



**DETERMINANTS OF CUSTOMER SATISFACTION IN LIFE INSURANCE BUSINESS:
THE CASE OF AWASH INSURANCE COMPANY S.C.**

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THESIS PURPOSE: PARTIAL FULFILMENT FOR MBA PROGRAM

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DECLARATION

I hereby declare that this thesis entitled “Determinants of customer satisfaction in life insurance business : The case of Awash insurance company S.C” is my original work, which has not been presented for a degree in any other university, and that any use of others’ work has been appropriately acknowledge as in text citation and indeed, complied in the reference list.

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Acronyms

AIC-Awash insurance company S.C

AOR- Adjusted odds ratio

COR-Crude odds ratio

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ABSTRACTS

Due to increasing awareness among people about their uncertainty of life and increasing competition in Insurance sector, it is significant for Insurance Companies to understand the requisite of their customer. This study intends to explore the determinants of customer satisfaction of life insurance customers in Awash Insurance Company (AIC). This research tries to analyze the effect of demographic variables: Sex, Age, Education, Occupation and Premium on customer satisfaction. Both Primary and Secondary data were used to collect data. Primary data were collected from 346 respondents of life insurance customers of AIC through a structured questionnaire. And the source for secondary data was customer feedback, business journals and authentic websites. Convenient sampling method was used to select respondents. The collected information was analyzed through statistical software (SPSS). The finding of the result shows that there is a significant effect of age on customer satisfaction. It is suggested that the life insurance companies should consider the demographic profile of the customers while providing services, as each customer has individual needs and preferences according to their demographic status. The findings of this study provide knowledge and background to the company to better shape the policies, focus their positions in the market and also to provide maximum satisfaction to every customer.

Key words: Customer satisfaction, Life insurance, Demographic variables

CHAPTER – ONE

INTRODUCTON

1.1 Background of the Study

Customer satisfaction is the outcome felt by those that have experienced a company's performance in fulfilling their expectation. Failure to meet needs and expectations is assumed to result dissatisfaction with the product or services of a company. Beside, Customer satisfaction is one of the most important factors responsible for the sustained growth and profitability of organizations. Thus, measuring customer satisfaction is extremely important in every business, particularly in the service industry, in order to maintain existing customers and to bring new customers. (Nyaguthi, 2013)

For any business progress to serve a customer is not the only objective, but keep them satisfied is the most important one. Because, once a customer is dissatisfied it's difficult to gain their trust back. On the other hand, a customer who is satisfied is likely to remain loyal and recommend the company to other potential customers (Johra and Mohammed, 2013).As a result, companies are paying attention on customer's needs and desire to ensure better service to keep customers with them and are shifting from product oriented to service oriented to make their customers satisfied.

Furthermore, in competitive market where businesses compete for customers, customer satisfaction is seen as a key differentiator and has increasingly become a key element of business strategy. According to Hoyer and MacInnis (2001), satisfied customers form the foundation of any successful business as customer satisfaction lead to repeat purchase, brand loyalty and positive word of mouth which leads to acquiring new customer increasing the potential for additional revenue and profit. Thus, customer satisfaction is important, leads to the financial success of the company, and contributes to the sustainable development of the company.(Nguyen et al., 2018)

Customer satisfaction today has become the focal point of insurance companies. It is an area where companies compete by bringing up their best practice and operational efficiency by appropriate use of technology. There is a greater sensitivity in dealing with customers. However,

a lot needs to be done. Companies should plan and offer products which can assist their customers in fulfilling their exact set of needs- hence the life insurance companies must move from selling insurance to changing need identification and offering suitable products to satisfy these needs. (Rao, 2006).

Customer satisfaction is measurable and it is influenced by a variety of factors. There are a large number of factors which can have influence on the customer satisfaction. Among those factors, the quality of product and service and the marketplace has strong relationship to the customer satisfaction. Generally, Customer satisfaction is influenced both by human related factors which consist of response, service, commitment adherence, complaint management, customer importance and attitude on the other product related factors are performance, efficiency, management requirements, life span, price, appearance and technology. Another set of influencing factors for the customer satisfaction includes previous experience, personal recommendation, personal needs, marketing communications and level of the involvement in the purchase. (Satyendra, 2020)

Thus, identifying the factors that contribute to creating customer satisfaction may assist in understanding how to eliminate the problem of customer dissatisfaction that adversely affect life insurance growth (Fier & Libenberg, 2013). Therefore, the main aim of this study is to increase understanding of the factors that drive customer satisfaction in life insurance business.

1.2 Background of the organization

Awash insurance Company S.C (AIC) is one of the first few pioneer private insurance companies in Ethiopia launched following the liberalization of the financial sector in 1994. It has been founded on October 1, 1994 and commenced operation on January 2, 1995. AIC started rendering service with only one branch, 12 employees and 4.8 million paid-up capitals. AIC transacts both General Insurance (Non-life insurance) and Long-term (Life) Insurance Business.

Currently the company's total number of employee raised to 602, its paid-up capital increased to 425 million Birr and number of branches and contact offices raised to 54 from which only one is the Life insurance branch. The company has also more than 1,367 individual and shareholders. The company has been profitable throughout its 25 years of service, with a very remarkable investment returns.

1.3 Statement of the problem

The retention of customers in life insurance is the biggest challenge in present-day cut throat market competition. In present competing setting, if one were to understand the life time value of a customer, developing long term customer relationship is paramount to an organization's survival and understanding of customers' needs and expectations is important (Nyaguthi, 2013). Customer satisfaction is very important for service industry since it is a vital consideration to create and keep a competitive advantage in the present day competitive environment.

As a part of service industry, it's true that insurance companies cannot survive without customers. Beside, Insurances are competing in highly competitive environment to offer oriented service according to customer expectations. As can be seen from studies, "when a business is much more challenging and competitive, companies benefit relatively higher from customer satisfaction" (Jobber 2010). Thus, life insurance providers need to reconfigure their strategies and business to sustain and improve their competitive advantage and for this they first need to consider how to create a satisfied customer base that will not be even eroded in the face of competition (Nyaguthi, 2013).

Conversely, In Ethiopia the competition among insurance companies is with premium rather than service quality which creates a problem on the companies because this action leads to losing customers and hence reducing revenue. There is widespread customer dissatisfaction in the insurance industry, arising from poor service design and delivery, and inferior quality of services Awlachew, (2015). Even though there is high population number in Ethiopia the development of life insurance business is low. Among the different factors, financial problem, culture, religion, quality of the product, personal and customer servicing are mentioned as a significant cause for the backward development of life insurance market in Ethiopia (Hailu, 2007).

Thus, in order to attract more consumers and to maintain the existing ones, it's necessary to understand the changing need of customers and factors that influence customer satisfaction. Even though there are many researchers that have tried to study customer satisfaction in various industry contexts (Mohammed et al, 2015; Alice, 2016, Almassawi, 2012; Oghojafor, 2014; Norzaidi, 2018) few have related it to the insurance industry context in developing economies, like Ethiopia (Fasil Asfaw, 2015). Therefore, this study tries to examine the determinants satisfaction in life insurance customers of AIC. Besides, as most of the studies have

done with impact of service quality on customer satisfaction, this paper attempted to study the impact of demographic variables on customer satisfaction.

1.4 Research objective

More specifically, this study tries to answer the following questions?

- How do customers' expect the quality of service given by AIC with respect to the dimension of customer satisfaction?
- How demographic variables do affects customer satisfaction of Life insurance customers of AIC?

1.5 Objective of the study

1.5.1 General objective

- Investigating the major determinants of customer satisfaction in life insurance business of Awash insurance company.

1.5.2 Specific Objective

- To determine the level of customer satisfaction towards the services offered by the company.
- To examine the influence of demographic variables on customers satisfaction.
- To assess the customers' expectation towards the service delivered by the company

1.6 Significance of the study

The finding of this study will give information for the company in formulating appropriate strategies for reaching and attracting customers and hence increase their income. In addition, it will contribute to the knowledge pool which may foster a clear understanding of the major determinants of customer satisfaction in life insurance industry of Ethiopia. Besides, this study could be used as a base for future researchers.

