



**THE EFFECT OF SERVICESCAPE ON CUSTOMER SATISFACTION:
EMPIRICAL EVIDENCE FROM SELLECTED INSURANCE
COMPANIES IN ETHIOPIA**

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The effect of servicescape on customer satisfaction: empirical
evidence from selected insurance companies in Ethiopia

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Declaration page

I, Zerihun Hunde, hereby declare that this Master thesis titled **The effect of servicescape on Customer Satisfaction: Empirical Evidence from Selected insurance Companies in Ethiopia**. I have carried out the present study independently with the guidance and support of the research advisor, Mulugeta G/Medhin(PhD). Any other research or academic sources used here in this study have been acknowledged. Also this work has not been used by others for any other requirements in any other university.

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Signature

Date

This Thesis has been submitted for examination with my approval as University College supervisor.

Name of Advisor.....Signature.....Date.....

Stetement of Certification

This is to certify that Zerihun Hunde has carried out her research work on the topic entitled " The effect of servicescape on Customer Satisfaction: Empirical Evidence from Selleded insurance Companies in Ethiopia " and it is his original work and is suitable for submission of the award of Masters Degree in Marketing Management

Advisor: Mulugeta G/Medhin (Ph.D.)

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LIST OF ACCRONOMY

ANOVA	Analysis of variance
SPSS	Statistical packages for social science
EIC	Ethiopian Insurance Corporation
NBE	National Bank of Ethiopia

ABSTRACT

The general objective of this research study was to determine the effect of servicescape on customer satisfaction at Insurance companies in Ethiopia. The research used descriptive research design. A questionnaire survey was administered to conveniently selected 376 samples of respondents which considered to be valid. Pilot test was conducted with 305 respondents. The data was analyzed using frequency, mean, standard deviation, descriptive statistics, correlation analysis and regression analysis. This was used to carry out descriptive and inferential statistics. Data was then presented in the form of tables and figures. The extent to which (Ambiance condition, Physical facility, employee behavior and Employee image) affect customer satisfaction was examined. The findings indicated that majority of the customers are satisfied with Noise Level and Cleanness from Ambiance condition, spacing area and setting safety from Physical Facility, credibility from Employee behavior and Competency from Employee image. However, it was found out that for 62% of the customers, Aroma from Ambiance condition, furnishing from physical facility and customer orientation from employee behavior did not affect the level of satisfaction that customers derive from the insurance companies. Thus, management of Insurance companies in Ethiopia should focus on introducing new Insurance Policies in order to increase the number of female customers.

CHAPTER ONE

INTRODUCTION

This chapter has eight sections, which the first one gives general ideas about the study by referring other researches. The second section points out the problem that will be investigated by the research. Thirdly, there are research questions that will be answered after the investigation. The fourth section embraces both general and specific objectives that are related with the research questions of the study. Fifth sections of this chapter explain significance of the study that will aid the industry. The sixth section explains scope of the study that will cover. Seventh section covers the possible limitation that the researcher faced. Lastly, there is organization of the study that explains the important chapters included in the study.

1.1. BACKGROUND OF THE STUDY

Servicescape is a widely used term that is usually used to describe the physical surroundings of a service company. It includes the exterior and interior design, ambient conditions such as temperature, noise, odor, as well as tangible parts of the service such as business cards, brochures, and other communication material (Bitner,1992; Wakefield and Blodgett, 1996).

Satisfaction of customers is very important for businesses. Customer satisfaction would create customers loyalty, enhance company's reputation, increase flexibility in price, decrease transaction cost in the future, and increase employee's efficiency and employee productivity (Anderson, et al., 1994; Anderson, et al., 1997; and Edvardsson et al., 2000 in Tjiptono, 2006). Organizations, which are more efficient in providing value for customers, leading to higher customer satisfaction, are more likely to survive in a competitive situation (Kujala & Ahola, 2005).

According to Harris and Ezeh, (2007), there are about three elements of servicescape. These include ambient conditions, Physical evidence and social factor. Under ambient condition there are three factors namely music, aroma, and cleanliness. Physical Facility includes Interior Design and Exterior Design. Staff image and staff behavior are the two factors included in the social factor elements.

The emergence of insurance business in Ethiopia is closely linked to expatriates and foreign insurance companies. In addition, expatriates and foreign companies operating in Ethiopia participated actively in the establishment of the first domestic insurance company by acting as agents. The first domestic insurance company, which was called imperial insurance company of Ethiopia, was established in

1951. The 1960's witnessed the establishment of local insurance companies. Many new domestic private insurance companies enter into the market during this period (Medin 2016/17).

Ethiopian Insurance Corporate had been a monopoly in the Ethiopians insurance industry for 19 years (1976 up to 1995) until the issuance of proclamation number 86/1994 that permitted the establishment of private insurance companies in the country. EIC had to undergo a restructuring process to realign its operation to the new economic policy. After 1994, the insurance sector competition is becoming more intense among different privately owned establishments and the public insurance company. The Ethiopian financial services sector is currently completely closed to foreign investment: that is the banking, insurance and microfinance sub sector; Ethiopian insurance companies buy reinsurance service from foreigner insurers (Medin 2016/17).

The practice of insurance service in its modern sense is a recent phenomenon which is said only to have been started in the early 1920s. Pursuant to Proclamation No. 83/1994 and Proclamation on the Licensing and Supervision of Banking and Insurance, nine insurance companies- Awash Insurance, Global Insurance, Lion Insurance, National Insurance, Nile Insurance, Nyala Insurance and United Insurance Company were established and they are currently operating along with the three state owned banks and the insurance corporation.

1.2. STATEMENT OF THE PROBLEM

According to the Insurance company's Annual report of 2021 and 2022 Gross profit of Niyal insurance was 194.3 million Birr, EIC 220.6 million and this number has risen on 2022 to 223 million Niyala Insurance corporation and 275 million as of July 2022. This is an increase of 32.2% and 37% in just a year difference. The Insurance Company keeps growing its Policy holders to suit the needs of the customers. With the increase in customer base comes the demand to satisfy their needs.

Studies that related with elements for satisfaction evaluation examine mainly Harjit, Pardip Kaur (2018), parking space, deliverability time, physical Appearance, cleanliness, mainly focus on Yuksel (2009) explored the Elements used to evaluate a satisfaction and were able to show that Interior design referrals as well as Ambient condition are the most frequently used cues. the employees' clothing and the location of the service providing facility also Examined by Johnson, and Armstrong (1992).

Customer satisfaction with a company's services is often seen as the key to a company's success and long-term competitiveness. The insurance industry is getting a lot of attention as Customer satisfaction. The overall purpose of this study is to develop a conceptual foundation for investigating the customer

retention process. Customer satisfaction is a key metric for insurance companies to monitor in order to gauge which areas of their customer service are strong and which areas need improvement in order to maintain or increase their membership base.

Increasing customer satisfaction has been found to lead organization to higher future profitability. The absence of adequate empirical studies in Ethiopia concerning the impact of servicescape on customer satisfaction in Insurance Companies in Ethiopia is a critical issue that needs to be explored properly. In Ethiopia as to the knowledge of the researcher there were few papers, which a bit relate with this title like Addisalem Lema (2016) which assessed the impact of servicescape on customer perceived service quality in the Banking industry of Ethiopia but not related to Insurance companies in Ethiopia.

As can be mentioned in NBE (2016) the poor sector management coupled with the lack of capital has resulted in Ethiopia having one of the lowest insurance densities in the sub-Saharan region of a 0.5% on service provisions. There are many complaints from customers about the customer satisfaction with connection to insurance service providers in Ethiopia like claim handling service. Evidently, the growth trend in insurance industry in Ethiopia does not provide empirical support for the claim that customers are satisfied with the service delivery of the insurance corporations in Ethiopia. Most Ethiopian insurance companies have sister banks and it is common for these banks to refer their clients to their sister insurance companies, but this is largely restricted to credit life insurance products. Moreover, insurance companies tend to derive a large portion of their total income from investments in banks (Smith and Chamberlain, 2009).

Several studies have been done on servicescape and customer satisfaction in other industries over all the world, but none of one study have been done on insurance industries in Ethiopia. Most of the studies, as cited above, established a relationship between servicescape and the satisfaction of customers. There has been no research on how the entire mix of servicescape elements affect customer satisfaction. Studies have been done in various service industries around the world, however, there have been none which have captured the servicescape of Insurance Companies in Ethiopia. Arising from this gap, the focus of the study which is on the effects that servicescape has on customer satisfaction in Insurance companies in Ethiopia.

This study attempts to reduce the gap by analyzing impact of servicescape on customer satisfaction in Insurance Companies in Ethiopia. Hence, these are important issues to be investigated for the insurance managers, professionals, regulators and policy makers to support the sector in achieving excellence so that required economic outcomes could be obtained.

1.3. RESEARCH QUASTION

The study attempts to answer the following research questions:

1.3.1 Main research question:

What is the effect of Servicescape on customer satisfaction in the case of insurance companies in Ethiopia?

1.3.2 Specific research questions:

1. How does the ambience of the physical facility of insurance companies in Ethiopia affect customer's satisfaction?
2. To what extent does the design of the physical facility of insurance companies in Ethiopia affect customer's satisfaction?
3. How does employees' behavior affect customer's satisfaction in the insurance industry in Ethiopia?
4. What is the effect of staff image on customers satisfaction in the insurance sector in Ethiopia?

1.4. OBJECTIVE OF THE STUDY

1.4.1 General objective:

The objective of this study is to examine the effect of the servicescape on customer Satisfaction in Ethiopian Insurance Companies.

1.4.2 Specific objectives:

1. To examine the effect of the ambience of the physical facility of insurance companies on customers satisfaction in Ethiopia.
2. To determine the effect of the design of physical facility of insurance companies on customers satisfaction in Ethiopia.
3. To determine the effect of the employees' behavior on customers satisfaction in the insurance industry in Ethiopia.
4. To determine the effect of staff image on customers satisfaction in the insurance industry in Ethiopia.

1.5. SIGNIFICANCY OF THE STUDY

This study focuses on determining the impact of servicescape on customers Satisfaction in selected insurance companies in Ethiopia. The results of the study will aid the Insurance industry to develop the right kind of strategies in organizing their physical and social environmental aspects. The information

will help service providers to understand the potential of their environmental layout to the satisfaction of their customers.

There are many attention gaps on service providers in Ethiopia, by realizing the Impact of servicescape elements on Insurance Industry in Ethiopia the study will remind the companies to Apply a servicescape elements on their Employee and Policy.

It helps the Insurance Companies to establish which elements of the servicescape affect the customers the most and this will help them to make a decision on the overall design and the feel of Companies Such a study would help Insurance companies enjoy competitive advantage through designing their Company that better suit the tastes of their users.

In addition, the study also serves as an additional source to conduct detailed studies by identifying research agenda. To the managements of insurance companies in Ethiopia, this study will provide a more scientific measures and perspective for describing and evaluating the level of its customer satisfaction with the services delivery and particularly those in service industry provides the feedback of how successful an organization is at providing product and/or service to the satisfaction of customers at the market place and market space.

The study can be altered to other marketing organizations which can be useful in determining those elements of servicescape that affect customers the most in various service organizations.

1.6. SCOPE OF THE STUDY

Because of time and resources at hand the study delimited to only customers of two different insurance that are only found in Addis Ababa and Permanent employee of the two insurance companies.

1.7. LIMITATION OF THE STUDY

The inherent bias in convenience sampling means that the sample is unlikely to be representative of the population being studied. This undermines to make generalizations from the sample to the population being studied. Words and phrases used in the questionnaire can often lead answers in a particular direction without giving an unbiased picture of what the respondent actually thinks.

