EFFECTS OF PERCEIVED SERVICE QUALITY ON CUSTOMER SATISFACTION AMONG AVIATION INSURANCE POLICY HOLDERS IN MALAYSIA

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ABSTRACT

Service quality has become an important factor in the current competitiveness in the aviation insurance environment. This study is on the effects of perceived service quality on customer satisfaction among aviation insurance policy holders in Malaysia. The objective of this study is to identify and determine if aviation insurance policy holders are satisfied with the services provided by the aviation insurance service providers. The application of SERVQUAL model by Parasuraman, Zheitmal and Berry (1985) on the five dimensions, and that being tangibility, reliability, responsiveness, assurance and empathy which display issues pertaining to how the perceived service quality affects the customer satisfaction among the various aviation insurance policyholders. Sample size of 120 respondents are selected from scheduled, non-scheduled, airlines, air cargo operators, flying academy and flying clubs who are the policy holders. Quantitative data analysis is used in this study. The selected respondents were given questionnaires which consists of 35 closed questions on the Likert's seven scale point. Data is analysed using Structural Equation Modelling (SEM). The findings show that the five service quality variables which encompass tangibility, reliability responsiveness, empathy and assurance, significantly affect customer satisfaction among aviation insurance policy holders in Malaysia. However, the mediating element which forms the claims, does not affect customer satisfaction. This study is significant to aviation insurance service providers which consists of brokers, aviation insurance & reinsurance companies' adjustors & surveyors, regulators and rating agencies.

Key words: Aviation insurance, SERVQUAL, Quantitative analysis, Likert's
Seven-point scale, Regulators and Rating agencies

I certify that I have supervised / read this study and that in my opinion it conforms to acceptable standards of scholarly presentation and is fully adequate, in quality and scope, as a thesis for the fulfilment of the requirements for the degree of Doctor of Business Administration.

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I hereby declare that the thesis submitted in fulfilment of the Doctor of Business Administration degree is my own work and that all contributions from any other persons or sources are properly and duly cited. I further declare that the material has not been submitted either in whole or in part, for a degree at this or any other university. In making this declaration, I understand and acknowledge any breaches in this declaration constitute academic misconduct, which may result in my expulsion from the programme and/or exclusion from the award of the degree.

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LIST OF ABBREVIATIONS

Aviation insurance: Aviation insurance is insurance coverage geared specifically to the operation of aircraft and the risks involved in aviation

Service Quality: Service quality is the value of a service to customers.

IATA: The International Air Transport Association is a trade association of the world's airlines. It consists of 290   airlines, primarily major carriers, representing 117 countries

ICAO: International Civil Aviation Organization is an aviation technical body of the United Nations, provides a global forum for 191 member states to adopt and implement international aviation standards. The Office of International affairs (OIA) works to advance the safety, security and efficiency of international civil aviation.

Risks: Risk is the future impact of hazard that is not controlled or eliminated. It is viewed as future uncertainty created by hazards.

SERVQUAL: SERVQUAL is a multi-dimensional research instrument, designed to capture consumer expectations and perceptions of a service along the five dimensions that are believed to represent service quality. It was developed by A Parasuraman, Valerie Zeithaml and Leonard L. Berry to measure quality in the service sector.

Customer Satisfaction: Customer satisfaction means that the customer is satisfied with the overall service he/she received. Satisfaction happens when customers' perception is higher than expectation.

Policyholder: A policyholder is a person or entity who owns an insurance policy who is also called the insured who has privilege to exercise the rights stated in the contract of insurance between the insurance company and with the policyholder.

IRA: Insurance Rating Agencies are credit rating companies that rates insurance companies financial strength. An insurance company's credit rating indicates its ability to pay policyholders claims.

CHAPTER 1.0   INTRODUCTION

1.1 Background of the Study

Any form of business transaction, which may involve a product, sale or follow-up service, may invariably affect the incredulous customer stand-point especially when it involves customer satisfaction, as they are mutually influencing and reinforcing the business-customer relationship over time and space, and therefore to summarise; the essence being one of quality which continues to be the ultimate determinant of customer satisfaction. Hamenda (2018) mentioned in his study on an excellent viewpoint, that providing excellent service quality and maintaining high customer satisfaction are the two most important issues and challenges facing the contemporary service industry. And according to Asyraf, Zainudin, Norfadzilah, Hazimi and Puspa (2019) perceived service quality is the reaction of what customers expect from the services offered. Should customers' measure of perception on the service quality is incredibly high, a tendency is reckoned whereby customers are believed to be contented at the services provided to them. The anticipation of customers is high and to full fill their expectation, the service quality has to be respectable. Key players in the aviation insurance transaction are brokers, insurance companies, reinsurer, retrocessionaire and loss adjustors / surveyors. This study is undertaken on a holistic front with focus on the five key dimensions of SERVQUAL which are tangibility, reliability, responsiveness, empathy, and assurance, where they are applied to measure the perception of the aviation insurance policyholders, to determine satisfaction in relation to service quality provided by the aviation insurance service providers. Parasuraman along with Berry and Zeithaml(1985) developed this conceptual model of service quality to measure customer satisfaction. Pena, Silva, Tronjin and Melleiro (2013) mentioned the use of SERVQUAL model

to measure customer satisfaction and service quality. Service quality is essential for any organisation and business survival (D' Silva, 2015). Companies have realised that in order to increase profitability it is vital to focus on improving service quality so that it would make customers to be satisfied (Grant, 2015).Consumer expectation and perceived performance are important factors that need to be considered which leads to customer satisfaction and dissatisfaction (Gordon & Kress, 2015).

The vital dimensions of service qualities which comprises of tangibility, reliability, responsiveness, empathy and assurance, are an array of excellent measurable indices to determine customer satisfaction. The SERVQUAL dimensions are ideal exemplary and yardstick in determining service qualities. Abaidoo (2015) has described that service quality leads to maximum satisfaction. In the aviation industry service quality is one of its priorities in both scheduled and non-scheduled airlines, flying academy, cargo operators and flying clubs who are the aviation insurance policyholders (**see Appendix A for details**).

In Malaysia, there are local and foreign aviation insurance service providers offering services in various categories from broker, insurance, reinsurance and loss adjustor/surveyors. Many of them are based in major cities in Malaysia and in Labuan off-shore financial centres in Sabah. They handle all classes of aviation insurance matters, ranging from hull to liability The aviation insurance in Malaysia started as early as in the 60's and foreign based companies were underwriting all classes of aviation insurance (White ,2018). According to the author the foreign based aviation insurance companies have the skill and knowledge and financial strength to underwrite and handle aviation risks. For this study the list of brokers and insurance companies that undertake aviation risks for the respondents is shown in **Appendix B.** The aviation is grouped into MAT which is acronym for Marine

Aviation and Transit. It includes insurance coverage for marine hull, aviation, cargo, offshore and gas related. MAT covers 10.5% of all general insurance and aviation insurance, and aviation risks takes only 1.5% of general insurance (Lloyds, 2015).Among the insurance companies Allianz General Insurance and Etiqa Insurance covers major hull and liability risk (Insurance Industry profile Malaysia, 2017). Aviation insurance is insurance coverage geared specifically to the operation of aircraft and the risks involved in aviation. Aviation insurance policies are distinctly different and incorporates aviation terminology, as well as and clauses specific to aviation insurance (Boldt, Katin-Borland, & Dempsey, 2015).The authors have mentioned that aviation insurance is costly and technical, therefore it is handled by experienced and experts in the aviation industry.

The classes of aviation insurance are hull insurance, public liability insurance, travel insurance, passenger and crew insurance and pilot negligent liability. In the keynote address at the 6th Malaysian Insurance Summit, Ibrahim (2016) had highlighted the importance of aviation insurance and ensures policyholders that they could trust and rely on the services provided by the aviation insurance service providers. Between the reinsurers and adjusters/surveyors of aviation risks, the need to comply to the both policy statutory requirements of the aviation industry and the terms and condition of policy requirements is essential. This is to avoid any ensuing disputes of claims that can complicate the processing of such claims, thus questioning the service quality of both parties including their client –the airlines in the aviation industry. Malaysian Reinsurance Berhad is the Manager of the Malaysian aviation Pool (MAP) which has six local and two reinsurers to undertake aviation reinsurance risks (Sing, 2014). The reinsurance companies which handle aviation risks for the respondents is shown in **Appendix C**

The Malaysian Aviation pools retains some of the insured risks and cedes the remaining to overseas reinsurance companies. The principles applying to reinsurance are, as a rule, the same as those which apply to the original insurance. Reinsurance is the art of spreading the risk accepted by insurers or underwriters amongst a number of reinsurers (Aduloju & Jemunigbohun, 2017). Therefore, relationship exist between the broker, lead insurer and the reinsurer. In some situation the reinsurer reinsures to a retrocessionaires where high risks are unable to be retained (Malaysian Re, 2015). Policy holders are concerned about cases of incidents and as to whether the relevant service providers be able to settle claims without delay. Park and Xie (2014) have mentioned in their study which shows that brokers' duty is to be transparent in dealings with reinsurer and the retrospective reinsurer to the insured and also to all party concern.

1.2 Problem statement

According to Laishram Gyanendra Singh and N. V. R. Jyoti Kumar (2015) service quality has become a household name and it is the most important fundamental element in the insurance sector. They have reiterated that deterioration in providing quality service leads to disruption in the relationship between the service provider and the policyholders. Aviation insurance is very technical and complicated, therefore the expectation of the aviation insurance policyholders in procurement of quality service is very high (Agarwal & Kapoor 2015).In the article of Consumerist it was mentioned on how aviation insurance companies cheat policyholders in insurance transaction by changing policies retroactively, changing surveyor & adjustors reports, denying claims, manipulating policy wordings and falsifying documents without the knowledge of the policyholders (Consumerist ,2017). Hamid and Parinaz (2014) in their study have mentioned that aviation

insurance policyholders encounter difficulties and complications in matters related to the insurance, policies and documentation where assistance and support are not given on time by the aviation insurance companies. The authors have reiterated that incompetent, unreliable and dishonest staff cause serious problems in providing and maintaining service quality par excellence at all times, where such actions may lead to dissatisfaction and frustration among the policyholders for depriving and denying quality services to them.

Katie and Al-Baldawin (2019) in their study have mentioned that broker updates and provides immediate solutions to policyholders. They have mentioned that honesty, trust and sincerity are what being looked for in a professional relationship between the aviation insurance policyholders and aviation insurance service providers. All aviation risks are reinsured and reinsurance broker has significant roles in the process of arranging for reinsuring of aviation risks. A reinsured is the original insurer and cedes to a reinsurer. A reinsurer's obligation is to indemnify the reinsured in respect of losses paid out pursuant to the contracts of insurance which the reinsured legally liable to pay under the original insurance (Game-Lopata, 2020). Determination of claims amount payable is done by the cedant and amounts demanded from reinsurers ought to reflect accuracy. Inaccuracies mostly occur where cedants fail to correctly adjust claims amount against portfolio transfers, incorrect indexation where applicable and lack of conscientious control of arithmetic errors. Incorrect computation of claims therefore stems from internal operation lapses by the cedant most likely due to insufficient automation of functions. This results to ceding claims that are not well computed therefore the reinsurers could not readily and timely settle their obligations. It demands getting

back to the cedants for reconciliation exercises which unnecessarily consume resources.

Poor investigation of claims is a consequence of either low expertise, questionable integrity, inexperience or low quality of loss investigators that are engaged by a cedant, or a combination of these and other related factors. It has a consequence of impairing reinsurers' efficiency and effectiveness in discharging their indemnification obligation. As a general rule, the obligation of the reinsurers to indemnify the reinsured arises when the extent of the reinsured's liability has been established by agreement, judgement or arbitration in aviation insurance dealings. Although the terms of the policies can be flexible, several doctrines help to define the nature of the reinsurer and reinsured relationship. These doctrines are the duty of utmost Good Faith and the doctrine of "follow the fortunes." The duty of utmost good faith has several facets, including the requirement that both parties to the reinsurance contract deal with each other with candor and honesty.

The duty assumes that both parties are sophisticated and knowledgeable in the insurance industry. As a result, they should be aware of what is relevant and necessary for the other party to know. The reinsured must follow the duty by disclosing all material facts to the reinsurer that relate to or affect the original policy and its calculated risk. The reinsured must essentially put the reinsurer in the same position as it would be in when deciding about the risks and the possibility of coverage on the original policy.

In addition, the duty requires that the reinsured act with honesty in negotiating any settlement with the original policyholder. If the settlement is not handled by following the appropriate business procedures, the reinsurer may not be bound by its terms and then does not have to pay under the policy coverage.

The duty of utmost good faith requires the reinsured to provide adequate notice of any claim or potential claim to the reinsurer. For notice to be adequate, it should be given as soon as the reinsured becomes aware of a potential claim. To be aware, the reinsured must investigate with diligence to discover these possible claims. Notice is required to make the reinsured aware of the possible need for available funds in case a claim is filed. Notice also allows the reinsured to participate, if desired, in the defence of the underlying claim. Practically, reinsurers may also use the notice of potential claims to determine renewal of, or change in, premiums under the reinsurance contract. The duty of utmost good faith that is part of reinsurance policies requires the reinsured and reinsurer to deal honestly with each.

Also implicit to reinsurance policies is the follow-the-fortunes doctrine (Bansal, 2019). According to the author "Follow the fortunes" means the reinsurer should follow along with the reinsured's payment to the original policyholder. Provided the reinsured makes a good faith payment that reasonably falls within the terms of the original policy to the policyholder, the reinsurer is then required to make payment according to the terms of the reinsurance policy. The reinsurer should make the payment even if payment is not specifically mandated under the terms of the policy but is arguably within the meaning of its terms (Singh, 2019). According to the author the doctrine is meant to encourage coverage by reinsurers and discourage unnecessary litigation by the parties over interpretation of the policy.

The follow-the-fortunes doctrine does have limits to protect the reinsurer from excessive payments. The reinsurer is not obligated to cover payments made by the reinsured that are clearly outside of the policy language. Also, the reinsurer is not obligated to follow the business fortune of the reinsured, only the insurance-related

fortune of the company. The reinsurer need only indemnify for the type of loss intended by the policy, not losses due to uncollectible premiums. Losses clearly related to the business decision and not the policy are not within the scope of the doctrine. The follow-the-fortunes doctrine implies a duty by the reinsurer to indemnify reasonable payments made by the reinsured under the underlying insurance policy.

Once the policy terms and the parties' relationship are defined, several defences are available to the parties to avoid liability. Defences that may be available include normal contract defences, inadequate notice and failure to disclose, or Misrepresentation. Usually any defence available to either party to a contract would be available to either the reinsurer or the reinsured. Those defences can include impossibility of performance, an act outside the parties' authority, actions by a party that are inconsistent with the policy, actions by a party that unreasonably increase the risk, or misconduct by the parties. Any defence that would be an option for a party under the original insurance policy is available for the parties to the reinsurance policy.

The defence of inadequate notice is available to the reinsurer. If the reinsured has violated its duty to give prompt and reasonable notice to the reinsurer, the reinsurer may be able to reduce or refuse payment under the policy. Because of the relationship between the parties, the reinsured is required to comply fully with all the terms of the policy or the reinsurer is not necessarily obligated. However, the reinsurer must often show that it has been prejudiced or hurt by the lack of notice in order to avoid liability on the policy.

The most common defence available to the parties is the failure to disclose (also referred to as fraud, misrepresentation, or concealment). This defence is tied heavily to the duty of utmost good faith because both deal with the disclosure of material facts. For the reinsurer to assert the defence of failure to disclose, the reinsured must have concealed some relevant or important information. Relevant information would include facts such as a claim previously filed under the original policy or an unusually high risk related to the original policy. The failure to disclose need not be an intentional statement known to be false; it could be the reinsured's failure to investigate and determine the truth of a fact. When deciding if a fact or information is material or relevant, the courts ask if the misrepresented or withheld information, if disclosed, would have changed the reinsurer's decision to issue the policy. The false statement alone is not enough to avoid liability; the reinsurer must have acted upon that misrepresentation in such a way that it was prejudiced. If the reinsurer's decision or action would have been different regarding the risk, it may be relieved of liability.

Generally, the original policyholder has no rights against the reinsurer (Santos Richman & Wong, 2018).The authors have mentioned that the original policyholder has no contract with the reinsurer, they have no obligations to each other. This arrangement can be altered by inserting language into the reinsurance policy allowing the original policyholder to obtain payment directly from the reinsurer. Such language often is effective only when the reinsured becomes insolvent or unable to pay. These clauses are not often used because a reinsured can view such clauses as a lack of confidence in its ability to pay. The clause may be used in the case of a reassignment or sale of the policy to another insurance company to protect the original insured.

Without specific language in the policy, the original policyholder has few rights with the reinsured. If the reinsured becomes overly active in the claim process and defence, it could open itself to a direct claim. The original insured can bring an action against the reinsurer if the reinsurance policy requires the reinsurer to pay any claim directly to the original policyholder. The original policyholder is considered a third-party beneficiary and can sue either the reinsured or the reinsurer. The recovery obtained by the original policyholder cannot be more than the total loss.

Ultimately, the aviation insurance policyholders would face the consequences due to the reinsurer, broker and the reinsured's action. Policyholders would be in difficult position to seek justice because of this. Policy holders seek satisfaction and contentment for services provided in the end, as dissatisfaction shows that the aviation insurance providers' are not delivering the expected services expected of them. Therefore should there be a discrepancy between the requirements of the aviation insurance policy holders and the quality of insurance service providers, often the latter's expected delivery fall short of expectations, which may see lack of expected quick delivery of service quality, and therefore the professionalism of the insurance service provider is often questioned because of some deviant practices which are misconducts unbecoming of insurance service providers.

Catherine, Chege and Severina (2019) in their study have identified the importance of name and reputation for customers to support. Poor service quality tarnishes the image of the company in the aviation market, thus lowering the reputation of the company in the long run should they not take remedial measures to correct faults from happening. Financial Tribune reported that the Central Insurance of Iran which is the insurance regulator fined three insurance companies for cheating (Financial Tribune, 2016). Fake insurance companies and dishonest insurance agents

can defraud consumers by collecting premiums for bogus policies with no intention or ability to pay claims.

These "companies" may offer policies at costs that are significantly lower than the traditional market price in order to woo consumers who are trying to save money. In many cases, a fake insurance company will provide consumers with documents that look real. In other instances, these policies may even be represented by legitimate insurance agents who themselves have been misled by fraudulent companies (Pooser & Brownie, 2018). Ogorchukwu Augustine Isimoya (2019) in the study about brand image has identified that employees of legitimate insurance companies can also deceive consumers for personal gain. For instance, an unscrupulous agent could collect premiums from a customer without delivering the insurance policy to the company.

The insurance company could cancel or refuse to renew the policy. Signs of fraud with reputable companies include the failure to receive an insurance identification card or a copy of your policy in a timely manner. In 2019 the Centre for Insurance Policy and Research in the USA reported that the National Association of Insurance Commissioners between the years 2000-2002, the General Accounting Office of the federal government identified 144 fake insurers nationwide that sold bogus insurance to more than 200,000 aviation policyholders, resulting in more than $252 million in unpaid claims (Parker,2019). In the report it has been mentioned that legitimate companies that are not licensed by the state to sell insurance might lead consumers to think they are selling "insurance" while evading state insurance regulations.

Increasing dissatisfaction of service providers due to inexperienced and talented employees and bureaucratic delays could affect relationships between two parties to the contract. In essence, the tangibility, reliability, empathy, assurance and responsiveness of service quality and customer relations must be preserved at all times to ensure quality service delivery to aviation insurance policyholders where satisfaction is assured. The gap between the expected delivery of insurance service providers and the expected confirmation of quality delivery continues to plague the aviation insurance industry in numerous ways, such as poor problem solving ability, ill-treating customers, poor communication which has compounded the gap issue leading to client-server satisfaction problems (Samira Ghazavi, & Mahmood Reza Cheraghali, 2013).

1.3 Objectives

This study is about perceived service quality in customer satisfaction among aviation insurance policy holders in Malaysia. The problem statement highlights that there is a possibility of significant service discrepancies in the aviation insurance service providers towards aviation insurance policy holders. Therefore, it is vital to find out how the aviation policy holders perceive the service qualities provided by the aviation insurance service providers. The policy holders are categorised in the scheduled and the non-scheduled airlines companies. The hypothesis to be tested in this study is to find out if service quality significantly affects customer satisfaction. The mediation is tested to find out if claims has significant relationship between service quality and customer satisfaction. Below were the specific objectives of this study:

i   To establish if Tangibility affects customer satisfaction among aviation insurance policy holders in Malaysia.

ii   To determine if Reliability affects customer satisfaction among aviation insurance policy holders in Malaysia.

iii To examine if Empathy affects customer satisfaction among aviation insurance policy holders in Malaysia.

iv   To determine if Assurance affects customer satisfaction among aviation policy holders in Malaysia.

v   To determine if Responsiveness affects customer satisfaction among aviation policy holders in Malaysia

vi   To determine if Claim mediates the relationship between service quality and customer satisfaction among insurance policy in Malaysia.

1.4 Research questions

Below were the research questions of this study:

i   Does tangibility effect customer satisfaction among aviation insurance policy holders in Malaysia?

ii   Does reliability effect customer satisfaction among aviation insurance policy holders in Malaysia?

iii Does responsiveness effect customer satisfaction among aviation insurance policy holders in Malaysia?

iv   Does empathy effect customer satisfaction among aviation insurance policy holders in Malaysia?

v   Does assurance effect customer satisfaction among aviation insurance policy holders in Malaysia?

vi   Does claim mediate the relationship between service quality and customer satisfaction among aviation insurance policy holders in Malaysia

1.5 Justifications and significance of the study

This study is very useful to the aviation insurance service providers, which includes brokers, insurer, reinsurer, and loss adjustor/surveyors. The results in this study would help to improve the service quality in order to make customers to be satisfied. This allows service provides to highlight the weaknesses in their services and develop solutions to improve on the qualities in the services offered. Professional and trustworthy advice is what clients look for (Gallagher, 2014). It would make the aviation insurance service providers to review policies on employing the right quality of people and to develop effective training methods where staffs are able to handle customers and to serve them well. It is important to have good and effective staff to deal and handle complicated and technical aviation insurance matters. Aviation insurance service providers would be able to develop customer relationship marketing plans by allocating sufficient budget. This would make service providers to strategically plan on allocations of budgets to improve and provide effective service quality.

Bank Negara (insurance regulator), government (transport regulator), and employees of the service providers, investors, rating agencies, investment companies and lessors would immensely benefit from this study.Bank Negara Malaysia regulates the financial institution as well as the insurance (Mohamed, 2013). All insurance companies have to be abide by the Insurance Act 1996 and the Insurance Regulations 1996. Breach of the Acts such as fraudulent practices and misleading customers could lead to serious consequences. When customers show sign of dissatisfaction, frustration and disappointment in the services provided, the authorities would step in to investigate the cause of problems and actions would be taken if there are any malpractices.

Malaysia is a member of the International Civil Aviation Organisation (ICAO) from 1958, and it adheres to the treaties and conventions on aviation insurance which safeguards interest of airlines, passengers and public and, takes part in programmes and activities organised by the organisation (Ministry of Transport Malaysia, 2018). It is also a member of the International Air Transport Association (IATA), which promotes cooperation on the trade association with member countries (Oxford Economics, 2016).

Being a member of the two organisation has exemplified Malaysia to highlight on the safety and protection by considering aviation insurance as one of the core important factor. Malaysian Aviation Commission (Mavcom) which is under the Ministry of Transportation Malaysia, regulate economic and commercial matters related to civil aviation in Malaysia .One of its primary duty is to check and monitor the insurance aspect because of the risks involves in the aviation sector. It ensures aviation insurance policy holders get the right services provided by the aviation insurance companies. They have important role to play to ensure there is good relationship between the aviation insurance service providers and with the policy holders who are the airlines companies.

Lawrence (2010) in his article has mentioned that insurance credit ratings are important for policy holders, insurance regulators, and shareholders. The author reiterated that the rating agencies depend on the ability of the insurance and reinsurance companies to pay claims when incur losses. Rating agencies such as AM Best, Fitch and Standard & Poor's rate insurance companies based on their financial stability (Schroeder, 2013).

