

**ADDIS ABABA UNIVERSITY**  
**FACULTY OF BUSINESS AND ECONOMICS**  
**DEPARTMENT OF MANAGEMENT**  
**EXECUTIVE MBA PROGRAM**

**THE EFFECT OF SERVICE QUALITY ON CUSTOMER  
SATISFACTION IN SELECTED INSURANCE  
COMPANIES IN ADDIS ABABA**

**THESIS**

**Presented in Partial Fulfillment of the Requirements for the  
Executive Masters of Business Administration in the Graduate  
School of Addis Ababa University**

**By**

**Akalu Awlacheu**

**Advisor: Ato Teshome Bekele**

**January, 2015**

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**Approved by the board of examiners:**

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## **Declaration**

I, Akalu Awlatchew declare that this work entitled **“THE EFFECT OF SERVICE QUALITY ON CUSTOMER SATISFACTION IN SELECTED INSURANCE COMPANIES IN ADDIS ABABA ”**, is outcome of my own effort and study and that all sources of materials used for the study have been duly acknowledged. I have produced it independently except for the guidance and suggestion of the research advisor.

This study has not been submitted for any degree in this University or any other University. It is offered for the partial fulfillment of the executive MBA [EMBA].

By: Akalu Awlatchew

Signature \_\_\_\_\_

Date \_\_\_\_\_

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## **Acronyms**

EIC: Ethiopian Insurance Corporation

Company A: EIC

Company B: Nib Insurance company S.Co.

Company C: Lion Insurance company S.Co.

## **Abstract**

The liberalization of the economic system in Ethiopia enabled the emergence of private insurance companies and have created competitive environment in the insurance industry. This study focused to examine the effect of service quality on customer satisfaction in selected insurance companies in Addis Ababa by applying SERVEQUAL model comprising five dimensions: Tangibility, reliability, responsiveness, assurance and empathy. The data collected from 141 questionnaires were analyzed using gap score, statistical tools such as mean, correlation and multiple regression analysis. The gap score between perception and expectation of customers of the insurance companies showed that there is a negative gap score in all service quality dimensions meaning those customers' expectations exceeds their perception.

The study also indicated that the five service quality dimensions have positive and significant relationship with customer satisfaction.

The study showed that the selected insurance companies in Addis Ababa were not providing the level of service quality demanded by customers.

The findings suggested that the insurance companies need to improve all the dimensions of service quality.

Keywords: SERVQUAL, Tangibility, Reliability, Responsiveness, Assurance, Empathy and customer satisfaction.

# **CHAPTER ONE: INTRODUCTION**

## **1.1 Background of the Study**

Service marketers have realized over past few years that competition can be well managed through quality. Thus service quality is imperative to achieve competitive advantage. Poor quality places a firm at a competitive disadvantage. Service quality offers a way of achieving success among competing services, particularly in case of firms that offer nearly identical services.

In the globally competitive business environment, service quality has become increasingly important to the insurance industry. As the importance in service industries grows, several questions arise. How can we measure "quality of service" and what is its effect?

Research has shown that the quality of services and the achievement of customer satisfaction and loyalty are fundamental for the survival of insurers. The quality of after sales services, in particular, can lead to very positive results through customer loyalty, positive word-of-mouth, repetitive sales and cross-selling. However, many insurers appear unwilling to take the necessary actions to improve their image. This creates problems for them as the market is extremely competitive and continuously becomes more so (Taylor, 2001).

Ethiopia's insurance industry is relatively undeveloped which is exemplified by the sectors low penetration levels. There are an estimated 0.3 Million formal 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 financial year representing merely 0.56% of GDP.

Currently, 17 insurance companies are operating in the country with a total of 265 branches throughout the country. Figures indicate that Ethiopia's insurance sector is skewed 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 NBE, General insurance premium dominates the sector with 93.8% premium market share leaving the balance to Life insurance business. 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.

The competition existing in the insurance industry is a cutthroat competition and it is based on price. Service Quality is another and major area of competition. Therefore, Service Quality improvement is key issue that determines the very survival of the insurance company.

Various 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.

The purpose of this research was to evaluate the service quality in three insurance companies with respect to general insurance business.

Parasuraman, A., Zenithal, V. A., & Berry, L. L. (1991)

## **1.2 Statement of the Problem**

Delivering quality service is considered an essential strategy for success and survival in today's competitive environment (Dawkins and Reichheld, 1990; Parasuraman *et al.*, 1985). In the literature, the construct of quality is conceptualized based on perceived service quality (Hishamuddin *et al.*, 2008). Perceived service quality is defined as "global judgment, or attitude, relating to the superiority of the service" (Parasuraman *et al.*, 1988).

Insurance sector is one of the most important entities which have been growing relatively in the past decade in Ethiopia. At present there are

seventeen insurance companies operating in the market and there is fierce competition among themselves. With a greater choice and an increasing awareness, there is a continuous increase in the customers' expectations and they demand better quality service. Therefore, to sustain in the market, service quality becomes the most critical component of competitiveness for insurance companies in Ethiopia.

With the increasing demands of customer, insurance sector has become competitive. Customers are becoming increasingly aware of their expectations, and demand higher standards of services, as technology is enabling them to make comparisons quickly and accurately. Their perceptions and expectations are continually evolving, making it difficult for service providers to measure and manage services effectively.

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.

Levesque and McDougall (1996) "confirmed and reinforced the idea that unsatisfactory customer service leads to a drop in customer satisfaction and willingness to recommend the service to a friend." This would in turn lead to an increase the number of customers shifts to competitors. As such, this study evaluated service quality on customer satisfaction in selected insurance companies in Addis Ababa.

The questions being raised in this study are: what influence do the five service quality dimensions have on customer satisfaction? What is the customers' level of satisfaction with the service quality dimensions?

### **1.3 Objective of the Study**

Although several researchers have made theoretical and empirical contribution to the study of service quality in various industries, the area of insurance is not adequately researched.

The following objectives were structured for the purpose of this study:

- To study how services are being delivered i.e. up-to what level performances are meeting the expectations.
- To study the effect of different dimensions of service quality offered in selected insurance companies.
- To assess service quality in the selected insurance companies as perceived by service users.

## **1.4 Research Hypotheses**

The following hypotheses were tested:

H1o: Tangibles do not have a significant influence on customers overall satisfaction

H1a: Tangibles have significant influence on customers overall satisfaction

H2o: Reliability does not have a significant influence on customers overall satisfaction

H2a: Reliability have significant influence on customers overall satisfaction

H3o: Responsiveness does not have a significant influence on customers overall satisfaction

H3a: Responsiveness have significant influence on customers overall satisfaction

H4o: Assurance does not have a significant influence on customers overall satisfaction

H4a: Assurance have significant influence on customers overall satisfaction

H5o: Empathy does not have a significant influence on customers overall satisfaction

H5a: Empathy have significant influence on customers overall satisfaction

## **1.5 Scope of the Study**

The study is limited to the effect of service quality on customer satisfaction measured in three insurance companies (coded: company A, Company B and Company C). The findings of this study would have had paramount importance if more insurance companies had been included in the research. However, it was particularly unattainable to assess more than three insurance companies due to lack of time and financial resources.

## **1.6 Organization of the study**

This research is organized into five chapters. Chapter one contains background of the study, statement of the problem, research objectives, hypothesis of the study, and scope of the study. Chapter two provides a literature review informing the reader of what is already known in this area of study. Chapter three discusses the methodology employed in the study, including, research design, sample size and sampling technique, data source and collection method, procedure of data collection and method of data analysis. Chapter four is about data analysis and discussion of results. Finally, chapter five contains conclusions and recommendations.

## **CHAPTER TWO: LITERATURE REVIEW**

### **2.1 Introduction**

The emergence of modern insurance in Ethiopia is traced to the Bank of Abyssinia which was established in 1905 as the first Ethiopian Bank. The Bank had been acting as an agent for foreign insurance companies to underwrite fire and marine policies. Hailu, p.41(2007)

There were a good number of foreign insurance companies undertaking insurance business in Ethiopia through agents prior to 1951. The first domestic insurance company, namely, Imperial Insurance Company of Ethiopia Ltd was established in 1951. Thereafter, until 1960 one domestic and numerous foreign insurance companies represented by agents were operating insurance business in Ethiopia. Hailu, p.42(2007)

The 1960 witnessed the establishment of local insurance companies. Domestic private insurance companies started to increase in number during this period.

The Provisional Military government of Ethiopia passed a decision on January 1, 1975 to transfer the ownership of banks and insurance companies to the government. Consequently, thirteen private insurance companies that were operating insurance business by that time were all nationalized and Ethiopian Insurance Corporation was established as an autonomous public enterprise effective January 1, 1976.

The Ethiopian Insurance Corporation had been a monopoly in the Ethiopian insurance industry for 19 years, i.e. from 1976 up to 1994. Following the collapse of the Marxist Regime in 1991, the economic policy of the country changed to a 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. Hailu, p.73(2007)

The achievement of the quality of services is a goal and a marketing tool at the same time, because achieving high quality services leads to achieving the clients' satisfaction, so companies must measure the quality of services. In 1988, Parasuraman and others examined the sample of the service quality which was improved in 1985. These researchers developed a tool called SERVQUAL for measuring the quality of service. This sample is based on perceived quality; this study has identified that there is a possibility to ignore the original ten dimensions of quality of service, or there is a possibility for the lack of a high associational relationship between these dimensions, so that it is retrieved within the form. SERVQUAL evaluates these five distinctive dimensions; these researchers have also felt that these five dimensions are able to access the aspects of the original ten dimensions, and these dimensions are (Roa, 1996):

1 - Tangible things: material facilities, equipment, tools and the appearance of the workers and employees.

2 - Reliability: the ability to perform the promised service accurately and reliably.

3 - Responsiveness: the desire to help customers and provide good service.

4 - Assurance: knowledge and politeness of staff, their ability to inspire and create confidence for the consumer.