1.8. DEFINITION OF TERMS

Servicescape is a term used in the field of marketing and service management to describe the physical environment in which a service is delivered. The term encompasses the various elements that contribute to the overall atmosphere and ambiance of a service environment. The definition of key terms related to servicescape can vary slightly depending on the source or researcher, but here are some commonly used

definitions:

Servicescape: "The environment in which the service is assembled and in which the seller and customer interact, combined with tangible commodities that facilitate performance or communication of the service." (Bitner, 1992)

Servicescape is the environment in which a service is delivered and in which the firm and the customer interact, and any tangible commodities that facilitate performance or communication of the service (Zeithaml, Bitner, & Gremler, 2009)

Ambient conditions: "The background characteristics of the servicescape that contribute to the overall atmosphere, including temperature, noise, lighting, music, and scent." (Bitner, 1992)

Spatial layout and functionality: "The physical arrangement and design of the service environment, including the location of service areas, seating arrangements, signage, and navigational aids." (Bitner, 1992)

Signs, symbols, and artifacts: "The tangible elements within the servicescape that convey messages and meaning to customers, such as logos, signage, decor, and props." (Bitner, 1992)

Employee Aesthetics: is the aesthetics skills which employees are expected to have which not only demonstrate "soft skills" in regards to their attitude but the ability to "look good" and "sound right" (Nickson, Warhurst, & Dutton 2005).

Facility Exterior: is the external part of the service and includes elements such as exterior design, signage, furnishing, parking, and landscape (Verma 2012).

Facility Interior: is the internal part of a facility and includes elements such as interior design, equipment, decor, inside signage, layout, air quality and temperature (Verma 2012).

1.10. ORGANIZATION OF THE STUDY

The research paper has five chapters the first chapter covers introduction and the general background of the study, literature review is presented in the second chapter. The third chapter Research Design and Methodology, the fourth chapter presents findings and analysis of the data gathered the final chapter has been devoted to present the conclusions and recommendations of the research.

1.10. ORGANIZATION OF THE STUDY

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CHAPTER TWO

LITERATURE REVIEW

2.1. INTRODUCTION

The effect of servicescape on customer satisfaction is widely discussed in the literature. This section covers both theoretical and empirical literature. It is giving an overview of literatures that is related to the research problem presented in the previous chapter. The review is based on the variables of servicescape that affect customer satisfaction namely Ambient Condition, Physical Facility, Employee Behavior and Employee Images. The service characteristics, servicescape, customer satisfaction, relation between servicescape and customer satisfaction, servicescape model and conceptual framework are included in order to give a clear idea about the research area. Each of the specific objectives has been reviewed as follows.

2.2 THIOROTICAL REVEIW

2.2.1 Layout, Ambient Conditions, Color and Signage

According to the study was conducted on supermarkets, Ambient conditions are key in servicescape. Duong (2016) also conducted research on approximately 300 respondents from different areas in Queensland and New South Wales, Australia.

The main store environment factors included ambience, physical design and social factors. Statistical tests on the findings revealed that music, lighting, assortment, employees influenced customer satisfaction positively. However, scent, layout, interior design and other customers' factors had no influence on customer satisfaction. Similar study was also conducted by Vivian (2017) on retail supermarkets in Kenya. The study included a sample of 224 respondents and looked at aspects such as cleanliness, space, attractiveness and a friendly environment. The findings indicated a positive relationship between the servicescape elements and customer satisfaction. Both the studies in the supermarkets, therefore, had similar conclusions.

2.2.2 Interior Design

Several studies have been conducted on various service industries observing the effect of some of these elements on customer satisfaction and their perception towards service quality.

According to a study carried out by Costello (2014) interior design is key in restaurants. The study was carried out a casual dining restaurant in Savannah, Georgia.

It states that the interior design of the facility has the ability to not only increase customer service but also leads to increase in restaurant revenue. According to Costello (2014, p. 11) “the results of a survey of 153 restaurants show that environmental cues such as layout, music, lighting, and color significantly affect meal duration and table turns” in restaurants. Furthermore, layout (open kitchen) had the highest impact on decreasing table duration which in turn increases customer satisfaction.

The findings revealed a positive relationship between interior design as an element of servicescape and customer satisfaction at Suvarnabhumi International Airport. Therefore, both the studies as conducted by Hye-Kyoung and Park (2015) and Amaranota and Chanin (2016) showed similar findings in the airline industry.

2.2.3 Physical Environment and Equipment

Another study carried out by Pecotic, Bazdan and Samardzija (2014) in the Dubrovnik area in a restaurant on 106 respondents. It states that physical environment of the restaurant has a great influence on the image of the restaurant and can positively or negatively affect customer perception of the restaurant and its services. The results of the study showed that majority of the respondents’ preferred warm colors for the interior and medium spacing between tables. Furthermore, furniture comfort, ambient light and layout of the restaurant were considered as an important part of the interior design and elements which affect customer satisfaction. A similar study was conducted by Alsaqre (2011) on hotels located in Al-Ladhiqiyah, Syria on 209 customers also reflects the importance of facility interior on customer satisfaction. The study was carried out on customers who stayed overnight at hotels in the coastal city. The research revealed that design, equipment and ambient conditions are high contributors to the overall perceived service quality with the hotel design being having the strongest influence on customers

2.2.4 Effect of Facility Interior on Customer Satisfaction

Servicescape elements include facility exterior, facility interior and other tangibles. Facility interior has been widely discussed and researched on by various authors. According to Hoffman and Bateson (2017) facility interior of the service facility includes the interior design, equipment, signage, layout, air quality and temperature that is used to service customers. For service industry this becomes critical as the elements improve the experience of customers within the facility. Bell (2008) explains that the customer’s experience with a service is influenced by both performance which is the functionality of the service and the physical cues which are the elements mentioned above. Furthermore, firms tend to

purposefully manipulate the facility interior in order to create a positive service environment which encourages customer satisfaction.

2.2.5 Effect of Employee Aesthetics on Customer Satisfaction

The servicescape forms an integral part of physical evidence in service industry. According to Brink and Berndt (2008) the “actual physical facility where the service is performed, delivered and consumed is referred to as the servicescape.” The servicescape varies depending on the type of service transmitted to the consumers. For example for Disney, the servicescape would be Disney World itself since it can be considered as the stage where everything happens. On the other hand, for Deacons the actual store facility would be the servicescape where the service is experienced by consumers. The most common elements of servicescape stated by various authors are facility interior and facility exterior. Other elements are usually grouped under the heading “other tangibles”.

According to Hoffman and Bateson (2017), other tangibles include other items that are part of the firm’s physical evidence, for example, business cards, stationery, billing statements, reports, employee appearance, uniforms, websites and brochures. The focus of this study will remain on the sub element of employee appearance and uniforms. A holistic term for this has now been referred to as “labor aesthetics”. There has been very little research done on this aspect as it is still new and not been fully explored.

According to Nickson, Warhurst and Dutton (2005), the employees are now expected to not only demonstrate “soft skills” in regards to their attitude but also should have the ability to “look good” and “sound right” which are referred to as the aesthetics skills and from which the term “aesthetic labor” has been derived. An article posted on UK Essays (2017), the meaning of skills has become broader than in the past wherein the past it referred to the technical know-how, at present, it includes social and aesthetic skills where aesthetic skills refer to the appearance, accent and deportment.

2.2.6 Employee Appearance and Grooming

Employee appearance is crucial in aesthetics. Costantini (2014) states that employees should adhere to certain dress standards which should not allow employees to wear clothing that would be typically be used for exercise or any other such leisure activity. Furthermore, grooming standards should also be considered. For example, the styles of hair, jewelry, makeup and other personal items that are workplace appropriate. Appropriate dressing makes the employee stand out and create an image of the business in the minds of the consumer which increases their satisfaction and loyalty. Similarly a study

was conducted in the banking sector in North Cyprus by Ozatac, Saner and Sen (2016) on a total of 207 customers.

The research conducted by Ozatac, Saner and Sen (2016) focused on customer satisfaction and the findings indicated that majority of the respondents did not care much about the appearance of neither the branch nor the personnel but the most important variables to customers were that they are respected, listened, cared and be remembered. The findings of the study and that of Costantini (2014) showed varied results in regards to employee appearance. Research has also been carried out by other authors in regards to effect employee grooming and uniforms can have on their job satisfaction and customer interactions. Karch and Peters (2017) carried out research in the hospitality industry. The study states that uniforms play a major role during service encounter and impacts stakeholder experience. Furthermore, uniforms need to be functional especially for customer contact employees should be encouraged to wear uniforms they enjoy wearing. These findings are similar to those of Nelson and Bowen (2000) who states that employees should be consulted about uniforms.

2.2.7 Effect of Physical Facility on Customer Satisfaction

There exist many thoughts about customer satisfaction. Kotler and Armstrong (2010) define customer satisfaction as the person's feeling of pleasure or disappointment which results from comparing a product's perceived performance or outcome against expectations. The customers set certain expectations towards products and services. If the performance of the product or service exceeds their expectations then they are said to be satisfied. Hill, Brierley and MacDougall (2017, p. 7), further illustrates on the matter of customer satisfaction stating that "customer satisfaction is a measure of how your organization's 'total product' performs in relation to a set of customer requirements." The marketplace has become more competitive than ever and in order for businesses to compete for customers, customer satisfaction has been recognized as a key differentiator and has increasingly become a key element of business strategy (Felix, 2017). In the service industry, intangibility of a service makes it important for organizations to look for other tangible ways which can be used to satisfy customers.

One of the ways of doing so is through the servicescape. Servicescape is crucial in service industries. According to Zeithaml, Bitner and Gremler (2009) servicescape is the environment in which a service is delivered and in which the firm and the customer interact, and any tangible commodities that facilitate performance or communication of the service.

The findings of Rosenbaum and Massiah (2011) state that a servicescape comprises not only objective, measurable, and managerially controllable stimuli but also subjective, immeasurable, and often managerially uncontrollable social, symbolic, and natural stimuli, which all influence customer approach/avoidance decisions and social interaction behaviors.

2.2.8 Surrounding Environment and Parking

A study was carried out to determine effect of external appearance. Githiri (2017) did a study on restaurants in Nairobi and Coastal region of Kenya sampled 345 customers. The results revealed that most of the respondents were dissatisfied with the external appearance of the restaurant. It is further stated that the exterior usually tends to provide the first impression to a customer.

Parking space has also been considered important and the fact that the restaurants studied in the research were located in the city center between old commercial buildings with limited or no parking spots made customers dissatisfied. This reflects the importance of facility exterior to customers in the restaurant industry. Furthermore, the study showed a positive correlation between physical environment and customers' return intention hence the external appearance also plays a huge role in customer retention. On the contrary a study was conducted by Naik, Gantasala and Prabhakar (2010) at retail units in the South Indian state of Andhra Pradesh. The study concluded that customers have highest expectation towards the promptness of the study and accuracy of transaction, however, have low expectation towards cleanliness and availability of parking spaces. The conclusion is in contrast with the study carried out by Githiri (2017) in which parking space was considered an important factor. Another study was conducted by Wall and Berry (2007) in a restaurant setting using a sample of 200 respondents.

2.2.9 Exterior Design

Studies in regards to exterior have been carried out by different authors. Ryu and Han (2011) carried out in restaurants in Korea revealed that among the six physical environmental dimensions, facility aesthetics most significantly influenced customer experience. Furthermore the importance of facility aesthetics is stressed as it is what differentiates an upscale restaurant from its competition. This study further highlighted the importance of facility exterior in restaurants. In the banking sector, a study was carried out by Celik (2015) which included 150 participants in several banks in Turkey.

The study analyzed the bank hospitality and servicescape evaluation by bank customers and their effects on satisfaction. The results of the study concluded that banks need to consider to redesign servicescape places of their banks and do additional investments to make improvements on the same.

Both the studies concluded the same thing and reflected upon the importance of design to enhance customer experience. In addition, a study was carried out by Isiaka and Olaide (2013) on 2,676 undergraduate students in six universities in South-West Nigeria. The findings indicated that academic libraries are less used because of poor library environments. It also recommended that internal and external environments of the libraries should be improved in order to make libraries more user-friendly.