Lessors who lease aircrafts have interest on the aircrafts and secures protection from the insurance providers (Kritika Walia, 2019). They are also called financiers .Over the years, as more aircrafts have been financed, the separation between aircraft owner and the used has forced aircraft financiers to become familiar so that they can protect their property interest in their aircraft and protect themselves from potential liability to passengers and /or third parties. Akhmetshin and Kovalenko (2018) in their study have mentioned that disputes and arguments arise between the aviation insurance service providers in matters relating to finance/lease contract endorsement where cover deliberately excludes financiers and lessors. The broker without knowledge would have omitted the lessor/financier. It could be serious consequences during processing of claims. The financiers could be denied their rights to claim for compensation. Disappointment and frustration arises due to the incompetent broker and the insurance companies. Insurance companies are the largest investors of premiums in many the financial markets (Miloshevikj, Gogoski,& Trpkoska, 2016).Premium of aviation insurance is very big as compared to other classes of insurance even though the aviation sector is small.. It is due to the value of the aircrafts and the type of risks involved. Investment of the premiums in the financial markets helps to stimulate economic growth (Mojsoska, Vrateovska, & Dujovski 2014). Investment in stocks bonds and treasury bills allows to stimulate government economic activities. Therefore the long term healthy relationship between the policy holder and the aviation insurance and reinsurance companies, produces constant premiums and this eventually gives opportunities to aviation insurance companies and reinsurance to continue their investments in the financial market. The authorities would like to see this happen because it would boost the growth in the insurance sectors.

Investors/shareholders in the insurance companies concern about performance, reputation and name. Image is affected if malpractices happened in the insurance companies. Investors will have confidence if insurance companies practices sincerity and integrity. Disputes, and confrontation with policy holders disrupts the name and integrity. Good customer relationship due to good service ensures customer satisfaction. Shareholders would have confident in their company and would look for good dividend return.

Employees are the ambassador of any organisation. When they are demotivated and demoralised by their management, it leads to disappointment and frustration. The most important internal stakeholder in any organisation is the employees. Aviation insurance service providers have big responsibilities to take care of their staff. Staff look for better remuneration, benefits and job security. When these incentives lack they become demotivated. They would not perform effectively. They would not show positive attitude when meeting new customers and current policy holders. Policy holders would be upset and angry when staff of the aviation insurance service providers behave negatively towards them. The stakeholders are deeply concern on the effect of perceived service qualities on customer satisfaction among aviation insurance policy holders in Malaysia.

1.6 Organisation of the Remaining Chapter

Chapter two review relevant materials on aviation insurance service providers and SERVQUAL model on quality service and customer satisfaction. The literature review is done by referring to previous authors in the field of aviation insurance. Chapter three describes the research methodology where quantitative research method is discussed in this chapter. Chapter four is on data analysis. Data is analysed using Structural Equation Model (SEM). Statistical package for Social Science

(SPSS), Analysis of Movement Structure (AMOS) and in chapter five it involves discussion, implication conclusion and summary of the study.

CHAPTER 2.0 LITERATURE REVIEW

2.1 Introduction

Service quality is one of the important factor that companies are giving utmost importance to service quality in order to make customers satisfied. Perceived service quality according to Hernon (2013) examines the discrepancy between customers' expectations for excellence and their perception of the actual service delivered. According to the author it is the interaction between customers and service providers. Shahraki (2014) in his study has described perceived service quality as the extent to which service meets customers' needs or expectations. The author's views reflect the roles played by the insurance service provides towards their policyholders.

Customer satisfaction is meeting with customer expectations. Identifying customers' expectations and exceeding them, creates exceptional customer service and a successful company. Fitzgerald and Biass (2016) in their study have described customer experience creates customer satisfaction. According to the authors if customers experience with the services offered are good they would be satisfied. Customer relationship has significant effect on customer satisfaction.

According to Kaur (2016) who has mentioned that customer relationship is understanding and treating customers better for increased customer satisfaction which leads to loyalty. The literature review in this context comprises of studies conducted in the field of aviation insurance where it focuses on the perceived service quality of customer satisfaction among aviation insurance policyholders. This study

looks into the negative and positive aspects of policyholders in the aviation insurance in Malaysia towards satisfactory services, attributed by the aviation insurance service providers.

2.2 Aviation Insurance Service Providers in Malaysia

The parties involved in the aviation insurance transaction process are the broker, insurance & reinsurance company and surveyor & adjustors.

2.2.1 Service Quality in Aviation Insurance Brokers

Aviation insurance brokers are the agents of the aviation companies who are called the insured (Posner, Maryland & Chrystal, 2015). Jervis (2015, p.67) mentioned that all aviation insurance is placed with the brokers because brokers are well knowledgeable and experts in this field and also this is the common practice globally. It is established that in the placement of insurance, the broker acts exclusively as the agent of the insured, and that being so, he has obligations to the aviation service provider to conduct and conclude transactions in the most professional manner (Kolatsis,2015).The author has reiterated that aviation insurance cannot be placed without broker and all brokers must be licensed by the insurance regulators .Clients look for experienced, renowned aviation insurance brokers (Draganov,2013).According to the author the brokers skill, talent and expertise justifies the ability to provide excellent service quality.

Aviation company policy holders depend solely on the brokers to advise them, thus the duties of the brokers are to perform the necessary undertakings most beneficial to the parties: to procure insurance or to renew insurance, the duty to obey the insured's instructions in order to meet the insured's requirement, the duty to account to the insured for moneys had and received, the duty to act honestly, and the

duty to act with due care, diligence and skill (Kusuma Dewi,2019).According to the author, brokers professional misconduct effects the name and reputation.

The broker's duties are multitasked which may include responsibility in preparing the policy-wording and for giving advice on the meaning of the policy. He owes a fiduciary duty to the insured, and cannot allow his own personal interest to be in conflict with those of the insured. It is the responsibility of the broker to collect the claim on the insured's behalf. The Insurance companies will then process the claims without any dispute. Jinlei (2015) describes that brokers who are the agents of insured. However, sometimes brokers do represent the insurer in some other situations.

The relationship between the insured and the broker is one of professionalism, fiduciary and utmost essentiality and crucial in nature, for failed relationship could result in strained affiliation if both parties fail to play effective role to maintain good relationship. If a broker fails to fulfil his obligations to the insured, he may be liable in damages and could lead to possible legal disputes (Zhang, 2015).

A broker may be liable to an insured for recommending that the insured be committed to an insurance company known to be in financial difficulty (Bank Negara, 2017). A further liability may be accountable should the broker misrepresents or fails to disclose material facts to the insurers who are able to repudiate liability under the policy. A broker may incur liability to the insured where the broker fails to understand the type of cover required by the insured or fails to obtain the required cover (Adel, 2016). When a broker fails to disclose important information to the insured and when problem arises, it could jeopardise the relationship.

The insured will lose trust and confidence with the broker and ultimately affects the insured's satisfaction. Trust and reliability are two very important relative factors that aviation policy holders looking for with the brokers. In collection of claims, this responsibility befalls on the brokers to receive them on the insured's behalf. Similar consequences do arise when payment of claims are made, whereby brokers could go insolvent due to the refusal in settling claims with the policyholders (Li, 2012). It is the duty of aviation insurance brokers to take reasonable care in preparing insurance application and documentation. Any negligence on the part of the broker could lead to serious consequences to the extent that the policyholders would be declined of claims by the insurance companies (Renau, 2015). A broker being an agent of the policy holder, is responsible to negotiate good pricing in premium from the insurance company for a policyholder. His role is multi-tasked: introducing insurance companies and arranging for other transactions. In aviation insurance, the effectiveness of service quality makes policy holders to maintain the services of the broker (Shan, 2016). The authors have highlighted the doctrine of utmost good faith where the reinsurer and reinsured must portray. Aviation insurance premiums are collected by the broker and the broker will hand it to the insurer (Guiso, 2015).The author has mentioned that policyholders are concern when payment is made online or by check to the broker. The author also reiterated that policyholders lose hope and trust if issue arise in payment of premiums because aviation insurance premiums reach millions of dollars. It is the duty of the broker to constantly keep in touch with the policyholders. Most of the aviation risks are done using proposal form. In the study conducted by Parnell (2012), had mentioned that broker must obtain sufficient and correct information from their clients. It also been mentioned that brokers must

maintain close rapport with their clients to ensure both parties understood the wordings in the proposal form.

2.2.2 Aviation Insurer & Reinsurer's Service Quality

Aviation insurance companies must be able to accept and underwrite the types of risk according to their financial, technical skills and expertise (Sudhakaran, 2019). The author has reiterated that it is the duty of broker to produce complete information on the products, insurers' reputation and name and the track record to the policyholder. Choosing a wrong aviation insurer would lead to serious complication when problems arise. Therefore clients rely on the brokers' advice in choosing the insurance company.

All aviation insurance are reinsured (Panko, 2013). The primary reason of reinsurance is to allow the cedent (insurer) to lay off to the reinsurer portion of the losses covered by the cedent's policy A retrocession agreement is a contract under which a reinsurer insurer his own exposure with another underwriter. Broker plays the role in engaging insurer and subsequently leads to reinsures and ensures that the policyholders are informed of the parties in the insurance contract in order to avoid any confusion and complication in future.

The catastrophic losses arise due to aviation mishap in which cases are huge, colossal and monumental. Reinsurance enables direct insurers to spread the catastrophic risks written by them among a number of reinsurers thereby making the risks more digestible (Marsh Aviation, 2017). Reinsurance plays significant role in insuring aviation risks, therefore it is vital for parties concern in the process of handling insurance covers to take serious steps to ensure effective process takes place in the transaction of the insurance (Roy, 2017).

2.2.3 Aviation Insurance Adjustor/Surveyor Service Quality

In the course of investigating and settling claims, insurers frequently engage the services of surveyors and adjustors. Where the surveyor or adjustor is clearly acting on behalf of the insurers in investigating the circumstances of losses and the nature and extent of any damages, he will be held to be acting as the agent of the insurers (Drescher, 2012). According to the author in some circumstances, a surveyor or adjuster may also act as the agent of the insured.

The duties and obligations of surveyors and adjusters are frequently spelled out in the instructions given to them by the insurer or insured. Usually, this will involve the investigation of the circumstances surrounding a loss, the evaluation of the nature and extent of actual and potential damages, including the prospects of repair and salvage, evaluation of the insured's liability exposure, and the adjustment of loss under the policy. In performing these duties, surveyors and adjustors must obviously comply with any specific contractual undertaking which they might have assumed in accepting instructions from their principals that is the insured and the insurer. The trust of the adjustors/surveyors lies in the due diligence in the process of estimating losses. (Phillips, 2013).

Hofmann, Häfen and Nell (2019) in their study have also mentioned that the surveyors and adjusters skill are essential in assessing damages and loss. And they could be liable if they do not act with due skill, care and diligence in performing their duties. In the course of performing their functions, surveyors and adjusters prepare reports for submission to their principals that is the insurer and the insured. These reports may be a significant issue in the context of litigation arising out of a loss. If the dominant purpose for which the report was generated was its submission to a legal advisor for advice or use in litigation, professional privilege will attach to the

report, and its contents will be protected from disclosure. Processing of claims depend on the report submitted by the loss adjustors & surveyors. The due diligence process has to be undertaken professionally by the parties concern. Policyholders are concern on the late payment and complications in the claims. Therefore the aviation insurance service providers prompt action and immediate processing of claims makes policyholders to be satisfied.

2.3 SERVQUAL Model in Aviation Insurance Service Providers

Parasuraman, Zeithmal and Berry (1985) and Parasuraman, Berry and Zeithmal (1991) have identified in both of their studies that the five SERVQUAL dimensions which are tangibility, reliability, responsiveness, assurance and empathy are used in measuring service quality on customer satisfaction. In their study they have mentioned the use of 22 items to measure customer satisfaction. According to them, customers are careful in selecting the services that they want. Their expectation is always higher when purchasing services because services are intangible and it is difficult to measure unlike the tangible goods (Taylor, Donovan & Ishida, 2014). In the aviation insurance transaction, the five variables are significant in measuring service quality. However the SERVQUAL has been criticized due to its effectiveness in its application to measure customer satisfaction, nevertheless this model has been widely accepted throughout the years (Katelo, 2017).In this study 27 items have been used to measure customers perception. Leong, Hew, Lee and Ooi (2015) have mentioned that the items used to measure customer satisfaction varies according to the research studies. The authors have explained that in some study the items could go to about 30. Willie (2019) talks about the five SERVQUAL variables and the implication on customer satisfaction. In his study he has removed tangibility and empathy and replaced with communication and competence. He modified the model

to explain the implication of communication and competence on customer satisfaction. This is also mentioned in the study conducted by Marwa and Fahim. (2019) where communication variable can be related to responsiveness whereas competence can be associated with reliability.

According to the authors, insurance products are complicated, and customers often come in with their own strongly-held expectations, assumptions, and biases, and the consequences for misunderstanding a policy are very high. Communicating well builds trust, empathy; increases account expansion and customer retention. Competent person who has sufficient knowledge and skills to perform jobs effectively. Kermani (2013) in her study has mentioned about customers high expectation in order to get maximum satisfaction. It has been mentioned that there is differences in the SERVQUAL variables in providing customer satisfaction. Hassan, Jusoh and Hamid (2014) in their study have identified that among the five variables tangibility plays more important role to policy holders. It has been found that policy holder visits the broker and also the insurance and reinsurance companies. By doing so they have a direct view of the company and its facilities and the employees. They have detail information about the office of the broker, insurance & reinsurance companies. Service quality has emerged as an important area in the sustainability and growth of a viable business and its various dimensions have been explored by many scholars. In services sector, quality is measured by the perception of the customer on how well the service has been delivered (Ramanathan, 2011).He has also specifically mentioned the effect of reliability and responsiveness variables in the SERVQUAL model on policyholders. A general degradation in service rendered affects customer satisfaction (Djalalie, 2012). In this study the author has shown the deterioration of service quality and the

implication on customer satisfaction. Tripunoski, Ferati and Sibinovski (2017) have discussed in their research that service quality is an antecedent to customer satisfaction. Perceived value is the overall assessment of customer about the utility of a product or service based on the perception of received benefits (Miranda, Tavares & Queiro, 2018).

It has been discussed by scholars in the aviation insurance industry on the effectiveness and real service quality on customer satisfaction (Bazini & Madani, 2015). In their SERVQUAL study the authors have described about service quality as an important measurement in determining customer satisfaction. This is also in line with the research conducted by Rostam, Masoud and Majid (2014) who have also discussed on the use of SERVQUAL variables to measure customer satisfaction. Bande, (2013) in his study has explained the SERVQUAL instruments and the effect on customers' satisfaction. Bande also mentioned in his study that using the five dimensions enables companies to develop strategies to improve customer satisfaction. According to Abdullah & Siddique (2017) they have argued that quality alone in SERVQUAL elements does not determine customer satisfaction. They pointed out that marketing elements such as pricing and product quality is also to be considered. This has been supported by Javad, Mohammad, Hossein and Batool (2012) in their research.

However they have mentioned that superior service quality attracts customer to retain services offered by the service providers. Customers expectation are high and when there is low perception in the service quality, this causes dissatisfaction and discontentment (Abdur et al, 2018; Kotoh, Aryeetey &Van der Geest, 2018; Wilcox, 2012).

SERVQUAL variables have significance on customers perception and this is the view of (Smith & Russel, 2014; Kumar & Singh, 2010; Rani & Lakshmi Shanti, 2015).According to Wells and Chadborne (2015) in their study it has been mentioned about delivering the right service with excellent quality which creates customers satisfaction. The right quality refers to relevancy to customers' needs and wants.

Durvasula, Lobo, Iysonski and Mehta (2016) in their study have discussed about the determinant of service quality to satisfy customers. They have mentioned about the significance of SERVQUAL variables in establishing the name and reputation of companies when customers are satisfied with the services provided. Norazah (2013) in her research on customer satisfaction with service delivery, mentioned that not all of the five dimension effects customer satisfaction. According to her it depends on customers' perception. Employee attitudes towards customers has been identified in the research conducted by Jha, Balaji, Yavas and Babakus (2017).The author has stressed that the way staff and employees behave towards their clients are significant which have strong impact on the performance of the service providers. Companies performance is measured on the characters and attitudes of the workers (Akroush & Mahadin, 2019). The quality of products effects customers feeling (Michel-Kerjan, & Raschky, 2011). The authors have highlighted about emotional contents in the product quality. In their research on service quality on the market for corporate insurance, it has been described about the product quality and customer satisfaction (Lee, 2019). Vaziri and Beheshtinia (2016) have described in their research about reliability and sincerity in offering services which affects customer satisfaction. Kumar (2018) mentioned in his study about SERVQUAL and how it induce customers to select the choice of services that they prefer. The views of the researcher indicates that studies had been conducted on customers' vulnerability to

the service quality. It has been argued that behavior of customers reflects in the quality services offered.

2.3.1 Tangibility

Many studies have been conducted to measure tangibility on customer satisfaction (Sahoo, Misra & Ray, 2019). Enkhjargal, and Mesyam (2016) in their study on service quality factors affecting purchase intention have mentioned that items such as up-to-date equipment, attractive business premises, availability of information about the service provider on the internet and location.

Kotler, (2016) mentioned in his book that extended marketing service mix includes additional Ps: physical evidence-the environment in which the service takes place, people-everyone who plays a part in the service delivery and process-the systems and mechanisms relevant to the service. This model implies that quality is directly linked to customer satisfaction.

Tangibles consist of physical appearance, brand, infrastructure, premises, building, artefacts, equipment, furniture and fittings and products & services (Srivastava &Rai, 2013). Ajemunigbohun, Oreshile and Alli (2018) in their study on internal marketing, salesforce performance and customer satisfaction have mentioned about physical location, the infrastructure of organisation are some of the factors that customers consider. The appearance of employees and dress codes was mentioned in the study conducted by Chaichinarat, Ratanaolarn, Kiddee, and Pimdee (2018). The authors have included the essence of personality and grooming in creating impression to attract customers. The appearance and functionality of various installations, the use of modern equipment was highlighted in the research conducted by Khurana, (2013) and in his study have mentioned about relationship between

service quality and customer satisfaction. Previous studies have discussed on the real and tangible elements and customer's perception. Masoud, Mehrdad, Samin and Shiva (2014) in their study on service quality effect on customer satisfaction have mentioned about customers first impression on organisations entity. Birgit and Marlyn (2015) in their research have mentioned on how companies building structure gives impression to customers. However Hoq, Ali and Alwi (2010) in their SERVQUAL study have argued on the imminent and significant effect of tangibility elements on customers' perception. They have described in their study about company name, reputation on customer satisfaction. Chriswanto (2014) in her research has identified customer's perception towards staff in the organisation. Employees grooming has also being mentioned in the research by Al qudah,Al-Beshtawi, Atalah-Al-Tarawneh,Abrahem Slash Mohammad and Abdel Abu Laimon (2010) .Kanadhasan, and Aravazhi(2015) in their study did mentioned about personality of employees in organisation as perceived by customers. Apenes (2016) in the study have mentioned about company logo which symbolises reputation and name. Researchers have discussed tangibility elements as service quality in customer's satisfaction. The author has explained that some customers do not worry of the existence of modern office equipment. They assume that as long as work gets done they are happy.

2.3.2 Reliability

Reliability refers to the ability of an organisation to provide a service that is steadfast, dependable, and accurate, with trust and honest added to give a life-line in the industry. Rai and Srivastava (2013) in their research have mentioned about reliability on customer satisfaction where customers depend on service providers in producing quality service. Depending on service provider means hoping that service

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provider continuously provide service quality which has been highlighted by the authors. They have also mentioned reliability and customer expectation.

The literature review on reliability which is related to studies conducted by Sivakamy (2018) have mentioned about excellence in quality in reliability and customer satisfaction. She also mentioned that reliability means believe that customer has on the service providers. Besides that she has highlighted the essence of trust as one of the important element of reliability on customer satisfaction. She reiterated distrust happens when service providers resist clarification, blame the policy holders for mistakes and errors, unnecessarily accuse policy holders for no reason, complain, and, withhold valuable information.

Harkinata, Harsono and Yuniati (2016) have argued that quality and reliability differs in customers view. They have mentioned that quality in service is measured prior to customer's initial use. However the reliability is measured during/after the customer's use. Continuously guaranteed service to ensure customer satisfaction is what it means service reliability. They found that customers buy based upon quality and when they come back and buy again it is based upon reliability.

Ravinarayana (2013) has highlighted in his study about reliability factors in the service quality on customer's perception. He pointed out that sincerity and reliability as important service quality. According to him sincerity is the assessment that shows honesty that what we say and mean and mean what we say; we can be believed and taken seriously. It also means when we express an opinion it is valid, and is backed up by sound thinking and evidence. Finally, it means that actions will be aligned with words.

Briys, Sonstige, Beteiligte and Schulenberg (2015), have described in their study about competency, honesty and reliability on services offered. According to the authors, competency has significant relationship with honesty and reliability. Their view is to show how the three factors interrelated. Competence is the assessment of the ability of someone to perform on what is promised.

Being competent does not mean being perfect. Part of doing something well is knowing what you don't know, being willing to learn, and to ask for help when you need tithe expectation of the policy holder is that service providers should portray sincerity, uphold professionalism and be competent so that they would win the trust and support from the policy holders.

Pavlovic, Bojicic and Ratkovic (2018) in their study have also discussed about the trust and sincerity as key factors in reliability on customer satisfaction. The authors also mentioned about integrity and reliability. According to them they have mentioned that it is the service providers' moral principles to show honesty.

However Hosseinali, Behnam, Syed, Ashkan and Elham (2014) in their study have extended to include loyalty in reliability. The authors have reiterated on the relationship between reliability and customer satisfaction which leads to customer loyalty. They have mentioned that loyalty is a long term commitment because of trust. It has been discussed by many authors that commitment has to come from the service provider and the customer. Policy holders seek service providers to commit to provide excellent service quality.

2.3.3 Responsiveness

The dimension of responsiveness plays key measureable ability of company's respond to be quick, fast and speedy (Khodadad, Hosseini & Behboudi, 2017). Govender Krishnan (2015) has defined responsiveness as the outcome that can be achieved when institutions and institutional relationships are designed in such a way that they are cognisant and respond appropriately to the universally legitimate expectations of individuals. In today's situation service providers have to be quick and fast to respond to challenges in the aviation insurance industry (Atsan, 2017).

2.3.4 Empathy

Empathising is to demonstrate kindness and care which enhances strong liaison between parties and this goes to show their kindred relationship in the long run. Myszkowski et al. (2017) identified two types of empathy that is affective and cognitive empathy. Affective empathy refers to the sensations and feelings we get in response to others emotions; this can include mirroring what that person is feeling, or just feeling stressed when we detect another's fear or anxiety. Cognitive empathy, sometimes called perspective taking, refers to our ability to identify and understand other people's emotions. According to the author in their study, the important thing is to care, understand and show compassionate to the customers.

Pilla (2015) mentioned about empathy and provision of special attention to customers in his study. Sellappan, Prabhadevi and Prabakar (2013) described in their study about care and love towards customer. The authors have demonstrated empathising leads to long run relationship and customer satisfaction. Anis, and Mohammad (2018) have described special attention, personalised caring and customer satisfaction in their study. Gayathri, and Laksmisha (2016) did mention in their study on the personalised attention and customer satisfaction

2.3.5 Assurance

Assurance has been defined as promise to complete or giving guarantee that task or work would be completed as promised (Pollak, 2019). According to Boo, XinMing and Mioling (2017) they have described assurance as guaranteed service provided to customer. Petrisoaia and Pop (2012) have explained about assurance and customer friendly. The authors have also mentioned on confidentiality and security in customer satisfaction. They have also talks about communication which effects customer satisfaction.

According Patarawadee (2014) has mentioned about assurance and employees behaviour towards clients. The author found that even the best of machinery, processes and technology would not help, unless and until employees know how to behave with external clients. In the study conducted by Selnes (2016) has mentioned about assurance and customer confidence due to excellent staff behaviour. According to the author ignoring, forgetting and pretending are some of the negative behaviour which causes customers to be dissatisfied.

Assurance and customer relationship cannot be denied (Shetty & Basri, 2018).According to the authors, relationship deteriorates between the employees and customers due to lack of understanding on the subject matter and, employees ego for not cooperating. Flouris (2014) in her study also discussed about assurance and maintaining customer relationship. Jorge (2014) in his study has described assurance and reliability. Gidhagen and Perrson (2011) have examined the effect of assurance and professionalism in handling complicated matters where it creates customer satisfaction.

2.4 Aviation Insurance Claims

Claims are official request from the policyholders to the insurance companies for accidents and damages to the properties (Soyer, 2018). Feinman (2018) in his study has mentioned the claims as an important factor in the insurance transaction. According to him, issues pertaining to clams hinders professional relationship between the insurance service provider and the policy holder if it is n not managed effectively.

He mentioned in his study about delay and time frame of claims settlement. This point has been supported by Selarnick, Prasad, Harris, Sidhu, Margolies, and May (2018).They have expressed their opinions on the immediate settlement of claims which policy holders view as important factor in customer satisfaction.