5 - Empathy: personal care about the consumer and personal attention provided by the company to its customers.

The customer satisfaction has become important to the extent that some service institutions consider it as a key element in their marketing strategies, as the term "post-marketing" is used widely to mean to focus attention and efforts on current customers in order to maximize the level of satisfaction they have and ensure keeping them (Havra, 1995). Many studies have addressed the definition of customers' satisfaction. Customers' satisfaction has been defined as: the feeling or attitude of customers about the product or service after use, so that the satisfied customer about a service or product will use it once again, in addition to the transfer of such good feeling to others and encourage them to experience this item or service. In sharp contrast, the unhappy customer with the service or product will look for another product or service that meets his needs and desires and bring him satisfaction, in addition to the transfer of this negative feeling about the product or service to others and warn them not to use it, this in turn is reflected on the institution or organization image in the minds of others, Metawa & Almoosawai, (1998).

Parasuraman, Zenithal and Berry (1996) defined service quality from the customer's view rather than based on internal performance measures. From this perspective, service quality is the customer's perception of the superiority of the service. Satisfaction is defined as a customer's perception of a single service experience, whereas quality is the accumulation of the satisfaction for many customers over many service experiences. A quality service provider is one that is able to consistently provide a satisfying service experience over a long period of time.

## **2.2 Definition of Service**

Kotler defines service as "any intangible act or performance that one party offers to another that does not result in the ownership of anything" (Kotler & Keller, 2009, p. 789). 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). In all, service can also be defined as an intangible offer by one party to another in exchange of money for pleasure.

### **2.2.1 Service Quality**

According to Parasuraman et al. (1991), companies can get their competitive advantage by using the technology for the purpose of enhancing service quality and gathering market demand. For decades, many researchers have developed a service perspective (Zeithaml, 2009, Ramsaran and Fowdar, 2007). Chang (2008) describes that the concept of service quality should be generally approached from the customer's point of view because they may have different values, different ground of assessment, and different circumstances. Parasuraman, Zeithaml and Berry (1990) mention that service quality is an extrinsically perceived attribution based on the customer's experience about the service that the customer perceived through the service encounter. According to the work of Kumra (2008), service quality is not only involved in the final product and service, but also involved in the production and delivery process, thus employee involvement in process redesign and commitment is important to produce final tourism products or services.

Another research study on service quality is presented by Grönroos (2007) who focuses on a model that is a comparison between customer expectations of the service and their experience of the service they have received before. This model is named "total perceived service quality". As he emphasizes on what customer is really looking for and what they evaluate, the service quality is based on two dimensions. The first dimension is the

technical quality and this dimension refers to the outcome, what is delivered or what the customer gets from the service. The next dimension is the functional quality which refers to the manner in which the service is delivered or how it is delivered. Both dimensions affect the corporate image and the perception of quality in various ways. According to total perceived service quality model, perceived quality of a service is not only affected by the experiences of the quality dimensions that the consumer used for evaluating whether quality is perceived as good, neutral, or bad. It is also affected by the perceived quality of given service as well as the outcome of the evaluation process.

Quality can also be defined as the totality of features and characteristics of a product or services that bear on its ability to satisfy stated or implied needs (Kotler et al., 2002, p. 831). It is evident that quality is also related to the value of an offer, which could evoke satisfaction or dissatisfaction on the part of the user.

Service quality in the management and marketing literature is the extent to which customers' perceptions of service meet and/or exceed their expectations for example as defined by Zenithal et al. (1990), cited in Bowen & David, 2005, p. 340). Thus service quality can intend to be the way in which customers are served in an organization which could be good or poor. Parasuraman defines service quality as “the differences between customer expectations and perceptions of service” (Parasuraman, 1988). They argued

that measuring service quality as the difference between perceived and expected service was a valid way and could make management to identify gaps to what they offer as services.

The aim of providing quality services is to satisfy customers. Measuring service quality is a better way to dictate whether the services are good or bad and whether the customers will or are satisfied with it.

Service quality is the expected and perceived quality of all the services an organization offers. Quality is necessary for organizations that sell physical products that are manufactured as well as organizations that only sell services. Without quality, it is nearly impossible to achieve customer satisfaction. A quality good or service performs precisely according to specifications that will satisfy customers. Consequently, quality contributes to customer satisfaction. Gilbert D. H. and Gary L. F. (1999)

### **2.3 Perception of Service Quality**

Perceived service quality has been defined as the consumer's global attitude or judgment of the overall excellence or superiority of the service. Perceived service quality results from comparisons by consumers of expectations with their perceptions of service delivered by the suppliers (Lewis *et al.*, 1994; Takeuchi and Quelch, 1983; Zeithaml, 1988). It is argued that the key to ensuring good service quality perception is in meeting or exceeding what customers expect from the service. Thus, if perception of the actual

service delivered by the supplier falls short of expectation, a gap is created which should be addressed through strategies that affect the direction either of expectations or perceptions, or both (Parasuraman *et al.*, 1985; Zeithaml *et al.*,1990).

## **2.4 Customer Expectations**

Customer expectations are beliefs about a service that serve as standards against which service performance is judged (Zeithaml *et al.*, 1993); what customers think a service provider should offer rather than what might be on offer (Parasuraman *et al.*, 1988). Expectations are formed from a variety of sources such as the customer's personal needs and wishes (Edvardsson *et al.*,1994), the customer's personal philosophy about a particular service, by promises (staff, advertising and other communications), by implicit service promises (such as price and the tangibles associated with the service), by word-of-mouth communication (with other customers, friends, family and experts), as well as by past experience of that service (Zeithaml and Bitner,1996).

Customer expectations play an important role in creating satisfaction.

Customers expectations are consumers' beliefs about the performance a product based on prior experience and communications. When companies fall short of those expectations, customers are dissatisfied. When companies exceed them, consumers are delighted. In both cases, customers are

emotionally charged by their experience \_\_ the delighted are more likely to be loyal, and the dissatisfied are more inclined to switch.( Gilbert, D. H. and Gary, L. F.(1999)

Customers expectations are based on personal experience, observation of others, company actions, advertising, and promotion.

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)

## **2.5 Customer Satisfaction**

On the face of it, it might seem that customer satisfaction is a pretty straightforward concept that readily lends itself to evaluation. However, upon further consideration it can be appreciated as a complex and multifaceted concept that has attracted enormous attention from both the academic and practitioner communities, not least because it is recognized as being of great significance to the well-being of individuals, firms and the economy as a whole. (Ennew, Christine; Waite, Nigel. (2007), Financial Services Marketing, < [http:// www. My library.com ? ID= 70805](http://www.My library.com ? ID= 70805)>

Satisfaction is generally recognized as a pleasurable outcome, 'a desirable end state of consumption or patronization' (Oliver, 1997, p 10). Precise definitions of satisfaction vary, but common themes emphasize that it is a customer's judgment of the consumption experience formed through some kind of psychological process that involves some form of comparison of what was expected with what was received. This does not preclude the possibility that interim judgments of satisfaction can be made (i.e. part way through the consumption process), and also allows for the possibility that satisfaction judgments may be made after specific transactions or in relation to an accumulated series of transactions. For example, a customer may form a satisfaction judgment relating to a specific encounter with a financial adviser and a satisfaction judgment relating to the overall relationship with that adviser. Similarly, consumers may form satisfaction judgments about specific attributes of a service (e.g. the responsiveness of staff, the amount of information provided, branch opening hours, etc.) or about the service overall.

The term 'fulfillment' is commonly used in discussions of satisfaction. However, there is a danger in interpreting such a term too narrowly – rather than thinking of satisfaction as simply meeting basic customer requirements, there is an increasing tendency to see satisfaction as being concerned with positive, pleasurable experiences. Some commentators go a stage further and suggest that marketers should go beyond satisfaction and instead focus attention on 'delighting' customers (Berman, 2005).

Satisfaction will involve a positive experience and the delivery of a service that matches (or possibly exceeds) customer expectations; delight goes a stage further, delivering beyond expectations and generating a stronger emotional response.

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).

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 an organization's 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, D. H. and Gary, L. F.(1999)

Customer satisfaction is a customer's positive, neutral, or negative feeling about the value she/he received from an organization's product in specific use situations.( Robert, B. W. and Sarah, F. G. (1996). Today, it is more important for organizations to conduct all aspects of their business to satisfy customers. Favorable satisfaction ratings not only boost sales but can also have a dramatic effect on company performance.

## **2.6 The Relationship between Service quality and Customer Satisfaction**

Since customer satisfaction has been considered to be based on the customer's experience on a particular service encounter, (Cronin & 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. 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," (Lewis, 1993, p. 4-12). This is in line with the idea of Zeithaml et al (2006, p. 106-107). 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. Some researchers have found empirical supports for the view of the point mentioned above (Anderson & Sullivan, 1993; Fornell et al 1996; Spreng & Macky 1996); where customer satisfaction came as a result of service quality.

