality is an objective and effective way of assessing the performance of the insurance agency apparatus society in the provision of social insurance services.

Applying the servqual model (Parasuraman et al., 1988), in this study, the authors proposed a model to assess customer satisfaction with the quality of public services at the insurance agency in Lao Cai province, Vietnam. Research results increase understanding of the relationship between customer satisfaction and service quality in the field of social insurance.

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2. THEORETICAL BASIS AND RESEARCH HYPOTHESIS

2.1. Customer satisfaction

Satisfaction is the degree of a person's sensory state resulting from comparing the results obtained from using a product or service with the person's expectations (Kotler, 2001). Oliver (1997) also gave a general concept of satisfaction as the complete response of customers to the product or service that the business provides. Customer satisfaction is seen as a comparison between expectations before and after purchasing a product or service. Kotler (2001) defines levels of satisfaction, which are: (i) if the results received are less than expected, the customer will feel dissatisfied; (ii) if the results are as expected, the customer will feel satisfied; (iii) if the results received exceed the customer's expectations, they will feel very satisfied with the service. Although social insurance services have their characteristics, they are different from ordinary services; but cally, individuals and organizations that request the social insurance agency to provide services are considered as comers.

In the context of this research, the authors use the concept of satisfaction to refer to the customer's satisfaction with the use of public services at the social insurance agency.

2.2. Service quality

According to Parasuraman et al. (1988, 1991), service quality is defined as the difference between consumers' expectations of service and their perception of service outcomes. The commonly used service quality measurement tool is the Servqual five gap model (Parasuraman et al., 1988) which includes five factors: facilities (physical facilities, organization accommodations, and staff appearances), reliability (the ability to perform services precisely and reliably), responsibility (disposition to quickly serve the clients), guarantee (knowledge and politeness of the staff and their ability to produce reliability and assurance), sympathy (personal attention to each client).

The service quality model and the Servqual scale (Parasuraman et al., 1988) have been applied to measure service quality in many different fields such as banking, healthcare, education, insurance, etc. Many other researchers have also tested this model in many service sectors as well as in many different markets. The results of previous studies have shown that the components of service quality are not consistent across different service industries and markets (Asubonteng et al., 1996). Therefore, the application of the servqual scale in each service sector requires appropriate improvement, and the field of social insurance is no exception.

2.3. Research model and research hypothesis

The qualitative research results combined with the overview research results help the authors build a research model to assess the quality of social insurance services in the research context at the provincial social insurance agency Lao Cai. Applying the servqual model (Parasuraman et al., 1988), the research team proposed a research model including five independent variables and one dependent variable, shown in the following diagram:

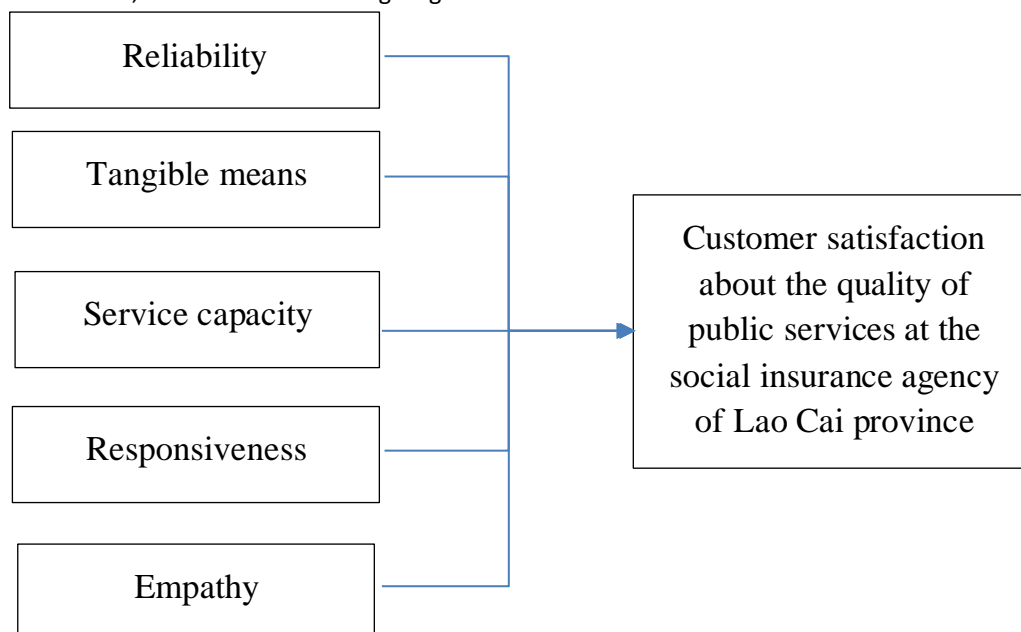


Figure 1. Research model

Source: Suggested by the author team

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Concepts used in the research model:

Reliability: the ability to perform services accurately, and on time, creating trust for customers.

Tangible means: shown through equipment, facilities serving customers or appearance, clothing of employees.

Responsiveness: the willingness to help and provide timely service to customers.

Service capacity: service attitude, professional qualifications of staff.

Empathy: caring, dedicated customer care.

The five research hypotheses of the research model include:

H1: Reliability has a positive influence on the satisfaction of public service quality at the social insurance agency.

H2: Tangibles have a positive influence on the satisfaction of public service quality at the social insurance agency.

H3: Service capacity has a positive influence on the satisfaction of public service quality at the social insurance agency.

H4: Responsiveness has a positive effect on the satisfaction of public service quality at the social insurance agency.

H5: Empathy has a positive effect on the satisfaction of public service quality at the social insurance agency.

3. RESEARCH METHODS

3.1. Qualitative research

Using the method of reviewing previous documents to systematize the theoretical basis of the research topic, the authors search for academic documents through a search string including several keywords used in the research as "service quality", "satisfaction", "insurance", "social insurance" in the online databases ProQuest, ScienceDirect and Google Scholar.

Next, qualitative research was carried out through an in-depth interview technique to test the screening of independent variables affecting customer satisfaction with the quality of public services at the insurance agency social insurance in the original theoretical model, as well as preliminary determination of the relationship between the variables in the research model. Applying the targeted sampling method, the authors conducted in-depth interviews with 10 people in Lao Cai province, including 06 subjects who were customers using social insurance services and 04 subjects who were officials in the social insurance profession. Then, to adjust the scale used in the study accordingly, the research team collected expert opinions with 01 subject being a leader of a social insurance unit and 01 experts being a researcher on social insurance. Interviews lasted from 30 minutes to 45 minutes with pre-prepared content; conducted in the office, coffee shop, or private home.

3.2. Survey

3.2.1. The scale

The concepts used in this study include satisfaction, reliability, tangible means, service capacity, responsiveness, and empathy. All scales are inherited from previous studies and adjusted when necessary based on the suggestions of qualitative research results. The scales all use the 5-point Likert form, where 1 is strongly disagree and 5 is strongly agree.

The satisfaction scale (coded as SHL) consists of 3 observed variables inherited with adjustment from Oliver's (1997) scale (for example: Are you satisfied with the quality of public services at the social insurance agency).

The Reliability Scale (coded as STC) consists of 5 observed variables inherited with adjustments from the scale of Parasuraman et al (1988) (for example: When you have a problem, the social insurance agency can show a sincere interest in problem-solving).

The Scale of Tangibles (encoded as PTHH) consists of 5 observed variables inherited with adjustments from the scale of Parasuraman et al (1988) (for example uniformed social insurance officers and employees neat, beautiful, and suitable for the working environment).

Service Capacity Scale (coded as NLPV) consists of 5 observed variables inherited with adjustment from the scale of Parasuraman et al (1988) (for example Knowledgeable social insurance officers and employees solid social insurance business).

The Scale of Responsiveness (coded as KNDU) consists of 5 observed variables inherited with adjustment from the scale of Parasuraman et al (1988) (for example Social insurance officers and employees have attitudes polite, and friendly to you).

The Empathy scale (coded as SDC) consists of 5 observed variables inherited with adjustment from the scale of Parasuraman et al (1988) (for example Social insurance officers and employees always show their importance mind you).