According to Finch and Hughes (2014) they have also mentioned about issues such as refuse payment due to mistakes and responsibility of the insured. Issues pertaining to delay in claims process has been reported in the study conducted by Kniffen, Palazzolo, Sackett, and Schiffer (2016). The authors also talk about long process in litigation in the insurance claims. They have also highlighted about claims tribunal which takes time to reach to an agreement.

It has also been highlighted on the complication and lengthy legal process. It was argued that (Arguello et al., 2019) where complication in the claims amount are obvious. In the study it has been reported about litigation process in awarding claims where the judgement does not favour the claimant. Nikoloska and Blazevska (2014) have argued on the fraudulent practices by the insurer in awarding compensation to insured.

He reiterated on how insurance service providers team up to deceive their client when awarding claims. Richmond (2017) in his study has identified issues in the process of claims such as errors and mistakes in calculation of the premium amounts. However according to Marzen (2017) he has explained that despite issues in claims, amicable solutions prevails. He went on to explain that it is the responsibility of the insurer to ensure claims are settled properly. Otherwise the authorities may not be happy and forced to get involved in.

2.5 Service Quality and Customer Satisfaction

Satisfaction on the part of customer is very much influenced by the service quality (Arokiasamy & Huam, 2014). The authors have mentioned in their study on the application of SERVQUAL elements in service providers and policy holders, as the former relate to service quality and the latter on customer satisfaction. The authors have explained in thoroughness of the roles played by service quality in deriving maximum satisfaction for the benefit of customers. They have also described in vivid detail the five SERVQUAL dimensions which are tangibility, reliability, responsiveness, empathy and assurance which effects customer satisfaction.

Service quality variables ; Tangibility, Reliability, Responsiveness ,Empathy and Assurance attributes to the services provided by brokers, insurance companies, reinsurer, adjustors and surveyors in the aviation insurance contracts. (Suchodolski, 2019).

Dedication and customer continuous support in measuring customer satisfaction has been mentioned in the study by Mihaela, Simona, Elena, and Cristina, (2015).The authors have reiterated on the importance of these elements for

organisation to improve in their performance to provide effective service.. It was also mentioned in their studies about customer loyalty and business sustainability. Company profitability is not relevant in this study ,however when customer are satisfied with the service quality, this leads to better company performance and ultimately companies generate profits because of good customer service. It has been found that organisation that generates profits have shown customers are happy (Putra & Putri, 2019).

Many companies systematically measures and evaluate ways to create customer satisfaction (Alam, 2013).Customer satisfaction depends on the products' perceived performance in delivering value that matches customer's expectations (Armstrong, Adam, Denize & Kotler, 2014). Customer satisfaction, a term frequently used in marketing is a measure of how products and services supplied by a company that meet or surpass customer expectation.

Business cannot strive when customers show dissatisfaction (Petroni, 2015). Satisfied customers bring profits to business because of the quality service rendered (Bishnoi & Bishnoi, 2013).Service quality is a customer-oriented concept that service providers emphasize in order to provide maximum satisfaction to customers. Midor and Kucera (2018) however highlighted customer customers show loyalty when they feel service providers consistently show care towards them.

Talukder and Bhowal (2016) mentioned in their study that customer satisfaction is due to the effect of trust in service quality. Research conducted by Paul, Mittal & Srivastav (2016) mentioned about dissatisfied customers reaction due to distrust attitude shown by the service providers. Dsouza, Pillai, Chen, & Weiermair (2018) in

their study have mentioned about customer satisfaction and being loyal to the service providers.

Loyalty in customer satisfaction is also been discussed by Aghamohamadi (2017). According to Eckardt & Rathke (2010) they have mentioned about loyalty shown by the policy holders to the intermediary service providers .Yu &Tseng (2019) also mentioned about customer loyalty to the broker as the intermediary service provider. According to the authors loyal customers tends to play the role as marketers to sell the services. It helps to build the name and reputation of the service providers. Repeat purchases is reported in the study conducted by Ahmed, Vveinhardt, Streimikiene, Ashraf and Channar (2017). According to the authors a repeat purchase is often a measure of loyalty to a brand by consumers. Customer satisfaction and repeat purchases are also mentioned in the research by Mostert & Luttig (2018). The elements in the SERVQUAL was mentioned in the study conducted by Andersen and Weisstein (2019). The authors have talked about customer satisfaction and customer loyalty for companies to gain the competitive advantage.

Word-of-mouth is a powerful tool to influence customers. This has been discussed in the research conducted by Viet and Hoang (2018). The authors have indicated in their study about recommendation by word of mouth and its power to convince others. They have also mentioned about recommending to others as a powerful tool and shows satisfaction of customers. Word of mouth takes place when customers' perception exceeds expectation (Mazurenko, Zemke & Lefforge, 2016).

Melnychuk, Chvertko, Korniienko, Vinnytska, and Garmatiuk (2019) mentioned in their study about customer's continuous support to the service providers. Long and

Dimmock (2015) reported in their research on spreading good name about companies by satisfied customers. It has been noted from the study conducted, service quality has strong influence on customer recommendation and eventually signifies customer satisfaction.

Pitta and Smith (2010) discussed on the overall satisfaction, trustworthy and honesty in the insurance service providers. However according to Narain and Kat (2016) the overall satisfaction is difficult to justify. They have highlighted that there are differences in the service quality and its impact on customers. They have also talked about the company's reputation, name and image in their study in terms of concluding on the overall satisfaction.

The quality of insurance products offered has been mentioned in the research by Monika and Samridhi (2018). According to the author customers' perception of the quality lies in the insurance coverage, pricing, company's reputation and name. Product quality and customer satisfaction have been discussed in the study by da Veiga and Swarts (2017). The implication of value in product determines customers' perception. Value denotes the price of the insurance premiums and the coverage. This is what customers look for. Nevertheless, a study by Abdelfattah, Rahman and Osman (2015) on product value and customer satisfaction was conducted by them to show the influence of product quality to satisfy customers.

According to Zimonjic, (2018) the author has argued that besides the five SERVQUAL elements, which effects customer satisfaction, relationship between the service provider and customer was highlighted. Customer relationship is the development of ongoing connection between the company and its customers. It is

measured by the degree of customer satisfaction through the buying cycle of the receipt of goods and services (Sota, Chaudhry, Chamaria & Chauhan, 2018).

Therefore according to the authors there is relationship between relationship and satisfaction. Afridi, Haider and Alam (2018), have shown in their studies on the relationship and customer satisfaction. More importantly reliability and empathy has more significant effect compared to assurance, tangibility and responsiveness in measuring customer satisfaction(Ali, Ayyub, Bilal, & Sajjad 2019).According to them, they have talked in detail about reliability because it consists trust, sincerity and honesty whereas empathy shows care for customers feeling.

Customer satisfaction denotes the experience derived from the service quality (Rob, 2016).According to Kaur and Negi (2010) they have mentioned customers' satisfaction derived from the experience of company's products or services which exceeds their expectation. In their study it has shown that besides the five SERVQUAL variables, customers look at quality of product in the services offered to see if gives them satisfaction.

Black (2013) in his research has highlighted about loyalty in customer satisfaction. He defined customer loyalty is positively related to customer satisfaction as happy customer consistently favour their brand that meet their needs. In this study it has been reported that customers experience and loyalty happens when there is satisfaction.

Many authors in their research on customer satisfaction using SERVQUAL model have highlighted loyalty in measuring customer satisfaction (Wisniewski, 2001). The author has mentioned that loyal customers purchase a firm's services exclusively, and they would not switch their preferences over a competitive firm.

Brand image has been also discussed in the study to see the outcome of customer satisfaction.

Measuring customer satisfaction using SERVQUAL model has been reported in the study conducted by Rebolloso Pacheco, Canto Andres, and Salvador Ferrer and Fernández Ramirez, (2014) where they have described about loyalty, trust and sincerity in maintaining customers. Repurchase behaviour has been identified as a sign of customer satisfaction (Hellier, Guerson, Carr & Rikard, 2017). According to the authors repurchase occurs when customers return to buy again from the seller. This also shows customers loyalty. Bes, Cufs, Groenewegen and de Jong (2018) have shown that customer satisfaction is a composite or multidimensional construct combining different grouping of intention, attitudes and service providers performance indicator.

They have reiterated on the definition of customer satisfaction where willingness of a customer to keep buying from a specific service provider over a longer term period. According to Sureshchandar, Rajendran and Anantharaman (2015) in their research have mentioned that customer satisfaction is also seen as multidimensional construct which consists of trustworthy, empathy, assurance and reliability.

They have found that even though there is a strong correlation between customer satisfaction and service quality, both are different from customers' point of view. According to this theory, customers have different perception on the service qualities and satisfaction. Deterioration of quality of services which effect customers repurchase intention has been mentioned by Mathew George and Christa (2013).

According to Andotra and Abrol (2016) they have mentioned on assessing the impact of customers support which leads to recommendation to others for the quality

services offered. Pisharodi, Angur and Shainesh (2016) have mentioned in their research   regarding positive feedback from highly satisfied customers. The authors have mentioned about loyalty, customer recommendation and repurchase in the feedback. Ignoring service quality had been highlighted in the study conducted by Douglas (2016).

Frustration by customer due to poor service quality had been highlighted by Veena, (2010). The author has explained that when customers feel disappointed and frustrated they would not be happy to recommend the services to others. According to Chen, Chih, and Wan (2015) there is a strong affection of service quality in customers' satisfaction. They have mentioned on the customers perception of quality in the services offered. Sankar (2017) in his comparative study on service quality perception mentioned about how customers perception effects decisions in re-purchasing products. He emphasised on the quality assurance to maintain customer satisfaction.

In today's global market, service quality is benchmarked and compared (Borah, 2013). In his study on customer relationship, the author has mentioned on customers delight towards service quality. He mentioned that fall in service quality will have fall too in customer satisfaction.

Sweeney (2012) on the study on nature and development of aviation insurance has mentioned on the expectation of perceived service quality of customers satisfaction. Customers' usually have high expectation on the services that they acquire. Formulation of effective service quality was discussed by Watkins, Frey and Kirsch (2011). According to the authors, they have mentioned that the management of aviation insurance companies have to develop strategic customer satisfaction plans

to ensure that customers tend to favour their services over the other service providers. It is because the aviation insurance undergoes constant changes and updating policyholders ensures continuous support given to the service providers.

According to Dwianggimawati, Yudhana and Siyoto (2017) they have mentioned of the perception of value in service quality to create customer satisfaction in their study. However, Roberts and Plessis (2011) mentioned about service quality tool and customer satisfaction and its effect on customer loyalty. The authors refer product features and value and marketing elements as tools that influences customer perception. In a research study by Matis and Ilies (2014) they have discussed about development of effective customer service quality strategies to retain and keep customers. In this study the service quality strategies refer to marketing strategies.

Witkowska and Lakstutiene (2014) in their research study on social insurance service quality surveys have explained the service quality and customer satisfaction which are measured using SERVQUAL model. Konstantia (2018) in her study on the impact of e-service quality on customer loyalty with customer satisfaction has used the SERVQUAL model to study about customers' high perception on the service quality.

She reiterated on measurement of SERVQUAL elements on actual services delivered. She also described customers' reaction on the service outcomes from the services provided. The common reactions of dissatisfaction is anger, disappointment and frustration. According to her all the negative reaction disrupt service quality and relationship. Assurance means guarantee in providing service quality in goods and services.

According to Khodabaksh and Mashayekhi, (2014) in their study have mentioned about service guarantee and customers satisfaction. Guarantee in this context refers to assurance ((Kadletz, 2016). Assurance is a guarantee undertaken by the service providers as mentioned by Crosby and Stephens (2011). In their study they have also mentioned about customer recommendation and service assurance. They have discussed about how satisfied customers react and show assurance to friends and colleagues on the service assurance.

Any form of discontentment effects customer satisfaction (Ramezani & Ava, 2017).According to Manulik, Rosinczuk and Karniej (2016) customer satisfaction is due to customer preferences. Islam, Khadem and Sayem (2012) in their study on customer satisfaction and loyalty have mentioned on the superiority of excellence in service quality and customer experience. Customers are becoming more selective and able to decide on which company provides good service quality because of experience (Corneliu & Maria, 2013; Chawla & Sharma, 2017).

2.6 Summary of Literature Review

The literature review demonstrates that the elements in the SERVQUAL model have been discussed in depth in many literatures to measure service quality and how it effects customer satisfaction. However, there is a limited research and output on the effect of service quality on customer satisfaction among aviation insurance policyholders in Malaysia. Therefore, this study has been undertaken as an exemplary usage of the SERVQUAL model to examine the effect of perceived service quality on customer satisfaction among aviation policy holders in Malaysia. Through this study on the literature review emphasizing on two main components namely service quality and customer satisfaction, where it may open up floodgates on the awareness of the importance and significance of the two main issues

highlighted here, to manifest prominently in the aviation industry, more so in the aviation insurance sector in Malaysia. This research is a stepping stone for researchers to undertake studies in the aviation insurance in a wider scope in Malaysia.

CHAPTER 3.0   METHODOLOGY

3.1 Introduction

The research design is the process which involves types of study, survey, sampling, instrumentation and conclusion. Service quality and customer satisfaction are two important elements in business. Descriptive study is implemented in this research. According to Sekaran and Bougie (2016) a descriptive study is undertaken in order to ascertain and able to describe characteristics of variables of interest in a situation.

3.2 Research Design

According to Anthony and Michael (2013), quantitative research is a structured way of collecting and analysing data from a particular source. In this study the research paradigm involves positivism under epistemology. Positivism describes the reality situation that is describe (Kekeya, 2019). Ahmad (2017) mentioned that quantitative research accumulates realistic data from the respondents. The author also mentioned that quantitative method refers to deductive theory. Chua (2012) in his book mentioned that a positivist researcher who uses the quantitative method forms hypotheses about relationships between variables in the study, and tests the relationships on subjects or the sample selected from a target population and by doing so it provides a realistic justification. He also reiterates that by doing so it is able to identify, measure and state accurately relationships among the variables being studied.

In this study, the quantitative values which is called the SERVQUAL represent the factors which are responsible for the customer satisfaction. Quantitative data analysis is used in this research. The quantitative data analysis has positivism

elements which through numerical analysis, the positivist method emphasises the reliability of research evidence.

The deductive approach is the most common view of the relationship between theory and research in the quantitative analysis (Bryman & Bell, 2011). In this positivist research hypotheses, which is about relationships between variables in the study, and tests the relationships between the independent and dependent variables. And in this case, the factors that affect customer satisfaction through the service quality in the aviation insurance policy holders are studied.

3.2.1 Survey

The survey involved the administration of a questionnaire which sought to obtain data on service quality and customer satisfaction in the aviation insurance policy holders. Surveys using questionnaires are easier to administer and assures confidentiality and effective in providing information (Coleman, 2016).According to the author this method is widely used to obtain information about opinion, perceptions and attitudes. The background characteristics collected from the respondents enables answering the research questions on differences in practice and opinions in the service quality and customer satisfaction in the aviation insurance policyholders according to age, gender and experience.

3.2.2 Sampling

The population for this study comprise of participants from scheduled airlines, non-scheduled airlines, aviation schools, aviation maintenance, repair and overhaul (MRO) companies, air cargo operators and air tour companies airport operators in Malaysia, Sabah and Sarawak. Non-probability sampling technique is used in this study The 136 samples were only taken from respondents from the scheduled and non-scheduled commercial airlines, aviation schools/clubs and, air cargo operators in

this study. The sample participants were aged 21 and above, working experience of more than a year in the organisation and handling aviation insurance matters. Participants were required to have any qualification. After checking the respondents' questionnaire, it was found that only 120 samples were suitable. The rest had errors and mistakes. Furthermore, some answers were incomplete and could be accepted.

3.2.3 Instrumentation

Instrumentation refers to the tools used to measure variables or items of interest in the data-collection process. It is related not only to instrument design, selection, construction, and assessment, but also the conditions under which the designated instruments are administered—the instrument is the device used by investigators for collecting data. Instrumentation is divided into measurement of items and scaling. using 7 –point Likert's scale. SERVQUAL model of Parasuraman, Zheitmal and Berry's five dimension is applied however the measurement items have been modified in this study.

3.2.4 Scaling using 7-point Likert's Scale

A 7-point Likert Scale was used in this study to examine how strongly respondents agree or disagree. Likert scale is a psychometric scale commonly involved in research that employs questionnaires. (Ling Peng & Finn, 2016). The authors have mentioned that Likert's scale is widely used in questionnaires. The study was conducted in the context of the SERVQUAL five dimensions subdivided into 27 items. Survey was carried out by sending self-completion closed questions which is shown in **Appendix D.** The questionnaires were developed by using Likert's 7 point scale and respondents were asked to rate the statements on a scale 1 to 7, (1) Strongly Disagree (2) Disagree (3) More or Less Disagree (4) Undecided (5)

More or Less Agree (6) Agree and (7) Strongly Agree. The closed questions helped to make quick decisions by choosing among the several alternatives before them.

The Likert's 7-point Scale Instrument was also used by Amo-Adjei, Anku, Amo and Effah (2016) in their research study. The authors used 27 items in the SERVQUAL variables to develop the instrument. Leonnard (2018) have mentioned in the study that modification of SERVQUAL items was done to develop Likert's 7-point scale for their research. The author also described that many scholars have found the usefulness of using Likert's 7-point scale in SERVQUAL to measure service quality in customer satisfaction. Therefore based on the evidence by the authors, the Likert's 7-point scale was appropriate for this study.

3.3 Conceptual Framework

The conceptual framework in **figure 3.1** shows the relationship of mediating factor between service quality and customer satisfaction.

Figure 3.1: Conceptual Framework

Independent Variable	Mediating Variable	Dependent Variable
Service Quality	Claim	Customer
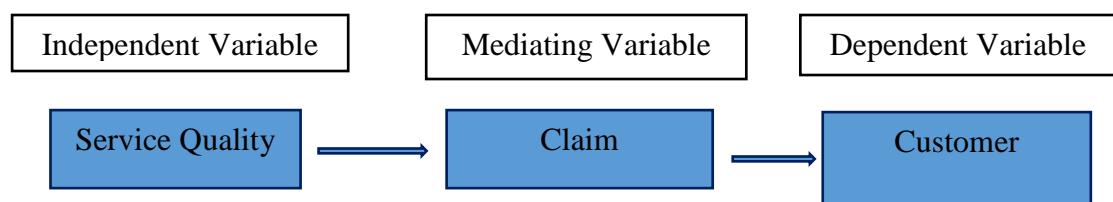
3.4 Hypothesis Development

The hypotheses were developed by taking into account the independent, dependent and mediating variable and to show its significance to customer satisfaction.

Table 3.1: shows the hypotheses which has been developed for this study

H_1	Tangibility of the aviation insurance service provider tends to significantly affect its customer satisfaction.
H_2	Reliability of the aviation insurance service provider significantly affect its customer satisfaction.
H_3	Responsiveness of the aviation insurance service provider tends to significantly affect its customer satisfaction.
H_4	Empathy of the aviation insurance service provider tends to significantly affect its customer satisfaction.
H_5	Assurance of the aviation insurance service provider tends to significantly affect its customer satisfaction.
H_6	Claim does mediate the relationship between service quality and customer satisfaction.

3.5 Measurement of Independent Variables

3.5.1 Tangibility

In table 3.2 the constructs/items are shown for Tangibility which is the independent variable. Mathews and Daiglee (2019) in their study have mentioned about constructs/items of up to date equipment and facilities in measuring customer satisfaction. Whereas Amenta, Lucadamo and D.A.A (2019) in their study have highlighted the significant of symbol which reflects name and reputation. Besides that, they have also mentioned about dressing neat and smart in the service providers office. According to them the looks at the facilities in the office plays significant importance. They reiterated that customers gets amazed seeing a sophisticated office. In the research study conducted by Ventacataya et al. (2019) the location and

external look are important consideration for customers. The evidence of the authors research is seen in table 4.1 under the standardize estimates that the item external look of office building has the highest value of .832.

Table 3.2: Constructs/Items of Tangibility Variable

Variable	Construct/Items	Source
Tangibility	1. Up to date equipment and facilities	(Mathews & Daigle,2019)
	2.Name and reputation	(Amenta, Lucadamo, & D, A. A, 2019)
	3.Well dressed, neat and smart	
	4.Appearance of physical facilities	
	5.Easily reachable	(Vencataya et.al.,2019)

3.5.2 Reliability

In table 3.3 the constructs/items for Reliability are shown. Korda and Snoj (2010) in their study have identified that service providers must keep to their promises. They have also mentioned about sincerity and reliability. However study conducted by Hafiz and Alam (2016) have highlighted that keeping all information, documents and files correctly are very important for the service providers. Losing and misplacing important files could lead to customers to feel disappointment. This is shown in the in table 4.1 that item on information kept correctly in the standardize estimates shows the highest value of .715 which describes that policyholders view this as an important factor. They have also mentioned that pretend to be doing work and task could cause bad impression in the eyes of the policyholders.

Table 3.3: Constructs/Items of Reliability Variable

Variable	Construct/Items	Source
Reliability	1.Always keep to their Promises	(Korda & Snoj,2010)
	2.Sincere and honest	
	3.Rely on confidential matters	
	4.Information kept correctly	Hafiz & Alam,2016)
	5.Pretend to show working	

3.5.3   Responsiveness

In table 3.4 Constructs/Items of Responsiveness variable is shown. It has been mentioned in the study conducted by Kargari (2018).The author has reiterated that service providers are unable to perform effectively if respond to queries and issues are not solved immediately. Besides that he has mentioned the importance of showing support and help clients at all possible time. According to him by being too busy and not allocating enough time for clients would be disappointed. In his study the author has pointed out the importance of communication. Inexperienced staff and employees who are unable to communicate would lead to losing good clients. The standardize estimates in **table 4.1** shows that item experienced and knowledgeable shows the highest value of .786.

Table 3.4: Constructs/Items of Responsiveness Variable

Variable	Construct/Items	Source
Responsiveness	1.Quick to respond queries and issues	(Kargari,2018)
	2.Need not remind when services to be completed	
	3.Employees are willing to help	
	4.Not too busy to attend to customers	
	5.Communication is good	
	6.Experiencced and knowledgeable	

3.5.4 Empathy

Ciavolino and Calcagnì (2015) in their study have mentioned about the construct/items in the Empathy variable which is shown in the table 3.5. They have discussed in their study about care and showing sympathy to clients during turbulence time. They have shown the importance of talented and competent employees who performs effectively. Meanwhile Azad (2017) in his study has highlighted the importance of giving and paying personal attention to clients. In the standardize estimates in table 4.1 it shows the item employees to give personal attention shows the highest value of .812. It explains that customer relationship with clients are of the utmost importance.

Table 3.5: Constructs/Items of Empathy variable

Variable	Construct/Items	Source
Empathy	1. Show care and sympathy	(Ciavolino & Calcagni,2015)
	2.Staff are talented and competent	
	3.Services are extended beyond working hours	
	4.Provide individual attention	(Azad,2017)
	5.Employees give personal attention	

3.5.5 Assurance

Prentkovskis et al. (2018) in their study have described about the constructs items in Assurance variable. It is show in table 3.6 employers politeness has been identified in the research study conducted by Nicat Haciyev (2019).Whereas in the

study conducted by Marinkoyi, Seni, Koci and Api (2013) they have mentioned about adequate training and quick settlement of claims. However the standardize estimate shows that the item assurance on claims shows the highest value of .849 in **table 4.1**. In spite of no issues of claims in the Malaysian aviation insurance sector in this study, however the concern of many policyholders are on the assurances given by the service providers.

Table 3.6: Constructs/Items of Assurance variable

Variable	Construct/Items	Source
Assurance	1.Confidential records and files are well kept	(Prentkovskis et.al., 2018)
	2.Employers are polite	(Nicat Haciyev. (2019)
	3.Safe to transact in the premises	(Marinkovi, Seni,, Koci, , & Api, 2013)
	4.Employees are well trained	
	5.Assurance on settlement of claims	

3.6 Measurement of Dependent Variable

3.6.1 Customer Satisfaction

In **table 3.7** Seitz (2015) in his study has mentioned the construct/item which plays significant importance in measuring customer satisfaction. He has highlighted loyalty, recommendation and satisfaction with the product quality. In the standardize estimates in **table 4.1** the item happy with product quality has the highest value of .697. It shows that policyholders are concern on the quality in the aviation insurance products.