1.7. Scope of the study

This research emphasis mainly on the life insurance customers of Awash insurance company. AIC is prior insurance Company in establishment from private insurance companies, have more experience in the insurance industry compared to other private insurance companies, and also

have numerous life insurance customer. The research has been done in Addis Ababa because the company has a life insurance branch only in Addis Ababa. In addition, this study focused only on 5 factors: Sex, age, education, occupation and premium amount that affects life insurance customer's satisfaction. Besides, this study used only structured questioner to collect primary data.

1.8 Limitation of the study

The study does not include all insurance companies' customers and the study is conducted on insurance industry. Hence, the finding of this study cannot be generalized to other industries and it cannot be also generalized to other insurance companies because the study is conducted on Awash insurance company. The other limitation is with the type of research being conducted survey research respondents may misinterpret various items on the questionnaire, some subjects in the study has been simply forgotten to complete and returned.

1.9 Definition of Terms

Customers: are people, or processes that used or need the product of a function.

Customer satisfaction: "Customer satisfaction is the response with pleasure or disappointment for the performance of certain product or service related to individual expectations" (Kotler 2008, 36)

Insurance: Insurance is a promise or a contract to be fulfilled when the policy owner is encountered to a certain accident.

Life Insurance: is a contract between an insurance policy holder and an insurer, where the insurer promises to pay benefit in exchange for a premium, upon the death of an insured person.

Policyholder: A policyholder is a person or entity who owns an insurance policy and has the privilege to exercise the rights stated in the contract.

Premium: The amount of money charged when a risk is transferred to an insurance company (willies, 1984).

1.10 Organization of the study

The remaining part of this thesis is organized as follows. Chapter two reviews the theoretical and existing empirical literature related to customer satisfaction. Chapter three specifies the methodology of the study as well as type and source of the data used, While Chapter four complies the result and discussion of the study. Finally Chapter five presents conclusion and recommendation.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter presents a critical review of the existing theoretical and empirical literatures on customer satisfaction of which first part deals with reviewing of theoretical literatures, whereas the empirical literature review includes a study that has been done on Ethiopia and other countries.

Theoretical literature Review

2.1 Service

Edvardsson and Olsson (1996) refer to the service concept as the prototype for service and define it as the “detailed description of what is to be done for the customer (what needs and wishes are to be satisfied) and how this is to be achieved”. They stress service concept development as a critical stage in service design and development. This involves understanding the needs of customers in the target market (which they call the “service logic”) and aligning this with the organization’s strategy and competitive intentions.

On the other hand, Lovelock et al. (1999) separates the “service marketing concept” as the benefits to the customer and the “service operations concept” as the specification of how the service will be delivered. In addition, they define perceived service quality as ‘customer’s long-term, cognitive evaluations of a company’s service delivery’, and customer satisfaction as a ‘short-term emotional reaction to a specific service performance’. They argue that satisfaction is by default experience-dependent, since customers evaluate their levels of satisfaction or dissatisfaction after each service encounter

Other writers (such as Dibb et al., 1997) use the notion of the “marketing concept” as an attempt to encourage organizations to understand and then satisfy customers’ needs and fulfill the objectives of the organization. The service concept is at the inseparable crossroad of service marketing and service operations that exists for most service organizations.

2.2 Customer service in insurance

Insurance is a promise or a contract to be fulfilled when the policy owner is encountered to a certain accident. In nature, the service of insurance is intangible which makes trust to be a very determining factor between the contracting parties (Sedighyan, 2000). Another feature of the industry is the peculiar rules of the game such as Utmost Good Faith, Indemnity, etc which underwriters are more aware of than the customers (Bowen and Chen 2001).

Over the last few years, developments in the insurance sector have resulted in a paradigm shift in the way business is conducted. In a free market scenario, the customer has a choice from whom to buy. He exercises this choice based on perceptions formed through his experiences. Customer servicing today has become the focal point of insurance companies. It is an area where the new companies are clearly ramping up to bring their best practices and operational efficiencies by appropriate use of technology (Nyaguthi, 2013). There is a greater sensitivity in dealing with customers. However, a lot needs to be done. Insurers need to fast gear up to the situation and the real response and turn-around time in delivery of services needs to be reduced in specific areas like delivery of first policy receipt, policy documents, premium notices, maturity payments, death claims, etc. (Sharma and Agarwal,2005).

2.4 Life insurance Firms in Ethiopia

Life insurance is a long-term contract between a policy holder and an insurer and facilitates long term savings. Regular savings over a long period ensures that a decent amount is accumulated to meet the policy holder's financial needs at various stages in life. Life insurance not only provides for financial support in the event of untimely death but also acts as a long term investment. Upon the death of the insured, the beneficiary may choose to accept a lump-sum settlement of the face amount of the life insurance policy, receive the proceeds over a given period, leave the money with the insurer temporarily and draw interest on it, or use it to purchase an annuity that guarantees regular payments for life.

There are four basic types of life insurance contracts are term life, whole life, variable life, and universal life:-

Term insurance contracts, a set amount of coverage, such as Br 50,000 or Br 500,000, are issued for a specified period of time. The premiums on such policies tend to increase with age, meaning that premium costs will be higher for a 60-year-old than for a 30-year-old. This is the case for new policies as well as renewals of existing policies. Protection expires at the end of the period, and there is no cash value remaining.

Whole life insurance, which runs for the whole of the insured's life, is established with a fixed premium and a fixed payout amount. Most whole life contracts also accumulate a cash value that is paid when the contract matures or is surrendered; the cash value is less than the policy's face value. While the fixed premiums represent a means of controlling costs in the future, the fixed payout offers no opportunity to protect against inflation.

Variable life insurance is similar to whole life insurance in that the insured obtains a fixed-premium life insurance policy that provides for a minimum death benefit. It differs, however, in that the insured's policy holdings are allocated to variable investment accounts (i.e., portfolios that invest in securities or bonds) that operate much like mutual funds. If the accounts perform well, they can provide substantial gains in the value of the insured's policy. If they perform poorly, they can result in a loss. Income from the accounts can be used to pay annual premiums or can be added to the value of the policy.

Universal life insurance policies are distinguished by flexible premiums and adjustable levels of coverage. Although the coverage is permanent (it does not expire, as does term insurance), the value of the policy may vary according to the performance of the investments on which it is based. After an initial premium is paid by the insured, there may not be any contractually scheduled premium payments, provided that the cash value of the policy is sufficient to pay the cost of protection each month (as well as any other related expenses or charges incurred by the insurer). An annual report is provided to the policyholder that shows the status of the policy, including the death benefit, the amount of insurance in force, the cash value and surrender value, and any transactions made within the policy during the previous year.

The life insurance market in Ethiopia is very small as the number of life insurance companies and has remained relatively stable. There are now a total of nine life insurance companies (EIC,

Awash, United, Nile, Nyala, Nib, Africa, Ethio-Life and Oromia) licensed to underwrite life insurance; all of them are composite underwriters. (AXCO Global Statistics)

2.5 Customer satisfaction

Customer satisfaction depends upon real performance in relation to buyers expectations. If the Satisfaction is a person's feeling of pleasure or disappointment resulting from comparing a product's perceived performance (or outcome) in relation to his/her experience (Kotler, 2000). Oliver (1996) also defines satisfaction as the summary psychological state resulting when the emotion surrounding disconfirmed expectations is coupled with a consumer's prior feeling about the consumer experience.

“Customer satisfaction has become a key intermediary objective in service operations due to the benefits it brings to organizations (Saha and Theingi, 2009)”. Customer satisfaction also serves as an exit barrier, helping a firm to retain its customers (Fornell, 1992; Halstead and Page, 1992). As Several studies shows, it costs more to gain a new customer than it does to retain an existing one. Tse and Wilton (1988) elaborated hunt definition where they said ‘customer satisfaction is a process of consumer's response to the evaluation of the perceived discrepancy between prior expectations and the actual performance of the product as perceived after its consumption’.

