

**Measuring service quality and customer satisfaction in
selected insurance companies in Addis Ababa: in the case of
vehicle insurance against third party risks**

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Declaration

This is to certify that Rahawa Adane carried out her thesis on the topic entitled “Measuring service quality and customer satisfaction in selected insurance companies in Addis Ababa: in the case vehicle insurance against third party risks. This work is original in nature and suitable for submission for the award of Master of Marketing Management

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Abstract

This research examined the effect of customer service quality on customer satisfaction in selected insurance companies in Addis Ababa: in the case vehicle insurance against third party risks. Service quality as 'an attitude formed by a long term, overall evaluation of a firm's performance'. Customer satisfaction is defined as the customer's subjective evaluation of a consumption experience, based on some relationship between the customer's perceptions and objective attributes of the product/service. To achieve the objectives of this study, data was collected through questionnaire from a sample of 369 insurance customers. These respondents were selected using systematic sampling method. The data collected from the questionnaire were analyzed using Statistical tools such as mean, standard deviation, correlation, and multiple regression analysis. The results of this study indicate that, the five service quality dimensions (tangibility, reliability, responsiveness, assurance and empathy have positive and significant relationship with customer satisfaction. The results also indicate that unlike reliability and assurance the three service quality dimensions (tangibility, responsiveness and empathy) have positive and significant effect on customer satisfaction. Furthermore, the service quality dimensions (tangibility, responsiveness and empathy) significantly explain 55.5% of the variations in customer satisfaction in the insurance companies in Addis Ababa. Based on the findings of the study, the researcher forwards some recommendations to the insurance companies' management and suggestions for other researchers.

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Acronyms/Abbreviations

ANOVA: Analysis of Variance

NBE: National Bank of Ethiopia

SERVPERF: Service Performance

SERVQUAL: Service Quality

SPSS: Statistical Package for Social Sciences

CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

With increasing the share of services sector in developed countries and then developing countries, in today's world quality of customer service is located in the center of the marketing terms for service organizations. Quality of service is proposed as a critical success factor in service organizations. This concept is more close to concept of customer satisfaction. In fact, it can say that these two concepts intertwined hardly (SobhaniFar & Kharazian 2011).

Customer perceives services in terms of its quality and how satisfied they are overall with their experiences (Zeithaml, 2000). According to Timmers and Van Der Wiele (1990), satisfying the customer is not enough: there is a compelling need to delight the customer if a competitive advantage is to be achieved. The key to sustainable competitive advantage in today's competitive environment lies in delivering high quality service that result in satisfied customers (Shemwell et al., 1998). In fact, service quality has become a great differentiator, the most powerful competitive weapon which many leading service organizations possess (Berry et al., 1985).

Ethiopian insurance industry especially the third party insurance system is relatively emerging one. There are approximately 0.3 million insurance clients in Ethiopia. As per the data obtained from National Bank of Ethiopia (NBE), insurance premiums, including life and general insurance, totaled approx. ETB 4.9 Billion in the 2013/2014 fiscal year representing merely 0.56% of GDP. Currently 17 insurance companies exist in Ethiopia with relatively 265 branches all over the country. Ethiopian insurance industry Figures indicate that Ethiopia's insurance sector is pointing towards corporate clients who insure their assets (motor vehicle, buildings, warehouse, stocks and other properties), business (aviation, engineering) and insurance of the person (accident, health, workmen's compensation).As per the data obtained from National Bank of Ethiopia (NBE), Out of the general insurance gross premium, Motor vehicle insurance taking the largest share of 46.7% followed by "Others" and "Marine" class of business with respective

share of 30% and 11.8%. On the other hand, Long term insurance constituted merely 4% of total premiums.

Therefore, the enactment of Proclamation No. 559/2008 after long time had passed the draft law on compulsory motor insurance has been considered as a landmark and an important development in Ethiopia. The enforcement of the Proclamation will be expected to minimize problem posed by motor accident. The Federal Democratic Republic of Ethiopia (FDRE) Insurance Fund Administration Agency (IFAA) is an executive government body established under Ministry of Transport with a responsibility to oversee the enforcement of mandatory third party insurance all over the country, to ensure all motor vehicle accident victims can receive medical treatment without any precondition and to provide compensation to victims for the extent of damage (IFAA, 2010). The vehicle insurance against third party risks enacted during the year 2008 and 2013 revised proclamation and subsequently issued insurance regulations and directives.

The Ethiopian insurance industry has developed to be competitive and striving for supremacy one over the other which is based on the price and different Insurance companies jostle for the attention of customers. One of the key challenges confronting these insurance companies is how they manage their service quality, which holds a great deal to customer satisfaction. Service quality and customer satisfaction are very essential in maintaining customer loyalty.

Different alternative instruments have been used to assess service quality, notable among these being the SERVQUAL diagnostic presented in 1988 and refined in 1991 by Parasuraman, Zeithaml and Berry, abbreviated as PZB. They conceptualized service quality (Q) as the difference between customers' perceptions (P) of services of a specific firm and their expectations (E) of services in this particular industry. The negative P-E difference was characterized as a "gap" or quality flaw. (Parasuraman, A., Zeithaml, V. A., & Berry, L. L. 1991) whereas, Cronin and Taylor (1992) developed a performance based only measurement called SERVPERF for assessing service quality as a way of overcoming some criticisms encountered by SERVQUAL. SERVPERF only evaluates customer's perception of the service delivered. SERVPERF assumes that it is unnecessary to measure expectations directly from

customers as they automatically provide their ratings by comparing performance perceptions with expectations (Culiberg and Rojšek, 2010).

The purpose of this research is evaluating the effect of service quality on customer satisfaction in selected insurance companies in Addis Ababa with respect to vehicle insurance against third party risks.

1.2 Background of Insurance Companies in Ethiopia

Ethiopian insurance companies in general and in particular have shown the impressive progress in terms of number and service which not only creates the employment opportunities but also enhances the business activities in the Ethiopian economy.

According to Hailu Zeleke (2007), the first significant event that the Ethiopian insurance market observation was the issuance of proclamation No. 281/1970 and this proclamation was issued to provide for the control and regulation of insurance business in Ethiopia. Consequently, it created an insurance council and an insurance controller's office, its strange impact in the sector. The controller of insurance licensed 15 domestic insurance companies, 36 agents, 7 brokers, 3 actuaries and 11 assessors in accordance with the provisions of the proclamation immediately in the year after the issuance of the law.

Accordingly, as stated by the office mentioned above, the law required an insurer to be a domestic company whose share capital (fully subscribed) not to be less than Ethiopian Birr 400,000 for a general insurance business, Birr 600,000 in the case of long-term insurance business and Birr 1,000,000 to do both long term and general insurance business. The proclamation defined domestic company as a share company having its head office in Ethiopia and in the case of a company transacting a general insurance business at least 51% and in the case of a company transacting life insurance business, at least 30% of the paid up capital must be held by Ethiopian nationals or national companies.

After four years that is after the enactment of the proclamation, the military government that came to power in 1974 put an end to all private enterprises. Then all insurance companies operating were nationalized and from January 1, 1975 onwards the government took over the

ownership and control of these companies and merged them into a single unit called Ethiopian Insurance Corporation. In the years following nationalization, Ethiopian Insurance Corporation became the sole operator. After the change in the political environment in 1991, the proclamation for the licensing and supervision of insurance business heralded the beginning of a new era. Immediately after the enactment of the proclamation in the 1994, private insurance companies began to increase. As of January, 2014 there are 17 public and private owned insurance companies operate in Ethiopia (National bank of Ethiopia 2014). The list of those insurance companies is stated on

Table 1.1- List of insurance companies operating in Ethiopia as on January 2014

S/N	Name	Type	Establishment year
1	Ethiopian Insurance Corporation	General	1975
2	Africa Insurance company S.C	General	1994
3	Awash insurance company S.C	General	1994
4	National Insurance company of Ethiopia S.C	General	1994
5	Nyala Insurance company S.C	General	1995
6	Nile Insurance company S.C	General	1995
7	The United Insurance S.C	General	1997
8	Global Insurance Company S.C	General	1997
9	NIB insurance company	General	2002
10	Lion Insurance Company S.C	General	2007

11	Ethio-Life and General Insurance S.C	Life and General	2008
12	Oromia Insurance Company S.C	General	2009
13	Abay Insurance Company	General	2010
14	Birhan Insurance company S.C	General	2011
15	Tsehay Insurance S.C	General	2012
16	Lucy insurance share company	General	2012
17	Buna insurance company	General	2013

Source: NBE, 2014

1.3 Statement of the Problem

Service quality has a dramatic effect on the business performance, through cost reduction, customer satisfaction, customer loyalty and profitability (Sorayaei et al. 2013). There is increasing competitiveness in the insurance industry in Ethiopia as well as growth in the sector, and the newly emerged regulation set by the government every vehicle owner has to be insured with vehicle insurance against third party risks.

At present there are seventeen insurance companies operating in the market and there is fierce competition among them. With a greater choice and an increasing awareness, there is a continuous increase in the customers' heavy dependence on experience and credence qualities while evaluating service offerings. Therefore, to sustain in the market, service quality becomes the most critical component of competitiveness for insurance companies in Ethiopia (Tesfaye S, 2015). It is a less researched area interms, of service quality. It has been observed that there is widespread customer dissatisfaction in the insurance industry, arising from poor service design and delivery, and inferior quality of services largely account for this. (Awelachew A, 2015)

Thus it is very much difficult for both service provider and customer to decide on the quality of such a product. With the intense competition and rapidly changing customers' needs, service organizations are eagerly searching for strategies for delivering unique customer experiences. The situation has become worse as most of service organizations, especially insurance companies, are offering similar products and services (Silva, 2009)

To the best knowledge of the researcher, there has not been any empirical study conducted in Addis Ababa that investigated the effect of service quality on customer satisfaction: in the case of vehicle insurance against third party risks. Therefore, the study is intended to address this contextual gap in the literature.

Research Questions

Main Research Question

* To what extent the service quality of vehicle insurance against third party risks influences the level of customer satisfaction in Addis Ababa?

Sub Research Questions

1. How do tangibles affect customers' satisfaction in the vehicle insurance against third party risks in Addis Ababa?
2. How does reliability affect customers' satisfaction in the vehicle insurance against third party risks in Addis Ababa?
3. How does responsiveness affect customers' satisfaction in the vehicle insurance against third party risks in Addis Ababa?
4. How does assurance affect customers' satisfaction in the vehicle insurance against third party risks in Addis Ababa?
5. How does empathy affect customers' satisfaction in the vehicle insurance against third party risks in Addis Ababa?

1.4 Objective of the Study

1.4.1 General objective

- The general objective of the research is to investigate the effect of the service quality of vehicle insurance against third party risks on customer satisfaction in Addis Ababa.