3.2.2. Research sample

The formal study was carried out using a quantitative method. With the help of industry experts, the research team gathered a list of customers using public services at the social insurance agency of Lao Cai province. In this study, 350 questionnaires were sent to the survey participants. The research team received back 326 votes, all of which were used for the analysis.

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In the sample, there are 172 female employees and 154 male employees. In terms of age, the majority of customers participating in transactions with the social insurance agency of Lao Cai province are in the age group of 25 to 34 (accounting for 42.6%) and from 35 to 44 years of age (accounting for 23%). In terms of education level, the majority of respondents have college or university degrees or higher (accounting for more than 60%). At the same time, the survey data also shows that customers find out information about procedures and records through channels such as telephone and direct contact at the agency. lower (eg through the social insurance website or other channels).

4. RESEARCH RESULTS

4.1. Check the scale

The research team used the Cronbach Alpha coefficient to evaluate the reliability of each scale and performed exploratory factor analysis (EFA) to evaluate the convergent and discriminant values of the scales. The analytical results in Table 1 show that all scales meet the requirements in terms of reliability and validity (Hair et al., 1998). The Cronbach Alpha coefficient of all scales shows high reliability (> 0.8).

Table 1. Results of testing the reliability coefficient of the scale

The scale	Number of original observed variables	Cronbach's alpha coefficient	Minimum total variable correlation	Cronbach's alpha coefficient if variable type (largest)	Number of observed variables remaining
STC	5	0.847	0.596	0.831	5
PTHH	5	0.858	0.583	0.850	5
NLPV	5	0.897	0.691	0.886	5
KNDU	6	0.824	0.506	0.814	6
SDC	4	0.875	0.659	0.870	4
SHL	3	0.895	0.769	0.871	3

Source: Data processing results of the research team

The research team performed exploratory factor analysis for each component scale. Table 2 of the combined results of EFA exploratory factor analysis for each scale showed that the KMO coefficient (Kaiser-Meyer-Olkin) > 0.5 for all scales. Next, we see that the value Sig < 0.05 ensures the standard for all scales of independent variable components, the extracted variance is greater than 50% as prescribed and all converge on only one factor. in general, with all factor weights as large as 0.5. After completing step one of exploratory factor analysis, we have 25 observed variables that are eligible to be included in exploratory factor analysis for all scales of independent variables and dependent variable scales.

Table 2. Result of exploratory factor analysis EFA scale

The Scale	KMO coefficient	Sig	% of Variance	Number of factors converging in common
STC	0.845	0.000	62.541	1
PTHH	0.814	0.000	63.906	1
NLPV	0.869	0.000	70.868	1
KNDU	0.838	0.000	53.460	1
SDC	0.745	0.000	73.169	1
SHL	0.742	0.000	82.826	1

Source: Data processing results of the research team

The results are shown in Table 3 of the factor rotation matrix, showing that 25 observed variables of the independent variable converge on 5 factors including the group of factors such as reliability, tangible means, service capacity, responsiveness, and empathy with the factor weights all greater than 0.5. Thus, from the analytical results, it has been confirmed that the research scale system is appropriate. Based on the results of the EFA exploratory factor analysis, the theoretical model of factors affecting satisfaction with public services at the social insurance agency in Lao Cai province has not changed compared to the research model research proposal.

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Table 3. Rotated Component Matrix^a

	Component				
	1	2	3	4	5
NLPV2	0.796				
NLPV1	0.787				
NLPV3	0.754				
NLPV5	0.733				
NLPV4	0.657				
PTHH4		0.841			
PTHH5		0.835			
PTHH3		0.807			
PTHH1		0.735			
PTHH2		0.695			
KNDU1			0.750		
KNDU4			0.745		
KNDU3			0.725		
KNDU6			0.691		
KNDU5			0.628		
KNDU2			0.605		
STC3				0.820	
STC4				0.792	
STC2				0.715	
STC1				0.687	
STC5				0.670	
SDC4					0.811
SDC1					0.790
SDC3					0.638
SDC2					0.529

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.

a. Rotation converged in 5 iterations.