In addition, “customer satisfaction also leads to favorable word-of-mouth publicity that provides valuable indirect advertising for an organization (Halstead and Page, 1992; Fornell, 1992)”. If products performance falls short, it means that product is not matched with expectations. If the products performance matches the expectations, the consumer is fulfilled. If the performance exceeds the expectations the consumer is highly satisfied.

According to Fornell (1992) satisfied customers are willing to pay more for the benefits they receive and are more likely to be tolerant of an increase in price. Bitner and Hubbert (1994) stated that, through satisfying customers, organizations could improve profitability by expanding their business and gaining a higher market share as well as repeat and referral business.

2.6 Benefits of Customer Satisfaction

Satisfied customer keeps business with a company from which they are getting satisfaction. They buy more purchase at a time and come frequently. Moreover, they will likely recommend the company to their family members, friends and others. This act of recommendation may serve as an effective marketing strategy for the insurance company (Kesharwani & Shailendra, 2012).

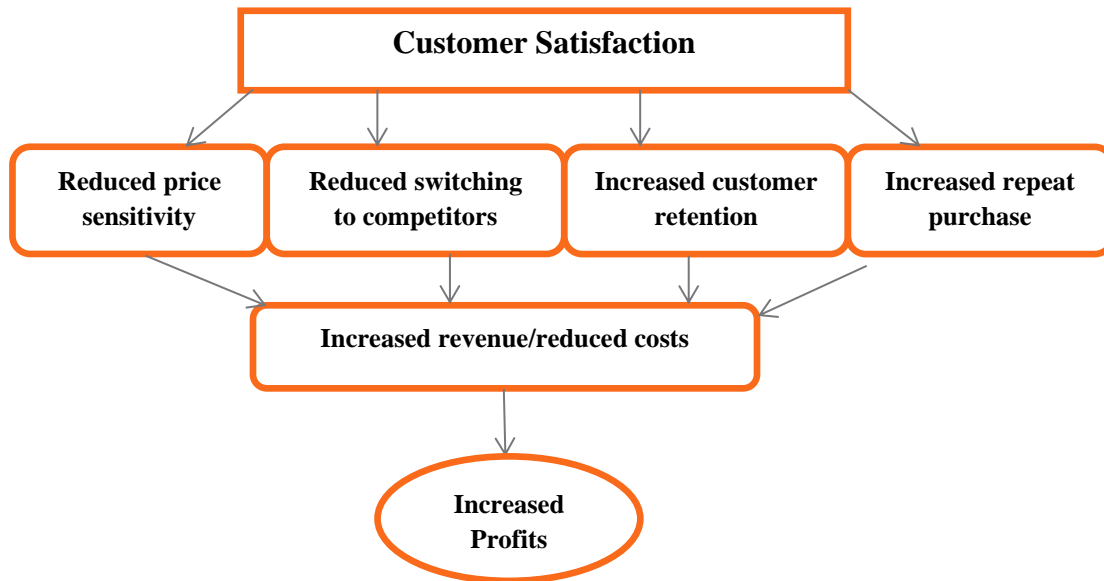


Fig2.1Benefit of customer satisfaction

Therefore, Application of concept of customer satisfaction provides numerous benefits to the organizations. These benefits include among others; customer loyalty, customer retention, and repurchase intention.

2.6.1 Customer Satisfaction and Loyalty

Newman and Werbel (1973) defined loyal customers as those who repurchased a brand, considered only that brand and did no brand-related information seeking. Dick and Basu (1994) suggested that loyalty has both attitudinal and behavioral elements and argued that it is determined by the strength of the relationship between relative attitude and repeat patronage. Customer loyalty has a powerful impact on the performance of service firms and serves as an important source of competitive advantage. The consequences of enhanced customer loyalty in service firms are increased revenue, reduced customer acquisition costs and lower costs of serving repeat purchase leading to greater profitability (Reichheld, 1993, Reichheld and Sasser,

1990). Loyal customers are less likely to switch to competitor due to price inducement and these customers make more purchases in comparison to less loyal customers (Boldinger and Rubinson, 1996).

There are different brands of life insurance service provider in Ethiopia market today. Maintaining customer loyalty is very difficult and challenging today for any company. However, when customers feel satisfied with products/services, they will have a tendency to be loyal to companies. Literature has suggested that consumer loyalty and satisfaction are linked inextricably and the relationship between satisfaction and loyalty is straight and simple. Satisfaction leads to attitudinal loyalty (Lovelock et al., 2001). Loyalty of customers is considered to be a function of satisfaction and loyal customers contribute to company profitability by spending more on company products and services, via repeat purchasing, and by recommending the organization to other consumers. (Fecikova, 2004)

2.6.2 Customer Satisfaction and Retention

Retaining customers have always been less costly and have led to distinct marketing gains. The American Society for Quality and Arthur Anderson Consulting Inc. in 1977 in a report said, it costs 5 times more to attract new customers than to retain existing ones. Fornell and Wernerfelt (1987) have found that the relative costs of customer retention are substantially less than those of acquisition.

Reichheld and Sasser (1990) found that when a company retains just 5 percent more of its customers, profits increase by 25 percent to 85 percent (in terms of net present value) depending upon the industry. They also found Customer Satisfaction as an important tool that can increase profit by preventing customers from defecting. Healy (1999) found that reducing customer defection by 5% would double the profits.

According to Kotler (1994) “Key to Customer Retention is Customer Satisfaction”. Studies conducted by Berry and Parasuraman (1991) and Rust and Zahorik (1993), found that Customer Satisfaction is the driver of higher rate of Customer Retention. Customer Satisfaction has been a major goal of business organizations, since it has been deemed to affect Customer Retention and companies’ market share (Hansemark and Albinsson, 2004). Anderson and Sullivan (1993)

found that satisfied customers have greater propensity to be retained and resist to alternative options.

2.6.3 Customer Satisfaction and Repurchase Intentions

A highly satisfied customer engages in repeat purchases and also echoes the positive side of the product and service provider. According to Dispensa (1997), a satisfied consumer will repeat the purchase of the product and convey positive messages about it to others. Day (1997) found that customer satisfaction is likely to strengthen the customer's resolution to buy the product more often and satisfied customers are more likely to urge others to try the product. Oliver (1980) suggested that a high level of consumer satisfaction made the brand attitude more favorable which in turn increased the intention to repurchase the brand.

Consumer satisfaction with a product is likely to lead to repeat purchases, acceptance of other products in the product line, and favorable word-of-mouth (Cardozo, 1965). Satisfied customers return and buy more and they tell other people about their experiences (Fornell et al. 1996). Satisfaction enhances repeat purchase and positive word of mouth by customers (Reichheld and Sasser, 1990; Wirtz, 2003).

2.6.4 Customer Satisfaction and Business Performance

Customer satisfaction is considered as the measure of success of many organizations. Customer satisfaction has significance influence on different matrices of business performance such as total sale, market share, and gross margin. Stakeholder value and total revenues (Wiele et al.,2002). According to Bolton et al., (2000), the increased revenue is associated to customer's buying behavior and perceptions towards the organization whether they have fulfilled their expectation or not.

Similarly, Cooil et al., (2007); suggested that the increased income could also be caused to a supplier obtaining an increased portion of satisfied customer's wallet. In addition, according to Kristen et al (2002), a strong predictor of further business performance such as yearly sales growth, net operating cash flows and market share is customer satisfaction.

2.7 Customer satisfaction measurement

According to different scholars, measuring customer satisfaction is difficult because it deals with the feeling of human behavior. Bhave and Ashish (2002) in their article entitled, "Customer satisfaction Measurement" have found that the success of a product or a service in the market depends upon the perception of a customer. They also argue that a company can satisfy the needs and wants of its customers by having a better understanding of its customer's perception.

According to Rondeau, et al (2006), a customer satisfaction survey is a very useful performance measurement format that should help an organization and its staff to understand a customer's viewpoint of a firm's performance on a completed project. Measuring customer satisfaction helps a firm to understand the factors that makes a customer to be satisfied or dissatisfied on the products delivered. It also helps a firm to focus on its customers, and should galvanize service owners, customer-facing staff, policy, strategy and research staff, as well as senior management, around the aim of improving the customer experience.