1.4.2 Specific objectives

- To investigate the effect of tangibles on customers' satisfaction in the vehicle insurance against third party risks in Addis Ababa
- To investigate the effect of reliability on customers' satisfaction in the vehicle insurance against third party risks in Addis Ababa
- To investigate the effect of responsiveness on customers' satisfaction in the vehicle insurance against third party risks in Addis Ababa
- To investigate the effect of assurance on customers' satisfaction in the vehicle insurance against third party risks in Addis Ababa
- To investigate the effect of empathy on customers' satisfaction in the vehicle insurance against third party risks in Addis Ababa

1.5 Research Hypothesis

H1: Tangibles have significant positive influence on customers' satisfaction

H2: Reliability has significant positive influence on customers' satisfaction

H3: Responsiveness has significant positive influence on customers' satisfaction

H4: Assurance has significant positive influence on customers' satisfaction

H5: Empathy has significant positive influence on customers' satisfaction

1.6 Significance of the study

The significance of this study is that it sheds light on the effect of service quality on customer satisfaction: in the case of vehicle insurance against third party risks. The results of this study might serve as input for the organization to assist in decision making, in identifying key variables in order to develop strategies to address and improve service quality. By understanding customer perspectives, the management of insurances can derive ways to improve service quality.

Furthermore, this study might be used as a baseline and serve as a reference for those who want to conduct further investigation in this area.

1.7 Operational definitions

Definition of terms

Assurance: Knowledge and courtesy of employees and their ability to inspire trust and confidence.

Customer satisfaction: is a collective outcome of perception, evaluation and psychological reactions to the consumption experience with a product/service.

Empathy: Caring and individualized attention that the firm provides to its customers.

Reliability: Ability to perform the promised service dependably and accurately.

Responsiveness: Willingness to help customers and provide prompt service.

Service quality is customers' overall perception of the organization and its services.

Third Party: means any person other than the insured person, member of the insured person's family, the driver or any person employed on a vehicle to which an insurance policy applies at the time when an accident occurred.

Tangibility: Physical facilities, equipment and appearance of personnel.

Vehicle: is any mechanical or electrical power propelled vehicle moving on roads.

1.8 Scope and Limitation of the Study

1.8.1 Scope of the study

This study is focusing on the relationship between service quality dimensions (tangibility, responsiveness, reliability, empathy, and assurance) and customer satisfaction. There are 17 insurance companies in Ethiopia but this study delimit itself on the government owned and the biggest market share holder which is Ethiopian Insurance Corporation which is (EIC) and the two private owned insurances which are Awash Insurance company S.co and Nib Insurance Company S.co which are companies in the second and third rank in their market share. Furthermore, this study is focusing on some selected branches which are under Addis Ababa districts.

1.8.2 Limitation of the Study

The limitations of this study can arise from the scope of the study. This study mainly focus the effect of service quality on customer satisfaction but there might have various intervening factors beyond service quality that cases the improvement of customer satisfaction. Therefore, other factors beyond service quality that affect customer satisfaction cannot be addressed by this study. Moreover, this study focused only on three insurance companies in Ethiopia particularly on the branches in Addis Ababa so the result may not represent the whole population.

1.9 Organization of the Study

This thesis is organized into five chapters. The first chapter contains background of the study, statement of the problem, research objectives, and significance of the study, hypothesis of the study, and scope and limitation of the study. The second chapter addresses literature review informing the reader of what is already known in this area of study. The third chapter consists of

the methodology employed in the study, including: research approach, research design, population and sampling, sample size and sampling technique, data source and collection method and method of data analysis. Chapter four focused on data analysis and discussion of results. Finally, chapter five contains summary, conclusions and recommendations.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

The history of modern insurance refers to the development of modern business. Similarly, modern insurance service, which were introduced in Ethiopia as far back as 1905 following the establishment of the first bank, Bank of Abyssinia begin to transact fire and marine insurance as an agent of foreign insurance company (Zelege H,p.41 2007).

The first domestic insurance company was namely Imperial Insurance Company of Ethiopia Ltd which was established in 1951 and until 1960 there was one domestic and several foreign insurance companies operating through agents were there then establishment of local insurance companies moreover domestic private insurance companies started to increase in number during this period (Zelege H, p.42 2007).

Before 1974 Ethiopian financial system was “market economy” and there were 13 private insurance companies. In 1975, following the government centrally planned economic system the financial institution and other means of private ownership were decided to be “nationalized” and there was one government owned insurance company, which was Ethiopia Insurance Corporation (EIC).

Ethiopian Insurance Corporation was the only insurance corporation i.e. monopoly over the insurance sector till 1994 due to the collapse of the derg regime and the shift from market economy to free market economy. As per the proclamation (86/1994) investment in insurance business is restricted to domestic investors only. Consequently, domestic private insurance companies were being established and currently there are 17 insurance companies in the country. (Zelege H, p.73 2007)

2.2 Vehicle Insurance against Third Party Risks

Transport plays a crucial role in facilitating socio-economic development. Accordingly, road transport plays the dominant role in freight and passengers transportation as compared with the other transportation sub sector (Zelege T, 2004). As of 2001, 99.3% of the

passengers used road transport services and 87.6% of the total freight was carried by motor vehicles (Ministry of Infrastructure, 2001).

The rapid economic growth has also an effect for dramatically increased newly registered vehicles, during the past three years (2012-2014) cars with a code license plate two was increased by 48% and the total number of all kinds of vehicles registered has now surpassed the 400,000 mark. All this has its own social, economic and environmental effects both negative and positive (Mekonnen B, 2014). The risk of road trauma and its economic consequences is many, particularly in developing society; poor households are vulnerable to road shock because of lack of fair and timely compensation systems. In this regard motor insurance play significant role, since millions of people are killed and tens of millions injured on the roads each year (Aeron, 2002). Consequently, these affairs have attracted the attention of many countries to adopt Compulsory Third Party motor insurance with the aim of laying down a mechanism to alleviate the problems associated with motor accidents (Zelege T, 2004).

The law stating about Vehicle insurance for third party risks i.e. proclamation number (799/2013) states "Third Party" means any person other than the insured person, member of the insured person's family, the driver or any person employed on a vehicle to which an insurance policy applies at the time when an accident occurred giving liability under such insurance policy so any person should not drive without a vehicle without insurance coverage because the occurrence of accidents caused by vehicles is escalating from time to time.

Third party insurance is a policy under which the insurance company agrees to indemnify the insured person, if he is sued or held legally liable to a third party. The first party is a policy holder, i.e. either the owner of a vehicle or a lawful possessor authorized by the owner on behalf of the owner, the insurance company is the second party, and third parties are parties other than employee or members of the policy holder, such as the pedestrian who is knocked down by the insured in a motor accident (Irukwu, 1991).

Vehicle accidents are becoming the reason for loss of lives, bodily injuries, damages to properties and creating social problem; whereas, it is necessary to establish a system for facilitating the provision of emergency medical treatments to victims of vehicle accidents,

and to require owners of vehicles to have third party insurance coverage against third party risks

The objectives of insurance fund tariff collected from each insurance company according to Proclamation No (799/2013) are used for three purposes;

- First; it is used to handle the emergency medical costs for each and every victim of road traffic accident.
- Second, it is utilized for covering the costs incurred for helping victims of untraced motor vehicles or hit and run cases.
- Thirdly, it helps to cover the medical and other associated costs of victims of uninsured motor vehicles.

2.3 Definition of Service

Services are the production of an essential benefit, either in its own right or as a significant, not incidental, element of a tangible product, which through some form of exchange satisfies an identifiable customer need. (Miller and Layton, 2000, p.661).

A service is an act or performance offered by one party to another. Although the process may or may not be tied to a physical product, the performance is essentially intangible and does not normally result in ownership of any of the factors of production. Services are economic activities that create value and provide benefits for customers at specific times and places, as a result of bringing about a desired change in or on behalf of the recipient of the service. (Christopher, Sandra, Barbara and Suzanne 2004)

Service is any act or performance that one party offers to another that is essentially intangible and does not result in the ownership of anything i.e. services are intangible, inseparable, variable, and perishable. (Kotler 2002)

2.3.1 Service Quality

Quality has been defined differently by different authors. Service quality is defined as the consumer's overall impression of the relative inferiority/superiority of the organization and its services. Service quality is a critical component of customer perception. In the case of pure services, service quality will be the dominant element in customers' evaluations. In case where customer service or services are offered in combination with a physical product, service quality may also be very critical. Here in the latter case the product quality would also matter (Bitner and Hubbert, 1994).

Hoffman and Bateson (2010) defined service quality as 'an attitude formed by a long term, overall evaluation of a firm's performance'. Expectations are viewed as desires or wants of customers, i.e. what they feel a service provider should offer rather than would offer."(Parasuraman, et al.,1988).Oliver (1997) argues that service quality can be described as the result from customer comparisons between their expectations about the service they will use and their perceptions about the service company. That means that if the perceptions would be higher than the expectations the service will be considered excellent, if the expectations equal the perceptions the service is considered good and if the expectations are not met the service will be considered bad.

According to Gronroos (1982), there are two dimensions of customer's perceptions of any service, namely technical quality (what is provided) and functional quality (how the service is provided). Sasser et al. (1978) suggested three different attributes (levels of material, facilities, and personnel) all dealing with the process of service delivery. Subsequently, Gronroos (1990) identified six specific dimensions viz., professionalism and skills, reliability and trustworthiness, attitudes and behavior, accessibility and flexibility, recovery, and reputation and credibility, on which service quality could be measured. Lehtinen and Lehtinen (1982) discussed three dimensions viz, physical quality, involving physical aspects; corporate quality, involving a service firm's image and reputation; and interactive quality, involving interactions between service personnel and customers. Perceived service quality has been defined as a global judgment or attitude relating to the superiority of a service (Zeithaml and Bitner, 2000).

Service quality is a significant source of sustainable competitive advantage, as it affects the constant improvement of service performance by increasing market share and profit growth. Such a view of service quality yields an increase in financial results and achieving sustainable competitive advantage. (Aleksandar, Suzana and Božidar 2005)

Service quality is a critical component of customer perception. Service quality will be the dominant element in customers' evaluations. According to Parasuraman et al (1988), the five dimensions of service quality are reliability, responsiveness, assurance, empathy, and quality of tangibles referred to as SERVQUAL. The SERVQUAL instrument has been the predominant method used to measure consumers' perceptions of service quality. It has five generic dimensions or factors are stated as follows:

- 1) Tangibles: Physical facilities, equipment and appearance of personnel.
- 2) Reliability: Ability to perform the promised service dependably and accurately.
- 3) Responsiveness: Willingness to help customers and provide prompt service.
- 4) Assurance: Knowledge and courtesy of employees and their ability to inspire trust and confidence.
- 5) Empathy: Caring and individualized attention that the firm provides to its customers.

Quality can be defined only in terms of the agent. In essence, ultimately this means that it is the consumer that will form a judgment about the quality of any given service that they receive. Consumers perceive service in their own unique, idiosyncratic, emotional, and irrational, end-of-the-day, and totally human terms. Perception is all there is in relating customer satisfaction and service quality, researchers have been more precise about the meaning and measurements of Satisfaction and service quality have certain things in common, but satisfaction generally is a broader concept, whereas service quality focuses specifically on dimensions of service. (William j 2002). Although it is stated that other factors such as price and product quality can affect customer satisfaction, perceived service quality is a component of customer satisfaction (Zeithaml et al. 2006).

