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The study of organizational factors and costumer stimulus effects on financial performance of insurance companies (case study: Dana insurance personnel in Tehran)

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Abstract

The present study tried to investigate organizational factors and costumer stimulus effects on financial performance of insurance companies (the case of Dana insurance). The research was applicable and correlation. The research participants were all official and contractual clerks, who were employee during the study time, in Dana insurance company, they were 1647 people and considering Morgan table and the community volume they were 312 people, who were studying base on random sampling. In order for collecting data, questionnaire was used. Validity of the questionnaires was approved by some university authorities and the reliability of questionnaires was confirmed by Cronbach's Alpha of SPSS software. The results showed that organizational and customer stimulus factors had positive and meaningful effect on insurance companies' financial performance.

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Introduction:

In today's world, economic development of each country indicates its international place. In order for showing themselves off internationally, countries attempt to improve their own development index and they try to cause economic development and to play an effective role in economic conditions' improvement cycle and their own effective role enhancement all around the world. (Khashaman ,2013)

As a development index, insurance industry has considered as one of the most important structure and it has also noticed as a supporter of the other structures. So that, its development and deflation effects change in other economic institutions or businesses (mohammadi moghanki, chaharsoghi. 2013). Insurance industry plays an important role in economic development by means of insurance premiums gathering, in other words, it makes constructional trend and development easier by means of security and trust creation for service encounters.

With due attention to its effects on countries' development, the study of effective factors on insurance industry's financial performance is very important. Organizational factors and customer stimulus can be considered as an important factor which effects on insurance companies' financial performance (Rodrigues & Felico 2015).

Influence measurement of the factors on Dana insurance companies are investigated by the study. The organizational factors are service creativity and organizational structure and the customer stimulus factors include necessity emotion and trust. Therefore, insurance companies can improve their own financial performance by means of the factors' recognition and the existing state understanding.

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Background of the study:

Many foreign or local researchers have scrutinized this subject as follow:

Dastani's the *study of three strategic management models of creativity in services (2009)* has presented some experienced models in strategic management of creativity.

Dastgir & et al's *the study of think investment effects on companies' financial performance (2014)* has studied knowledge, technology regulating, good behavior with customer, information systems and etc. effects, which includes think investment of organization, on companies' financial performance as an important factor in information era. The results showed that think investment, which includes human and structural capacities, had an increasing role on the company's performance and it was effective on its financial results like market value, earning power, productivity and etc.

Amiri & vakilzade's *influence of social responsibility over companies' financial performance (2014)* studied influence of social responsibility over active companies' financial performance in stock marketing paper during the years of 2002 to 2011. The results showed that there was a meaningful relation among social responsibility of companies' performance. Social responsibility caused harmony between economic benefits and environment and it also caused the static development of companies' business.

Roshandel arbatani & Shirvani naghel's *a model presentation for improving financial performance of organization with emphasis on role of human capacities 'compound and management constancy (2015)* investigated the impacts of human capacities 'compound of organization and management constancy on financial performance with a mixed method. The results showed that human capacities 'compound and management constancy had a positive and meaningful relation with financial performance but there wasn't a meaningful relation between themselves.

Zafari & Noorsina's *the study of premiums' satisfaction factors' influences over the income of treatment complement insurance companies: the case of Atie Sazan Hafez Company (2015)* investigated the impacts of customer satisfaction on insurance companies' income. The results showed that there wasn't a meaningful relation between satisfaction factors (the amount and accomplishment of commitments), (quality circumstances over the insurance company) (treatment centers which agreed a contract with the insurance company) and the companies' income against the high amount of the insured people satisfaction in all branches.

Sehat & et al's *the relation between organizational creativity and competitive benefit in insurance companies (2014)* investigated the impacts of relation between organizational creativity and competitive benefit in insurance companies. The results showed that there was a positive and meaningful relation between organizational creativity in general and its kinds and competitive benefit in insurance companies. Among all creativity, product creativity has the most relation with competitive benefit in insurance companies. Furthermore, one-sample T-test results showed that insurance companies were in a good situation; just for purposes of process creativity and they weren't in a good situation with a view to product and service creativity.

In Edalat haghi & Ali akbari resa's *the study of creativity processes and their impact on companies' financial performance (2013),* different measurement methods of creativity processes, which are mainly analytic and reasoning, were compared. The results showed that creativity proving couldn't determine that this creativity was addressed to which markets or which customers: just because the elements were related to the environment and they were continuously changing.

Kominz & et al's *organizational structure impact on productivity: the proof of Spanish insurance industry (2004)* investigated the impacts of organizational structure on productivity of Spanish insurance industry in a span of 1989 to 1997. The results showed that, supposing the structure was efficient, expense and income were much more.