There are different models used to measure customer satisfaction proposed by different scholars. Among the various models described by researchers, two of the models of customer satisfaction are presented as follows:

The first model is the Kano Model which is developed in the 1980's by Professor Noriaki Kano. Kano's model of satisfaction has been introduced to establish which influence the components of products and services have on customer satisfaction. Kano model measures satisfaction against customer perception of attribute performance; grades the customer requirements and determines the level of satisfaction.

Kano (Kano, 1984) indicates the effect of three requirements of product on customer satisfaction which is must be requirements, one-dimensional requirements and attractive requirements

Must-be requirements do not increase the satisfaction level but absence of these requirements make the customers dissatisfied. One-dimensional requirements explicitly demanded by the customer. With regard to these requirements, customer satisfaction is proportional to the level of fulfillment - the higher the level of fulfillment, the higher the customer's satisfaction and vice versa. And the last one, Attractive requirements provide satisfaction when achieved fully, but do

not cause dissatisfaction when not fulfilled. The satisfaction level is more than proportional if the product has been fulfilled these requirements.

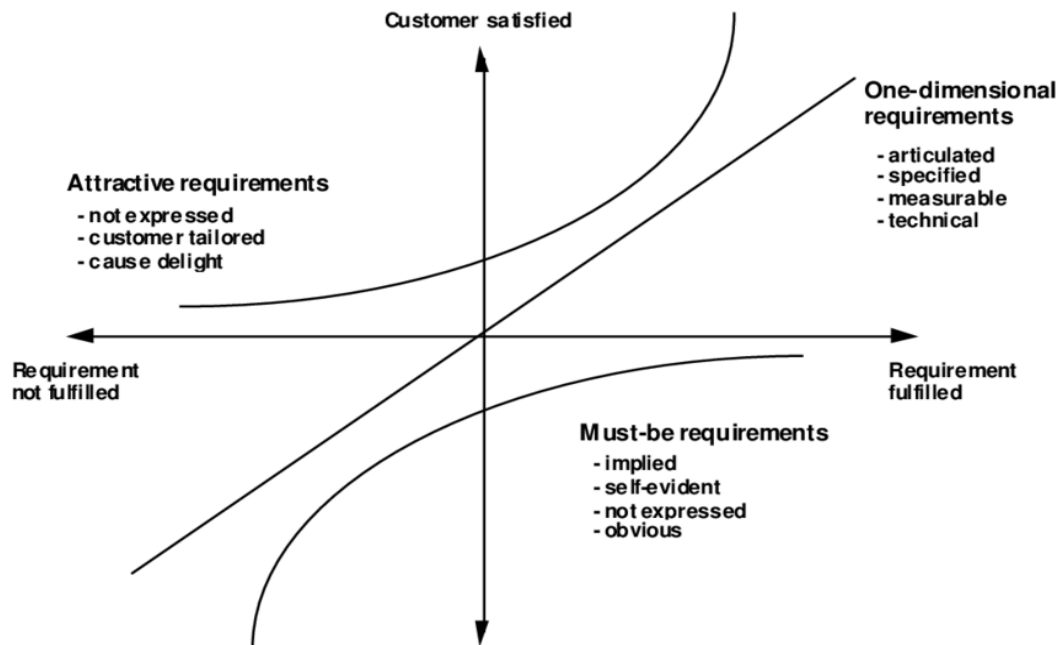


Fig 2.2 Kano model of customer satisfaction (Berger et al., 1993)

The second model used to measure customer satisfaction is the American Customer Satisfaction Index (ACSI) which was launched in 1994. The ACSI model is a cause-and-effect model which includes customer expectations, perceived quality, and perceived value as the drivers of satisfaction and customer complaints and customer loyalty as the outcomes of satisfaction. This model uses two interrelated and complementary methods to measure and analyze customer satisfaction: customer interviewing and econometric modeling.

2.8 Determinants of Customer Satisfaction

Customer satisfaction is dependent on a large number of factors. Berry, Brodeur between 1990 and 1998 defined 10 'Quality Values' and 17 Quality Characteristics which influence satisfaction behavior. These 10 "Quality Values" are Quality, Value, Efficiency, Timeliness, Access, Self-Management, Environment, Teamwork, Commitment and Innovation. Berry expanded these quality values further in 2002 and classified them as the 10 domains of satisfaction: Quality, Value, Timeliness, Efficiency, Ease of Access, Environment, Interdepartmental Teamwork,

Front Line Service Behaviors, Commitment to the Customer and Innovation. Patterson, Johnson, and Spreng (1997) put that industrial buyer mull over numerous attributes while making assessment of satisfaction.

Das and Samantha (2005) identify eight factors which could reflect the customer satisfaction level. These are productivity, quality of delivery, meeting delivery schedules, technical support, communication, proactive or promptness in response, skill level and domain knowledge. In addition to Das and Samantha, Singh (2006) founds in his study that satisfaction is affected by many factors which include friendly employees, courteous employees, knowledgeable employees, and helpful employees, consumer buying behavior, accuracy of billing, expertise, timeliness, physical environment, competitive pricing, product quality, good value and quick service. Parasuruaman et al (1998), states that to measure customer satisfaction through service quality, dimensions could include tangible, responsiveness, assurance, reliability and empathy.

Similarly, Kaffuman (1994) shows that while evaluating overall satisfaction, products attribute like physical characteristics, nonphysical characteristics(warranty), price and distribution, have different weight depending on the product application in case of industrial buyers. He also states that differentiated products are appraised in a different way than undifferentiated (commodity) products.

On other hand, Matzler et al., (2002), went classifies factors that affect customers' satisfaction into three factor structures specified as follows;

1. Basic factors: these factors are the minimum requirements that are required in a product to prevent the customer from being dissatisfied. They do not necessarily cause satisfaction but lead to dissatisfaction if absent. These are those factors that lead to the fulfillment of the basic requirement for which the product is produced. These constitute the basic attributes of the product or service. They thus have a low impact on satisfaction even though they are a prerequisite for satisfaction.

2. Performance factors: these are the factors that lead to satisfaction if fulfilled or exceeded and can lead to dissatisfaction if not fulfilled. These factors can cause both satisfaction and dissatisfaction.

3. Excitement factors: these are the factors that increase customers' satisfaction if fulfilled but does not cause dissatisfaction if not fulfilled.

According to Hokanson (1995), there are many factors that affect customer satisfaction. These factors include among others; friendly employees, courteous employees, knowledgeable employees, helpful employees, accuracy of billing, billing timeliness, competitive pricing, service quality, good value, billing clarity and quick service.

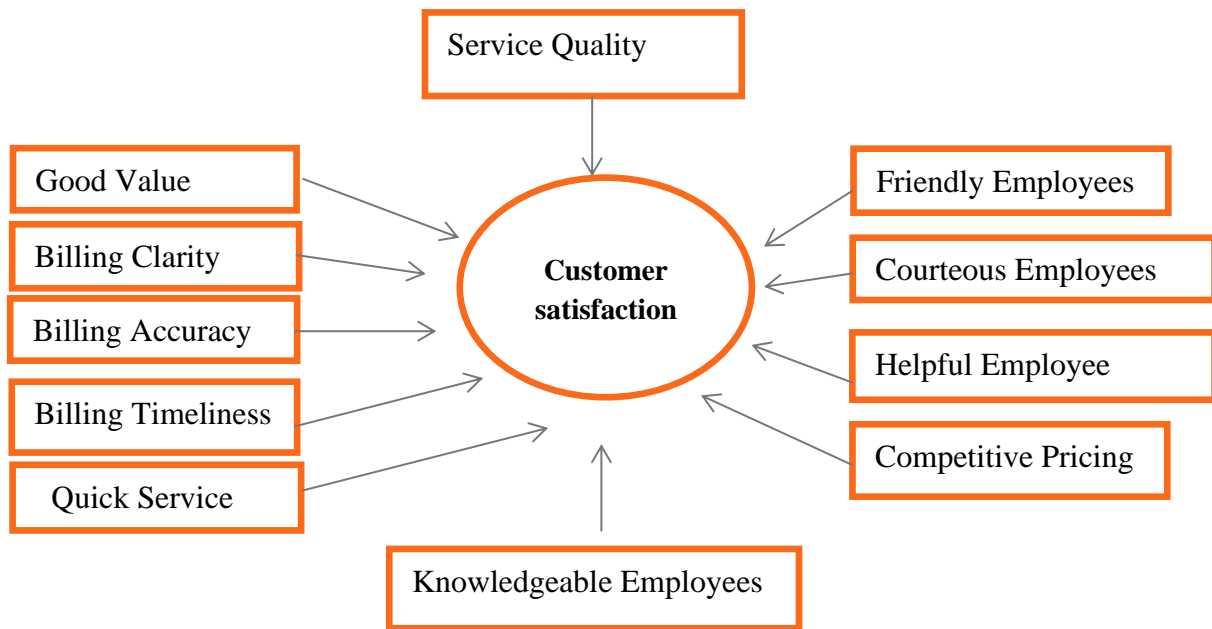


Fig: 2.3 Determinants of Customer Satisfaction

Source:-Hokanson (1995)