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

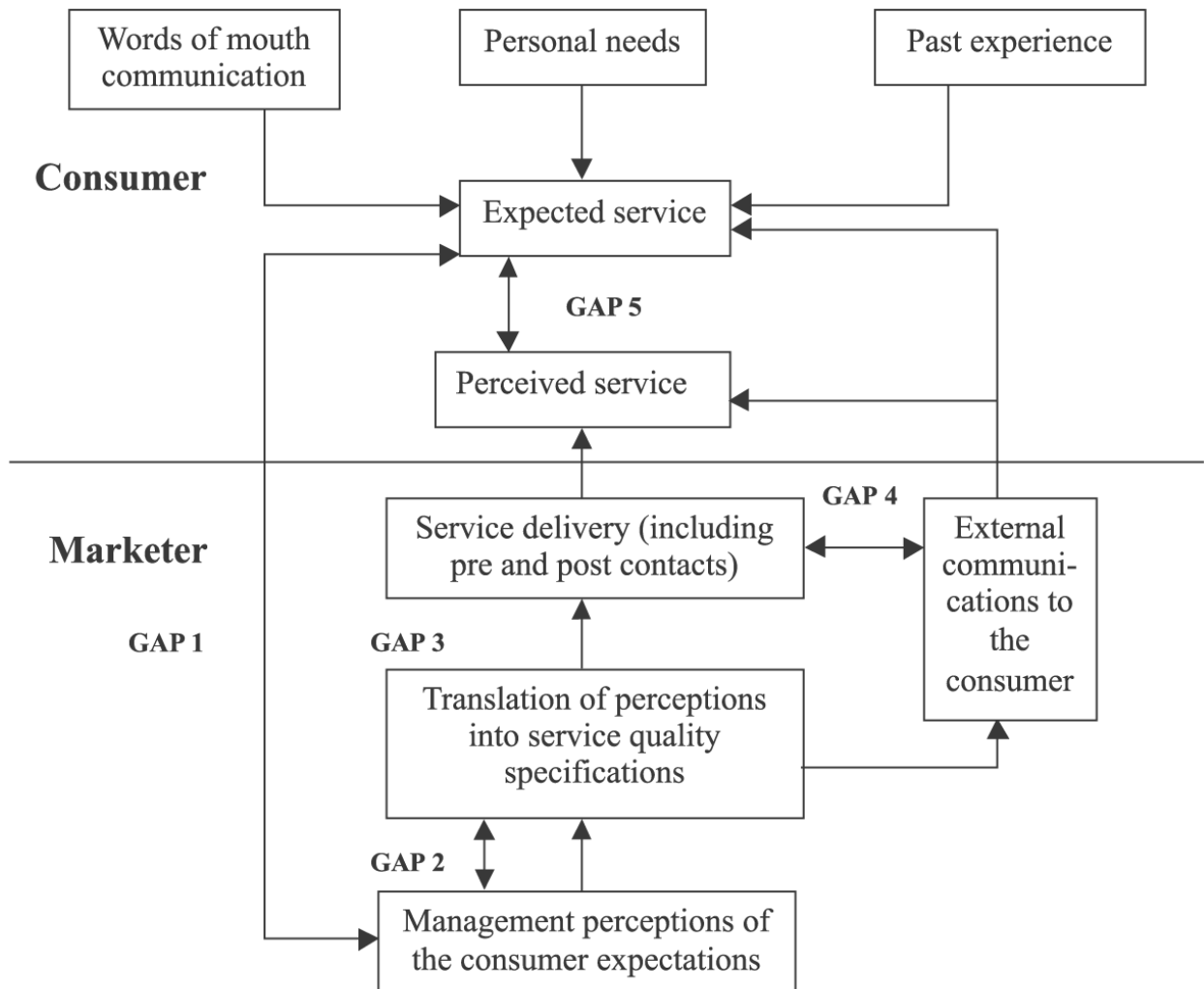
quality focuses specifically on dimensions of service. (Wilson et al., 2008, p. 78). Although it is stated that other factors such as price and product quality can affect customer satisfaction, perceived service quality is a component of customer satisfaction (Zeithaml et al. 2006, p. 106-107). This theory complies with the idea of Wilson et al. (2008) and has been confirmed by the definition of customer satisfaction presented by other researchers. 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.

## **2.7 The Service Quality Model**

According to the formulation of Parasuraman et al (1985) there are five gaps that cause unsuccessful service delivery. The five gaps are summarized below and these research is based on gap five.

- a. Gap1: the gap between customer expectations and those perceived by management to be the customer's expectations

- b. Gap 2: the gap between management's perception of consumer expectations and the firm's service quality specifications.
- c. Gap 3: the gap between service quality specifications and service delivery
- d. Gap 4: the service delivery external communication gap
- e. Gap 5: the perceived service quality gap, the difference between expected and perceived service



Source: Parasuraman *et al.* (1985)

Figure 1. Gap analysis model ,

**1. Difference between consumer's expectation and perceived service.(Gap 5)**

This gap depends on size and direction of the four gaps associated with the delivery of service quality on the marketer's side. Not Delivering the Service (perception) as being perceived – this is the only gap that can be examined solely on the data from the customer; study of other gaps, while important, would require data collection from companies themselves.

([WWW.ukessays.com](http://WWW.ukessays.com))

## **2.8 SERVQUAL**

Gronroos (1988) defines the five key determinants of service quality as: professionalism and skills (technical, outcome related), reputation and credibility (image related), behavior and attitudes, accessibility and flexibility and reliability and trustworthiness (all functional, process related). However, the most popular is the SERVQUAL model of Parasuraman et al. (1988) consisting of the five dimensions of service quality - tangibles, reliability, responsiveness, assurance and empathy.

Initially, only five dimensions of service quality were indicated in the SERVQUAL approach (Parasuraman et al. 1988):

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); and
5. Empathy (caring, individualized attention the firm provides its customers).

A key aspect of this model is the customers' determination process for perceived service quality. Expected service and perceived service are both directly influenced by the determinants of service quality which finally determine the overall level of service quality. The SERVQUAL instrument is a two-part questionnaire. The first part consists of twenty two items measuring expectations of customers and the second part consists of twenty two similarly worded items measuring perceptions or experience of customers. Assessing the quality of service involves computing the difference between the ratings customers assign to the paired expectation/perception statements. SERVQUAL is designed as a diagnostic instrument to identify areas of strength and weakness in the delivery of services. Furthermore, the importance of SERVQUAL has been to use "gap scores" in the measurement of service quality (Cronin and Taylor, 1992, 1994). It is the gap between perceptions and expectations that underpins the formulation of the SERVQUAL model, the service quality measuring instrument originally developed by Parasuraman et al. (1988).

### **2.8.1 Criticism of SERVQUAL**

The service quality gaps models can be criticized on both methodological and conceptual grounds (Carman, 1990; Cronin and Taylor, 1992; Teas, 1993; Brown et al., 1993). Cronin and Taylor (1992) 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.

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)

is subject to multiple interpretation by different authors/ researchers (e.g. Babakus and Inhofe, 1991; Dabholkar et al., 2000; Gronroos, 1990; Teas, 1993, 1994). They believe that expectation concept is doubtful and 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 equipments 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 (Jain and Gupta, 2004).

Brown et al. (1993) raised psychometric concerns regarding the use of difference score and felt that the gap model would display poor reliability, because expectation and perception could be positively correlated. They also suggested that if the statistical variance of performance score and expectation score are different, any tests of statistical significance would become more complex. The other criticizer claims that SERVQUAL is not applicable to a wide variety of service contexts as the common tool for evaluating service quality (Carman, 1990).

The above explanation provides a critical discussion of the traditional models, but it is not convincing and it seems that this model still needs to be further developed. In the following, other shortcomings in gaps models are addressed and a model is developed based on the discussion. Considering the critical discussion, more gaps are added to the previous models. The new components which are proposed to be fitted in to the model include: ([www. Macro think. Org/bms](http://www.Macrothink.org/bms))

- Ideal service standards;
- Service quality strategy and policy;
- Translation of service quality strategy and policy into service quality specifications and service design;
- Management perceptions of customer perception; and
- Employee perceptions of customer perception.

Although the elements listed in SERVQUAL model have been proven to be the main method for evaluating service quality from the consumer's perspective (Brown et al., 1993), drawbacks in using SERVQUAL in measuring service quality has been the reason that the SERVPERF scale was proposed by Cronin & Taylor (1992, cited in Jain et al. (2004, p. 25-37) after they called into question the conceptual basis of the SERVQUAL, having found it, led to confusion with service satisfaction (Jain et al., 2004, p. 25-37). These researchers discarded the 'E' for 'expectation' claiming instead that 'P' for 'performance' alone should be used. They meant that higher perceived performance entails higher quality service. Unfortunately,

during this past century, customers have changed their behaviors in ways that do not suit organizational behavior.

## **2.9 Conceptual Framework**

The general idea from the past literature is that there is a relationship between customer satisfaction and service quality; also that service quality could be evaluated with the use of five service quality dimensions and the most useable is the SERVQUAL scale.

Thus, customers in this paper are those who consume the services, satisfaction denotes customer's desire to maintain a business relationship with the organization and it is also the feelings of the customers towards the services provided to them by the organizations; while customer satisfaction in this study is the pleasures obtained by customers for the services provided to them by the employees of the organizations.

It has been proven that "perceived service quality is a component of customer satisfaction" (Ziethaml et al. 2006, p.106-107).

Moreover, the SERVQUAL model has been proven to be the best model to measure service quality in service sectors especially with the customer perspective. This idea generates an assumption that the five dimensions of SERVQUAL model could have a direct relationship with customer satisfaction.