Table 3.7: Construct/Items of customer satisfaction variable

Variable	Construct/Items	Source
Customer satisfaction	1.Happy with overall services	(Seitz,2015)
	2.Show loyalty	
	3.Recommend to others	
	4. Happy with product quality	

3.7 Measurement of Mediating Variable

3.7.1   Claims

In table 3.8 the construct/items of mediating claims is shown. Research conducted by Jenson, Lombardi and Larson (2015) has indicated that settling claims on time, correct claims amount, complication in calculating claims and referring to tribunal are mentioned. In this study the mediating variable does not show significance to service quality and customer satisfaction. However according to the authors these items are commonly used to measure satisfaction of customers in many studies. Reference to claims tribunal shows the highest value of .743 in the standardise estimate which is shown in **table 4.1.**

Table 3.8: Construct /Items of mediating Claims variable

Variable	Construct/Items	Source
Claims	1.Claims are settled on time	(Jenson,Lombardi & Larson,2015)
	2.Amount of claims are paid correctly	
	3.Complication in calculating claims	
	4.Claims settled without referring to tribunal	

3.8 Unit of Analysis

The unit of analysis refers to the level of aggregation of the data collected before the data analysis stage. In this study the unit of analysis is the individual insurance managers. Data gathered from each individual and treating each insurance manager's response in the questionnaire given as than individual data source.

3.9 Data Collections

An appointment was made prior to the visit but at some point of time have to wait for managers as they were busy due to their hectic schedule and meetings. Many at times, appointments were cancelled due to the busy schedule of the respondents. Each meeting would take about 45 minutes to an hour to answer the given questionnaires.

Questionnaires were also emailed to the insurance manager. The emails of the respondents are shown in Appendix A. In this situation beyond administering a questionnaire to the insurance manager, there was no interference with the normal activities in the aviation policy holders company. According to Davies (2017) the author found that besides mailing the questionnaires to the respondents, it is also encouraged to meet the respondents personally. However, Kostrzewska, and Wrukowska (2019) mentioned about the effectiveness of mailing the questionnaires and getting reply from the respondents for doing quantitative analysis. Permission and consent were obtained from the respondents before entering the premises. Appendix J shows the ethical consent document which was also presented to them as well. Due to time constraint and company policies, unable to meet all the respondents personally.

By talking to the respondents over the phone, details were explained about the study that was being conducted but it was a difficult task to convince the respondents. However, the letters from the researcher's university and letter of ethics came handy and were useful to convince them and finally permission was granted to visit the respondents. The managers who handled and took care of insurance matters are called insurance managers and they possess good knowledge in aviation insurance.

3.10 Reliability Test

The results in the **table 3.9** show that the overall reliability coefficient of the item is 0.926. This means that the instrument has sufficient reliability and can be used for data collection. The alpha for the seven variables shows 0.926, which indicates that the variables form a scale that has very good internal consistency reliability. The reliability values for each construct is shown in the table, while the detailed reliability estimates for each item is shown in **Appendix G**

Table 3.9: Reliability Coefficient

Variable	Alpha
Tangibility	0.793
Reliability	0.778
Responsiveness	0.797
Empathy	0.805
Assurance	0.808
Claims	0.456
Customer Satisfaction	0.822
Overall	**0.926**

Source: Researcher, 2018

3.11 Structure Equation Modeling

Structure Equation Modeling (SEM) is used to analyse data in this study. It is the second generation method of Multivariate data Analysis. Amos or Analysis of Moments Structures is a software developed for analyzing Structure Equation Modeling. The conceptual framework is converted into AMOS graphic for analysis using SEM. With AMOS it validates the measurement models of latent constructs using Confirmatory Factor Analysis (CFA) procedure. Reliability coefficient test conducted to see if it is > 0.85. The result of the reliability coefficient test is shown in table 4.3 which is 0.926.This means that the instrument has sufficient reliability and can be used for data collection. Composite Reliability (CR) indicates the reliability and internal consistency of a construct. A value of CR ≥0.6 is required in order to achieve a composite reliability for a construct. The convergent validity is achieved when all items in a measurement model are statistically significant. The convergent validity is verified by computing the Average Variance Extracted (AVE) for every construct. The value of AVE should be 0.5 or higher for this validity to achieve. Construct validity is achieved when the fitness indexes for a construct achieved the required level. The fitness indexes indicate how fit is the items in measuring their respective constructs.

The three categories of model fit and according to Hair et al. (1995, 2010) and Holmes-Smith (2006), they have recommended to use of at least one fitness index from each category of model fit that is from Absolute fit, Incremental fit and Parsimonious fit. The three categories of model fit and their level of acceptance is shown in table 3.9 According to Awang (2015) the indexes in bold are recommended because of frequently reported in literatures. In table 3.10 it shows the literature support for the respective fitness index. Once validated, path analysis is done to test

cause and effect, mediation (direct as well as indirect effect) and hypothesis testing for path model (direct effect) (Awang, 2015). Mediation tests whether the effects of X (the independent variable) on Y (the dependent variable) operate through a third variable, M (the mediator). In this way, mediators explain the causal relationship between two variables or "how" the relationship works. According to Hayes (2013) when mediation is tested, partial and full mediation happens. However according to study conducted by Baron and Kenny, (1986), they have highlighted that mediation sometimes does not happen even if there is relationship exist between the independent variable and dependent variable. The mediation does not show relationship to the independent and dependent variable in this study. Based on their study they have reiterated that there must be significant relationship between the independent and dependent variable before a mediating variable is tested. Ibrahim (2017) in his study has mentioned about mediating variable. He reiterated that sometimes the mediating variable does not show significance to the independent and dependent variable.

Table 3.10: Three Categories of Model Fit and their level of acceptance

Name of category	Name of index	Level of acceptance
1.Absolute fit	Chi-Square	P-value >0.05.Not Applicable for large sample size (more than 200)
	RMSEA	RMSEA <0.08
	GFI	GFI>0.90
2.Incremental fit	AGFI	AGFI>0.90
	CFI	CFI>0.90
	TLI	TLI>0.90
	NFI	NFI>0.90
3.Parsimonious fit	**Chisq/df**	Chi-Square/df<3.0

Source: Zainudin Awang, 2015

Table 3.11: Literature support for the respective fitness index

Name of category	Name of index	Index full name	Literature
Absolute fit	Chi-Square	Discrepancy Chi Square	Wheaton et al.(1977)
	RMSEA	Root Mean Square of Error Approximation	Browne and Cudeck (1993)
	GFI	Goodness of Fit Index	Joreskog and Sorbom(1984)
2. Incremental fit	AGFI	Adjusted Goodness of Fit	Tanaka and Huba (1985)
	CFI	Comparative Fit Index	Bentler (1990)
	TLI	Tucker-Lewis Index	Bentler and Bonnet (1980)
	NFI	Normed Fit Index	Bollen (1989)
3.Parsimonious fit	Chisq/df	Chi Square/Degrees of Freedom	Marsh and Hocevar(1985)

Source: Zainudin Awang, (2015)

3.12 Pilot Study

The objective of the pilot study is to know if the service quality dimensions have significant relationship with the customer satisfaction. A total of fifty respondents were selected from the 120 respondent and the questionnaire on 7 point Likert's scale was used to test them. Reliability test was conducted to check if the questionnaires were suitable to the respondents which is shown in **Appendix L.** The reliability coefficient of the item shows 0. 776. The instrument has sufficient reliability. It has a good internal consistency Therefore the data can be utilized in this study to analyse further.

3.13 Permissions, Ethics Clearance & Informed Consent

Reference letter has been prepared by Asia E-University and presented to the respondent's office to get permission to meet the insurance managers. The document is shown in **Appendix E.** Besides that, ethics clearance and informed consent has also been presented to the respondents which is shown in **Appendix F.**

CHAPTER 4.0   RESULTS

4.1 Introduction

The study is on effects of perceived service quality on customer satisfaction among aviation insurance policy holders in Malaysia. It is to find out if the aviation insurance policy holders are satisfied with the services provided by the aviation insurance service providers. Studies were conducted on the 120 respondents collected from 136 samples The proposed mediating relationship between service quality, claims and customer satisfaction are tested by structure equation modelling (SEM) using Amos 21.0.The confirmatory factor analysis (CFA), reliability and validity are performed to analyse the effectiveness of the measurement model.

4.2 Respondents Profile (Descriptive Statistic)

Table 4.1 shows the gender, age and educational background of the respondents.96.7 % of the respondents are male and 3.3% are females. Most of the aviation insurance managers in the airlines companies are males.51.7% of them are within the age range of 51-60 years. Bachelor's degree holders comprise of 81.7%. As for the experience, **table 4.2** shows 66.7% have more than 10 years of experience in the organisation. And 67.7 % of them have more than 10 years of experience of handling aviation insurance matters. However, in this data collection everyone above the age of 21 were allowed to participate in answering the questionnaires.

Table 4.1: Respondents Gender, Age and Educational Background

Profile	Factor	Frequency	Percent
Gender	Male	116	96.7
	Female	4	3.3
	Total	120	100.0
Age	21-30 Years	4	3.3
	31-40 Years	19	15.8
	41-50 Years	37	30.8
	51-60 Years	57	47.5
	61-70 Years	3	2.5
	Total	120	100.0
Educational background	Master Degree	16	13.3
	Bachelor Degree	98	81.7
	Diploma Degree	2	1.7
	Others	4	3.3
	Total	120	100.0

Source: Researcher, 2018

Table 4.2: Respondents experience

Profile	Factor	Frequency	Percent
Experience with current organisation	11 years and above	80	66.7
	6-10 years	29	24.2
	1-5 years	10	8.3
	Less than 1 years	1	.8
	Total	120	100.0
Experience in handling aviation insurance matters	11 years and above	80	66.7
	6-10 years	27	22.5

	1-5 years	11	9.2
	Less than 1 years	2	1.7
	Total	120	100.0

Source: Researcher, 2018

4.3 Testing of the Measurement Model (Model Fit)

Confirmatory factor analysis is conducted to see how the research model fit with the data collected from the samples. In structural equation modelling, there is several fitness Indexes that reflect how fit is the model to the data at hand. In this study the three categories of model fit and their level of acceptance is shown. In the absolute fit index the Chi-square is significant at P-value>0.05 which shows 543.690 and the relative Chi-square /df=1.603 which is <3.0, and it shows the acceptable fit level (Wheaton et al., 1977).The normed fit index (NFI) is .902(Bollen ,1989). The comparative fit index (CFI) =0.912 (Bentler, 1990).The Tucker-Lewis coefficient index (TLI) =0.90 (Bentler &Bonett, 1980).The root mean square residual (RMR) =0.055 and the root mean square error of approximation (RMSEA) =0.063.Both are <0.08(Browne &Cudeck, 1993). The CFA model fit diagram is illustrated in figure 4.1.

Figure 4.1: Testing of the Measurement Model (Model fit)
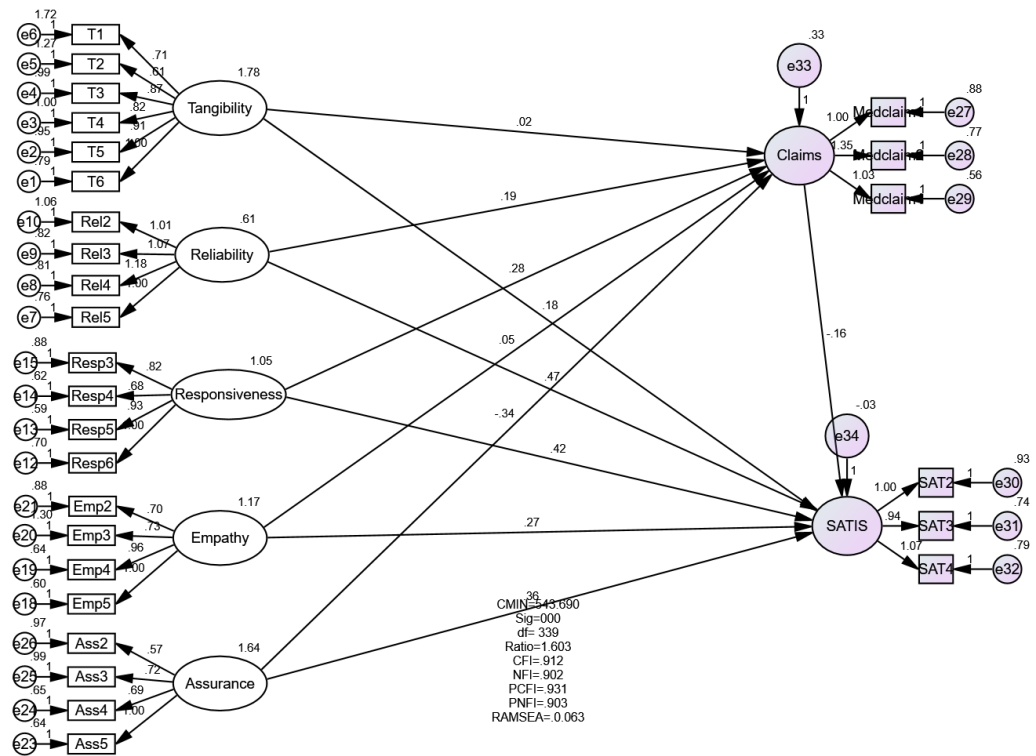
4.4 Construct Reliability and Validity

Construct reliability shows the degree to which a set of indicators consistently and stability reflect in a given constructs. Cronbach's alpha is the most commonly used for assessing the reliability of a construct. The results in **table 4.1** shows the reliability coefficient of the items. The reliability values for each construct are shown in the table. Convergent validity is achieved when all items in a measurement model are statistically significant. Convergent validity is assessed by examining the factor loading and the average extracted (AVE) of the constructs (Awang, 2015). The first CFA test shows that the construct of Reliability, Responsiveness, Empathy, Assurance, Claims and Customer satisfaction did not reach the needed level of convergent validity when the Average Variance Extracted (AVE) value was <0.5,therefore some items from the each construct had to be deleted. The illustration before deletion is shown in **Appendix H.** The new AVE for each construct is > 0.5,

which indicates the convergence validity of the constructs. All *p values* are significant.

Table 4.3: Reliability and Convergent Validity After Items Deleted

Variable	Item	Standardize Estimates	*P Value*	Cronbach's alpha	AVE	CR	AVE sqrt
Tangibility	T6	.832	*				
	T5	.779	*				
	T4	.739	*	0.793	0.519	0.864	0.720
	T3	.759	*				
	T2	.587	*				
	T1	.585	*				
Reliability	Rel5	.666	*				
	Rel4	.715	*				
	Rel3	.676	*	0.778	0.500	0.764	0.707
	Rel2	.606	*				
	Rel1	Deleted					
Responsiveness	Resp6	.784	*				
	Resp5	.777	*				
	Resp4	.660	*				
	Resp3	.667	*	0.797	0.521	0.812	0.722
	Resp2	Deleted					
	Resp1	Deleted					
Empathy	Emp5	.812	*				
	Emp4	.792	*				
	Emp3	.567	*	0.805	0.500	0.796	0.707
	Emp2	.626	*				
	Emp1	Deleted					
Assurance	Ass5	.847	*				

	Ass4	.739	*				
	Ass3	.678	*	0.808	0.517	0.807	0.719
	Ass2	.598	*				
	Ass1	Deleted					
Claims	Medclaim1	.6444	*				
	Medclaim2	.772	*	0.456	0.516	0.761	0.718
	Medclaim3	Deleted					
	Medclaim4	.743	*				
Satisfaction	SAT1	Deleted					
	SAT2	.641	*	0.822	0.511	0.706	0.714
	SAT3	.663	*				
	SAT4	.697	*				

Source: Researcher, 2018

AVE Average: Variance Extracted
AVE Squared: The Square root of Average variance Extracted
CR: Composite Reliability
*: It denotes the p value which is significant (p<0.005

4.5 Discriminant Validity

Discriminant validity indicates the measurement model of the construct is free from redundant items. Different constructs should not be so highly correlated across constructs which could lead to constructs overlap. Correlational relationship between independent variables is shown in **figure 4.3**. The chi-Square shows 266.900 which is at the acceptance level of >0.05.Root Mean Square of Error Approximation (RMSEA) is 0.054 which is at the acceptance level at <0.08. Meanwhile the Comparative Fit Index (CFI) is .942 which is at the acceptance level >0.90.

Discrepancy measure called Modification Indices is used in to identify redundant items. There is no high value of Modification Indices (M.I) indicated in

here. Further illustration is in **Appendix I** and Discriminant is analysed by comparing the construct's square root of AVE with its square correlation with other constructs (Agag, El-Masry, Alharbi & Ahmed Almamy, 2016).As presented in **table 4.3**, the square root AVE value of each construct are greater than its square correlation with other constructs, which describes the discriminant validity of the constructs.

Figure 4.2: Correlational relationship between independent variables
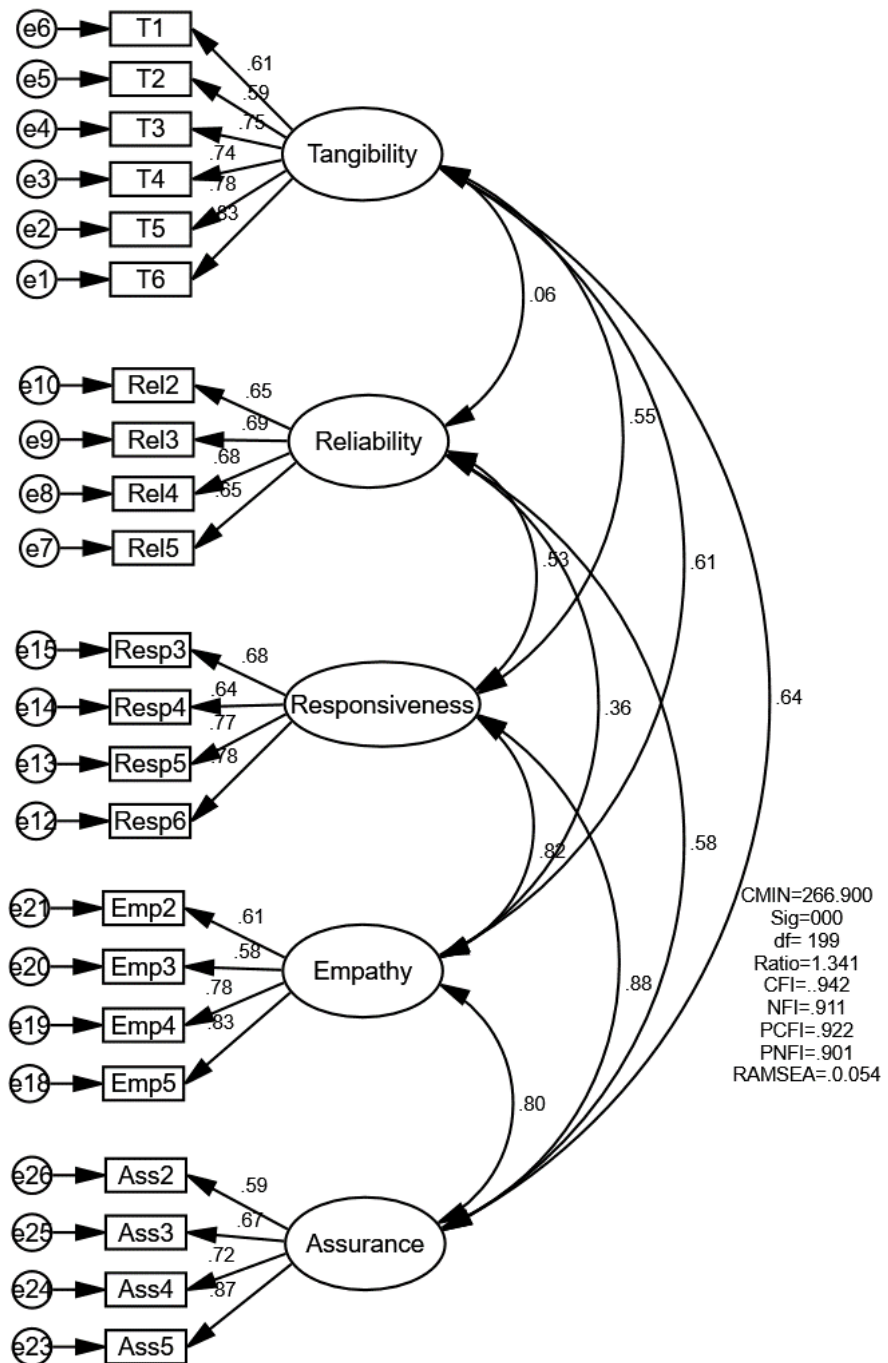
Table 4.4: Discriminant Validity

	Tangibility	Reliability	Responsiveness	Empathy	Assurance	Claims	Satisfact
Tangibility	*0.7204*	0.055	0.550	0.610	0.635	0.042	0.296
Reliability	0.055	*0.707*	0.527	0.363	0.578	0.191	0.422
Responsiveness	0.550	0.527	*0.721*	0.816	0.401	0.367	0.473
Empathy	0.610	0.363	0.616	*0.707*	0.501	0.073	0.344
Assurance	0.635	0.578	0.601	0.801	*0.719*	0.546	0.655
Claims	0.042	0.191	0.367	0.073	0.546	*0.718*	0.149
Satisfaction	0.296	0.422	0.473	0.344	0.655	0.149	*0.714*

4.6 Normality Testing

Table 4.5 shows that all variables reached Skewness and Kurtosis values of less than ±1. Therefore, all of these variables were within normal distribution and parametric testing can be proceed. Measurement of construct is considered in normal distribution since. Skewness and Kurtois statistics is within the range of- 1and +1 (Ibrahim, 2017). Further illustration in A**ppendix K.**

Table 4.5: Normality Distribution

Variables	N	Skewness		Kurtosis	
	Statistic	Statistic	Std. Error	Statistic	Std. Error
Tangibility	120	-.069	.221	-.585	.438
Reliability	120	.059	.221	-.436	.438
Responsiveness	120	-.098	.221	-.412	.438
Empathy	120	-.195	.221	-.404	.438
Assurance	120	-.288	.221	-.733	.438
Claims	120	-.725	.221	.541	.438
Customer Satisfaction	120	-.388	.221	-.891	.438

4.7 Hypothesis Testing

Path analysis of structural equation modelling is used to test the hypothesis about the effect of perceived service quality on customer satisfaction. The measurement model for the independent variables is shown in the figure 4.3. The Chi-square index shows287.139 which is at the accepted level of > 0.5.CFI is at the accepted level of >0.90.NFI is at >0.90 which also at the accepted level. RMSEA is at 0.032 which is at the acceptable level. <3.0 The research model in figure 4.1 is used to test the claims as the mediating role in the service quality and customer satisfaction. Figure 4.4 shows the hypothesis testing model. The hypothesis model was considered fit to the collected data when the significant value of Chi-square exceeding 0.05 (Chua, 2009; Meyers et. al., 2006). Hypothesized model is also considered fit when the GFI exceeding 0.90 (Chua, 2009; Meyers et. Al, 2006). RMSEA value also considered very well if smaller than 0:08, but still acceptable if less than 0.1 (Byrne, 1998). Knight et al (1998) also suggests that acceptable CFI value is more than 0.90. But according to them, the CFI between 0.80 to 0.89 is still in the acceptable margin. The model also considered fit when PCFI and PNFI value exceeds 0.5 (Meyers et al. Al, 2006). The model also assumes as fit when at least one fix index from each category namely absolute, incremental and parsimonious were achieved (Meyers et al, 2006). The parsimonious fit which is chi-square/df   is < 3.0 is accepted.
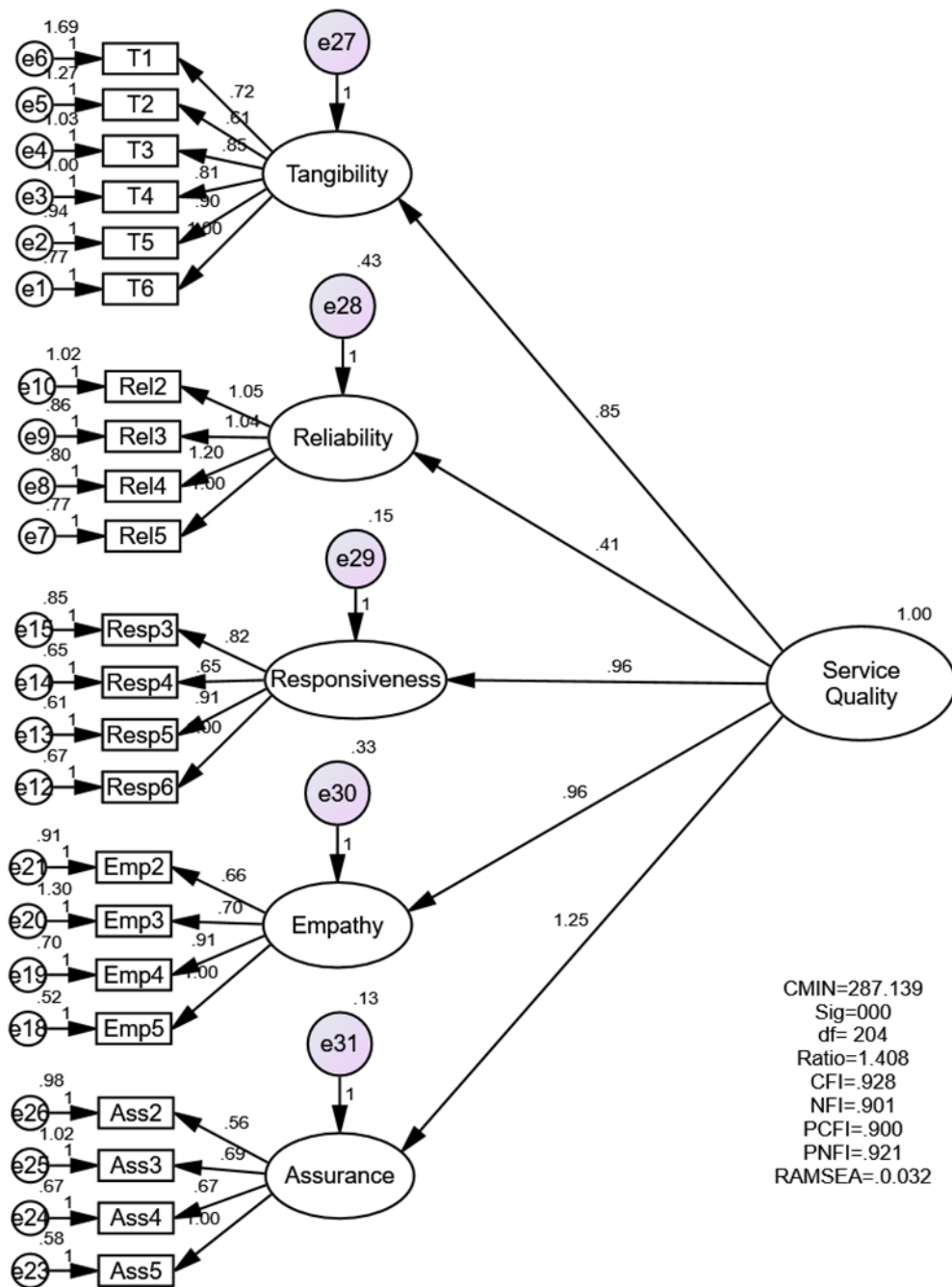
Figure 4.3: Measurement Model for the Independent Variables.

