ADDIS ABABA UNIVERSITY

COLLEGE OF BUSINESS AND ECONOMICS

DEPARTMENT OF ACCOUNTING AND FINANCE

FACTORS AFFECTING THE PERFORMANCE OF SELLECTED INSURANCE COMPANIES IN ETIOPIA

BY: MERAF TEGEST

JANUARY, 2024

ADDIS ABABA, ETHIOPIA

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ATHESIS SUBMITTED TO THE COLCOLLEGE OF BUSINESS AND ECONOMICS DEPARTMENT OF ACCOUNTING AND FINANCE IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE DEGREE OF MASTER OF ART (MA) IN ACCOUNTING AND FINANCE

BY: MERAF TEGEST

ADVISOR: TAKELE FUFA

JANUARY, 2024

ADDIS, ABABA, ETHIOPIA

DECLARATION

This paper, "Factors Affecting the Performance of Insurance Companies of Ethiopia: The Case of Three Selected Companies," is being submitted by me, Meraf Tegest, undersigned. With my advisor's help and encouragement, I have conducted the study on my own. The sources of all the resources utilized in the thesis have been officially acknowledged, and this work has not been submitted for credit toward any degree or diploma program at this or any other university.

Declared by

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Date: ____/___/2024

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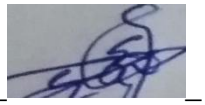
Signature: __  _

Date: ____/___/2024

Place: Addis Ababa, Ethiopia

APPROVAL OF THE THESIS

ADDIS ABABA UNIVERSITY

SCHOOL OF GRADUATE STUDIES

This certifies that Meraf Tegest's thesis, "The Factors Affecting the Performance of Selected Insurance Companies of Ethiopia" (Ethiopian Insurance Corporation, Nyala Insurance Company S.C., and Abay Insurance Company S.C.), complies with university regulations and is original and of a high enough caliber to be submitted in partial fulfillment of requirements for a Master of Accounting and Finance degree.

Signature of Board of Examiner`s:

External examiner	Signature	Date 12/12/2024
Internal examiner	Signature	Date 24/01/24
Dean	Signature	Date

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This difficult task came to a conclusion because of the Almighty God's favor, mercy, charity, forgiveness, assistance, and kindness. My sincere and sincere thanks are thus extended to God, who created and supports my life.

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Meraf Tegest

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ACRONYMS AND ABBREVIATION

NBE = National Bank of Ethiopia

GDP= Gross Domestic Pro

SPSS= Statistical Package for Social Science

IRMI=International Risk Management Institute

ABSTRACT

This study sought to determine the variables influencing the performance of selected insurance companies in Ethiopia, Nyala Insurance Company S.C., and Abay Insurance Company S.C. In this study, a descriptive and explanatory research design was used. A combination of qualitative and quantitative research methods was applied. Participants' information was obtained through the use of a questionnaire. Out of the 350 employees, 168 employees were chosen as a sample using Yamane's formula. The empirical data were analyzed using regression analysis and descriptive and inferential statistics of correlation. An analysis was conducted on the quantitative data obtained via questionnaires. Five questionnaires with a point Likert scale were used to gather primary data. 168 correctly completed and returned questionnaires were received. The results of the study showed that the average customer satisfaction score for insurance companies. An excellent insurance company demands error-free records. This suggested that there were issues with the implementation of compensation and communication of the insurance's discussed variables. The increase in insurance premiums had a negative impact on the performance of insurance companies. Based on statistical analysis, it was found that operating methods have a significant positive relationship with the performance of insurance companies in Ethiopia. All of the independent factors and the dependent variable had positive relationships, according to the correlation. According to the regression analysis's beta values, any increase in the independent variables will also likely result in a commensurate change in the performance-affecting variables of three specific insurance companies in Ethiopia (Nyala Insurance Company S.C., and Abay Insurance Company S.C.) Furthermore, it was discovered that the independent variables influenced the dependent variable and some others expected to be influenced by factors outside the scope of this investigation. Therefore, it is recommended that the three insurance companies in Ethiopia (Nyala Insurance Company S.C., and Abay Insurance Company S.C.) that were chosen for this purpose periodically evaluate their staffing practices. These three companies were chosen because they demonstrated genuine interest in hiring quality employees. As such, the chosen insurance companies Ethiopian Insurance Corporation, Nyala Insurance Company S.C., and Abay Insurance Company S.C. must address client concerns; they must provide exceptional, timely service; and their understanding of insurance companies needs to be enhanced in order to address increasingly complex inquiries.

Keywords: Insurance, Factor, Performance

CHAPTER ONE

INTRODUCTION

1.1. Background of the Study

The firm performance of every sector is essential to the nation's industrialization and economic progress in the cutthroat commercial environment of the twenty-first century. The insurance industry is essential to the development and growth of a nation's economy (Nyholm, 2012). It is a crucial industry in any economy and a crucial component of the firm system, handling institutional and individual risk as well as providing expert firm assistance, allocating funds, making the best use of available resources, and treating investors with respect. In order to contribute significantly to firm and economic progress, the sector is essential in controlling funds to various businesses (Theis, 2015; Alomari & Azzam, 2017).

Insurance companies play a crucial role in managing risk in any country. They ensure firm security, act as a vital component in the firm intermediary process, and provide long-term funding opportunities for infrastructure projects (Augustine & Nwanneka, 2011). Additionally, the insurance industry contributes significantly by assuming risks, generating employment opportunities, and serving as a source of tax revenue for the government. It also facilitates investments and firm services such as bonds and stocks (Hamadu & Mojekwu, 2010). A well established insurance sector is capable of mitigating firm crises, thereby strengthening the country's economic system.

The insurance industry plays a vital role in the economic growth of a country by providing firm protection to individuals and businesses against unexpected firm losses. Without adequate insurance coverage, individuals and families are left vulnerable to the uncertainties of everyday life and emergencies. Insurance allows people to transfer the burden of risk to the insurer in exchange for a premium. The insurer may then transfer some of that risk to other insurers or reinsurers (Augustine & Nwanneka, 2011). Insurance makes it possible for ventures to take place that would otherwise be too costly if one party had to bear all the risks. The absence of this important sector would have devastating consequences on the economy. Insurance companies are crucial for both businesses and

individuals as they assume losses and put them back in the same position they were in before the loss occurred. Additionally, insurers contribute to society by mitigating the impact of losses, reducing fear and uncertainty, and creating employment opportunities.

Insurance can be described in firm and legal terms. From a firm perspective, it is an arrangement that redistributes the firm burden of unexpected losses. This involves collecting small premium payments from all individuals at risk and then distributing these funds to those who experience losses. On the other hand, from a legal perspective, insurance is a contractual agreement where one party agrees to compensate another party for any losses incurred. The firm definition focuses on providing funds for the losses, while the legal definition emphasizes the existence of a legally binding contract that outlines the rights, responsibilities, and obligations of all parties involved in the agreement (Gupta, 2008).

However, the efficiency and speed at which the sector delivers its services relies on the performance of the insurance company. Each company is focused on its own performance, as good performance not only enhances its market worth but also contributes to the industry's longterm growth, ultimately benefiting the overall prosperity of the economy (Ahmed, Ahmed & Usman, 2011).

Performance refers to the connection between operational efficiency and strategic effectiveness. The aim of operational efficiency is to enhance products, services, production processes, marketing management, and human resources. On the other hand, strategic effectiveness involves positioning the organization in a fast-growing market ahead of competitors (Chandler, 1992). In order to gain a competitive advantage, performance relies on the organization's ability to acquire and manage resources in various ways (Iswatia & Anshoria, 2007).

Performance can be categorized into firm performance and nonfirm performance. Firm performance focuses on variables directly related to firm reports. The evaluation of a company's performance includes three dimensions. The first dimension is productivity, which refers to efficiently transforming inputs into outputs. The second dimension is profitability, which measures the extent to which a company's earnings exceed its costs. The third dimension is market premium, which measures the level at which a company's market value exceeds its book value (Walker, 2001). Nonfirm performance indicators, according to Khan and Halabi (2011), concentrate on achieving long term success and incorporating factors that contribute to organizational achievements and firm

performance. These factors include employee satisfaction, customer satisfaction, company image and reputation, and employee productivity.

Insurance companies are experiencing intense competition due to the rapidly changing firm markets. Traditional methods of measuring performance are seen as inadequate for the development of firm institutions (Zhang & Li, 2009). The concept of performance is challenging to define and measure. It is viewed as the outcome of activities, and the appropriate measure to assess corporate performance depends on the type of organization and its objectives (Ostroff & Schmidt, 1993). The success of insurance institutions relies on effective performance, which demonstrates their progress and prosperity in delivering services within a country. Performance is a valuable indicator of prosperity in the insurance industry. Various insurance companies aim to enhance their performance by minimizing business risks (Burca & Batrinca, 2014). The performance of an organization is influenced by different factors that vary across industries in the economy. Insurance companies, in particular, face numerous risks that hinder their performance. Consequently, performance and the factors that impact performance in insurance organizations are a significant concern for many researchers (Sinaj et al., 2014). The issue of measuring the performance of insurance companies has been extensively explored in firm theory literature. External and internal factors can influence the performance of these companies (Demerguç-Kuntand & Huizinga, 1999).

Recently, there has been an increase in the number of research studies aiming to identify the factors that affect the performance of insurance companies. Scholars in the fields of business and management have placed significant emphasis on the firm performance aspect (Almajali, Alamro& Alsoub, 2012). Given the impact of firm performance on the overall health and longevity of an organization, it has become a primary concern for business professionals in diverse industries. Nonetheless, the majority of these studies have predominantly concentrated on the firm performance of the insurance industry. To the best of the researchers' knowledge, only a small number of empirical studies have been conducted in Ethiopia to examine the overall performance of insurance companies. Specifically, these studies have focused on both firm and nonfirm performance measurements. Previous research conducted in Ethiopia by Daniel and Tilahun (2013), Ayele (2014), Ejigu (2016), Daniel (2017), Seblewengel (2018), Dagim (2019), Hermela (2020), and Habtamu et al. (2021, 2022) primarily explored the firm performance of insurance companies. On the other hand, research by Hamdan (2008), Belayneh (2011), Abate (2012), Eneyew (2013), Meaza (2014), Hadush (2015), Asrat and

Tesfahun (2016), Teklit and Jasmindeep (2017), Hindeya (2017), Bernabas (2018), Tariku (2019), Tadese et al. (2020), and Dawit (2021) focused on the profitability of listed insurance firms in Ethiopia.

In this paper, the researcher will analyze the factors, both firm and insurances, that influence the performance of insurance companies. We will present a literature review on the factors that determine the firm and nonfirm performance of insurance companies. Next, the researcher will focus on these factors in the context of insurance companies in Ethiopia, using a specific sample for analysis. This will involve examining descriptive statistics for the variables that explain the performance of insurance companies and interpreting the results obtained from the selected model estimation.

1.2. Statement of the Problem

The need to measure performance among businesses has arisen from the desire to achieve better results and remain competitive in the rapidly changing business environment. This has led to performance becoming a crucial aspect of organizational activity, garnering increased attention from scholars and practitioners. According to Johansson et al. (2008), firm performance refers to the extent of a firm's success in its business environment, demonstrated by its ability to generate positive outcomes and actions (Islam et al., 2011). Performance measurement is essential for tracking, predicting, and controlling important variables to evaluate whether a business is meeting its objectives. It is a critical tool for assessing and enhancing the success of business enterprises. In general, the performance of the entire industry and specific firms within it plays a significant role in increasing the market value of those firms and driving industry growth. This ultimately contributes to the overall success of the economy. Evaluating the performance of firm institutions has gained relevance in corporate finance literature because these companies not only serve as intermediaries by providing mechanisms for saving money and managing risk, but they also facilitate the allocation of funds from surplus economic units to deficit economic units, thus supporting investment activities in the economy (Ahmed et al., 2011).

In the past, the primary method of evaluating firm performance has been through firm measures. However, scholars have argued that relying solely on firm measures based on historical cost is inadequate for assessing performance in today's competitive business environment. As a result, many

researchers have advocated for the use of nonfirm indicators to address the limitations of the firm method and to capture the interests of various stakeholders. Firm measures provide information about the business's achievements that assist decision makers in determining whether the company is increasing the wealth of its owners. These measures have their foundations in accounting, firm management, and economics. They involve evaluating factors such as profits, sales growth, revenues, and return on investment. However, using firm performance alone to measure organizational performance has been widely criticized as insufficient for effectively managing businesses, especially in rapidly changing and competitive markets. This is particularly true as companies face increasing expectations from stakeholders. One major criticism of firm measures is that they do not provide a comprehensive view of how performance is achieved or how it can be improved. They offer limited benefit as they do not reveal factors that drive long term success and shareholder wealth maximization, such as employee satisfaction, customer satisfaction, and innovation ability. Several empirical studies have been conducted in Ethiopia to examine the determinants of insurance companies' firm performance and profitability. These studies have focused on listed insurance firms in Ethiopia.

The insurance industry plays a crucial role in an economy's immune and repair system, and its success ful operation can contribute to the development of other industries and the overall economy. To fulfill this role, insurance companies are expected to be firmly solvent and operationally sound.

Therefore, it is important not only to measure the performance of insurance companies but also to gain insight into the factors that affect their performance. While previous studies have established correlations between various variables and the firm strength and profitability of insurance companies, only two studies have assessed insurance companies' performance in terms of both firm and insurances indicators in Ethiopia. Given Ethiopia's status as a developing country with a long history of insurance, this current study aims to contribute to the existing literature on the insurance industry in Ethiopia by identifying the factors that affect the performance of the selected Ethiopian insurance companies.

1.3. Research Questions

1. What are the firm specific factors that affect performance of the selected Ethiopian insurance companies?

2. What are the non-firm specific factors that affect the performance of the selected Ethiopian insurance companies?

1.4. The objective of this study

1.4.1. General Objective of the Study

The main objective of the study is to identify the factors that affect the performance of the Ethiopian insurance companies.

1.4.2. The Specific Objectives of the Study

The study had the following specific objectives:

1. To determine the firm specific factors of performance that affects the performance of the selected insurance companies in Ethiopia
2. To investigate non-firm variables that affects the performance of the selected insurance companies in Ethiopia

1.5. Significance of the study

This study aims to investigate the factors that impact the performance of insurance companies in Ethiopia, specifically Ethiopian Insurance Corporation, Nyala Insurance Company S.C, and Abay Insurance Company S.C. The results of this study will inform decisions regarding qualitative and quantitative measures that can be used to determine the performance of these insurance companies. This information will be valuable for managers, owners, and investors in understanding the determinants of performance and how to allocate resources effectively. The study holds particular importance for students planning to work in the insurance industry, as it provides insights into the performance of Ethiopian insurance companies and helps them understand industry trends. Additionally, it is significant for higher management in the insurance sector as it assesses their practices, firm standing, and segmentation. Lastly, the research findings will be valuable for future researchers who can base their work on this study and explore different aspects of the insurance sector in Ethiopia.

1.6 Scope of the Study

The research scope encompasses the circumstances in which the study was conducted, what aspects it focuses on, and its connection to the problem it aims to address. The study's objectives must align with these parameters (Simon, K, & Goes, 2013). Methodological scope of the research aimed to gain an understanding of the performance of the Ethiopian Insurance Corporation, Nyala Insurance Company S.C, and Abay Insurance Company S.C. Geographical scope of the study focused of the research is on analyzing the performance of three specific insurance companies in Ethiopia: Ethiopian Insurance Corporation, Nyala Insurance Company S.C, and Abay Insurance Company S.C. On the other hand the research is conducted in 2023.

1.7. Definition of Operational Terms

Factors- A factor refers to an aspect that impacts something. To factor signifies taking into account something significant while making a choice or reaching a conclusion, such as considering the weather and traffic to estimate the duration of a drive.