2.2.10 Customer Satisfaction

In line with Tsoukatos and Rand (2006), customer satisfaction is a key to long-term business success. To protect or gain market shares, organizations need to outperform competitors by offering high quality product or service to ensure satisfaction of customers. In proportion to Tsoukatos and Rand (2006), satisfaction means a feeling of pleasure because one has something or has achieved something. It is an action of fulfilling a need, desire, demand or expectation. Customers compare their expectations about a specific product or services and its actual benefits.

As stated by Kotler & Armstrong, (2010), satisfaction as a person's feelings of pleasure or disappointment resulting from the comparison of products perceived performance in reference to expectations. Customer's feelings and beliefs also affect their satisfaction level.

Along with Zeithaml (2009), satisfaction or dissatisfaction is a measure or evaluation of a product or services ability to meet a customer's need or expectations. Razak et al. (2007) also reported that overall satisfaction is the outcome of customer's evaluation of a set of experiences that are linked with the specific service provider. It is observed that organizations concentration on customer expectations resulted into greater satisfaction. If the customers of an organization are satisfied by their services the result is that, they will be loyal to them and consequently be retained by the organization, which is positive for the organization because it could also mean higher profits, higher market share, and increasing customer base (Karatepe et al., 2005).

Customer satisfaction has become important due to increased competition as it is considered very important factor in the determination of businesses competitiveness (Berry et al., 2002). Continuous measurement of satisfaction level is necessary in a systematic manner. Because satisfied customer is the real asset for an organization that ensures long-term profitability even in the era of great competition. Cronin et al., (2000) mentioned in their study that satisfied customer repeat his/her experience to buy the products and also create new customers by communication of positive message about it to others. On the other hand, dissatisfied customer may switch to alternative products/services and communicate negative message to others. Customer satisfaction is a set of 26 feeling or outcome attached with

customers experience towards any product/ service. Hence, organizations must ensure the customer satisfaction regarding their goods/service.

Edvardsson (1998) believes that the concept of service should be approached from a customer perspective. It is the customers total perception of the outcome, which is “the service”. It forms the perception of quality and determines whether a particular customer is satisfied or not. Customers have different values and different grounds for assessment; they may perceive one and the same service in different ways.

Therefore, a company must first find out the level of satisfaction of its current customers to improve its customer satisfaction. One common way of measuring satisfaction is to ask customers first to identify what factors are important in satisfying them and then to evaluate the performance of a service provider and its competitors on these factors. Many firms use a seven-point scale to measure customer satisfaction, with the following format: -Very dissatisfied, somehow dissatisfied, Dissatisfied, Neutral, somehow satisfied, Satisfied and Very satisfied. The result of the satisfaction surveys can be used to estimate the number of loyal customers a firm has as well as how many are at risk of defecting.

Lovelock and Wright (1999) cited on (Deborah Mamo 2014)

2.2.11 Gap Model

Zeithaml, Parasuraman and Berry (1985) identify four potential gaps within the service organization that may lead to a fifth and most serious final gaps.

Gap 1 – the knowledge gap is the difference between what senior management believes customers satisfaction and customers’ actual Satisfaction.

Gap 2 – the policy gap is the difference between managements understanding of customers’

Satisfaction and the quality standards established for service delivery. It is called a policy gap because the management made a policy decision not to deliver what they think customers expect.

Reasons for setting standards below customer expectations typically include cost and feasibility considerations.

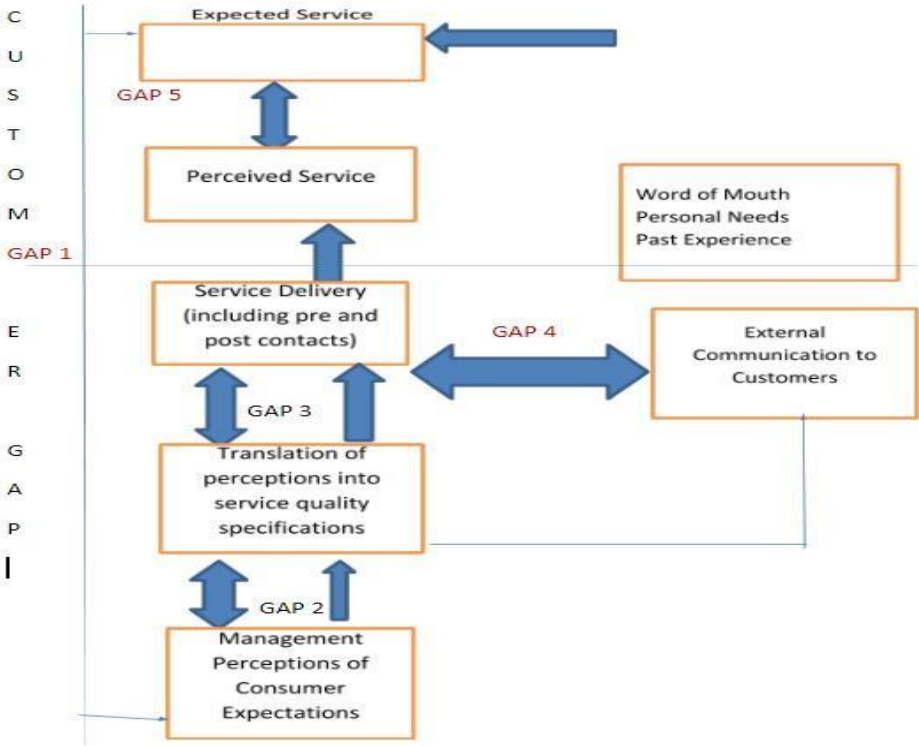
Gap 3 – the delivery gap is the difference between specified service delivery standards and the delivery teams’ and service operations’ actual performance on these standards.

Gap 4 – the communications gap is the difference between what the company communicates and what it actually delivers to its customers. The gap is caused by two sub gaps that are the internal communications gap and the overpromise gap.

Gap 5 – the perceptions gap is the difference between what is, in fact, delivered to the customer and what customers perceive they have received.

Gap 6 – the service quality gap is the difference between what customers expect to receive and their perceptions of the service that actually is delivered. In this model gaps 1, 5, and 6 represent external gaps between the customer and the organization. Gaps 2, 3, and 4 are internal gaps occurring between various functions and departments within the organization.

Figure 2.2: GAP model



Source: Parasuraman, Zeithaml and Berry (1988)

2.3 EMPIRICAL REVIEW

There exist many thoughts about customer satisfaction. The effect of servicescape on customers Satisfaction has been studied by foreign authors. Yavetz-Vilnai and Gilboa (2010) carried out a study in Israel on restaurants and fast-food counters revealed that there is a positive relationship between the cleanliness of a servicescape and feelings of pleasure and trust. Another study was carried out by Lin and Mattila (2010) in a Japanese restaurant whose results revealed that both the servicescape and the service encounter influence pleasure and satisfaction. A study was also carried out by Amaranota and Chanin (2016) in Suvarnabhumi International Airport, Thailand.

The research concluded that in order to attract visitors to the library it must be supported by attractive interior design, furniture and interesting colors. In Kenya, research concerning servicescape has been carried out by Vivian (2017) on supermarket ambience and its effect on customer satisfaction.

The customers set certain expectations towards products and services. If the performance of the product or service exceeds their expectations then they are said to be satisfied.

The servicescape comprises the physical evidence. According to Verma (2012), this physical evidence can be broken down into three main categories namely facility exterior, facility interior and other evidence elements. Facility exterior is described as the external part of the service which is visible from the outside. Its elements include exterior design, signage, parking landscaping and surrounding environment. Facility Interior is the internal part of a facility and includes elements such as interior design, equipment, decor, inside signage, layout, air quality and temperature (Verma 2012). According to Yuksel (2009) in Aydin, Turkey. The study was conducted on shopping stores located in high tourist zones. A total of 350 respondents were sample taken. The study shows that the exterior of store usually generates first impressions and that these impressions affect the shoppers' inferences towards the service quality of a store which could alter shopping behaviors. Another study carried out by Costello (2014) interior design is key in restaurants. The study was carried out a casual dining restaurant in Savannah, Georgia. It shows that the interior design of the facility has the ability to not only increase customer service but also leads to increase in restaurant revenue. Another study studied by Pecotic, Bazdan and Samardzija (2014) in the Dubrovnik area in a restaurant on 106 respondents. It states that physical environment of the restaurant has a big influence on the image of the restaurant and can either positively or negatively affect customer perception of the restaurant and its services. The results of the study states that majority of the respondents' preferred warm colors for the interior and medium spacing between tables. Ambient conditions are also a key in servicescape. Duong (2016) also

conducted research on approximately 300 respondents from different areas in Queensland and New South Wales, Australia.

The study was carried out on supermarkets. The main store environment factors included ambience, physical design and social factors. Statistical tests on the findings revealed that music, lighting, assortment, employees influenced customer satisfaction positively. Costantini (2014) states that employees should have a dress standard which should not allow employees to wear clothing that would be typically be such leisure activity. Furthermore, grooming standards should also be taken in account. For example, the styles of hair, makeup, Jewelry and such kind Professional code of dressing. Professional dressing makes the employee Active and creates an image of the business in the minds of the consumer which increases their satisfaction and loyalty.

The strategic role of the servicescape is vary from one service to another in that in services where customer contact lasts for longer period the servicescape assumes an important role for example hospitals, airlines, hotels and banks.

According to Bitner (1992) as stated by Jysma (2012), ambient conditions could be considered as those conditions that influence the five physiological senses of touch, smell, vision, taste and sounds, including other factors such as color, lighting, flavor, background noise and texture. Signs, symbols, and artifacts could be perceived as signage in a space, design and personal attributes of the people in the premises. Space would define the physical environment of a hotel premises. Furthermore Kotler (1973: 54) as stated by Costello (2014) also describes that architecture, interior design and window decoration play an important role in the client's loyalty. The research conducted by Costello (2014) on Haven Hotel, Helsinki concluded that in luxury boutique hotels customers expected perfect and unique atmosphere and service. Furthermore, the physical environment could be the best instrument to attract customers and satisfy them according to their expectations resulting in constant loyalty.

Githiri (2017) did a study to determine the effect of external appearance on restaurants in Nairobi and Coastal region of Kenya by taking a sample of 345 customers. The results revealed that most of the respondents were dissatisfied with the external appearance of the restaurant. It is further stated that the exterior usually tends to provide the first impression to a customer.

On a study carried out by Isiaka and Olaide (2013) on 2,676 undergraduate students in six universities in South-West Nigeria, the findings indicated that academic libraries are less used because of poor library environments. It also recommended that internal and external environments of the libraries

should be improved in order to make libraries more user-friendly. Research conducted by Lin (2004), revealed that in hotels, both the exterior and interior design play a major role. The research agrees with each other in terms of improving environments of libraries and hotels in order to improve on its services because the external design cues help the customers to anticipate the quality of service that they would be able to derive. Color and external landscape are components that are key in external physical design and are discussed as below.

According to Brink and Berndt (2008) the “actual physical facility where the service is performed, delivered and consumed is referred to as the servicescape.” The servicescape varies depending on the type of service transmitted to the consumers. For example, for Disney, the servicescape would be Disney World itself since it can be considered as the stage where everything happens. On the other hand, for Deacons the actual store facility would be the servicescape where the service is experienced by consumers. The most common elements of servicescape stated by various authors are facility interior and facility exterior. Other elements are usually grouped under the heading “other tangibles”. This category includes various sub-elements. According to Hoffman and Bateson (2017), other tangibles include other items that are part of the firm’s physical evidence, for example, business cards, stationery, billing statements, reports, employee appearance, uniforms, websites and brochures.

Majority of the research conducted regarding servicescape in Ethiopia has dwelled upon service quality of service industry for example Addisalem, Alemu(2005). Arising from this gap in lack of research conducted on servicescape of Insurance companies, therefore, the first drive motive of this study which is to determine the extent to which servicescape affects customer satisfaction in Insurance companies in Ethiopia.

