

Research paper
on
Effects and Prospects of Customer Handling
in the Insurance Industry in Ethiopia

(A Case Study at Nile Insurance Share Company)

By

BERHANU BELAY DESTA (Enrollment No: 099114006)

**Submitted to the Coordinator (Project MS-100), School of
Management Studies, IGNOU, Maidan Garhi, New Delhi-110068, in
Partial Fulfillment of the Requirements for Master of Business
Administration in Operational Management.**

ADVISOR:

Matiwos Ensermu (PhD)

October, 2014

Addis Ababa, Ethiopia

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Certificate of Originality

This is to certify that the project titled “The Effects and Prospects of Customer Handling in the Insurance Industry in Ethiopia (A Case Study at Nile Insurance Share Company)” is an original work of the student and is being submitted in partial fulfillment for the award of the Master’s Degree in Business Administration of Indira Gandhi National Open University (IGNOU).

This report has not been submitted earlier either to this university or any other university/institutions for the fulfillment of the requirement of a course of study.

SIGNATURE OF SUPERVISOR

Place _____

Date: _____

SIGNATURE OF STUDENT

Place: _____

Date: _____

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Definition of Terms

SERVQUAL: A function of the gap between customers' expectations of a service and their perceptions of the actual service delivered by an organization.

Policy Holder: A person who owns an insurance policy/any other person who has legal right to claim the benefits under that insurance policy

Value: The customers' perception of the balance between the quality of products or services that a firm provides and their price.

Quality: The totality of features and characteristics of a product and service which bear on its ability to satisfy the stated or implied needs.

Service Quality: The expected and perceived quality of service offerings

Customer Satisfaction: The result of a product or services meeting or exceeding the Buyers' needs and expectations

Dissatisfaction: The un-pleasurable fulfillment response to a customer experience.

Front line personnel: Those employees who have the most contact with customers.

Customer: A person or organization receiving advice, a service, using the facilities in a business relationship in the Insurance Service.

Complaint: A genuine expression of dissatisfaction/concern with the product/service delivered by the Company that has failed to reach the standard stated, implied, or expected.

List of Acronyms

Ans.	Answer
Qn.	Question
NBE	National Bank of Ethiopia
EIC	Ethiopian Insurance Corporation
NICE	National Insurance Company of Ethiopia S.C
UNIC	United Insurance Share Company
HRMPAD	Human Resource Management and Property Administration Dep't
BOD	Board of Directors
GWP	Gross Written Premium
SERVQUAL	Service Quality
Eth.	Ethiopia
SPSS	Statistical Package for the Social Sciences

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Abstract

The main aim of this thesis was to assess the effects and prospects of customer handling in the insurance industry in Ethiopia with a particular reference at Nile Insurance Company S.C as a case study. It tries to identify the level of customer satisfaction by measuring customers' perception with regard to quality service delivered by the insurance using the five service quality dimensions which are Tangibles, Reliability, Responsiveness, Assurance and Empathy plus three additional variables, i.e. Underwriting, Claims Service and Complaint Handling. The study is basically a survey that used both quantitative and qualitative approaches. For the purpose of data collection SERVQUAL model questionnaire was adopted, pre-tested and personally administered to the targeted population by following the appropriate ethical procedure. In total 100 respondents were sampled from the total population of 15,936 customers of Nile Insurance S.C that are found in Addis Ababa City branches, using the sample size determination table developed by Yamane, 1967. Out of the distributed 100 questionnaires, 94 were returned constituting 94% response rate. More over ten frontline customer service employees from the ten selected branches, one from each, and four managers from both the head office and branches were also sampled. Out of the distributed questionnaires to front line employees and interviews conducted with managers, all were returned, which constituted 100%. The findings of this study showed that customers of Nile Insurance S.C in Addis Ababa branches were moderately satisfied in the service quality dimensions which showed expectations of customers' perception exceed the actual performance of the insurer. Therefore, it is recommended that Nile Insurance Company S.C should give greater attention to improve its customer handling service quality and satisfy its customers by meeting or exceeding customers' expectation through assessing and improving the gaps on all the service quality dimensions which will result in reputation of purchase, positive word of mouth, and customer loyalty that can help the company to stay competitive in the insurance industry and increase its market share, profit and its financial position among the peer groups.

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Chapter one: Introduction

1.1 Background and justification of the Study

The emergence of insurance business in Ethiopia was closely linked to expatriates & foreign insurance companies operating in Ethiopia participated actively in the establishment of the first domestic insurance company, i.e. Imperial Insurance Company established in 1951.

The emergence of modern insurance in Ethiopia is traced back to the Bank of Abyssinia which was established in 1905 as the first Ethiopian bank. The Bank had been acting as an agent for a foreign insurance company to underwrite fire and marine policies. Insurance companies provide two types of covers mainly; general insurance (non-life) and long term insurance (life) covers. General insurance can be categorized into major classes of business such as: motor, workmen's compensation, liability, engineering, fire, marine, aviation, accident and pecuniary. Similarly, long term insurance is categorized into individual group endowment, medical, term life and accident riders (Hailu, 2007).

The service industry plays an increasingly important role in a country's economy. In today's global competitive environment delivering quality service is considered an essential strategy for success & survival. Most service giving organizations are under pressure to deliver quality services to customers & improve efficiencies. In parallel customer needs & expectations changing when it comes into utility services & the quality of services. It is known that services unlike tangible products are produced & consumed at the same time in the presence of customer and service producer (Prabha Ramseook-Munhurrun et al, 2010).

To be successful in business today requires a commitment to excellence in customer service as customer service is an integral part of doing business. Today's customer service providers must have adequate preparation to interact effectively with today's customers (Harris, 2000).

The average business company loses 10% - 30% of its customers each year because of their dissatisfaction mainly in 'service quality gaps'. The overall gap which results in a dissatisfied-customer is the gap between expectations and experience. The root cause of dissatisfaction can be traced back to one of the five gaps, namely, promotional, understanding, procedural, behavioural, and perception. (Nigel Hill & Jim Alexander, 2003)

Insurers face pressures from every direction. Competition is surging. Innovative products and services are needed to break from the pack, but lack the operational capabilities to support them. Partners and customers want new communications channels and "24/7" convenience, but integration concerns delay progress. Compliance has become unwieldy in the wake of rapid regulatory change. Fraud is on the rise, and mitigating risk is more important than ever. These operational pains are preventing insurers from addressing customer service challenges that pose significant short- and long-term threats. Poor service experiences, limited interaction channels and lack of transparency have eroded trust. Industry evidence shows that when insurance companies understand and act on customer needs, they are more profitable. Even in a tough economy, service can win out over price. And as social networking proliferates, the value in strengthening customer relationships will continue to increase. Insurers have the ability to effectively predict customer behavior and lifetime value while improving retention and profitability.