Affecting- "Provoking a powerful feeling, particularly of sorrow: Witnessing it was a touching spectacle."

Performance- Performing an action, achieving success in carrying it out, and utilizing knowledge rather than solely possessing it is all encompassed in the concept of performing.

Insurance- "Insurance refers to a policy agreement where an insurer provides compensation to another party for losses incurred due to specific circumstances or risks."

1.8. Organization of the study

This research was divided into five sections. The initial section focused on the problem and its approach, including background information, a statement of the problem, study objectives, the significance of the study, the scope of the study, limitations of the study, and definitions of operational terms. The second section provides a review of literature related to the study, establishing the conceptual framework. The third section outlines the research design, describes the study subject (population), defines and discusses the representative sample subjects, examines sampling techniques, data collection tools and their validation, the data collection procedure, methods of data analysis, and

interpretation techniques. The fourth section covers data processing and presents the findings. Finally, the fifth and last section presents a summary of the major findings, conclusions, and recommendations.

CHAPTER TWO

REVIEW OF RELATED LITERATURE

2.1. Theoretical Literature Review

This chapter presents an examination of pertinent scholarly works pertaining to the principles necessary for discovering solutions, establishing connections to the research inquiries, and substantiating the conjecture. This chapter encompasses a concise historical survey of the notion of performance, the factors that influence performance in Ethiopia's insurance industry, and a summary.

2.1.1. Concept of Performance Measurement

The debate surrounding performance measurement (PM) has centered more on its purpose and methodology than on its definition. Neely et al. (1995 & 2005) offer the most frequently cited definition, characterizing performance measurement as the collection of metrics that are employed to measure the efficacy and efficiency of actions. While efficiency refers to the appropriate use of resources at a specific level of customer satisfaction, effectiveness highlights the degree to which the needs of the customer are satisfied. According to Franceschinietal (2007), performance measurement is the continuous reporting and monitoring of program accomplishments, especially advancements made toward predetermined goals. This is a more pragmatic definition.

Researchers and practitioners have been grappling with the issue of how organizations ought to assess their performance for a long time. This dates back to the late 1980s, when questions were raised regarding the traditional firm performance measures' capacity to meet the demands of the highly competitive and volatile business environment in terms of innovation and customer quality (Hopper, Northcott, Scapens, 2007). Firm performance was once equated with organizational efficiency in the 1950s. Organizational efficiency is the extent to which a social system with limited resources and means accomplishes its objectives without requiring its members to exert undue effort. Inter-organizational conflicts, productivity, and flexibility are the performance evaluation criteria (Georgopoulos & Tannenbaum, 1957). As the 1960s and 1970s went on, organizations started looking into different approaches to performance evaluation. Performance at this time was defined as an organization's capacity to take advantage of its surroundings in order to obtain and make use of the scarce resources (Yuchtman & Seashore, 1967).

Price (1968) identifies productivity, conformity, and institutionalization as criteria for appreciation and holds that performance and organizational effectiveness are synonymous. Moh (1972) states that three factors should be considered when assessing performance: productivity, flexibility, and adaptability.

Compared to other researchers of the same era, Lupton (1977) approached the concept of organizational performance with the utmost caution and clarity. Lupton asserts that high levels of member motivation, satisfaction, and productivity coexist with low or nonexistent rates of employee turnover, expenses, and labor unrest in an efficient organization. On the other hand, Katz and Kahn

(1978) asserted that an organization's effectiveness and efficiency were comparable and both essential elements of its overall organizational performance, which can be attained by optimizing all returns, regardless of the type.

The performance of the company in the 1980s was determined by its capacity to add value for its customers (Porter, 1986). However, Robbins (1987) described performance as the degree to which an organization could take into account both its goals and its means as a social system. Performance was defined by Cherrington (1989) as an organization's concept of success or effectiveness as well as an indicator of how well the organization is functioning to meet its objectives. In the ensuing ten years, Adam (1994) believed that employee performance had a significant impact on organizational performance. He held that regular exposure of the company's employees to new and current knowledge and skills is necessary to ensure a high-quality organizational performance, which would then help them up with the new changes happening in the market, and, ultimately, increase the quality of organizational performance.

Cohen (1994) draws a distinction between efficiency and performance based on the outcomes an entity achieves in relation to the resources it uses. However, Harrison and Freeman (1999) established that a high-performing organization that meets the needs of its stakeholders is one that is effective and maintains a high standard of performance.

During the initial ten years of the 21st century, the primary emphasis on the definition of organizational performance was on an organization's capacity to effectively utilize its resources in order to attain goals that align with the company's objectives, while also taking into account the importance of these accomplishments to its users (Peterson, Gijsbers, & Wilks, 2003).

Performance, according to Verboncu and Zalman (2005), is a specific outcome in management, economics, and marketing that confers competitiveness, efficiency, and effectiveness to the organization and its procedural and structural elements. Performance is defined by Lebans and Euske (2006) as a collection of firm and nonfirm indicators that provide details on the extent to which goals and outcomes have been attained.

Siminica (2008) recognizes that a company is operating effectively and efficiently when it is also performing. As a result, efficiency and effectiveness are the two variables that determine performance.

According to Colase (2009), performance is a broad term that encompasses many distinct ideas, including productivity, efficiency, growth, profitability, return, and competitiveness. Finally, according to Bartoli and Blatrix (2015), the definition of performance ought to be attained by means of things like quality, efficacy, efficiency, piloting, and evaluation.

Performance, as defined by Islam et al. (2011), is a measure of a company's ability to produce results and actions that the market will accept. These results could include things like survival, profit, ROI, sales growth, workforce size, employee satisfaction, reputation, and more. Finding changes in a company's value that correspond with shifts in shareholders' wealth is the goal of performance measurement, particularly for for-profit businesses. It also aims to disseminate information that will support managerial choices and actions (Johansson et al., 2008; Attiea et al., 2014).

Performance measurement is a useful tool for managing and monitoring an organization's operations to determine whether or not its goals are being met. Performance measurement is crucial because businesses want to satisfy the needs of all of their stakeholders, which include shareholders, customers, consumers, employees, suppliers, and local community stakeholders (Harif et al., 2013). Therefore, assessing performance is essential to achieving an enterprise business objective. Firm and non-firm measures are the two general categories into which several researchers have divided the performance assessment criteria (Rauchetal., 2009;Santos & Brito, 2012; Emeakponuzo, 2014).

2.1.2. Firm Measures of Firm Performance

Firm metrics show facets of company success that assist decision makers in deciding whether or not the company is boosting the owners' wealth. The fields of accounting, firm management, and economics are the foundation of this measure (Attiea et al., 2014). It entails evaluating variables like earnings, growth in sales, revenues, and return on investment (Johansson et al., 2008; Rauchetal., 2009). Long regarded as one of the most significant metrics that offers useful ways to summarize and assess business accomplishment, firm performance with accounting measures of profitability (Rowe & Morrow, 2009; Santos & Brito, 2012; Arshad et al., 2014). Many people use growth and profitability indicators to assess a company's firm performance. Growth indicates a company's historical capacity to expand in size, whereas profitability gauges a firm's past ability to heterogeneity returns. Even at the same level of profitability, growing in size will boost cash generation and absolute profit. Bigger sizes

can also result in greater market power and economies of scale, which can boost future profitability (Santos and Brito, 2012).

However, it has been widely argued that using firm performance alone to portray organizational performance is insufficient for the effective management of businesses, particularly in the current competitive and rapidly changing markets (Kennerley & Neely, 2003; Emeakponuzo, 2014). This is particularly true now that businesses have to deal with a range of stakeholders who have higher expectations (Emeakponuzo, 2014).

A primary critique of firm metrics is their incompleteness, as they offer limited insight into the processes involved in achieving or enhancing performance (Kennerley & Neely, 2003). Because it does not reveal many factors that drive long-term success and the maximization of share holders' wealth, such as customer satisfaction, ability to innovate, quality, etc., it is therefore regarded as having limited benefit. The firm performance measurement (FPM) approach undervalues intangible assets, according to Rowe & Morrow (2009). According to this theory, changes in non-firm factors typically have an impact on firm performance (Kaplan & Norton 1996). The method's internal focus and short-termism are also criticized. According to Venanzi (2012), academics have argued that managers may be tempted to make decisions that will boost short-term firm performance at the expense of long-term profitability when rewards are linked to firm performance. Additionally, FPM frequently has an internal focus, which detractors claim is detrimental because businesses can only successfully compete when external factors like customer satisfaction and competitor activity are taken into account (Kaplan & Norton, 1996; Venanzi, 2012).

Another significant disadvantage of the firm measures is their propensity for manipulation, as managers may feel pressured to skew results in order to meet firm performance goals. The method, which typically displays what has occurred, is also regarded as historical or lagging. Because of this, it is thought to be a dated approach that is inappropriate for the fast-paced business climate of today (Attiea et al., 2014). Due to these shortcomings in traditional firm measures, researchers are now concentrating on certain non-firm measures that can be used in conjunction with firm measures to measure various organizational attributes (Zuriekat et al., 2011).

2.1.3. Firm Factors Affecting performance of Insurance Company

The elements that impact the firm performance of insurance companies can be categorized into three categories, according to Killins (2020): firm-specific factors, industry-related factors, and macroeconomic factors.

2.1.4. Return on Assets (ROA)

The firm intermediation business of converting one kind of asset into another for the general public is known as insurance. The money paid in insurance premiums is used by insurance companies to purchase assets like stocks, bonds, mortgages, and other loans. The policies' claims are then settled with the proceeds from these investments. The insurer will generate a profit that results in stable firm performance if its asset transformation production process effectively offers its clients better insurance services at a reasonable cost and if it can generate high returns on its investments. Return on equity (ROE) and return on assets (ROA) are two conventional metrics used to assess the firm performance of insurance companies (Adams and Jiang, 2016). One commonly used performance ratio is return on assets (ROA). Net income is divided by total assets to arrive at this figure. It displays the amount of profit made from a single unit of asset and serves as a gauge for how well assets are used. The performance of the company improves with a higher ROA. It is simple to compute and is used by comparing the ratios of other businesses or the industry average (Killins, 2020). The majorities of research studies on firm performance characterize it as a dependent variable and look for factors that influence performance variations.

2.1.5. Firm-Specific Factors

Leverage

The amount of debt used to finance a company's assets is known as leverage. A company is considered highly leveraged if it has a large ratio of debt to equity. When evaluating the relative risk and return associated with liabilities, particularly long-term debt, and equity or ownership, leverage also known as solvency takes into account the capital structure of the company (Mazviona, et al., 2017; Teklit, & Jasmindeep, 2017). The ratio of total debt to equity is used to calculate leverage. It demonstrates the extent to which a company is using borrowed funds. Highly leveraged businesses run the risk of going bankrupt if they can't afford to pay off their debt, and they might also have trouble finding new lenders down the road. If insurance companies take on reasonable leverage risk, they may prosper; if the risk

gets out of control, they may go bankrupt. A profitable company is more likely to get funding from internal sources as opposed to external ones. Put another way, businesses typically utilize their own resources before turning to outside funding. Show that insurance companies with higher levels of leverage perform better operationally than those with lower levels of leverage (Adams and Buckle, 2003).

Liquidity

In the context of insurance companies, liquidity refers to a company's capacity to meet its firm obligations, such as making payments for claims or losses under policies that expire in less than a year. Possessing assets to cover liabilities is essential because claims can be made at any time and because a national disaster could result in a high volume of claims that requiring the company to pay out substantial sums of money. Businesses that have more liquid assets have a lower failure rate because they can generate cash even in the most trying circumstances. As a result, it is anticipated that insurance companies with higher levels of liquid assets will perform better than those with lower levels. An insurance company's performance is positively correlated with the percentage of liquid assets in its asset mix. When external financing is unavailable or prohibitively expensive, a company may utilize liquid assets to fund its operations and investments (Browne et al., 2001).

Underwriting Risk

The ratio of incurred claims to net earned premium is known as the underwriting risk. Another way to put it is as an Investment Income. It is the possibility that the amount of premiums received will not be enough to pay for the coverage (Malik, 2011; Abate, 2012). Estimates of anticipated claim costs as well as the expenses associated with issuing and managing the policy are used to set insurance rates. Operating profits are increased and exposure to underwriting losses is reduced when insurers take on riskier business and diversify their underwriting risks. According to Charumathi (2012), Taye (2018), and Kishor & Temesgen (2020), the Investment Income has a negative and significant impact on profitability. According to research by Hailu (2009), Teklit & Jasmindeep (2017), Kinyua (2018), and Tariku (2019), the Investment Income has little bearing on the bottom line of insurance companies. Underwriting risk, according to Adams et al. (2003), is a measure of the insurer's underwriting activity efficiency and is calculated as a ratio of gross claims to gross written premium. The level of underwriting risk is a reflection of how well insurers perform underwriting.

Size of Company

An insurance company's size has a variety of effects on its firm performance. Generally speaking, large insurance companies are better equipped than small insurance companies to handle unfavorable market fluctuations. Unlike small insurance companies, they can easily hire knowledgeable staff members. Additionally, big insurance companies are more efficient than small ones because they have economies of scale when it comes to labor costs, which are the most important production factor for providing insurance services. Furthermore, small businesses might not have as much power as larger businesses, which make it harder for them to compete, especially in highly competitive markets (Shiu, 2004).

It has been proposed that performance and company size are positively correlated. The following is a summary of the primary causes of this. First, compared to smaller companies, larger insurance companies typically possess a stronger ability to handle unfavorable market fluctuations. Second, compared to small businesses, large companies typically have an easier time finding qualified candidates with professional experience. Third, the biggest production factor for providing insurance services is labor cost, which big insurance companies can leverage through economies of scale. The decimal logarithm of the insurance company's total assets is used to calculate the size of the business. Given that larger businesses have greater resources, better risk diversification, sophisticated information systems, and more effective expense management, a positive correlation between company size and profitability is anticipated (Kishor, &Temesgen, 2020;Tadese, et al., 2020).

Age

It is anticipated that the company's age will have an impact on its firm performance, both positively and negatively. An organization's experience and reputation grow as it gets older. Additionally, businesses grow their brands and capital over time (Kakani et al. 2001). Older businesses perform better because they have more experience, have benefited from learning, are less vulnerable to the risks associated with novelty, and have gained knowledge. Reputation effects can also help older businesses by increasing their profit margin on sales. There may be an inverse relationship between age and profitability or growth if they have established routines that are out of step with changes in the market (Malik, 2011).

Premium Growth

An additional significant firm factor influencing the firm performance of insurance companies is the growth of premiums. The primary source of revenue for insurers is premiums. Following the creation of an insurance contract, premiums are gathered from clients and invested in a variety of securities, including corporate and treasury bonds, stock markets, and savings accounts. Insurance companies receive revenue from premiums until claims are settled. As a result, it has been frequently studied that the firm's premium growth has an impact on the firm performance of insurance companies. Growth in premiums as expressed as a percentage of total assets or occasionally as a percentage of insurance companies' premiums (Abate, 2012; Mwangi & Murigu, 2015).

Growth in premiums is influenced by numerous social, economic, and corporate policy factors. The amount of premiums must be set in line with the policyholders' risk tolerance. High loss payments, the depletion of equity capital, and consequently costs associated with firm distress could result from aggressive premium production that is out of proportion to the risks taken. As long as associated costs are less than revenue, premium growth should improve firm performance. According to Jermanis (2006), premium growth on profitability is therefore unpredictable.