2.8.1 Service quality and customer satisfaction

To achieve a high level of customer satisfaction, most researchers suggest that a high level of service quality should be delivered by the service provider as service quality is normally considered an antecedent of customer satisfaction (Cronin, Brady, and Hult, 2000; Anderson et al., 1994; Cronin and Taylor, 1992). However, the exact relationship between satisfaction and service quality has been described as a complex issue, characterized by debate regarding the distinction between the two constructs and the casual direction of their relationship (Brady, Cronin and Brand, 2002). Parasuraman, Zeithaml, and Berry (1994) concluded that the confusion

surrounding the distinction between the two constructs was partly attributed to practitioners and the popular press using the terms interchangeable, which make theoretical distinctions difficult. Interpretations of the role of service quality and satisfaction have varied considerably (Brady et al., 2002; Cronin and Taylor, 1992; Parasuraman, Zeithaml, and Berry, 1988). Parasuraman et al. confined satisfaction to relate to a specific transaction as service quality was defined as an attitude. This meant that perceived service quality was a global judgment, or attitude, relating to the superiority of the service. Cronin and Taylor (1992) argued against Parasuraman et al.'s categorization. Cronin and Taylor (1992) found empirical support for the idea that perceived service quality led to satisfaction and argued that service quality was actually an antecedent of consumer satisfaction. Cronin and Taylor (1992) asserted that consumer satisfaction appeared to exert a stronger influence on purchase intention than service quality, and concluded that the strategic emphasis of service organizations should focus on total customer satisfaction programs.

30 The authors reasoned that consumers may not buy the highest quality service because of factors such as convenience, price, or availability and that these constructs may enhance satisfaction while not actually affecting consumers' perceptions of service quality. Cronin and Taylor (1994) later conceded that the directionality of the service quality/satisfaction relationship was still in question and that future research on the subject should incorporate multiple measures. The authors suggested restricting the domain of service quality to long-term attitudes and consumer satisfaction to transaction-specific judgments. However, Bitner and Hubbert (1994) determined that service encounter satisfaction was quite distinct from overall satisfaction and perceived quality. The authors concluded that the constructs exhibited independence. Adding to the debate about the distinction between service quality and satisfaction, customer satisfaction has also been operationalized as a multidimensional construct along the same dimensions that constitute service quality (Sureshchandar, Rajendran, and Anantharaman, 2002). Despite strong correlations between service quality and customer satisfaction in their study, the authors determined that the two constructs exhibited independence and concluded that they were in fact different constructs, at least from the customer's point of view. Brady and Cronin (1992) had endeavored to clarify the specification and nature of the service quality and satisfaction constructs and found empirical support for the conceptualization that service quality was an antecedent of the super ordinate satisfaction construct. In addition, the authors found that explained a greater portion of the variance in consumers' purchase intentions than service

quality. A reverse causal relationship has also been hypothesized between the two 31 constructs. Rust and Oliver (1994) maintained that while quality was only one of many dimensions on which satisfaction was based, satisfaction was also one potential influence on future quality perception.

2.8.2 Price and customer satisfaction

The factor “perceived value” in the other models presented above is also similar to price but relates more to an aspect of pricing described as demand-based pricing (Zeithaml et al., 2009). The influence of price on satisfaction has been given a lot of attention by researchers over the years (for example Anderson et al., 1994; Salvador et al., 2006).

Salvador et al. (2006) stressed that the concept of price should be expanded to include the actual cost of the service and other associated costs. They suggested that price has two dimensions: the objective price paid (monetary) and the cost of obtaining the service (how adequate the fees for the labor performed by the customer and in comparison with the cost of other services). Zeithaml (1988) provided a precise classification of price component into objective price, monetary price and sacrifice. Salvador et al. (2006) suggested that price should include value, benefit and cost, and that customer received value when the benefit from a product or service is more than the cost of buying it.

Horovitz (2000) suggested that services be limited to the strategy of ‘outpacing’ – a service that can reduce its costs, reinvesting all or part of the savings from lowering the price to customers, and at the same time maintaining or even increasing the benefits to increase value for the customer.

Some studies (for example Bei&Chiao, 2001; Anderson et al., 1994) have found that the price paid for a product or service plays an important in influencing customers’ satisfaction and loyalty to a company. Anderson et al. (1994, p. 54) “...customer satisfaction is dependent on value, where value can be viewed as the ratio of perceived quality relative to price or benefits received relative to costs incurred”. Jiang & Rosenbloom (2005) postulated that customers’ perception of price has a positive impact on satisfaction and behavioral intentions. According to Yieh et al.

(2007) asserted that customer may use price as an extrinsic signal of service quality by a company, for example, where quality is difficult to assess.

2.8.3 Gender and Customer satisfaction

Gender has been considered as one of the important demographic variables in the studies conducted by researchers on customer satisfaction as gender has a great impact on the level of customer satisfaction (Mittal et. al., 2001 and Akinyele, 2010). It is considered to be one of the most common forms of segmentation used by marketers (Mokhlis, 2012). It is very important for insurances to understand the potential gender effects on customers' satisfaction for the development of effective marketing strategies. Investigating such relationships is significant because without sound evidence and guidelines, managers may run the risk of making wrong decisions and such wrong decisions may affect the business and profit of the banks adversely in the long run (Aljasser and Sasidhar, 2013).

2.8.4 Age and Customer satisfaction

Age is one of the important demographic variables that not only determine an individual's physical and mental maturity but also depicts life experiences (Kalaichelvi, 2012). It plays an essential role in determining the satisfaction level of customers as the expectation and perception of service quality in an organization is different for different aged people (Anands, 2014). As the age increases, it has been observed that customer satisfaction and favorable behavioral intentions also increase.

2.8.5 Educational background and customer satisfaction

Education of the respondents is one of the most important influencing factors of the study. It is acquiring or imparting skills, values and knowledge. Education also means preparing people to develop new ideas and to adjust to the changing environment (Bhattacharjee and Das, 2013). As education levels increase, so does customers' need for information related to their purchase decision, thereby increasing purchasing involvement (Slama and Tashchian 1985). In some studies, educational Qualification is identified as one of the demographic variables that have significant relationship with customer satisfaction in the service sector (Bhattacharjee and Das, 2013; Anand and Selvaraj, 2012; Sivesan and Karunanithy, 2013)

2.9 Empirical Literature Evidences

Namasivayam et al (2006), tried to investigate the effect of socio-economic factor on customer satisfaction. And finds that the socio-economic factors influencing the decision to obtain life insurance policy such as age, education level and gender of the policy holders are insignificant but income level, occupation and family size are significant factors influencing the preference of the policy holders towards various types of life insurance.

Deepika Upadhyaya and Manish Badlani (2011) carried out a study entitled, “Service Quality Perception and Customer Satisfaction in Life Insurance Companies in India”, with a view to identify customer satisfaction in retail life insurance in India. The study identifies that the policyholders are more satisfied with the pricing factor followed by employee competence, product and service, technology, physical ambience of the company, trust, service delivery, and service management.