2.4 Perception of Service Quality

Zeithaml (1988) pointed out that perceived value is very subjective and distinct and it is different from one customer to another. Perceived value is defined as a customer's overall assessment of the utility of a service based on the perception of what is received.

Perceived value is the results or benefits customers receive in relation to total costs (which include the price paid plus other costs associated with the purchase). In simple terms, value is the difference between perceived benefits and costs. However, what constitutes value appears to be highly personal, idiosyncratic, and may vary widely from one customer to another (Holbrook, 1994; Zeithaml, 1988).

Turel and Serenko, (2004) further argued that Perceived quality (PQ) is the actual experience of a customer about service. There is a positive relationship between service quality and customer satisfaction. Iglesias and Guille'n, (2004) revealed that perceived quality has a direct and positive influence on the level of customer satisfaction. Quicker delivery of service would be perceived as high service quality, while a slower delivery would be perceived as low service quality (Reimann, Lünemann and Chase, 2008).

Quality is a form of consumer attitude and the performance only measure of Service. They stated that Service Quality can be conceptualized as "similar to an attitude".i.e. Service Quality is evaluated by perceptions only (Cronin and Taylor, 1992).

Perceived service quality is defined as consumers' judgment about a business's overall distinction or dominance (Parasuraman, Zeithaml and Berry, 1988). Jiang and Wang, (2006) defined it as the consumer's evaluation of the service performance received and how it compared with their expectation. Another aspect Jiang and Wang, (2006) pointed out that, evaluations are not based on service attributes; rather these depend on a customer's feelings or memory. So, customers measure service quality in terms of how much pleasure they have received from a service. Jiang and Wang, (2006) concluded that the role of perceived service quality in customer satisfaction is established but the conditions under different dimensions of effect will or will not influence service quality evaluation and customer satisfaction.

“Perceived service quality is viewed as the degree and direction of discrepancy between consumers’ perceptions and expectations” (parasuraman et al, 1991.).

2.5 Customer Expectations

Expectation is “a belief that something will happen because it is likely to happen” (Wehmeier2000). Expectations can be formed before or during the delivery of a service. They reflect beliefs as to what will or should happen (Mudie and Pirrie 2006).

According to Tam (2005), it is important for success in influencing customer satisfaction to understand how customer expectations develops and update even if the term expectation is vague and difficult to interpret in surveys.

According to Lovelock and Wirtz (2007) understanding the expectations of customers mean understanding that when customers evaluate service they compare their expectations with what they think they received from the supplier and if the expectations are met or even exceeded customers believe that the service have high quality. Customer expectations vary depending on what kind of business the service is connected to. Expectations also vary depending on different positioning strategies of different service providers. Thirdly the expectations are influenced by previous experiences of the service provider, competing services in the same industry or related services in different industries. If the customer don’t have any previous experience they are more likely to base their expectations on word of mouth, news stories or the marketing efforts of the company.

One more thing to consider is that customer expectations vary over time because they are influenced by advertising, new technologies, service innovation, social trends and so on. A successful company is able to meet expectations in every step. Each time a company delights a customer, new expectations are created. Similarly, with each change in product, price, promotion, or distribution, expectations can be affected. A major challenge for companies is to create marketing strategies which give buyers high but realistic expectations. Companies must continue to do better in light of competitor efforts and rising consumer expectations. (Gilbert, D. H. and Gary, L. F.1999)

2.6 Customer satisfaction

Customer Satisfaction is “as an attitude-like judgment following a purchase act or a series of consumer product interactions” (Youjiae Yi 1990). “Satisfaction is merely the result of things not going wrong; satisfying the needs and desires of consumers.”(Besterfield 1994); Customer satisfaction is “an experience-based assessment made by the customer of how far his own expectations about the individual characteristics or the overall functionality of the services obtained from the provider have been fulfilled” (Bruhn, 2003). Customer satisfaction is the feeling or attitude of a customer towards a product or service after it has been used (East, 1997).

According to Gyasi and Azumah (2009) satisfaction is “The process of customer overall subjective evaluation of the product/service quality against his/her expectation or desires over a time period.”

Customer satisfaction involves customer expectation of the service delivery, actual delivery of the customer experience, and expectations that are either exceeded or unmet. If expectations are exceeded, positive disconfirmation results, while a negative disconfirmation results when customer experience is poorer than expected. Intense competition, the key to sustainable competitive advantage lies in delivering high quality service that will in turn result in satisfied customers (Shemwell et al., 1998).

Kolter and Armstrong (1999) defended the customer satisfaction as the customer's perception that compares their pre-purchase expectations with post purchase perception. Oliver (1997) defines satisfaction as “the consumer’s fulfillment response”, a post consumption judgment by the consumer that a service provides a pleasing level of consumption-related fulfillment, including under or over-fulfillment. Oliver (1981) point of view Customer satisfaction is the evaluation a customer makes to a certain exchange, which reflects the relation of the customer's expectation and their real perception to products and services they receive.

What is evident in most discussions of satisfaction (or even delight) is that consumer judgments are made by comparing the service that is experienced against some pre-existing standard. One of the commonest bases for comparison is that of perceptions against

expectations. This is commonly referred to as the Disconfirmation Model of Satisfaction. In simple terms, when perceptions are less than expectations the result is a negative disconfirmation, resulting in a negative evaluation and a lack of satisfaction.

Confirmation of expectations or a situation of positive disconfirmation (where performance exceeds expectations) will result in a positive evaluation, usually satisfaction but perhaps also delight. There are clear similarities between this perspective on customer satisfaction and the idea that service quality is derived from the gap between expectations of what should be received and perceptions of what is actually received. The key difference arises in the way in which expectations are specified. In the case of service quality, the starting point for a comparison is some notion of ideal expectations (what I should get); in the case of customer satisfaction, the starting point is predicted expectations (what I will get). Expectations provide only one comparison standard, although probably the most commonly used. Other comparison standards that may be relevant in satisfaction judgments include customer needs and a sense of what is fair/reasonable (equity theory). (Akalu, 2015; Frank and Theresa 2011)

Customer satisfaction is an outcome or a process, many early definitions conceptualized satisfaction as a process which is currently the dominant view held by most scholars (Oliver, 1980; Parasuraman et al., 1988). The process perspective presupposes that customer satisfaction is a feeling of satisfaction that results from the process of comparing perceived performance and one or more predictive standards, such as expectations or desires (Khalifa and Liu, 2002). This perspective is grounded in the expectancy disconfirmation theory proposed by Richard Oliver (Oliver, 1980). The customer is satisfied if the performance of product/service is equal to his/her expectations (positive disconfirmation) and he/she is dissatisfied if the product/service performance is perceived to be below his/her expectation (negative disconfirmation).

By taking satisfaction as a process these definitions do not focus on satisfaction itself but things that cause satisfaction, the antecedents to satisfaction, which occur primarily during the service delivery process. More recent studies view satisfaction as an outcome or end result during the process of the consumption of a service; it is viewed as a post-purchase experience (Vavra, 1997).

A significant amount of marketing research is dedicated to measuring customer satisfaction and customer loyalty but especially customer satisfaction. Satisfaction ratings are major indicators of organizations competitiveness. Today, every extremely successful company makes a concerted effort to satisfy customers. The race to beat competitors in customers' satisfaction is a powerful business objective because satisfaction is an overall indicator of how well customers rate a company's performance. (Gilbert and Gary1999)

2.7 The Relationship between Service Quality and Customer Satisfaction

Service quality and customer satisfaction are important concepts to academic researchers studying consumer evaluations and to practitioners as a means of creating competitive advantage and consumer loyalty.

Customer satisfaction has been considered to be based on the customer's experience on a particular service encounter, (Cronin and Taylor, 1992) it is in line with the fact that service quality is a determinant of customer satisfaction, because service quality comes from outcome of the services from service providers in organizations. Another author stated in his theory that "definitions of consumer satisfaction relate to a specific transaction (the difference between predicted service and perceived service) in contrast with 'attitudes', which are more enduring and less situational-oriented," (Zeithaml et al.,2006)

The academic literature postulates that customer satisfaction is a function of the discrepancy between a consumer's prior expectations and his or her perception regarding the patronage of the service. (Tse and Wilton, 1988; Yi, 1990).

Regarding the relationship between customer satisfaction and service quality, Oliver (1993) first suggested that service quality would be antecedent to customer satisfaction regardless of whether these constructs were cumulative or transaction specific. In relating customer satisfaction and service quality, researchers have been more precise about the meaning and measurements of satisfaction and service quality.

Satisfaction and service quality have certain things in common, but satisfaction generally is a broader concept, whereas service quality focuses specifically on dimensions of service. (Wilson et al., 2008). Although it is stated that other factors such as price and product

quality can affect customer satisfaction, perceived service quality is a component of customer satisfaction (Zeithaml et al. 2006).

It has been proven from past researches on service quality and customer satisfaction that Customer satisfaction and service quality are related from their definitions to their relationships with other aspects in business. Some authors have agreed to the fact that service quality determines customer satisfaction. Parasuraman et al., (1985) in their study, proposed that when perceived service quality is high, then it will lead to increase in customer satisfaction. Some other authors did comprehend with the idea brought up by Parasuraman (1995) and they acknowledged that “Customer satisfaction is based upon the level of service quality that is provided by the service providers” (Saravana and Rao, 2007, p. 436, Lee et al., 2000).

2.8 The Service Quality Model

One of the service quality categories that have been found to influence customer satisfaction is functional quality. Functional quality has been initially conceptualized in the GAP model which was proposed by Parasuraman, Zeithaml and Berry (1985). The model conceptualizes service quality to be the differences between expectation and performance relating to quality dimensions. These differences are referred to as gaps. The gaps model (figure 1) conceptualizes five gaps which are:

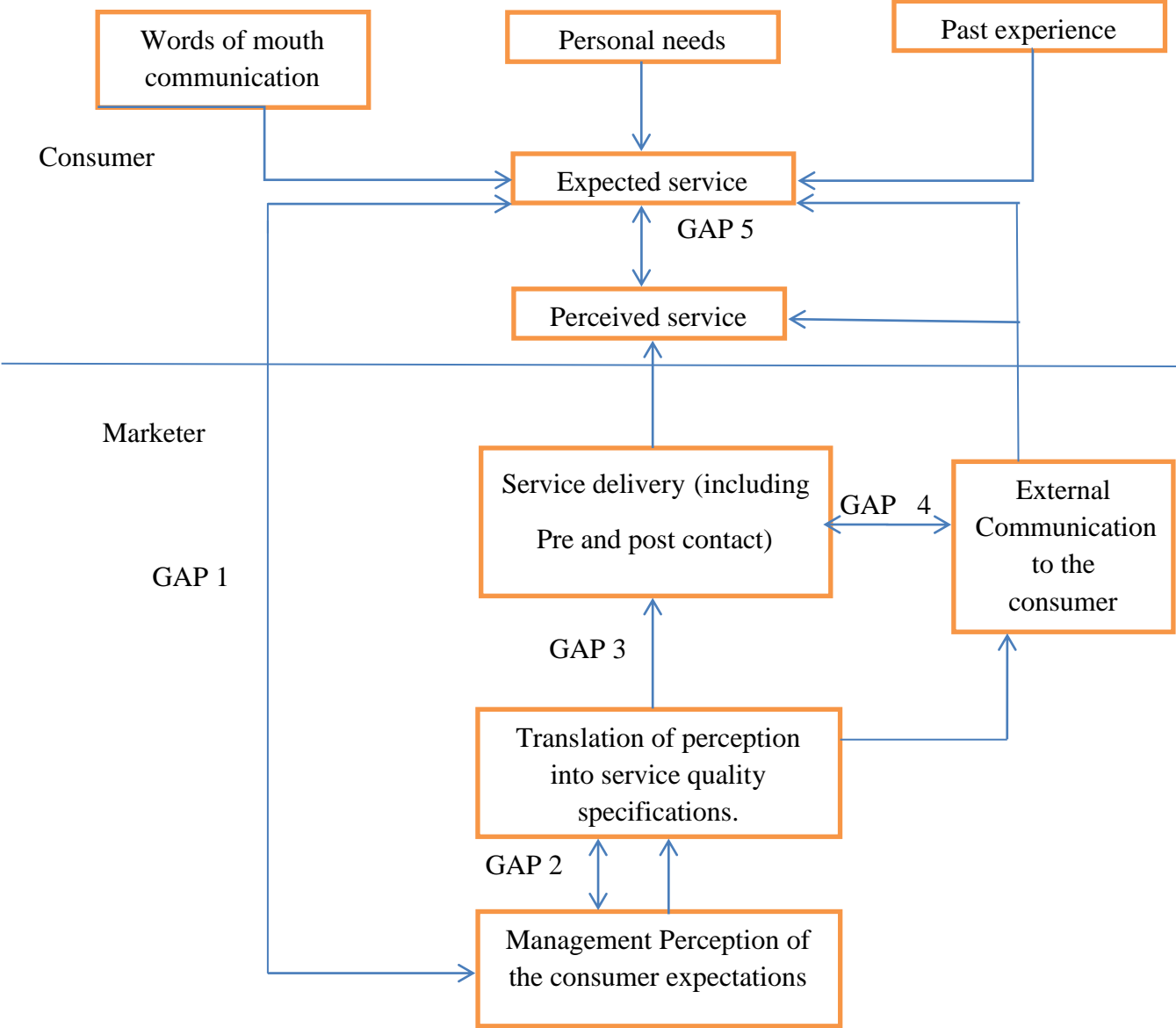
Gap 1: Difference between consumers’ expectation and management’s perceptions of consumers’ expectations (not identifying what consumers expect);

Gap 2: Disparity between management’s perceptions of consumer’s expectations and service quality specifications (inappropriate service-quality standards);

Gap 3: variations between service quality specifications and service actually delivered (poor delivery of service quality);

Gap 4: Difference between service delivery and the communications to consumers about service delivery (promises mismatch delivery);

Gap 5: Difference between consumer's expectation and perceived service; this gap depends on size and direction of the four gaps associated with the delivery of service quality on the marketer's side.



Source: Parasuraman *et al.* (1985)

Figure 2.1: Gap analysis model

2.9 SERVQUAL

The original conceptualization of service quality was a framework developed by Parasuraman et al (1985, 1988). Their works led to the development of a 22-item scale, the SERVQUAL instrument which has been used extensively by most researchers.

The SERVQUAL instrument was originally measured on ten (10) aspects or dimensions of service quality: reliability, responsiveness, competence, access, courtesy, communication, credibility, security, understanding, and tangibles (Parasuraman et al 1985) as a means of measuring the gap between customer expectation and experience. The original construct was found to be overly complex, subjective and statistically unreliable, and as a result it was simplified and modified to the five dimensional model which is measured on five (5) aspects, namely- reliability, assurance, tangibility, empathy and responsiveness (RATER). Service quality is therefore a function of pre -purchase customers 'expectations, perceived process quality and perceived output quality (McCabe et al, 2007).

Parasuraman et al (1985), conceptualized service quality as the gap between customers' expectation and their perception of the service experience. Based on their conceptualization of service quality, the original instrument was made up of 22-items. The data on these items were grouped under the five dimensions of RATER (Nyeck et al, 2002).

A lot of studies have been undertaken using the SERVQUAL because of its generic service applicability. It has been used in hospitals (Babakus et al, 1992); hotels (Saleh and Rylan, 1991); travel and tourism (Armoo, 2000) a telecommunications company, two insurance companies and two banks (Parasuraman et al 1991).

2.10 SERVPERF

Although Cronin and Taylor, (1992), Brown et al., (1993) proposed that there is a lack of evidence supporting the expectation-performance gap as a predictive measure of service quality. They believe that assessing customer perception is enough for evaluating service quality and it is unnecessary to measure customer expectations in service quality research. They oppose evaluating service quality by calculating the difference between customer perceptions and customer expectations (P-E). Indeed, they define Service Quality as a

customer Perception (of Performance only) without expectations. They proposed that the performance based measurement approach (SERVPERF) is more in conformance with the existing attitude and customer satisfaction literature and is superior to the perception-expectation gap approach.

The term "performance-only measures" refers to service quality measures that are based only on customers' perceptions of the performance of a service provider, as opposed to the difference (or gap) between the customers' performance perceptions and their performance expectations. Performance-only measures have been developed as a consequence of SERVQUAL assessment. These measures represent the idea that measuring perceptions of performance is enough to assess service quality. SERVPERF (Cronin and Taylor, 1992), consisting of the perceptions only part of the SERVQUAL scale, is the most renowned of these measures.

In constructing the SERVPERF scale, Cronin and Taylor (1992) used the SERVQUAL's battery of service quality attributes and the scale's dimensionality but they discarded the expectations portion. Cronin and Taylor (1992) examined the relevant performance of unweight SERVPERF, SERVPERF weighted by importance (of dimensions) and SERVQUAL weighted by importance (of dimensions) for measuring service quality across four industries (banks, pest control, dry cleaning, and fast food) and offered empirical evidence that the unweight SERVPERF explained more variance and was more parsimonious than the other two measures.

Methodologically, the SERVPERF scale represents marked improvement over the SERVQUAL scale. Not only is the scale more efficient in reducing the number of items to be measured by 50 per cent, it has also been empirically found superior to the SERVQUAL scale for being able to explain greater variance in the overall service quality measured through the use of single item scale. This explains the considerable support that has emerged over time in favor of the SERVPERF scale (Babakus and Boller, 1992). Though still lagging behind the SERVQUAL scale in application, researchers have increasingly started making use of the performance only measure of service quality (Cronin and Taylor, 1992). Also when applied in conjunction with the SERVQUAL scale; the SERVPERF

measure has outperformed the SERVQUAL scale (Babakus and Boller, 1992: Cronin and Taylor, 1992)

Teas (1993) questioned the validity of perception-expectation gap with conceptual and operational problem in the definition of the expectation. While perception (P) is definable and measurable in a straightforward manner as the customer belief about service is experienced, expectation (E) conceptualized owing to there are plenty definition for the term expectation in service quality literature where it is defined as ‘normative expectation with concern to organization constraints such as human resource or facilities and equipment limitation or ‘ideal expectation’ without any concern to limitation and constraint, it means what the customer would expect from excellent service. Initially, Parasuraman et al (1985, 1988) defined expectation as "desire or wants of customer; what they feel a service provider should offer rather than would offer”

2.11 Review of Previous Empirical Studies

A cross-sectional study conducted in Ethiopia entitled “The Effect of Service Quality On Customer Satisfaction in Selected Insurance Companies in Addis Ababa” which was conducted in three insurance companies which are found in the city and the data was collected from one hundred forty one customers and it showed that the five service quality dimensions have positive relationship with customer satisfaction. The findings of the study also indicated that assurance is the most important factor to have a positive and significant effect on customer satisfaction followed by reliability, responsiveness, empathy and tangibles (Akalu, 2015)

A cross-sectional study conducted in Vietnam entitled “Assessing Customer Satisfaction and Service Quality” in a single insurance company which is found in six cities and the data was collected from four hundred customers of on the effect of service quality on customer satisfaction on selected insurance companies and it showed that the five service quality dimensions have positive relationship with customer satisfaction. The findings of the study also indicated that responsiveness is the most important factor to have a positive and significant effect on customer satisfaction followed by reliability, assurance, empathy, and tangibles. (Pham and Nguyễn, 2014)

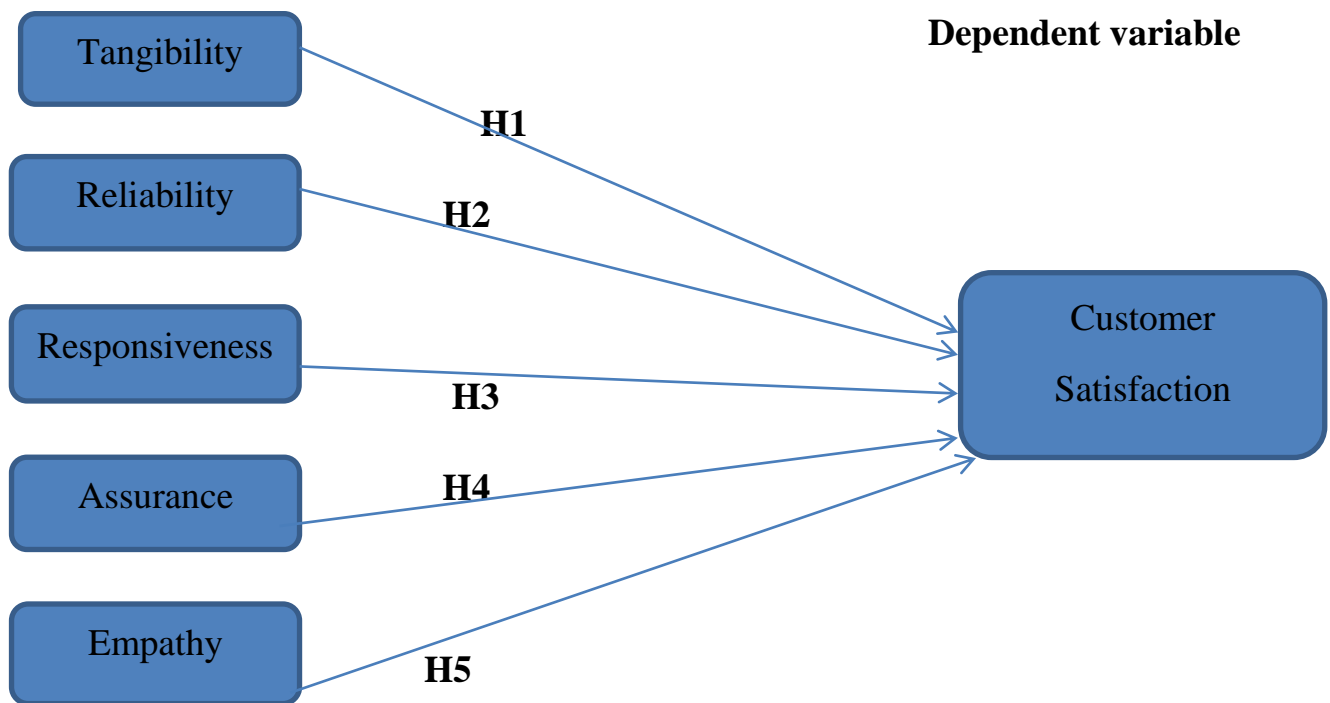
A cross-sectional study conducted in Saudi Arabia entitled “Consequences Of Service Quality in The Insurance Industry”: and it showed that reliability and responsiveness are functional quality dimensions that were found to have significant impact on customer satisfaction whereas another study done in the Ghanaian insurance Industry with a title “An Analysis and Assessment of Customer Satisfaction with Service Quality in Insurance Industry” the data was collected from one thousand and fifty-one questionnaires of all insurance companies in the country which shows the same results with the Saudi Arabian insurance industry research results.(Alawni et al., 2016: Frank and Theresa 2011)