Retention Ratio

Retention rate is the percentage of reinsurance business that is not transferred to a reinsurance company. Insurers that are more efficient in their underwriting decisions with higher deductibles should exhibit higher profitability (Charumathi, 2012). Insurance companies reinsure a certain portion of their assumed risk to reduce the risk of bankruptcy in the event of large losses. Reinsurance improves stability for insurers by diversifying risk, meeting solvency requirements, balancing risk profiles, and expanding underwriting capacity, but it comes at a certain cost. Therefore, it is important for insurers to determine appropriate deductibles and should strive to find a balance between reducing bankruptcy risk and potentially reducing profitability. While this increases operational stability, increased reliance on reinsurance reduces retention rates and potential profitability. Therefore, it can be assumed that the relationship between performance and retention is negative. Lower Investment Incomes and higher deductibles can have a positive impact on an insurance company's performance. In theory, insurers that make underwriting decisions more efficiently coupled with higher deductibles should be able to achieve higher profitability (Charumathi, 2012). The retained risk ratio is calculated

as the ratio of net premiums written to gross premiums written and reflects the proportion of underwritten risk retained by the insurance company, with the difference transferred to reinsurance. Since reinsurance involves some cost, this variable is expected to have a positive impact on the firm performance of insurance companies (Burca&Batrinca, 2014; Mirie&Cyrus, 2014).

Policy renewal

Policy renewal includes fixed assets. These are also referred to as 'plant and machinery' in a company's annual firm statements. Policy renewal is represented by the total debt ratio and the debt-to-equity ratio. Policy renewal consists of measuring the use of long-term assets in the course of performing operations. The more tangible a company's assets are, the greater its ability to issue secured debt. If a company has a high fixed asset mix, it is certain that it will get more debt at a lower interest rate and vice versa. Originally, it is a consideration for permanently controlling the management of fixed assets and a criterion for measuring the earning power of assets in order to maximize shareholder wealth (Booth et al. 2001; Gamlath & Rathiranee, 2014).

2.1.6. Reinsurance Dependence

According to Blazenko (2006), reinsurance is a form of insurance in which one insurance company, called the reinsurer, assumes some or all of the loss risk covered by another insurance company, called the cedant. This transaction, in which an insurance company transfers insurance risk and premiums to a reinsurance company, allows the ceding company to simultaneously reduce its firm leverage and cash flow volatility. On this basis, an insurer's decision regarding reinsurance is both a capital structure and a risk management decision. According to Cummins et al. (2008), insurance companies are motivated to pursue reinsurance by the same factors that drive other business organizations to purchase insurance. In particular, reinsurance reduces the volatility of a primary insurer's underwriting results, provides the primary insurer with expertise in key areas of the insurance business (product development, pricing, underwriting, claims management), and provides capital Reduce burden and enable efficient risk and capital management (Swiss Re, 2004). In addition to these benefits, reinsurance contributes to the growth of the insurance industry and the development of the economy as a whole. (Swiss Re, 2004; Iqbal & Rehman, 2014) Gamlath & Rathhiranee, 2014)

Reinsurance dependence (RD) indicates the potential risk of an insurance company to recoverability issues of reinsurance contracts, whether short-term or long-term (Cummins et al., 2012; Iqbal and Rehman , 2014). This indicates the extent to which the insurance company relies on the insurance company to settle claims. Reinsurance dependence is calculated as the ratio of reinsurance gross premiums written to total assets. Insurance companies reinsure a certain portion of their assumed risk to reduce the risk of bankruptcy in the event of large losses. Reinsurance improves stability for insurers by diversifying risk, meeting solvency requirements, balancing risk profiles, and expanding underwriting capacity, but it comes at a certain cost. Therefore, a negative relationship is expected between reliance on reinsurance and an insurance company's firm performance (Burca&Bartica, 2014). Property and casualty insurance companies typically purchase reinsurance to stabilize profits, increase underwriting capacity, and provide protection against catastrophic losses. Purchasing reinsurance can replace capital, allowing insurance companies to reduce the amount of capital they hold without increasing the likelihood of bankruptcy. Note that reinsurance dependencies are complex depending on the type of insurance company. Therefore, they rely heavily on reinsurance to stabilize their performance and take significant risks that cannot be justified by capital base alone or arbitrage (Shiu, 2004). Since reinsurance costs are also incurred, it is important for property and casualty insurers to determine appropriate retention levels and must strive to strike a balance between reducing bankruptcy risk and potentially reducing profitability. Operational stability increases, but decreases with increased reliance on reinsurance. More specifically, insurance companies may benefit in the short term as reinsurance companies cover bad policy years. In the long run, insurance profitability will decline and otherwise profitable reinsurance companies will cease to exist. Therefore, reliance on reinsurance can negatively impact performance (Shiu, 2004).

2.1.7. Volume of Capital

Capitalization, also known as capital adequacy ratio, is a measure of an insurance company's firm strength in terms of its ability to withstand operating losses and extraordinary losses. Capital is considered a cushion to protect the insured and promote stability and efficiency of the firm system. It also shows whether an insurance company has the firm strength to absorb losses from claims. Capital adequacy (amount of capital) also indicates the ability of an insurance company to undertake additional business (Tanveer Ahmad Darzi, 2004). As the amount of capital increases, so does the ability of the insurance company to engage in a wider range of activities. Gashaw (2012), states that an

insurance company's capital can be viewed in two ways. First, it can be seen as the amount paid by the owners of the insurance company (paid up share capital), which gives them rights. To enjoy all future profits alternatively, it can be seen as the amount of funds available to the owner to support the business. The second definition includes reserves and is also referred to as total shareholder assets (Teklit&Jasmindeep, 2017).

2.1.8. Macroeconomic Factors

Inflation

Inflation is measured by the annual average change in the consumer price index and hinders economic growth. This plays a role in insurance, negatively impacting many aspects of insurance operations such as claims, other expenses, and personnel costs. Inflation particularly affects the performance of insurance products because it changes consumer behavior. Therefore, insurance companies cannot adequately serve the interests of individuals and businesses (Naveed et al., 2011 and Malik, 2011).

High inflation in the economy creates uncertainty and opportunism, which negatively affects production and trade activities. High inflation brings extremely high profits to a small number of people, but it also reduces employment, worsens income distribution, and thus reduces individual purchasing power. In addition, rising inflation rates are causing insurance companies to increase their liability and claims costs relative to premiums collected upfront. On the other hand, low inflation is a sign of low economic growth, which leads to low interest rates and deteriorates investment returns for insurance companies (Saunders & Cornett, 2012).

GDP Growth

GDP growth, measured by real annual GDP growth, is expected to have a positive impact on insurance profitability. Economic growth increases the income of individuals and improves the firm performance of insurance companies. GDP per capita and the number of households increased. Rising incomes for individuals, households, and businesses will increase the demand for safety. Due to fear of risk and uncertainty, affected people decide to take out insurance and pay premiums based on their desire to be insured. Therefore, as long as claims are paid under normal conditions, an increase in premiums will lead to an increase in profits for insurance companies (Asrat&Tesfahun, 2016; Tadese, et al., 2020). In

times of high GDP growth, unemployment is expected to fall and the stock market will perform well. This increases demand for insurance products and increases stock market returns for insurance companies. Therefore, GDP growth is expected to have a positive impact on firm performance (Christophersen & Jakubik, 2014).

Interest Rate

According to Ismailetal (2018), interest rate is the price that a borrower pays from a lender for the use of borrowed funds or the fee paid for a borrowed asset. This is the annual placement rate that reflects the real price of money in the firm market. Reinsurance companies care about interest rates because the value of products sold depends on interest rates, and long-term investments are directly related to interest rates (Berendset al., 2013). Furthermore, lower interest rates could improve overall liquidity in the general sector, resulting in increased investment and consumption, which could boost the firm performance of the insurance sector (Msomi, 2022; Murungi, 2013).

2.1.9. Non-Firm Measures of Firm Performance

Traditionally, only firm metrics have been used to evaluate an organization's performance. However, the business world is fundamentally changing due to the increasing complexity of organizations and markets, as well as developments such as globalization, new technologies, and demographic trends (DeWaal, 2007). Therefore, performance measurements should reflect organizational goals from a dynamic perspective rather than traditional cost-based measurements (Kennerley & Neely, 2002). Non-firm performance measurement (NFPM) is often used to evaluate performance. From an incentive perspective, NFPM is useful because a combination of free performance indicators that reduces the risks imposed on agents by incentive contracts is beneficial to principals. Furthermore, combining different performance indicators can help school principals initiate specific activities, thereby reducing administrative bias. The American Accounting Association (1975) defines firm information as a quantitative measure expressed in monetary indicators that results from the measurement of past, present, or future economic events or is of a firm nature . Morsette (1998) derives the definition of non-firm indicators from this definition, which is defined as quantitative indicators expressed in indicators other than monetary units, or mathematics of information expressed in indicators other than monetary units.

Define quantitative metrics that result from quantitative operations and ratios. These definitions suggest that the fundamental content of the difference between firm and non-firm indicators is the unit of measurement, specifically firm units versus other units. Non-firm measures are leading indicators that provide information about future performance that is not necessarily included in traditional accounting measures. These reflect important value-added activities (Hofmann, 2001; Kaplan & Norton, 2001; Emeakponuzo, 2014). The focus of non-firm performance is on the long-term success of the organization through factors such as customer satisfaction, internal business process efficiency, innovation, and employee satisfaction, which lead to improved organizational and firm performance of the company. Increasing levels of globalization, coupled with intense competition and technological change, have led many organizations to use a combination of firm and non-firm indicators to determine performance (Attiea et al., 2014).

According to Zuriekatetal (2011), firm and non-firm measures are not substitutes, but NFPM is used as a complement to firm measures. Therefore, using the two measures in combination has become a popular framework in various fields. Combining both is essential for a more balanced view of an organization's overall performance. Therefore, managers are expected to select the best combination of measurements that will lead to effective measurement of performance within the organization (Joshietal, 2011). Additionally, using a combination of firm and non-firm measures can serve as a focal point that allows an organization to define and communicate its priorities to various stakeholders (Attiea et al., 2014).

BSC, as one of the most common instruments of strategic performance measurement, provides the theoretical basis for non-firm reporting in this study. Kaplan and Norton's work was essential to the development of the BSC (Müller-Stewens, Lechner, 2011). According to them, BSC allows for the collection of complex business information in a short and focused manner (Kaplan & Norton, 1992). On the one hand, it shows historical firm metrics, and on the other hand, it shows operational metrics that influence future firm success. Operational measures include customer satisfaction, internal processes, and organizational innovation and improvement activities. The first perspective is the firm perspective, which focuses on how the organization is perceived by its shareholders. Second, customer perspective refers to how customers view your organization. Third, address this from an internal perspective.

2.1.10. Non-Firm Factors Affecting performance of Insurance Company

Job Satisfaction

Job satisfaction (JS) is a well-known topic and one of the most frequently studied factors in relation to organizational behavior or organizational psychology (Beam, 2006 and Korner, et al., 2015). Job satisfaction can be a complex concept with multiple definitions. Locke (1976) defined job satisfaction as a state of comfort or positive enthusiasm that results from one's engagement with one's job or work experience. Spector (1997) defines it as how individuals think about their profession and the different perspectives it has.

Based on these definitions, we can say that job satisfaction describes why individuals go to work and what makes them happy at work. Job satisfaction can be said to be a positive reaction to one's work and its evaluation. In other words, job satisfaction arises when the characteristics of the job are valued and the person develops a positive attitude toward his or her job. Job satisfaction was treated as a complex set of variables. Various attempts have been made to explain job satisfaction in different ways. Various job satisfaction theories fall into his two categories: content theories and process theories. These theories have strong overlap with theories that explain human motivation (Green, 2000; Thiagaraj & Thangaswamy, 2017).

These categories help explain the psychological importance of her JS to employees. Content theory is about identifying people's needs/urges and putting these needs/urges into practice. Content theorists suggest that meeting needs and achieving values can lead to job satisfaction (Locke, 1976). Although there are many content theories, the most common and well-known theories in this category include Maslow's (1954) hierarchy of needs theory and Herzberg's motivational hygiene theory (Herzberg, 1959). Process theorists primarily focus on the cognitive processes that determine employee job satisfaction and assume that JS can be explained by examining the interaction of variables such as expectations, values, and needs (Smit, et al., 2011). Therefore, process theory assumes that job satisfaction is determined not only by the nature of the job and its context within the organization, but also by the needs, values, and expectations that individuals have for their jobs. Bloom's (1982) expectancy theory and Adams' (1963) equity theory are representative frameworks in this category.

According to Green (2000), job satisfaction was initially studied as a predictor of behaviors such as performance, absenteeism, and turnover. Recently, interest has shifted to identifying factors that influence or predict job satisfaction. Personal and work-related characteristics can influence job satisfaction. Almost any work-related factor can influence a person's job satisfaction or dissatisfaction. Researchers have identified nine key aspects that influence employee job satisfaction. job description, pay, promotion, working conditions, benefits, supervision, employees, work processes, and communication (Spector, 1994). Job satisfaction has been extensively studied and several different indicators have been developed to measure it. JS exists only in an individual's mind and cannot be directly measured (Inoyatova, 2021). However, according to Malo (2015), there are ways to measure job satisfaction indirectly, such as by observing employees, interviewing them, and having them fill out surveys.

Job satisfaction measures can be divided into two categories: faceted measures and global measures. Facet measures of job satisfaction focus on measuring specific areas of the job, such as pay, supervision, and promotion (Spector, 1997). On the other hand, global measures of job satisfaction focus on collecting information about overall or global job satisfaction to predict the likelihood of leaving (Ironson et al., 1989). Green (2000) pointed out that facet-specific survey instruments can identify dissatisfaction with facet-specific items/questions.

The most important field-specific measures of job satisfaction are the Job Satisfaction Survey (JSS), the Job Descriptive Index (JDI), and the Minnesota Satisfaction Questionnaire (MSQ). However, the Job Satisfaction Survey (JSS) emerged as a potential tool for this study.

2.1.11. Customer satisfaction

Kotler (2000) defined satisfaction as a person's feelings of joy or disappointment resulting from comparing the perceived performance (or results) of a product with that person's expectations. According to Hansemark and Albinsson (2004), satisfaction refers to a customer's general attitude toward a service provider, or the emotional that’s a reaction. Hoyer and MacInnis (2001), state that satisfaction can be associated with feelings of acceptance, happiness, relief, excitement, and joy. There are many factors that influence customer satisfaction.

According to Hokanson (2005), these factors include friendly employees, courteous employees, knowledgeable employees, helpful employees, billing accuracy, billing timeliness, and competitive pricing., quality of service, value for money, billing clarity, and prompt service. Service companies must strive to meet each customer's expectations. Customer testimonials are the best advertisement for service companies (Kurtz and Clow, 2002). Measuring customer satisfaction is considered a promising approach to reducing churn. The factors that determine customer satisfaction are reliability, responsiveness, and security. Reliability is the ability to reliably and accurately deliver a promised service and is important for assessing customer satisfaction.

Some aspects of reliability factors relate to “doing what is promised” and “doing it at the time promised” (Reichheld et al., 2001).

This allows insurance companies to measure customer satisfaction by assessing whether claims are paid fairly and quickly. If customers cannot trust your organization to deliver what it promises, they will be dissatisfied. Customer satisfaction can be related to the overall performance of a product or service or the overall performance of an organization's products or services (Cronin and Taylor, 2002). Khalifa and Liu (2002) suggest that customer satisfaction is the feeling of satisfaction that results from the process of comparing perceived performance with one or more predictive criteria, such as expectations or desires.

Customers are satisfied when the performance of a product or service meets their expectations (positive disconfirmation), and they are satisfied when the performance of a product or service appears to be falling short of customer expectations (negative disconfirmation). If expectations exceed perceived performance, the customer is highly satisfied. By viewing satisfaction as a process, these definitions focus on the causes of satisfaction, the antecedents of satisfaction, which primarily occur during the service delivery process, rather than satisfaction itself (Vavra, 2007). Satisfaction is thus perceived as a goal to be achieved and can be described as a consumer's fulfillment response (Rust and Oliver, 2004). In the context of the insurance industry, it is believed that through promotional activities for insurance services, customers have developed certain expectations and a set of desirable services from the industry. These are important in determining satisfaction with the services provided.