Sunayna khurana (2014) strained to investigate the effect of demographic variables on customer satisfaction in Indian life insurance industry. The finding of the study shows that there is a significant effect of age, marital status, and income of respondents. And, suggest that life insurance companies should consider demographic variables of customers.

A study conducted by Ha Thu Nguyen et al.(2018) also tried to investigates the determinants of Customer Satisfaction and Loyalty in Vietnamese Life-Insurance Setting. The outcome of the study indicates that customer satisfaction in life-insurance services is significantly explained by such factors as corporate image, service quality and perceived value and suggest that a life-insurance service provider should focus on enhancing service quality and corporate image in order to obtain customer satisfaction that leads to customer loyalty.

Amin Bidokhti and Rohi Poor (1992) have conducted a research on the impact of demographic characteristics on customer expectations of service quality in the hospitality industry in Semnan province. The results showed that age is only the demographic characteristics of the five dimensions of service quality which influence on customer expectations and demographic characteristics of gender, marital status, income, and educational level has no effect on customer expectations of service quality

2.10 Conceptual Framework of the Study

Based on theoretical foundations, the following frameworks are developed for determinants of life insurance customers' satisfaction.

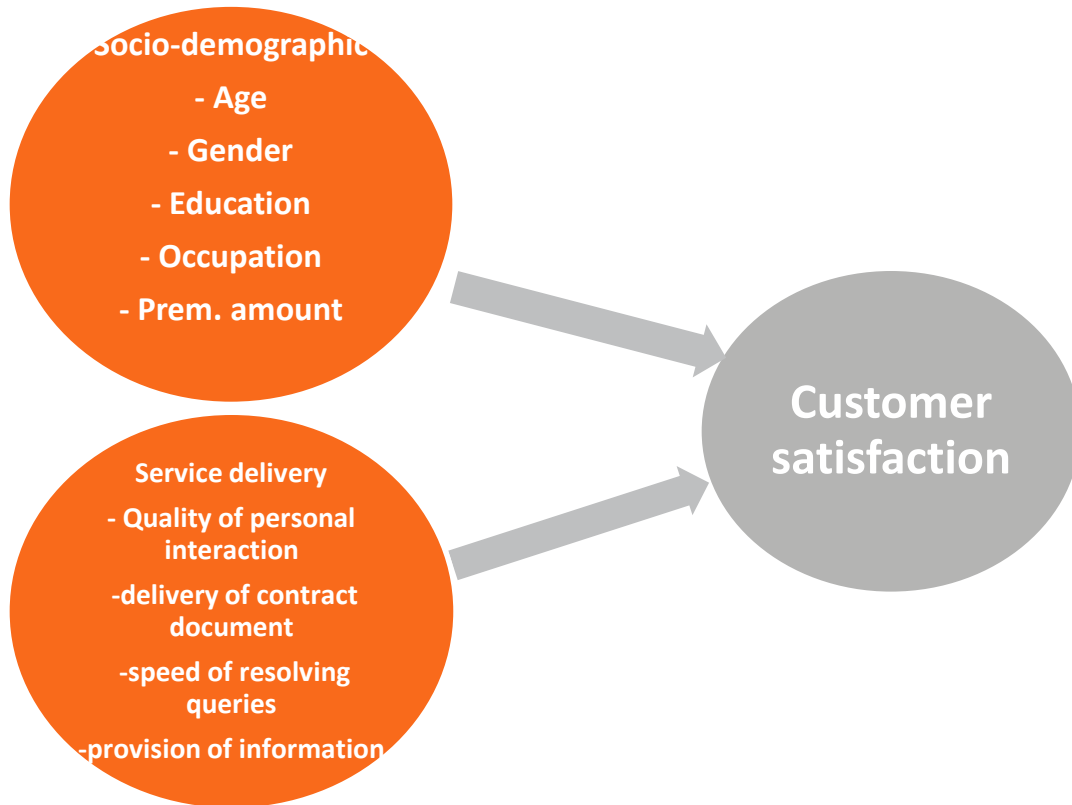


Fig 2.4 conceptual framework of the study

CHAPTER THREE

RESEARCH METHODOLOGY

Introduction

This chapter presents the overview of research methodology that was used in the study and gives procedures that were used to carry out the research work. The discourse in this chapter was structured around the research design, source and study population, type and source of data, data collection methods and data analysis.

3.1 Research Design

This study adopted a survey research design as it entails the collection of primary data in order to answer questions concerning the current status of the subject which is the determinants of customer satisfaction in life insurance industries. Its main role is to describe the state of affairs as it is now by quantitatively synthesizing the empirical evidence of this research.

3.2 Source and study population

The source population involves all individual life insurance customers of Awash insurance company who are currently getting service from the company. And, the study population constitutes life insurance customers of Awash insurance company who are visiting the insurance company during the period of data collection.

3.3 Types and source of data

According to Kothari (2004), Primary data are fresh data that are gathered for the first time and thus happened to be original in character. For the purpose of this study, primary data is the main research method used. And, the source of primary data was life insurance customers of Awash insurance company. The data was collected mainly by the use of a structured questionnaire.

On the other hand, the source of secondary data was customer's feedback forms, business journals and authenticated websites.

3.4 Time Horizon

Time Horizon reflects the time consumed for the research work or period of time in which the research study will be completed. This study was based on cross-sectional research method to gather data.

3.5 Sampling technique

Convenient sampling technique, which is a non-probabilistic sampling technique, was used to select the respondents. Because, since the customer of the company are scattered across the country, it is very difficult to contact each of them individually. Moreover, there is no available statistics on the exact number of customers in the company which is required for the use of any random sampling technique.

3.6 Sample size

Since there is no available statistics on the total number of individual customers in the insurance industry and the unavailability of published study on the customers' satisfaction on life insurance in Ethiopia, the following sample size formula for unknown population will be used to arrive at a representative number of respondents (Godden, 2004)

$$SS = \frac{Z^2 \times P(1-P)}{C^2}$$

Where:

SS= Sample size for unknown population (More than 50,000)

Z= z value for confidence level

P=Population proportion

C= Confidence Interval

$$SS = \frac{1.96^2 \times 0.5(1-0.5)}{0.5^2} = 384$$

Where: z=1.96 for 95% confidence level;

P= Population proportion 50% (0.5)

C= Confidence interval at 5% (0.05)

3.7. Data collection instrument

This research used questionnaires to collect data from the life insurance customers of Awash Insurance Company.

Questionnaires

Questionnaires provide evidence of patterns amongst large population (Kendall, 2008). Besides, questionnaires are easy to administer and timesaving. The self-administered questionnaire has three sections. The first section has demographic details of the respondents, the second section assesses the dimensions of customer satisfaction whereas, and the last section contains questions aimed at determining the overall customer satisfaction with regards to service delivery. The question includes a likert scale questions. The researcher dropped the questionnaires at the life insurance office and collected them later. A follow up has been done via telephone calls.

3.8 Data analysis

The data has been entered and analyzed using SPSS software version 20. The analysis is verified using descriptive interpretation. Frequencies and percentages were employed by the researcher in descriptive analysis. The data was presented using tables. And both bivariate and multivariate logistic regression technique were used for the analysis and interpretation of data.

CHAPTER FOUR

RESULT AND DISCUSSION

Introduction

This chapter addresses the presentation, analysis and interpretation of the data collected through questionnaires. The data collected through the means of questionnaires are analyzed & interpreted using the SPSS software.

4.1 Response rate

Three hundred eighty four (384) questioners were distributed. However, the study did not achieve a response of 100% as there were some non-response incidences where the researcher could not access all the respondents or the information given was found insufficient to be utilized in the study. Therefore, out of 384 responses targeted, three hundred forty six (346) gave adequate information through answering the questions completely. Thus, the study realized a response rate of 90.1%.

4.2 Demographic characteristics of respondents

This research focused on the main demographic characteristics such as sex, age groups, educational levels, occupation of respondents, and premium amount.