2.4 CONCEPTUAL FRAMEWORK AND HYPOTHESES DEVELOPMENT

To aid research efforts towards obtaining a global configuration of the servicescape, a conceptual model is developed (see Figure 2.2). The model depicts the proposed linear relationships between nine servicescape elements and customer Satisfaction. The first five variables reflect physical aspects of servicescape, while the remaining four variables are more social in nature.

Figure 2.4: Conceptual Model



Source: Adopted from Harris and Ezeh (2007) with little modification

Servicescape dimensions and hypothesis formulation

Ambient conditions

Ambient conditions include elements such as music, aroma and cleanliness. In studies of dining, North and Hargreaves (1996) highlight that variation in music effect individuals' responses while Milliman (1986) finds that music tempo influences the speed with which restaurant diners consume their meals. While the tonality, tempo, and texture of music Kellaris and Kent (1993) can be examined, in the current study the focus is on customers' perception of music appropriateness (that is, given subjective

interpretations of music, the extent to which consumers consider the music heard to be suitable or matched to the context of consumption).

Morrin and Ratneshwar (2003), assert that “environmental fragrance is now becoming a common practice in retailing, restaurants and other service-oriented businesses” because “pleasant scents encourage customers to spend more time in the servicescape”. This is due to the reason that respiration deepens in the presence of a pleasant aroma (Takagi, 1989). Whereas, an unpleasant aroma halts breathing and even cause physical withdrawal (Levine and McBurney, 1986). Studies of factory stimuli within the food service industry have found that the systematic use of aroma in bakeries increases sales by 300 per cent, while coffee chains such have Starbucks have also publicly recognized the importance of aroma in service settings (Hunter, 1995).

The importance of cleanliness within the service environment has been highlighted extensively in the literature (Fitzsimmons, 2003). Indeed, Marinucci (2002), contends that “marketing-wise, cleanliness makes perfectly good sense”. More specifically, Wakefield and Blodgett (1996), assert that “cleanliness is an important part of the servicescape”. The importance of cleanliness is manifested in the high number of studies which directly link cleanliness to customers’ evaluation of the servicescape, and hence their future behavior (Stern and Stern, 2000). Therefore, it is hypothesized:

H1. Ambient condition has significantly positive influence on customer Satisfaction.

Physical Facility

The two elements that design factors include are implicit Interior Facility and Exterior Facility. Interior appearance Interior items that affect the service atmosphere include the color of the walls and the material they are made of, the signs that are posted, and the decorations, furniture equipment, and personal artifacts found on desks and walls. Indeed, research into the environmental psychology of decor confirms that variations in decor have profound effects on human behavior, particularly influencing social intimacy, so important in the social settings of restaurants (Gifford, 1988). Similarly, decor can influence a customer’s belief about whether a firm is trustworthy or untrustworthy, expensive or affordable (Bitner, 1992) and successful or unsuccessful (Nguyen and Leblanc, 2002); thereby providing the customer with an intrinsic cue on which to form beliefs about the organization’s effectiveness (Bitner, 1992) and thereafter develop their loyalty intentions.

For services using the cost efficiency operations approach, the exterior appearance is especially important. Most services in this sector need significant volume to survive, which means the firm must

continually attract new customers. Current buyers tend to display repeat purchase behavior rather than firm loyalty so they are more cognizant of tangible cues such as appearance.

Arneill and Devlin (2002), use an experimental approach to highlight that individuals' assessment of the service quality is, in part, contingent on their visual interpretations of the furnishings of a context. Moreover, assessments are also related to physical experience, as noted by Wakefield and Blodgett (1996), who affirm that comfort becomes very important when for example, "customers remain in the same seat for extended periods of time". Evaluations of furnishings also encompass issues of personal space and crowding. Thus, Aubert and Cova (1999) state that "the internal layout of buildings may either ease or restrict movement, thereby evoking a sense of crowding or spaciousness", while environmental psychology is replete with studies that find that the extent of crowding of personal space affects humans' moods and behaviors Kaya and Erkip (1999). Hence:

H2. Physical Facility have significantly positive influence on customer Satisfaction.

Employee behavior

The significance of staff behavior as a product of market orientation is related to organizational culture. Deshpande and Webster (1989), which promotes shared values and a strong sense of camaraderie, thus implicitly, orchestrating the behavior of staff in the servicescape. Surprisingly however, despite the strong link identified between customer orientation and the implementation of the marketing concept, research in the area remains limited (Brown et al., 2002). Studies of servicescape indicate that customers' general perceptions of the retail setting is able to influence their beliefs about the salespeople representing the organization, with well-designed service environments being subconsciously linked to more credible service staff (Bitner, 1992). Thus, customers are more likely to "affiliate with salespeople working in nicer retail environments which should lead to an increase in the perceived level of credibility for the salesperson" (Sharma and Stafford, 2000). Thus:

H3. Employee behavior has significantly positive influence on customer Satisfaction.

Staff Image

Study by Berry and Parasuraman, (1991) identified the ability of salespeople to solve customer problems during and after the selling process to be among the highest ranked issues of importance to customers. Furthermore, strong links have been found to exist between the competence of service staff and competitive advantage because "most successful strategies are built firmly on inimitable competence" (Bogner, Thomas, & McGee, 1999). The significance of staff competence perceptions is

further highlighted by Hill, Garner, & Hanna (1989), whose study found staff competence to be the most important criterion applied by customers in their subsequent selection of service providers. A position supported by the assertion of Appiah-Adu, Fyall, & Singh (2000), that elements of an organization's marketing culture may be observed from the emphasis placed on the appearance of staff.

This is because staff appearance carries a hidden message which imparts meaning through object language; thereby helping customers form judgments about the service before and after it has been consumed. Hutton and Richardson (1995), maintain that staff physical attractiveness forms the major portion of a service organization's image and so the need arises for the display of "a pleasing physical demeanor through clean and colorful uniforms and proper personal grooming". Hence:

H4. Staff image has significantly positive influence on customer Satisfaction.

CHAPTER THREE

METODOLOGY

3.1 INTRODUCTION

This chapter comprises of topics related to how the research is carried out with respect to research design and methodological arenas. It begins by laying out the research design and approach for the research and follows in topics of sampling technique, tools used to collect the data, the procedure used to collect the data and methods of analysis. The reliability and validity of the research and ethical considerations are also addressed in this chapter.

3.2 RESEARCH APPROACH

This research follows a quantitative approach to examine its objectives as it will describe the relationship between the servicescape dimensions and customer satisfaction and how these dimensions affect customer satisfaction.

This Approach provides a measure of how customers of Insurance companies in Ethiopia see the impact of servicescape on Customers Satisfaction. It will also provide us with the information of the strength of the customers feeling about the relation between servicescape and Satisfaction. The main reason to use this design is that it is the easiest method to get information from large number of sample and also is compatible with the objective of the study that is examining the impact of independent variables that are servicescape elements on the dependent variable that is Customer satisfaction.

3.3 RESEARCH DESIGN

A research design is referred to a framework or plan that is used to conduct a given research. According to Farooq (2013) a research design is “a pre-planned sketch for the explanation of a problem.” Furthermore, it is also defined as “a plan, structure and strategy of investigations to obtain answers to research questions.” There are various types of research designs namely descriptive, causal and exploratory.

This research follows descriptive research to describes the cause and effect of independent variable that is servicescape elements on the dependent variable that is customer satisfaction. cross sectional analysis will also use, because it aimed to involves the analysis of data collected from a population, or a representative subset, at one specific point in time.

3.4 POPULATION AND SAMPLING

3.4.1 Target Population

According to Hair et al. (2010), target population is said to be a specified group of people or object for which questions can be asked or observation made to develop required data structures and information. Therefore, the target populations this study has been taken from two selected Insurance Companies in Ethiopia, one from private insurance companies which is Niyala Insurance and one from public insurance i.e., EIC.

3.4.2 Sampling Techniques and Sample Size

Currently there are 19 Private Insurance Companies and One Community insurance Companies in Addis Ababa. We have used One from Public and one from private by using Quota sampling method which are (Ethiopia Insurance corporation) EIC and Niyala Insurance Company.

As Insurance is a yearly renewable contract the period of renewal varies for customers and reaching all is a difficult task. Therefore, the sampling procedure will be a Random multi-stage sampling technique. The population of the study comprises of all the individuals who are policy holders of Niyala insurance and Ethiopian Insurance Corporation for the period of the data collection which have been from April 1 to April 30, 2023. The size of the population is 5700 Policy Holders and 400 Employees. This included 3500 policy holders of EIC, 2400 policy holders of Niyala insurance, 230 Employees of EIC and 170 Employees of Niyala.

$$\text{Sample Size (n)} = \frac{N}{1 + N(e)^2} \quad \text{Therefore:} \quad n = \frac{6300}{1 + 6300(0.05)^2} = 376$$

N = population size

e = margin of error

3.5 DATA SOURCE AND TYPE

The sources of data are from both primary and secondary. The primary data is collected from selected insurance companies and employees of different insurance branches and other relevant data is collected from the Ethiopian Insurance Corporation. The secondary data is collected from different published articles, newspapers, and websites and from the Insurances annual report.

3.6 DATA COLLECTION PROCEDURE.

According to Biggam (2008), primary source of data is the information that the researcher finds out by himself regarding a specific topic using questionnaires. The questionnaire was transformed into the local language of Amharic by legally operating translation offices that have the experience in translation. The Amharic version of the questionnaire was intended for those respondents who have low command of the English language. After translation by the office some modification has been done by the researcher in order to fill out some gaps. Secondary source was gathered from magazine, books and related journals and articles. The main advantage with this type of data is that is collected by the researcher's purpose in mind. It implies that the information resulting from it is more consistent with the research questions and objectives. The primary data was gathered particularly by using Likert scaled standard questionnaires. The researcher distributed the questionnaire to those who are selected respondents. For the purpose of this study a quantitative methodology involving a close-ended questionnaire was used as the measuring instrument. The close-ended questionnaires can be administered to groups of people simultaneously, since they are less costly and less time consuming than other measuring instruments.

The secondary source used book, magazine, reports, literatures and different source. The standard questionnaire used to collect the necessary information regarding the study was adopted from the work of Li et al. (2006), Lenny et al. (2007), and Priscila and Luiz (2011). The Likert-type scale method uses a range of responses: „Strongly Disagree“, „Disagree“, „Neutral“, „Agree“, and „Strongly Agree“, with a numeric value of 1-5, respectively. The usage of this particular scaling method ensured that the research study illustrate the ability to assess the responses and measure the responses quantifiably. So that, a pattern or trend may be produced in order to assess research problem of statement. As Neuman (2003) hypothesize, it is a process of asking many people the same questions and examining their answers. The data was collected through paper questionnaires and web Questionnaires.

3.7 ETHICAL CONSIDERATIONS

In this research the researcher is followed an ethical path in the collection, analysis and interpretation of the data. Voluntary participation and harmlessness are that the respondents what fully informed about the procedures and risks involved in research and can easily withdraw from participation. Informed consent is that the respondents have full information about the study. Confidentiality and the researcher avoid bias and incorrect reporting.

3.8 DATA ANALYSIS

Data analysis refers to the process through which the collected data is examined and explained. The collected questionnaires are prepared through editing, coding, transcribing and cleaning. After that numerical coding has been used to distinguish one questionnaire from another and also minimize complexity. Method of data entry was statistical package for social science version 23 (SPSS) and the analysis method was descriptive statistics. Once the preparation is done, the data is analyzed. It is determined whether Physical Facility, Employee behavior, employee image and Ambience Conditions Affect customer satisfaction. This test is been used to determine if there is a relationship between two variables which are categorical in nature.

CHAPTER FOUR

ANALYSIS AND DISCUSSION

4.1 INTRODUCTION

Before going directly to discussion of the result, it would be better to introduce the respondents, because having an understanding about the respondents may help to estimate the accuracy of the information provided by them.

In addition, it may give an idea about how many respondents are able to answer the questions forwarded with the acceptable degree of reliability and it helps for all other decisions related to customers. To discuss the general information of the respondents, descriptive statistics (frequency statistics) was used. The general information includes: Gender and age group of the respondents, educational background and type of customer group. A total of 376 questionnaires were distributed for customers of EIC and Niyala Insurance in different branches out of which 305 were collected. It also includes the different analyses of the data from the questionnaires along with their interpretation.