Figure 4.4: Hypothesis Testing Model
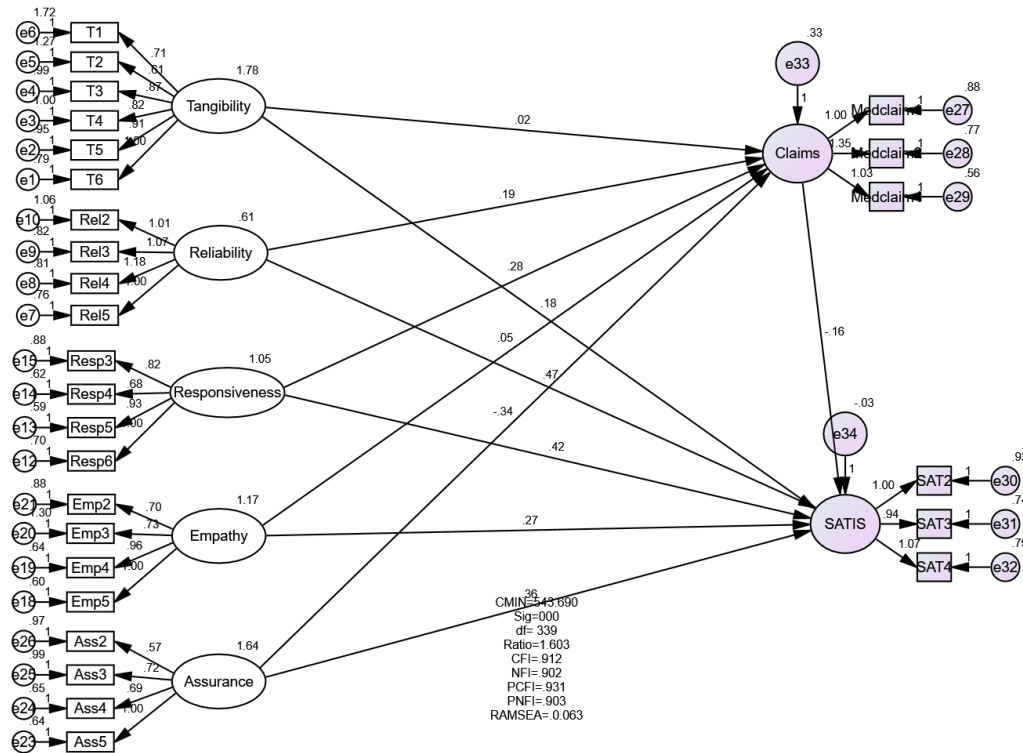
The findings in **table 4.6** shows that all of the independent variables Tangibility, Reliability, Responsiveness, Empathy and Assurance affected significantly to the variable of costumers satisfaction, but did not contribute to the Claims as mediator. At same time, Claims also does not affect Customers Satisfaction.

Table 4.6: Summary of Hypotheses Testing

Interaction			Estimate	S.E.	C.R.	P
Claims	<---	Tangibility	.025	.072	.342	.732
Claims	<---	Reliability	.193	.130	1.493	.135
Claims	<---	Responsiveness	.283	.133	2.125	.034
Claims	<---	Empathy	.053	.107	.499	.618
Claims	<---	Assurance	-.336	.116	-2.889	.004
Satisfaction	<---	Claims	-.162	.140	-1.158	.247
Satisfaction	<---	Tangibility	.182	.060	3.051	.002
Satisfaction	<---	Reliability	.468	.117	3.998	***
Satisfaction	<---	Responsiveness	.418	.120	3.483	***
Satisfaction	<---	Empathy	.265	.089	2.994	.003
Satisfaction	<---	Assurance	.358	.107	3.357	***

*** denotes significant value (p<0.005)

For direct effect testing, it can be concluded that H_1 to H_5 hypotheses are accepted. Tangibility, Reliability, Responsiveness, Empathy and Assurance Affect Customers satisfaction. The explanation is give below:

4.7.1 H_1 Tangibility of the aviation insurance service provider tends to significantly affect its customer satisfaction.

The path coefficient of Tangibility to Customer Satisfaction is .182. This value indicates for everyone unit increase in Tangibility, its effects would contribute .182-unit increase in Customer satisfaction. The effects of Tangibility on Customer Satisfaction is significant (p<0.002). Thus, the hypothesis that Tangibility has significant and positive effects on Customer Satisfaction is accepted.

4.7.2 H₂ Reliability of the aviation insurance service provider significantly affect its customer satisfaction.

The path coefficient of Reliability to Customer satisfaction is .468. This value indicates-for every one-unit increase in Reliability, its effects would contribute 0.468-unit increase in Customer satisfaction. And more importantly, the effects of Reliability on Customer Satisfaction is significant ($p<0.005$). Thus, the hypothesis that Reliability has significant and positive effects on Customer satisfaction is accepted.

4.7.3 H₃ Responsiveness of the aviation insurance service provider tends to significantly affect its customer satisfaction.

The path coefficient of Responsiveness to Customer satisfaction is .418. This value indicates-for every one-unit increase in Responsiveness, its effects would contribute 0.418-unit increase in Customer satisfaction. And more importantly, the effects of Responsiveness on Customer Satisfaction is significant ($p<0.005$). Thus, the hypothesis that Responsiveness has significant and positive effects on Customer satisfaction is accepted.

4.7.4 H₄ Empathy of the aviation insurance service provider tends to significantly affect its customer satisfaction.

The path coefficient of Empathy to Customer satisfaction is .265. This value indicates-for every one-unit increase in Empathy, its effects would contribute 0.265 unit increase in Customer satisfaction. And more importantly the effects of Empathy on Customer Satisfaction is significant ($p<0.003$). Thus, the hypothesis that Empathy has significant and positive effects on Customer satisfaction is accepted.

4.7.5 H₅ Assurance of the aviation insurance service provider tends to significantly affect its customer satisfaction.

The path coefficient of Assurance to Customer satisfaction is .358. This value indicates-for every one-unit increase in Assurance, its effects would contribute 0.358-unit increase in Customer satisfaction. And more importantly the effects of Assurance on Customer Satisfaction is significant ($p < 0.005$). Thus, the hypothesis that Assurance has significant and positive effects on Customer satisfaction is accepted. However, all those constructs of service quality do not significantly affect toward claims, while claim also does not significantly effects toward customer satisfaction. **Therefore, claim does not mediate the interaction between service quality and customer satisfaction. The explanation is shown in Table 4.5.**

Table 4.7: Hypothesis Results for Mediating Effect

Interaction			Estimate	S.E.	C.R.	P
Claims	<---	Tangibility	.025	.072	.342	.732
Claims	<---	Reliability	.193	.130	1.493	.135
Claims	<---	Responsiveness	.283	.133	2.125	.034
Claims	<---	Empathy	.053	.107	.499	.618
Claims	<---	Assurance	-.336	.116	-2.889	.004
Satisfaction	<---	Claims	-.162	.140	-1.158	.247

4.7.6 H$_6$ Claim does mediate the relationship between Tangibility and Customer Satisfaction.

The results of hypothesis testing in **table 4.5** indicates that the effect of Claims on Tangibility is not significant (p> 0.005). The effect of Claims on Customer satisfaction is not significant either (p>0.005). Therefore, there is no mediation effect even though the direct effect of Tangibility on Customer satisfaction is significant (p<005)**.** Therefore, this hypothesis is rejected.

4.7.7 H$_7$ Claim does mediate the relationship between Reliability and Customer Satisfaction.

The results of hypothesis testing in **table 4.5** indicates that Claim on Reliability is not significant (p> 0.005). The effect of Claims on Customer Satisfaction is not significant either (p>0.005) Therefore there is no mediation effect, even though the direct effect of Reliability on Customer Satisfaction is significant (p<0.05). Therefore, this hypothesis is rejected.

4.7.8 H$_8$ Claim does mediate the relationship between Responsiveness and Customer Satisfaction.

The results of hypothesis testing in **table 4.5** indicates that Claim on Responsiveness is not significant (p>0.005). However, the effect of Claim on Customer satisfaction is not significant (p>0.005). There is no mediation effect, even though the direct effect of Responsiveness to Customer Satisfaction is significant. Therefore, this hypothesis is rejected.

4.7.9 H$_9$ Claim does mediate the relationship between Empathy and Customer Satisfaction.

The results of hypothesis testing in **table 4.5** indicates that Claims on Empathy is not significant (p>0.005). The effect of Claims on Customer Satisfaction is not significant either (p>0.005). Therefore, there is no mediation effect even though the direct effect of Empathy to Customer Satisfaction is significant. Therefore, this hypothesis is rejected.

4.7.10 H$_{10}$ Claim does mediate the relationship between Assurance and Customer Satisfaction.

The results of hypothesis testing in **table 4.5** indicates that Claims on Assurance is significant (p<0.005). However the effect of Claims on Customer Satisfaction is not significant (p>0.005) There is no mediation effect even though the direct effect of Assurance on Customer Satisfaction is significant. Therefore this hypothesis is rejected.

4.8 Research Question

Research questions are developed based on the SERVQUAL variables which effects customer satisfaction of the aviation insurance policyholders.

4.8.1 Research Question 1

Does Tangibility effect Customer Satisfaction among aviation insurance policy holders in Malaysia?

The hypothesis result in **table 4.4** shows that Tangibility has significant and positive effects on Customer Satisfaction. Therefore it can be concluded that Tangibility influences customer satisfaction among aviation insurance policy holders in Malaysia.

4.8.2   Research Question 2

Does Reliability effect Customer Satisfaction among aviation insurance policy holders in Malaysia?

The Hypothesis result in **table 4.4** shows that Reliability has significant and positive effect on Customer Satisfaction. Therefore, it ca be concluded that Reliability influences customer satisfaction among aviation policy holders in Malaysia.

4.8.3   Research Question 3

Does Responsiveness effect Customer Satisfaction among aviation insurance policy holders in Malaysia?

The hypothesis result in **table 4.4** shows that Responsiveness has significant and positive effect on Customer Satisfaction. Therefore, it can be concluded that Responsiveness influences customer satisfaction among aviation policy holders in Malaysia.

4.8.4   Research Question 4

Does Empathy effect Customer Satisfaction among aviation insurance policy holders in Malaysia?

The hypothesis result in **table 4.4** shows that Empathy has significant and positive effect on customer satisfaction. Therefore, it can be concluded that Empathy influences customer satisfaction among aviation insurance policy holders in Malaysia.

4.8.5   Research Question 5

Does Assurance effect Customer Satisfaction among aviation insurance policy holders in Malaysia?

The hypothesis result in **table 4.4** shows that Assurance has significant and positive effect on customer satisfaction. Therefore, it is concluded that Assurance

influences customer satisfaction among aviation insurance policy holders in Malaysia.

4.8.6   Research Question 6

Does claims mediate the relationship between Tangibility and customer satisfaction?

The hypothesis result in **table 4.5** indicates that the effect of Claims on Tangibility is not significant. There is no mediation effect. Therefore, it is concluded that claims does not mediate the relationship between Tangibility and customer satisfaction among aviation insurance policy holders in Malaysia.

4.8.7   Research Question 7

Does claims mediate the relationship between Reliability and customer satisfaction?

The hypothesis result in **table 4.5** indicates that the effect of Claims on Reliability is not significant. There is no mediation effect. Therefore, it is concluded that claims do not mediate the relationship between Reliability and customer satisfaction among aviation insurance policy holders in Malaysia.

4.8.8   Research Question 8

Does claims mediate the relationship between Responsiveness and customer satisfaction?

The hypothesis result in **table 4.5** indicates that the effect of Claims on Responsiveness is not significant. There is no mediation effect. Therefore, it is concluded that claims do not mediate the relationship between Responsiveness and customer satisfaction among aviation insurance policy holders in Malaysia.

4.8.9   Research Question 9

Does claims mediate the relationship between Empathy and customer satisfaction?

The hypothesis result in **table 4.5** indicates that the effect of Claims on Empathy is not significant. There is no mediation effect. Therefore, it is concluded that claims do not mediate the relationship between Empathy and customer satisfaction among aviation insurance policy holders in Malaysia.

4.8.10 Research Question 10

Does claims mediate the relationship between Assurance and customer satisfaction?

The hypothesis result in **Table 4.5** indicates that the effect of Claims on Assurance is not significant. There is no mediation effect. Therefore, it is concluded that claims do not mediate the relationship between Assurance and customer satisfaction among aviation insurance policy holders in Malaysia.

CHAPTER 5.0 CONCLUSION

5.1 Introduction

The effects of perceived service quality on customer satisfaction is imminent. The measurement items in SERVQUAL is significant in measuring the policyholders' satisfaction and service quality.

5.2 Discussion

This research has shown the interrelationships among service quality and customer satisfaction in the aviation insurance sector in Malaysia. Five SERVQUAL dimensions confirming significant relationships with customer satisfaction. This study also shows that SERVQUAL is the appropriate tool to measure the quality of aviation insurance services in Malaysia. The five dimensions of SERVQUAL, tangibility, reliability, responsiveness, empathy, and assurance are significant predictor of customer satisfaction. The first objective of this study is to establish if tangibility affects customer satisfaction among aviation insurance policy holders in Malaysia. It has been established from the hypothesis test that shows tangibility has significant effect on customer satisfaction. Based on the result it shows that tangibility is one of the important variable in the service quality to measure customer satisfaction. The six items in the tangibility play significant role in measuring customer satisfaction. The research question indicates the importance of the Tangibility variable in measuring customer satisfaction.

Aviation insurance service providers' up to date equipment and facilities are significant in making customers to be happy. As seen in the literature review, Mathews and Daigl (2019) have highlighted, discussed and talked about providing up to date equipment and facilities to convince customers and satisfy them. It is found that modern & sophisticated office machines, tools and equipment give

confidence to customers to continue seek services with their service providers. In the study it shows that aviation insurance policy holders prefer to see new equipment in the insurance service providers' organisation as it denotes efficiency and professionalism in transacting aviation insurance businesses. Arora and Ravi (2019) in their study have mentioned that airlines insurance are handled by aviation insurance companies which has up to date and excellent office layout and building structure. According the authors impression of the service providers are important. They also reiterated that foreign based aviation insurance companies have better equipped with the facilities.

Old and outdated equipment and office facilities that are not up to the expectation will slow down tasks and become barriers in work performance thus causing unwarranted delays which may end up with higher costs and time consuming. When this happens, employees would not be able to provide effective services to their policy holders and this constitute a huge hindrance in the smooth flowing of agreed arrangement as envisaged between the two parties namely the service providers and policy holders.

State-of-the-art workplace equipment is considered important elements in tangibility. In Singapore aviation insurance service provider's offices are installed with up to date office equipment's and the companies are located in the metro city. Modern equipment in the insurance service providers' organisation denotes efficiency and convenience in transacting aviation insurance businesses. This is what customers look for. Today, the speed of changes that we see in the fields of electronics, technology and communication have brought about modern office equipment which constantly evolves and gets better in producing high quality documents and images and this regular renovation produces effective results when

dealing with clients. Aviation insurance has become a very competitive business as the customers need to content with few players in the market as aviation insurance is a niche market.

According to Anand (2014) reinsurance industry in ASEAN reported that big insurance, broker and reinsurance companies have begun to open their offices in South East Asian countries with up-to-date and latest office equipment to underwrite aviation risks because of the potential growth in aviation industry. The author mentioned that Malaysia, Hong Kong, Singapore and Thailand are considered to be luring foreign aviation insurance and reinsurance underwriters to open offices and underwrite aviation insurance risks. Due to competition which results in economic efficiency, the resultant follow-up would be to offer better services and customers would be in better position to seek maximum product and service satisfaction from the insurance service providers.

Pareek (2019) in the study have also reported that client's first impression towards an organisation is vital in making a positive conclusion about the company. Therefore, they have reiterated that how well staff and workers carry themselves by dressing professionally and neatly which are important factors that need to be considered if customers think that they can get good services. The implication here shows that dress and appearance are significant in affecting clients' satisfaction. Many companies have dress codes which enables employees and workers to portray a professional or business like image. A smart, formal and professional dressing can make a difference. Adherence to a strict dress code is seen here as important as bringing business to the company. The appearance of physical facilities in the aviation insurance and broker business are considered to be important factors for customers to be convinced that the organisation actually is in the aviation insurance

business. Within the insurance companies, there are divisions or departments in charge of various classes of matters related to aviation insurance. The department which handles aviation matters have artefacts, logos and pictures so that customers would easily be able to identify them and be convinced that they are actually handling aviation insurance. Convincing the customers or clients is a milestone practice that the aviation insurance service provider would need to look into seriously and the reward is as promising as bringing in new businesses for the aviation insurance companies.

According to Barbour (2019) in the Alaska Business article has highlighted that aviation insurance, reinsurance companies and brokers in the UK have a profound working environment which reflects on the nature of businesses being carried out. Prospective customers will search for companies on the internet, to find out more information about aviation service providers and their dealings. Images of office should look good in the profile pictures. Management of the aviation insurance service providers should invest in eye catching office designs to attract customers. People do judge the book by its cover. Office space has to be convenient for customers to sit and discuss matters.

Location which is a key determinant for customers in selecting a business of their choice. The reason is obvious; to enable customers to transact business conveniently when they are able to reach the service providers destination easily and without hassle. In the study conducted by Kalynovskyy Andriy , Holomovzyy Viktor , Kalynovska Nataliya and Luchyt Liubov (2019) have mentioned that in Ukraine the airlines companies prefer to deal with insurance companies whose location are in big cities and easy to reach.

Besides reaching customers by telephone and other communication media, travelling to a company to conclude matters plays important role for customers. Most of the aviation insurance service providers' offices are located in big cities. Reachable means able to deliver messages on time and to meet insurance personals face to face being ultimate goals of customers' satisfaction. But city traffic congestions may cause delay hampering customers to reach destination on time.

Vencataya et.al. (2019) who have mentioned in the literature review that the items in Tangibility i.e. external look of office building has the highest value. According to the author this indicates that customers concern about the structure of office building where the insurance companies located. Isimoya (2019) in his study has shown the look of building attracts people. He has also mentioned that aviation insurance service provider's office building are well structured and eye catching in Malaysia. Furthermore, the exterior look of the building, shape and design have important criteria for customers to feel confidence of their aviation insurance service providers. Most of the high rise buildings in the city houses insurance companies. Buildings have majestic looks and very modern designs which certainly impresses customers in attracting them to their business premises. The findings also indicate that tangibility has a positive influence on customer satisfaction. This has been indicated by customer satisfaction of tangible variables in terms of physical facilities, equipment, and appearance of physical facilities, well dressed, neat and smart people in the organisation.

The second objective in this study is to determine if reliability affects customer satisfaction among aviation policy holders in Malaysia. The result in the hypothesis have shown that reliability has significant effect on customer satisfaction. It also demonstrates that information kept correctly has the highest value in the reliability

category according to Hafiz and Alam (2016). Misplacement of important documents and materials frustrates clients. The findings in the reliability has positive influence on customer satisfaction in terms of sincerity and reliability Trust, sincerity and honesty are core important words in aviation insurance.

Aviation insurance policies are very costly, delicate and technical for a layman to understand. Therefore, policy holders would want service providers to show sincerity and honesty in transaction initiated and concluded. Customers give seriousness and importance in trust. Losing trust eventually lead to frustration and disappointment thus working relationship is effected due to mistrust and dishonesty. Cheating and deceiving is common practice in insurance industry ((Korda & Snoj, 2010). However according to the authors the repercussions of being dishonest will lead to serious consequences.

Reputation and name are effected when customers' loose trust in the services offered by the aviation insurance service providers. Aviation companies are few as compared to motor and life insurance. Aviation insurance market is a small and very niche market. Competition is high and companies would try to retain their clients for a long period of time. A competitor would attempt to look for valuable client data. Losing a client is like losing a million-dollar value to a company.

Aviation insurance policy holders trust their company to keep confidential information safe and sound. Pretend to be honest in the relationship causes customers to be disappointed. This leads to bad brand image. Customers' dislikes mistakes and incorrect information given to them frequently when seeking for clarification on the contract, policy and claim matters. Working relationship on trust and honesty goes a

long way in sustaining and establishing a long business relationship for the benefit of both parties.

But sometimes minor mistakes can happen and are tolerable as human errors are the main contributing factor in all forms of delays in any industry. Delays of unwarranted in nature may bring disrepute to the aviation industry, more so in tarnishing the good name of the service providers - manifestation of disappointments and distressfulness affect the loyal clients. Customers get angry when they note a good number of important mistakes in documentation.

Staff and employees of the aviation insurance service providers are blamed for negligence, mistakes and errors in the documentation. Clients trust the aviation insurance brokers for being valour in providing good services and ultimately it would reflect on the good image and reputation Aviation insurance brokers play dutiful role in the sense of clarifying matters and settling issues between the insurers and the policy holders. All aviation insurance policy holders rely on what their brokers' advice. Misunderstanding could happen in many ways due to dishonest practice. Insurance is done on the principles of utmost good faith and customers look for correct information supplied at all times, which they rely sincerely from their insurance service providers.

The third objectives in this study is to determine if responsiveness affects customer satisfaction among aviation insurance policy holders in Malaysia. The hypothesis test shows that responsiveness has significant effect on customer satisfaction. Kargari (2018) in the literature review has identified the items in the Reliability i.e. employees willing to help, not too busy to attend customers, communication and experience and knowledgeable plays significant roles.

Responsiveness which plays key measure in the ability of companies performance towards customers' needs, would put its manager and staff in the limelight should their respond is one of quick, fast and speediness. Customers do not prefer if their needs and wants are constantly reminded, as such measures may put them off and they would then look for other service providers.

Aviation insurance service providers need to remember the time to renew policies and to inform accordingly on any changes during the policy period. This shows sense of responsibility and dedication to the work related issues where customers prefer. Solving problems are what customers looking for. Refusing to look into issues and problems might lead to frustration. Managers, staff and employees who have been entrusted with important tasks must be able to complete tasks given and not to withhold them.

Lack of experiences by the insurance providers' staff in handling aviation issues namely: the attitude of delinquent staff, communication barriers and biased treatment by the insurance providers themselves. Inexperienced staff and employees could cause negligence when handling aviation insurance matters. Providing regular staff training and development and appraisal would solve the above-mentioned problems in the companies.