Responsiveness is the readiness and willingness of staff to support customers and provide prompt service without delay. Customers expect quick answers to their inquiries and don't want to be kept

waiting. This dimension emphasized attentiveness and speed in dealing with customer requests, complaints, questions, and problems (Lovelock and Wirtz, 2004). Requires a high level of motivation to support customers and provide prompt service. One aspect of her responsiveness factor is providing prompt service. For policyholders, the time it takes to receive an insurance quote, renewal notice, or settle a claim appears to be of great importance. Companies must strive to find the right balance between quality and speed to satisfy customers (Hartley and Starkey, 2000).

Security is proof that employees have knowledge about customer service and courtesy, and the ability of employees to increase trust in customers. Customers expect security from employees and expect employees to act with confidence and convey trust to customers (Fitzsimmons and Fitzsimmons, 2008). An important aspect of the assurance element is the knowledge to answer the questions. Customers expect the right answer to their question to be found in a timely manner and not passed on to someone else (Alinvi&Babri, 2007).

Market Share

The data published by different companies provides an opportunity to compare the market shares of branches or divisions of different insurance companies operating in the region. The basic comparison is made with the total market share of the companies, which is taken as the average market share (Kasturi, 2006). O'Regan and Ghobadian (2002) define market share as a firm's sales relative to the industry's total sales over a given period of time. A similar explanation describes market share as sales relative to competitors (Pearce & Robinson, 2003). Akhtar (2018) defines market share as the amount of goods or services that a company sells over a period of time. It is also very important in formulating policies and strategies, as it is very important in determining the demand for a company's products, market growth, and customer choice among competitors. This helps determine the level of customer satisfaction with a particular product, service, or brand. Competitive position is usually expressed in terms of market share. Increasing market share is easily equated with market success. Similarly, a decline in market share may be equated with adverse actions by the organization that leads to failure (Majumdar & Shaffer, 2009).

Farris (2010) points out that market share is the key to a company's competitiveness and overall organizational performance. However, Sullivan and Abela (2011) point out that a more customer-centric approach to conceptualizing market share does not answer the question of whether high market

share leads to improved firm performance. Anderson and Greene (2009) found that the pursuit of the highest market share is associated with the achievement of competition-based goals. However, achieving a high market share compared to competitors will ultimately have a negative impact on a company's performance. According to Cooper and NAKANISHI (2011), to understand the profitability of a company or firm, one should focus on the size of the market share. Venkatraman and Ramanujam (1986) pointed out the importance of using functional indicators as determinants of organizational performance. These measures include new product introductions, product quality, value added in manufacturing, and marketing effectiveness. These operational measures reflect an organization's competitive position relative to other industry players and can have a material impact on its firm performance.

2.2. Empirical Studies

Firm performance of a firm is either positively or negatively affected by different factors of which some are internally related to the firm's performance and can be technically controlled and others are external which become out of the firm's ability to overcome. The following are the empirical findings investigated by different researchers (both academicians and practitioners).

The degree of firm leverage reflects an insurance company's ability to manage the firm risk of unexpected losses. Therefore, low debt is a measure of a company's firm strength and may reduce the need for managers to increase investment returns, such as by building up reserves. Modigliani and Miller (1958) found a positive relationship between expected return on equity and debt-to-equity ratio. The greater the firm leverage or debt, the higher the expected return on equity as the risk increases. The two proposals are compatible with each other because risk and return are trade-offs. Mehari and Aemro (2013) in their study found that leverage is positively and significantly related to the performance of insurance companies at a significant level. However, a study by Nahusenay (2016) reverses the results of Mehari and Aemro and shows that the leverage ratio has a statistically significant negative impact on the firm performance of insurance companies. Adams and Buckle (2000) provide evidence that highly leveraged insurance companies achieve better operating performance than less leveraged insurance companies. However, empirical evidence also supports the view that leverage risk reduces firm performance. Ejigu (2016) found that leverage has a negative but significant correlation with insurance company performance. A study by Moro and Anderloni (2014)

found that leverage is negatively related to return on equity, indicating that high levels of equity have a negative impact on return on equity. Carson and Hoyt (1995) find that leverage is significantly and positively related to the probability of bankruptcy. Brown et al. (2001), Ahmed et al. (2011) and Malik (2011) in their studies found that the debt ratio has a negative but significant relationship with the profitability of insurance companies. In contrast, Almajali et al. (2012) investigated that leverage has a statistically positive impact on firm performance. Harrington (2005) analyzed that the relationship between leverage and profitability has been extensively studied to support capital structure theory.

The liquidity ratio gauges how well insurance businesses are able to meet their short-term obligations to policyholders and other creditors without needing to rise their underwriting and investment income or sell off physical assets. Thus, this logic suggests that management's drive to enhance yearly operational performance is hampered by excessive liquidity (Browne, Carson, and Hoyt, 2001). Sambasivam et al. (2013) observed a negative correlation between ROA and liquidity for insurance businesses in Ethiopia, which is in agreement with our findings. Liquidity was discovered by Charumati (2012) to account for 32.4 percent of the return on assets (ROA) of Indian insurers, suggesting that companies with liquid assets are more likely to have greater returns.

Naveed et al. (2011) found that the relationship between ROA and liquidity was not statistically significant in their study in Pakistan. Similarly, several other studies are also conducted to measure the performance of insurance companies. In contrast, Chen and Wong (2004) investigated that liquidity is an important determinant of the firm health of insurance companies with a negative relationship. Similarly, Hakim and Neaime (2005) found that liquidity, current capital, and investment are important determinants of insurance profitability. In a study of sub-Saharan countries, Valentina Flamini, Calvin McDonald, and Liliana Schumacher (2009) found a significant and negative relationship between insurance profitability and liquidity. Shiu (2004) hypothesizes that firms with more liquid assets are less likely to go bankrupt because they can realize cash even in very difficult circumstances, and therefore we predict that insurance companies with more liquid assets will outperform those with more liquid assets. In addition, liquid assets involve a high reinvestment risk because the proceeds from liquid assets must be reinvested over a relatively short period of time. Undoubtedly, reinvestment risk will weigh on a company's performance. Therefore, in this case, an insurance company with less liquid assets is likely to perform better than an insurance company with more liquid assets.

The literature shows that there is a positive relationship between insurance company performance and size. Variables used to measure firm size include total premiums, total assets, capital stock, and retained earnings. Large insurers are likely to outperform smaller insurers because they can achieve operating cost efficiencies by increasing production volumes and reducing unit costs for product and process development innovations. Browne, Carson, and Hoyt (2001) demonstrated that firm size is positively related to firm performance. Firm health is influenced by organizational size as a relatively important determinant (Chen and Wong, 2004). Malik (2011) found a significant positive relationship between size and profitability. Large insurance companies have a comparative advantage over small insurance companies as they are more profitable, have higher return on investment, and are statistically significant (Charumathi, 2012, Mehari and Aermiro, 2013, Kaya, 2015 , Oktiani et al., 2015 , Malik, 2011) and Mehari and Emiro, 2013).

The size of insurance companies in the Philippines has been found to have a significant negative impact on their firm performance (Cudiamat&Siy, 2017). In Pakistan, relative firm size was found to have no significant relationship with the firm performance of insurance companies. Alomari & Azzam (2017) found another study that in Pakistan, the firm performance of insurance companies is significantly and positively influenced by their size. Larger insurance companies tend to have better firm performance. Similar results were found by Batool & Sahi (2016) in the US and UK. Firm size has a strong and positive relationship with the firm performance of insurance companies.

Several studies have been conducted to investigate the effects of firm size and age on firm performance. However, the empirical evidence regarding the relationship between performance and firm size is somewhat inconsistent. For example, evidence collected by Philip Hardwick and Mike Adams (1999) from British firms suggests that there is an inverse relationship between performance and firm size. Jay Angoff Roger Brown (2007) found a positive and significant relationship between the age of a firm and its firm performance as measured by his ROA. Similarly, a study conducted by Swiss Re (2008) on the relationship between company characteristics such as size, age, location, industry group, profitability, and growth found that large companies grow faster than smaller companies, while younger companies found that they grow faster than older companies.Hamdan Ahamed AliAl-Shami (2008) found no significant statistical relationship between age and firm performance of insurance companies in the UAE, but a statistically significant positive relationship between company size and profitability. I discovered that there is. Similarly, Hafiz Malik (2011) in his

study in Pakistan found a significant positive relationship between age, size and firm performance of firms. The older a company is, the more profitable it is likely to be. This may be justified because experience and efficiency in operating processes can reduce production costs. He also found that even age was the strongest determinant of firm performance.

In most of the literature, the effect of size on an insurance company's firm performance is expressed in terms of total assets. Flamini et al. (2009) pointed out that size is used to capture the fact that large firms are able to leverage economies of scale in their transactions and generate higher profits than smaller firms. According to Athanasoglouetal (2005) show that the impact of insurance company size expansion on profitability is positive to some extent. Therefore, many insurance researchers expect a positive relationship between size and firm performance. However, for companies that have become extremely large, their size may have a negative impact for bureaucratic and other reasons (Yuqi Li (2007)). Therefore, we can assume that the relationship between size and profitability is nonlinear. Therefore, most studies use the logarithm of real assets and its square to capture possible nonlinear relationships. Athanasoglouetal (2005 and YuqiLi) found a positive relationship between size and profitability.

Mehari and Aemro (2013) found a non-significant negative relationship between age and firm performance of private insurance companies in Ethiopia. Nahusenay (2016) also found that firm age has no significant statistical effect on the firm performance of insurance companies. Some previous studies (Amal et al., 2012 , Liargovas and Skandalis, 2008) argue that the age of a firm does not affect its performance. Sorensen and Stuart (2000) argued that older firms become inflexible and unable to recognize changes in their environment due to organizational inertia. As a result, start-ups and small companies steal market share, but they have disadvantages compared to older companies, such as lack of capital, brand name, and company reputation (Switzerland, 2008; Kakani, Saha, Reddy, 2001).

An insurance company's premium growth is measured as the annual change in an insurance company's new premiums. The new premium covers the first year premium and one-time premium taken out in a particular year compared to the new premium from the previous year. Charumatti (2012) concludes that insurance companies with high premium growth will be less profitable due to increased underwriting risk and associated solvency margin provisions. He further concluded that premium growth has a negative and significant impact on the profitability of life insurance companies in India.

A study conducted by Tadesse (2013) tried to generalize that the increase in premiums of insurance companies in Ethiopia has a positive and strong impact on profits. Profit growth for insurance companies is improving due to strong year-over-year premium collection performance. However, as premium income increases, the likelihood of an insurance company taking on risks increases as well, so risk management techniques require close attention. Higher premium income does not always mean higher profits unless sound risk management techniques are applied. In this result, the coefficient is very weak, even though it makes a positive contribution to profitability. As Smith and Chamberlian (2010) found in their study, this may be due to the very low level of premiums collected in the Ethiopian insurance industry (insurance penetration).

Solvency margin is one of the indicators of firm soundness. Insurance companies with high solvency margins are considered to be firmly stable. In theory, a firmly healthy insurance company can attract potential policyholders, but in reality, for most private policyholders, what determines their attractiveness to policyholders is It's the price. Furthermore, compliance with underwriting guidelines will not help improve underwriting results unless they are appropriate for a particular business and market segment. Moreover, it does not help that higher solvency margins improve the performance of insurance companies, as more stable insurance companies attract better risks and these insurance companies can generate higher premium income. As a result, higher solvency margins may lead to better performance for insurers. However, this does not mean that solvency is the driver of profits. In fact, the opposite is true (Shiu, 2004). Regarding the solvency margin, there is a positive relationship between this variable and the firm performance of the insurance company, as the firm stability of the insurance company is an important measure for potential customers. Solvency margin is calculated as the ratio of net assets to net premiums written and is an important indicator of an insurance company's firm stability (Burca&Batrinca, 2014).

Retention rate is the percentage of reinsurance business that is not transferred to a reinsurance company. Insurers that are more efficient in their underwriting decisions with higher deductibles should exhibit higher profitability (Charumathi, 2012). Insurance companies reinsure a certain portion of their assumed risk to reduce the risk of non-compliance in the event of large losses. Reinsurance improves stability for insurers by diversifying risk, meeting solvency requirements, balancing risk profiles, and expanding underwriting capacity, but it comes at a certain cost. Therefore, it is important for insurers to determine appropriate deductibles and should strive to find a balance between reducing

bankruptcy risk and potentially reducing profitability. While this increases operational stability, increased reliance on reinsurance reduces retention rates and potential profitability. Therefore, it can be assumed that the relationship between performance and retention is negative. Lower Investment Incomes and higher deductibles can have a positive impact on an insurance company's performance. In theory, insurers that make underwriting decisions more efficiently coupled with higher deductibles should be able to achieve higher profitability (Charumathi, 2012). The retained risk ratio is calculated as the ratio of net premiums written to gross premiums written and reflects the proportion of underwritten risk retained by the insurance company, with the difference transferred to reinsurance. Since reinsurance involves certain costs, this variable is expected to have a positive impact on the firm performance of insurance companies (Burca&Batrinca, 2014) and (Millie and Cyrus, 2014). Since reinsurance involves certain costs, the retained risk ratio has a positive impact on the firm performance of insurance companies (Burca&Batrinca, 2014). In a study by (Mirie & Cyrus, 2014), retention rates were not significantly correlated with firm performance.

In most studies, the Policy renewal of an insurance company's assets is measured by the ratio of fixed assets to total assets. A recent study by Naveed et al. (2011) investigates the impact of firm-level characteristics on the performance of the life insurance sector in Pakistan over a seven-year period. For this purpose, size, profitability, age, risk, growth potential, and Policy renewal are selected as explanatory variables, and ROA is used as the dependent variable. The results of the OLS regression analysis showed that leverage, size, and risk are the most important determinants of performance in the life insurance sector, whereas the relationship between ROA and asset importance is not statistically significant. However, Hafiz Malik (2011) found that there is a positive and significant relationship between asset importance and profitability of insurance companies, and the higher the level of fixed asset formation, the older and more I claimed it was going to get bigger. In contrast, Yuqi Li (2007) found no significant relationship between asset importance and insurance company profitability in the UK.

The impact of Policy renewal on firm performance is positive, indicating that tangible assets are easy to monitor, can also help provide security, and can also help defuse disputes between lenders and company owners. (Himmelberg, Hubbard & Palia, 1999). The impact of tangible assets on firm performance can be negative, as companies with more tangible assets tend to be less profitable. In the long run, companies with a high proportion of intangible assets (high liquidity) are associated with

more investment opportunities, research, development, and innovation (Deloof 2003; Nucci, Pozzolo & Schivardi, 2005). Results regarding insurance company specificity and performance are mixed. Ahmed et al. (2011); Derbari (2014); Berteji and Hammami (2016) found no significant relationship between Policy renewal and performance. Cekrezi (2015) found a positive relationship between specificity and performance. Day et al. (2015) found a non-significant positive relationship between specificity and firm performance. Boadi et al. (2013) found a negative relationship between Policy renewal and profitability. Mehari and Aemiro (2013) found a positive relationship between Policy renewal and performance and concluded that Policy renewal is one of the important determinants of performance. Sambasivam and Ayele (2013) found that asset Policy renewal has a significant relationship with profitability.

Reinsurance dependence is calculated as the ratio of reinsurance gross premiums written to total assets. Insurance companies reinsure a certain portion of their assumed risk to reduce the risk of non-compliance in the event of large losses. Behailu (2016) investigated the factors that influence the profitability of insurance companies in Ethiopia. The researchers used a quantitative research approach using panel data covering a 10-year period from 2006 to 2015 for nine insurance companies. He used a linear regression model. His research results showed that company size, Investment Income, and leverage ratio have a statistically significant relationship with insurance company profitability. However, although reliance on reinsurance is negatively related to profitability, it is not significant.