Erna's *do insurance companies' activities enhance economic development? (2008)* indicated that there was a meaningful relation between insurance companies' activities and economic development. Furthermore, insurance companies' performance caused economic development in that region.

Sambasivam & et al's *the study of insurance companies' performance in Ethiopia (2013)* investigated those factors that impacted on insurance companies' performance in Ethiopia. The results showed that factors such as size, age (oldness), capital volume and development had a positive and meaningful relation with insurance

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performance in Ethiopia and factors such as sensible assets and liquidity ratio had a negative relation with insurance performance in Ethiopia.

Rodrigues & Felicio's *organizational factors and customers stimulus impacts on insurance companies' performance (2015)* investigated the impacts of organizational factors such as service creativity, commitment risk, human capacities, financial resources, information systems and organizational structure and customers' stimulus factors such as necessity and trust to the insurance companies' performance. The results showed that both organizational and stimulus factors had impacts on insurance companies' performance. Moreover, the results showed that age, size and products' species had impacts on insurance companies' performance.

Lee & et al's *economic development and development: the structural environments role (2016)* investigated the relation between economic development and insurance development in structural environments. The results showed that there was a negative relation between lifetime insurance and economic development in regime with relatively unhealthy structure. The negative effect would be unimportant after an obvious quality point.

Conceptua model:

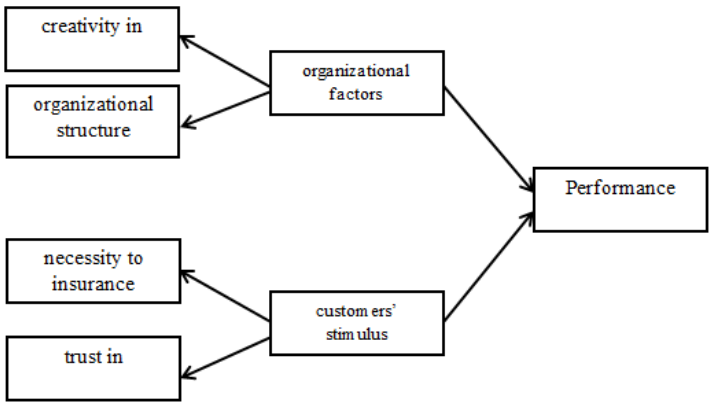


Figure1: conceptual model of research. Felicio and rodrigues (2015)

Methodology:

The present study had an applicable end, the data collecting was descriptive- measurable and the relation between variables was correlation. The research participants were clerks of Dana insurance in Tehran. Considering the research participants 'traits, simple random sampling was utilized in the span of January 2015 to June 2016.

The Local territory of the research was all Dana insurance branches in Tehran. Considering Morgan's table and community volume, the sample volume was 312 people.

Variables:

Organizational factors: organizational factors are some qualities of organization that lead customers to use presented services of researched organization. They included creativity in presented services and organizational structure.

Financial performance of organization: Financial performance of organization is a benefit or an income that is gained by the organization (insurance company) during a clear span of time and through the presented services to the customers. Lee & et al's (2016) questionnaire used for evaluating the variable of the research. The allocated number to the questionnaire clarified the financial performance of the organization.

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Stimulus: stimulus investigation is related to those processes which give energy and direction to behavior. Energy means that behavior has power and it is relatively powerful, intensive and static. Direction means that behavior has goal that means it is directed to special goal or result. Those processes which power behavior up and direct it are resulted from internal powers and environment. Stimulus is internal experiences like necessitys, recognition and excitement which powers someone's remoteness and nearness liking up. External powers are those which encourage or discourage someone to do or not to do something (Marshal rio, John 2008).
Bartool & Martin introduces stimulus as a power which gives direction and energy to behavior and it plans out permanence (Bartool & Martin 1998).

Reliability of evaluation tools:
There are numerous ways of reliability ascertainment but cronbach's Alpha coefficient is the most fashionable one. In order for ascertaining the test reliability, cronbach's Alpha coefficient, which was attained by SPSS, was used. The more nearer to 1 (0.7 to 1 is acceptable) the more acceptable the reliability test is. For being sure of the test reliability, cronbach's Alpha was calculated less than scales and all questionnaire scales. The results were shown in table1:

Table1: cronbach's Alpha coefficients for the variables:

	questions' title	each variables' cronbach's Alpha coefficient
1	The questionnaire	858/0
1-1	Organizational structure	761/0
1-2	Financial performance	866/0
2-2	Creativity in services	791/0
1-3	Necessity	783/0
2-3	Trust	786/0

Normality test of data:
Before the hypothesis test execution, the normality of data should be ascertained. In order for achieving this end, Kolmugroof-Smirnof test was applied. Kolmugroof-Smirnof test's results were presented in table 2.