4.2 RELIABILITY TEST

Reliability is the degree to which the measure of a construct is consistent or dependable Bhattacharjee (2012). It tells about stability of the results i.e., how accurately the study or measuring has been carried out. Reliability refers to whether a measurement instrument is able to yield consistent results each time it is applied. It is the property of measurement device that causes it yield similar outcomes for similar inputs.

In an effort to improve content validity, response reliability and response rates, the survey conducted in a manner which closely followed the administration and design recommendations of Churchill (1991) and Dillman (1978). Such recommendations encompassed questionnaire design and layout, survey piloting and pre-notification, and post-survey follow-up reminders. To test for non-response bias, a comparison of early and late respondents has been conducted on a number of key characteristics.

The reliability test was executed by Cronbach's alpha coefficient and items which scored above the acceptable value were retained. As per Tavakol & Dennick (2011) if a test has more than one concept or construct, it may not make sense to report alpha for the test as a whole as the larger number of questions will inevitably inflate the value of alpha.

Table 4.2 Reliability test of the sample.

Dimensions	Number of items	Cronbach's alpha
Ambience Condition	8	0.712
Physical Facility	6	0.778
Employee Behavior	6	0.738
Employee Image	8	0.780
Customer Satisfaction	2	0.707
All variables	30	0.743

Source: Own survey, 2023

4.3 VALIDITY

According to Kothari (2004) content validity is the extent to which a measuring instrument provides adequate coverage of the topic under study. If the instrument contains a representative sample of the universe, the content validity is good. Its determination is primarily judgmental and intuitive. It can also be determined by using a panel of persons who shall judge how well the measuring instrument meets the standards, but there is no numerical way to express it. In order to check validity and appropriateness of the question of this research discussion with the advisor and pilot survey for 30 responses has been done.

4.4 SOCIO-DEMOGRAPHIC DATA ANALYSIS

Characteristics of the respondents account type and number of years customers stayed with the Insurance are elaborated in this section. All this are stated in table form, analyzed and interpreted. From the total number of distributed questionnaires of 200 for EIC customers 185 were returned and 176 of the distributed questionnaires for Niyala Insurance customers total number of 120 were valid.

Table 4.4 The socio-demographic data analysis

		Frequency	Valid Percent	Cumulative Percent
Age	18-29	99	34.43	32.7
	30-49	105	32.46	67
	50-69	67	21.97	91.1
	>70	34	11.14	100
Gender	Male	208	68.2	54.5
	Female	97	31.8	100
Educational Background	High school diploma	130	42.62	30.1
	Degree	93	30.5	73.8
	MA	17	5.58	82.2
	PhD	5	1.63	85.3
	Other	60	19.67	100
	Occupation	Student	2	0.65
Employee		95	31.15	57.1
Business owner		192	63	84.3
Other		16	5.2	100
Insurance companies name	EIC	185	60.2	20.9
	Niyala Insurance	120	39.8	53.1
Account Type	material insurance	230	75.4	52.4
	life insurance	12	4	76.2
	medical insurance	63	20.6	85.6
Duration of being customer with the Insurance	5-Jan	198	64.92	52.9
	10-Jun	70	22.95	87.2
	15-Nov	25	8.20	95.3
	Above 15	12	3.93	100

Source: Own survey, 2023

The above table shows that majority of the respondents age is between 30 and 49. They represent 105 of the sample. Respondents between age 18 and 29 constitute 99 of the sample size. Age between 50 and 69 represent 67 of the sample size and the rest of 34 of the sample size lies at age above 70. As shown in the table above the majority of the respondents was male. They constitute 208 of the sample. Female respondents on the other hand make up 97 of the total sample.

The highest number of for this category was achieved by 130 respondents of the total who have high school diploma. The next largest group was those with a Bachelor Degree 93, then the 50 who were included in other educational level like diploma, MD, elementary school etc. MA holders of the respondents are 17; finally, there were 5 respondents or who have PhD. Out of the 305 respondents, were 192 of them are business owners whereas 92 employed by elsewhere. Those who were students composed of 2 respondents. Others such as unemployed, retired, and professionals’ respondents form 16 of the respondents.

EIC Customers constitute 185 of the total sample size, 120 of the total sample size represents Niyala insurance Customers of the total sample size. From the total number of the sample size 98 of the respondents were customer of the EIC for 1-5 years. Second, 70 of the respondents were customer of Niyala insurance for 6-10 years. Third, respondents of 25 were customer with the EIC for 11-15 years. Finally, respondents who stayed for above 12 years were 18 of the total sample size.

4.5 DESCRIPTIVE STATISTICS

Table 4.4.1 to table 4.4.10 presents the items from music, aroma, cleanliness, implicit communicator, furnishing, customer orientation, credibility, competence, physical attractiveness and perceived service quality. All parts of these variables are processed, analyzed and interpreted in order to achieve the desired result.

4.5.1 Noise Levels

This question involved asking the Respondents to rate a statement “I am satisfied with the noise levels inside Insurance Bureau.” The findings are presented in Table 4.5.1 below:

Table 4.5.1: Satisfaction from Noise Levels

	1. Appropriate music	2. Appropriate volume	3. Pleasant music
	Percent	Percent	Percent
Strongly disagree	7%	5%	4%
Disagree	27%	23%	18%
Neutral	33%	28%	29%
Agree	22%	28%	31%
Strongly Agree	11%	18%	16%
Total	100%	100%	100%

Source: Own survey, 2023

For the first item of Music, 22% and 11% of the respondents agree and strongly agree with the statement respectively. 33% of the respondents are neutral. 27% and 7% of the respondents disagree and strongly disagree with the statement respectively. For the second item, 28% and 16% agree and strongly agree with the statement. Respondents claiming to be neutral amount to 28%. Those stating "disagree" and "strongly disagree" add up to 23% and 5% respectively. With regards to the third item, those saying "agree" and "strongly agree" amount to 31% and 18% respectively. 29% of the respondents are neutral. Respondents who replied "disagree" and "strongly disagree" sum up to be 18% and 4% correspondingly. It can be said that respondents didn't agree or disagree with the appropriateness of the music but they agree with the appropriateness of the volume and also the pleasanace of the music.

4.5.2 Aroma

This question involved asking the Respondents to rate a statement “I am satisfied with the Aroma levels inside the insurance Bureau.” The findings are presented in Table 4.5.2 below:

Table 4.5.2: Satisfaction from Aroma Levels

	1. Appropriate Aroma	2. Fitting Aroma
	Percent	Percent
Strongly disagree	7%	13%
Disagree	17%	12%
Neutral	23%	25%
Agree	20%	22%
Strongly Agree	33%	28%
Total	100%	100%

Source: Own survey, 2023

According to the above table, the respondents who agree with the first item amount to 20% and who strongly agree are 33%, while those who are neutral make up to 23%. The rest which are strongly disagree and agree amounted for 7% & 20% respectively. For the second item, those who agree with the statement sum up to 22% and strongly agree 28%. Those who said neutral are about 25%, strongly disagree and disagree amounted for 13% & 12% respectively. In fact, majority of the respondents agree with both the fitness and appropriateness of the aroma in the Insurance.

4.5.3 Cleanliness

This question involved asking the Respondents to rate a statement “I am satisfied with the Cleanliness inside the insurance Bureau.” The findings are presented in Table 4.5.3 below:

Table 4.5.3: Satisfaction from Cleanliness

	1. Clean Bureau	2. Clean walk way	3. Clean Toilet
	Percent	Percent	Percent
Strongly disagree	4%	9%	15%
Disagree	7%	14%	22%
Neutral	19%	32%	29%
Agree	39%	28%	20%
Strongly Agree	31%	17%	14%
Total	100%	100%	100%

Source: Own survey, 2023

As shown in Table 4.5.3, respondents who agree with the first item make up 39% and who strongly agree 31% while 19% are those who replied neutral. The rest 4% & 7% goes to those who strongly disagree and disagree respectively with the statement. For the second item, 28% agree and 17% strongly agree with the statement, 32% are neutral in their replies and the rest 14% & 9% replied disagree and strongly disagree respectively with the statement. For the third item, 20% agree and 14% strongly agree, 29% replied neutral and 22% disagreed & 15% strongly disagreed with the statement. Based on this, it can be said that most of the respondents agreed with the cleanliness of the Insurance, the walkways and disagree with the cleanliness of the toilets.

4.5.4 Facility Interior

In this section, the respondents were posed with questions relating to the second objective which focused on facility interior and whether it affects customer satisfaction. The elements included Interior attractiveness, Appealing interior architecture, Appealing decoration, Appealing painting colors.

Table 4.5.4: Satisfaction from Facility Interior

	1.Interior attractiveness	2.Appealing interior architecture	3. Appealing decoration	4. Appealing painting colors
	Percent	Percent	Percent	Percent
strongly disagree	2%	2%	1%	3%
Disagree	7%	5%	4%	8%
Neutral	24%	23%	25%	22%
Agree	42%	40%	41%	38%
Strongly Agree	25%	30%	29%	29%
Total	100%	100%	100%	100%

Source: Own survey, 2023

As illustrated in the above table, 42% & 25% of the respondents replied agree and strongly agree respectively with the first item, 22% replied neutral and 7% disagree and 2% strongly disagrees. For the second item, 40% agreed, 30% strongly agreed, 24% replied neutral, 5% of them disagreed and 2% strongly disagreed with the statement. For the third item, those who agree amount to 41% and strongly agree to 29%, neutral responds amount to 25% while those who disagree and strongly disagree make up to 4% & 1% respectively. For the fourth item, those who agree make up 38% and strongly agreed 29% followed by 8% & 3% of those who disagree and strongly agree and 22% who replied "neutral". Most respondents agree with the Insurances attractiveness, interior architects, decoration and color of paintings.

4.5.5 Facility Exterior

In this section, the respondents were asked to state whether they are satisfied with the elements of facility exterior. This question involved asking the Respondents to rate a statement “I am satisfied with the Facility Exterior of the insurance Bureau.” The findings are presented in Table 4.5.5 below:

Table 4.5.5: Satisfaction from Facility Exterior

	1. Appropriate leg room in the seats.	2. Appropriate elbow room in the seats.
	Percent	Percent
Strongly Disagree	3%	2%
Disagree	7%	6%
Neutral	25%	26%
Agree	40%	38%
Strongly Agree	25%	28%
Total	100%	100%

Source: Own survey, 2023

As the above table explains, respondents who agree with the first item amount to 40% and who strongly agree 25%, those who disagree and strongly disagrees amount to 7% & 3% respectively, while neutral respondents are about 25%. For the second item, 38% agree and 28% strongly agree 6% & 2% replied disagree and strongly disagree respectively and 26% are neutral in their responses. Most customers of Insurances are agreed by the furnishing of the Insurance by saying it have appropriate leg room and elbow room in the seats that are found in the waiting room and offices.

4.5.6 Credibility

Table 4.5.6: Satisfaction from Credibility.

	1. security Claim with the service staff	2. Positive attitude of the service staff	3. Feeling deceived by the staff
	Percent	Percent	Percent
Strongly Disagree	2%	1%	3%
Disagree	4%	5%	4%
Neutral	20%	21%	19%
Agree	46%	48%	48%
Strongly Agree	28%	25%	26%
Total	100%	100%	100%

Source: Own survey, 2023

As shown in Table 4.5.6, 28% of the respondents strongly agree with the first statement, 46% agreed with it while 20% replied neutral, 4% & 2% of them disagree and strongly disagree with the statement respectively. For the second statement 25% of the respondents replied strongly agreed followed by agree 48%, then neutral 21%, while 5% & 1% of them replied disagree and strongly disagree to the statement respectively. For the third item respondents replied strongly agree amounted 26%, agree 48% then neutral 19% followed by 4% disagree and 3% strongly disagree. Majority of the respondents feel safe and give credit for the service staff with the claim they made throughout their stay with the Insurance.