Reinsurance improves stability for insurers by diversifying risk, meeting solvency requirements, balancing risk profiles, and expanding underwriting capacity, but it comes at a certain cost. Therefore, we expect a negative relationship between reinsurance dependence and an insurance company's firm performance (Burca & Bartica, 2014). Property and casualty insurance companies typically purchase reinsurance to stabilize profits, increase underwriting capacity, and provide protection against catastrophic losses. Purchasing reinsurance can replace capital, allowing insurance companies to reduce the amount of capital they hold without increasing the likelihood of bankruptcy. Note that reinsurance dependencies are complex depending on the type of insurance company. Therefore, they rely heavily on reinsurance to stabilize their performance and take significant risks that cannot be justified by capital base alone or arbitrage (Shiu, 2004). Since reinsurance costs are also incurred, it is important for property and casualty insurers to determine appropriate retention levels and must strive to strike a balance between reducing bankruptcy risk and potentially reducing profitability.

Operational stability increases, but decreases with increased reliance on reinsurance. Deductible Reduction, Potential Profitability. More specifically, insurance companies may benefit in the short term as reinsurance companies cover bad policy years. In the long run, insurance profitability will decline and otherwise profitable reinsurance companies will cease to exist. Therefore, reliance on reinsurance can negatively impact performance (Shiu, 2004).

In most studies, the amount of capital of an insurance company is measured as the difference between total assets and total liabilities, and sometimes as the ratio of equity to total assets. An insurance company's capital can be viewed in two ways. In a narrower sense, as pointed out by Uhomoibhi T. Aburime (2008), the amount paid by the owners of an insurance company (paid-up shares) entitles them to all future profits. More broadly, it can be thought of as the number of owned funds available to support your business. The latter definition includes reserves and is also referred to as total shareholder assets. Regardless of the definition chosen, the amount of capital is often used as one of the determinants of an insurance company's profitability, as it indicates the firm strength of the company. As expected, a positive relationship between profitability and capital was found by Athanasoglou et al. (2005).

Capital adequacy has a clear and significant relationship with the profitability of insurance companies (Teklit&Jasmindeep, 2017). This means that with sufficient capital, Ethiopian insurance companies can have a large number of investment options and therefore tend to have higher returns. However, undercapitalized insurance companies have fewer investment opportunities, which can have a significant impact on profitability. Athanasoglou, Brissimis, and Delis (2005), Ahamed (2008), Malik (2011), Ayele (2012), and Merin (2012), in their respective studies, found that the amount of capital has a significant impact on profitability, with a positive association. Higher capital levels allow insurance to meet regulatory capital standards more easily and make surplus capital available as loans, making it more profitable (Ramhall, 2009). Berger (1995) provides empirical evidence that there is a positive relationship between insurance profitability and capital. Charmathi (2011) found that the logarithm of equity has a negative and significant impact on the profitability of life insurance companies in India. In contrast to other results, Idris et al. (2011) conclude in their study that capital adequacy is unrelated to profitability. Hifza Malik (2011) studied the relationship between volume capital and return on capital in the insurance industry of Pakistan and found that there is a positive and statistically significant relationship between insurance capital and profitability. Similarly, Hamadan

Ahmed Ali Al Shami (2008) found in his study that there is a positive and significant relationship between the amount of capital and profitability of insurance companies in the UAE.

According to Pervan and Kramaric (2012), the impact of inflation on the firm performance of firms is unknown. He has two possible scenarios. According to the first view, periods of inflation reduce the profitability of firms. From an insurance company's perspective, the most important reason for this is that insurance companies must pay higher coverage amounts when inflation is high than when inflation is low. The difference between these two situations affects the profitability of an insurance company. In contrast, according to the second scenario, high inflation rates can lead to irrational pricing, resulting in high levels of earned premiums. They also found that inflation had a significant negative impact on performance. Inflation certainly plays a role in insurance, negatively impacting many aspects of insurance operations such as claims, expenses, and technical reserves (Daykin, Pentikainen, and Pesonen, 1994). If the inflation rate significantly exceeds expectations, it could lead to firm difficulties for insurance companies. For example, unexpected inflation causes the real yield on fixed-income bonds to be lower than expected. As a result, insurance companies' profit margins decrease and their firm performance deteriorates accordingly (Browne, Carson, & Hoyt, 1999). Additionally, unexpected inflation can negatively impact stock returns. As pointed out by Damena (2011), during inflation, central insurance can increase credit costs and reduce the credit-creating ability of commercial insurance. Empirical research on the relationship between inflation and insurance profitability suggests that inflation is likely to have a positive impact on profitability when an insurance company's revenues increase faster than its costs. On the other hand, if expenses grow faster than revenues, a negative coefficient is expected. Furthermore, Abera and Merin (2012) investigated that inflation has no significant relationship with firm performance. Abreu and Mendes (2002) investigated the relevance of inflation rates to explain profitability. Francis (2006) concludes that profitability in sub-Saharan Africa is influenced by macroeconomic factors that are not a direct result of insurance managers' decisions. Ahmed et al. (2011) studied that there is a positive relationship with inflation, while there is a negative relationship between efficient spending management and high interest rates. Studies by Datu (2016) in Mississippi and Hussain (2015) in Pakistan show a positive relationship between inflation and profitability, with high inflation leading to irrational prices; this suggests that premiums may be higher and profitability leads may be higher as a result. In contrast, studies conducted by Daare (2016) in India, Lee (2014) in Taiwan, Pervan and

Kramaric (2015), Suyehli (2015) in Ethiopia, Hana (2015) in Ethiopia, and Asrat and Tesfahun (2016). Meaza (2015) for Ethiopia, Teklit and Jasmindeep (2017) for Ethiopia, and Hadush (2012) for Ethiopia show a non-significant negative relationship between profitability and inflation, while Jibran et.al. (2016), this suggests that insurance companies will have to pay higher compensation for their losses, reducing corporate profitability.

GDP growth, measured by real annual GDP growth, is expected to have a positive impact on insurance profitability. Economic growth can increase the profitability of insurance companies by increasing the incomes of individuals. GDP per capita increases, which in turn increases the number of households. As the incomes of individuals, households, and businesses increase, the demand for security (the need to protect lives, businesses, and other real estate in general from risks) increases. Fear of risk and uncertainty causes people to purchase insurance policies, paying premiums based on their desire to secure life, property, and health insurance. Therefore, as long as insurance claims are successfully settled, an increase in premiums will lead to an increase in the insurance company's profits but when the economy slump, all of this is reversed. Kozack (2011) and Tadesse (2013) in their studies found that an increase in GDP growth rate (one period lag of GDP) has a positive impact on the profitability of insurance companies. The study of Bashir (2003) showed that favorable macroeconomic conditions have a positive impact on performance indicators. Pervan and Kramaric (2012) and Abera (2012) conclude that GDP per capita has a positive and significant impact on performance. Srairi (2009) investigated that all macroeconomic determinants except the inflation rate have positive importance in explaining profits. Ben Naceur and Omran (2011) found that macroeconomic and firm development indicators do not have a significant impact on insurance performance. Merin (2012) found that all external variables, including GDP growth rate, did not have a significant impact on insurance profitability during the study period.

As market competition among companies is becoming more and more intense, many organizations are trying to develop strategies to achieve maximum performance and higher profits. In recent years, market share, cost, and sales growth have attracted the attention of managers and academics (Uslay, Altintig, and Winsor, 2010). Mirzaei, Moore, and Liu (2013) investigated the relationship between sales, market share, and productivity and concluded that there is a positive relationship between market share and productivity. Dickson Pastory and Swai (2013) showed in their findings that there is a positive relationship between market share and firm success. However, due to the limited number of

studies within the scope of the current study, more practical research on the relationship between market share and production in Kenyan insurance companies is needed.

Buzzell, Gale, and Sultan (1975) found a strong relationship between market share and return on investment. The study found that increasing market share leads to improved management skills, higher profit margins, and lower marketing costs, higher quality of products and services, and better pricing of goods than competitors. Al Arif and Rahmawati (2018) found that market share is one of the most important performance indicators for Islamic banks. Moreover, high market share is the key to achieving high profits on products that are rarely purchased by fragmented customer groups. Market share is a factor in pricing, advertising spending, product features, and retail availability and is critical to a company's competitiveness. These are influenced by customer-centric marketing approaches and include market segmentation, niche marketing, and market development, which are essential to achieving long-term goals such as increasing customer retention and loyalty (Gichuru&Limiri, 2017). The factors described above are critical to our effectiveness in achieving our non-firm objectives in the insurance industry, which relies on providing services and products that customers purchase on the basis of trust.

Toften and Hammervoll (2009) point out that niche marketing follows a company's traditions and philosophy in selecting its customers and makes little attempt to diversify its product placement. Researchers point out that companies rely on their resource capabilities, high product quality, and customer relationships to expand market share and compete effectively. Ernst, Hoyer, and Rübsaamen (2010), postulate that new sales strategies, niche marketing, and the development of new markets are important to ensure that a new company's market share increases.

2.3. Research Gap

Naveed et al. (2011) found that the relationship between ROA and liquidity was not statistically significant in their study in Pakistan. Similarly, several other studies are also conducted to measure the performance of insurance companies. In contrast, Chen and Wong (2004) investigated that liquidity is an important determinant of the firm health of insurance companies with a negative relationship. Similarly, Hakim and Neaime (2005) found that liquidity, current capital, and investment are important determinants of insurance profitability. In a study of sub-Saharan countries, Valentina

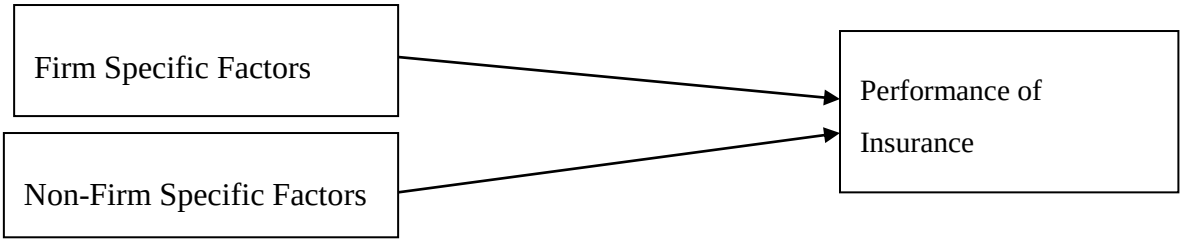
Flamini, Calvin McDonald, and Liliana Schumacher (2009) found a significant and negative relationship between insurance profitability and liquidity.

To the best of the researchers' knowledge, only a small number of empirical studies have been conduct ed in Ethiopia to examine the overall performance of insurance companies. Specifically, these studies have focused on both firm and nonfirm performance measurements. Previous research conducted in Et hiopia by Daniel and Tilahun (2013), Ayele (2014), Ejigu (2016), Daniel (2017), Seblewengel (2018), Dagim (2019), Hermela (2020), and Habtamu et al. (2021, 2022) primarily explored the firm performa nce of insurance companies. On the other hand, research by Hamdan (2008), Belayneh (2011), Abate (2012), Eneyew (2013), Meaza (2014), Hadush (2015), Asrat and Tesfahun (2016), Teklit and Jasmind eep (2017), Hindeya (2017), Bernabas (2018), Tariku (2019), Tadese et al. (2020), and Dawit (2021) f ocused on the profitability of listed insurance firms in Ethiopia.

In this paper, the researcher will analyze the factors, both firm and insurances, that influence the performance of insurance companies. We will present a literature review on the factors that determine the firm and nonfirm performance of insurance companies.

2.4. Conceptual Framework

From the theoretical and empirical literature review, the researcher constructs a conceptual framework for the study as follows: A conceptual framework is a diagrammatic representation of variables that shows the relationship between independent and dependent variables. The purpose of the study was to investigate how independent variables influence the performance of insurance companies in Ethiopia. This study is designed with a framework that explains the relationship between independent and dependent variables as shown in the figure below.



Source: Extracted from the literature, 2023

Figure 1. Conceptual Framework of the study

CHAPTER THREE

RESEARCH METHODOLOGY

3.1. Research design

This study was conducted using a descriptive survey and explanatory design. Information on factors affecting the performance of selected insurance companies in Ethiopia (Ethiopia Insurance Corporation, Nyala Insurance Company S.C. and Abay Insurance Company S.C.). Descriptive research is a process of data collection to answer questions about the current status of a topic in research (Mugenda, 2003). This design was chosen because it would help the researcher to investigate the current performance status of the selected insurance companies in Ethiopia (Ethiopia Insurance Corporation, Nyala Insurance Company S.C., and Abay Insurance Company S.C.).

3.2. Approach

The researcher employs both qualitative and quantitative methods in this study to gain a more comprehensive understanding. Therefore; both qualitative and quantitative designs were applied to increase the reliability of the research results. The research approach for this study was a combination of both quantitative and qualitative approaches. By collecting different types of data, a research question can be best understood by integrating different types of data within the same study.

3.3. Target Population and Sampling Design

The totality of cases that meet a given set of criteria is referred to as a population. According to Kothari (2008), it is the full collection of pertinent analytical or data units. The target demographic needs to be decided upon and identified before any study can start. The entire population or group that a researcher interested in studying and examining is known as the target population. From this target population, a sampling frame is subsequently selected. As a result, three insurance firms are drowning the study's populations. The enterprises employ 220 permanent workers and 130 non-permanent workers to get valuable information. Twenty of the employees work in administration, and the remaining three hundred and fifty are either employees of the three insurance companies that were chosen (Ethiopian Insurance Corporation, Nyala Insurance Company S.C., and Abay Insurance

Company S.C.) or employees who are involved in manufacturing-related activities either directly or indirectly.

3.4. Sampling Technique and Sample Size

In a research study, a sample is a group from which data is gathered. Because the researcher sometimes lacks the time to speak with every member of the community, the sample is always less than the population. Sampling is the methodical process of choosing individuals from the representative population. Because the population of interest is vast, diversified, and dispersed over a wide geographic area, sampling is required (Kothari, 2004). Since there are no complications, simple random sampling and stratified sampling were employed. A rather small and well-defined population is all that is required (Orodho, 2005).

Table 1. Lists of Insurance Companies Operating in Ethiopia (2023)

S/N	Name	Type	Establishment Year
1	Ethiopian Insurance Corporation	GENERAL	01/01/1975
2	National Insurance Company of Ethiopia S.C	GENERAL	23/09/1994
3	Awash Insurance Company S.C	GENERAL	01/10/1994
4	Africa Insurance Company S.C	GENERAL	01/12/1994
5	Nyala Insurance Company S.C	GENERAL	06/01/1995
6	Nile Insurance Company S.C	GENERAL	11/04/1995
7	Global Insurance Company S.C	GENERAL	11/01/1997
8	The United Insurance S.C	GENERAL	01/04/1997
9	Nib Insurance Company S.C	GENERAL	11/04/2002
10	Lion Insurance Company S.C	GENERAL	01/07/2007
11	Ethio-Life And General Insurance S.C	GENERAL	23/10/2008
12	Oromia Insurance Company S.C	GENERAL	26/01/2009
13	Abay Insurance Company S.C	GENERAL	26/07/2010

14	Berhan Insurance Company S.C	GENERAL	24/05/2011
15	Tsehay Insurance S.C	GENERAL	28/03/2012
16	Lucy Insurance S.C	GENERAL	28/03/2012
17	Bunna Insurance S.C	GENERAL	21/05/2013
18	Zemen Insurance S.C	GENERAL	21/05/2013

Source: NBE, 2023

It is anticipated that the company's age would have an impact on its firm performance, both positively and negatively. An organization's experience and reputation grow as it becomes older. Older businesses perform better because they have more experience, have benefited from learning, are less vulnerable to the risks associated with novelty, and have gained knowledge.