A sample survey done in Indian insurance company entitled “Service Quality And Its Impact On Customer Satisfaction Towards Life Insurance In Dharmapuri” and the data was collected 100 questionnaires and it showed that the three service quality dimensions which are reliability, responsiveness and tangibles have positive relationship with customer satisfaction but the company should focus on assurance and empathy to further strengthen the level of satisfaction.(Murugesan 2012)

Another cross sectional study done in Indian insurance company entitled “A Study on Impact of Service Quality on Customer Satisfaction “and the data was collected using a structured questionnaire. It was found that, among all the tangible parameters, the most important factor for customers is that brochures, pamphlets and other communication materials are visually appealing. Also, among all the reliability parameters, the two most important factors for customers are that time related promises are kept and that services are provided at promised time. Among all the responsiveness parameters, the most important factor for customers is employees say exactly when the service will be performed. Among all the assurance parameters, the most important factor for customers is transactions with the employees elicit feelings of security. Finally, among all the empathy parameters, the most important factor for customers is employees give individual attention to the customers. (Swati and Mihir 2012)

2.12 Conceptual Framework

Independent variables



Source: parasuraman et al. (1988)

Figure 2.2: Conceptual framework of the effect of customer service quality on customer Satisfaction

If customers agree that they are satisfied with the service quality; service quality dimension has significant relationship with service quality and customer satisfaction, then a conclusion could be drawn that service quality has a significant relationship with customer satisfaction and with service quality dimensions.

CHAPTER THREE: RESEARCH DESIGN AND METHODOLOGY

3.1 Introduction

There are several methods and procedures that are used in this study which exist under the following subheading: research approach, research design, population and sampling, sample size and sampling technique, data source and collection method, and, method of data analysis.

3.2 Research Approach

The researcher used quantitative type of data. The Data that was collected from sample survey through questionnaire that describes numerical figures which are the quantitative data types that are used in this study.

3.3 Research Design

Explanatory research method was used to analyze the data collected from customers about the service quality dimensions that influence customers' satisfaction. This study was explanatory study design, for explaining, understanding and predicting the relationship between variables. The study was also cross sectional in the sense that relevant data will be collected at one point in time at the insurance offices.

3.4 Population and sampling

3.4.1 Population

In Addis Ababa, totally there are 17 insurance companies of which one is government owned and 16 are private owned. The state owned Ethiopian Insurance Corporation still dominates the market in terms of market share compared to the private insurances. At the end of December 2013/2014 fiscal year the gross premium for general insurance in millions for Ethiopian

Insurance Corporation is 1883, for Awash Insurance Company is 346 and Nib Insurance Company holding 334 from the total of 4688. (NBE, 2013/2014)

According to Sekaran (2001), a population as “the entire group of people, events, or thing of interest that the researcher wishes to investigate”. The target populations of this research are customers of Ethiopian Insurance Corporation, Awash Insurance Company S.co and Nib Insurance Company S.co in Addis Ababa and branches were selected randomly.

Customers who received vehicle insurance against third party risks service and coming every 15 minutes at time of data collection were part of the study i.e. from April 1-April 25.

3.4.2 Sample size and Sampling technique

Out of 17 insurance companies, (3 insurance companies) are selected as a sample. The three insurance companies were selected on the assumption that they could represent the 17 insurance companies because Ethiopian Insurance Corporation is the only government owned insurance company and with the largest market share in the insurance industry which is 40.17%, whereas Awash Insurance Company S.co is privately owned company holding the second rank on the market in terms of market share i.e. 7.38 % and Nib Insurance Company S.co is also privately owned holds third production level and carrying 7.12% from the total market share. (NBE, 2013/2014). It was impossible to select the 17 insurance companies because of resource limitations so only three companies were selected.

The researcher used two tier sampling method first to select the insurance companies. The companies were selected based on their sub city i.e. the branches were written in a paper then selected randomly. To select samples using a time interval method systematic sampling technique was used, customers coming every 15 minutes were sampled. Random sampling cannot be used because of non-availability of the customers list i.e. no database exists with the list of customers' who are insured with the third party system.

The representative sample size was determined by using estimation method given by (Krejcie and Morgan 1970)

The number of customers estimated by taking a confidence level of 95% ($Z_{\alpha/2}=1.96$), P value of 50% to obtain the largest possible sample size and margin of error (D) of 5%.

$$N = \frac{(Z_{\alpha/2})^2 * P(1-P)}{D^2} = \frac{(1.96)^2 * (0.5) * (1-0.5)}{(0.05)^2} = 384$$

In order to accommodate for possible non-response and inappropriate responses, 10% was added to the calculated sample size. This gives a total of 422 customers as study participants. This formula was used because of resource limitations i.e. unavailability of a database that contains a list customers in the vehicle insurance against third party risks separately from the other insurance services so this formula is used because the exact number of customers on the third party is unknown and estimated to be large. From the total 422 questionnaires 40.17% or 310 were distributed to customers' of Ethiopian Insurance Corporation, 7.38% or 57 were distributed to customers' of Awash Insurance Company and 7.12% or 55 were distributed to the customers' of Nib Insurance Company which is according to their market share.

Table 3.1 Number of customers and proportion of samples taken from each insurance company

Insurance company	Market share of each company (%)	Sample of respondents from each company
Ethiopian Insurance Corporation	40.17	310
Awash Insurance Company	7.38	57
Nib Insurance Company	7.12	55
Total	54.67	422

Source: developed for this research, 2016

3.5 Data collection

In order to develop a reliable and valid service quality measurement SERVPERF was used .In evaluation of customer perceived service quality twenty two similarly worded items measuring "Perceptions or experiences" of customers was used, with regard to their service encounter with the insurance. In the process of collecting data, a questionnaire was developed .The questionnaire was divided into to three sections. In the first part information related to different socioeconomic and demographic criteria like income, age, profession, educational qualification was collected. In the second part, respondents were asked to evaluate parameters on service quality relevant to insurance industry (on a 5 point scale anchored at “strongly disagree” and “strongly agree”).In the third part, customers were asked the overall judgment of service quality and satisfaction based on a (five scale interval anchored at “very dissatisfied” and “very satisfied”).

3.6 Data Source and Collection Method

For the proper achievement of the objectives of the study; the researcher used primary data source. Primary data was collected using questionnaires. Questionnaires were distributed to the customers of the three insurance Companies which are Ethiopian Insurance Corporation, Awash Insurance Company S.co and Nib Insurance CompanyS.co.

3.7 Method of Data Analysis

Descriptive analysis, Correlation analysis, and Multiple Regression Analysis were employed to analyze the data through SPSS 20.0.

Descriptive analysis

The descriptive statistical results were presented by tables, frequency distributions and percentages to analyze the data. This was achieved through summary statistics, which includes the mean values and standard deviation which were computed for each variable in this study.

Pearson Correlation analysis

In this study Pearson's correlation coefficient was used to determine the relationships between service quality dimensions (Tangibility, reliability, responsiveness, assurance and empathy) and customer satisfaction.

Multiple Regression Analysis

Multiple regression analysis was used to examine the effect of service quality dimensions (Tangibility, reliability, responsiveness, assurance, and empathy) on customer satisfaction.

Regress customer satisfaction on the service quality dimensions

$$CS = B_0 + (B_1) TAN + (B_2) REL + (B_3) RES + (B_4) ASSU + (B_5) EMP + e$$

Where CS= customer satisfaction, TAN= tangibility, REL= reliability, RES= responsiveness, ASSU= assurance, EMP= empathy, B₀= constant, B₁ TO B₅= beta coefficients, and e= the error term.

Regression functions

The equation of multiple regressions on this study was generally built around two sets of variable, namely dependent variables (customer satisfaction) and independent variables (Tangibility, reliability, responsiveness, assurance, and empathy). Parasuraman, A., Zeithaml, V. A. and Berry, L.L., (1985). The basic objective of using regression equation on this study was to make the researcher more effective at describing, understanding, predicting, and controlling the stated variables.

CHAPTER FOUR

DATA ANALYSIS AND DISCUSSION OF RESULTS

4.1 Introduction

In this chapter data was presented and discussed to address the research questions and objectives. The following are the main headings: Reliability test, Response rate, Respondents' background information, descriptive analysis, Pearson correlation analysis, multiple regression analysis and customers overall satisfaction analysis but before the main data collection pilot test was performed to check the reliability of the questionnaire developed.

4.2 Reliability and Validity Test

Validity and reliability are the two important characteristics of every measure of materials such as questionnaire. Reliability is fundamentally concerned with issues of consistency of measures whereas validity is the degree to which an instrument measures what it is supposed to measure. (Bryman and Bell, 2003). So before analyzing the collected data the reliability of the main items of the questionnaire was tested by using Cronbach's alpha and validity of the instrument for the present study was ensured as the service quality dimensions and items are identified from the literature and were reviewed by other academicians and by my advisor. Pilot tests were then conducted with twenty customers who were seen as similar to the population for the study. The purpose of the pre testing was to refine the questionnaire and to assess the validity of measures in Ethiopian context. First reliability for each item under service quality dimensions (tangibility, reliability, responsiveness, assurance and empathy) was checked then overall reliability for all items which were important for the research was performed by using SPSS.

Table 4.1- Reliability of the instrument

No.	Dimensions	Number of items	Alpha value
1.	Tangibility	Four	0.851
2.	Reliability	Five	0.911
3.	Responsiveness	Four	0.929
4.	Assurance	Four	0.865
5.	Empathy	Five	0.843
6.	Customer satisfaction	One	0.869

Source: Own survey, 2016

According to Hair, et al., (2010), if α is greater than 0.7, it means that it has high reliability and if α is smaller than 0.3, then it implies that there is low reliability. To meet consistency reliability, the questionnaire was distributed to twenty customers who are similar to the population of the study. In this study, all the independent variables and dependent variable, met the above requirement. The alpha value is identified and summarized in the above table.

Table 4.2-Reliability statistics of Overall Factor the five point Likert scale questions

Cronbach's Alpha	N of Items
.868	23

Source: own survey, 2016

Therefore, the reliability of 23 items that are critical determine the effect of service quality on customer satisfaction have been tested by using Cronbach's alpha. According to Hair et al. (2006) the reliability coefficient which are more than or equal to 70 % ($\alpha > 0.7$) is

acceptable. So, Reliability of the question was evaluated and the result (Cronbach’s Alpha) was used to test the reliability of the material used in this research. Thus, the reliability coefficient of the above item is above 70% and/or the overall reliability test for the item is 86.8%. This implies that the item were reliable and understandable to the respondents.