No.	Variables	Category	Frequency	Percentage
1	Sex	Male	186	53.8%
		Female	160	46.2%
2	Age	Less than 29	95	27.5%
		30-40	113	32.9%
		41-50	76	22.0%
		51-60	43	12.4%

		More than 60	19	5.5%
3	Education	Diploma	65	18.8%
		Degree	185	53.5%
		Masters and above	96	27.7%
4	Occupation	Self Employed	53	15.3%
		Employed	279	80.6%
		Retired	14	4.0%
5	Premium amount (Birr)	<2500	23	6.6%
		2501-3500	74	21.4%
		3501-5000	111	32.1%
		>5001	138	39.9%

Table 4.1 Demographic profile of respondents

Table 4.1 shows that 186 (53.8%) of the respondents were male and the remaining 160 (46.2%) of the respondents were female. This indicates that out of 346 life insurance customers around 186 customers were male and the remaining 160 customers were female.

The Respondents in the 30 to 40 years of age category represented 113 (32.7%), followed by the less than 29 and 41 to 50 age grouping of respondents at 95 (27.5%) and 76 (22.0%) respectively, and The age group between 51- 60 represents 43 (12.4). The remaining 19 (5.5%) were greater than 60 years old. This indicates that majority of the respondents are in the economically active population. This also shows that the use of life insurance services reduces with increase in age.

The educational level of the respondents in the above table shows that most of the respondents have a good educational background. Out of 364 respondents 185 (53.5%) were degree holders, 96 (27.7%) represents masters degree and above and the remaining 65 (18.8%) of the respondents were diploma holders. As the study of Karjaluoto and Pento (2003) indicates as the level of higher education increases, the likelihood of using life insurance products also increases.

Taking into account the occupation of the customers, salaried persons dominate the sample with 279 (80.6%) respondents, 53 (15.3%) are self-employed customers, while 14 (4%) are retired. This indicates that majority of life insurance customers have consistent sources of income. And, most of life insurance users are employed.

The result of the last demographic profile indicates that 6.6% of the respondents pay less than 2,500.00birr, 21.4% pay a premium ranging from 2,501.00 to 3,500.00 birr, 32.1% pay a premium ranging from 3501 to 5000.00 birr, and 39.9% pay a premium more than 5001.00 birr.

4.3 Validity of the research

Validity refers to the accuracy of the measurement. According to Aregsti & Finaly (1986), there are two types of validity tests namely: criterion and content validity. This research used the content validity by which the questionnaire used in the study are standardized and also used in previous literatures.

4.4 Dimension of customer satisfaction

With a view to ascertain the level of customer satisfaction with their present life insurance policy, five dimensions were listed and the respondents asked to rate them in terms of the importance they attach to each of them and also the level of satisfaction where 1= Not important, 2 = Less important, 3 = Neutral, 4 = Important, 5 = Very Important. The response was as tabulated in Table 4.2

	1	2	3	4	5	%
The provides insurance location convenient	0.9%	19.4%	11%	37.0%	39.6%	100%
The company has convenient operating hours	-	9.2%	3.5%	45.1%	42.2%	100%
Customers do not have to wait for service	-	16.5%	2.3%	43.1%	38.2%	100%
The company has modern looking equipment	20.5%	33.2%	3.5%	29.5%	13.3%	100%

The company's physical features are visually appealing	10.4%	27.5%	7.5%	30.6%	23.7%	100%
Staffs are never busy to respond to customers	-	11.8%	13.6%	36.7%	37.9%	100%
Service of insurance are done without delays as they promise	-	6.1%	4.9%	41.3%	47.7%	100%
The company provides appropriate solutions to problem	0.6%	16.5%	2.3%	45.1%	35.5%	100%
The company address complaints quickly	-	-	10.1%	49.1%	40.8%	100%
The insurance contact personnel are honest	-	-	-	52.0%	48.0%	100%
The company has an excellent reputation	17.6%	26.6%	10.7%	30.9%	14.2%	100%

Table 4.2 Dimension of customer satisfaction

Table 4.2 presents the description of the percentages of responses collected from the respondents. As can be seen from the table 39.6% of the respondents believe that convenience of location is very important.

Majority of the respondents indicated that convenient operating hours and not having to wait for services are also very important attributes. 33.2% and 27.5% respondents indicated that modern looking equipment and visually appealing physical features respectively are not important to measure quality of service for insurance. 29.5% and 30.6% of the respondents however, indicated that both of the attributes are important.

Similarly, 41.7% customers think that keeping promises is a very important attribute. Likewise, providing appropriate solutions is very important to 45.1% of the respondents while for 16.5% respondents it is only fairly important. It is also possible to see from the table that majority of the respondents indicated honesty and reputations are very important attributes.

4.5 Overall Satisfaction with Service Delivery

4.5.1 Service delivery by staff

Table 4.3 presents the frequencies and percentages of the respondents measured on a 5 point scale (Excellent – Poor) on the service delivery by staff of the insurance companies.

	Excellent	Very good	Good	Average	Poor	100%
Professional	22.8	38.7	20.2	18.3	-	100%
Knowledgeable	14.5	31.5	34.1	19.9	-	100%
Efficient	14.5%	33.2%	35.5%	16.8%	-	100%
Listen carefully	18.5%	36.1%	27.5%	14.5%	3.2%	100%
Responsive	15.3%	16.2%	28.6%	33.8%	6.1%	100%
Courteous	14.5%	24.6%	24.3%	24.6%	12.0%	100%
Proactive	17.6%	37.6%	31.8%	8.4%	4.6%	100%

Table 4.3 Service delivery by staff

From the above table, it can be seen that the respondents indicates most of the staffs are professional, knowledgeable and efficient. Most of respondent also indicates that the staffs listen carefully and are proactive. On the contrary, the respondents felt that the staffs were averagely courteous and responsive.

4.5.2 Overall satisfactions with service delivery

	Excellent	Very good	Good	Average	Poor	100%
Service delivery	3.5%	38.4%	28.6%	21.1%	8.4%	100%
Quality of personal interactions	4.3%	37.3%	29.8%	25.7%	2.9%	100%

Delivery of contract document	4.0%	27.7%	42.8%	21.7%	43.8%	100%
Speed of resolving queries	0.6%	20.5%	53.5%	21.1%	4.3%	100%
Provision of information	1.2%	27.7%	33.8%	34.7%	2.6%	100%

As can be seen from table 4.4 38.4% of the respondents felt that the service delivery after sale was very good. The quality of personal interactions with the company is also very good at 37.3%. Speed of resolving queries on withdrawals was considered good at 53.5%. However, Delivery of contract document or Policy contracts was rated as Poor by 43.8% of the respondents and most respondents felt that provision of information is average at 34.7%.

Besides, as the result shows, most of the respondents indicated that they are likely to recommend their insurance companies to their family/friends; they also indicated that they are unlikely to switch to another insurance provider as they are satisfied with the service provision from their current insurer.

4.6 Relationship between Demographic variables and customer satisfaction among life insurance customers of AIC

The association between dependent and independent variables was done using both bivariate and multivariate logistic regression technique. In bivariate regression age, Occupation, Education, gender and premium were checked for association. As a result, age, occupation and premium amount showed association with the customer satisfaction.

Based on the multivariate analysis, only age has become significantly associated with the customer satisfaction. Age was associated with higher rate of customer satisfaction. Customers with older (>65) and 30-40 are less satisfied than those mid age group.