In today's business world, the key to be successful is customer value in the minds of customers. Companies must create value for customers that attracts and retains existing as well as potential customers, address the basis of competition, and deliver a profit to a company through operational excellence in the primary business, personnel, quality, and information systems etc. that constitute business. (Peter Duchessi, 2002)

Companies face the consequences of declining customer loyalty, deteriorating market share, decaying profits, & the associated chaos that ensues. It is the very essence of doing business.

To be successful, companies have to provide quality products and services at fair prices/premiums, creating the impression of value and exciting customers about their products and services in the process. These imperatives require that a company understand its customers (perhaps better than they understand themselves) and manage its business as effectively and efficiently as possible (Peter Duchessi, 2002).

Through high-quality services and effective operations, a company can deliver superior and sustainable value to customers. And hence a good company that understands this will:

- Have a focus on customers and a clear understanding of their needs and expectations;
- Offer a combination of product and service benefits and fair prices; and
- Aggressively manage the business processes, information technologies, and staff that are responsible for communicating, creating, and delivering customer value/service and allowing profitability at the same time (Peter Duchessi, 2002).

Creating and retaining loyal customers through quality services must be a high priority for companies, because these activities earn high returns. For example, a 5% increase in customer retention can increase profitability between 25% and 50% (Peter Duchessi, 2002).

Companies can become market leaders by delivering superior customer value in one of three ways: 1) increase product and service quality, 2) lower/optimum prices, or 3) do both simultaneously. Customers must feel and perceive that they are receiving significant product and service quality for the money they spend. Quality service differentiates an offering sufficiently enough so that it doesn't become a commodity (avoid commoditization) and strongly positions a company in a market place. Service is a primary means for building customer value and earning higher profits as well. (Peter Duchessi, 2002).

Companies that have dedicated base of customers are resistant to commoditization and price wars, because their customers are less susceptible to the competitions' entreaties. Thus, faithful customers represent long-term revenue and profit streams as their spending increases

and accelerate over time. As loyal customers become more familiar with the purchasing process, companies and their customers save considerable amounts of time and money. Using IT – enabled approaches to sales, a company can build and cement new relationships and contracts with customers. By listening to the voice of the customer using electronic transactions, a company can learn how to more effectively serve its customers. If a company doesn't use IT to improve the buying process, it risks being at the mercy of others who do.

The effect of a business process is so broad that companies should optimize their business processes rather than optimize the performance of their business functions. Customers are interested more in the business processes with which they interface and the outcomes of those processes. Thus there is a need for true operational effectiveness. The three critical business dimensions/performance in which companies will affect customer value are: IT, people, and business process. (Peter Duchessi, 2002)

In today's Internet- and mobile-enabled world, customer expectations are being shaped by daily transactions and interactions with companies across various industries. Insurance companies must establish their own benchmarks for service delivery against those of leading experience providers, not their peers.

1.2 Background of Nile Insurance Company

Nile Insurance Company S.C was established on 11th of April 1995 with a subscribed capital of Birr 12 million. Currently the paid up capital of the Company is raised to Birr 100 million. It is a legal business entity registered by the licensing and supervising body of the National Bank of Ethiopia (NBE). It is one of the oldest private insurance Companies entering into the industry serving more than 19 years with diligent and professional experience committing itself to excellence. The Company is backed by more than 9 reputable and renowned international reinsurers located in the different parts of the globe.

The Vision, Mission & Motto of the company is “To be a Front Line Insurer with Excellence.”, “To provide unmatched value in insurance services and engage in investment through high profile expertise and state of the art technology” & “Your Security is Our Prime Concern” respectively. One of the values of the Company is “To strive for the highest customer responsiveness and measure successes by the level of customer satisfaction.”

It is the pioneer company in launching & implementing modern information technology, PREMIA, for its operation to enhance & provide quality services by way of automating and networking. Regarding Human Resources, Nile has a total of 306 employees who are professionals in insurance sector and other fields.

1.3 Problem Statement

Customer service is such a valuable concept that it seems it would be simple to provide it. Any how this is not necessarily the case. Customer service providers must begin to understand the customers that they are serving.

Customer satisfaction in insurance means the use of the policy product purchased for a cost (premium), to the ultimate satisfaction of the buyer, when a claim is paid. The product bought by the buyer/policy holder will give him/her the expected fruit i.e., peace of mind during the product cycle when it is in use by the customer.

The present day customer buys his/her ultimate satisfaction, not the product. The customer is an active seeker of value evidence (certificate, policy prompt service/full value)

The insurance policy is an intangible promise to pay in time of happening of an event but it also promises reliability, trust, assurance, competence, empathy, responsiveness, and tangibility.

Some of the challenges/barriers to excellent customer service are within the control of customer service providers such as poor communication skills, poor time management, and attitude, lack of adequate training, inadequate staff, and so forth. Creation of a customer

service culture which consists of the values, beliefs and norms shared by a group of people is indispensable. A part of the culture that the leadership of an organization can inspire is the attitude of the employees.

The quality of service computation, market fluctuation and attitude, perception, expectation of the customer are some of the factors which rise problems of customer handling.

Customers whose complaints are satisfactorily resolved become more company-loyal than customers who were never dissatisfied. Companies that encourage disappointed customers to complain and also empower employees to remedy the situation on the spot have been shown to achieve higher revenues and greater profits than companies that do not have a systematic approach for addressing service failures. Satisfying employees as well as customers will promote stronger customer loyalty as there is positive employee attitude in excellent service companies. (Kotler, 2006: 420)

Companies can provide value-added services or excellent customer service to differentiate them from others.

Customer expectations of service come from many sources; such as past experiences, word of mouth, and advertising. If perceived service falls below the expected service, customers are disappointed. If perceived service meets or exceeds their expectations they are apt to use the provider again. Successful companies add benefits to their offering that not only satisfy customers but also surprise and delight them. Delighting customers is a matter of exceeding their expectations. (Kotler, 2006: 412)

Some of the best service companies create a responsive, customer pleasing system by empowering their line employees to satisfactorily resolve customer issues. Designing a system that empowers employees to do what they feel is right in making actions on service to satisfy customers at the time without management approval, while being held accountable for their actions.

The key to any successful conflict resolution is ability to hear a customer. I.e. listening to the customer with full attention of understanding what he/she is really saying taking the required time.

Besides listening to a complaint, ask the customer what the expectations are for an “acceptable level of service,” in order to be in a position to adequately solve the complaint.

Excellent customer service really does play a vital role in the marketing approach of a company. It is no longer a departmental issue. It is the issue of a company. The company can view complainers/ customers who complain as potential referral champions for long-term success. Turning complaints into positive experiences is a sure-fire way of developing loyal customers who are guaranteed to spread the word of mouth (Karr & Blohowiak, 1998:139)

Therefore, on the basis of the above over all description of customer satisfaction and challenges and the likelihood remedies mentioned, this research paper will try to analyze in Nile Insurance mainly the challenges/problems described below:

- The gap between customers’ expectations of a service and their perceptions of the actual service delivered by the company, in order to see applicability of SERVQUAL approach.
- To identify and analyze service quality dimensions and customer satisfaction
- To analyze whether there is a link between customer satisfaction and profit.
- To clearly identify the challenges of customer handling and the fate/consequence of dissatisfied customers.