## Service quality Dimensions

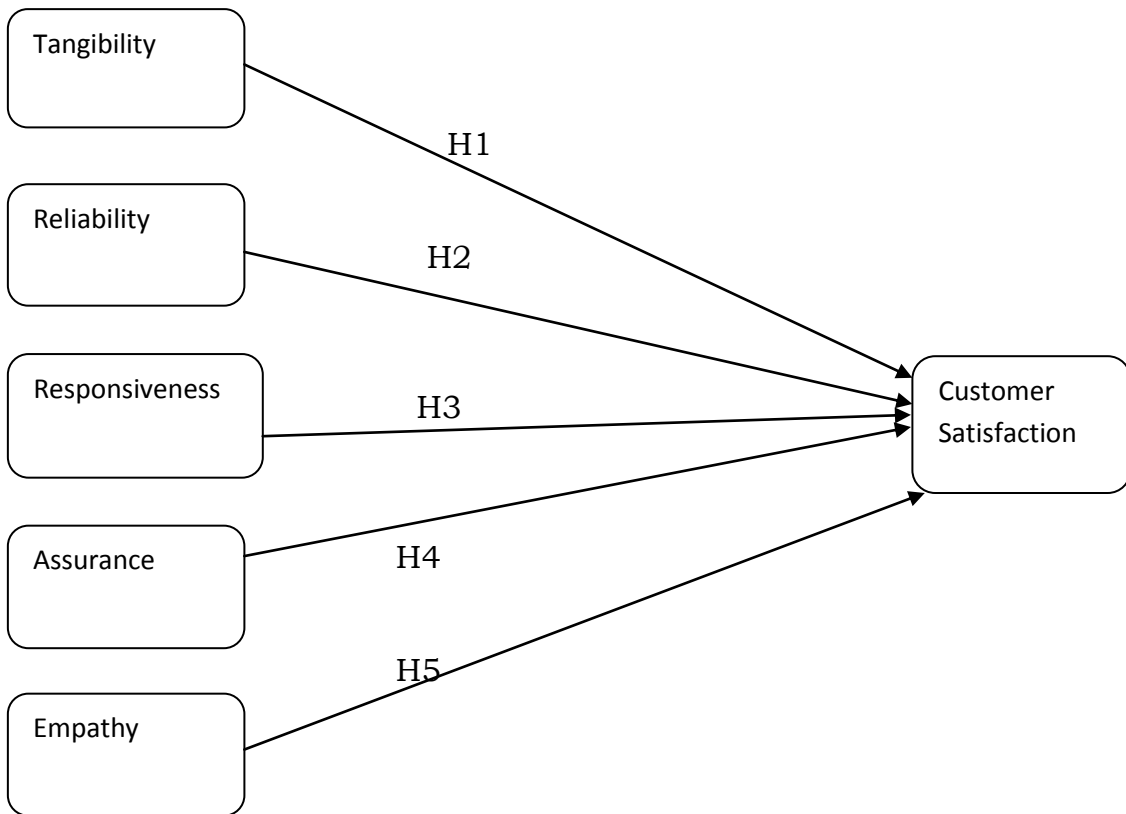


Figure 2. Conceptual framework of the effect of customer service quality on customer Satisfaction

Source: Parasuraman et al., (1988).

The difference between expectations and perceptions is called the gap which is the determinant of customers' perception of service quality. Following from the literature review done above, the relationship between service quality variables and customer satisfaction can be shown in the diagram above. Parasuramn et.al, (1988)

## **CHAPTER THREE: RESEARCH DESIGN AND METHODOLOGY**

In order to develop a reliable and valid service quality measurement scale, an empirical study will be undertaken based on methodology. The survey instrument was SERVQUAL – a 22 item scale (Parasuraman et al. (1988). In evaluation of customer perceived service quality, the twenty-two items measuring "Expectations" of customers and twenty-two similarly worded items measuring "Perceptions or experiences" of customers are used, with regard to their service encounter with the insurance industry. The questionnaire is divided into two three sections. In the first part information related to different socioeconomic and demographic criteria like income, age, profession, educational qualification, etc were 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 agree” and “strongly disagree”). In the third part, customers were asked the overall judgment of service quality and satisfaction based on a five- scale interval.

The purpose of this research project was to evaluate the five service quality dimensions from the customer viewpoints. Service dimensions (tangibility, reliability, responsiveness, assurance and empathy) as independent variables and service quality as dependent variable (Parasuraman et al. (1988). This researcher identified the gap between perceptions and expectations of external customer on service dimensions.

### **3.1 Research Design and Methodology**

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

#### **3.2 Research Design**

Both descriptive and quantitative method were used to analyze the data collected from customers. The reason behind using descriptive study design was because the researcher was interested in describing the existing situation under study. This study used descriptive analysis that describes the service quality dimensions that lead to customer satisfaction. This study also used explanatory study design, to explaining, understanding, predicting and controlling the relationship between variables.

The study is cross-sectional in the sense that relevant data was collected at one point in time at insurance offices where customers were given the service and partially by distributing the questionnaires to customers' offices.

### **3.3 Sample size and Sampling technique**

Out of 17 insurance companies, (3 insurance companies) were selected as a sample. The three insurance companies were selected on the assumption that they could represent the 17 insurance companies because company A has 40.17% of the market share in the insurance industry, company B was in the third rank in production and company C had an average production result (see appendix D). After the samples of insurance companies have been determined, the researcher used convenience sampling methods to select the sample from the available population. The researcher decided to employ convenience sampling method because it is actually impossible to carry on a probability sampling because there is no point in time during which all customers are available due to different reasons and it is not possible to contact everyone who may be sampled. From 141 usable questionnaires 85, 34, and 23 questionnaires were collected from company A, B and C respectively.

### **3.4 Data collection**

In the process of collecting data, a questionnaire was developed to ensure that all the information required for analysis could be obtained. Data was collected from three insurance companies' office, districts and branches in Addis Ababa and the respondents were selected randomly on sample basis.

### **3.5 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 Insurance Companies. The service quality dimensions were measured using Likert scale with five response categories (Not important, Less important, Neutral, Important and very important were used for expectation of customers and Very dissatisfied, Dissatisfied, Neutral, Satisfied and Very satisfied were used for perception of customers. “The Likert scale method was preferred to make questions interesting to respondents and thereby enhance their cooperation, ultimately to ensure maximum response rate”. Robson C. (2002).

### **3.6 Questionnaire**

The questionnaires were divided into three sections: Section A: Personal Information, Section B: Customers’ Expectations and Perceptions and in Section C: Customers were asked the overall judgment of service quality and satisfaction based on a five- scale interval.

Section A of the questionnaire was used for statistical purpose only. The first section consisted of questions to find out the demographic features of the respondents such as gender, age, marital status, career, academic qualification, and premium amount. Section B used to evaluate service

quality in insurance service counter by defining the gap between section.

The SERVQUAL instrument is selected to measure service quality.

SERVQUAL developed by Parasuraman et al. (1998) focuses on the service attributes.

### **3.7 Method of Data Analysis**

SPSS software for version 20 was employed to analyze and present the data through the statistical tools used for this study.

#### **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 percentages 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.

### **Regression functions**

The equation of multiple regression 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.

#### **Independent variables**

Tangibility

Reliability

Responsiveness

Assurance

Empathy

#### **dependent variables**

Customer satisfaction

### **Regress customer satisfaction on the service quality dimensions**

$$Y_i = \beta_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \beta_6 X_6$$

Where Y is the dependent variable- customer satisfaction

**X2, X3, X4, X5, and X6** are the explanatory variables (or the regressors)

**$\beta_1$**  is the intercept term- it gives the mean or average effect on Y of all the variables excluded from the equation, although its mechanical interpretation is the average value of Y when the stated independent variables are set equal to zero.

**$\beta_2, \beta_3, \beta_4, \beta_5,$  and  $\beta_6$**  refers to the coefficient of their respective independent variable which measures the change in the mean value of Y, per unit change in their respective independent 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: Respondents' background information, individual insurance company's gap analysis, total gap analysis pearson correlation analysis, multiple regression analysis and customers, overall satisfaction analysis.

#### **4.2 Data Analysis**

##### **4.2.1 Background Information of Respondents**

Based on the market share of the insurance companies : 120, 50 and 30 questionnaires were distributed for company A, B and C 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 D).

Out of the 200 questionnaire sent out 150 questionnaire were returned for analysis representing 75%. However, only 141 responses were valid with complete answers. The demographic characteristics include: gender, age, marital status, level of education, occupation and premium amount. 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 4.1: Background information of the respondents

Variable	Category	No.	%
Gender	Male	101	71.6
	Female	40	28.4
Age	<30	35	24.8
	31-45	70	49.6
	46-60	32	22.7
	>60	4	2.8
Marital status	Married	99	70.2
	Single	35	24.8
	Other	7	5.0
Highest level of education	Certificate	8	5.7
	High school	7	5.0
	Diploma	41	29.1
	Degree	69	48.9
	Masters and above	16	11.3
Premium amount	<Birr 100	1	.7
	100-5,000	42	29.8
	5,000-10,000	36	25.5
	>10,000	62	44
Occupation	Salaried	80	56.7
	Self employed	52	36.9
	Retired	9	6.4

Source: Own survey 2014

The characteristics of respondents in the selected insurance companies from customers' perspective were presented in Table 4.1. Genders of

respondents are 71.6% of them are males and 28.4% are females. In terms of age, 24.8% of the respondents are below 30 years, 49.6% between 31 and 45 years, 22.7% between 46-60, and 2.8% are above 60 years, the majority of them are between 31-45 years of age. In terms of marital status - 70.2% of the respondents are married, 24.8% are single and the remaining 5% are in other group. The respondents have a well educated background of which 78% of them having tertiary education, specifically first degree and Diploma, 11.3% has masters or above and 10.7 percentage high school graduate and below. With regard occupation 56.7% are salaried, 36.9% are engaged in self employment and 6.4% are retired.

#### 4.2.2 Individual Insurance Companies Gap Analysis

Table 4.2: Individual Insurance Companies Gap Analysis

Dimension	Company A			company B			company C		
	(P)	(E)	(Q)	(P)	(E)	(Q)	(P)	(E)	(Q)
Tangibles	3.59	3.60	-0.01	3.47	4.22	-0.75	3.60	4.33	-0.73
Reliability	3.45	3.45	0.00	3.39	4.15	-0.76	3.45	4.32	-0.87
Responsiveness	3.46	3.84	-0.38	3.53	4.10	-0.57	3.84	4.44	-0.60
Assurance	3.56	3.66	-0.10	3.65	4.19	-0.54	3.66	4.42	-0.76
Empathy	3.50	3.65	-0.15	3.56	4.26	-0.70	3.65	4.33	-0.68

Source: own survey 2014

## **Tangibles**

Tangible dimension includes physical facilities, equipment, personnel and communication material and if the personnel appear neat. Customers of insurance company A, B and C showed overall expectations in this dimension at mean 3.60, 4.22 and 4.33 respectively (see table 4.2). At the same time their perception about this dimension is at mean 3.59, 3.47 and 3.60 respectively. That means that the customers do not think that the three insurance companies fulfill their expectations about physical appearance, modern looking equipment, the appearance of the employees. The difference between expectations and perceptions in this dimension for insurance company A, B and C is calculated to -0.01, -0.75 and -0.73 respectively. As we can see, overall tangibles show a negative result which means that the perception is less than the expectations.