Sometimes aviation insurance premiums are paid more than required. This needs to be checked and communicated back to the policy holders. Miscalculation in the premiums could cause complications when there is a claim. The staff and employees are blamed when problems are not solved or unable to be solved. These issues are common in US and in Europe. Therefore to enhance prompt responses, effective communication through the usage of digitalisation would be useful.

Aviation insurance customers rely on the insurance service providers' professional expertise and advice and therefore the latter are at the best spot to provide the necessary information and knowledge in the industry. In the aviation insurance transaction, clients trust and rely on brokers' expertise on the products, policy and pricing. Brokers' stringent duty to provide sincere and honest information at all times to both parties namely the insured and the insurer will ensure continuous support from the policy holders.

They and no one else are well-equipped with the expertise so cherished by the seekers that they carry upon them the burden to impart information necessary that would make the customers satisfied and happy. Failure to provide correct and sufficient information about the adjustors, insurers, reinsurers and lawyers to the policy holders would result in complication and mistrust. Breaching of contract by the service providers could cause disappointment and fear in policy holders. Policy holders view this as serious travesty which calls for action and which may see policyholders seeking justice in the court of law.

Poor communication skills disrupt performance and slows work and causes policy holders to complaint. Effective staff training helps to reduce miscommunication and uphold office ethics in handling clients and customers. Most of the time the complaint is about employee behaviour and attitude such as being arrogant, rude and disobedient. Company employees are not only staff per se but ambassador of the firm who carry the good name and image of the company at all times and therefore any diminishing in their goodwill character will stand to destroy the good name of the company and tarnish its image in the aviation insurance industry.

Good connection with clients and customers allows communication to be effective. Good influences are very much subjective in nature between the two - service providers and policy holders, that anything not provided or agreeable would be tantamount to their working relationship and that means delaying in nature as to claims for the policy holders. Good connection links and communication factors play pivotal roles in channeling better information and ultimately allows feedback to be obtained from the policy holders. Feedback provides vital information sources to the service providers to correct and improve on the services provided to the customers. Measures thus taken by the service providers would definitely provide absolute satisfaction to the policy holders.

Clients would be able to speak to the managers as well as other employees of the insurance providers with impunity. In order to make policy holders to be satisfied, regular feedback is necessary Insurance Company should have regular feedback from their policy holders. By doing so, policyholders would feel that their needs and wants are looked into and such consideration amount to approval on the part of the policy holders. Informal feedback by speaking to the policy holder is very effective to know what they are looking for. Employees with the service providers do get irritated with the policy holders for frequently calling to seek clarification and information, thus creating bad impression on the service providers. Managers in the insurance company have to ensure that their staff are well trained and to be skilful on how to communicate with clients.

Clients play crucial roles and aviation insurance service providers need to invest in developing staff to be excellent in providing better services to clients. Specialised aviation insurance courses and trainings are offered by Malaysian Insurance Institute and Chartered Insurance Institute of London. Encouraging staff to attend these

courses would help aviation service providers to serve their clients and customers better. Developing staff to provide effective service has to be the main priority for aviation insurance companies.

Aviation insurance policy holders do not understand the insurance Act and the insurance policy as they are not familiar with the legal terms. Human Resource department in the aviation insurance companies has a very important task and responsibility to ensure investment in new talents in the aviation insurance meets the needs of the aviation company to keep ahead of competitors.

Reskilling staff and employing new talents must be prioritised by the companies whereby they would deliver values to customers. Managers must show the capabilities of effective leader. Leadership is consistently rated as the number one human capital priority in the insurance industry (Oftelie, 2015). Focused action must be taken to identify, retain and develop digitally savvy and people centric leaders who can successfully execute an organisation's strategy and vision.

Aviation insurance service providers that are ready to tackle this challenge and consistently invest in skills needed for future leaders will have a powerful resource at their disposal (Legnerova, Stritesky & David Quigley, 2014). Leadership skills such as creative thinking, digital skills, emotional intelligence and resilience should be developed where they would make leaders to manage its staff and workers effectively. Staffs would be motivated and they would be able to perform effectively and make customers to be satisfied.

The Aviation Insurance Association in US is a non-profit organisation which is formed to provide support service for aviation insurance underwriters, brokers and legal organisation (Kolatsis, 2015).It conducts regular conference on policies of

aviation insurance and invites policyholders to attend, and by doing so, policy holders are contented, knowledgeable and exultant when they learned to understand the subject-matter in the policies.

They do surveys and studies on the services and customer satisfaction. It has been reported that when aviation insurance service providers take feedback from their policyholders globally, the results showed that when the policy holders described their insurance company, the overwhelming majority commented on how the company treated them, how responsive the company was in answering questions about the coverage and policy features.

The fourth objective in this study is to examine if empathy effects customer satisfaction among aviation insurance policy holders in Malaysia. The hypothesis in this has shown that empathy has significant effect in customer satisfaction. Showing empathy is the important priority for the aviation insurance service providers and it is especially true when it comes to brokers. Ciavolino and Calcagni (2015) in the literature review have mentioned that staff are talented and competent, services are extended beyond working hours important items in Empathy. Meanwhile Azad (2017) have identified providing individual attention and employees give personal attention are very important items in empathy variable.

This important relationship that permeates between clients and service providers and this special affiliation cannot be overstated nor exaggerated. It is a fundamental skill for brokers because they are the problem solvers. Broker's empathy here means the ability to understand and share feelings of another as it is very useful to empathise during difficult times as the practice of empathising would make better customer understanding.

Aviation insurance policy holders' grievances are very painful when incidents happen. Special attention has to be provided. Brokers have fiduciary duties towards their clients and can boost their image by showing concern and care during

difficult times and the broker is the first person that the policy holder would meet to get information.

Emotions are important signs along the way to solving problems and recognising emotion is one way to show caring and sympathy towards policyholders. In a situation where accidents happen, emotions run high among the policyholders and such a situation occurred in the disappearance of MH320 and the shot-down incidence of MH17 airline in Ukraine (Tomasz Balcerzak, 2017). Insurance representatives worked round-the-clock to provide assistance and support to the families of the victims. Aircraft accidents do happen, it happened in the past and even now. It is unfortunate that accidents happen and continue to occur where lives and properties are lost despite the fact technology has developed and improved over the years in the aviation industry (Coffin, 2014).

Doherty and Lindeman (2019) in a Chinese American forum have said that the aviation accident in Ethopia Airline Boeing Max 737 should be an eye-opener for the aviation industry, that there should be deep probe in technical and human factors involving aircraft manufacturing, design, engineering, maintenance and pilot training and assessment. The role of aviation insurance provider is one of significant in nature for they bring relieve and comfort to the loved one who lost their dear ones in the accident – no amount of money can be bring back lost lives but some amount of comfort could be seen with the role provided by the insurance service providers for the benefit of policy holders.

In situations like this, the magnanimity and the noble attitude of insurance service providers in helping the policyholders in the claims requirement, thus securing a corporate and brand image in a sustained atmosphere. During turbulent situation, the management of insurance companies take the lead role to provide as much assistance to the policyholders. It is critical that employees and others in the aviation insurance service providers' office must be able to recognise and respond appropriately to all kinds of emotions. It is pertinent to heal the people before fixing the problems. Competent staff must also be able to listen effectively to client's needs and wants.

The staff and employees' expertise and knowledge are important as they need to channel the information to the policy holders as often as always to stay relevant and latest with current information. Therefore, individual attention and support are to be given at all times. It need not be every time but on regular basis would be sufficient to please the policy holders.

The fifth objectives in this study is to determine if assurance effects customer satisfaction among aviation policy holders in Malaysia. The hypothesis test shows that assurance has significant effect on customer satisfaction. Nicat Haciyev (2019) in the literature has mentioned employees politeness and Marinkovi, Seni, Koci, and Api (2013) have mentioned safe to transact in the premises, employees are well trained and assurance on settlement claims in the literature. The utmost important factor in customer relationship is showing good character and behaviour. Employees of the aviation insurance service providers have important obligation to behave professionally by showing positive character and behaviour at all time to customers. It is the management's duty to ensure that good behaviour and attitudes are instilled in their staff. Negative behaviour destroys friendship and relationship.

It is understood that work pressure, office conflict, task complication and environment are some of the factors that affects workers behaviour. Sometimes, staff may show face to customers who desperately seek valuable information or to solve problems. At times, staff may not be in the mood to entertain customers. All these could cause uneasiness and unpleasant experience to the customers. It is imperative therefore for aviation companies not to overlook issues that may drive customers and clients away.

Finally, the brunt of all complains end up with the managers. Employees and staff must be courteous and friendly towards customer at all times. Employees need to be given training on behavioural aspect on how to deal with policy holders and new customers. Internal and interactive marketing is advised to be used to enhance customer satisfaction. Service providers must effectively train and motivate its customer-contact employees and all the supporting service people to work as a team to provide customer satisfaction. Company must get everyone in the organisation to practise high customer orientation in order to deliver consistently high service quality.one way is to recognise and reward outstanding service deeds.

Interactive marketing is where service quality depends on the worthiness of the buyer-seller interaction during the service encounter. Aviation insurance broker should interact with clients by using the right skills and good product knowledge. The way it is done must create interest and excitement in customers and finally satisfied with the explanation and description of the services. Service quality will always vary, depending on the interactions between employees and customers. Problems will inevitably occur. As hard as they try, even the best companies will have an occasional problem such as delay, mistakes & errors or grumpy employee. However, although a company cannot always prevent service problems, it can learn

to recover from them. A good service recovery can turn angry customers into loyal ones. In fact, good recovery can win more customers and loyalty. It is vital for aviation insurance providers to not only deliver good services every time but also to recover from service mistakes when they do occur.

Empowering front-line service employees would mean enriching them with authority, responsibility, and incentives they need to recognise, care about, and tend to customer need. Front line employees are the first people that any outsiders meet when they step inside. The manner of how customers are received in the company matters. Aviation insurance service providers should watch service performance closely both their own and that of competitors. They also should communicate their concerns about service quality to employees and provide performance feedback.

When aviation insurance service providers realise that serving customers' needs and wants are a priority, it is therefore necessary to maintain long term relationship. Long term relationship means policy holders are satisfied with the services tendered and they would then start to show loyalty. Loyalty would lead to recommendation of other policy holders. This is also a market strategy on the part of policy holders to promote their companies. A more customer-centric model known as customer relationship management which focuses on improving customer retention and encourage customer loyalty could be useful. Aviation insurance brokers and insurance companies have embarked into this venture whereby it enables to manage customers effectively.

Customer relationship management is a set of business activities supported by the alignment of both technology and process directed by strategy and designed to enhance firm performance in the area of customer management. It involves a blend

of methodologies, software and internet, used by company to achieve its goal through the identification and satisfaction of customer needs. It is the discipline of improving the way customers are managed through changes in business processes, people, organisation and technology.

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Customer relationship management reduces costs and increases company performance, which means profitability result through customer satisfaction. Marketing relationship should exist between service provider and policy holders at all times. Conspiracy attempt among the adjustors, surveyors, brokers and insurer against policy holders should not be entertained because it is unethical in behaviour in doing business. When competing for services which are similar in nature, aviation insurance companies which rely on service quality would be the ultimate choice for customers.

Aviation insurance service providers must have responsibilities to show concern for the welfare of their customers in meeting their expectations, producing satisfaction or delight. Since insurance industry in Malaysia is regulated, aviation insurance policyholders can be relieved and assured on the financial capability of the insurance service providers. Aviation insurance policyholders' preferences are similar compared to other insurance policyholders.

Different customers have to be engaged differently because of the difference in behaviour, character and attitude. Every customer is different, and some may even seem to change frequently. It is vital that service providers must be able to handle surprises, sense the customers' mood and adapt accordingly. This also includes willing to learn-providing good customer service is a continuous learning process

Therefore, understanding customers' behaviour and character are core essential before managing service quality. It justifies importance to pay more attention to the advanced and enhanced automation and scientification to perform better which eventually satisfy customers. With the high development of computer technology, telecommunication technology and network applications, the process of creating effective customer relationship has also accelerated. The development of information technology makes the application of information become possible.

Management could obtain information on customer experience where it would be utilised in here to study, check and obtain feedback on the services that customers have acquired. Customer experience is a holistic approach that goes beyond customer service department and is the responsibility of everyone in an organization. Unlike customer service which focuses on single specific interaction at a time, customer experience takes into account the overall customer journey by building long term relationship with customers. Customers have to keep closer to share information with them. It is not enough to attract new customers; aviation insurance companies must keep them and increase their business.

High customer defection could arise if they are not happy with the services offered. Aviation insurance policies yearly basis. When it comes for renewal, it depends on how the service was for the last one year. Barbour (2019) in his article has said that aviation insurance companies in Europe and in the USA practices customer experience management system where it is designed and react to customer interactions to meet or exceed customer expectations and, thus, increase customer satisfaction. Investment in customer experience management systems ensures greater competitiveness and long term customer support and brand loyalty.

Aviation insurance companies need to study, check and obtain feedback on the services customers have acquired. Customer database and information saved would go long way in identifying ways in improving services of policyholders. Sharing pertinent information with customers would also help the insurance aviation companies to attract new customers and increase businesses. High customer defection could arise if they are not happy with the services offered. Aviation insurance policies are renewed yearly and the renewal will reflect very much on how the services rendered by the aviation insurance companies.

Decisions are made as to whether to renew policies with the current aviation insurance company or to look for a new company. Acquiring a new customer costs more than to retain the current ones. The service quality has been convincing and contented to the policy holders where they would decide to stick with the current insurance company. Customer life time value helps the aviation insurance companies to calculate their profits over the lifetime purchase of the policies. Dedicated policy holders sow compassion and loyalty to their service providers when the service quality is good. Many foreign aviation insurance companies have adopted this to enhance two-way relationship.

Besides knowing how much profits could be generated, insurance companies could introduce effective marketing strategies to retain their customers for a longer time. Customer relationship management would help aviation insurance companies, especially brokers to provide excellent customer service through the effective use of individual account information. They can customise marketing offerings, services, programmes, messages and media and by doing so would be able to retain customers. Personalised marketing would be a better approach with the use of internet for each and every customers differently.

Listening to customers is crucial to customer relationship management. Front line service employees in the aviation broker, and insurance company need to play effective role in creating first impression for customers. Loyalty programmes can be initiated to retain customers. Sachs (2016) in his report said that in Europe and in the USA, aviation insurance companies have frequency programme to provide rewards to customers who remain with the present insurance company such as: discounts on the premiums, staggered payment, bonuses, loans and membership to clubs.

Institutional ties are done where aviation insurance companies supply customers with special equipment or computer links that helps manage insurance matters. Aviation insurance brokers are capturing information every time a customer comes into contact with them. They collect great deal of information about their customers. The data are collected by the aviation insurance brokers and are organised into a data warehouse. Company personnel captures, queries and analyses. From here information are sent to the aviation insurance companies to prepare the type of coverage required.

Every client in the aviation insurance are valuable to the service providers. Recommendations from consumers are very important decisions for service providers. Online aviation insurance transaction has developed in many countries. It enables customers to transact easily and as quick as possible. It also allows the clients to suggest and comment on the services offered by the aviation insurance brokers and insurance companies.

The suggestions, comments and requests are easily communicated to the brokers. It is important for brokers to manage customer base. Customer base focuses

at customer's profitability. Aviation insurance products are expensive and high in value. The premium is also very high. Customers' loyalty ensures profitability to the service providers especially to the broker and insurance and reinsurance companies due to the premiums. Therefore, brokers and aviation insurance companies must create strategies to reduce defection of their clients. Selecting and training employees to be knowledgeable and friendly increases the likelihood that customers' queries and doubts are cleared and answered satisfactorily.

Training in aviation underwriting, claims and law are very essential for staffs and employees in the broker and insurance companies. Well versed in these areas helps service providers to handle customers' needs and wants. The more engaged with the company, the more likely customer is to stick around. Customers can be treated in a special way: having company get together, activities, programmes and parties where customers are invited.

Customer care is an all-out important priority concern for any business industry. Care and support is what being looked for by the customers. Furthermore, in depth knowledge of the aviation insurance products is also vital. Stay informed enough to respond to most inquiries and must know where to turn if the questions become too detailed or technical to answer. Customers appreciate the honesty and efforts to find the right answer. Aviation insurance service providers must remember to keep customers happy always.

Creating a strong, tight connection with customers are long term marketing success. Brokers have to identify the right quality products with the aviation insurance companies. When voice of the customers is integrated it makes easy for

insurance companies to modify and improve on the insurance products. Most of the aviation insurance products are standardised.

However due to changes in the airlines industry, aviation products are undergoing changes to fit in the customer's requirement. For example, the drone insurance has many categories and are used in many different purposes. It is vital to organise and make accessible database of information on individual customer needs, preferences, contacts and satisfaction. It must be made easier for customers to reach appropriate company staff and express their needs, perceptions and complains.

Customer behaviours based on customer relationship management have positive effect on customer satisfaction. Every part of the company's marketing effort should be geared towards building lifetime relationships. Customers want to do business with friendly people in aviation insurance companies. A friendly environment would assure existing business continuity and new businesses coming into the arena. To have effective relations, a friendly attitude must permeate in the organisation.

A company should always be flexible to bend its rules and procedures in the client's favour. Service providers should communicate with customers even when it is not trying to sell something. Service providers should communicate and develop stronger customer bonding by providing financial and social benefits. Service providers should make it a point to deliver more than what is promised.

A bad customer experience at any point in the customer lifecycle can ruin relationship. It is important to pay attention to key touch points to strengthen relationship. The amount of interactions with policy holders help to improve relationship too. Customer service strategy has to be enhanced. Staff and people at

the aviation insurance service providers place must practice proactive customer service by making customers happy. Getting personal helps build confidence.

The aviation service providers must take full advantage of social media in today's situation and must write responses when policy holders post on the pages. Customers must be able to identify the person communicating in the social medias to show that real people are working for the companies.

Part of the personal touch is making sure customers can reach the policy holders. Keeping in touch and meeting occasionally or regularly are essential. Working early and late when needed if customers are in different locations. Providing customers with physical address helps to build trust and reminds them that the company exists off the internet as well. Improving employee engagement is to make sure customers have great experience.

The underlying factor in this analysis of study is whether the aviation insurance policy holders are satisfied with the service offered by the aviation insurance service providers. The dependent variable items as mentioned by Seitz (2015) in the literature are show loyalty, recommend to others and happy with product quality. It has been found that loyalty, recommendation and quality in the product are the core important factors that policy holders strongly value in order to get satisfaction (Khudhair, Jusoh, Mardani, Nor, & Streimikiene, 2019). In their study, they have identified that in order to make customers to be loyal, dedicated and the service quality has to be given utmost importance by the aviation insurance service providers. Most of the scheduled and non-scheduled airlines company remains with their insurance providers for many years (Alphonsa &Velangannijoseph, 2018). According to the authors remaining with the same insurance service providers

denotes loyalty. The five variables which are tangibles, reliability responsiveness, empathy and assurance have significant effect on customers' loyalty, recommendation and product quality.

Aviation insurance product quality refers to quality standard that the products have. The benchmark standard of an international aviation insurance product quality is of higher standard compared to a local one. Adhering to international insurance standard coverage denotes high quality whereas normal aviation insurance products may not have that standard requirement. They adhere to international legal framework in policies, international equivalent coverage and also underwritten by well-known and experienced aviation insurance companies and brokers.

As for claims matter, from this study, it has shown no significant consequence to customer satisfaction, even though in the literature review it has been mentioned by many authors to the contrary. Jenson, Lombardi and Larson (2015) in the literature have said that amount of claims are paid correctly, complication in calculating claims and claims settled without referring to tribunal are considered important items in mediating Claims. Aviation insurance policy holders in Malaysia have confidence with the aviation service providers that they assure all issues that relates to claims would be settled professionally (Insider, 2018).

Lankford (2019) mentioned in his study that aviation insurance claims are small in amount except for the MH17 and MH370 incident. It was highlighted that the claims were settled amicably by the respective insurers. The aviation insurance service providers managed to play an effective role in the settlement of issues of claims and compensation amicably with less problems.

According to Greenberg (2014) in his report has mentioned that there was delay in in the settlement of the claims to the next of kin. However, it was settled correctly without complication or referring to any tribunals. Same goes to the Air Asia Indonesia flight QZ8501 tragedy. According to Baker (2015) he has mentioned that all claims were settled correctly and on time. In this study it has been noted that claims do not pose any issues to the aviation insurance policy holders in Malaysia. Settling claims amount correctly is the concern of any insurance policy holders. Claims arises due to losses to hull, from accidents. Hull claims are claims that could be total loss or partial loss which could be in a huge amount. Aircrafts liability claims arises due to losses and death due to accidents and injury to passenger and third parties. Claims could also arise from slip and fall by passengers, loss of baggage, delays and loss of cargos. Besides that, claims arise due to loss of license, and loss of profits.

The policy holder may never really know the true value of the protection purchased and the value of his or her agent for months, maybe years, maybe never. That is, until a trigger occurs: the claim. When that occurs, the client hopes to experience all that was promised when the policy was purchased. That leaves the client feeling somewhat uncertain because he or she is looking for tangible signals that the service process and quality will be as it was promised to be prior to purchase. Without the claim, there is no touch, no feel, no hearing to speak of to represent the product. Therefore, it is important that policy holders are fully advised from a-z on every aspect related to the coverage and claims amount payable before both parties agree to the conditions stipulated in the agreement.

The use of Electronic Claim File (ECF) processing system to notify claims is used to enhance claims process (Robert, 2018.) ECF is a combination of the Insurers

Market Repository (IMR), a repository for documentation to support accounting and settlement claims processes and policy issuance and the Claims Loss Advice and Settlement System (CLASS). The claims relevant documentation is uploaded electronically into IMR. Thereafter the electronic copies of the documents are accessed by the participating insurers and brokers. According to Jennings (2016) despite of the electronic claims processing system, there are many issues arises in America on the claims settlement. However, the author has said that in Malaysia the claims issues does not arise. With this advanced system in the claims processing, the time of processing reduces and therefore claims are effectively calculated and forwarded to the claimants.

Krzak (2018) mentioned in the report that claims on the part of aviation insurance policy holders do not arise on regular basis but when accidents do happen they tend to be serious in nature, involving prolonged investigation and it is also cost effective where compensatory claims usually run into millions of dollars. According to the author profound manifestation of significant wrong doings in issues of payment of claims, settling of claims and matters and referral to insurance tribunals are not a major concern and usually kept at a minimum in Malaysia.

5.3 Implication

This study on the effects of perceived service quality on customer satisfaction among aviation insurance policyholders in Malaysia shows the importance of the five SERVQUAL variables in providing quality service in order to make the policyholders to be satisfied. Managers in the insurance company, reinsurance, loss adjustors/surveyors able to use this finding to implement plans effectively to improve the relationship between them and with policyholders. Meanwhile this study would

provide information on the performance of aviation insurance service providers to the authority i.e. Bank Negara Malaysia and rating agencies.

5.3.1 Managerial Implication

The results of the study on effects of perceived service quality on customer satisfaction among aviation insurance policy holders in Malaysia have shown that policy holders are affected by the five variables that is tangibility, reliability, responsiveness, empathy and assurance and they are significant. The findings in this study is supported by Arokiasamy and Huam (2014) where they agree that customers satisfaction is dependent on the five independent variables that is Tangibility, Reliability, Responsiveness, Empathy and Assurance. Aviation insurance managers can use the findings in this study to improve their services even further in order to make their customers satisfied. In the Tangibility variable, the external look office building item has shown the highest value. Manager must ensure that the office exterior building is well structured and has attractive look which impresses people who are going to see first and everybody know first impressions are very important. A good appearance of the exterior building says much about the company and that can increase customers' satisfaction. Therefore, investment in office building encourages customers to visit and talk deals (Wenhao Tan, Shuangli Yu, & Zhenpeng Ma, 2018).

Documents, files and important materials must be kept properly in office so that it would be safe and will not get stolen or lost because it contains valuable information about client's details. And information should not be leaked, distorted or lost. In the Reliability variable the item information kept correctly has shown the highest value among the rest of the Reliability items. Losing important documents

results in disappointment and distrust. Therefore, investment in security system is would be useful.