Characteristics	Customer satisfaction	COR (95%CI)	AOR (95% CI)
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		Yes	No		
Age	<29	90 (26.0%)	5 (1.4%)	1	
	30-40	108 (31.2%)	17 (4.9%)	.007 (0.001-0.36)	.018 (0.00-1.375)
	41-50	58 (16.8%)	5 (1.4%)	1.200 (0.337-4.276)	5.210 (0.133-204.15)
	51-60	12 (3.5%)	18 (5.2%)	0.179	.257 (0.007-10.061)
	>60	2 (0.6%)	31 (9.0%)	.022 (0.007-0.066)	.031 (0.001-1.311)
Gender	Male	140 (40.5%)	46 (13.3%)	1	
	Female	130 (37.6%)	30 (8.7%)	0.702 (0.418-1.179)	
Occupation	Employed	226 (65.3%)	53 (15.3%)	1	
	Self employed	43 (12.4%)	10 (2.9%)	.992 (0.468-2.1)	.334 (0.016-1.046)
	Retired	1 (0.3%)	13 (3.8%)	.018 (0.002-0.153)	1.142 (0.432-3.020)
Education	Diploma	51 (14.7%)	14(4.0%)	1	
	Degree	147 (42.5%)	38 (11.0%)	.942 (0.472-1.879)	
	Masters & above	72 (20.8%)	24(6.9%)	.776 (0.433-1.39)	
Premium amount	<2500	22 (6.4%)	1 (0.3%)	1	
	2501-3500	70 (20.2%)	4 (1.2%)	.795 (0.084-7.495)	.822(0.084-7.495)
	3501-4500	104	7	.675 (0.079-5.77)	.183 (0.003-

		(30.1%)	(2.0%)		11.116)
	>4500	74 (21.4%)	64 (18.5%)	0.05 (0.007-0.401)	.594(0.009- 39.903)

Table 4.5 Bivariate and multivariate regression result

The result of the study shows that the customers belonging to different age groups are not equally satisfied with life insurance services. Customers in the age group of 31-40 years and above 60 years have different levels of satisfaction with the services of insurance companies, while the customers of the remaining age groups have the same level of satisfaction.

Further, it is observed that customers in the age group of above 60 years are less satisfied than those in the mid age group 31-40years with the services of life insurance companies. The reasons for the result might be because of older applicants are required to pay a larger premium for life insurance as they need more medical service. This result is also in line with the findings of Sunayna Khurana, 2014, conclude that age have a significant effect on Customer satisfaction.

On the other hand, occupation and premium amount does not have a significant association with customer satisfaction in the multivariate regression analysis.

CHAPTER FIVE

CONCLUSION AND RECOMENDATION

Introduction

This chapter presents conclusions and recommendations based on the analysis and interpretations made at the pervious chapter and area for further studies.

5.1 Conclusion

Satisfaction is a most important considered factor among the customers and company to add value towards their product and service. The purpose of the study is to identify the determinants of customer satisfaction of life insurance customers of Awash Insurance Company. Based on the data analysis and discussion of the results the following conclusions are drawn:

Demographic background of the sample indicates that insurance companies have more male customers than female customers and the age categories are fall in the economically active population. Concerning to educational background the largest groups of respondents have a good level of education holds degree and diploma. Besides, more than half of the respondents of AIC life insurance customers have consistent sources of income and most of them are employed.

Customers expected the service of the company to be convenient in location and operating hours. And not having to wait, keeping promises, providing appropriate solution, honesty and reputation are important to measure the quality of service for insurance. On the contrary, visually appealing physical features and modern looking equipment are less important to measure the quality of service ultimately leading to customer satisfaction of AIC life insurance customer.

From the study on the effect of demographic variables on customer satisfaction with the services of life insurance industry, it can be concluded that male and female customers and customers belonging to different occupations and educational background are equally satisfied with life insurance services. On the other hand, customers belonging to different age groups are not equally satisfied with life insurance services. Customers in the age group of 31-40 years and above 60 years have different levels of satisfaction with the services of insurance companies, while the customers of the remaining age groups have the same level. Further, it is observed that

customers in the age group of above 60 and 31-40 years are least satisfied with the services of AIC life insurance. On the other hand, occupation and premium amount does not have a significant association with customer satisfaction in the multivariate regression analysis.

5.2 Recommendation

Based on the findings and conclusions of the study, the following recommendations are forwarded to AIC to possibly improve the way of service delivery in a way that enhance customers' satisfaction.

- AIC should consider the demographic profile of the customers while providing services, as each customer has individual needs and preferences according to their demographic status.
- AIC should intensify its staff training programs by focusing on those staff that interacts with customers. And, the training should aim at equipping the employees to be more efficient, responsive, proactive and effective to deliver high standards of customer care and service quality. Further, employees should be trained to understand customers' needs and provide individual attention.
- The company should provide appropriate solutions to customers' problems in a timely manner and providing right solutions to problems by increasing the competence of employee. Employees should keep the promise to customers, show a sincere interest in solving customer's problem, inform users of the time required to perform transaction, and perform service right the first time.
- The finding of the study also indicates the satisfaction level of life insurance customers of the company; it directs the need for evaluating their status constantly and work for continuous improvements so as to boost their customers' satisfaction.

5.3 Areas for Further Research

This study considered only the customer of one insurance company. Hence, future studies could incorporate other life insurance companies in order to obtain better generalization. Besides, this study employed a quantitative method of analysis. Thus, future research could use in depth

qualitative method such as interview and focus group discussion in order to provide more in depth understanding of the determinants of customer satisfaction in the life insurance business.

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Appendix

Appendix 1: Questionnaire

ADDIS ABABA UNIVERSITY
COLLEGE OF BUSINESS AND ECONOMICS
MBA PROGRAM

Dear Participant

This questionnaire is designed to collect information about how you feel about the service quality delivered by your insurance company at least in the last 12 months. The data collected is confidential and will only be used for academic purposes only. This survey will help your insurance service provider know how you can be served better. Your contribution in this study will be greatly appreciated.

Please tick [] the appropriate box for your answers.

Section A: Demographic Details

1. Age: < 29 Years [] 30 - 40 Years [] 40 – 50 Years [] 50 – 60 Years [] Above 60 Years []
2. Gender: Male [] Female []
3. Education Level: Below Diploma [] Diploma [] Degree [] Masters and above []
4. Occupation: Employed [] Self-employed [] Retired [] Other:
5. Premium Amount: Br 500.00 – Br 2,500.00 [] Br 2,500.00 – Br3,500.00 [
Br 3,500.00 – Br 4,500.00 [] Above Br 4,500.00 []

Section B: Dimensions of Customer Satisfaction

Please indicate on a five point scale the extent to which you find the following statements important where: -1= **Not important** 2 = **Less important** 3 = **Neutral** 4 = **Important** 5 = **Very Important**

	1	2	3	4	5
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Access Quality					
The insurance provider location is convenient					
The company has convenient operating hours					
Customers do not have to wait for services					
Infrastructure Quality					
The company has modern looking equipment					
The company's physical features are visually appealing					
Responsiveness					
Staff are never busy to respond to customers					
Service of the insurance are done without delay as they promise					
Problem solving Quality					
The company provides appropriate solutions to problem					
The company addresses complaints quickly					
Credibility					
The insurance contact personnel are honest					
The company has an excellent reputation					

Section C: Overall Satisfaction with service delivery

1. On a scale of 1-5, how well does each of the following best describe the staff of the insurance company? **1= Excellent 2= Very good 3 = Good 4 = Average 5 = Poor**

	1	2	3	4	5
Professional					
Knowledgeable					
Efficient					
Listen carefully					
Responsive					
Courteous					
Proactive					

2. To what extent has your life insurance company's services met your expectations?

Much worse than expected	Worse than Expected	Equal to my expectation	Better than Expected	Much better than expected
1	2	3	4	5

3. How would you rate the after service in terms of the following attributes? Please rate them on a scale of 1-5: **1= Excellent 2= Very good 3 = Good 4 = Average 5 = Poor**

	1	2	3	4	5
Service Delivery					
Quality of personal interactions					
Delivery of contract documents					
Speed of resolving queries					
Provision of information					

4. How likely are you to recommend your insurance company to friends/family?

Very Unlikely	Unlikely	Neither	Likely	Very Likely
1	2	3	4	5

5. Do you have the intention of switching to use another insurance company's services?

Very Unlikely	Unlikely	Neither	Likely	Very Likely
1	2	3	4	5

6. How satisfied are you with the amount you paid for the service you get?

Satisfied	Neither	Dissatisfied
1	2	3

7. Overall how satisfied are you with the service quality delivered by your insurance company?

Satisfied	Dissatisfied
1	2