## **Reliability**

Reliability is connected to the consistency of performance and dependability, Grönroos (1983). This dimension includes keeping promises, showing a sincere interest in solving problem, give right service the first time, providing the service at the time the company promise to do so and trying to keep an error free record. Customers of insurance company A, B and C showed overall expectations in this dimension at mean 3.45, 4.15 and 4.32 respectively (see table 4.2). At the same time their perception about this

dimension is at mean 3.45, 3.39 and 3.45 respectively. That means that the customers do not think that insurance company B and C fulfill their expectations in this dimension except company A for which the customers expectation is equal to perception. The difference between expectations and perceptions in this dimension for insurance company A, B and C was calculated to 0.00, -0.76 and -0.87 respectively. As we can see, except company A, tangibles show a negative result which means that the perceptions is less than the expectations.

This result show that the customers are not at all satisfied with the quality described in this dimension.

### **Responsiveness**

According to Grönroos (1983) this factor concerns to what extent the employees are prepared to provide service. This involves factors such as mailing an insurance document immediately, calling a customer back in short time and giving prompt service.

This dimension touch subjects as information about the service, giving prompt service, employees willingness to help the customers and that the employees never are to busy to respond to requests from customers.

Customers of insurance company A, B and C showed overall expectations in this dimension at mean 3.84,4.10 and 4.44 respectively(see table4.2). At the same time their perception about this dimension is at mean 3.46, 3.53 and

3.84 respectively. That means that the customers do not think that the three insurance companies fulfill their expectations in this dimension. The difference between expectations and perceptions in this dimension for insurance company A, B and C was calculated to -0.38, -0.57 and -0.60 respectively. As we can see, that the customers were not at all satisfied with the quality described in this dimension.

### **Assurance**

According to Zeithaml, Berry and Parasuraman (1990) assurance is about competence, courtesy, credibility, and security. Grönroos (1983) describes those factors separately; courtesy is about politeness, respect, consideration, friendliness of contact personnel (including receptionists, telephone operators, customer officers and so on). Competence is connected to the knowledge and skills of contact personnel, operational support personnel (and also research capability) that are needed for delivering the service. Credibility involves factors such as trustworthiness, believability and honesty. It means to the level the company has the customer's best interest at heart. Factors that affect the credibility are the company name, reputation, personal characteristics and the degree to which the hard sell is connected to interactions with customers. Security means freedom from danger, risk or doubt. Factors included are: physical safety, financial

security and confidentiality. This dimension can also be connected to the functional quality (Grönroos, 2007).

This dimension is about the behavior and ability of the employees to instill confidence, secure transactions, courtesy of the employees and the knowledge of the employees to answer questions from customers.

Customers of insurance company A, B and C showed overall expectations in this dimension at mean 3.66, 4.19 and 4.42 respectively (see table 4.2). At the same time their perception about this dimension is at mean 3.56, 3.65 and 3.66 respectively. That means that the customers do not think that the three insurance companies fulfill their expectations in this dimension. The difference between expectations and perceptions in this dimension for insurance company A, B and C was calculated to -0.10, -0.54 and -0.76 respectively. As we can see, that the customers are not at all satisfied with the quality described in this dimension.

### **Empathy**

According to Zeithaml, Berry and Parasuraman (1990) empathy is about easy access, good communication and understanding the customer.

Grönroos (1983) describes those factors separately. Easy access is connected to the approachability which means for example if the operating hours are convenient, the location of the facilities are convenient, the

waiting times are short and also easy access by telephone. Good communication is about keeping the customer informed in a language they can understand and also listen to the customer. Understanding the customer is about making an effort to understand the customer which involves learning about specific requirements, providing individualized attention and recognizing also the regular customer.

This dimension include factors such as individual attention, if the company has the best of the customer at their heart, if the employees understand the specific needs of the customers and convenient operating hours. This dimension is clearly connected to the functional quality (Grönroos. 2007).

Customers of insurance company A, B and C showed overall expectations in this dimension at mean 3.65,4.26 and 4.33 respectively(see table 4.2). At the same time their perception about this dimension is at mean 3.50, 3.56 and 3.65 respectively. That means that the customers do not think that the three insurance companies fulfill their expectations in this dimension. The difference between expectations and perceptions in this dimension for insurance company A, B and C was calculated to -0.15, -0.70 and -0.68 respectively. As we can see, that the customers were not at all satisfied with the quality described in this dimension.

### 4.2.3 Total Gap analysis

This part shows the difference between mean value of perceived performance and customers' expectation and the average gap scores of all dimensions in the selected insurance companies. In general, the following gaps were found in the selected insurance companies A,B and C.

Table 4.3: Total gap analysis

Dimensions	Perceived performance score	Expected performance score	Gap score
Tangibles	3.55	4.05	-0.50
Reliability	3.43	3.97	-0.54
Responsiveness	3.61	4.13	-0.52
Assurance	3.62	4.09	-0.47
Empathy	3.57	4.08	-0.51
Average score	3.56	4.06	-0.50

Source: own survey 2014

The table gives an overall answer to all research questions. The result shows that the average score of expectations are 4.06 and the overall perception score is 3.56. The score shows a -0.50 difference. That means that the expectations are higher than the perceived service quality. The customers have the highest expectations about the ability the willingness to help and giving good information (responsiveness) 4.13, followed by the knowledge and behavior of the personnel (assurances) at an average point of 4.16,

individual attention (empathy) 4.08, physical aspects (tangibles) 4.05, and at last to provide good service at the time it is promised (reliability), 3.97. Responsiveness is therefore considered the most important dimension of service quality and tangibles and reliability are considered the least important dimensions.

When it comes to gap score reliability has the highest gap score of -0.54 and assurance has the least gap score of -0.47.

#### **4.2.4 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 4.4 below presents the results of Pearson correlation on the relationship between service quality dimension and customer satisfaction.

Table 4.4: Pearson correlation analysis

		Customer satisfaction
Tangibility	Pearson correlation Sing. ( 2-tailed) N	.451** .000 141
Reliability	Pearson correlation Sing. ( 2-tailed) N	.528** .000 141
Responsiveness	Pearson correlation Sing. ( 2-tailed) N	.534** .000 141
Assurance	Pearson correlation Sing. ( 2-tailed) N	.574** .000 141
Empathy	Pearson correlation Sing. ( 2-tailed) N	.530** .000 141

Source: own survey 2014

\*\* Correlation is significant at the .01 level (2- tailed)

The results in table 4.4 indicated that, there is positive and significant relationship between tangibility and customer satisfaction ( $r = 0.451$ ,  $p < 0.01$ ), reliability and customer satisfaction ( $r = 0.528$ ,  $P < 0.01$ ), responsiveness and customer satisfaction ( $r = .534$ ,  $p < 0.01$ ), assurance and customer satisfaction ( $r = 0.574$ ,  $P < 0.01$ ), empathy and customer satisfaction ( $r = 0.530$ ,  $< 0.01$ ).

The finding on table 4.4 above further indicates that the highest relationship was found between assurance and customer satisfaction ( $r = 0.574, p < 0.01$ ).

### **4.3 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.

Table 4.5: Multiple regression analysis

Variable		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	-2.471	.258		-9.581	.000
	Tangibles	.014	.111	.016	.128	.898
	Reliability	.154	.139	.169	1.107	.270
	Responsiveness	.048	.127	.058	.374	.709
	Assurance	.295	.136	.349	2.162	.032
	Empathy	.037	.146	.039	.255	.799

R square .348

P < 0.01

Source: own survey 2014

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

### **Hypothesis 1**

Ho 1: Tangibility would not have a positive and significant effect on customer satisfaction.

Ha1: Tangibility would have a positive and significant effect on customer satisfaction.

The results of multiple regressions, as presented in table 4.5 above, revealed that tangibility has a positive and significant effect on customer satisfaction with a beta value (beta = 0.016), at 99% confidence level (p < 0.01).

Therefore, the researcher may reject the null hypothesis and it is accepted

that, tangibility has a positive and significant effect on customer satisfaction.

### **Hypothesis 2**

Ho2: Reliability would not have a positive and significant effect on customer satisfaction.

Ha2: Reliability would have a positive and significant effect on customer satisfaction.

The results of table 4.5 showed that the standardized coefficient beta and p value of reliability were positive and significant (beta = 0.169,  $p < 0.01$ ).

Thus, the researcher may reject the null hypothesis and it is accepted that, reliability had a positive and significant effect on customer satisfaction.

### **Hypothesis 3**

Ho3: Responsiveness would not have a positive and significant effect on customer satisfaction.

Ha3: Responsiveness would have a positive and significant effect on customer satisfaction.

The results of table 4.5 showed that the standardized coefficient beta and p value of responsiveness were positive and significant (beta = 0.058,  $p < 0.01$ ). Thus, the researcher rejected the null hypothesis and it was accepted that, responsiveness has a positive and significant effect on customer satisfaction.

#### **Hypothesis 4**

Ho4: Assurance would not have a positive and significant effect on customer satisfaction.

Ha4: Assurance would have a positive and significant effect on customer satisfaction.

Table 4.5 further shows that, assurance had a positive and significant effect on customer satisfaction with a beta value (beta = 0.349), at 99% confidence level ( $p < 0.01$ ).

Therefore, the researcher rejected the null hypothesis and assurance had a positive and significant effect on customer satisfaction.

#### **Hypothesis 5**

Ho5: Empathy would not have a positive and significant effect on customer satisfaction.

Ha5: Empathy would have a positive and significant effect on customer satisfaction.

Furthermore, table 4.5 also indicates that, the standardized beta and p - value of empathy were positive (beta = 0.039), and significant at 99% confidence level ( $P < 0.01$ ). As a result, the researcher rejected the null hypothesis. So empathy had a positive and significant effect on customer satisfaction.