Experience and knowledgeable item has the highest value n the Responsiveness variable. To develop more experience and knowledgeable employees, management must create Human Resource Development plans to provide training to their staff. Managers must allow their staff to undertake responsibilities. Provide training to learn about aviation insurance underwriting and policy wording. Allow them to attend courses and to develop themselves. Conduct periodic appraisal to check on their performance. Obtain feedback from clients about staff knowledge. Employees are the backbone of every organization. They are the machine which materialize every plan and the force which helps an organization climb the ladder of success. Recognizing the skills and abilities of employees can inject some serious value addition into your productivity and creativity. Employees with years of work experience have a better understanding and grasp of the nature of work. This becomes the main reason for them to build a positive work environment, which allows others to learn from them.

Experienced and knowledgeable staff are able to handle customers confidently. In the variable Empathy, item employees give personal attention shows the highest value. Companies must engage in motivational activities where employees learn on how to handle customers. Assurance on the settlement of claims is significant to customer.

5.3.2   Implication to Policy Makers

Bank Negara Malaysia which is the financial and insurance regulator would have a clear picture on the performance of the aviation insurance service providers in It has strict regulatory requirements for all insurance companies that should adhere

under the Financial Services Act 2013 (FSA) (Muhammad Adli Musa,2015). What matters for insurance rating agencies especially the aviation insurance and reinsurance companies are they must have adequate and sufficient financial security (A. Seetharaman, Vikas Kumar Sahu, A. S. Saravanan, John Rudolph Raj, & Indu Niranjan, 2017). In this study it has been found that there is no of downgrading of the aviation insurance, reinsurance and brokers ratings in Malaysia. Strict regulations by Bank Negara Malaysia has made the insurance, reinsurance and brokers to adhere to the requirements. Therefore, they have track records of providing service quality to satisfy customers for many years. The sound operations of aviation insurance transactions have given confidence to the policy-makers (Leon Chen & Steven Pottier, 2017).

5.4 Direction for Future Research

This study has conducted research on scheduled and no-scheduled airlines companies. However, in future the SERVQUAL model can be extended to study effects of service quality on customer satisfaction among satellite and drone policyholders in Malaysia. New Straits Times in 2016 reported that Malaysia is poised to become one of Asia's fastest growing aviation markets as the industry is set to fly high over the next five years. In the report it has mentioned that Malaysian Airlines companies would acquire more aircrafts due to increase in demand for flying and also to transport goods (New Straits Times, 2016). Therefore, due to this the aviation insurance sector is also poised to become the fastest growing sector in Malaysia soon. More aviation insurance service providers would emerge to take the opportunities.

5.5 Conclusion

Various authors in the literature review have discussed and mentioned the SERVQUAL variables respectively, nevertheless the findings have shown that it is applicable to the aviation insurance service providers in Malaysia. It is very important that aviation insurance service providers in Malaysia have to give maximum attention to the five important service quality variables if they intend to see that customers are satisfied and happy. The competitive marketplace where businesses compete for customers, customer satisfaction is seen as a key differentiator and increasingly has become a key element of business strategy. It is known that satisfaction is a person's feeling of pleasure or disappointment resulting from comparing a product's perceived performance (or outcome) in relation to his expectation. In aviation insurance business, the insurance service providers have a bigger task and responsibility to ensure that their clients expectation are satisfied.

The result shows that if customers remain with their current aviation insurance providers, this shows that they are exultant with the services provided by the insurance service providers. Customers must be kept longer, keep buying the products and also recommend to others about the aviation insurance service providers good reputation, and the policy holders satisfaction with the services offered, would highly be recommended to their friends. Customers' word of mouth and recommendation are both effective marketing tools for any aviation insurance service providers.

For insurance service providers who are customer centered, customer satisfaction is both a goal and a marketing tool. Customers' complaints should be taken seriously but to recover customers goodwill is an uphill task. Failure to address customers' complaint effectively, creates unhealthy image in the public eye.

Satisfaction has proven to depend on product service quality. Quality is the totality of features and characteristics of a product or service that bear on its ability to satisfy stated or implied needs. Higher levels of quality results in higher levels of customer satisfaction.

Marketing database which is a customer database is used to build, maintain and use them for the purposes of contacting and transacting and building customer relationship, where it leads to creating customer satisfaction. Customer service, product quality and after-sales service are the three pillars of marketing. Therefore, the marketing concept and application in aviation insurance are the same. Clients would be happy and continue to be with the insurance service providers when the three pillars of marketing works effectively. Building strong relationship between the insurance and policy holders has to be continuous effort taken by the insurance provider in order to create customer relationship.

Positive employee attitudes towards customers promotes stronger customer satisfaction Instilling strong customer orientation in employees' increases job satisfaction and commitment, especially if they have high customer contact It is the job of employees in the insurance company to ensure that effective roles are played to keep customers contented and jubilant. Managers in the aviation insurance service providers' office need to pay attention to the needs and demands of employees. Communicate and help the employees understand the company's goals and objectives.

Make sure employees understand their roles and responsibilities. Communicating by speaking face to face rather than interacting only through emails plays an imperative role in motivating the employees to deliver their level

best. Communication helps employees understand organization's behaviour standards and how they need to behave as a mature and sensible professional. They would be able to handle and manage customers effectively.

Employees thrive in customer-contact positions when they have an internal drive such as: (1) pamper customers (2) accurately read customers' needs (3) develop personal relationship with customers and (4) deliver quality service to solve customers' problems. Trainings and motivational programs benefits employees to handle customers. Given the importance of positive employee attitudes to customer satisfaction, only best candidates should be employed as job requirement is holistic in nature which calls for a career rather than just a job. Sound training programme and rewards for good performance are to be encouraged. Intranet, internet, internal newsletters, daily reminders, and employee roundtables can be used to reinforce customer-centered attitude.

One of the important factors which has been discussed in this study is providing service quality is responding to queries from customers especially on matters related to complaints and grievances. Complaints and grievances are daily occurrences in any industry in the business arena and it is not a new phenomenon in the aviation industry. Every complain is a gift if it is handled well. Companies that encourage disappointed customers to complain and also empower employees to remedy the situation on the spot have shown to attract new customers.

Grievances are common incidents in the aviation insurance transaction. Most of the complaints and grievances relates to customer relationship, unable to reach for quick remedy, slow in processing of documentation, cheating, and extra costs which incur for payment and conspiracy issues. Getting staffs to adopt extra role,

behaviours and to advocate interests and image of the firm to the aviation insurance policy holders, as well as to take initiative and engage in conscientious behaviour in dealing with customers, can be a critical asset in handling complaints.

Customers evaluate complaint incidents in terms of the outcomes they receive, the procedures used to arrive at those outcomes, and the nature of the interpersonal treatment during process. Handling phone calls more efficiently improves services, reduces complaints and extends customer longevity. Insurance is not a commodity. It is a promise to perform in future in return for a present monetary consideration.

Such a promise is made in a situation when the customer is absolutely not sure whether the promise will be fulfilled if and when the need arises. Aviation insurance policies are very technically and complicating and policyholders are not aware of the technical terms in the policy. The technical quality of the service depends on how the terms and contents are interpreted and understood by the policy holders.

It takes six to seven times more to get a new customer than to keep the existing one. Losing a good customer is easy but getting a new one is very difficult. Those who are more responsive to policy holders' would earn a dedicated customers. When customers become dedicated it shows that they are satisfied with the services provided by the aviation insurance service providers.

Today in the era of web usage and the proliferation of mobile devise, it is important for insurers to improve on their communication methods. Messages from the aviation insurance service providers must be conveyed exactly what is meant. Confusion in communication has to be stopped. Positive language and always stay cheerful no matter what and never end conversation without confirming the customer is satisfied.

Aviation insurance brokers and agents are communicating through web portals. Insurers connect to the content data bank where brokers and agents can retrieve information and connect through smartphones and tablet based application to their customers. This development shows a substantial progress for both the policy holders and service providers as this would cut down costs and time in conducting business transaction and to achieve the desired goal by both parties in a shorter period of time, and the industry should thank the information and communication technology (ICT) for delivering cost and time effective transaction most needed indeed.

A successful broker must be good at both sales and customer service. Both roles require skills that, with training and practice, can be learned and improved upon. Empathising towards the customers require the effective skills to be applied during difficult times. Listening actively to clients vies and suggestions are effective ways to gather feedback Customers feedback makes to learn what needs improvement. It also helps keep unhappy customers from voicing their displeasure on highly visible places like social media pages.

These service qualities help to better understand and customer satisfaction Assurance is giving guarantee to customers that everything is taken care off. Assurance is given to show that clients' rights are given priority. Since the aviation broker is the closest representative representing the insurer, it is important to make sure that the customer service team possess the right skills for managing customers' request. Having high paper qualification and experience may not be enough to understand customer. Policy Holder appreciate representatives from the aviation insurance service providers will see their problem through to its resolution. Time management skill is essential where too much of time should not be spend handling

one customer while others are waiting. It is vital to stay focused to the goals to achieve the right balance.

Record high customer satisfaction among aviation insurance customers is important for customers, especially at a time when their overall customer experience is being tested by the rising cost of aviation insurance products. For instance, on the other hand, record satisfaction is creating new challenges, as customers' expectations create the need for new standards for service by insurers

Among these challenges is meeting ever-evolving expectations for digital channels and services that provide easy online processes in aviation insurance transaction. Service providers have established effective systems to transact businesses where customers feel satisfied with quick and faster responses. An additional challenge is generating premium growth in a market where there are fewer shoppers as a result of customers' high satisfaction with their present carrier and a stagnant level of new shoppers purchasing aviation insurance for the first time.

It has been experienced that drivers of record-high satisfaction with aviation insurers and how customer expectations for servicing are changing to help insurers with the challenges ahead. One of the primary drivers of higher satisfaction has been greater online access to self-service tools through insurer websites and /or mobile apps However, while greater access to information and self-service options have been a primary driver of satisfaction, the industry would perform even better with excellent systems of mobile check deposits, which has transformed the way customers digitally interact with their insurers.

Given that the industry which has been challenged by rising costs and customers have experienced multiple years of rate increases. While price is a major component

of overall customer experience, billing and payment, policy offerings and online and offline service interactions combined account for a majority of the experience, all of which improve with digital interaction.

As customers satisfaction with their aviation insurer increases, there is a corresponding decline in the intent to shop for a different insurer. There is also a measurable relationship between customer satisfaction and actual shopping rates for the following year.

As aviation insurers struggle to grow with shoppers and customers entering in the marketplace, developing a retention strategy based on demonstrating value through customer interactions, outside of price alone, will help their bottom line and potentially lead to an increase in referrals. Study also measures and tracks key performance indicators that have the greatest relationship with customer satisfaction.

Providing online access to policy information is the single KPI with the greatest and most consistent improvement during the past years. Online access itself is associated with higher customer satisfaction, however, it also indirectly influences customer satisfaction across a variety of factors, from billing and payment to claims. Customers who are highly engaged online are significantly more likely to be aware of best practices where insurers offer.

In the event a customer has a claim, those who had already set up an account online are likely to submit incident photos through apps; receive digital updates without having to call their insurer; and immediately report first notice of loss when it occurs. Aviation insurance policy holders are increasingly preferring digital self-service channels for a variety of interactions with their aviation insurer. The strongest

digital preferences are for transactional activities such as making payment or ordering proof of insurance policy.

Aviation insurance policy holders have begun to have live conversations with professionals when it comes to discussing policy coverage or premium changes. There has been significant improvement in digital insurance channels which is creating impact in the industry and outpacing traditional methods of transactions where the use of agents and phone channels. The digital study finds aviation insurers have done good job of creating attractive user interface that generate additional ease of doing business for customers.

Aviation insurers that perform highest in personalization do so by aligning insurance offerings and customer needs; offering benefits tailored to certain risks; and delivering timely guidance. They also tend to have the highest digital satisfaction scores in the insurance digital experience study. Diverse product offerings and holistic client relationships impacts greatly on customer satisfaction. Using artificial intelligence to personalize mobile experience within the app to offer tailored aviation risks advice to customers has begun to be realistic. There is opportunity to leverage the technology to inject empathy into the digital claims process which is a key pain point among customers submitting digital claims.

With respect to meeting future customer perceptions, the winners and losers will be determined by those insurers that take a quantum leap regarding the customer experience to look at the leaders in specific arears of the customer experience such as billing and payments, digital and problem resolution to identify best practises that could translate across aviation insurance sectors. Analysing those aviation insurance leaders, may uncover insights that leads to a competitive advantage within the

aviation insurance sector. Insurers can adapt best practices for specific issues such as problem solving.

Aviation insurance policy holders compare their experience with dozens of other companies they do business with. By doing so, they are able to know how customers are treated. In face of fast-information-spreading world and fast development of different channels, aviation insurance service providers should make more effort to build distinctive brand image in a comprehensive way. To strengthen delivered brand image, aviation insurance service providers should pay more attention to the moment that customers interact with service providers.

Brokers as one of the service provider who connects the aviation insurance customers to the insurance provider. The availability of communication systems, customers are able to access in depth information by themselves before reaching out to the brokers and agents and customers' perception toward an insurance broker brand becomes more important because they might come across the products from different brands through different channels.

The advancement in technology had made customers to have more autonomy to make decision and tend to compare multiple brands as information are more easily accessible. Insurance service providers should focus more on emotional benefit brought by brand value. To avoid conflicting perception brought by inconsistent service, aviation insurance service providers should re-examine and integrate each channels service procedure to deliver clear, credible brand message.

Many aviation insurance service providers receive appreciation, gratitude, inquiries, opinions, requests, complaints and other types of customer feedback through their offices, agencies, insurance claims department, customer relations

office and customer call centres. They value customer feedback and respond with them promptly and appropriately. Customers would be very happy when this happen and continuously support the service providers. It is vital to incorporate customer feedback into business quality management department.

The department could be responsible for analysing the background and causal factors of customer complaints. It then shares with relevant head office departments any information on customer complaints relating to insurance products, brokers and claims payment. Sompo Japan Nipponkoa has published voice of customer white paper which utilizes every customer feedback including appreciation, gratitude, inquiries, opinions, requests and complaints. Management utilizes the voice of customer to value the feedbacks. (Riksheim, 2015).

It had helped to understand customers concern about service qualities offered. Employees of the company and other intermediaries have accepted the voice of customers with sincerity and contributes to society through providing highest quality service and makes customers to be satisfied. There are many aviation insurance policy holders who feel concern on the appropriate degree of insurance cover preparation. To meet their needs, it is important to provide effective service to analyse and explain to the policy holders the total insurance coverage and the risks which are very much concern to the policy holders. This approach would lead to swift and qualified service with added value that meets the needs of each policy holder. Staffs are trained to provide high qualified and true sincere service in order to let customers feel relieved.

In order to improve the user-friendliness for customers with regard to checking aviation insurance products and enquiries, effective 24 hours/365 days' online

service are arranged and accessed from smartphones and PC Customer satisfaction and perceptions of quality services depends on the level to which customer expectations are matched with products/services delivered by the aviation insurance service providers. Policy holders must be aware and understand the procedures and processes involved in the aviation insurance transaction. Knowing the high risks and calamities in the insurance, policy holders must engage experienced and professional service providers. Hull risk which is extremely costly and when mishaps incur it could be very severe for the policy holders. Must ensure that aviation insurance service providers have the means and capacity to underwrite this risk.

It is known that aviation insurance is a niche market and very unique and competitive among aviation industry aviation insurance service providers must be competent, talented, skilled and experienced to keep customers confidence in providing the services most needed by them. The pursuit of quality has been one of the most important challenges of the last decade as businesses have sought to respond to the demands of the consumers for improve standards. Having good rapport with clients ensures long term relationship and communication as a means of effective tool to create good rapport which has become the essence in the insurance world to transact business.

Today many service industries are using technologically enhanced communication methods effectively and to create more synergy for service providers, their stakeholders and customers. The effective use of communication tools helps to reduce cost and increases efficiency in transaction. This helps to produce faster and effective services to the policyholders. Customers are exploring changing behaviour, technologies and expectations that organisation must understand in order to build and

strengthen customer relationship. Good customer relationship hard to come by if there are discrepancies in the service quality.

Customers' impression on the services provided are crucial determinants in service quality. Customer satisfaction in aviation policy holders depend on how efficiently and effectively services are provided by the aviation insurance companies to maintain excellent rapport with the customers

When customers show their satisfaction by being loyal to their service providers it leads to increase in brand image. The service quality affects the relationship between the aviation insurance policyholders and aviation insurance service providers. However, several other relationships are negotiated while maintaining association in the course of the business related to aviation insurance.

The bond among insurers themselves play significant role: the relationship between insurers and reinsurers, the relationship between broker and insured, broker and insurer and broker and third party, the relationship between insurance agent and insured, and underwriting agent and insurer, and the relationship between a surveyor or adjuster on the one hand, and the insured or insurer on the other. Many of these relationships comprise of one party acting as agent for another through intermediaries. Insurers should choose the right intermediaries in order to satisfy their customer.

Aviation insurance service providers' fiduciary duty with their clients strengthen the relationship. It means that they have obligation to show sincerity in conducting insurance transactions. Intermediaries' role are to ensure that the services that they offer must be of the highest standard in order to satisfy customers insurance

policyholders' concern are whether the insurance intermediaries are reliable and trustworthy.

The aviation insurance policy holders expects reliability and responsiveness from the company in their services. They also expect that the company should be equipped with good resources and services. Understanding customer's preferences and empathise with them reveal their priorities and this makes customers to be satisfied. Assurance creates trust and confidence in the policy holders. In a competitive environment all aviation insurance service providers will need to analyse their service quality.

Therefore, service providers should implement strategic policies which will help to provide effective service qualities to keep policy holders to be satisfied. Service providers should have positive approach towards policy holders and require attention which helps the service providers to improve their companies' image in the mind of the policy holders.

5.6 Summary of Study

It can be concluded that the five service quality variables that is tangibility, reliability, responsiveness, empathy and assurance significantly affects customer satisfaction in the Malaysian Aviation insurance policy holders. The use of SERVQUAL model has shown the effect of service quality which is directly linked to customer satisfaction. A measurable implication can be outlined and defined when service quality is concerned in the aviation industry, more so to determine the ultimate satisfaction desired by policy holders for a sound and concrete relationship with the service providers to establish a life-long affiliation. However, claims as the mediating factor do not affect the customer satisfaction, for the latter guaranteed to

be awarded. Aviation insurance service providers can make the most of the gains at all level in organisation by using the findings of this study.

A benchmark in an analytical manner in the discovery of problems this study has highlighted, it would greatly elevate good relationship between both parties, identifying weaknesses was not easy then but with the advent of information and communication technology era accessing for knowledge and information has greatly enhanced problem-solving and this has put both parties in place for a better understanding in business relationship and less on discord.

It also shows how aviation insurance policy holders view the services offered by the insurance companies seriously. It is pertinent to understand customers' perception and channel resources to develop plans to provide maximum satisfaction to them. The insurance companies would have to realise that policyholders do hold the trump card over them in making the business choice of whom they want as their service providers. The aviation market is unique, there are not many players but the potential they yield is enormous and together they the service providers and the policyholders hold the key to the aviation industry to be a successful business entity for a long time to come.

Therefore, the findings in this study help broker, insurance & reinsurance, and adjustors/surveyors who are the aviation insurance service providers in Malaysia to consistently develop strategies and plans in providing effective service qualities to their policy holders so that there would be continuous support due to customer satisfaction. A meaningful relationship is thereby created in establish long term bond to stay loyal to each other as a role model to others in the industry.

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83.	Airmaster Sdn Bhd	marina@airmaster.com.my	84.	Allied Aeronautical Training	shamsul@allieda.com.m

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85.	Eastland Charter Sdn Bhd	richard@eastlandcharter.com	**86.**	Timur Air transport Sdn Bhd	suria@timur.com.my
87.	Wira Udara Sdn Bhd	kenny@wiraudara.com.my	**88.**	Penerbangan Rajawali Sdn Bhd	fatimah@rajawali.com.my
89.	TT Air Services	maizurah@ttairservice.com	**90.**	RA Sdn Bhd	beena@ra.com.my
91.	Jetline Sdn Bhd	Mahmud @jetline.com.my	**92.**	Wira Angkasa Sdn bhd	Lilyb@wira.com.my
93.	Star Air Travel	Williy@starairtravel.com	**94.**	Park View Lothe	PamelaT@parkviewlothe.com
95.	Straits Air carrier	laban@straitscarrier.com.my	**96.**	Bayu Air Sdn Bhd	sainejavior@bayuair.com.my
97.	Aeronautical Group Venture	meshireteh@aeronautical.com.my	**98.**	Super Craft Sabah Sdn Bhd	jebuksumarih@supercraft.com
99.	Arus Deras Air Services	nahia@arusderasair.com.my	**100.**	Sarawak Super Flight Services	bayujemai@sarawaksf.com.my
101.	Flyfox Air Academy	bendajt@flyfox.com	**102.**	KK air school	mapjunw@kkair.com
103.	Laguna Flight	willis@laguna.com	**104.**	Swift wings Sdn bhd	rosliy@swiftwings.com.

					my
105.	Sandler Air flight	johan@sandlerair.com	**106.**	Maju Airwings Sdn Bhd	betra@majuairwings.com.my
107.	Criss Airwave Airlines	funlad@crissair.com	**108.**	Wiramax Flight Academy	captainc@wiramax.com
109.	Harbor Recreation Sdn Bhd	mokthar @harborcreation.com	**110.**	Wira Samudera Sdn Bhd	sabaruddin@samudera.com
111.	Luna Jets	desmondy@lunajet.com	**112.**	Plumera Red Air Charter	cowax@plumera.com.my
113.	Fly Global Sdn Bhd	leong@flyglobal.com	**114.**	Penerbangan Besra Sdn Bhd	nasri@besra.com.my
115.	Pos Aviation	osman@posaviation.com	**116.**	Fly wave air Services Sdn Bhd	ika@flywave.com.my
117.	AKA Ballons	akaballons@gmail.com	**118.**	Supersonic Air Management Sdn Bhd	zarina@supersonicmgt.com
119.	Sky Events Sdn Bhd	habibah@skyevents.com.my	**120.**	Super Flight Academy Sdn Bhd	nadia@superflighta.com
121.	Kashde Avion	abubakar@kashdeavion.com	**122.**	Space Aeronautical	billa@spaceaero.com.m

				Training Centre Sdn Bhd	y
123.	Wings of Asia	paul@wingsasia.com.my	124.	Bintulu Charter Sdn Bhd	kamarul@bintulu.com
125.	Flyfox Air Academy	bendajt@flyfox.com	126.	KK air school	mapjunw@kkair.com
127.	Paduka Jebat Air Travel	wella@padukajebat.com.my	128.	Farent Air Ballon	barah@farent.com.my
129.	Warior East West Air Jet	mason@warioreastwest.com.my	130.	Sky Events Sdn Bhd	habibah@skyevents.com.my
131.	Kilat Jasa Sdn Bhd	milsah@kilat.com.my	132.	Fly Global Sdn Bhd	leong@flyglobal.com
133.	Cassa Baharu Jet	Jason.silver@cassa.com.my	134.	Pos Aviation	osman@posaviation.com
135.	Luna Jets	desmondy@lunajet.com	136.	Udang Wira Air Lines Sdn Bhd	johar@udangwira.com.my

Appendix B

Respondents Broker and Insurance Companies

	Broker	Respondent	%	Insurance Company	Respondent	%
1.	Jardine Lloyd Thompson Sdn Bhd	22	18.3	Etiqa Insurance Bhd	22	18.3
2.	AON Brokers Malaysia Sdn Bhd	3	2.5	Liberty Insurance Bhd	3	2.5
3.	Marsh Insurance Brokers Malaysia Sdn Bhd	10	8.33	AIG Malaysia Insurance Bhd	10	8.33
4.	Willis Malaysia Sdn Bhd	55	49	Allianz General Insurance Bhd	55	49
5.	Tradewinds International Insurance Brokers	6	5	Zurich Insurance Malaysia Bhd	6	5
6.	Rosegate Insurance Brokers Sdn Bhd	3	2.5	Chubb Insurance Malaysia Bhd	3	2.5
7.	Antah Insurance Brokers Sdn Bhd	3	2.5	Pacific & Oreint Insurance Bhd	3	2.5
8.	Howden Insurance Brokers Sdn Bhd	3	2.5	Tune Insurance Bhd	3	2.5
9.	Others	15	12.5	Others	15	12.5
	Total	**120**	**100**		**120**	**100**

Appendix C

Respondents Aviation Reinsurance Companies

1.	Malaysian Reinsurance Berhad
2.	Asia Capital Reinsurance Malaysia Bhd
3.	Munich Re
4.	Swiss Reinsurance Co Malaysia
5.	Toa Reinsurance Malaysia
6.	Hanover Rueck SE Malaysia
7.	Allianz SE General Reinsurance
8.	Singapore Reinsurance Corp Ltd
9.	Tune protect RE Ltd
10.	Sompo Japan Nipponkoa Insurance INC
11.	Swiss RE Corporate solution Ltd
12.	Zurich Co Ltd
13.	Tokio Marine Global Re Asia Ltd

Appendix D

Questionnaires

Dear Sir / Madam

Kindly fill in the questionnaire given below. This research is conducted to gather data on the aviation insurance service provided by the **Aviation Insurance Service Providers (Broker and Insurance Company)** in Malaysia. The information provided would be kept strictly confidential.