1.4 Research Questions

The study will try to address the following questions

1. What are the major factors that determine service quality in the Ethiopian insurance industry?
2. What are the effects of customer handling to insurance companies?
3. What are the possible causes for customers’ dissatisfaction?

4. Why particular emphasis is given in adequate underwriting and claim handling process in insurance customer services?

1.5 Objective of the Study

The objective of this study is classified as general and specific objectives. The general objective specifies the overall purpose of the study and based on this objective, the specific questions will be included in order to satisfy the research questions.

1.5.1 General Objective

The general objective of this research is to identify and analyze the effects and prospects of customer handling in insurance companies operational performance in Ethiopia. (A Case Study at Nile Insurance Share Company)

1.5.2 Specific Objective

With regards to the general objective, and to satisfy the research questions, the specific objectives include:

1. To examine views of insurance companies about customer service & handling
2. To express the main challenges of customer handling.
3. To assess the fairness of premium generation and timely service delivery of insurers.
4. To provide the views on the performance of customer handling in Nile Insurance Company S.C as a case study.
5. To provide possible solutions for improvement of quality/excellence service delivery.

1.6 Significance of the Study

The output of the research will be expected to have the following benefits:

- Serves for insurance companies as inputs to understand the overall impact of customer handling and better decision making for managers regarding customer service quality.

- It may invite other researchers to further investigate how to improve customer service and handling in the insurance sector.
- It may serve for policy makers as input for the preparation of Customer Handling Policy.
- To the researcher as means of academic fulfillment for the requirement of MBA degree.

1.7 Scope of the Research

The work of this research is limited to only the case study of impacts and prospects of customer handling in insurance industry with particular emphasis and reference to Nile Insurance Company. The population of the research paper is the Addis Ababa branches' customers. However, they represent similar services given in all other branches of Nile insurance Company in Ethiopia.

1.8 Limitations

The research paper couldn't cover the 26 active branches of Nile. Nevertheless the study is conducted only on 10 branches due to time and budget constraints.

1.9 Organization of the Project Report

The research paper is organized in five sections. In the first section, the overall performance of insurance industry in general is pointed out. This introductory section contains background of insurance business in Ethiopia, problem statement, research questions, objectives of the study, significance of the study, and scope of the research as well as limitations. The second section of the research paper will deal with literature review on operational performance in insurance with special emphasis on customer service and handling in the insurance industry. The third section deals with the research design and methodology. The fourth section will be on findings and discussion and finally, in the fifth section; summary of findings, conclusion, recommendation and future work direction will be dealt.

Chapter two: Literature Review

➤ 2.1 Theoretical Review

Literature Review is an essential part of the research study since it helps researchers to be familiar with the subject background under study. Others' ideas, approaches, and methodologies, etc can be obtained via literature review. So the researcher will use relevant review of literature materials for the study.

Therefore, a model designed to measure customers' perceptions of service quality, SERVQUAL, which was developed in the 1980s by the three American academics, Parasuraman, Zeithaml and Berry, is used as a methodology to measure consumers' perception of quality in the insurance service business.

Based on this, the quality dimensions in addition to some other dimensions will be used.

The dimensions are:

Tangibles - the physical facilities, equipment and appearance of personnel.

Reliability – the ability to perform the promised service dependably and accurately

Responsiveness - willingness to help customers and provide prompt service

Assurance – knowledge & courtesy of employees, their ability to inspire trust & confidence.

Empathy – caring, individualized attention that the firm provides its customers.

Parasuraman et al. also used their research as the basis for the service quality gap model.

They defined service quality as a function of the gap between customers' expectations of a service and their perceptions of the actual service delivered by an organization.

The overall service quality gap which results in a dissatisfied customer can be formed by one or more of several specific gaps. The root cause of dissatisfaction can be traced back to one of the five gaps, namely, promotional, understanding, procedural, behavioural & perception.

Promotional Gap- What is said about the service differs from the standards actually delivered.

Understanding Gap- Managers' perceptions of customers' expectations are inaccurate.

Procedural Gap- Customers' expectations not translated into appropriate operating procedure.

Behavioural Gap- The service delivered is different from the specification for the service.

Perception Gap- The level of service perceived by customers differs from the service actually provided. (Nigel Hill & Jim Alexander, 2003)

Consumer sovereignty presents a formidable challenge, but skillful marketing can affect both motivation and behavior if the product or service offered is designed to meet consumer needs and expectations. (James et al, 1995)

For the organization to succeed the management must carefully balance the two desires and objectives, i.e., profit making and customer satisfaction. This can be achieved by the careful management of the elements of all required marketing mix, such as product, price, etc. must complement each other in order to bring to market the best possible package, that means, the right product at the right price, advertised in the right way and available through the right channels in order to make optimum profit and ensuring customer satisfaction. (Charley Watkins, 2006)

The cost of finding new customers increases as markets become more competitive, particularly in maturing markets where there are a limited number of new customers to sell to and the organizations find themselves increasingly competing to attract the same customers. In the financial services industry, providers find a benefit to be gained from ensuring that they keep the customers they already have. It is far easier and less costly to keep the existing customers than to keep attracting new customers from their competitors. This can be done so by building long term profitable relationships with their customers and hence the move from transactional selling to 'relationship marketing'-meaning the art of creating and maintaining over time a strong and value-driven relationship with customers. (Charley Watkins, 2006)

Profit impact of customer retention: If the business can retain 80% of its customers each year, the business will reduce the cost associated with customer dissatisfaction and exit and will not have to spend as much on marketing efforts to attract new customers. Retained customers produce higher annual revenue and margin per customer than do lost or new customers, the total profits of the business should increase. (Best, 2006: 14)

2.2 Insurance Industry Services

Insurers can either prosper by becoming more relevant, or continue along the same path and see business slowly deteriorate as customers migrate to companies with more innovative solutions and business models that better suit their needs.

By focusing on three major innovation strategies— i.e. 1) identify profitable target customers; 2) develop new products and services for these target groups; and 3) create media-rich experiences to serve customers—insurers can increase profitability by 15–20 % within five years, according to estimates from the Cisco® Internet Business Solutions Group (IBSG). Consumers expect better service than they are receiving from their insurers today. To meet customers' needs, insurers should create a collaboration architecture that offers anytime, anywhere access through any device they wish to use.