In overall, the results revealed that all independent variables accounted for 35% of the variance in customer satisfaction ( $R^2 = 0.348$ ). Thus, 35% 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 65%, shown in table 4.5.

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

## 4.4 Overall customer satisfaction rating for insurance company C

Table 4.6 : Overall customer satisfaction of insurance company C

	Extremely low		Very low		Neutral		Very high		Extremely high	
	Freq.	%	Freq.	%	Freq.	%	Freq.	%	Freq.	%
Customers overall satisfaction with their insurance company	-	-	4	18.2	5	22.7	9	40.9	4	18.2
Customers intention for renewal of their insurances with their insurance company	-	-	2	9.1	9	40.9	6	27.3	5	22.7
Customers consideration of the image of their insurance company for renewal of their policy	1	4.5	1	4.5	4	18.2	11	50	5	22.7
Customers consideration of price for renewal of their insurance policy	-	-	2	9.1	3	13.6	12	54.5	5	22.7

Source: own survey 2014

### Customers' overall satisfaction with their insurance company

The table 4.6 showed the frequency and percentage of respondents that either feel or not feel that the service of insurance company C meets their expectations.

The result in this part shows that 59 % of the respondents think that the service quality meets their overall expectation. On the contrary the rest 18.2% of respondents do not think that the service quality meet their expectation. The other 22.7% do not make any specification about their opinions.

### **Customers' intention to renew their insurances with their insurance company**

The table 4.6 shows the frequency and percentage of insurance company C respondents' intention to renew their insurance policy with their insurance company. The result in this part shows that 50% of the respondents think that they would renew their insurance with their insurance company. On the contrary the rest 9.1% of respondents do not think that they would renew their insurance policy. The other 40.9 % did not make any specification about their opinions.

### **Customers' consideration of the image of their insurance company for renewal of their policy**

The table4.6 shows the frequency and percentage of insurance company C respondents' consideration of the image of their insurance company for renewal of their policy. The result in this part shows that 72.7 % of the respondents think that they consider image of their insurance company for renewal. On the contrary the rest 9.0% of respondents do not consider image for renewal of their policy. The other 18.2 % do not make any specification about their opinions.

### Customers' consideration of price for renewal of their insurance policy

The table 4.6 shows the frequency and percentage of insurance company C respondents' consideration of price for renewal of their insurance policy . The result in this part shows that 77.2 % of the respondents think that they consider price for renewal of their insurance with their insurance company. On the contrary the rest 9.1% of respondents do not think that they consider price for renewal. The other 13.6 % do not make any specification about their opinions

### 4.5 Overall customer satisfaction rating for Insurance Company B

Table 4.7: Overall customer satisfaction of insurance company B

	Extremely low		Very low		Neutral		Very high		Extremely high	
	Freq.	%	Freq.	%	Freq.	%	Freq.	%	Freq.	%
Customers overall satisfaction with their insurance company	2	5.9	7	20.6	4	11.8	16	47.1	5	14.7
Customers intention for renewal of their insurances with their insurance company	3	8.8	3	8.8	3	8.8	16	47.1	9	26.5
Customers consideration of the image of their insurance company for renewal of their policy	2	5.9	1	2.9	4	11.8	17	50	10	29.4
Customers consideration of price for renewal of their insurance policy	1	2.9	4	11.8	5	14.7	17	50	7	20.6

Source: own survey 2014

### **Customers' overall satisfaction with their insurance company**

The table 4.7 shows the frequency and percentage of respondents that either feel or not feel that the service of insurance company B meets their expectations. The result in this part shows that 61.8% of the respondents think that the service quality meets their overall expectation. On the contrary the rest 26.5% of respondents do not think that the service quality meet their expectation. The other 11.8% do not make any specification about their opinions.

### **Customers' intention to renew their insurances with their insurance company**

The table 4.7 shows the frequency and percentage of insurance company B respondents' intention to renew their insurance policy with their insurance company. The result in this part shows that 73.60% of the respondents think that they will renew their insurance with their insurance company. On the contrary the rest 17.6% of respondents do not think that they will renew their insurance policy. The other 8.8 % do not make any specification about their opinions.

### **Customers' consideration of the image of their insurance company for renewal of their policy**

The table 4.7 shows the frequency and percentage of insurance company C respondents' consideration of the image of their insurance company for renewal of their policy. The result in this part shows that 79.4 % of the respondents think that they consider image of their insurance company for renewal. On the contrary the rest 8.8% of respondents do not consider image for renewal of their policy. The other 11.8 % do not make any specification about their opinions.

### **Customers' consideration of price for renewal of their insurance policy**

The table 4.7 shows the frequency and percentage of insurance company C respondents' consideration of price for renewal of their insurance policy. The result in this part shows that 70.6 % of the respondents think that they consider price for renewal of their insurance with their insurance company. On the contrary the rest 14.7% of respondents do not think that they consider price for renewal. The other 14.7 % do not make any specification about their opinions

So insurance company B customers' consideration of price is very high and a major factor for competition.

### **4.6 Overall customer satisfaction rating for Insurance company A**

Table 4.8: Overall customer satisfaction for insurance company A

	Extremely low		Very low		Neutral		Very high		Extremely high	
	Freq.	%	Freq.	%	Freq.	%	Freq.	%	Freq.	%
Customers overall satisfaction with their insurance company	8	9.4	16	18.8	15	17.6	35	41.2	11	12.9
Customers intention for renewal of their insurances with their insurance company	2	2.4	9	10.6	28	32.9	32	37.6	13	15.3
Customers consideration of the image of their insurance company for renewal of their policy	2	2.4	11	12.9	27	31.9	33	38.8	12	14.1
Customers consideration of price for renewal of their insurance policy	3	3.5	8	9.4	21	24.7	40	47.1	13	15.3

Source: own survey 2014

### **Customers' overall satisfaction with their insurance company**

The table 4.8 shows the frequency and percentage of respondents that either feel or not feel that the service of insurance company A meets their expectations. The result in this part shows that 44.1% of the respondents think that the service quality meets their overall expectation. On the contrary the rest 28.2% of respondents do not think that the service quality meet their expectation. The other 17.6% do not make any specification about their opinions.

### **Customers' intention to renew their insurances with their insurance company**

The table 4.8 shows the frequency and percentage of insurance company A respondents intention to renew their insurance policy with their insurance company. The result in this part shows that 52.9% of the respondents think that they will renew their insurance with their insurance company. On the contrary the rest 13% of respondents do not think that they will renew their insurance policy. The other 32.9 % do not make any specification about their opinions.

### **Customers' consideration of the image of their insurance company for renewal of their policy**

The table 4.8 shows the frequency and percentage of insurance company A respondents consideration of the image of their insurance company for renewal of their policy. The result in this part shows that 52.9 % of the respondents think that they consider image of their insurance company for renewal.

On the contrary the rest 15.3% of respondents do not consider image for renewal of their policy. The other 31.92 % do not make any specification about their opinions.

### **Customers' consideration of price for renewal of their insurance policy**

The table 4.8 shows the frequency and percentage of insurance company A respondents consideration of price for renewal of their insurance policy . The result in this part shows that 62.4 % of the respondents think that they consider price for renewal of their insurance with their insurance company. On the contrary the rest 15.3% of respondents do not think that they consider price for renewal. The other 12.9 % do not make any specification about their opinions.

In summary the results customers' overall satisfaction analysis result shows that insurance company C,B and A customers feel that they are 59%,61.8% and 41.1% satisfied by the insurance service respectively. This shows that company A's customers overall satisfaction is below 50%.

Customers intention to renew their policy with the three insurance companies is 50%,73.6 and 52.9% for insurance company C,B and A respectively and insurance company B had the highest percentage of renewal retention.

The results of the analysis for considering image for renewal : insurance company C,B and A showed 72.70%,79.4% and 52.9 respectively which is image was an important element of the insurance company to retain the existing customers.

Customers consideration of price for renewal of their insurance policy shows a 77.2%,70.6% and 62.4% for insurance company C,B and A respectively.

Therefore price is an important element for competition among the insurance companies.

## **CHAPTER FIVE**

### **CONCLUSION AND RECOMMENDATION**

#### **5.1 Conclusion**

The study was conducted to examine the effect of customer service quality on customer satisfaction in selected insurance companies in Addis Ababa. Three insurance companies were selected randomly for the study and the study used SERVEQUAL model questionnaire for collecting data from customers of the insurance companies.

Gap analysis (Gap 5 = perception minus expectation) was performed to measure the service quality in the insurance industry.

Accordingly, a five dimensional instrument comprising of tangibles, reliability, responsiveness, assurance and empathy has been used for the study.

The finding of the study indicated that all the three insurance companies A, B and C showed a negative gap score except company A's reliability dimension which showed zero gap score i.e. the perception of the customers is equal to expectation.

The total gap score for the three insurance companies showed a negative gap score which means that the customers of the insurance companies were not satisfied by the five service quality dimensions.

The study indicated that among the various service quality dimensions in the insurance industry reliability was the most important determinant of

service quality followed by responsiveness, empathy, tangibles and assurance.

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

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

The results customers' overall satisfaction analysis result showed that insurance company C,B and A customers feel that they are 59%,61.8% and 41.1% satisfied by the insurance service respectively.

Customers intention to renew their policy with the three insurance companies is 50%,73.6 and 52.9% for insurance company C,B and A respectively and insurance company B had the highest percentage of renewal retention.

The results of the analysis for considering image for renewal : insurance company C,B and A showed 72.70%,79.4% and 52.9 respectively.

Customers consideration of price for renewal of their insurance policy shows a 77.2%,70.6% and 62.4% for insurance company C,B and A respectively.

## **5.2 Recommendation**

Based on the findings of this study, the following recommendations are proposed to help improve service quality at the three insurance companies.