Thank you for your cooperation.

Please rate the following statements on a scale 1 to 7 as follows:

(1) Strongly disagree   (2) Disagree   (3) More or Less Disagree   (4)Undecided

(5) More or Less Agree   (6) Agree   (7) Strongly Agree

Details of Aviation Company Policyholder

Name of Company :

SATISFACTION

1. Do you agree that you are happy with the overall services provided by the aviation insurance providers

(1) Strongly disagree   (2) Disagree   (3) More or Less Disagree   (4)Undecided

(5) More or Less Agree   (6) Agree   (7) Strongly Agree

2. Do you agree that you will be loyal to your aviation insurance service

Providers for the services provided

(1) Strongly disagree   (2) Disagree   (3) More or less Disagree

(4)Undecided   (5) More or less Agree   (6) Agree   (7) Strongly Agree

3. Do you agree that you would recommend to others about the service providers

(1) Strongly disagree   (2) Disagree   (3) More or Less Disagree   (4)Undecided

(5) More or Less Agree   (6) Agree   (7) Strongly Agree

4. Do you agree that you are happy with the aviation insurance product quality

  (1) Strongly disagree   (2) Disagree   (3) More or Less Disagree   (4)Undecided
  (5) More or Less Agree   (6) Agree   (7) Strongly Agree

MEDIATING FACTOR
CLAIMS

1. Do you agree that your claims are settled on time?

  (1) Strongly disagree   (2) Disagree   (3) More or Less Disagree   (4)Undecided
  (5) More or Less Agree   (6) Agree   (7) Strongly Agree

2.Do you agree that the amount of claims are paid correctly as agreed

  1) Strongly disagree   (2) Disagree   (3) More or Less Disagree   (4)Undecided
  (5) More or Less Agree   (6) Agree   (7) Strongly Agree

3. Do you agree that at times there are no complication in the calculation and processing of claims

  (1) Strongly disagree   (2) Disagree   (3) More or Less Disagree   (4)Undecided
  (5) More or Less Agree   (6) Agree   (7) Strongly Agree

4. Do agree that claims matter are settled amicably without referring to the insurance complaint tribunal

  (1) Strongly disagree   (2) Disagree   (3) More or Less Disagree   (4)Undecided

  (5) More or Less Agree   (6) Agree   (7) Strongly Agree

TANGIBILITY

1. Do you agree that aviation insurance service providers have up to date

equipment and facilities?

  (1) Strongly disagree   (2) Disagree   (3) More or Less Disagree   (4)Undecided
  (5) More or Less Agree   (6) Agree   (7) Strongly Agree

2. Do you agree that name and reputation of the aviation insurance service providers (Broker and insurance company) tells that they provide highest quality of service?

    (1) Strongly disagree   (2) Disagree   (3) More or Less Disagree   (4)Undecided

    (5) More or Less Agree   (6) Agree   (7) Strongly Agree

3. Do you agree that the aviation insurance service providers' staff (Broker and insurance company) are well dressed and appear neat and smart?

    (1) Strongly disagree   (2) Disagree   (3) More or Less Disagree   (4)Undecided

    (5) More or Less Agree   (6) Agree   (7) Strongly Agree

4. Do you agree that the appearance of physical facilities shows that they are actually in the

    aviation insurance and broker business

    (1) Strongly disagree   (2) Disagree   (3) More or Less Disagree   (4)Undecided

    (5) More or Less Agree   (6) Agree   (7) Strongly Agree

5. Do you agree that the aviation insurance service providers' company are (Broker and

   insurance company) are easily reachable

    (1) Strongly disagree   (2) Disagree   (3) More or Less Disagree   (4)Undecided

    (5) More or Less Agree   (6) Agree   (7) Strongly Agree

6. Do you agree that the aviation service providers external look of the office and building are

   impressive and attractive

    (1) Strongly disagree   (2) Disagree   (3) More or Less Disagree   (4)Undecided

    (5) More or Less Agree   (6) Agree   (7) Strongly Agree

RELIABILITY

1. Do you agree that aviation insurance service providers always keep to their

   promises?

    (1) Strongly disagree   (2) Disagree   (3) More or Less Disagree   (4)Undecided

    (5) More or Less Agree   (6) Agree   (7) Strongly Agree

2. Do you agree that aviation insurance service provider (Broker and insurance

   company) are always sincere and honest

   (1) Strongly disagree   (2) Disagree   (3) More or Less Disagree   (4)Undecided
   (5) More or Less Agree   (6) Agree   (7) Strongly Agree

3. Do you agree that the aviation insurance service providers can relied upon on confidential

   matters
   (1) Strongly disagree   (2) Disagree   (3) More or Less Disagree   (4)Undecided
   (5) More or Less Agree   (6) Agree   (7) Strongly Agree

4. Dou you agree that aviation insurance service providers keep correct information at all times
   (1) Strongly disagree   (2) Disagree   (3) More or Less Disagree   (4)Undecided
   (5) More or Less Agree   (6) Agree   (7) Strongly Agree

5. Do you agree that aviation insurance service providers do not hide and pretend to show that
   they are doing their job
   (1) Strongly disagree   (2) Disagree   (3) More or Less Disagree   (4)Undecided
   (5) More or Less Agree   (6) Agree   (7) Strongly Agree

RESPONSIVENESS

1. Do you agree that aviation insurance service providers are quick in responding to queries

and issues?

   (1) Strongly disagree   (2) Disagree   (3) More or Less Disagree   (4)Undecided
   (5) More or Less Agree   (6) Agree   (7) Strongly Agree

2. Do you agree that the aviation insurance service providers need not be

   reminded on when services would be

   completed

   (1) Strongly disagree   (2) Disagree   (3) More or Less Disagree   (4)Undecided

(5) More or Less Agree   (6) Agree   (7) Strongly Agree

3. Do you agree that aviation insurance service providers employees are always willing to help customers

  (1) Strongly disagree   (2) Disagree   (3) More or Less Disagree   (4)Undecided

  (5) More or Less Agree   (6) Agree   (7) Strongly Agree

4. Do you agree that aviation insurance service providers are not too busy to attend to customers issues

  (1) Strongly disagree   (2) Disagree   (3) More or Less Disagree   (4)Undecided

  (5) More or Less Agree   (6) Agree   (7) Strongly Agree

5. Do you agree that communication with staffs of the aviation insurance service providers are smooth and without any barriers

  (1) Strongly disagree   (2) Disagree   (3) More or Less Disagree   (4)Undecided

  (5) More or Less Agree   (6) Agree   (7) Strongly Agree

6 Do you agree that aviation insurance service providers performance show that they are experienced and knowledgeable

  1) Strongly disagree   (2) Disagree   (3) More or Less Disagree   (4)Undecided

  (5) More or Less Agree   (6) Agree   (7) Strongly Agree

EMPATHY

1.Do you agree that aviation insurance providers

always show care and sympathise to the needs and wants of clients?

  (1) Strongly disagree   (2) Disagree   (3) More or Less Disagree   (4)Undecided

  (5) More or Less Agree   (6) Agree   (7) Strongly Agree

2. Do you agree that aviation insurance service providers' staff are talented and competent

in handling matters when their

managers are not around?

  (1) Strongly disagree   (2) Disagree   (3) More or Less Disagree   (4)Undecided

  (5) More or Less Agree   (6) Agree   (7) Strongly Agree

3.Do you agree that aviation insurance service providers extend services beyond normal
   working hours
   (1) Strongly disagree   (2) Disagree   (3) More or Less Disagree   (4)Undecided
   (5) More or Less Agree   (6) Agree   (7) Strongly Agree

4.Do you agree that aviation insurance service providers show individual attention
   (1) Strongly disagree   (2) Disagree   (3) More or Less Disagree   (4)Undecided
   (5) More or Less Agree   (6) Agree   (7) Strongly Agree

5. Do you agree that aviation insurance service providers employees give personal attention
   (1) Strongly disagree   (2) Disagree   (3) More or Less Disagree   (4)Undecided
   (5) More or Less Agree   (6) Agree   (7) Strongly Agree

ASSURANCE

1. Do you agree that all confidential records and files are kept and maintained well by the

aviation insurance service providers

   (1) Strongly disagree   (2) Disagree   (3) More or Less Disagree   (4)Undecided
   (5) More or Less Agree   (6) Agree   (7) Strongly Agree

   2. Do you agree that the aviation insurance service providers employees are polite

   (1) Strongly disagree   (2) Disagree   (3) More or Less Disagree   (4)Undecided
   (5) More or Less Agree   (6) Agree   (7) Strongly Agree

3. Do you agree that it is safe to transact business at the aviation insurance service providers
   Premises
   (1) Strongly disagree   (2) Disagree   (3) More or Less Disagree   (4)Undecided
   (5) More or Less Agree   (6) Agree   (7) Strongly Agree

4.Do you agree that aviation insurance service providers employees are well trained to handle
   matters with customers
   (1) Strongly disagree   (2) Disagree   (3) More or Less Disagree   (4)Undecided
   (5) More or Less Agree   (6) Agree   (7) Strongly Agree

5. Do you agree that you have confidence with your aviation insurance service providers that they assure you that all issues that relates to claims would be settled professionally

(1) Strongly disagree   (2) Disagree   (3) More or Less Disagree   (4)Undecided

(5) More or Less Agree   (6) Agree   (7) Strongly Agree

Appendix E

Letter from University

AeU
asiaeuniversity

30 May 2017

TO WHOM IT MAY CONCERN

Dear Sir/Madam,

MANIRAJ A/L MAYAN (STUDENT ID NO: M70202130002)

This letter serves to attest that Mr. Maniraj A/L Mayan (Student ID No. M70202130002 is a DBA candidate with the School of Management (SOM) at Asia e University (AeU), Malaysia.

He is conducting a research entitled "Aviation Insurance in Malaysian Commercial Air Transportation". His supervisor is Dr. Oo Yu Hock.

I would be most obliged if you could kindly assist him in whichever way possible for his study. Please do not hesitate to contact us at 03-2785 0000 or at sabri.hussin@aeu.edu.my if you need further clarifications.

Thank you.

ASSOC. PROF. DR. WAN SABRI BIN WAN HUSSIN
Dean, School of Management
Asia e University

Asia e University, No. 4, Jalan Sultan Sulaiman, 50000 Kuala Lumpur. General Line : +603 2785 0000   Fax : +603 2785 0001

A Collaborative Multinational University under the Asia Cooperation Dialogue (ACD) Countries

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Appendix F

Ethics Clearance and Informed Consent

EFFECTS OF PERCEIVED SERVICE QUALITY ON CUSTOMER SATISFACTION AMONG AVIATION INSURANCE POLICY HOLDERS IN MALAYSIA

Consent to take part in research

- I…………………………………..……………… voluntarily agree to participate in this research study.

- I understand that even if I agree to participate now, I can withdraw at any time or refuse to answer any question without any consequences of any kind.

- I have had the purpose and nature of the study explained to me and I have had the opportunity to ask questions about the study.

- I understand that participation involve answering 18 questions in the questionnaire set given. This structured closed questionnaire is given where I need to rate the statements on a scale 1 to 7 where. (1) Strongly Disagree   (2) Disagree   (3) More or Less Disagree

  (4) Undecided   (5) More or Less Agree   (6) Agree   (7) Strongly Agree.

- I understand that all information I provide for this study will be treated confidentially.

- I understand that under freedom of information legalisation I am entitled to access the information I have provided
- I understand that I am free to contact any of the people involved in the research to seek further clarification and information.

<div align="center">

MANIRAJ A/L MAYAN @ MAIAN

Asia e University

Supervisor: Dr Oo Yu Hock

</div>

Signature of research participant

_____   _____
Signature of participant   Date

Signature of researcher

I believe the participant is giving informed consent to participate in this study

_____
Signature of researcher

Tel No : 0182343926

Reliability Results

Case Processing Summary

		N	%
	Valid	120	100.0
Cases	Excluded[a]	0	.0
	Total	120	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.927	.926	35

Item Statistics

	Mean	Std. Deviation	N
T1	4.35	1.623	120
T2	4.62	1.397	120
T3	4.06	1.536	120
T4	4.54	1.489	120
T5	3.89	1.560	120
T6	4.08	1.612	120
Rel1	4.77	1.255	120
Rel2	4.69	1.302	120
Rel3	4.78	1.233	120
Rel4	4.79	1.296	120
Rel5	4.73	1.174	120
Emp1	4.58	1.097	120
Emp2	4.73	1.209	120
Emp3	4.50	1.390	120
Emp4	4.73	1.320	120
Emp5	4.78	1.336	120
Ass1	4.43	1.157	120
Ass2	4.35	1.234	120

Ass3	4.32	1.360	120
Ass4	4.81	1.204	120
Ass5	4.68	1.518	120
Resp1	4.66	1.049	120
Resp2	4.49	1.115	120
Resp3	4.70	1.261	120
Resp4	4.61	1.056	120
Resp5	4.70	1.227	120
Resp6	4.51	1.328	120
SAT1	4.43	1.659	120
SAT2	4.65	1.628	120
SAT3	4.76	1.506	120
SAT4	4.75	1.661	120
Medclaim1	5.25	1.154	120
Medclaim2	5.38	1.257	120
Medclaim3	4.86	1.584	120
Medclaim4	5.54	1.020	120

Item-Total Statistics

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
T1	158.11	605.257	.421	.926
T2	157.84	607.378	.467	.925
T3	158.40	600.813	.510	.925
T4	157.92	600.211	.536	.925
T5	158.57	601.458	.492	.925
T6	158.37	597.497	.526	.925
Rel1	157.69	623.526	.262	.927
Rel2	157.77	620.348	.301	.927
Rel3	157.68	621.680	.298	.927
Rel4	157.67	613.787	.406	.926
Rel5	157.73	613.592	.457	.925
Emp1	157.88	612.978	.503	.925
Emp2	157.73	607.609	.545	.925
Emp3	157.96	601.637	.557	.924
Emp4	157.72	598.117	.645	.923
Emp5	157.67	593.297	.714	.923
Ass1	158.03	610.755	.515	.925
Ass2	158.11	606.770	.547	.924

Ass3	158.14	600.173	.593	.924
Ass4	157.65	602.515	.635	.924
Ass5	157.78	583.280	.763	.922
Resp1	157.80	620.548	.380	.926
Resp2	157.97	611.764	.517	.925
Resp3	157.76	603.109	.595	.924
Resp4	157.85	610.028	.583	.924
Resp5	157.76	596.941	.718	.923
Resp6	157.95	596.048	.674	.923
SAT1	158.03	587.764	.634	.923
SAT2	157.81	579.467	.758	.922
SAT3	157.70	583.321	.769	.922
SAT4	157.71	579.721	.738	.922
Medclaim1	157.21	635.780	.076	.929
Medclaim2	157.08	636.850	.049	.930
Medclaim3	157.60	631.956	.089	.930
Medclaim4	156.92	638.279	.043	.929

Appendix H: Loading factors, convergent validity, composite reliability and discriminant validity before items deleted

Constructs	Items	Loading factor	AVE	C.R	AVE sqrt
Tangibility	T6	.831	0.519	0.864	0.720
	T5	.776			
	T4	.739			
	T3	.761			
	T2	.590			
	T1	.589			
Reliability	Rel5	.647	0.417	0.779	0.646
	Rel4	.679			
	Rel3	.723			
	Rel2	.638			
	Rel1	.523			
Responsiveness	Resp6	.761	0.410	0.799	0.640
	Resp5	.791			
	Resp4	.648			
	Resp3	.661			
	Resp2	.443			
	Resp1	.448			
Empathy	Emp5	.791	0.463	0.808	0.680
	Emp4	.781			
	Emp3	.573			
	Emp2	.671			
	Emp1	.549			
Assurance	Ass5	.831	0.465	0.808	0.682
	Ass4	.743			
	Ass3	.696			
	Ass2	.612			
	Ass1	.475			
Claims	Medclaim1	.654	0.397	0.667	0.630
	Medclaim2	.766			
	Medclaim3	.018			
	Medclaim4	.758			
Satisfaction	SAT1	.433	0.316	0.645	0.656
	SAT2	.595			
	SAT3	.598			
	SAT4	.604			

Appendix I

The Modification Indices Presents the Covariance between

each pair of items in correlational relationship between construct

			M.I.	Par Change
Empathy	<-->	Assurance	8.500	.492
Responsiveness	<-->	Assurance	9.433	.408
Responsiveness	<-->	Empathy	4.442	.479
Reliability	<-->	Assurance	6.508	.236
Reliability	<-->	Empathy	6.263	.192
Reliability	<-->	Responsiveness	8.120	.202
Tangibility	<-->	Assurance	4.194	.499
Tangibility	<-->	Empathy	6.478	.637
Tangibility	<-->	Responsiveness	8.590	.421
e26	<-->	e35	7.747	-.244
e26	<-->	e33	7.833	.263
e24	<-->	Claims	8.818	.178
e24	<-->	e29	5.666	.200
e24	<-->	e26	4.722	.179
e23	<-->	Empathy	6.898	.260
e23	<-->	Responsiveness	9.129	.252
e23	<-->	Reliability	5.965	.173
e23	<-->	Tangibility	7.406	.328
e23	<-->	e35	5.601	.199
e23	<-->	e29	4.032	-.190
e21	<-->	e33	6.538	.233
e21	<-->	e28	6.028	.226
e20	<-->	e31	6.488	.238
e19	<-->	Tangibility	6.601	.296
e18	<-->	Assurance	7.609	.246
e18	<-->	Responsiveness	7.596	.219
e18	<-->	Reliability	5.203	.154
e18	<-->	e24	8.718	.226
e15	<-->	Empathy	4.266	.206
e15	<-->	e19	4.693	.188
e14	<-->	e25	6.760	.213
e13	<-->	Reliability	4.100	.127
e13	<-->	e33	4.013	.162
e13	<-->	e26	6.146	.206
e10	<-->	e35	10.965	-.312
e10	<-->	e34	4.160	-.184
e10	<-->	e33	9.831	.317
e10	<-->	e13	4.526	.190

			M.I.	Par Change
e9	<-->	e35	5.117	-.193
e9	<-->	e33	8.932	.274
e9	<-->	e19	8.721	-.256
e9	<-->	e18	7.707	.240
e9	<-->	e10	9.644	.308
e8	<-->	e35	6.186	.217
e8	<-->	e33	4.203	-.192
e7	<-->	e35	9.241	.249
e7	<-->	e33	4.730	-.191
e6	<-->	Empathy	4.408	.284
e6	<-->	e35	4.251	-.239
e6	<-->	e28	5.738	-.300
e6	<-->	e25	4.942	.292
e5	<-->	Satisfaction	4.307	.132
e5	<-->	e33	4.659	.231
e5	<-->	e21	8.373	.307
e3	<-->	e5	5.631	.271
e2	<-->	e33	8.005	-.280
e2	<-->	e8	5.773	.243
e2	<-->	e5	10.449	-.368
e2	<-->	e3	4.322	-.217
e1	<-->	Responsiveness	5.251	.200
e1	<-->	e34	4.744	-.185
e1	<-->	e23	5.629	.224
e1	<-->	e2	5.593	.233

Appendix J

The modification indices present the covariance between

each pair of items in the correlational relationship between independent variables

	M.I.	Par Change
e24 <--> e26	5.596	.194
e18 <--> e25	4.121	-.171
e18 <--> e24	6.248	.177
e14 <--> e25	4.636	.174
e13 <--> e25	5.249	-.188
e9 <--> e19	9.780	-.261
e9 <--> e18	4.841	.174
e9 <--> e10	5.765	.226
e6 <--> e25	4.494	.271
e6 <--> e9	4.870	-.265
e5 <--> e21	9.642	.327
e3 <--> e5	5.485	.266
e2 <--> e10	5.281	-.239
e2 <--> e8	4.798	.223
e2 <--> e5	7.038	-.373
e2 <--> e4	4.056	.212
e2 <--> e3	4.140	-.210
e1 <--> e2	5.145	.220

Appendix K

Assessment of normality distribution for items in the respective construct

Variable	min	max	skew	c.r.	kurtosis	c.r.
SAT4	1.000	7.000	-.724	-3.240	-.613	-1.371
SAT3	1.000	7.000	-.503	-2.248	-.851	-1.904
SAT2	1.000	7.000	-.446	-1.993	-.907	-2.029
Medclaim4	2.000	7.000	-.948	-4.241	1.300	2.906
Medclaim2	2.000	7.000	-1.091	-4.879	.734	1.642
Medclaim1	2.000	7.000	-.828	-3.701	.290	.649
Emp2	2.000	7.000	-.205	-.919	-.588	-1.314
Ass2	2.000	7.000	-.097	-.432	-.652	-1.459
Ass3	1.000	7.000	-.224	-1.003	-.760	-1.700
Ass4	2.000	7.000	-.178	-.798	-.379	-.849
Ass5	1.000	7.000	-.452	-2.021	-.761	-1.701
Emp3	1.000	7.000	-.339	-1.517	-.597	-1.334
Emp4	1.000	7.000	-.182	-.816	-.151	-.338
Emp5	1.000	7.000	-.682	-3.051	-.183	-.408
Resp3	2.000	7.000	-.154	-.687	-.368	-.823
Resp4	2.000	7.000	-.459	-2.053	-.393	-.880
Resp5	2.000	7.000	-.290	-1.296	-.698	-1.560
Resp6	1.000	7.000	-.515	-2.302	-.632	-1.413
Rel2	2.000	7.000	-.356	-1.592	-.608	-1.359
Rel3	2.000	7.000	-.187	-.836	-.674	-1.508
Rel4	1.000	7.000	-.516	-2.308	-.241	-.538
Rel5	1.000	7.000	-.675	-3.017	.178	.399
T1	1.000	7.000	-.115	-.513	-.891	-1.992
T2	1.000	7.000	-.501	-2.241	-.764	-1.708
T3	1.000	7.000	-.140	-.627	-1.041	-2.328
T4	1.000	7.000	-.672	-3.004	-.583	-1.304
T5	1.000	7.000	-.179	-.803	-1.306	-2.921
T6	1.000	7.000	-.220	-.986	-1.060	-2.369

Appendix L

PILOT TEST RESULT

Case Processing Summary

		N	%
Cases	Valid	50	100.0
	Excluded[a]	0	.0
	Total	50	100.0

a. Listwise deletion based on all variables in the
procedure.

Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.776	.786	35

Item-Total Statistics

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Squared Multiple Correlation	Cronbach's Alpha if Item Deleted
T1	164.14	217.102	.024	.714	.784
T2	163.48	216.785	.063	.708	.780
T3	164.02	206.510	.273	.855	.771
T4	163.28	226.859	-.226	.784	.788
T5	164.34	205.780	.298	.790	.769
T6	164.04	211.509	.160	.855	.777
Rel1	163.54	217.192	.054	.888	.780
Rel2	163.58	211.514	.209	.864	.773
Rel3	163.38	212.200	.195	.828	.774
Rel4	163.36	206.398	.331	.789	.768
Rel5	163.58	213.228	.210	.775	.773
Emp1	163.84	209.443	.345	.826	.768
Emp2	163.36	205.704	.443	.722	.764
Emp3	163.82	207.947	.305	.743	.769
Emp4	163.52	208.459	.354	.785	.767
Emp5	163.30	204.582	.544	.806	.761
Ass1	164.00	216.816	.080	.751	.778
Ass2	163.96	207.631	.366	.812	.767

Ass3	163.98	212.591	.191	.807	.774
Ass4	163.44	211.680	.295	.838	.770
Ass5	163.36	204.521	.432	.712	.764
Resp1	163.82	207.947	.398	.781	.766
Resp2	163.82	211.579	.273	.818	.771
Resp3	163.56	206.782	.387	.859	.766
Resp4	163.78	209.522	.382	.853	.767
Resp5	163.68	199.365	.595	.842	.757
Resp6	163.64	205.827	.415	.798	.765
SAT1	163.70	195.031	.499	.753	.758
SAT2	163.24	199.084	.537	.868	.758
SAT3	163.30	197.602	.557	.719	.757
SAT4	163.14	206.368	.379	.876	.766
Medclaim1	163.24	219.002	.006	.811	.782
Medclaim2	163.38	217.220	.044	.880	.781
Medclaim3	163.56	214.333	.086	.664	.781
Medclaim4	163.10	217.316	.064	.900	.779