The interaction between the customer and service provider is referred to as the service encounter or the moment of truth in popular management jargon. The provider and the customer create value together. An improvement in customer perceived quality will increase customer satisfaction, loyalty, and profitability. I.e. Good internal Quality → Satisfied employees → Employees stay → good external Quality → Satisfied customers → Customers stay → High profitability (Gummesson, 2000)

2.3 The Service-Profit Chain

Successful service companies focus their attention on both their customers and employees. They understand the service-profit chain, which links service firm profits with employee and customer satisfaction. This chain consists of five links according to Philip and Gary (2004):

Internal service quality: Superior employee selection and training, a quality work environment, and strong support for those dealing with customers.

Satisfied & productive service employees: Become more satisfied, loyal & hard working.

Greater service value: More effective & efficient customer value creation & service delivery.

Satisfied and loyal customer: Satisfied customers, who remain loyal, do repeat purchase, and refer other customers.

Healthy service profits and growth: Super service firm performance.

2.4 Customer Value Management (CVM)

It can help a business enterprise create and sustain differentiating value. I.e. it is a vehicle to understand what the customers/clients want of the company and how to go about aligning the business to deliver that product/service consistently. CVM has become a leading approach to attract market share and customer loyalty by making the customers' view an integral part of the business design. It is the means by which companies can balance the demand for service, even create that demand, with an infrastructure that is customer-centered, delivers increased productivity, and benefits the company's bottom line. CVM provides the basis to become customer centered and attain growth by enabling an organization to be "Number 1 in the eyes of its customers."

2.5 Employee Empowerment:

Providing superior customer value is the criterion that determines the nature of employee involvement - in form of work teams, job enrichment, quality circles, task forces, and labour management action teams. I.e. provide - training, suggestion scheme, measurement and recognition, and excellence teams. Workers suggestions: workers are often a source of continuous improvements. They can provide suggestions on how to improve a process and eliminate waste/unnecessary work. Employees should be managed for positive results. They develop a company's plans and execute them and serve customers. As result employees are an especially critical asset. Therefore a company must empower & motivate them to embrace the skills and attitudes necessary to satisfy and exceed customers' needs and expectations (Kumar, 2008). Some of the best service companies create a responsive, customer pleasing system by empowering their line employees to satisfactorily resolve customer issues.

Designing a system that empowers employees to do what they feel is right in making actions on service to satisfy customers at the time without management approval, while being held accountable for their actions (Karr & Blohowiak, 1998).

Staffs need to be able to access information which is a key resource that will allow them to deliver a better standard of customer care.

Management needs to allow staff the necessary time which is a precious resource to deal with the customer as an individual. Customers can become very angry if they feel that a member of staff has not got the time to deal with them properly. (Cartwright, 2000)

2.6 Customer Handling

Proper complaint handling can be a marketing asset having the following bottom-line benefits: maintenance of market share, low-cost market research data base, lower warranty and service costs, improved employee productivity, and decreased government involvement in corporate affairs. (Loudon & Della Bitta, 1993)

Complaints and Recovery: No organization can avoid complaints. Complaints often escalate from minor problems into disasters because of a lack of perception from the organization as to the apparent seriousness of the situation as viewed by the customer. The three basic reasons why customers complain are: 1) Lower than expected quality, 2) Lower than expected service, and 3) Higher than expected price. Complaints can, if properly handled, turn a disaster into a triumph and should be handled to achieve a win-win situation and a delighted customer. Organizations may be able to enhance the relationship with customers by effectively dealing with a complaint with a complaint procedure need to be simple enough for those with a genuine complaint to be able to make their grievance known. When customers cease to be customers, it is better that they leave saying positive things about the organization than telling their friends and relatives about poor recovery.

Customer /Service recovery is a crucial issue in managing the relationship between customers and the organization if things go wrong & 'lifetime value of a customer' approach is taken. It is an important element of the company's service delivery that ensures the customer who is dissatisfied or irritated is returned to a state of satisfaction as soon as possible. It helps the company to recognize the problems and improve the service it offers for all existing and new/potential customers. It is not only just about fixing things that have gone wrong but should also focus on the critical service encounters that customers are saying are important to them, and help the company to develop a long-term customer service strategy (Cartwright, 2000). The three key ingredients for designing a service strategy are: 1. Desired outcomes, 2. Customer expectations, and 3. Process capability (Lake & Hickey, 2006)

2.7 Customer Satisfaction

Markets in which consumers don't have much power tend to have low customer satisfaction. For companies in industries where customers don't have a great deal of choice, where good

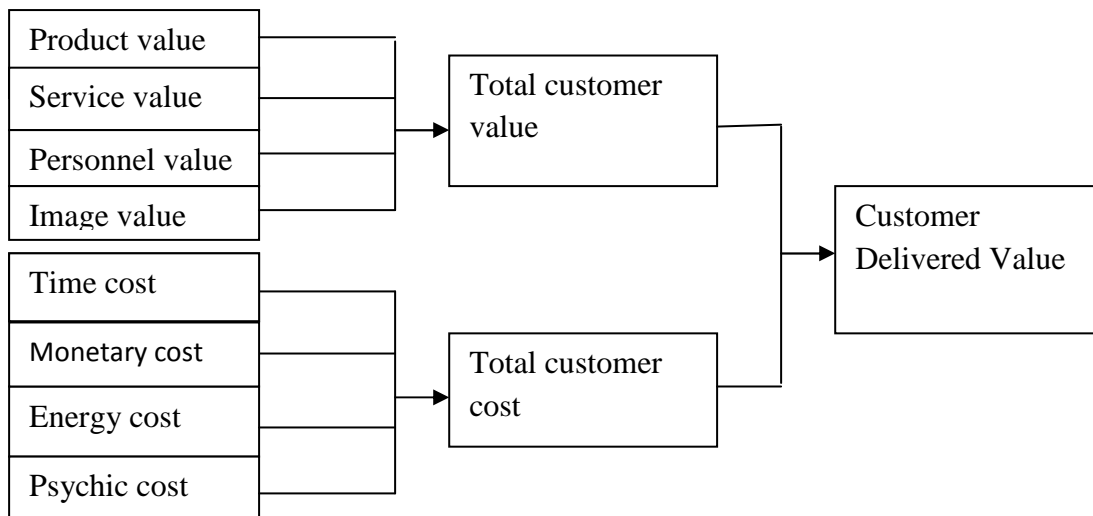
information is harder to come by, and where the costs associated with rejecting one brand for another are high, customer satisfaction typically suffers.(Fornell, 2007)

Customer satisfaction is an excellent market-based performance metric and barometer of future revenue and profits. It is a forward-looking indicator of business success that measures how well customers will respond to the company in the future. Thus it is a good leading indicator of operating performance. Dissatisfied customers often don't complain, but they do walk and talk. Studies show that out of 100 dissatisfied customers, only 4% will complain to a business. Of the 96 dissatisfied customers who don't complain, 91 will exit as customers. Many dissatisfied customers become "customer terrorists"; by telling others about their dissatisfaction. (Best, 2006)

In today's environment, customers have become kings and queens they have taken on new importance as the focal point of business, as seen on the banner of corporate stockholder reports and mission and vision statements. (Thompson, 2003)

The concept of customer value must be made operational to realize the benefits of a customer value strategy. One way to make the concept operational is to devise methods to measure value and use the information to make the better strategic and operational decisions.