4.5.7 Customer orientation

Table 4.5.7: Satisfaction from orientation

	1. Satisfaction with the treatment from the service staff	2. Understanding Level of Service Staff	3. Commitment of the service staff
	Percent	Percent	Percent
Strongly Disagree	3%	2%	5%
Disagree	8%	9%	7%
Neutral	22%	27%	19%
Agree	41%	38%	43%
Strongly Agree	26%	24%	26%
Total	100%	100%	100%

Source: Own survey, 2023

As illustrated in the above table, 41% of the respondents agree with the first item, 26% Strongly agree, 22% are neutral, 8% disagree and 3% strongly disagree in their replies. For the second item, 38% agree, 24% strongly agree, 27% are neutral, 9% disagree and 2% strongly disagrees with the statement. For the third item, those who agree amount to 43%, 26% strongly agree, 19% replied neutral, 7% of them disagreed 5% strongly disagreed. Most respondents satisfied with how the service staff understood their needs and with the commitment they showed by being oriented of what they are expecting from them.

4.5.8 Competence

Table 4.5.8: Satisfaction from competence

	1. Helpful service staff	2. Providing prompt service	3. Service staff performing right at the first time	5. Problem solving by the service staff
	Percent	Percent	Percent	Percent
Strongly Disagree	2%	3%	1%	3%
Disagree	7%	7%	5%	9%
Neutral	21%	20%	27%	19%
Agree	41%	39%	35%	45%
Strongly Agree	29%	31%	32%	24%
Total	100%	100%	100%	100%

Source: Own survey, 2023

As illustrated in the above table, the respondents who agree with the first item amount to 41% and 29% who replied strongly agree while those who are neutral make up 21%. The rest which are 2% & 7% goes to those who strongly disagree and disagree with statement respectively. For the second item, those who agree with the statement sum up to 39% and those who strongly agree are 31%, those stating neutral with the statement make up 20%. Those who disagree and strongly disagree add up to 7% & 3% respectively. For the Third item, 35% are those who agree and 32% who strongly agree 5% are those who disagree and 1% are for those who strongly disagree. Neutral responses make up 27%. For the last item, 45% agree and 24% who strongly agree with the statement whereas 19% are neutral responses and those who disagree and strongly disagree amounted to 9% & 3% respectively. Most of the customers agreed with the service staffs giving prompt service but compared to the other items respondents disagreed that the service staffs were helpful for them during consumption of the service.

4.5.9 Physical attractiveness

This section involved asking the respondents about Physical attractiveness which focused on employee aesthetics and its effect on customer satisfaction. The elements included Staff attractiveness, Classy Staff and Elegant Staff. The findings of each element are discussed below.

Table 4.5.9: Satisfaction from attractiveness

	Staff attractiveness	Classy Staff	Elegant Staff
	Percent	Percent	Percent
Strongly Disagree	5%	7%	4%
Disagree	11%	14%	13%
Neutral	19%	18%	19.5%
Agree	35%	37%	33%
Strongly Agree	30%	24%	30.5%
Total	100%	100%	100%

Source: Own survey, 2023

As shown in table 4.5.9, respondents who agree with the first item amount to 35% and who strongly agree amount 30% and those who disagree add up to 11% and strongly disagree 5%. Those who replied "neutral" make 19%. For the second item, 37% agree, 24% strongly agree, 14% disagree, 7% strongly disagree and 18% are neutral in their responses. For the third item, those who agree make up 33% and who strongly agree 30.5% while those who disagree add up to 13% and who strongly disagree account to 4%. The rest 19.5% goes to those who are neutral in their responses. As the result showed most of the respondents agreed with the service staff looking elegant but contrasted to the other items respondents replied disagree for the service staff looking classy meaning looking sophisticated with their clothing and style.

4.5.10 Customer Satisfaction

	1. Expectation of Insurance Companies	2. Customer Satisfaction
	Percent	Percent
Poor	4%	3%
Fair	7%	6%
Good	21%	15%
Very good	40%	41%
Excellent	28%	35%
Total	100%	100%

Source: Own survey, 2023

According to the Above Table, 40% of the respondents replied very likely followed by 28% of them replied completely Excellent. Then 21 % of them answered goody while 7% & 4% of them replied Fair and Poor respectively for the given statement. Much of the respondents expectation was met very likely compared to the other choices. On second Row 28% of the respondents replied excellent for the statement followed by very good 40% then good 15% while the rest 6% & 3% goes to for those who replied fair and poor respectively. Majority of the respondents evaluate Insurance Companies service as excellent in proving it to them.

Table 4.5.11 Summary of elements of servicescape and Customer Satisfaction

Elements	Mean	Std. deviation
Music	3.23	1.11
Aroma	3.51	0.93
Cleanliness	3.37	0.87
Implicit communicator/interior	3.87	0.89
Furnishing/exterior	3.81	0.91
Customer orientation	3.77	0.90
Credibility	3.92	0.94
Competence	3.87	1.03
Physical attractiveness	3.68	1.06
Customer Satisfaction	3.90	1.86

Source: Own survey, 2023

As illustrated on Table 4.5.11, all of the statements of credibility scored relatively high with an overall mean score of 3.92 and the least over all mean score is 3.23by music. This implies that the respondents have a good level of credibility that are feeling safe with the transaction, positive attitude of the staff.

4.6 CORRELATION ANALYSIS

Correlations are perhaps the most basic and most useful measure of association between two or more variables, general guidelines of correlations of .01 to .03 are considered small, correlations of 0.3 to 0.7 are considered moderate, correlations of 0.7 to 0.9 are considered large and correlations of 0.9 to 1.00 are considered to be very large Marczyk, Dematteo and Festinger, (2005). In determining the impact of servicescape elements (music, aroma, cleanliness, implicit communicator, furnishing, customer orientation, credibility, competence, physical attractiveness) and Customer Satisfaction, Pearson

correlation was computed. Table 4.6.1 below presents the results of Pearson correlation on the relationship between servicescape elements and Satisfaction.

Table 4.6.1 Correlation analysis

	Customer Satisfaction	Ambience Condition	Physical Facility	Employee Behavior	Employee Image
Customer Satisfaction	1				
Ambience Condition	0.743	1			
Physical Facility	0.969	0.860	1		
Employee Behavior	0.974	0.794	0.987	1	
Employee Image	0.992	0.816	0.985	0.983	1

Source: Own survey, 2023

A Pearson correlation coefficient was calculated for the relationship between Servicescape dimensions and Customer Satisfaction. A strong positive correlation and a significant linear relationship are obtained between all Servicescape dimensions and overall satisfaction level. The correlation coefficients (r) for all variables range from 0.743 to 0.992, which show a moderate and high correlation. The most correlated dimension with Customer satisfaction is Employee Image (r =0.992) followed by Employee behavior (r=0.974, Ambience Conditions (r =0.743), Physical Facility (r =0.969).

The correlation between the Servicescape Elements shows that there is a higher correlation between Physical Facility and Employee Behavior with correlation of (r =.987). The second highly correlated items are Physical Facility and Employee Image (r =.985) with a high level of correlation. The third and

fourth correlated items also fall in the range of high correlation which are Employee Behavior with Employee Image ($r = .983$) and Physical Facility with Ambience Condition ($r = 0.860$) respectively. Generally, through the analysis of the correlation coefficients the relevance of various Elements of servicescape namely Noise, Aroma, Cleanness, Interior, Exterior, Credibility, Customer orientation, competence and Physical Attractiveness precisely indicate the strong relationship between the Elements and customer satisfaction.

4.7 REGRESSION ANALYSIS

4.7.1 Assumption for Testing Regression Analysis

Normality Test

According to Field (2005, p.64), normally distributed data assumed that the data are from one or more normally distributed populations. The rationale behind hypothesis testing relies on having normally distributed populations and so if this assumption is not met then the logic behind hypothesis testing is flawed. The absolute value of skewness or Z-score greater than 1.96 is significant at $p < 0.05$ and all values of kurtosis are below our upper threshold of 3.29.

Table 4.7.1 Normality test of the sample

	N	Skewness			Kurtosis		
	Statistic	Statistic	Std. Error	Z-score	Statistic	Std. Error	Z-score
Ambience Condition	305	-0.2913	0.125	-2.3307	-0.254	0.249	-1.0197
Physical Facility	305	-0.36	0.125	-2.88	-0.0885	0.249	-0.355
Employee Behavior	305	-0.495	0.125	-3.96	-0.121	0.249	-0.4855
Employee Image	305	-1.1305	0.125	-9.044	1.6585	0.249	6.66

Source: Own survey, 2023

Multicollinearity

Table 4.7.2 below explains the multicollinearity that means the independent variable has correlation with each other than dependent variable. Multicollinearity can be detected using tolerance value and variance inflator factor (VIF) value.

Table 4.7.2 Multicollinearity

	Collinearity Statistics	
	Tolerance	VIF
Ambience Condition	0.601	1.386
Physical Facility	0.601	1.563
Employee Behavior	0.571	1.582
Employee image	0.353	2.301

Source: Own survey, 2023

As we can see from the above table multicollinearity does not exist among all the independent variables provided that the tolerance value of all the independent variables is greater than 0.1 and the VIF values of all the independent variables are less than 10.

4.7.2 Multiple Regression analysis

Multiple linear regression analysis was employed to examine the association between Servicescape dimensions and customer satisfaction. It is a constructive statistical technique that can be used to analyze the association between a single dependent and several independent variables. One of the vital considerations in multiple regression is the sample size of the data.

Model Summary

Table 4.7.3 Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.635 ^a	0.576	0.389	0.64147	1.679
a. Predictor: (Constant) Ambience condition, Physical Facility, Employee Behavior, Employee Image					
b. independent Variable: Customer Satisfaction					

Source: Own computation, 2023

In this study, a multiple regression analysis was conducted to test relationship among variables i.e., dependent and independent variables. The analysis was done to establish how the specific remark to

Evaluate effect of servicescape on customer satisfaction of insurance companies in Ethiopia. A regression analysis results are presented in Model Summary table 4.7.1, the result as shown in the model summary designates that (Ambience condition, Physical Facility, Employee Behavior, Employee Image) explained 63.5 % of change in customer satisfactions.

The coefficient of multiple determinations (R2) was estimated 0.404 and adjusted R2 value was 0.420. This means that 40.4% of the variation in the dependent variable is explained by the explanatory variables included in the model. Furthermore, the adjusted R2 of 42% which is significant has further consolidated the goodness of the model.

ANOVA

Table 4.7.4 ANOVAa

Model		Sum of Squares	df	Mean Square	F	Sig.
	Regression	103.673	9	11.519	27.994	.000 ^b
1	Residual	153.071	296	0.411		
	Total	256.744	305			
a. Dependent Variable: Mean of Customer Satisfaction						
b. Predictor: (Constant) Ambience condition, Physical Facility, Employee Behavior, Employee Image						

Source: Own computation, 2023

Table 4.7.4 indicated that there is a statistically significant effect between the independent variable (servicescape dimensions) and dependent variables (customer satisfaction) which the independent variable where F value was (27.994) at 0.000 (P<0.05), which states that there is statistically significant effect of servicescape dimensions on customer satisfaction.

Regression Coefficient

Table 4.7.5 Regression analysis

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
(Constant)	0.977	0.260		3.759	0.000		
Ambience Condition	0.057	0.049	0.042	1.407	0.203	0.601	1.386
Physical Facility	0.122	0.054	0.112	2.182	0.345	0.601	1.563
Employee Behavior	0.099	0.055	0.093	1.780	0.298	0.571	1.582
Employee Image	0.154	0.057	0.169	2.666	0.032	0.353	2.301

Source: Own survey, 2023

Customer satisfaction = 0.977 + (0.082) Ambience Condition + (0.112) Physical Facility + (0.093) Employee Behavior + (0.169) Employee Image

Before we begin the interpretation for the beta coefficients it is important to evaluate the model in terms of the issue of multicollinearity which is the concern in the multiple regression analysis. The issue has been addressed through the results of variance inflation factor (VIF) and the tolerance level in the model output. The tolerance Values that are less than 0.10 may merit further investigation whereas the VIF result suggested that predictor variables whose VIF values are greater than 10 may merit further investigation. As it can be seen from the table this requirement is not invalidated in our results and there is no issue of multicollinearity.