### **Recommendation for insurance company A**

- Based on the findings of this study, company A should work on responsiveness by giving trainings to employees to improve their ability to give prompt service, and willingness of the employees to help customers.
- The insurance should also improve the assurance dimension by training its employees to make them competent enough to deliver the service and the company should have the customer's best interest at heart.
- Company A's customer overall satisfaction is 41.1% which is the lowest of the three insurance companies and below 50%. So the company should give high emphasis on improving customer satisfaction which will incorporate the five dimensions.

### **Recommendation for insurance company C**

- Based on the findings of this study insurance company C should focus on all dimensions especially giving priority to reliability dimension which will be improved by giving training to employees to make them to solve customers' problems and provide the service at the time it is promised to do so.

### **Recommendation for insurance company B**

- Insurance company B should improve the attributes of the five service quality dimensions.
- Its customers' overall satisfaction with their insurance company is better than the other two insurance companies. The insurance company should work on increasing the level of their customers' satisfaction.

From the management perspective, the study provides information on service quality dimensions and their relative importance to the service providers in the insurance industry. This information can be used by service providers for adding value to their relationship with the current and prospective policyholders.

Results from the gap analysis indicate that there is much to be done with respect to service quality in this industry. Insurers have the opportunity

to take the appropriate action to improve the quality of their services giving priority to factors with the largest gap scores.

### **5.3 Limitation of the study**

The study is conducted on three insurance companies by taking a sample of customers from their districts and branches in Addis Ababa. Since the study didn't include the majority of the insurance companies and their outlining branches, this limits the generalizability of the study.

### **5.5 Direction for further research**

For further research I suggest that the researcher could do interviews to find out more details. During interviews it is possible to explain the questions.

The researcher could also include the other private insurance companies to use more respondents to make the research more statistically significant.

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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, " Service Quality and its Impact on Customer Satisfaction in selected insurance companies in Addis Ababa " for the partial fulfillment of the Masters of Executive (MBA) 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 (  $\surd$  ) inside the box or table for an alternative you think is right.

#### 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:  
 High School  
 Certificate  
 Diploma  
 Degree  
 Masters and above
5. Occupation:  Salaried  Self-employment  Retired  Other \_\_\_\_\_
6. Premium Amount(in Birr):  less than Birr 100  Birr 100-5000  Birr 5000-10000  
 More than Birr 10,000.00

## Part 1 Expectations

This section asks your opinion of the delivery of services to the customer in all process of insurance service. The services are including since purchasing process until the claim process. Please indicate the extent to which you think that your insurance company should possess the feature described. There is no right or wrong answers. I am only interested in the number that best represents your expectations about the level of service(s) that your insurance company should provide. Please kindly circle one of the five numbers to the right of each statement as indicated in the following:-

**1= Not important 2= Less important 3= Neutral 4= Important 5= Very important**

		<b>Not important</b>	<b>Less important</b>	<b>Neutral</b>	<b>Important</b>	<b>Very important</b>
		<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
	<b>Tangibles</b>					
1	Excellent insurance company has visually appealing physical facilities	1	2	3	4	5
2	Excellent insurance's location is convenient	1	2	3	4	5
3	Excellent insurance uses modern and appropriate equipment and technology	1	2	3	4	5
4	The employees of excellent insurance are well dressed and neat in appearance	1	2	3	4	5
	<b>Reliability</b>					
5	Excellent insurance provide indemnity without hassle	1	2	3	4	5
6	Excellent insurance is financially stable	1	2	3	4	5
7	Excellent insurance's staff show sincere interest in solving customers' concern	1	2	3	4	5
8	Excellent insurance transact products and services of highest quality	1	2	3	4	5
9	When excellent insurance's staff will promise to do something by a certain time and do so	1	2	3	4	5
	<b>Responsiveness</b>					
10	Excellent insurance employees are happy and willing to serve customers	1	2	3	4	5
11	Excellent insurance's staff tell customers exactly when services will be performed	1	2	3	4	5

12	Prudent insurance's staff will always be willing to help customers	1	2	3	4	5
13	Prudent insurance's management are accessible, listen to and provide prompt and honest responses to customers inquiries	1	2	3	4	5
	<b>Assurance</b>					
14	Excellent insurance's employees have the required skills in providing services	1	2	3	4	5
15	Excellent insurance's employees have sufficient knowledge of service information	1	2	3	4	5
16	Excellent insurance's employees are consistently courteous with customers	1	2	3	4	5
17	Excellent insurance's employees make customers feel safe in their transaction	1	2	3	4	5
	<b>Empathy</b>					
18	Excellent insurance has customers' best interest at heart	1	2	3	4	5
19	Excellent insurance uses reliable, knowledgeable and efficient distribution outlet- brokers, agents and other intermediaries	1	2	3	4	5
20	Excellent insurance's employees give customers individual attention	1	2	3	4	5
21	Excellent insurance's employees demonstrate integrity and trustworthiness in dealing with customers	1	2	3	4	5
22	Excellent insurance's employees are committed to ethics and promote ethical behavior in the work place	1	2	3	4	5

## Part 2 Experiences

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

**1= Very dissatisfied 2= Dissatisfied 3= Neutral 4= Satisfied 5= Very satisfied**

		Very Dissatisfied	Dissatisfied	Neutral	Satisfied	Very Satisfied
		1	2	3	4	5
	<b>Tangibles</b>					
1	The company has visually appealing physical facilities	1	2	3	4	5
2	The company's location is convenient	1	2	3	4	5
3	The company uses modern and appropriate equipment and technology	1	2	3	4	5
4	The employees of the company are well dressed and neat in appearance	1	2	3	4	5
	<b>Reliability</b>					
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
	<b>Responsiveness</b>					
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
	<b>Assurance</b>					
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
	<b>Empathy</b>					
18	The company has customers' 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

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

**Please rank each statement as follows:-**

**Extremely low**      **Very low**      **Neutral**      **Very high**      **Extremely high**  
**1**                      **2**                      **3**                      **4**                      **5**

Statement	Score				
	1	2	3	4	5
1. Please indicate your overall satisfaction with your insurance company	1	2	3	4	5
2. Please indicate whether you continue with your insurance company in the future	1	2	3	4	5
3. I would consider the image of my insurance company for renewal of my insurance policy in the future	1	2	3	4	5
4. I would consider price for renewal of my insurance policy	1	2	3	4	5

መጠይቅ

በ ----- ኢንሹራንስ ደንቦች የሚሞላ መጠየቅ

ይህ መጠይቅ የተዘጋጀው በአዲስ አበባ ዩኒቨርሲቲ የኤክስክዩቲቭ ኤምቢኤ የድህረ ምረቃ ተማሪ ሲሆን አላማውም «የኢትዮጵያ ኢንሹራንስ ድርጅቶች አገልግሎት አሰጣጥ እና በደንበኞች እርካታ ላይ ያለው ተጽእኖ» በሚል ርዕስ ለሚደረግ ጥናት መጀመሪያ ደረጃ መረጃ ለመሰብሰብ ነው። የሚሰጡት መልስ የሚውለው ለዚህ ጥናት አላማ ብቻ ነው። ስለሆነም ከዚህ በታች ለቀረቡት ጥያቄዎች ትክክል ነው ሚሉትን መልስ ይሰጡ ዘንድ በትህትና እጠይቃለሁ። □

ስለትብብር በቅድሚያ አመሰግናለሁ

መመሪያ

- ስምዎን መጥቀስ አያስፈልግም
- ትክክል ነው የሚሉትን መልስ በተዘጋጀው ሳጥን ውስጥ (✓) ምልክት ያስቀምጡ

ክፍል አንድ

1. ጾታ :  ወንድ  ሴት
2. እድሜ :  < 30  31-45  46-60  > 60
3. የጋብቻ ሁኔታ:  ያገባ  ያላገባ  ሌላ \_\_\_\_\_
4. የትምህርት ደረጃ:
  - ሁለተኛ ደረጃ
  - ሰርተፊኬት
  - ዲፕሎማ
  - ድግሪ
  - ማስተርስ እና በላይ
5. ስራ  ተቀጣሪ  የግል ስራ  ጡረተኛ  ሌላ \_\_\_\_\_
6. አመታዊ የኢንሹራንስ አረቦን(ብር)  ከ100 ብር በታች  ከ100-5,000 ብር  5,000-10,000 ብር  ከ10,000 ብር በላይ

**ክፍል ሁለት : የደንበኞች አገልግሎት ጥራት መጠይቅ**

እንደ አንድ ኢንሹራንስ አገልግሎት ተጠቃሚ የኢንሹራንስ አገልግሎት በከፍተኛ ጥራት ደረጃ ይሰጣል ብለው የሚገምቱትን ኢንሹራንስ ያስቡ። እንደዚህ ያለ ኢንሹራንስ ከውል መሸጥ እስከ ካሳ መስተንግዶ ሊኖረው ይገባል ብለው እርሶ ከሚያስቡት መለያዎች ከዚህ በታች የተጠቀሱትን ጉዳዮች ያስፈላጊነታቸውን ደረጃ ከ 1-5 የቀረቡትን ቁጥሮች በመክበብ እባኩትን ያመልክቱ