4.3 Response Rate

A total of 422 questionnaires were distributed and the response rate was indicated in the table below.

Table 4.3- Response rate

Items	Response rate	
	No.	percent
Sample size	422	100%
Collected	369	87.4%
Ethiopian Insurance Corporation	280	66.3%
Awash Insurance Company	46	10.9%
Nib Insurance Company	43	10.2 %
Remain uncollected	53	12.6%

Source: own survey, 2016

From the above table, out of 422 distributed questionnaire 379(89.8%) were collected while 43(10.2%) of the questionnaire remained uncollected. Moreover, from the collected questionnaire i.e.379 (89.8%), 10 questionnaires were not filled properly and completely. Therefore, analysis were made based on the responses obtained from 369(379-10) questionnaires i.e. (87.4%) hence, from the total collected 369 questionnaires 280 were filled by the customers of Ethiopian Insurance Corporation, 46 were completed by customers of Awash Insurance Company and the remaining 43 were filled by the customers of Nib Insurance Company.

4.4 Background Information of Respondents

Based on the market share of the insurance companies: 310, 57 and 55 questionnaires were distributed for company Ethiopian Insurance Corporation, Awash Insurance Company and Nib Insurance Company respectively. The sampling was based on the amount of production of insurance companies since the exact number of customers of each insurance company was not known (see appendix B)

The demographic characteristics include: gender, age, marital status, level of education and occupation. This aspect of the analysis deals with the personal data on the respondents of the questionnaires given to them. The table below shows the details of background information of the respondents.

Table 4.4- Background information of the respondents

Variable	Category	No.	%
Gender	Male	254	68.8
	Female	115	31.2
Age	< 30	136	36.9
	31-45	161	43.6
	46-60	58	15.7
	>60	14	3.8
Marital status	married	206	55.8
	Single	163	44.2
	Other	0	0
Highest level of Education	Primary education	18	4.9
	High school	26	7.0
	Certificate	16	4.3
	Diploma	114	30.9
	Degree	184	49.9

	Masters and above	11	3.0
Occupation	Salaried	223	63.1
	Self-employment	125	33.9
	Retired	6	1.6
	Other	5	1.4

Source: own survey, 2016

The characteristics of respondents in the selected insurance companies from customers' perspective were presented in Table 4.4. Genders of respondents are 68.8% of them are males and 31.2% are females. In terms of age, 36.9% of the respondents are below 30 years, 43.6% between 31 and 45 years, 15.7% between 46-60, and 3.8% are above 60 years, the majority of them are between 31-45 years of age. In terms of marital status 55.8% of the respondents were married, 44.2% are single and there were no respondents in the other group. The respondents have an educated background of which 81% of them having tertiary education, specifically first degree and Diploma, 7 percent high school, 4.9% primary education, 4.3% certificate and 3% has masters or above. With regard occupation 63.1% are salaried, 33.9% were engaged in self-employment, 1.6% was retired and 1.4% was not having any occupation.

4.5 Descriptive Statistics Results

Table 4.5- Mean and standard deviation for Ethiopian Insurance Corporation's Service quality dimension and Customer Satisfaction

	N	Mean	Standard deviation
Tangibility	280	3.48	.783
Reliability	280	3.47	.758
Responsiveness	280	3.71	.881
Assurance	280	3.78	.888
Empathy	280	3.57	.870
Customer	280	3.51	1.071

Satisfaction			
Valid N (list wise)	280		

Source: own survey, 2016

As indicated in Table 4.5 Ethiopian Insurance Corporation's mean values show that the customers chose more neutral for (tangibility mean=3.48,Std.deviation=.783) (reliability mean= 3.47,std.deviation=.758) which is similar to the tangibility dimension, (responsiveness mean=3.71,std.deviation=.881) which showed that the customers more choose agree on the Likert scale, (assurance mean=3.78,std.deviation=.888) (empathy mean=3.57,std.deviation=.870) and (customer satisfaction mean=3.51,std.deviation=1.071) showing that customers' elected agree like the previous one. From all service quality dimensions assurance have the highest mean value whereas tangibility had the lowest value.

Table 4.6- Mean and standard deviation for Awash Insurance Company's Service quality dimension and Customer Satisfaction

	N	Mean	Standard deviation
Tangibility	46	3.5380	.79925
Reliability	46	3.5435	.80516
Responsiveness	46	4.0435	.85197
Assurance	46	3.9402	.78737
Empathy	46	4.0174	.61076
Customer Satisfaction	46	3.80	.910
Valid N (list wise)	46		

Source: own survey, 2016

As indicated in Table 4.6 Awash Insurance Company's mean values show that the customers' chose more agree among the alternatives on the Likert scale for all dimensions which are the service quality dimensions and independent variables

(tangibility mean=3.5380, std. deviation=.79925), (reliability mean=3.5435, std. deviation=.80516), (responsiveness mean=4.0435, std. deviation=.85197), (assurance mean=3.9402, std. deviation=.78737) and (empathy mean=4.0174, std. deviation=.61076) as well as the dependent variable which is the (customer satisfaction mean=3.80, std. deviation=0.910). From all service quality dimensions (tangibility, reliability, responsiveness, assurance and empathy) responsiveness have the highest mean value and tangibility holds the lowest mean value.

Table 4.7- Mean and standard deviation for Nib Insurance Company’s Service quality dimension and Customer Satisfaction

	N	Mean	Standard deviation
Tangibility	43	3.5930	.77349
Reliability	43	3.4233	.75367
Responsiveness	43	3.8953	.86298
Assurance	43	3.7616	.78671
Empathy	43	3.8698	.52169
Customer Satisfaction	43	3.79	.833
Valid N (list wise)	43		

Source: own survey, 2016

As indicated in Table 4.7 Nib Insurance Company’s mean values show that the customers’ chose more agree among the alternatives on the Likert scale for all dimensions which are the service quality dimensions and independent variables (tangibility mean=3.5930, std. deviation=.77349), (responsiveness mean=3.8953, std. deviation=.86298), (assurance mean=3.7616, std deviation=.78671) and (empathy mean=3.8698, std

deviation=.52169 whereas the (reliability mean=3.4233, std deviation=.75367) dimension showing more customers' resembling on the neutral choice and the dependent variable which is the (customer satisfaction mean=3.79, std. deviation=.833). From all service quality dimensions responsiveness have the highest mean value however, reliability had the lowest mean value .

4.6 Normality test

Normality test is used to determine whether sample data has been drawn from a normally distributed population or the population from which the data came is normally distributed. Normality was checked by two terms by kurtosis and skewness by using SPSS so there exist normal values for kurtosis as well as skewness. For kurtosis the normal value is less than 3 whereas for skewness the normal value is supposed to be less than 6 (Asghar and Saleh, 2012).

Table 4.8-skewness and kurtosis test for each variable

	Tangibility	Reliability	Responsive ness	Assurance	Empathy	Customer satisfaction
Valid	369	369	369	369	369	369
N	0	0	0	0	0	0
Missing	-.325					
Skewness		-.113	-.538	-.558	-.497	-.566
Std. Error of Skewness	.127	.127	.127	.127	.127	.127
Kurtosis	.061	-.758	-.540	-.125	-.402	-.638
Std. Error of Kurtosis	.253	.253	.253	.253	.253	.253

Source: own survey, 2016

The values from table 4.8 show that skewness values are all under three for all independent (tangibility, reliability, responsiveness, assurance and empathy) as well as the dependent variable (customer satisfaction) and the same thing exists for kurtosis values which are under six for the existing variables independent and dependent variable listed above . Therefore, from the results shown above we can say that the data was normally distributed among the sample population.

4.7 Pearson Correlation Analysis

To determine the relationship between service quality dimensions (tangibility, reliability, responsiveness, assurance, and empathy) and customer satisfaction, Pearson correlation was computed. Table 4.9 below presents the results of Pearson correlation on the relationship between service quality dimension and customer satisfaction

Table 4.9- Pearson correlation analysis

		Customer satisfaction
Tangibility	Pearson Correlation	.526**
	Sig. (2-tailed)	.000
	N	369
Reliability	Pearson Correlation	.633**
	Sig. (2-tailed)	.000
	N	369
Responsiveness	Pearson Correlation	.644**
	Sig. (2-tailed)	.000
	N	369
Assurance	Pearson Correlation	.637**
	Sig. (2-tailed)	.000
	N	369

Empathy	Pearson Correlation	.697**
	Sig. (2-tailed)	.000
	N	369

Source: own survey, 2016

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

The results in table 4.9 indicated that, there is positive and significant relationship between tangibility and customer satisfaction ($r = 0.526, p < 0.01$) ($R^2 = 27.6\%$ this implies that tangibility was accounting for customer satisfaction by 27.6% in the view of customers whereas the 72.4% was because of extraneous variables),there is positive and significant relationship between reliability and customer satisfaction ($r = 0.633, P < 0.01$)($R^2 = 40\%$ this implies that reliability was accounting for customer satisfaction by 40% in the view of customers whereas the 60% was because of other external variables) ,there is positive and significant relationship between responsiveness and customer satisfaction ($r = 0.644, p < 0.01$)($R^2 = 41.5\%$ this implies that responsiveness was accounting for customer satisfaction by 41.5% in the view of customers

whereas the 58.5% was because other variables not considered by the study),there is positive and significant relationship between assurance and customer satisfaction ($r = 0.637, P < 0.01$)($R^2 = 40.6\%$ this implies that assurance was accounting for customer satisfaction by 40.6% in the view of customers whereas the 59.4% was because of other variables not included in the study) ,there is positive and significant relationship between empathy and customer satisfaction ($r = 0.697, < 0.01$)($R^2 = 48.6\%$ this implies that empathy was accounting for customer satisfaction by 48.6% in the view of customers whereas the 51.4% was because of extraneous

variables). The finding on table 4.13 above further indicates that the highest relationship was found between empathy and customer satisfaction ($r = 0.697$, $p < 0.01$).

4.8 Multiple Regression Analysis

Multiple regression analysis was employed to examine the effect of customer service quality dimensions on customer satisfaction. The following subsections present the results of multiple regressions analysis.

Multicollinearity Test: in multiple regression analysis, multicollinearity refers to the correlation among the independent variables (Kline,1998).

According to (Kline, 1998) multicollinearity is not a threat if a correlation value is less than 80%. Before conducting the multiple regression analysis, the researcher examined the result of multiple correlations among the independent variables and found that, the pair wise correlation between the independent variables is less than 80%, as shown in table 4.10. VIF or variance inflation factor is another factor for diagnosis of collinearity so it is supposed to be less than five which indicates no multicollinearity problem exists among the independent variables. The following subsections present the results of multiple regression analysis.