The sampling technique is used purposive sampling method to select 3 insurance companies. The selection method is taken based on the period of establishment. Therefore, from the oldest the researcher selected 1, from the middle age 1; from the recent organizations the researcher selected 1 company because the goal of such a selection process was to study the differences or trends among insurance companies based on time of their establishment. It allows for a diverse representation that considers historical context and potential variations in business practices, strategies, or performance over time. The selected companies are listed below accordingly,

Table 2. Sample Insurance Companies

Sr. No.	Company name	Year of Establishment	
1	Ethiopian Insurance Corporation	01/01/1975	
3	Nyala Insurance Company S.C	06/01/1995	
4	Abay Insurance Company S.C	26/07/2010	

Source: NBE, 2023

Yamane's (1967) will be used in this investigation to calculate the sample size. Based on the study's population and response rate, this helps estimate how many questionnaires will be sent to responders. The Yamane model (1967), the most widely used method in these circumstances, was taken into consideration by the study when calculating the sample size. The overall population size, the necessary

minimum degree of confidence and the acceptable sampling error are taken into account when calculating the number of sampled representatives in this model, as shown below.

The sample size has been determined by the formula

$$n= \frac{N}{1+N(e^2)}$$

Where n= sample size,

N= total population of employees of the selected insurance companies in Ethiopia (Ethiopian Insurance Corporation, Nyala Insurance Company S.C and Abay Insurance Company S.C)

e= standard error which is 0.05 at confidence level of 95%

$$n= \frac{350}{1+350(.05^2)}$$

$$n= \frac{N}{1+N(e^2)} =186$$

The sample has been selected as proportionately from each class of employees as follows:

Table 3. Sample Representative of Class of employees

Class of Employee	No of Employee	Percentage	Sample Selected
Permanent employees /non/ Administrative	200	200*186/350	106
Permanent employees / Administrative	20	20*186/350	11
Non-Permanent Employees	130	130*186/350	69
Total	350		186

N.B. Non-permanent employees are included in the study for they work for the company for period of more than one year their contract being renewed periodically, and are also part of the motivational plan of the company.

3.5. Sources of Data

This study drew on both primary and secondary data sources. The primary source of data was gathered from employees and the management body of the selected insurance businesses in Ethiopia (Ethiopian Insurance Corporation, Nyala Insurance Company S.C, and Abay Insurance Company S.C). Permanent employees, casual employees, and administrative personnel were all included in the study.

Secondary data were gathered from books, journals, pamphlets/brochures, thesis papers and documents, and websites.

3.6. Data collection instruments

Self-administered questionnaires were used to obtain primary data. A questionnaire was a group of questions printed in a specific order on a form or set of forms. This method of data gathering has the advantage of being low-cost and bias-free. It also allows respondents enough time to provide thoughtful responses, and because large samples could be used, the results were more dependable and reliable (Kothari, 2004). There were both closed-ended and open-ended questions on the questionnaire.

A structured interview was also done with the company's management body (the chief executive officer, the finance manager, and the human resource manager) to make the data collected more credible.

3.7. Ethical Considerations

All research participants in this study were properly informed about the goal of the investigation, and their willingness and consent were obtained prior to the distribution of questionnaires and answering interview questions. Although all interview sessions attempted to tape-record, it was difficult due to the unwillingness of the respondents. In terms of the respondents' right to privacy, the study kept each participant's identity hidden. Because names are kept confidential in all cases, aggregate designations such as 'respondents' were used.

CHAPTER FOUR

DATA PRESENTATION

4.1. Introduction

All the 186 sample respondents completed and returned the questionnaire. Departmental and group leaders voluntarily participated in the guideline process for respondents to complete the questionnaire.

This chapter presents information on factors that affect Ethiopian insurance companies (Ethiopian Insurance Corporation, Nyala Insurance Corporation and Abay Insurance Corporation) collected from respondents. The chapter is divided into two parts: descriptive analysis and inference analysis of research findings using SPSS version 26 software. The results of the interview were analyzed in combination with thematic quantitative analysis.

4.2. Background information of respondents

This section shows the gender, age bracket, educational background, and Work experience of the workers of the selected insurance companies in Ethiopia (Ethiopian Insurance Corporation, Nyala Insurance Company S.C and Abay Insurance Company S.C).

Table 4. Background information of respondents

No	Items	Categories	Frequency	Percentage
1	Gender	Male	95	51.1
		Female	91	48.9
		Total	186	100.0
2	Age category	Below 20	8	4.3
		20-25	68	36.5
		26-30	74	39.7
		31-35	19	10.2
		36-40	11	5.9
		Above 40	6	3.2
		Total	186	100
3	Experience	Less than 2 Years	71	38.17

		3 – 8 Years	105	56.45
		9 - 13 Years	6	3.2
		>18 Years	4	2.1
		Total	186	100.0
4	Education	Basic education	6	3
		1-8 Grade	33	18
		Secondary School	43	23
		Diploma	44	24
		TVT	43	23
		Degree	17	9
		Total	186	100.0
5	Position	Non-permanent Employees	69	37.09
		Permanent Administrative Workers	11	5.9
		Permanent Insurance company workers	106	56.9
		Total	186	100.0

Source: Own Survey, 2023

As shown in above table, the gender composition of organizational workers is almost the same. Of the total 186 employees who completed the questionnaire, 95 (51.1%) were menand91 (48.9%) were women. Organizations can see clearly that they provide equal employment opportunities for both genders, even if this is a motivational factor for female employees in the company.

As shown in above table, the majority of people 76 (39.7%) are between 26 and 30 years of age. This means that the organization has young and energetic people who can serve for a long time if they are motivated enough to stay. The needs of these ages are essentially to meet the lower needs (psychological, security and social) first before the higher needs, as proposed in the Maslow hierarchy of needs (1946).Monetary incentives can play a major role as motivations.

The above table shows the education background of respondents. The collected data show that the training of employees varies from basic education to second-degree holders. The people who have received basic and secondary education are mainly workers who work in the forest areas, carrying out activities such as cutting trees and loading logs. The group accounts for 26 percent of the workers. Workers with TVET to second-year education level accounted for 43 (23%). If results properly

supported and motivated; groups can achieve better results and competence. This can be seen as organization opportunity to get the best from its qualified workforce by providing appropriate factors.

The above table shows the experience of Insurance companies. The vast majority of workers' experiences vary between 3 and 8 years, from 105 (56.45%) to 71 (38.17%) less than two years. Workers with more than eighteen years of experience accounted for 4 (2.1%). Further evidence suggests that the majority of Insuranca workers have spent a lot of time in service and have gained sufficient experience to deliver quality teaching and learning. This is in line with Aguinis (2009) that the more experience a year has, the higher the level of performance all other things are equal.

Educational and professional requirements for these courses also vary. The186 employees who filled the questionnaire were permanent, 106 (56.9%) were permanent administrative staff, and 69 (37.09) were non-permanent staff. The majority of workers are permanent employees, and they need some form of performance to make their best efforts to improve performance.

4.3. Descriptive analysis of the research findings

Mean score and frequency were calculated to determine the level of agreement of respondents to each question. With five point scales, the intervals for breaking the range in measuring each variable are calculated as follows.

(Max - min)/5= (5-1)/5 = 0.8 = agreement level

The translation of level ranking is analyzed based on the following criteria designed by Best (2006: 174)):

Agreement level 1.00 – 1.80 Means strongly disagree

Agreement level 1.81 – 2.60 Means disagree

Agreement level 2.61 – 3.40 means neutral

Agreement level 3.41 – 4.20 means agree

Agreement level 4.21 – 5.00 Means strongly agree

As it is indicated the analysis for respondent’s level of agreement to each statements were made accordingly.

4.3.1Firm specific factors

4.3.1.1 Firm specific factors that determine insurance companies' performance

Here let's see the firm specific factors that determine insurance companies' performance. To address the question the following table presented items to be evaluated by using Likert scale value as follows, 1. Strongly agree 2. Agree 3. Neutral 4. Disagree 5. Strongly Disagree.

Table 5. Firm specific factors

	Items	N	Mean	Std. deviation
1	Age of a company has a positive impact on performance of insurance companies in Ethiopia	186	3.67	1.412
2	The size of a company has an effect on performance of insurance companies	186	3.72	1.410
3	Policy renewal affects performance of insurance companies in Ethiopia	186	3.54	1.505
4	Investment income has a negative effect on performance of insurance companies in Ethiopia	186	3.69	1.426
5	Investment income has a negative effect on performance of insurance companies in Ethiopia	186	3.65	1.471
6	Liquidity has a positive effect on performance of insurance companies in Ethiopia	186	3.60	1.492
7	The insurance premium growth has a negative effect on performance of insurance companies	186	3.63	1.484
	Average	186	3.1673	1.42883

Source: Own Survey (2023)

As indicated in paragraph (1) of table1, respondents responded that age of companies had a positive effect on the performance of insurance companies with an average deviation of 3.6 and 1.412 standard deviations. Respondents replied that company size affected insurance company performance in the average of 3.72 and standard deviation of 1.412. According to respondents' ideas, the Policy renewal of assets affects the performance of insurance companies with an average of 3.54 and a standard deviation of 1.505. As discussed in the table, the average leverage factor affects the performance of insurance companiesby3.69 and1.4626 standard deviations, while the Investment Income affects the performance of insurance companiesby3.65 and1.461.As shown in the table; liquidity had a positive impact on insurance companies' performance, with an average of 3.60 and a standard deviation of 1.492.

The increase in insurance premiums had a negative impact on the performance of insurance companies, with an average of 3.1673 and a standard deviation of 1.42883.

4.3.1.2 Life Insurance of Products

Life Insurance Products means life insurance products that are savings life insurance, unit-linked life insurance, or universal life insurance, issued and distributed abroad or domestically.)

Table 6. Life Insurance of Products

Questions	Mean	Std.	Max	Min
What is the likelihood of recommending the Life insurance products of Insurance companies to others like friends, family or colleagues?	3.47	1.353	5	1
What is the likelihood of recommending the Life insurance products of insurance companies to others like friends, family or colleagues?	2.98	1.269	5	1
What is the likelihood of recommending the Life insurance products of insurance companies to others like friends, family or colleagues?	2.80	1.213	5	1
	Overall Mean 2.98	Overall Std. .863		

Source: Survey Data, 2023

According to Table 6, the respondents answered, "The probability of recommending Insurances Life insurance products to other people, such as friends, family or colleagues, is 3.47." This means that it is more likely that others such as friends, family or colleagues will recommend Insurances Life Insurance products. On the other hand, the probability of suggesting Insurances Life insurance products to friends, family and colleagues is low, with an average of 2.98. Finally, the respondents indicated the probability of recommending Insurances life insurance products to friends, families and colleagues, with an average of 2.80.

4.3.1.3 Job Satisfaction Survey

Table 6a. Job Satisfaction survey

Questions	Mean	Std.	Max	Min
Pay				
I feel I am being paid a fair amount for the work I do.	2.67	1.342	5	1
Raises are too few and far between.	2.95	1.253	5	1
I feel unappreciated by the organization when I think about what they pay me.	2.78	1.306	5	1

I feel satisfied with my chances for salary increases.	2.75	1.292	5	1
Promotion				
There is really too little chance for promotion on my job.	3.20	1.238	5	1
Those who do well on the job stand a fair chance of being promoted.	3.09	1.283	5	1
People get ahead as fast here as they do in other places.	2.61	1.252	5	1
I am satisfied with my chances for promotion.	3.02	1.331	5	1
Supervision				
My supervisor is quite competent in doing his/her job.	2.78	1.256	5	1
My supervisor is unfair to me.	2.78	1.256	5	1
My supervisor shows too little interest in the feelings of subordinates.	2.82	1.379	5	1
I like my supervisor.	2.89	1.351	5	1
	2.75	1.292	5	1

Source: Survey Data, 2023

Regarding work satisfaction with regard to compensation, advancement, and supervision, respondents were prompted to provide accurate information, as shown in table 6a. Concerning pay, I believe I am getting paid fairly for the work I do; but, raises are far too seldom. When I consider what I am paid by the company, I feel underappreciated, but I am also satisfied with my prospects of receiving wage raises. The average score is 2.67, 2.95, 2.78, and 2.75, in that order.

Questions or comments about promotions include: People advance here just as quickly as they do elsewhere; there is just too little opportunity for promotion at my job; those who perform well on the job have a fair chance of being promoted; and I am satisfied with my prospects for promotion. The average results are3.20, 3.09, 2.61, and 3.02 respectively.

The supervision supervisory opinions are as follows: my supervisor is quite competent in his job, my supervisor is unfair to me, and my supervisor is too little interested in subordinate feelings, and I like my supervisor. The average results were2.78, 2.78, 2.82, and 2.89 respectively.

Table 6b. Job satisfaction Survey

Questions	Mean	Std.	Max	Min
I am not satisfied with the benefits I receive.	3.35	1.505	5	1
The benefits we receive are as good as most other organizations offer.	3.50	1.456	5	1
The benefit package we have is equitable.	3.63	1.461	5	1
There are benefits we do not have which we should have.	3.22	1.617	5	1
Contingent Reward				

When I do a good job, I receive the recognition for it that I should receive.	3.22	1.617	5	1
I do not feel that the work I do is appreciated.	3.22	1.617	5	1
There are few rewards for those who work here.	3.28	1.552	5	1
I don't feel my efforts are rewarded the way they should be.	3.28	1.552	5	1
Operating Procedures				
Many of our rules and procedures make doing a good job difficult.	3.25	1.580	5	1
My efforts to do a good job are seldom blocked by red tape.	3.13	1.712	5	1
I have too much to do at work.	3.35	1.505	5	1
I have too much paperwork.	3.03	1.657	5	1

Source: Survey Data, 2023

I am not content with the benefits I receive, according to table 6b of the work satisfaction survey. The perks we get are on par with those provided by the majority of other organizations. Our benefit package is fair, and there are several advantages that we should be receiving but aren't. The average scores are 3.35, 3.50, 3.63, 3.22, and 3, in that order.

Regarding contingent reward, I believe that my labor is underappreciated, that there aren't many incentives for employees, and that my efforts aren't being recognized to the extent that they ought to be. When I perform well, I get the credit for it. The average score is 3.22, 3.22, 3.28, and 3.28, in that order.

Regarding operating procedures, I have too much work to complete at work and too much paperwork, many of our rules and procedures make it difficult to do a good job, and red tape rarely gets in the way of my efforts to do a good job. 3.25, 3.13, 3.35, and 3.03 are the respective mean results.

Table 6c. Job Satisfaction Survey

Questions	Mean	Std.	Max	Min
I like the people I work with.	2.85	1.433	5	1
I find I have to work harder at my job because of the incompetence of people I work with.	3.49	1.173	5	1
I enjoy my coworkers.	3.46	1.254	5	1
There is too much bickering and fighting at work.	2.75	1.365	5	1
Nature of Work				
I sometimes feel my job is meaningless.	2.73	1.354	5	1
I like doing the things I do at work.	2.75	1.292	5	1
My job is enjoyable.	2.89	1.351	5	1
Communication				

Communications seem good within this organization.	3.09	1.283	5	1
The goals of this organization are not clear to me.	2.61	1.252	5	1
I often feel that I do not know what is going on with the organization.	3.02	1.331	5	1
Work assignments are not fully explained.	2.82	1.379	5	1
	3.20	1.238	5	1

Source: Survey Data, 2023

Table 6c displays the responses of respondents on their job satisfaction with regard to coworkers: I like my coworkers; I find that I have to work harder at my job because of my coworkers' incompetence; I appreciate my coworkers; and there is too much fighting and fussing at work. The average scores are 2.85, 3.49, 3.46, and 2.75 in that order.

Nature of work: Although I appreciate my work and the things I do there, there are moments when I feel like it has no purpose. The average score is 2.89, 2.75, and 2.73, in that order.