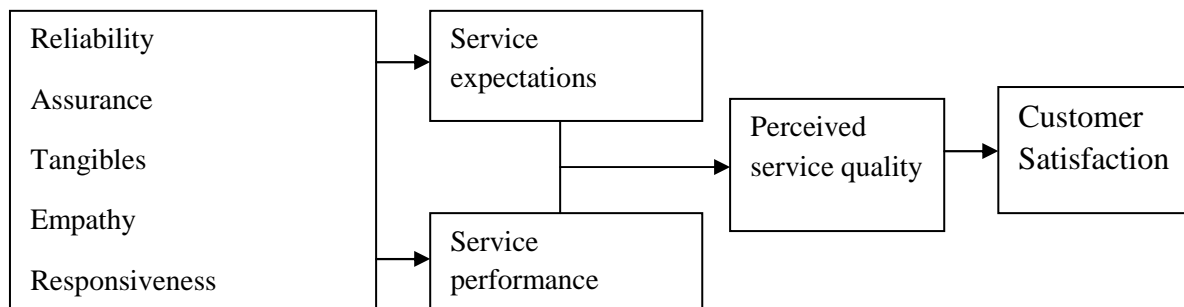
Figure 2.1 Determination of customers delivered value:



Source: P. Kotler, 1999

According to Kotler & Armstrong (1996) the customer satisfaction is the level of a person felt state resulting from comparing a product's perceived performance or outcome in violation to his/her own expectations. So, customer satisfaction could be considered a comparative behavior between inputs beforehand and post obtainments. Customer satisfaction of insurance services can also be measured by timely service delivery and reliability, claims handling and customer handling.

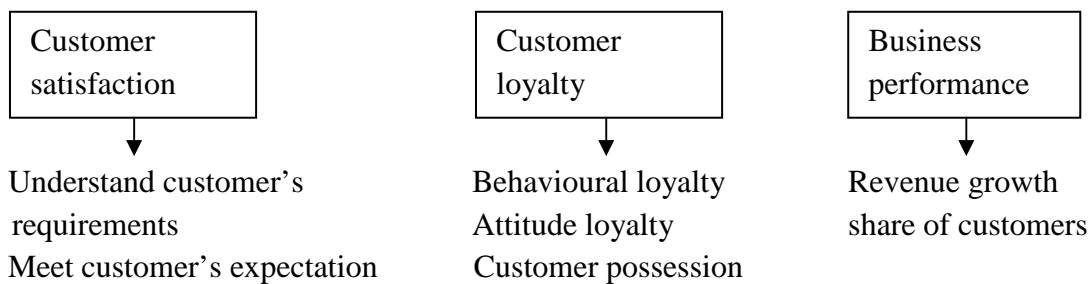
Figure 2.2 **Measuring Customer Satisfaction:**



Source: Niguel Hill & Jim Alexander, 2003

Service Quality: It is used to signify excellence of a service top quality. I.e. it is to meet the customer requirements. Quality refers to conformance for specification. It is the customer, not the company, who decides whether quality is right and fitness for proposed business. (Oakland, 2003) The major reason companies want relationships with customers is to identify, acquire, satisfy, and retain profitable customers. The relationship is based on a foundation of trust and commitment. The primary motivation for companies trying to develop long-term relationships with customers is the profit motive.

Figure 2.3 **Relationship with customers:**



Source: Buttle F., 2009

2.8 Customer Service Standards:

Conducting a service gap analysis: Asking internal and external customers to rate the current level of service quality of the organization against a list of criteria such as: timeliness, accuracy, flexibility, responsiveness, technical knowledge. The gap between the service that is currently provided and that which customers need against each of the criteria is the opportunity to improve service.

Setting standards for processes: E.g. issuing new policy documents within three working days of having all necessary information; settling a claim within one working day of having agreed a settlement amount.

Setting quality standards: For example: only 0.1% of documents issued to customers should have to be sent back due to error.

Setting internal service standards: For instance: if claims need policy information this should be provided within 24 hours. (Prichard and Jordan, 1999)

2.9 Resolving Conflict:

There must be a win-win tactic or resolution mindset with customers. I.e. focus on both sets of needs, concerns, and feelings. Respect each other's view. See the issue as a mutual problem to be solved. Prepared to listen and compromise as effective listening improves relationships between people. Not interested in winning at any cost. Opt for power with rather than power over. The win-win approach creates partners not opponents.

Key skills for collaboration which prevent the escalation of the conflict and allow one to steer the energy along a path that will increase understanding, trust, and co-operation are: 1. Listen acceptably – find out what others see through their window on the world. 2. Talk constructively – share what you see through your window on the world, and 3. Problem solving – marry the views for mutual wins. (McConnon, 2002)

2.10 Total Quality Management (TQM)

The total quality management (TQM) philosophy is customer-oriented. TQM incorporates the concepts of product quality, process control, quality assurance, and quality improvement. Pushing problem-solving and decision making down in the organization allows people who do the work to measure and take corrective action in order to deliver a product/service that meets the needs of the customer. The major principle of TQM is to satisfy the customer. Customers want to get their money's worth from a product or service they purchase. TQM is considered a means to introduce participative management. Some of the key principles of TQM are management commitment, i.e. **PDCA** [**plan** (drive, direct), **do** (deploy, support, and participate), **check** (review), **act** (recognize, communicate, and revise).] (Kumar, 2008).

Chapter Three: Research Design and Methodology

3.1 Introduction

This chapter presents the methodology that has been used for the research. It described the research purpose, research approach, research strategy, sample selection, and data collection. It also discussed data analysis and challenges and prospects of customer handling of the research. In general this chapter provides the methodological frame work to collect data from various sources, sampling, data collection instruments and approach to data analysis for achieving the set objectives. Finally, ethical consideration maintaining during data collection stage was provided.

In this research work, qualitative and quantitative analysis have been performed such as analysis of research document, review of related literature in brief, questionnaire, and interview conducted to know the impacts/challenges of customer handling as well as future prospects. Nile Insurance Company S.C, as a case study, would be the focus area to obtain major available information for this research paper with regard to customer handling and retention, and those who terminate their policy and switch to other insurance companies.

Open and close ended questions have also been used to have full-fledged views of customer handling in the company.

3.2 Population and Sampling

During the study Nile Insurance Company has 26 branches and one contact/liaison office to handle the operational activities.

The target population of this study consists of customers of Nile Insurance Company in Addis Ababa branches only, to make the study manageable because of cost and time constraints, with appropriate sampling method.