Source: Data processing results of the research team

4.2. Test model and research hypothesis

The research team used linear regression analysis with the support of SPSS 22.0 software to test the research model and hypothesis. The results of the adjusted R2 analysis = 0.800 (> 0.5) show that the fit of the model is relatively high, and the preconditions for the regression analysis are satisfied. At the same time, the results of the ANOVA test (table 4) show that the F-test value reaches the value of 260.939 at the significance level sig = 0.000 less than 0.05, which ensures statistical significance, proving that the multiple regression model fits the data set, ensures reliability, and can be generalized to the population.

Table 4. ANOVA test results

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	201.971	5	40.394	260.939	0.000 ^b
	Residual	49.537	320	0.155		
	Total	251.508	325			

Source: Data processing results of the research team

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The results of the regression analysis in Table 5 show that the regression coefficients of the factors "reliability", "tangible means", "service capacity", "responsiveness", empathy" all have a positive sign and $R = 0.896 > 0$ showing that these components have a proportional impact on customer satisfaction using public services at the social insurance agency of Lao Cai province. Multifactor linear regression correlation model is expressed through standardized regression coefficients of independent variables that have a positive impact on customer satisfaction variable and are arranged in order of level decreasing importance, that is responsiveness ($\beta = 0.304$), empathy ($\beta = 0.296$), service capacity ($\beta = 0.291$), reliability ($\beta = 0.217$), tangible means ($\beta = 0.029$). Thus, hypotheses H1, H2, H3, H4, H5 are accepted. The regression equation is determined as follows:

$$SHL = 0.304 * KNDU + 0.296 * SDC + 0.291 * NLPV + 0.217 * STC + 0.129 * PTHH$$

Table 5. Results of multivariable regression model coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-1.796	0.179		-10.061	0.000
	STC	0.258	0.036	0.217	7.135	0.000
	PTHH	0.032	0.029	0.129	1.116	0.045
	NLPV	0.340	0.043	0.291	7.990	0.000
	KNDU	0.443	0.043	0.304	10.293	0.000
	SDC	0.367	0.045	0.296	8.080	0.000

Source: Data processing results of the research team

5. DISCUSSION OF RESEARCH RESULTS AND PROPOSALS

5.1. Discuss

This study applies the servqual model to examine the impact of service quality components on customer satisfaction on public service quality at the social insurance agency of Lao Cai province. Specifically, the study proposes a model with 5 research hypotheses, the results of regression analysis have shown that all 5 of these hypotheses are accepted. Similar to previous studies, the research results have confirmed the positive impact of five factors "reliability", "tangible means", "service capacity", "responsiveness" and "empathy" on customer satisfaction with the quality of public services at the social insurance agency. In this study, the factors affecting customer satisfaction are arranged in order of decreasing importance as follows: responsiveness, service capacity, empathy, reliability, and tangible means. This shows that, for public services at the social insurance agency, "tangible means" have the weakest impact, which can be explained by the fact that social insurance is Public services organized and performed by the State. Two factors "Responsiveness" and "empathy" are the factors that have the strongest impact on customer satisfaction, which proves that for participants using public services at the insurance agency. Social insurance staff's willingness to help, care, and guidance is important.

5.2. Propose

Based on the research results, the research team has proposed solutions to affect the factors affecting the satisfaction of customers using public services at the social insurance agency of Lao Cai province, including groups of measures to improve responsiveness, empathy, service capacity, reliability, and measures to strengthen facilities and equipment. Synchronous implementation of solutions will contribute to improving the quality of public services at social insurance agencies in Vietnam.

This study only assesses customer satisfaction with the quality of public services at the social insurance agency of Lao Cai province through surveys and some other secondary data sources. Future studies may expand the sample beyond Lao Cai province, to other provinces and cities in the country. This study applies the servqual model to examine the impact of 5 service quality components on customer satisfaction using social insurance public services. Further research can continue to expand the servqual model by considering other influencing factors such as social insurance policies and laws, awareness, and understanding of social insurance participants, etc.

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