Table 4.10- Multi collinearity Taste

Independent variable	Collinearity Statistics	
	Tolerance	VIF
Tangibility	.639	1.565
Reliability	.326	3.063
Responsiveness	.302	3.306
Assurance	.288	3.478
Empathy	.337	3.965

Source: Own survey, 2016

Table 4.11- Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.745 ^a	.555	.549	.693	.555	90.576	5	363	.000

Predictors: (Constant), empathy, tangibility, responsiveness, reliability, assurance

Source: own survey, 2016

Table 4.12- ANOVA result for service quality dimension and customers' Satisfaction

ANOVA^a

Model	Sum of Squares	Df	Mean Square	F	Sig.
Regression	217.531	5	43.506	90.576	.000 ^b
Residual	174.360	363	.480		
1 Total	391.892	368			

a. Dependent Variable: customer satisfaction

b. Predictors: (Constant), empathy, tangibility, responsiveness, reliability, assurance

Source: own survey, 2016

The above tables represent the analysis of multiple regression models for the beta coefficients of each service quality dimensions.

Independent variable accounted for 55.5% of the variance in customer satisfaction ($R^2=0.555$). Thus, 55.5% of the variation in customer satisfaction could be explained by the five service quality dimensions and other unexplored variables may explain the variation in customer satisfaction which accounts for about 44.5%, shown in table 4.11 whereas, table 4.12 indicated there is statistically significant effect between independent variable (service quality) and dependent variable (customer satisfaction) where, (F) value was (90.576) at 0.000 which states that there is statistically significant effect of service quality on customer satisfaction.

Table 4.13- Multiple regression analysis

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant)	-.362	.195		-1.853	.000
Tangibility	.202	.058	.153	3.503	.001
Reliability	.137	.083	.101	1.651	.100
Responsiveness	.206	.075	.176	2.765	.006
Assurance	.093	.078	.078	1.196	.233
Empathy	.444	.076	.355	5.885	.000

R square .555

** p < 0.01

Source: own survey, 2016

Regression equation

$$CS = B_0 + (B_1)TAN + (B_2)REL + (B_3)RES + (B_4)ASSU + (B_5)EMP + e$$

$$CS = -.362 + .202TAN + .137REL + .206RES + .093ASSU + .444EMP + e$$

Where CS= customer satisfaction, TAN= tangibility, REL= reliability, RES= responsiveness, ASSU= assurance, EMP= empathy, B₀= constant, B₁ TO B₅= beta coefficients, and e= the error term.

Hypothesis testing is based on standardized coefficients beta and P-value to test whether the hypotheses are rejected or not.

Hypothesis 1

H1: Tangibles have significant positive influence on customers' satisfaction

The results of multiple regressions, as presented in table 4.13 above, revealed that tangibility has a positive and significant effect on customer satisfaction with a beta value (beta = 0.153), at 99% confidence level ($p < 0.01$). Therefore, the researcher may not reject that, tangibility has a positive and significant effect on customer satisfaction. This finding is supported by Akalu (2015), found that tangibility has a positive and significant effect on customer satisfaction.

Hypothesis 2

H2: Reliability has significant positive influence on customers' satisfaction

The results of table 4.13 showed that the standardized coefficient beta and p value of reliability were positive and significant (beta = 0.101, $p < 0.01$). Thus, the researcher may reject that, reliability has a positive but insignificant effect on customer satisfaction. On the other hand,

Akalu (2015) reported that reliability has a positive and significant effect on customer satisfaction.

Hypothesis 3

H3: Responsiveness has significant positive influence on customers' satisfaction

The results of table 4.13 showed that the standardized coefficient beta and p value of responsiveness were positive and significant (beta = 0.176, $p < 0.01$). Thus, the researcher may not reject that, responsiveness has a positive and significant effect on customer satisfaction. This result also supported by Akalu (2015), found that responsiveness has a significant and positive effect on customer satisfaction.

Hypothesis 4

H4: Assurance has significant positive influence on customers' satisfaction

Table 4.13 further shows that, assurance has a positive and significant effect on customer satisfaction with a beta value (beta = 0.078), at 99% confidence level ($p < 0.01$). Therefore, the researcher may reject the hypothesis and assurance has a positive but insignificant effect on customer satisfaction. This finding is also different with the study by Akalu (2015) reported that assurance has a positive and significant effect on customer satisfaction.

Hypothesis 5

H5: Empathy has significant positive influence on customers' satisfaction

Table 4.13 further shows that, empathy has a positive and significant effect on customer satisfaction with a beta value (beta = 0.355), at 99% confidence level ($p < 0.01$). Therefore, the researcher may not reject the hypothesis and empathy has a positive and significant effect on customer satisfaction. This finding is supported by Akalu (2015), reported that empathy has a positive and significant effect on customer satisfaction.

In overall, the results revealed that all independent variables accounted for 55.5% of the variance in customer satisfaction ($R^2 = 0.555$). Thus, 55.5% of the variation in customer satisfaction could be explained by the five service quality dimensions and other unexplored variables may explain the variation in customer satisfaction which accounts for about 44.5%, shown in table 4.13.

Moreover, from the findings of this study, the researcher found out that out of the five services quality dimensions (tangibility, reliability, responsiveness, assurance, and empathy) only the three dimensions (tangibility, responsiveness and empathy) had positive effects on customer satisfaction. The findings of this study also indicated that empathy was the most important factor to have positive and significant effect on customer satisfaction followed by tangibility and responsiveness.

4.9 Discussion of results

This section discusses the findings of the statistical analysis in relation to the previous research and literature.

4.9.1. Descriptive statistics (mean, and standard deviation) and correlation analysis for the service quality dimensions and customer satisfaction

The finding of this study indicates that customers of Ethiopian Insurance Corporation were most satisfied with the responsiveness, assurance and empathy dimensions of service quality. However, customers were less satisfied with tangibility and reliability dimensions of service quality. But customers of Awash Insurance Company were satisfied with all five service quality dimensions nevertheless customers of Nib Insurance Company were satisfied with the four service quality dimensions which are tangibility, responsiveness, assurance and empathy unlike the reliability dimension.

The correlation result show that there is positive and significant relationship between tangibility and customer satisfaction, reliability and customer satisfaction, responsiveness and customer satisfaction, assurance and customer satisfaction, empathy and customer satisfaction. However, the results indicate that, the finding further indicates that the highest relationship is found between empathy and customer satisfaction.

4.9.2. Regressing customer satisfaction on the service quality dimensions

The result of this study indicates that tangibility has a positive and significant effect on customer satisfaction. This finding is supported by Munusamy et al., (2010), found that tangibility has a positive and significant effect on customer satisfaction. This finding is also supported by Al-Hawary et al., (2011) reported that tangibility has a positive and significant effect on customer satisfaction. On the contrary, Malik et al.,(2011) reported that tangibility has no contribution to customer satisfaction.

The finding of this study also indicates that reliability has a positive but insignificant effect on customer satisfaction. This finding is supported by Al-Hawary et al., (2011) reported

that reliability has a positive and significant effect on customer satisfaction. This result also opposed by Malik et al., (2011), found that reliability has a significant and positive effect on customer satisfaction. On the other hand, Munusamy et al., (2010) reported that reliability has a negative and insignificant effect on customer satisfaction.

However, the finding of this study indicates that responsiveness has a positive and significant effect on customer satisfaction. This result is different with the study by Mohammad and Alhamadani (2011), found that responsiveness has a positive and insignificant effect on customer satisfaction. This finding is also the same with the study by Al-Hawary et al., (2011) reported that responsiveness has a positive and significant effect on customer satisfaction.

Moreover, the result of this study also indicates that assurance has a positive but insignificant effect on customer satisfaction. This finding is opposed by Malik et al.,(2011),reported that assurance has a positive and significant effect on customer satisfaction. This result is different by Al-Hawary et al., (2011) found that assurance a positive and significant effect on customer satisfaction.

The finding of this study further indicates that empathy has a positive and significant effect on customer satisfaction. This finding is supported by Mohammad and Alhamadani (2011), reported that empathy has a positive and significant effect on customer satisfaction. On the contrary Munusamy et al., (2010) found that empathy has a negative effect on customer satisfaction.

In overall, the results revealed that all independent variables accounted for 55.5% of the variance in customer satisfaction ($R^2 = 0.555$). Thus, 55.5% of the variation in customer satisfaction can be explained by the five service quality dimensions and other unexplored variables may explain the variation in customer satisfaction which accounts for about 44.5%.

Moreover, from the findings of this study, researcher found out that three of the service quality dimensions have positive effects on customer satisfaction. (tangibility, responsiveness, and empathy) have positive and significant effects on customer

satisfaction. The results of this study further indicate that empathy is the most important factor to have a positive and significant effect on customer satisfaction.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Summary

The study was intended to investigate the effect of service quality on customer satisfaction in selected insurance companies in Addis Ababa: in the case of vehicle insurance against third party risks based on the questionnaire consisting of 369 randomly selected customers by using time interval for random selection i.e. every 15 minutes of three insurance companies.

The results of background information of respondents indicated that majority of the total respondents (68.8%) are male, (31.2%), majority of the respondents aged in the range of 31-45 years which is (43.6%), (58.8%) were married whereas the others were single.(49.9%) of the respondents degree holders, and (63.1%) of the respondents were salaried. The results of the descriptive statistical analysis also indicated that, customers' mostly chose for agree among the alternatives on the Likert scale.

The correlation result show that there is a positive and significant relationship between tangibility and customer satisfaction, reliability and customer satisfaction, responsiveness and customer satisfaction assurance and customer satisfaction, empathy and customer satisfaction. The finding also indicates that the highest relationship was found between empathy and customer satisfaction.

Furthermore, the multiple regression results showed that the three service quality dimensions (tangibility, responsiveness and empathy) have positive and significant effect on customer satisfaction. The findings of this study also indicated that empathy was the most important factor to have positive and significant effect on customer satisfaction followed by tangibility and responsiveness. The R square value of 0.555, demonstrates that 55.5% of variation in customer satisfaction can be accounted by the service quality dimensions.

5.2 Conclusion

The study was conducted to examine the effect of service quality on customer satisfaction in selected insurance companies in Addis Ababa: in the case of vehicle insurance against third party risks.

The finding of the study indicates that among the five service quality dimensions which are tangibility, reliability, responsiveness, assurance and empathy, customers of Ethiopian Insurance Corporation were satisfied with the responsiveness, assurance and empathy dimensions. However, customers of Awash Insurance Company were satisfied by all five service quality dimensions whereas, customers of Nib Insurance Company were satisfied with the four service quality dimensions which are tangibility, responsiveness, assurance and empathy dimensions of service quality.

The correlation result shows that, the five service quality dimensions (tangibility, reliability, responsiveness, assurance, empathy) are positively and significantly related with customer satisfaction.

In terms of the stated research hypotheses the following specific empirical findings emerged from the investigation: The three service quality dimensions including tangibility, responsiveness, and empathy have positive and significant effect on customer satisfaction whereas reliability and assurance have positive but insignificant effect on customer satisfaction.

5.3 Recommendations

Based on the findings and conclusions of the study, the researcher forwards the following recommendations to the management of the insurance company's and suggestion for other researchers.

The finding of the study indicates that among the five service quality dimensions which are tangibility, reliability, responsiveness, assurance and empathy customers of Ethiopian Insurance Corporation were satisfied by assurance, responsiveness, and empathy dimensions therefore, the company should continue with this in order to satisfy customers but the tangibility and reliability dimensions got more a neutral value so the management of the company should work on this dimensions so one way of handling this problem is by improving Physical facilities, equipment and appearance of personnel besides, delivering its services at promised times, and handling customer's complaints effectively.