In regarding sample size, the research considered a total population of 200 customers/insurance policy holders as a unit analysis for the purpose of the study from 15,936 customers of ten branches of Nile Insurance in Addis Ababa. From the total population size, a sample size determined to be near to 100 using the sample size determination table developed by Yamane, 1967 (Annex IV) with precision level of $\pm 10\%$. I.e. the sample size is 50% of the total unit analysis, $200 * 50\% = 100$. Thus a sample of 100 respondent customers had been selected and contacted using systematic random sampling from all customer categories.

In addition, structured questionnaire were randomly distributed to 10 front line employees, and interviews conducted with 2 operation managers and 2 branch managers. Based on this, total number of 14 respondents from the company personnel had been selected in order to get relevant information.

3.3 Research Design and Data Collection

The research used empirical study. I.e. the study used descriptive research method to discover a fact finding about customers' satisfaction towards the quality of product/service delivery at insurers and the operational and implementation impact of customer handling in Nile Insurance Company as a case study. The data source for the study was both primary and secondary data. The primary data had been collected based on questionnaires and which were distributed to the respondents in Nile Insurance during the data collection phase. Interviews had been conducted through the help of "structured questionnaire"

Secondary data were collected from the reports and other literatures review from past and current research papers, internet/web site, and Nile Insurance document. In addition, the secondary data will rely on books, journals, the company's data base of customers and NBE regarding the insurance industry data.

3.4 Variable and Measurement

To assess the impacts of customer handling as a case study at Nile Insurance with regard to excellent customer service and satisfaction measurement, SERVQUAL Model was used which has five dimensions on a five point Likert Scale with the inclusion of three additional dimensions of being 1 highly dissatisfied to 5 highly satisfied continuum, using questionnaire.

3.5 Methods of Data Analysis

The researcher used SERVQUAL model and various tables, figures, and percentages for both primary and secondary data analysis in the discussion part of the paper. After data analysis and interpretation, findings are summarized. Based on the major findings, conclusion has been drawn and lastly, possible recommendation forwarded in order to better satisfy the expectations of customers.

3.6 Ethical Considerations

In both questionnaires and interviews conducted, the respondents were given a chance not to write their names and other identifications to make them feel free and properly respond in answering the questionnaire and the interview conducted. Questionnaires which are prepared for 'customers' in English language have been equally translated in to Amharic language to make it more comfortable keeping their interest. Respondents were assured of that their overall responses kept in confidentiality.

Chapter 4: Results and Discussion

4.1 Data Analysis and Interpretation

The data was collected from customers, employees, and management of Nile Insurance Company S.C in Addis Ababa. Practically facts about service quality and its effect on customer satisfaction and handling has been analyzed and interpreted.

4.2 General Information about the Respondents

Sample size of 100 customers was determined, collected and investigated. Besides, 4 managers were interviewed with the structured interview questions and 10 front-line employees responded with the structured questionnaire in total 14 were contacted. Out of the 100 questionnaires distributed to the customers 94 (94%) were filled and collected back, and of the company staffs' questionnaires and interviews all 14 (100%) were fully responded.

Table 4.1 Selected Service Sites/Branches

S.N	Name of Branch	Questionnaires		% Returned
		Distributed	Returned	
1.	Kirkos	10	10	100%
2.	Tewodros	10	9	90%
3.	Addisaketema	10	9	90%
4.	Beklobet	10	10	100%
5.	Gerji	10	9	90%
6.	Kality	10	9	90%
7.	Bole	10	9	90%
8.	Life	10	10	100%
9.	Abakoran	10	10	100%
10.	Megenagna	10	9	90%
	Total	100	94	94%

Source: Own Analysis, 2014

A total of 100 questionnaires were distributed to ten of Nile Insurance Company branches, out of which 94 were returned while six questionnaires were returned unfilled from six branches, one each. Full responses i.e. 10 from Kirkos, Beklobet, Life, and Abakoran, 9

responses from Tewodros, Addisketema, Gerji, Kality, Bole and Megenagna were obtained from the 94 Company Customers.

Therefore, with regard to customers, 94 questionnaires served as data sources for analysis to present the findings and draw conclusions and recommendations.

Table 4.2: Front-line employees' responses to questionnaires with regard to their biography & over all activities of the company with emphasis to customers:

S.N	Item	No of Respondent	%age Approximate
1.	Sex:		
	Male	6	60%
	Female	4	40%
	Total	10	100%
2.	Age (Year):		
	18-30	3	30%
	31-45	6	60%
	46-60	1	10%
	Above 60	0	0
	Total	10	100%
3.	Education Level:		
	High school Complete	0	0
	Diploma	0	0
	Degree	9	90%
	Master	1	10%
	Total	10	100%
4.	Work Unit:		
	Underwriting	9	90%
	Claims	1	10%
	Engineering	0	0
	Other	0	0
	Total	10	100%
5.	How long have you been serving in the insurance company?		
	Less than 1 year	2	20%
	1-3 years	1	10%
	3-5 years	0	0
	Above 5 years	7	70%
	Total	10	100%

Table 4.2: Front-line employees' responses to questionnaires with regard to their biography & over all activities of the company with emphasis to customers (cont'd):

S.N	Item	No of Respondent	%age Approximate
6.	Are you happy with your job? Yes No If no, what are the possible reasons?	7 3	70% 30% *Refer below #6
	Total	10	100%
7.	How is your interaction/communication with customers? Very good Good Neutral Poor Very poor	7 3 0 0 0	70% 30% 0 0 0
	Total	10	100%
8.	Have you ever taken any training in relation to customer service delivery/complaint handling? Yes No If the answer for the Qn. is No, what do you suggest is the reason?	7 3	70% 30% *Refer below #8
	Total	10	100%
9.	How do you rate your capacity/knowledge regarding the standard of your service delivery? Very good Good Neutral Poor Very poor	5 4 1 0 0	50% 40% 10% 0 0
	Total	10	100%
10.	Does the Company give a chance to employees to participate in decision making with regard to service delivery? Yes No If the answer for the Qn. is "No", what do you think the reason?	8 2	80% 20% *Refer below #10
	Total	10	100%
11.	Do you have any suggestion or comment to make with regard to excellent service provision?		*Refer below #11

Source: Questionnaire Analysis, 2014

As indicated above in item S.N 1 of Table 4.2, sex-wise grouping of front-line employees is overwhelmed by males who covered 60% of the total 10 respondents. Females accounted for only 40%. This figure shows that females are less represented as compared to males in the sample.

In item S.N 2 of Table 4.2, 60% of the respondents of company staffs lied within the age groups of 31- 45 years, 30% within the age groups of 18-30 years, and 10% within the age groups of 46-60 years. There was none within the age group above 60. Hence more than 90% of the company staffs are found between the age group of 18-45 years which is active member of the society.

In item S.N 3 of Table 4.2, with regard to educational qualification, 90% of the personnel respondents have got First degree. 10% got Master's degree, and none with Diploma and/or High School. Therefore it is possible to suggest that almost all personnel have good academic back ground to serve the company's customers promptly.