Table2. Kolmugroof-Smirnof test's results of normality for the research variables:

	organizational structure	creativity in services	necessity	trust	organizational factors	stimulus factors	Financial performance
N	312	312	312	312	312	312	312
Normal Parameters Mean(a,b)	3.7250	3.6923	3.793	3.805	3.7625	3.8375	3.2679
Std.Deviatin	1.43115	1.9310	1.696	1.6201	1.761	1.895	2.272
Kolmogorov-Smirnov Z	0.611	0.643	0.858	0.770	0.744	1.126	0.753
Asymp. Sig. (2-tailed)	0.849	0.802	0.453	0.593	0.586	0.158	0.622

[a] Test distribution is Normal.
[b] Calculated from data
According to Kolmugroof-Smirnof test's statistic, all research variables had normal distribution.

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The study of research hypotheses:
Correctness or incorrectness of hypotheses was investigated here.

Main hypotheses:
1.Organizational factors had positive and meaning full influence over Dana insurance company's financial performance.

Table3: Pearson Correlation test's results of main hypothesis:

Variable		organizational factors	Financial performance
organizational factors	Pearson Correlation	1	.736**
	Sig. (2-tailed)		.000
	N	312	312
Financial performance	Pearson Correlation	.736**	1
	Sig. (2-tailed)	.000	
	N	312	312

Correlation is significant at the 0.01 level (2-tailed).

According to amount of sig, which is less than 0.05, thus, there was a meaningful relation between two variables and according to amount of Pearson correlation, which is 0.736, the ratio of dependent variable (financial performance of organization) increased by 0.736 through an increase of 1 unit in the independent variable (organizational factors). Therefore, it could be said by %95 trust that there was a positive and meaningful relation between investigated organizational factors and financial performance of organization.
Customer's stimulus factors had positive and meaningful influence over Dana insurance company's financial performance. Pearson Correlation coefficient were used for investigating the relation:

Table4. Pearson Correlation test's results of second main hypothesis:

Variable		customer stimulus	Financial performance
customer stimulus	Pearson Correlation	1	.874**
	Sig. (2-tailed)		.000
	N	312	312
Financial performance	Pearson Correlation	.874**	1
	Sig. (2-tailed)	.000	
	N	312	312

Correlation is significant at the 0.01 level (2-tailed).

According to amount of sig, which is less than 0.05, thus, there was a meaningful relation between two variables and according to amount of Pearson correlation, which is 0.874, it could be concluded that the ratio of second variable (financial performance of organization) increased by 0.874 through an increase of 1 unit in the first variable (customer's stimulus factors). Therefore, it could be said by %95 trust that there was a positive and meaningful relation between customer's stimulus factors and financial performance of organization.

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Secondary hypotheses:

1. **Creativity in services had a positive and meaningful influence over financial performance of organization.**

Table 5. Pearson Correlation test's results of first secondary hypothesis:

Variable		creativity in services	Financial performance
creativity in services	Pearson Correlation	1	.743**
	Sig. (2-tailed)		.000
	N	312	312
Financial performance	Pearson Correlation	.743**	1
	Sig. (2-tailed)	.000	
	N	312	312

Correlation is significant at the 0.01 level (2-tailed).

The significant region of test is less than %5 of deviation level (0.000), therefore, it could be said by %95 trust that there was a meaningful relation between two variables. The ratio of relation and correlation was %74.

2. **Organizational structure had a positive and meaningful influence over Dana insurance company's financial performance.**

Table 6. Pearson Correlation test's results of second secondary hypothesis:

Variable		organizational structure	Financial performance
organizational structure	Pearson Correlation	1	.367**
	Sig. (2-tailed)		.001
	N	312	312
Financial performance	Pearson Correlation	.367**	1
	Sig. (2-tailed)	.001	
	N	312	312

Correlation is significant at the 0.01 level (2-tailed).

The significant region of test is less than %5 of deviation level (0.001), therefore, it could be said by %95 trust that there was a meaningful relation between two variables. The ratio of relation and correlation was %37.

3. **Insurance requirement had a positive and meaningful influence over Dana insurance company's financial performance.**

Table 7. Pearson Correlation test's results of third hypothesis:

Variable		insurance requirement	Financial performance
insurance requirement	Pearson Correlation	1	.721**
	Sig. (2-tailed)		.000
	N	312	312
Financial performance	Pearson Correlation	.721**	1
	Sig. (2-tailed)	.000	
	N	312	312

Correlation is significant at the 0.01 level (2-tailed).