Within this organization, communication appears to be good, but I am not sure what the organization's aims are, and I frequently feel as though I am unaware of what is going on. Additionally, work assignments lack sufficient explanation. The average scores are 2.61, 2.62, 3.02, and 2.82, in that order. The order of the averages (2.61, 2.62, 3.02, and 2.82) provides insights into the comparative levels of whatever is being measured. In this case, the third average (3.02) is the highest, suggesting a relatively more positive response or higher value compared to the others. The second highest is the last average (2.82), and the first two averages (2.61, 2.62) are relatively lower.

4.3.2. Non-firm specific factors

4.3.2.1 Non-firm specific factors that affect the performance of Ethiopian insurance companies

Table 7. Non-firm specific factor

Items	N	Mean	Std. Deviation
In insurance industry, customer loyalty is a key factor that can significantly affect performance	186	2.68	1.194
Employee engagement significantly affects the performance insurance companies	186	3.72	1.041
Product quality significantly affects the performance of insurance companies	186	4.24	1.142
Innovation and new technologies have the potential to affect the performance insurance companies	186	3.10	1.282

The market share and the size of the company, have significant effect on the performance of the insurance companies	186	2.99	1.210
Valid N (listwise)	186		

Source: Own Survey, 2023

Approximately 186 respondents were asked for opinions on non-firm specific factors affecting the performance of Ethiopian insurance companies.

According to the table above, loyalty to customers is the main factor in influencing performance, with an average of 2.68 and a standard deviation of 1.194, while employees' engagement has a significant impact on performance insurance companies, with an average of 3.72 and a standard deviation of 1.044. The respondents stated that the quality of the product significantly influenced the performance of insurance companies, with an average of 4.24 and a standard deviation of 1.142. Another question asked of respondents was that innovation and new technologies may affect performance insurance companies with an average of 3.10 and a standard deviation of 1.282. Finally, market share and company size have a significant impact on insurance companies' performance, with an average of 2.99 and a standard deviation of 1.210.

In addition there are several factors of insurances specific factors. These insurances specific factors are discussed below:

4.3.2.2 Customer Expectation Experience

Table 8. Customer Expectation Experience

Reliability	Mean	Std	Max	Min
The employees of an excellent insurance company promises to do something by a certain time and they do so.	2.48	1.449	5	1
The staff of an excellent insurance company will show sincere interest in solving customer problems.	2.76	1.324	5	1
The staffs of an excellent insurance company perform the service right the first time.	2.73	1.236	5	1
An excellent insurance company provides the services at the time it promises to do so.	3.13	1.347	5	1
An excellent insurance company insists on error-free records.	3.06	1.272	5	1
Responsiveness				
The employees of an excellent insurance company tell the customers exactly when services will be performed.	3.18	1.319	5	1
The employees of an excellent insurance company give the customers prompt service.	2.69	1.303	5	1
The employees of an excellent insurance company are willing to help customers.	2.66	1.269	5	1
The employees of an excellent insurance company are never too busy to respond to customers requests.	2.77	1.397	5	1
ASSURANCE				

The behavior of employees of an excellent insurance company instills confidence in customers.	3.07	1.177	5	1
Customers feel safe in when transacting with an excellent insurance company	3.04	1.21	5	1
The employees of an insurance company are consistently courteous with customers.	2.94	1.274	5	1
The employees of an excellent insurance company have the knowledge to answer customers' questions.	3.09	1.245	5	1
The employees of an excellent insurance company give customers individual attention.	2.77	1.313	5	1
	Overall Mean 2.82	Over All Std. 0.855		

Source: Own Survey, 2023

As shown in Table 8, the respondents were asked if employees of excellent insurance companies committed to doing something within a certain time. The collected data reveal an average value of 2.48 and Std.1, 448, 248. Based on the translation criteria designed by the best (2004), it can be concluded that the employees of a good insurance company did not make promises to do something and did so. The results of the interviews with management bodies revealed that the employees of an excellent insurance company have promised and are going to do things ata certain time.

As shown in Table 8 in relation to reliability, the staff of an excellent insurance company will be sincere in solving customer problems. The results showed an average of 2.76, indicating that respondents were neutral in deciding. An excellent insurance company's staff will show a sincere interest in solving customer problems

The employees of a well-known insurance company do the job right the first time. As shown in Table 4.2, the collected data indicated a neutral mean of 2.73. This indicates that the staff of a well-established insurance company has a good opportunity to improve the insurance company by providing the service correctly for the first time.

As indicated in Table 8, question 4, the respondents were asked whether excellent insurance companies provide services as a means of achieving value for their commitments. The mean value of 3.13 clearly indicates that respondents are neutral in their answers.

Table 8 Question 5 asked whether respondents responded that excellent insurance companies insisted on error-free records. The average value of 3.06 clearly showed that respondents were neutral, indicating that an excellent insurance company was insistent on error-free records.

As for the response question6of the table 2above, it is related to the fact that the employees of an excellent insurance company tell customers exactly when the service is provided. The result is indicated by an average value of 3.18, which is in the neutral category. This means that an excellent insurance company employee will tell the customer exactly when the services are to be performed.

Question7 and table 8 relate to the employees of an excellent insurance company providing customers with quick service. The average of 2.69 indicates that respondents are neutral. In other words, insurance is still required for clients in a timely manner. Table 8 is related to question 8 whether employees of excellent insurance companies are willing to help customers. The respondents' responses indicated an average value of 2.66, neutral.

Table 8, Question 9, shows that the employees of a good insurance company are never too busy to respond to customer requests. The collected data showed an average value of 2.77, which is neutral.

Concerning assurance, the 10th question shows that the attitude of employees of excellent insurance companies engenders customers' confidence. The data collected showed an average value of 3.07.

Another opinion regarding assurance is that when a customer has an excellent insurance company, he feels safe. The average data collected was 3.04. An employee of insurance companies is always courteous to customers, with an average score of 2.94. The employees of an excellent insurance company have knowledge to answer the customer's questions with 3.09.

Finally, the respondents were asked to pay attention to their customers individually by excellent insurance employees. The average value of 2.77 collected from the data is neutral. This indicates that excellent insurance company employees do not pay individual attention to customers

The overall mean or arithmetic mean of the respondents' results indicated that 2.82. In summary, the result of 2.82 suggests a generally neutral stance among the respondents regarding the measured variable. The specific interpretation and implications depend on the context of the survey and the scale used for measurement.

4.3.2.3 Customer Perception experience

Customer perception is the opinions, feelings, and beliefs customers have about your brand. It plays an important role in building customer loyalty and retention as well as brand reputation and awareness.

Table 9. Customer Perception experience

Questions	Mean	Std	Max	Min
The employees of the insurance company promises to do something by a certain time and they do so.	3.67	1.169	5	1
The staff of the insurance company show sincere interest in solving customer problems.	3.27	1.223	5	1
The staffs of the insurance company perform the service right the first time.	3.26	1.274	5	1
The insurance company provides the services at the time it promises to do so.	3.09	1.245	5	1
The insurance company insists on error-free records.	3.07	1.177	5	1
The employees of the insurance company tell the customers exactly when services will be performed.	3.04	1.21	5	1
The employees of the insurance company give the customers prompt service.	2.94	1.274	5	1
The employees of the insurance company tell the customers exactly when services will be performed.	2.81	1.3	5	1
The employees of the insurance company give the customers prompt service.	2.8	1.213	5	1
The employees of the insurance company are willing to help the customers.	2.98	1.269	5	1
The behavior of employees of the insurance company instills confidence in the customers.	3.47	1.353	5	1
Customers of the insurance company feel safe in when transacting with the company	2.83	1.353	5	1
The employees of the insurance company are consistently courteous with the customers.	2.7	1.329	5	1
The employees of the insurance company have the knowledge to answer customers' questions.	3.29	1.261	5	1
The employees of the insurance company give customers individual attention.	3.49	1.173	5	1
The employees of the insurance company give customers individual attention.	3.46	1.254	5	1
	Overall Mean 3.19	Overall Std. 0.861		

Source: Survey Data, 2023

Table 9 provides an overview of the customer perception experience in terms of reliability factors that impact the performance of Insurance Companies in Ethiopia. These factors include having a clear understanding of work, the management's approach in empowering employees to participate in goal setting, delegating tasks to subordinates, and involving employees in addressing customer perception.

In relation to question 1, as shown in table 9, the employees of the insurance company commit to completing tasks within a specific timeframe and they successfully do so. The mean value of 3.67 indicates that respondents agree with this fact.

Apart from this factor, the results of the remaining questions pertaining to the Customer perception experience are as follows: the staff of the insurance company demonstrates genuine interest in resolving customer issues (mean value of 3.27), the staffs of the insurance company consistently deliver services accurately on the first attempt (mean value of 3.26), the insurance company provides services within the promised timeframe (mean value of 3.09), the insurance company emphasizes error-free records (mean value of 3.07), the employees of the insurance company inform customers about the exact timing of service delivery (mean value of 3.04), and the employees of the insurance company provide prompt service to customers (mean value of 2.94). These findings suggest that the respondents' responses indicate that customer perception experience is a neutral in influencing the performance of insurance companies. This highlights the need for attention from insurance management.

The questions posed to the respondents revolved around the employees of the insurance company informing customers about service timing, providing prompt service to customers, willingness to assist customers, instilling confidence in customers through their behavior, ensuring customer safety during transactions, and consistently displaying courteousness.

The survey focused on how the insurance company's staff informed clients about service schedules, delivered timely service, showed concern, instilled trust, ensured client safety, behaved politely at all times, had the expertise to respond to inquiries, and supplied personalized attention.

With values of 2.81, 2.80, 2.98, 3.47, 2.83, 2.70, 2.29, 3.49, and3.46, the research findings showed that the mean scores for all the variables fell into the neutral or undecided range. This implies that the performance of the insurance companies needs to be enhanced in these domains.

4.3.3 Performance of Insurance Companies

Table 4.3.3 Performance of Insurance Companies

The assessment was made with the selected insurance companies concerning performance of insurance companies. The mean and standard deviation of opinions of respondents discussed below the table;

Table 10. Performance of Insurance Companies

Statement	N	Mean	Sta.de
There is positive solvency ratio in the companies	186	3.7388	1.10008
There is good premium growth in the companies	186	3.5837	1.25374
There is re-insurance dependency in the companies	186	3.6694	1.31545
There is underwriting risk in the companies	186	3.8776	1.29679
There is technical provision in insurance companies	186	3.6816	1.22670
GDP has positive and significant in the insurance companies in Ethiopia	186	3.7469	1.18445
Inflation has negative and significant in insurance companies	186	3.6816	1.21326
Average	186	3.6082	1.24356

Source own data survey (2023).

As indicated in the aforementioned table, the respondents have asserted that there is positive solvency ratio in the companies. The mean value for this impact is 3.7388, with a standard deviation of 1.10008.

According to the viewpoints expressed by the respondents, there is good premium growth in the companies. The mean value for this influence is 3.5837, with a standard deviation of 1.25374.

The dependency on, there is re-insurance dependency in the companies. The mean result for this effect is 3.6694, with a standard deviation of 1.31545.

There is underwriting risk in the companies. The mean value for this impact is 3.8776, with a standard deviation of 1.29679.

There is technical provision in insurance companies, having an average of 3.6816 and a standard deviation of 1.22670.

GDP has positive and significant in the insurance companies in Ethiopia, with an average of 3.7469 and a standard deviation of 1.18445.

Inflation has negative and significant in insurance companies', as evidenced by an average result of 3.6816 and a standard deviation of 1.21326.

The entire study yielded an average mean of 3.67 and a standard deviation of 1.23. This research demonstrates the correlation between the variables.

4.4. Inferential Analysis of the Research findings

4.4.1. Correlation of Coefficients

The objective of the study was to investigate the factors that impact the performance of insurance companies in Ethiopia. The analysis of correlation was used to determine the relationship between independent variables, namely firm-specific factors and non-firm specific factors, and the performance of insurance companies in Ethiopia. The examination of this relationship was conducted through correlation analysis. The Pearson Product-Moment Correlation Coefficient, a statistical measure indicating the extent of the relationship between two variables, was employed. The correlation coefficient, represented by a sign (+ or -) ranging from -1.00 to +1.00, signifies the direction of the relationship. Variables can exhibit positive or negative correlation, with a positive correlation denoting a direct positive relationship between the variables, and a negative correlation implying an inverse, negative relationship between the variables (Ruud et al., 2012).

The table below clearly shows that the relationship between two variables will be negligible, low, moderate, substantial, or very strong.

Table 11. Coefficient Correlation

Correlation Coefficient	Strength of the Correlation
From 0.01 up to 0.09	Negligible association
From 0.10 up to 0.29	Low association
From 0.30 up to 0.49	Moderate association
From0.50 upto0.69	Substantial association
From 0.70 and above	Very strong association

Source: Joe W. Kotrlik, J. C. Atherton, A. Williams and M. Khata Jabor (2011).

Determining the degree of association among the chosen elements (firm precise elements and none firm elements) and performance of insurance corporations of Ethiopia is the principle cause of undertaking an evaluation using Pearson correlation. So, on this phase the hypotheses were examined primarily based at the correlation result summarized in desk beneath.

Table 12. Coefficient of Correlation between Variables

		Firm specific factors	None-Firm factors	Performance of Insurance Companies
Firm specific factors,	Pearson Correlation	1	.570**	.607**
	Sig. (2-tailed)		.000	.000
None- Firm factors	Pearson Correlation	.570**	1	.514**
	Sig. (2-tailed)	.000		.000
Performance of Insurance Companies	Pearson Correlation	.607**	.514**	1
	Sig. (2-tailed)	.000	.000	
	N	186	186	186

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

Source Survey Data, 2023

4.4.2. Regression Analysis

Linear regression analysis is used to measure the statistical significance of the effect of each individual independent variable on the dependent variable through F and P value. This measurement is made by deriving the R^2 value, which explains the magnitude of the effect of the independent variable on the dependent variable. Linear regression of the independent and dependent variable is described and explained below.

4.4.3. Multiple Linear Regression Analysis

Regression analysis is a systematic method for examining the effect of one or more predictor variables on a dependent variable. In other words, it allows us to make statements about how well one or more independent variables predict the value of the dependent variable. Specifically, this multiple regression was conducted to examine the overall impact of the selected factors on the performance of insurance companies in Ethiopia.

Table 13. Multiple Regression

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.727[a]	.528	.518	.63770

a. Predictors: (Constant), Firm specific factors, None- Firm specific factors

b. Survey Data, 2023

As shown in Table 13 above, the total package of determinants of the four independent variables (such as firm-specific factors, non-firm specific factors) explains 52.8% (R2 = 0.528) of the dependent variable (development of insurance companies). This suggests that 52.8% of the performance of insurance companies is clearly determined by independent variables, while the remaining 47.2% is determined by other factors that are ignored in this study. Because the result F= 50.612 which is greater than 1 and P; 0.01. I can conclude that the combination of independent variables has a positive effect on the performance of insurance companies, which is statistically significant at a 99% confidence interval.

Table 14. ANOVA

ANOVA[a]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	82.326	4	20.582	50.612	.000[b]
	Residual	73.605	181	.407		

a. Dependent Variable: Performance of insurance companies

b. Predictors: (Constant), Firm specific factors and None- Firm specific factors

It can be observed from table 14, above that there is a significant relationship between independent variables and performance of insurance companies (P<0.01, F>1).

Table 15. Regression Coefficient

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	.077	.209		.369	.712
	Firm specific factors	.308	.073	.286	4.204	.000
	None- Firm factors	.040	.075	.038	.533	.000

a. Dependent Variable: (Performance of Insurance companies)

Source Survey Data, 2023

From Table 15 above, I can directly compare the relative contribution of each different variable by taking the beta value below the unstandardized coefficients. The higher the beta value, the higher its contribution. Thus, firm specific factors make the strongest unique contribution to the explanation of the dependent variable (Beta = 0.286), the results of which revealed that an increase or positive change by one unit; firm specific factors and quot; would lead to an increase in the performance level of the insurance company by 0.308 units.