The finding of the study also indicates that customers of Awash Insurance Company were satisfied by the five service quality dimensions (tangibility, reliability, responsiveness, assurance and empathy). However, customers of Nib Insurance Company were satisfied by only four service quality dimensions (tangibility, responsiveness, assurance and empathy). Therefore, Ethiopian Insurance Corporation and Nib Insurance Company must adopt the service quality strategies of Awash Insurance Company and Nib Insurance Company should work on the reliability dimension which is performing the promised services dependency and accurately besides, the data for each company was limited to inferential statistics so it should be further done by using correlation and regression.

There might be other factors other than the service quality dimensions that affect customer satisfaction so the insurance companies should be able to identify what other factors affect service quality.

Direction for Future Research

This study was conducted to examine the effect of service quality on customer satisfaction in selected insurance companies in Addis Ababa: in the case of vehicle insurance against third party risks. The sample was drawn from only three insurance companies, thus this study may be limited in its generalizability of the findings to other insurance companies. So, future research should have to draw sample of respondents on more number of insurance companies for the sake generalizing the results of the study.

The study was limited on inferential statistics for each company so other researchers might do some other statistical tests including correlation and regression.

This study included only five factors, there could be some other relevant factors that may be perceived as important by customers, but those were excluded from this study. Future researches, therefore, may consider other variables which can influence customer satisfaction.

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APPENDICIES

APPENDIX A

Questionnaire

Questionnaire to be Filled by Customer of ----- Insurance

The purpose of this questionnaire is to collect primary data for conducting a study on the topic, “Measuring Service Quality and Customer Satisfaction: in the case of Vehicle Insurance against

Third Party Risks” for the partial fulfillment of the Masters of Arts (MA) Program at Addis Ababa University. I kindly request you to provide me reliable information. The data collected is confidential and will only be used for analysis of the study and not for other purpose.

Thank you in advance for your cooperation N.B

- No need to write your name
- Put (√) inside the box for an alternative you think is right.

Part I

Personal Information

1. Gender: Male Female
2. Age: < 30 31-45 46-60 > 60
3. Marital Status: Married Single other _____
4. Highest Level of Education:

<input type="checkbox"/> Primary education	<input type="checkbox"/> Diploma
<input type="checkbox"/> High School	<input type="checkbox"/> Degree
<input type="checkbox"/> Certificate	<input type="checkbox"/> Masters and above

5. Occupation: Salaried Self-employment Retired Other _____

Service quality measurement

Part II perception

The following section asks your opinion related to your experiences in your insurance company since the purchasing process until claim process.

Please kindly circle one of the five numbers to the right of each statement as indicated in the following:-

1= Strongly Disagree 2= Disagree 3= Neutral 4= Agree 5= Strongly Agree

		Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
		1	2	3	4	5
	Tangibles					
1	The company uses modern and appropriate equipment and technology	1	2	3	4	5
2	The company has visually appealing physical facilities	1	2	3	4	5
3	The employees of the company are well dressed and neat in appearance	1	2	3	4	5
4	The company has Visually appealing service materials (brochures, statements, various service documents etc.)	1	2	3	4	5
	Reliability					
5	The company provide indemnity without hassle	1	2	3	4	5
6	The company is financially stable	1	2	3	4	5
7	The company's staff show sincere interest in solving customers' concern	1	2	3	4	5

8	The company transact products and services of highest quality	1	2	3	4	5
9	When the company's staff will promise to do something by a certain time and do so	1	2	3	4	5
	Responsiveness					
10	Employees are happy and willing to serve customers	1	2	3	4	5
11	The company's staff tell customers exactly when services will be performed	1	2	3	4	5
12	The company's staff will always be willing to help customers	1	2	3	4	5
13	The company's management are accessible, listen to and provide prompt and honest responses to customers inquiries	1	2	3	4	5
	Assurance					
14	Employees have the required skills in providing services	1	2	3	4	5
15	Employees have sufficient knowledge of service Information	1	2	3	4	5
16	Employees are consistently courteous with customers	1	2	3	4	5
17	Employees make customers feel safe in their transaction	1	2	3	4	5
	Empathy					
18	The company has customer's best interest at heart	1	2	3	4	5

19	The company uses reliable, knowledgeable and efficient distribution outlet- brokers, agents and other Intermediaries	1	2	3	4	5
20	Employees give customers individual attention	1	2	3	4	5
21	Employees demonstrate integrity and trustworthiness in dealing with customers	1	2	3	4	5
22	Employees are committed to ethics and promote ethical behavior in the work place	1	2	3	4	5

Customer satisfaction measurement

Part III: Please indicate on a five point scale the extent to which you find the following statement important by indicating the number that best shows your judgment.

Please kindly circle one of the five numbers to the right of each statement as indicated in the following:-

1=Very Dissatisfied 2=Dissatisfied 3=Neutral 4=Satisfied 5=Very Satisfied

Statement	Score				
	Very Dissatisfied	Dissatisfied	Neutral	Satisfied	Very Satisfied
	1	2	3	4	5
1. Please indicate your overall satisfaction with your insurance company	1	2	3	4	5

ክፍል ሁለት የደንበኞች አገልግሎት ጥራት መጠይቅ

የሚቀጥሉት አረፍተ ነገሮች ስለ ኢንሹራንስ ድርጅቶች የለዎትን አመለካከት የሚጥለኩት ናቸው፡፡ በአያንዳንዱ አረፍተ ነገሮች የተጠቀሱት ነገሮች ከኢንሹራንሱ ድርጅት ወል መግዛት እስከ ካህ መስተንግዶ በምን ያህል መጠን አለው ብለው ያምናሉ፤ ኢንሹራንሱ በአረፍተ ነገሮቹ ለተጠቀሱት ነገሮች በምን ደረጃ እንደሚለጽ ከ1-5 የቀረቡትን ቁጥሮች በመክበብ እባኩትን ያመልክቱ፡፡

1. በጭሽ አልስማም 2. አልስማም 3. ሃሳብ የለኝም 4. እስማህሁ 5. በጣም እስማህሁ

		በጭሽ አልስማም	አልስማም	ሃሳብ የለኝም	እስማህሁ	በጣም እስማህሁ
		1	2	3	4	5
1.	ኢንሹራንሱ ዘመናዊ መሳሪያዎችን እና አዳዲስ ቴክኖሎጂ ይጠቀማል	1	2	3	4	5
2.	የኢንሹራንሱ መገልገያ ዕቃዎች ለአይን ሳቢ ናቸው	1	2	3	4	5
3.	የኢንሹራንሱ ሰራተኞች ጽዱ ናቸው	1	2	3	4	5
4.	የኢንሹራንሱ ከአገልግሎቱ ጋር የተያያዙ ዕቃዎች ለአይን ሳቢ ናቸው (ብሮሽሮች፣ አ/ነገሮች ወዘተ...)	1	2	3	4	5
5.	ኢንሹራንሱ ያለ ወጣ ወረድ ካህ ይከፍላል	1	2	3	4	5
6.	የኢንሹራንሱ ፋይናንስ አቅም አስተማማኝ ነው	1	2	3	4	5
7.	ሰራተኞች ደንበኞች ችግር በሚገጥማቸው ጊዜ ችግራቸውን ለመፍታት ያላቸውን ፍላጎት በቅንነት ያሳያሉ	1	2	3	4	5
8.	የኢንሹራንሱ አገልግሎት እና ሪፖርቶች ጥራታቸውን የጠበቁ ናቸው	1	2	3	4	5
9.	ሰራተኞቹ አንድ ነገር በተወሰነ ጊዜ ወስጥ ለማድረግ ቃል ከገቡ የገቡትን ቃል ይፈጽማሉ	1	2	3	4	5
10.	የኢንሹራንሱ ሰራተኞች ደንበኞችን ለማገልገል ደስተኛና ፍቃደኞች ናቸው	1	2	3	4	5
11.	ሰራተኞቹ በምን ሰዓት አገልግሎት	1	2	3	4	5

	እንደሚጠበቅ ይገልጻሉ					
12.	የኢንፎርሜሽን ቴክኖሎጂ ህል ጊዜ እርሶን ለመርዳት ፈቃደኞች ናቸው	1	2	3	4	5
13.	የኢንፎርሜሽን ቴክኖሎጂ የደንበኞችን ጥያቄ ለመሟላት ሁሉም ዝግጁ ናቸው	1	2	3	4	5
14.	ሰራተኞቹ አገልግሎቱን ለመስጠት የሚያስችል ክህሎት አላቸው	1	2	3	4	5
15.	ሰራተኞቹ ስለአገልግሎታቸው በቂ የሆነ መረጃ አላቸው	1	2	3	4	5
16.	ሰራተኞቹ ሁሉም ለደንበኞች ትህትና ናቸው	1	2	3	4	5
17.	የኢንፎርሜሽን ቴክኖሎጂ በሚጠበቅ አገልግሎት ላይ መተማመን ስሜት እንዲኖራት ያደርጋሉ	1	2	3	4	5
18.	ኢንፎርሜሽን የደንበኞችን የልብ መሻት ያወቃል	1	2	3	4	5
19.	ኢንፎርሜሽን አገልግሎቱን ለማደግ ብቃት ያላቸው ብሮክሮችና የሽያጭ ወኪሎችን ይጠቀማሉ	1	2	3	4	5
20.	ሰራተኞቹ ለደንበኞቻቸው ልዩ ትኩረት ይሰጣሉ	1	2	3	4	5
21.	ሰራተኞቹ ደንበኞቻቸውን በታማኝነት እና በቅንነት ያገለግላሉ	1	2	3	4	5
22.	ሰራተኞቹ የሚያስፈልገውን ያከብራሉ	1	2	3	4	5

ክፍል ሶሶት

ከዚህ በታች የተመለከቱት አረፍተ ነገሮች ኢንሹራንስ ስለሚጠቀሙት ድርጅቶች ያለዎትን አጠቃላይ አመለካከት በምን ያህል መጠን የሚወዱት እንደሆነ ከ1-5 ከቀረበት አሜሪካ ትክክለኛ ብለው የሚያስበትን በመክበብ የመልክቱ

1. በጣም አልረካሁም 2. አልረካሁም 3. ሃሳብ የለኝም 4. ረክቻለሁ 5. በጣም ረክቻለሁ

		በጣም አልረካሁም	አልረካሁም	ሃሳብ የለኝም	ረክቻለሁ	በጣም ረክቻለሁ
		1	2	3	4	5
1.	በኢንሹራንስ ድርጅቶች አገልግሎት ምን ያህል እረክተዋል					

Appendix B

Gross Premium for General Insurance In millions

Account	EIC	Awash	Global	Nile	NICE	Africa
Gross Prem. (Jul 2013-Jun 2014)	1,883	346	59	301	151	316
	Nib	Nyala	Unic	Lion	Oromia	Abay
Gross Prem. (Jul 2013-Jun 2014)	334	267	271	177	255	112
	Berhan	Tsehay	EthioLife	Lucy	Bunna	Total
Gross Prem. (Jul 2013-Jun 2014)	54	80	26	40	16	4688

Source: National Bank of Ethiopia