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The significant region of test is less than %5 of deviation level (0.000), therefore, it could be said by %95 trust that there was a meaningful relation between two variables. The ratio of relation and correlation was %72.

4. **Trust in insurance companies had a positive and meaningful influence over Dana insurance company's financial performance.**

Table 8. Pearson Correlation test's results of fourth secondary hypothesis:

Variable		Trust	Financial performance
Trust	Pearson Correlation	1	.878**
	Sig. (2-tailed)		.000
	N	312	312
Financial performance	Pearson Correlation	.878**	1
	Sig. (2-tailed)	.000	
	N	312	312

The significant region of test is less than %5 of deviation level (0.000), therefore, it could be said by %95 trust that there was a meaningful relation between two variables. The ratio of relation and correlation was %88.

Multi-variable regression for simultaneous investigation of organizational and stimulus factors influence

In order for predicting the dependent variable changes according to four independent variables, the regression model and stepwise method were used.

Table 9. Clarification of dependent variable according to independent variables:

Statistical indexes	poly correlation coefficient	determination coefficient	balanced determination coefficient	significant
Amounts	0.93	0.8649	0.8531	0.000

Above table would show the summary of model. The ratio of correlation coefficient (R) between variables was 93/0. It showed that there was relatively strong correlation between independent and dependent variables.

However, the ratio of balanced determination coefficient, which equaled 853/0, showed that 3/85 percent of all dependent variable changes were done by four dependent variables (creativity in services, organizational structure, trust and necessity). On the other hand, these four independent variables predicted %85 of dependent variable variance.

Variance analysis:

Table 10. Variance analysis:

model	sum of squares	free degree	squares mean	F test	Significance
Regression	107.93	4	23.77	93/94	0.000
Residual	87.58	307	0.28		
Total	194.67	311			

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According to F test's results and significance of test ratio (94/93) on level smaller than 0.01, it could be concluded that regression model of the research ,which had 4 independent variables and 1 dependent variable, was a good model and these 4 variables could clarify the changes of dependent variable.

Table 11. Hypotheses test's results:

Hypothesis type	the research hypotheses	correlation coefficient	significance coefficient	result
Main	organizational factors has positive and meaningful influence over Dana insurance company's financial performance	0.736	0.000	reception
Main	customer's stimulus factors has positive and meaningful influence over Dana insurance company's financial performance	0.874	0.000	reception
Secondary	creativity in services has positive and meaningful influence over Dana insurance company's financial performance	0.743	0.000	reception
Secondary	organizational structure has positive and meaningful influence over Dana insurance company's financial performance	0.367	0.001	reception
Secondary	insurance requirement has positive and meaningful influence over Dana insurance company's financial performance	0.721	0.000	reception
Secondary	trust in insurance companies has positive and meaningful influence over Dana insurance company's financial performance	0.878	0.000	reception

Results:

According to gained results, organizational factors had positive and meaningful influence over Dana insurance company's financial performance (with correlation coefficient 0.736), creativity in services had positive and meaningful influence over Dana insurance company's financial performance (with correlation coefficient 0.743), organizational structure had positive and meaningful influence over Dana insurance company's financial performance (with correlation coefficient 0.367). There was an accordance among Felicio(2015), Kominiz & et al (2004), Amiri & Vakilzade (2014) and the research results. Thus, among all organizational factors, creativity in services had the most important influence over financial performance of insurance companies. It would show the importance of products and insurance companies' services; because the requirements of present and potential customers could be afforded through new products presentation by insurance companies. Planning and developing of insurance product are the most important operations parts of insurance companies. Therefore, it is recommended that managers and clerks of Dana insurance company should apply a policy that encourages all top managers and clerks to utilize creativity processes in partnership. It makes their presence in all organizational activities possible and necessary and it improves organizational financial performance through the creation of new structures and internal organizational relations such as horizontal, network and all-round structures with non-concentration on deciding, much more flexibility and much more informal relations peculiarities.

Moreover, it was clarified that stimulus factors had positive and meaningful influence over Dana insurance company's financial performance (with correlation coefficient 0.874), insurance necessity had positive and meaningful influence over Dana insurance company's financial performance (with correlation coefficient 0.721) and trust in insurance companies had positive and meaningful influence over Dana insurance company's financial performance (with correlation coefficient 0.878). It was recommended that the most trust of a customer to Dana insurance company in commitment making would be reached through paying of premiums' damages in short time. Furthermore, customer's trust would be earned by both trust creation in confidentiality of customers' information and giving clear and exact information to them.

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