Looking at the statistical significance of each variable from the above table of coefficients, firm-specific factors and (Sig = 0.000), non-firm factors (Sig = 0.000) have a statistically significant effect on the dependent variable.

Regression Mathematical Model: The multiple regression equation in this study is generally based on two groups of variables, namely dependent variables (performance of insurance companies) and independent variables (company-specific factors and non-firm specific factors). The main purpose of using the regression equation in this study is to make the researcher more efficient in describing, understanding, predicting and controlling the presented variables.

4.5. Summary of Major Findings

Data were analyzed using descriptive statistics and correlation and regression statistics. Main results were presented as follows:

Arithmetic averages compiled with descriptive statistics reveal that the insurance company serves customers quickly (average=2.8), market share and company size significantly affect the result of the insurance company (average =2.9), customer perception experience averages of 3.19 and Excellent insurance company claims error-free records of 3.06 are in the range of neutral satisfaction, respectively. It can be concluded that the respondents of the insurance companies moderately agree or are satisfied with the same factors. However, these practices must be improved so that insurance companies can achieve the better results expected by its authors. And Ethiopia Insurance's performance fell short of expectations, as the insurance company's prompt customer service has an average score of 2.8, which is in the neutral range.

Firm specific factors and non-firm specific factors generated values in Pearson correlation (r=.607, P=0.01) significantly and positively correlated with the result of insurance companies, which in a similar study described a positive correlation with performance. Farooq and Aslam (2011). In addition, the regression result showing the relative contribution of the independent variables, i.e. (beta = 0.308) and (sig. = 0.000), contribute a lot to the explanation of the dependent variable, performance insurance companies.

The result of insurance companies has a Pearson correlation coefficient (r= 0.607, pandlt;0.01), which shows a positive and significant relationship with the result of insurance companies. And if we see the regression result (Beta=0.320) with (Sig. = 0.000), from which it can be concluded that the independent variables have a positive and significant effect on the performance of insurance

companies. The manual had (r=0.584, pandlt;0.01), which means that it has a positive and significant relationship with the performance of insurance companies and (Beta=0.267) (Sig. = 000). From this we can conclude that work methods have a positive effect and a great contribution to performance.

Overall, the studied performance factors Payment and Communication, Promotion, Supervision, Contingent Compensation and Operating Practices showed a combined F-value of 0.000, which accounts for 52.8% of the variation in insurance performance. The regression coefficient for all variables showed that R2 is 0.528. This suggests that 52.8% of the performance of insurance companies in Ethiopia clearly depends on independent variables, while the remaining 47.2% is due to other factors that are ignored in this study.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATION

5.1 Introduction

The general objective of the study was to find out the factors affecting the performance of insurance companies in Ethiopia as expressed by firm specific and non-firm specific factors.

This was done by examining the relationship between each determinant and the performance of insurance companies using correlation analysis and regression analysis to determine the extent of change in performance of insurance companies in Ethiopia as a result of the selected factors. In addition, it was found out how well the selected factors were used and how well the insurance companies did their work in Ethiopia summarized under descriptive statistics. This section presented a summary of the main findings, conclusions drawn from the data analysis presented in Chapter 4, and finally recommendations.

5.2 Summary

The purpose of this study is to find out the factors affecting the performance of insurance companies in Ethiopia as expressed by firm specific and non-firm specific. In this study respondents responded that age of companies had a positive effect on the performance of insurance companies with an average deviation of 3.6 and 1.412 standard deviations. Respondents replied that company size affected insurance company performance in the average of 3.72 and standard deviation of 1.412. According to respondents' ideas, the Policy renewal of assets affects the performance of insurance companies with an average of 3.54 and a standard deviation of 1.505.

In none firm specific factors; loyalty to customers is the main factor in influencing performance, with an average of 2.68 and a standard deviation of1.194, while employees' engagement has a significant impact on performance insurance companies, with an average of 3.72 and a standard deviation of 1.044. The respondents stated that the quality of the product significantly influenced the performance of insurance companies, with an average of 4.24 and a standard deviation of 1.142. Another question asked of respondents was that innovation and new technologies may affect performance insurance companies with an average of 3.10 and a standard deviation of 1.282. Finally, market share and company size have a significant impact on insurance companies' performance, with an average of 2.99 and a standard deviation of 1.210.

One of non firm specific factor; the collected data reveal an average value of 2.48 and Std.1, 448, 248. Based on the translation criteria designed by the best (2004), it can be concluded that the employees of a good insurance company did not make promises to do something and did so. The results of the interviews with management bodies revealed that the employees of an excellent insurance company have promised and are going to do things ata certain time.

In general the total package of determinants of the four independent variables (such as firm-specific factors and non-firm specific factors) explains 52.8% (R2 = 0.528) of the dependent variable (development of insurance companies). This suggests that 52.8% of the performance of insurance companies is clearly determined by independent variables, while the remaining 47.2% is determined by other factors that are ignored in this study. Because the result F= 50.612 which is greater than 1 and P; 0.01. I can conclude that the combination of independent variables has a positive effect on the performance of insurance companies, which is statistically significant at a 99% confidence interval.

5.3 Conclusion

Based on the stated research objectives and the stated research questions, the study reached the following conclusion based on the research results: The determining factors or company specific factors considered in this study, Non-firm specific factors, and all variables. This showed that none of the job satisfaction or other factors produced a satisfactory change in performance. The average yield of insurance companies was 2.87; approximately equal, which is still within the neutral difference according to the criteria set by (Best 2006).

As can be seen from the correlation and regression results, all variables (firm specific factors, non-firm specific factors) are significant with correlation values of 0.607, 607 and 584. Based on statistical analysis, it was found that operating methods have a significant positive relationship with the performance of insurance companies in Ethiopia.

5.4. Recommendations

The study looked into the companies' shortcomings in correctly applying the firm-specific, and none-firm elements that impact insurance company performance. In essence, this aids in the creation of astute insurance company policies that may motivate businesses to improve insurance company performance. If not, insurance companies might stop operating at their peak efficiency.

- ✓ As a result, the employees of a top-notch insurance provider will genuinely care about helping clients with their issues. Insurance businesses must therefore resolve client issues.
- ✓ The performance of insurance firms is negatively impacted by the increase in insurance premiums. Consequently, insurance companies need to concentrate on increasing insurance premiums.
- ✓ The insurance firms' performance is significantly influenced by their market share and size. As a result, the insurance companies need to increase both their size and market share.
- ✓ New technologies and innovation may have an impact on how well insurance businesses perform. As a result, the insurance industry needs to concentrate on innovation and emerging technology.
- ✓ An outstanding insurance company's workers provide prompt service to its consumers. As a result, insurance businesses must provide great, timely service.
- ✓ The insurance company's workers are knowledgeable enough to answer clients' questions. This insurance firm expertise needs to be expanded in order to answer more complex inquiries.
- ✓ The possibility of suggesting Life insurance products from an insurance provider to others, such as friends, family, or coworkers.
- ✓ According to this report, there are far too few opportunities for advancement in insurance organizations. As a result, insurance companies must place a greater emphasis on promotion.
- ✓ Insurance company executives must be overly concerned with their subordinates' feelings.
- ✓ The rules and procedures of insurance companies do a good job of resolving difficulties.
- ✓ Insurance companies must try to communicate what is happening in the organization.

5.5. Limitations

The factors influencing the performance of Ethiopian insurance companies were the only ones the researcher could look at, although other subjects or combinations of the variables in this study might be of interest. The study focused on Ethiopian insurance companies. It is also possible to conduct comparative study while accounting for the towns various manufacturing and service industries.

In addition to the service sector, comparable research on the factors influencing the performance of insurance businesses can also be conducted in the industrial sector.

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Appendix

Questionnaire 1

ADDIS ABABA UNIVERSITY

COLLEGE OF BUSINESS AND ECONOMICS

PROGRAM OF BUSINESS ADMINISTRATION

Questionnaire to be filled by customers of insurance companies:

SECTION I DEMOGRAPHIC DATA

QA 1: Gender

A. Male B. Female

QA 2: Age:

A. Below 31 years B. 31 to 40 years C. 41 to 50 years D. above 50 years

QA 3: How long have you with the _____ Insurance SC

A. Less than 1 years B. 1 - 3 years C. 3– 5 years D. 5 years and above

I. Firm specific factors that determine insurance companies' performance

The researcher is interested to know the level of your agreement/disagreement to each factor listed in by putting the √ mark on only one of the boxes on the same row for each statement.

Kindly which best describes your opinion of the statement above by using a scale of 1 to 5: 5 = Strongly Agree, 4= Agree, 3 = Uncertain, 2 = Disagree and 1= Strongly Disagree.

	Items	1	2	3	4	5
1	Age of a company has a positive impact on performance of insurance companies in Ethiopia					
2	The size of a company has an effect on performance of insurance companies					
3	Policy renewal of assets affects performance of insurance companies in Ethiopia					
4	Leverage has a negative effect on performance of insurance companies in Ethiopia					
5	Investment Income has a negative effect on performance of insurance companies in Ethiopia					
6	Liquidity has a positive effect on performance of insurance companies in Ethiopia					
7	The insurance premium growth has a negative effect on performance of insurance companies					
	Average					

Job Satisfaction Survey

For each of the following statements below, please tell how you feel about your present job, what things are you satisfied with and what things you are not satisfied with. Please indicate a (√) mark the extent to which you believe each item is true with respect to your job.

1: Strongly Disagree, 2: Disagree, 3: Neutral, 4: Agree and 5: Strongly Agree

No	Item	1	2	3	4	5
	Pay					
1	I feel I am being paid a fair amount for the work I do.					
2	Raises are too few and far between.					
3	I feel unappreciated by the organization when I think about what they pay me.					
4	I feel satisfied with my chances for salary increases.					
	Promotion					
1	There is really too little chance for promotion on my job.					
2	Those who do well on the job stand a fair chance of being promoted.					
3	People get ahead as fast here as they do in other places.					
4	I am satisfied with my chances for promotion.					
	Supervision					
1	My supervisor is quite competent in doing his/her job.					
2	My supervisor is unfair to me.					
3	My supervisor shows too little interest in the feelings of subordinates.					
4	I like my supervisor.					
	Fringe Benefit					
1	I am not satisfied with the benefits I receive.					
2	The benefits we receive are as good as most other organizations offer.					
3	The benefit package we have is equitable.					
4	There are benefits we do not have which we should have.					
	Contingent Reward					
1	When I do a good job, I receive the recognition for it that I should receive.					
2	I do not feel that the work I do is appreciated.					
3	There are few rewards for those who work here.					
4	I don't feel my efforts are rewarded the way they should be.					
	Operating Procedures					
1	Many of our rules and procedures make doing a good job difficult.					
2	My efforts to do a good job are seldom blocked by red tape.					
3	I have too much to do at work.					
4	I have too much paperwork.					
	Coworkers					
1	I like the people I work with.					
2	I find I have to work harder at my job because of the incompetence of people I work with.					
3	I enjoy my coworkers.					
4	There is too much bickering and fighting at work.					
	Nature of Work					

1	I sometimes feel my job is meaningless.					
2	I like doing the things I do at work.					
3	My job is enjoyable.					
	Communication					
1	Communications seem good within this organization.					
2	The goals of this organization are not clear to me.					
3	I often feel that I do not know what is going on with the organization.					
4	Work assignments are not fully explained.					

II. Non-firm specific factors that affect the performance of Ethiopian insurance companies

The researcher is interested to know the level of your agreement/disagreement to each factor listed in by putting the √ mark on only one of the boxes on the same row for each statement.

Kindly which best describes your opinion of the statement above by using a scale of 1 to 5: 5 = Strongly Agree, 4= Agree, 3 = Uncertain, 2 = Disagree and 1= Strongly Disagree.

Items	1	2	3	4	5
In insurance industry, customer loyalty is a key factor that can significantly affect performance					
Employee engagement significantly affects the performance insurance companies					
Product quality significantly affects the performance of insurance companies					
Innovation and new technologies have the potential to affect the performance insurance companies					
The market share and the size of the company, have significant effect on the performance of the insurance companies					

SECTION II: CUSTOMER EXPECTATION EXPERIENCE

This section of the survey deals with measuring your expectation regarding the claim services provided by any best insurance company. The researcher is interested to know the level of your agreement/disagreement to each factor listed in by putting the √ mark on only one of the boxes on the same row for each statement.

Kindly which best describes your opinion of the statement above by using a scale of 1 to 5: 5 = Strongly Agree, 4= Agree, 3 = Uncertain, 2 = Disagree and 1= Strongly Disagree.

RELIABILITY	1	2	3	4	5

The employees of an excellent insurance company promises to do something by a certain time and they do so.					
The staff of an excellent insurance company will show sincere interest in solving customer problems.					
The staffs of an excellent insurance company perform the service right the first time.					
An excellent insurance company provides the services at the time it promises to do so.					
An excellent insurance company insists on error-free records.					
RESPONSIVENESS					
The employees of an excellent insurance company tell the customers exactly when services will be performed.					
The employees of an excellent insurance company give the customers prompt service.					
The employees of an excellent insurance company are willing to help customers.					
The employees of an excellent insurance company are never too busy to respond to customers' requests.					
ASSURANCE					
The behavior of employees of an excellent insurance company instills confidence in customers.					
Customers feel safe in when transacting with an excellent insurance company					
The employees of an insurance company are consistently courteous with customers.					
The employees of an excellent insurance company have the knowledge to answer customers' questions.					
The employees of an excellent insurance company give customers individual attention.					

CUSTOMER PERCEPTION EXPERIENCE

Kindly select which best describes your opinion of the statement above by using a scale of 1 to 5: 5 = Strongly Agree, 4= Agree, 3 = Uncertain, 2 = Disagree and 1= Strongly Disagree.

The following statements are related to your experiences on the services you get from 3 Insurance Share Companies. Please show the extent to which you agree that your insurance company has the feature described in each statement. The researcher is interested to know the level of your agreement/disagreement on each factor listed in by putting the √ mark in one of the boxes presented on the same row for each statement.

RELIABILITY	1	2	3	4	5
The employees of the insurance company promises to do something by a certain time and they do so.					
The staff of the insurance company show sincere interest in solving customer problems.					
The staffs of the insurance company perform the service right the first time.					
The insurance company provides the services at the time it promises to do so.					
The insurance company insists on error-free records.					
RESPONSIVENESS					
The employees of the insurance company tell the customers exactly when services will be performed.					
The employees of the insurance company give the customers prompt service.					
The employees of the insurance company are willing to help the customers.					
The employees of the insurance company are never too busy to respond to customer requests.					
ASSURANCE					
The behavior of employees of the insurance company instills					

confidence in the customers.					
Customers of the insurance company feel safe in when transacting with the company					
The employees of the insurance company are consistently courteous with the customers.					
The employees of the insurance company have the knowledge to answer customers' questions.					
The employees of the insurance company give customers individual attention.					

1. Mostly Unlikely, 2. Unlikely, 3. Neutral 4. Likely 5. Mostly Likely

	1	2	3	4	5
What is the likelihood of recommending the Life insurance products of Insurance companies to others like friends, family or colleagues?					
What is the likelihood of you obtaining another life insurance product at Insurances?					

Appendix

Lists of Selected Insurance Companies Operating in Ethiopia (2022)

S/N	Name	Type	Establishment Year
1	Ethiopian Insurance Corporation	GENERAL	01/01/1975
2	Nyala Insurance Company S.C	GENERAL	06/01/1995
3	Abay Insurance Company S.C	GENERAL	26/07/2010

Source:NBE, 2021-22