As shown above in Item No 4 of Table 4.2, with regard to assignment of work, 90% of the respondents were assigned in Underwriting and all the remaining 14.29% were in Claims.

With regard to length of service year in the insurance company, in Item No 5 of Table 4.2, 70% of the respondents have served the company above 5 years. The rest 20% & 10% of respondents have served the company for less than 1 year & 1-3 years respectively. This indicates that the larger portion of internal customers (employees) registered relatively long time existence with the forthcoming of few new employees in recruitment.

In consideration of employees' happiness with their job, Item No 6 of table 4.2, 70% of the respondents agreed that they are happy; the remaining 30% responded that they are not happy. The possible suggested reasons for unhappiness were: work load, routine nature of the work, no promotional growth, and salary is not satisfactory and needs a long journey to reach the top or middle level management to get optimum salary and benefit package.

Regarding front-line employees' interaction/communication with customers, S.N 7 of Table 4.2, 70% of the respondents agreed that there is very good communication in between, the rest 30% responded that the interaction with customers is good. Neither responded the interaction is neutral, poor nor very poor. From this it may be possible to conclude that there is optimum interaction between the employees and customers of the Company.

As shown in Table 4.2, S.N 8, in connection to taking training in relation to customer service delivery or complaint handling, 70% of the respondents confirmed that they have taken while the rest 30% have not. The reason is suggested that because of being new employee, reluctant of the Company for attaining such issues.

In terms of rating own capacity/knowledge regarding the standard of service delivery to customers, S.N 9 of Table 4.2, 50% of the respondents rated that they have very good capacity to serve customers promptly. 40% of the respondents rated that they have good capacity to serve. The rest 10% rated that they are neutral. Neither of the respondents rated them to have poor nor very poor knowledge.

Analyzing the chance given to employees to participate in decision making with regard to service delivery, S.N 10 of Table 4.2, 80% of the respondents confirmed that they have given a chance to decide, while the rest 20% did not agree and witnessed that they haven't given the chance to make decision. The reason suggested is 'I don't know', I don't remember enough number of decisions passed.

Regarding any suggestion or comment to make with regard to excellent service provision, S.N 11 of Table 4.2, the front-line employees commented as follows:

Customer service and customer handling training should be given early and sustainably. There must be variety of trainings for different classes of businesses to properly handle customers. Services should be effective and efficient. There must be satisfactory salary to the employees in order to manipulate their knowledge and initiation. There must be indispensable

flexibility for win-win dealing and mutual benefit. Avail appropriate number of employees who possess the required skill and knowledge to serve customers with utmost efficiency.

Table 4.3 Nile Insurance Company Customers' (the sample) Biography

S.N	Item	No of Respondent	Percentage Approximate
1.	Gender:		
	Male	64	68.09%
	Female	30	31.91%
	Total	94	100%
2.	Age:		
	18-30	29	30.85%
	31-45	48	51.06%
	46-60	17	18.09%
	Above 60	0	00.00%
	Total	94	100%
3.	Occupation:		
	Doing own business	41	43.62%
	Private organization employed	37	39.36%
	Government employee	5	5.32%
	NGO's employee	8	8.51%
	Others	3	3.19%
	Total	94	100%
4.	How long are you a customer of the Company?		
	More than 10 years	20	21.28%
	6-10 years	21	22.34%
	1-5 years	45	47.87%
	Less than 1 year	8	8.51%
	Total	94	100%
5.	What type of insurance cover do you have in the company/branch? (Select more than one, if there is any)		
	Motor	68	72.34%
	Marine	32	34.04%
	Fire and lightening	16	17.02%
	Life insurance	17	18.09%
	Others	6	6.38%
	Total	94	100%
6.	How frequent do you come to the Branch /Company to get service in a month?		
	1 time	46	48.94%
	1-3 times	27	28.72%
	4-6 times	12	12.77%
	7-10 times	6	6.38%
	More than 10 times	3	3.19%
	Total	94	100%

Source: Questionnaire Analysis, 2014

The above Table 4.3, S.N 1 reveals the biographic information of the respondents. As can be seen the biographic variable, gender division of the respondents, the majority of the respondents were males, i.e. 68.09% (64) representing the greater part of the sample group, while 31.91 % (30) of the respondents (which is near half of males) were females.

As indicated in item 2 of Table 4.3, age-wise distribution of the respondents of the company branches is overwhelmed within the age group of 31- 45 which covered 51.09% of the total 94 respondents. Within the age group of 18- 30 respondents covered 30.85%, and all the rest within the age group of 46- 60 lied 18.09%. Within the age group above 60 years is none. Therefore it can be said that more than 81.94% of customers are active members of the society within age group of 18-45. This will help the company extend long existing relationship with these customers by providing proper service delivery.

In item 3 of Table 4.3 above, with regard to occupation of the sample respondents, 43.62% of them were doing their own business, 39.36% of them were private organization employed, and 8.51% of them were NGO employed. The rest 8.51% in total were government employed and other works. This has shown that more of the company customers are self-employed and doing own businesses which is a good potential for the company to give further insurance cover to the extended insurable activities.

In item 4 of table 4.3, regarding duration (time) of existence of customers in the company, 47.87% of the respondents existed within the range of 1- 5 years, 22.34% of the respondents existed within the range of 6- 10 years. 21.28% of the respondents existed above 10 years of age and the rest 8.51% of the respondents existed less of 1 year age. Based on the data analysis, more of the company customers (56.38%) are new entrants existed with the range of 0-5 years. 43.62% of the customers have existed six and above years of age in the company. Therefore as there is a tendency of outgoing long existed customers the company should revisit and examine its way of handling customers to have better retention power.

As indicated in table 4.3 item 5, with regard to the type of insurance coverage in the Company/Branch, 72.34% (68) of the respondents have motor insurance cover, which is the greatest of all. 34.04 % (32) of them have marine insurance. 18.09% (17) and 17.02% (16) of them have life and fire & lightening insurance cover respectively. The rest 6.38% (6) of them have other type of insurance cover. As it is shown, the dominant class of business for insurance cover is motor (vehicles) and is also a source of problematic area for complaint as described by the respondents of Operational & Branch Managers during the interview session. Therefore the company should properly handle every class of business to be insured with a particular attention and emphasis for motor insurance.

As displayed in Table 4.3, item 6 above, with regard to the frequency of visits respondents make to the Branch /Company to get service per month: majority of the respondents i.e. 48.94% (46) of them come to the Branch /Company to get service once per month. 28.72% (27) of the respondents visit 1- 3 times. 12.77% (12), 6.38% (6), and 3.19% (3) of the respondents come to get the service 4-6 times, 7-10 times, and more than 10 times respectively. The company must take care for customers not to waste their time, money, energy and peace of mind by coming now and then to the branch without their own purpose and will. There should be immediate service delivery as required by customers.