The model expresses 42% of the dependent variable that is customer Satisfaction which the rest is controlled by other factors.

4.8 HYPOTHESIS TEST RESULTS AND DISCUSSIONS

The regression table (see Table 4.8.1) shows the overall acceptability of the model from a statistical perspective. As the significance value of F statistics shows a value of (.000), which is less than $p < 0.05$. Thus, the model is significant which indicates that the variation explained by the model is not by chance. Hypothesis testing is based on standardized coefficients beta and P- value to test whether the hypotheses are rejected or accepted.

4.8.1 Hypothesis test results

The hypotheses were tested and discussed as shown below:

Table 4.8.1 hypothesis

Hypothesis	Beta Value	P Value	Result	Reason
H1.0 Ambient condition has a significantly positive influence on customer satisfaction. H1.1 Ambient condition has no significantly positive influence on customer satisfaction.	$\beta = .042$	0.203	H4.0: Failed to Reject H4.1: Rejected	$\beta = 0.042, p > 0.05$
H2.0 Physical Facility has a significantly positive influence on customer Satisfaction. H2.0 Physical Facility have no significantly positive influence on customer Satisfaction.	$\beta = .122$	0.345	H4.0: Failed to Reject H4.1: Rejected	$\beta = 0.112, p > 0.05$
H3.0 Employee behavior has significantly positive influence on customer Satisfaction H3.1 Employee behavior no significantly positive influence on customer Satisfaction	$\beta = .093$	0.298	H4.0: Failed to Reject H4.1: Rejected	$\beta = 0.093, p > 0.05$
H4.0 Staff image has significantly positive influence on customer Satisfaction. H4.1 Staff image has no significantly positive influence on customer Satisfaction.	$\beta = .169$	0.032	H3.0: Rejected H3.1: Accepted	$\beta = 0.169, p < 0.05$

Source: Own survey, 2023

4.8.2 Discussion on Hypothesis Tests

H1. In conclusion, while the hypothesis states that the ambience condition of an insurance company has no significantly positive impact on customer satisfaction, it is important to consider all the factors that contribute to customer satisfaction in the insurance industry. While ambience may not be the sole determining factor, it can indirectly influence customer satisfaction through creating a positive impression, improving employee behavior, and contributing to an overall positive experience. Therefore, further research and analysis are necessary to determine the extent of the impact of ambience on customer satisfaction in insurance companies.

H2. The exterior design of an insurance company can also play a role in customer satisfaction. A visually appealing building with proper signage can increase the company's visibility and attract potential customers. A well-maintained exterior can convey a sense of professionalism and reliability, positively impacting customer perceptions. Alternatively, a dilapidated or unattractive building might create a negative impression, potentially lowering satisfaction levels before customers even enter the premises.

In conclusion, while customer satisfaction in the insurance industry is influenced by various factors, including customer service and policy offerings, the interior and exterior design of an insurance company can have a significant positive impact. A well-designed and visually appealing space can contribute to a positive customer experience, enhance credibility, and create a lasting impression. Therefore, it is crucial for insurance companies to consider the design of their premises to optimize customer satisfaction.

H3. Engaging in a discussion about the impact of employee behavior on customer satisfaction in the insurance industry can provide valuable insights into the dynamics of this relationship. It is essential to consider various factors, perspectives, and potential methodological limitations to arrive at a well-rounded conclusion.

H4. The hypothesis suggests that the image of an insurance company as perceived by its employees can have a significant positive impact on customer satisfaction. A positive employee image can lead to improved customer experiences, increased loyalty, and higher levels of satisfaction. Therefore, companies should focus on fostering a positive work environment, ensuring employee engagement, and promoting a strong company culture to enhance both employee and customer satisfaction.

4.8.3 Discussion of Results

In this part results and findings of the study will further be elaborated in relation to previous studies and researches.

The results showed in demographic profile of the respondents that the age of the customers of Ethiopian Insurance Corporation is dominated by middle aged group. From this result we can understand that middle aged people are better in using financial institution to save their money or do business. When looking into the gender profile of the respondents, most of the customers are male with a result of 54.4% and the rest 45.6% are female respondents.

Policy type is the other factor used in this research and the result showed more than 50% of the respondents are users of Car insurance out of Various Policy type. Therefore, most of the respondents are not aware of the other types of accounts and might not have their own Home to Subscribe House Insurance and not aware of life Insurance.

After looking what the respondents answer on the questionnaire, although they gave a more or less positive feedback for all the elements of servicescape, questions relating to credibility and cleanliness received the highest mean scores while the lowest went to music. These results imply that out of the nine elements of Four Dimensions of servicescape, customers of Insurance do give more concern to reliability and trustworthiness of the service staff of the Insurance and to clean environment and office.

As showed in Pearson correlation table from the four elements of servicescape and the dependent variable Customer satisfaction, showed positive correlation with each other.

This study is designed and carried out in order to examine the impact of these Four Dimensions of servicescape on customer Satisfaction. According to the study's findings three of the elements that are Ambience Condition, Physical Facility and Employee Behavior have positive but insignificant influence on Customer Satisfaction. Employee image has positive significant significant influence on Customer satisfaction.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATION

5.1 INTRODUCTION

This section includes summary of the major findings, conclusion of the study, forwarded recommendation and directions of future study.

This chapter deals with the summary of major findings, conclusions drawn from the findings and the recommendations forwarded for improvement in servicescape Elements under study. The recommendations cover the importance of improving on those dimensions in which insurance companies in Ethiopia got inferior score and also to keep working on the superior scored dimensions. The chapter is presented under the headings: summary of findings, conclusion, and recommendation.

5.2 SUMMARY

The general objective of this study was to examine Effect of the servicescape on customer Satisfaction in Ethiopian Insurance Companies. This research was guided by the following

specific objectives: To examine the effect of the ambience of the physical facility of insurance companies on customers satisfaction in Ethiopia, to determine the effect of the design of physical facility of insurance companies on customers satisfaction in Ethiopia, to determine the effect of the employees' behavior on customers satisfaction in the insurance industry in Ethiopia, to determine the effect of staff image on customers satisfaction in the insurance industry in Ethiopia.

The study used questionnaire in order to conduct information from respondents. This study tries to identify which element has the highest influence on Customer Satisfaction of Insurance Companies in Ethiopia. In addition, this study also tries to answer the four research questions it started with in the introduction part. The sample size was selected using stratified and after that Random multi-stage sampling technique. The research was conducted using questionnaire consisting of 305 sample respondents of conveniently selected branches. The gathered data was analyzed by descriptive analysis using descriptive and inferential statistics. The findings were the following:

5.2.1 Effects of Ambiance condition on Customer Satisfaction

The results of this study in regards to Ambiance condition and its effects on customers are Similar to that of various other researchers. This research studied the following factors of

Ambiance condition: included in that are music, aroma and cleanliness. The Results from the research findings showed a significant positive relationship for the element of cleanliness and music with customer satisfaction, and aroma showed insignificant relation with customer satisfaction. As we can see from the result, cleanliness and music had a better influence on customer satisfaction and the rest aroma showed no influence on customer satisfaction. The reason for this might be customer Insurance companies give less attention for the odor of the office.

5.2.2 Effects of physical facility on Customer Satisfaction

Two of the elements included in design factor are facility interior and facility exterior. As the results showed facility interior has significant positive effect on customer satisfaction and facility Exterior has insignificant effect on customer satisfaction. In regards to interior design, study by Costello (2014) revealed a positive effect of interior design not only on customer service but also on restaurant revenue. Such results were also seen in the study of Hye-Kyoung and Park (2015), wherein aesthetics had a positive impact on servicescape which in turn impacted customer satisfaction. This research studies also had similar results in which Physical Facility had a positive effect on customer satisfaction of Insurance Companies in Ethiopia. Study carried out by Amaranota and Chanin (2016) also had similar findings to the studies mentioned above. the reason for this is customers think the interior design and architect has influence on the satisfaction they received from insurance companies.

5.2.3 Effects of Employee Behavior on Customer Satisfaction

Two of the elements included in Employee Behavior are Customer orientation and credibility. Findings of this indicated that customer orientation has significant positive influence on customer satisfaction and credibility has significant effect on customer satisfaction. Therefore, if the insurance employees give proper care and attention to their customers, and if the service employees have understanding and knowledge about their customers, customers will feel the value of the insurance.

5.2.4 Effects of staff image on customer satisfaction

The two elements of staff image are competence and physical attractiveness. The results showed that competence has significant positive effect and physical attractiveness has insignificant. Reason for this is customers relate the knowhow, helpfulness and prompt service provided by the service staff Satisfactions of customers. Furthermore, study by Jysma (2012) showed that staff appearance and behavior increase customer satisfaction if it is appropriate for the brand image. However, this is in contrast to Musriha (2012), which concluded that employee communication plays a more important role than uniform and appearance. The results of this study are in line with Musriha (2012) but in

contrast to Jysma (2012). The Insurance Customers satisfaction is not affected by employee attractiveness but it is rather affected by their competence.

5.3 CONCLUSION

5.3.1 Effects of ambient condition on Customer Satisfaction

The first research question of this study was to find out How does the ambience of the physical facility of insurance companies in Ethiopia affect customer's satisfaction and the result showed music and cleanliness had significant effect on Customer Satisfaction. The other factor that is aroma had no significant influence on customer satisfaction. According to Harris and Ezeh (2007), the elements from ambient conditions music and cleanliness showed significant influence on customer loyalty and aroma was insignificant.

5.3.2 Effects of physical facility on Customer Satisfaction

For the second question, to what extent does the design of the physical facility of insurance companies in Ethiopia affect customer's satisfaction. The other element that is furnishing does not show significant effect on customer satisfaction. Study done by Miles et al. (2011) showed significant influence of aesthetic on customer satisfaction.

5.3.3 Effects of Employee Behavior on Customer Satisfaction

Thirdly, from the insurance staff behavior elements that are customer orientation and credibility emerged result was significant effect of customer orientation on customer satisfaction and insignificant effect of credibility on customer satisfaction.

5.3.4 Effects of staff image on customer satisfaction

Fourth, the Insurance staff image elements that are competence and physical attractiveness result showed positive significant relationship of competence with customer satisfaction and insignificant relation of physical attractiveness with customer satisfaction. The findings indicated that employee Image did not affect customer satisfaction.

5.4 Recommendations

Its straight forward approach illustrates how different elements and their relations contribute to the customers of insurance companies. As managers have limited resources in terms of money, time and human resources, the researcher would like to recommend the following to the management of the Insurance companies:

- According to the findings of this research music, cleanliness, implicit communicator, customer orientation and competence showed significant influence on customer satisfaction, as a result of this management of insurance companies should give careful attention to servicescape elements such as music, cleanliness, implicit communicator, customer orientation and competence in order to meet satisfactions of customers.
- Two of the social factors that are competence and customer orientation showed significant relationship with customer satisfaction, so management of insurance companies should also concentrate on the social factors of servicescape elements than only focusing on the physical ones and,
- It is recommended that the parking space should be taken into consideration since some of the students were not satisfied with it because the current parking is not able to accommodate a lot of cars.
- If these four elements of servicescape (music, cleanliness, implicit communicator, customer orientation and competence) are increased, it will contribute positively to customer satisfaction which in turn will give high market share.

5.5 RECOMMENDATION FOR FURTHER STUDIES

A number of other research avenues arise from the findings of this study. Most of the research has been done on hospitality industry but very less has been done in an insurance context. There is need for more literature on the servicescape factors which affect different service organizations. Apart from servicescape, many other factors affect customer satisfaction of customers in a service industry, which can be suggested for further research

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APPENDIX.