1= በጭራሽ አልሰማም      2=አልሰማምም      3=ሃሳብ የለኝም      4=እስማማለሁ      5=በጣም

እስማማለሁ

		በጭራሽ አልሰማም	አልሰማምም	ሃሳብ የለኝም	እስማማለሁ	በጣም እስማማለሁ
		1	2	3	4	5
1	የጥሩ ኢንሹራንሱ መገልገያ ዕቃዎች ለአይን ሳቢ ናቸው	1	2	3	4	5
2	ጥሩ ኢንሹራንስ የሚገኝበት ቦታ ለስራ አመቺ ነው	1	2	3	4	5
3	ጥሩ ኢንሹራንስ ዘመናዊ መሳሪያዎችን እና አዳዲስ ቴክኖሎጂ ይጠቀማል	1	2	3	4	5
4	የጥሩ ኢንሹራንስ ሰራተኞች ገዳ ናቸው	1	2	3	4	5
5	ጥሩ ኢንሹራንስ ያለውጣውረድ ካሳ ይከፍላል	1	2	3	4	5
6	የጥሩ ኢንሹራንስ የፋይናንስ አያም አስተማማኝ ነው	1	2	3	4	5
7	የጥሩ ኢንሹራንስ ሰራተኞች ደንበኞች ችግር በሚገጥማቸው ጊዜ ችግራቸውን ለመፍታት ያላቸውን ፍላጎት በቅንነት ያሳያሉ	1	2	3	4	5
8	የጥሩ ኢንሹራንስ አገልግሎት እና ፖሊሲዎች ጥራታቸውን የጠበቁ ናቸው	1	2	3	4	5
9	የጥሩ ኢንሹራንስ ሰራተኞች አንድ ነገር በተወሰነ ጊዜ ውስጥ ለማድረግ ቃል ከገቡ የገቡትን ቃል ይፈጽማሉ	1	2	3	4	5
10	የጥሩ ኢንሹራንስ ሰራተኞች ደንበኞችን ለማገልገል ደስተኛና ፍቃደኞች ናቸው	1	2	3	4	5
11	የጥሩ ኢንሹራንስ ሰራተኞች በምን ሰዓት አገልግሎት እንደሚሰጡት ይገልጹሉታል	1	2	3	4	5
12	የጥሩ ኢንሹራንስ ሰራተኞች ሁልጊዜ እርሶን ለመርዳት ፈቃደኞች ናቸው	1	2	3	4	5
13	የጥሩ ኢንሹራንስ ኃላፊዎች የደንበኞችን	1	2	3	4	5

	ጥያቄ ለመመለስ ሁሌም ዝግጁ ናቸው					
14	የጥሩ ኢንሹራንስ ሰራተኞች አገልግሎቱን ለመስጠት የሚያስችል ክህሎት አላቸው	1	2	3	4	5
15	የጥሩ ኢንሹራንስ ሰራተኞች ስለአገልግሎታቸው በቂ የሆነ መረጃ አላቸው	1	2	3	4	5
16	የጥሩ ኢንሹራንስ ሰራተኞች ሁሌም ለደንበኞች ትሁት ናቸው	1	2	3	4	5
17	የጥሩ ኢንሹራንስ ሰራተኞች በሚሰጡት አገልግሎት ላይ የመተማመን ስሜት እንዲኖሮት ያደርጋሉ	1	2	3	4	5
18	ጥሩ ኢንሹራንስ የደንበኞችን የልብ መሻት ያውቃል	1	2	3	4	5
19	ጥሩ ኢንሹራንስ አገልግሎቱን ለማዳረስ ብቃት ያላቸው ብሮክሮችና የሽያጭ ወኪሎችን ይጠቀማል	1	2	3	4	5
20	የጥሩ ኢንሹራንስ ሰራተኞች ለደንበኞቻቸው ልዩ ትኩረት ይሰጣሉ	1	2	3	4	5
21	የጥሩ ኢንሹራንስ ሰራተኞች ደንበኞቻቸውን በታማኝነት እና በቅንነት ያገለግላሉ	1	2	3	4	5
22	የጥሩ ኢንሹራንስ ሰራተኞች የሙያ ስነምግባርን ያከብራሉ	1	2	3	4	5

**ክፍል ሦስት**

የሚቀጥሉት አረፍተነገሮች ስለ ኢንሹራንስ ድርጅቶች ያለዎትን አመለካከት የሚመለከቱ ናቸው። በእያንዳንዱ አረፍተነገሮች የተጠቀሱት ነገሮች ከኢንሹራንሱ ድርጅት ውል መግዛት እስከ ካሳ መስተንግዶ በምን ያህል መጠን አለው ብለው ያምናሉ፤ ኢንሹራንሱ በአረፍተነገሮቹ ለተጠቀሱት ነገሮች በምን ደረጃ እንደሚገለጹ ከ 1-5 የቀረቡትን ቁጥሮች በመክበብ እባኩትን ያመልክቱ።

		በጣም አልረካሁም	አልረካሁም	ሃሳብ የለኝም	ረክቻለሁ	በጣም ረክቻለሁ
		1	2	3	4	5
1	የኢንሹራንሱ መገልገያ ዕቃዎች ለአይን ሳቢ ናቸው	1	2	3	4	5
2	ኢንሹራንሱ የሚገኝበት ቦታ ለስራ አመቺ ነው	1	2	3	4	5
3	ኢንሹራንሱ ዘመናዊ መሳሪያዎችን እና አዳዲስ ቴክኖሎጂ ይጠቀማል	1	2	3	4	5
4	የኢንሹራንሱ ሰራተኞች ገዱ ናቸው	1	2	3	4	5
5	ኢንሹራንሱ ያለ ውጣውረድ ካሳ ይከፍላል	1	2	3	4	5
6	የኢንሹራንሱ ፋይናንስ አያም ካስተማማኝ	1	2	3	4	5

ነው						
7	ሰራተኞች ደንበኞች ችግር በሚገጥማቸው ጊዜ ችግራቸውን ለመፍታት ያላቸውን ፍላጎት በቅንነት ያሳያሉ	1	2	3	4	5
8	የኢንሹራንሱ አገልግሎት እና ፖሊሲዎች ጥራታቸውን የጠበቁ ናቸው	1	2	3	4	5
9	ሰራተኞቹ አንድ ነገር በተወሰነ ጊዜ ውስጥ 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 እንደሚሰጡት ይገልጹታል	1	2	3	4	5
12	የኢንሹራንሱ ሰራተኞች ሁልጊዜ እርሶን ለመርዳት ፈቃደኞች ናቸው	1	2	3	4	5
13	የኢንሹራንሱ ኃላፊዎች የደንበኞችን ጥያቄ ለመመለስ ሁሌም 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 ሁሌም ለደንበኞች ትሁት ናቸው	1	2	3	4	5
17	የኢንሹራንሱ ሰራተኞች በሚሰጡት አገልግሎት ላይ መተማመን ስሜት እንዲኖሮት ያደርጋሉ	1	2	3	4	5
18	ኢንሹራንሱ የደንበኞችን የልብ መሻት ያውቃል	1	2	3	4	5
19	ኢንሹራንሱ አገልግሎቱን ለማዳረስ ብቃት ያላቸው ብሮክሮችና የሽያጭ ወኪሎችን ይጠቀማል	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 የሙያ ስነምግባርን ያከብራሉ	1	2	3	4	5

**ክፍል አራት**

ከዚህ በታች የተመለከቱት አረፍተኛዎች ኢንሹራንስ ስለሚጠቀሙበት ድርጅቶች ያለዎትን አጠቃላይ አመለካከት በምን ያህል መጠን የሚመዘኑት እንደሆነ ከ 1-5 ከቀረቡት አማራጮች ትክክለኛ ብለው የሚያስቡትን በመክበብ ያመልክቱ

		እጅግ ዝቅተኛ	በጣም ዝቅተኛ	ሃሳብ የለኝም	በጣም ከፍተኛ	እጅግ ከፍተኛ
		1	2	3	4	5
1	በኢንሹራንስ ድርጅቶች አገልግሎት ምን ያህል እረክተዋል;	1	2	3	4	5
2	አሁን ባሉበት የኢንሹራንስ ድርጅት ይቀጥላሉ;	1	2	3	4	5
3	ውል ሳድስ የኢንሹራንስ ድርጅቱን ኢሜጅ (ገጽታ) በማየት ነው	1	2	3	4	5
4	ውል ሳድስ ለኢንሹራንስ የምለፍለውን ክፍያ ከግምት በማስገባት ነው	1	2	3	4	5

Appendix B

Number of respondents of the insurance companies

Insurances	Frequency	Response rate %
EIC	85	60
Nib insurance company (S.Co.)	34	24
Lion insurance company (S.Co.)	22	16
Total	141	100

## Appendix c

### Correlations

		Overall satisfaction	Tangibles	Reliability	Responsiveness	Assurance	Empathy
Overall satisfaction	Pearson Correlation	1	.451**	.528**	.534**	.574**	.530**
	Sig. (2-tailed)		.000	.000	.000	.000	.000
	N	141	141	141	141	141	141
Tangibles	Pearson Correlation	.451**	1	.822**	.687**	.661**	.673**
	Sig. (2-tailed)	.000		.000	.000	.000	.000
	N	141	141	141	141	141	141
Reliability	Pearson Correlation	.528**	.822**	1	.775**	.777**	.790**
	Sig. (2-tailed)	.000	.000		.000	.000	.000
	N	141	141	141	141	141	141
Responsiveness	Pearson Correlation	.534**	.687**	.775**	1	.867**	.839**
	Sig. (2-tailed)	.000	.000	.000		.000	.000
	N	141	141	141	141	141	141
Assurance	Pearson Correlation	.574**	.661**	.777**	.867**	1	.857**
	Sig. (2-tailed)	.000	.000	.000	.000		.000
	N	141	141	141	141	141	141
Empathy	Pearson Correlation	.530**	.673**	.790**	.839**	.857**	1
	Sig. (2-tailed)	.000	.000	.000	.000	.000	
	N	141	141	141	141	141	141

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

## Appendix D

### Gross Premium for General Insurance In millions

<b>Account</b>	<b>EIC</b>	<b>Awash</b>	<b>Global</b>	<b>Nile</b>	<b>NICE</b>	<b>Africa</b>
Gross Prem. (Jul 2013-Jun2014)	1,883	346	59	301	151	316
	<b>Nib</b>	<b>Nyala</b>	<b>Unic</b>	<b>Lion</b>	<b>Oromia</b>	<b>Abay</b>
Gross Prem. (Jul 2013-Jun2014)	334	267	271	177	255	112
	<b>Berhan</b>	<b>Tsehay</b>	<b>EthioLife</b>	<b>Lucy</b>	<b>Bunna</b>	<b>Total</b>
Gross Prem. (Jul 2013-Jun2014)	54	80	26	40	16	<b>4,688</b>

Source : National  
Bank of Ethiopia