APPENDIX 1

English Version Questionary

Questionnaire for policy Holder of Ethiopian Insurance corporate and Niyala Insurance Company.

Dear respondents.

My Name is Zerihun, I am student of Masters of Marketing Management doing my thesis on the impact of servicescape on customer Satisfaction the case of Selected insurance companies in Ethiopia.

Through this brief survey, your answers will be helpful in understanding the problem and enhancing it.

Your response will only be used for survey purposes. Please put a tick mark (✓) on the appropriate responses category against each question. For more information, contact me via telephone

+251919193986 or e-mail zerihunhunde342@gmail.com

Part one: General Information

1. Age group: 18-29 30-49 50-69 70-90

2. Gender: Male Female

3. Educational Level: High school diploma Degree MA PhD Other

4. Working Condition: Student Employee Business owner Other

5. Insurance Name: ECI Niyala Insurance

6. Insurance type: Life Insurance Medical insurance Vehicle Insurance

7. For how long have you been customer with the Insurance? 1-5 6-10 11-15

abov15

Part two: Servicescape Elements

Directions: please indicate your level of agreement with each of these statements regarding the impact of servicescape on Customer Satisfaction. Encircle the appropriate number (where; 1-Strongly Disagree; 2-Disagree; 3- Neutral; 4-Agree; 5-Strongly Agree)

8. Music

No	Statements	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
8.1	The music played in the Insurance is appropriate.	1	2	3	4	5
8.2	The music is played at an appropriate volume.	1	2	3	4	5
8.3	The music played is pleasant.	1	2	3	4	5

9. Aroma

No	Statements	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
9.1	The aroma in the Insurance is appropriate.	1	2	3	4	5
9.2	The aroma in the Insurance was fitting.	1	2	3	4	5

10. Cleanliness

No	Statements	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
10.1	The Insurance is kept clean.	1	2	3	4	5
10.2	The Insurance had clean walkways and exits.	1	2	3	4	5
10.3	The Insurance had clean toilets.	1	2	3	4	5

11. Facility Interior

No	Statements	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
11.1	The interior of the Insurance is attractive.	1	2	3	4	5
11.2	The Insurance interior architecture gave it an appealing character.	1	2	3	4	5
11.3	The Insurance interior is decorated in an appealing fashion.	1	2	3	4	5
11.4	The Insurance interior is painted in colors that are appealing to you.	1	2	3	4	5

What do you like or do not like about the physical appearance inside the Insurance. Kindly explain why?

.....

12. Furnishing

No	Statements	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
12.1	There is appropriate leg room in the seats.	1	2	3	4	5
12.2	There is appropriate elbow room in the seats.	1	2	3	4	5

What do you like or do not like about the physical environment outside the Insurances. Kindly explain why?

.....

13. Customer orientation

No	Statements	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
13.1	You felt satisfied with the treatment you received from the Insurances service staff.	1	2	3	4	5
13.2	The service staff understood your needs.	1	2	3	4	5
13.3	The service staff showed a commitment to satisfying your needs.	1	2	3	4	5

14. Credibility

No	Statements	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
14.1	You felt safe in your Policy with the service staff	1	2	3	4	5
14.2	The service staff had a positive attitude.	1	2	3	4	5
14.3	You did not feel deceived by the service staff.	1	2	3	4	5

15. Competence

No	Statements	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
5	The service staffs were helpful.	1	2	3	4	5
15.2	The service staff provided prompt service.	1	2	3	4	5
15.3	The quality of service delivered is high.	1	2	3	4	5
15.4	The service staff performed the service right the first time.	1	2	3	4	5
15.5	The service staffs were able to solve your problems.	1	2	3	4	

16. Physical attractiveness

No	Statements	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
16.1	The service staffs were attractive.	1	2	3	4	5
16.2	The service staff looked classy.	1	2	3	4	5
16.3	The service staff looked elegant.	1	2	3	4	5

What do you like or do not like about the physical appearance of the Insurance staff. Kindly explain why?

.....

Part three: Customer Satisfaction

The following set of statements relate to your feelings about overall service you received of Insurance companies. Please respond by circling the number which best reflects your own perceptions.

17. To what extent does The Insurance Company meet your expectations?

Not at all slightly moderately Very likely completely
 1 2 3 4 5

18. The commitment of the insurance to deliver your claim is

Poor Fair Good Very good Excellent
 1 2 3 4 5

Thank You for Your Responses

APPENDIX 2

Amharic Version Questionary

ለተከበሩ መልስ ሰጪዎች

እኔ ዘረሁን እባላለሁ የማርኬቲንግ ማኔጅመንት ማስተርስ ተማሪ ነኝ የአገልግሎት ብቃት በደንበኛ እርካታ ላይ የሚያሳድረው ተፅዕኖ በኢትዮጵያ የተመረጡ የኢንሹራንስ ኩባንያዎች ጉዳይ ላይ ተሲስ እየሰራሁ ነው። በዚህ አጭር የዳሰሳ ጥናት አማካኝነት የእርስዎ መልሶች ችግሩን ለመረዳት እና ችግሩን ለማሻሻል ይረዳሉ። የእርስዎ ምላሽ ለዳሰሳ ጥናት ዓላማዎች ብቻ ጥቅም ላይ ይውላል። እባክዎ በእያንዳንዱ ጥያቄ ላይ በተገቢው የምላሾች ምድብ ላይ ምልክት ያድርጉ (✓)። ለበለጠ መረጃ በስልክ +251919193986 ኢ-ሜል zerihunhunde342@gmail.com አግኙኝ።

የሚሰጡት መልስ እና መረጃ ሚስጢራዊነቱ የተጠበቀ ሲሆን መረጃዎቹም ለዚህ ጥናት አላማ ብቻ የሚውሉ ናቸው።

ክፍል 1 ጠቅላላ መረጃ

መመሪያ: እባክዎን መልስዎን ለማሳወቅ ከምርጫዎቹ ፊት ለፊት ያሉትን ፊደሎች ያክብቡ

1. የእድሜ ክልል **U.** 18-29 **A.** 30-49 **ሐ.** 50-69 **መ.** ከ 70 በላይ
2. ፆታ **U.** ወንድ **A.** ሴት
3. የትምህርት ደረጃ **U.** የሁለተኛ ደረጃ ምሩቅ **A.** ዲግሪ **ሐ.** ኤም.ኤ **መ.** ፒ.ኤች.ዲ **ሠ.** ከተጠቀሱት ውጪ-----
4. የስራ አይነት **U.** ተማሪ **A.** ተቀጣሪ **ሐ.** ነጋዴ **መ.** ከተጠቀሱት ውጪ-----
5. የኢንሹራንስ ስም **U.** የኢትዮጵያ መድን ድርጅት **A.** ኒያላ ኢንሹራንስ
6. የኢንሹራንስ አይነት **U.** የህይወት መድን **A.** የህክምና መድን **ሐ.** የተሽከርካሪ መድን
7. ከዚህ ባንክ ጋር ስንት ጊዜ በደንበኝነት ቆይተዋል? **U.** 1-5 **A.** 6-10 **ሐ.** 11-15 **መ** ከ15 በላይ

ክፍል 2 የሰርቪስ አስኬፕት ኢሎምንቶች

መመሪያ: እባክዎን ለእያንዳንዱ ጥያቄ የመስማማት መጠንዎን ትክክለኛውን ቁጥር በማክበብ ይግለጹ (1- በጣም አልስማማም፣ 2- አልስማማም፣ 3- መካከለኛ፣ 4- እስማማለሁ፣ 5- በጣም እስማማለሁ)

ተ.ቁ	መግለጫ	በጣም አልስማማም	አልስማማም	መካከለኛ	እስማማለሁ	በጣም እስማማለሁ
	ሙዚቃ					
8	በኢንሹራንስ የሚከፈተው ሙዚቃ አግባብነት አለው	1	2	3	4	5
9	በኢንሹራንስ የሚከፈተው ሙዚቃ የድምጽ መጠን አግባብነት አለው	1	2	3	4	5
10	በኢንሹራንስ የተመረጡት የሙዚቃ አይነቶች ለዛ አላቸው	1	2	3	4	5
	መላዛ					
11	የኢንሹራንስ ጠረን አግባብነት አለው	1	2	3	4	5
12	የኢንሹራንስ ጠረን ለባንኩ ስራ የሚመጥን ነው	1	2	3	4	5
	ፅዳት					
13	ኢንሹራንሱ ንፅህናዉ የተጠበቀ ነዉ	1	2	3	4	5
14	ኢንሹራንሱ ንፁህ መግቢያ አና መዉጫ ወለሎች አሉት	1	2	3	4	5
15	ኢንሹራንሱ መፀዳጃ ቤቶች አሉት	1	2	3	4	5

	በቃል የማይገለጹ መግባቢያዎች					
16	የኢንሹራንሱ ዉስጣዊ ገፅታ የሚሰጠ ነዉ	1	2	3	4	5

17	የቢሮዉ ዉስጣዊ ግንባታ ለባንኩ ጥሩ ገፅታ ሰቶታል	1	2	3	4	5
18	የኢንሹራንሱ ዉስጣዊ ገፅታ በሚሰጠ ፋሽን ተውቧል	1	2	3	4	5
19	የኢንሹራንሱ ዉስጣዊ ገፅታ የሚሰጠ ቀለማት ተቀብተዋል	1	2	3	4	5
	መቀመጫዎች					
20	የኢንሹራንሱ መቀመጫዎች በቂ የእግር ማስቀመጫ ቦታ አላቸዉ	1	2	3	4	5
21	የኢንሹራንሱ መቀመጫዎች በቂ የእጅ ማስቀመጫ ቦታ አላቸዉ	1	2	3	4	5
	የደንበኞች ግንዛቤ					
22	በኢንሹራንሱ አገልግሎት ሰራተኞች በሚደረግሎት አንክብባቤ ረክተዋል	1	2	3	4	5
23	የኢንሹራንሱ አገልግሎት ሰራተኞች ፍላጎቶን ይረዳሉ	1	2	3	4	5
24	የኢንሹራንሱ አገልግሎት ሰራተኞች ፍላጎቶን ለማርካት ቁርጠኝነት ያሳያሉ	1	2	3	4	5
	ታማኝነት					
25	ከኢንሹራንሱ አገልግሎት ሰራተኞች ጋር በሚያደርጉት የሥራ ልውውጥ እምነት አለዎት	1	2	3	4	5
26	የኢንሹራንሱ አገልግሎት ሰራተኞች ቀና የሆነ አመለካክት አላቸዉ	1	2	3	4	5
27	በኢንሹራንሱ አገልግሎት ሰራተኞች ግራ እንዲጋቡ አያደርግዉትም	1	2	3	4	5
	ችሎታ					
28	የኢንሹራንሱ አገልግሎት ሰራተኞች በቂ እርዳታ ይሰጣሉ	1	2	3	4	5
29	የኢንሹራንሱ አገልግሎት ሰራተኞች ፈጣን አገልግሎት ይሰጣሉ	1	2	3	4	5
30	የኢንሹራንሱ አገልግሎት ጥራት ከፍተኛ ነዉ	1	2	3	4	5
31	የኢንሹራንሱ አገልግሎት ሰራተኞች የሚሰጡትን አገልግሎት በአንድ ጊዜ በትክክል ይፈጽማሉ	1	2	3	4	5
32	የኢንሹራንሱ አገልግሎት ሰራተኞች የገጠሞትን ትግር ፈተዉሎታል	1	2	3	4	5
	አካላዊ መስህብ					
33	የኢንሹራንሱ አገልግሎት ሰራተኞች ይስባሉ	1	2	3	4	5
34	የኢንሹራንሱ አገልግሎት ሰራተኞች እይታ ተቀባይነት አለዉ	1	2	3	4	5
35	የኢንሹራንሱ አገልግሎት ሰራተኞች እይታ ድንቅ ነዉ	1	2	3	4	5

ለምላሽት አመሰግናለሁ