4.3 Analysis and presentation of Respondents' Responses for Questionnaires

Table 4.4: Customers' responses with regard to the **Tangibility** of the Company

S.N	Item	No of respondent	Percentage Approximate
1.	The physical facilities of the service provider such as logo, agenda, building, office furniture, etc will be appealing		
	1. Very Dissatisfied	4	4.26%
	2. Dissatisfied	4	4.26%
	3. Neutral	9	9.57%
	4. Satisfied	46	48.94%
	5. Very Satisfied	31	32.98%
	Total	94	100%
2.	The availability of modern technology and equipment such as PREMIA, computer soft ware's, etc		
	1. Very Dissatisfied	5	5.32%
	2. Dissatisfied	5	5.32%
	3. Neutral	8	8.51%
	4. Satisfied	33	35.11%
	5. Very Satisfied	43	45.74%
	Total	94	100%
3.	Neatness of employees and well-dressing, their approaches		
	1. Very Dissatisfied	2	2.13%
	2. Dissatisfied	4	4.26%
	3. Neutral	4	4.26%
	4. Satisfied	36	38.30%
	5. Very Satisfied	48	51.06%
	Total	94	100%
4.	The nature of working environment, availability of parking, security checkup, etc		
	1. Very Dissatisfied	7	7.45%
	2. Dissatisfied	10	10.64%
	3. Neutral	21	22.34%
	4. Satisfied	34	36.17%
	5. Very Satisfied	22	23.40%
	Total	94	100%

Source: Questionnaire Analysis, 2014

As depicted in item 1 of the table 4.4 above, 48.94% (46) and 32.98% (31) of the respondents satisfied and strongly satisfied respectively with the attractiveness of the company's physical

facilities to furnish service. 9.57% (9), 4.26% (4), and 4.26% (4) of the respondents were neutral (i.e. neither satisfied nor dissatisfied), dissatisfied and very dissatisfied respectively. That means 81.92% (77) of the respondents were under the category of satisfaction where as 18.08% (17) of them were under neutral and dissatisfaction. Therefore, Nile should further improve the pleasing of physical facilities in all branches as 18.08% of dissatisfaction level is not insignificant quantity.

As displayed in item 2 of the table 4.4, 45.74% and 35.11% of the respondents were very satisfied and satisfied respectively with regard to the availability of modern technological equipment in the company. 8.51% of the respondents were neutral; where as in lump sum 10.64% of the respondents were found dissatisfied and very dissatisfied. Similarly to be more competitive and have an advantage, the Company should provide more advanced technology and equipment such as upgrading of PREMIA software and the like to substantially minimize the level of neutrality & dissatisfaction which is in total 19.15%.

As observed in item 3 of table 4.4 above, 51.06% and 38.30% of the respondents were very satisfied and satisfied in respective order with the neatness of employees and their well dressing at the time of service delivery. I.e., there is about 90% of satisfaction of respondents with regard to approaches and neatness of employees. The company should keep it up with further reduction of neutrality and dissatisfaction of respondents which is about 10%.

As shown in item 4 of the table 4.4, with regard to the nature of working environment, availability of parking, security checkup, etc 36.17% and 23.40% of the respondents were satisfied and very satisfied while 22.34%, 10.64%, and 7.45% were found neutral, dissatisfied, and very dissatisfied respectively. Here there is totally about 40% of neutrality and dissatisfaction. Hence the company should fulfill the required parking for vehicles, security checkup and good working environment such as well furnished office.

Table 4.5: Customers' responses with regard to the **Reliability** of the Company

S.N	Item	No of respondent	Percentage Approximate
5.	The service provider respects its promises to fulfill customer requirements		
	6. Very Dissatisfied	3	3.19%
	7. Dissatisfied	3	3.19%
	8. Neutral	12	12.77%
	9. Satisfied	37	39.36%
	10. Very Satisfied	39	41.49%
	Total	94	100%
6.	The service provider performs service delivery in time		
	1. Very Dissatisfied	3	3.19%
	2. Dissatisfied	5	5.32%
	3. Neutral	12	12.77%
	4. Satisfied	35	37.23%
	5. Very Satisfied	39	41.49%
	Total	94	100%
7.	At time of the customer is in problem, the service provider shows due interest in solving it		
	1. Very Dissatisfied	3	3.19%
	2. Dissatisfied	5	5.32%
	3. Neutral	12	12.77%
	4. Satisfied	38	40.43%
	5. Very Satisfied	36	38.30%
	Total	94	100%
8.	Service giver keeps the up-to-date records related to customer's policy accurately		
	1. Very Dissatisfied	3	3.19%
	2. Dissatisfied	3	3.19%
	3. Neutral	11	11.70%
	4. Satisfied	33	35.11%
	5. Very Satisfied	44	46.81%
	Total	94	100%
9.	The service provider is dependably serves customer		
	1. Very Dissatisfied	3	3.19%
	2. Dissatisfied	2	2.13%
	3. Neutral	7	7.45%
	4. Satisfied	27	28.72%
	5. Very Satisfied	55	58.51%
	Total	94	100%

Source: Questionnaire Analysis, 2014

As can be seen from Table 4.5 above, with regard to Reliability service of the Company, respondents rated in the following way:

In item no 5, with regard to respecting promises to fulfill customer requirements, 80.85% of the respondents were very satisfied & satisfied. The other 12.77% and 6.38% of the respondents were neutral and dissatisfied/very dissatisfied respectively. Hence the company should dwell regarding promise keeping in fulfilling customers' needs and minimizing the level of dissatisfaction and if possible avoid neutrality.

In item no 6, regarding in-time service delivery, in general 78.72% of the respondents, the majority, were very satisfied and satisfied, 12.77% of them were neutral while the rest 5.32% and 3.19% of the respondents were dissatisfied and very dissatisfied respectively. Here also as much as possible all customers should be equitably served in time. The total of dissatisfaction and neutrality is 21.28% which is significant in quantity. Therefore the company should give due attention in this issue in order to have all delighted customers through proper time service delivery.

In item no 7, with regard to showing due interest in solving the problem at time the customer is in problem, 78.73% of the respondents agreed that they are satisfied & very satisfied, 12.77% are neutral and the remaining 8.51% are dissatisfied & very dissatisfied. Similarly the company should focus on fair treatment of customers through its employees with great interest to help at time of problem. Because, 12.77% neutrality and 8.51% dissatisfaction is not insignificant in number, and there may be a probability that those dissatisfied and neutral customers will switch to other nearby competing companies and is difficult to trace back them again.

In item no 8, in consideration of keeping the up-to-date and accurate records related to customer's policy, 81.92% of the respondents agreed that they are very satisfied and satisfied, 11.70% were neutral and the rest 6.38% of them were dissatisfied and very dissatisfied. Here

again the company should try to satisfy those customers who are not delighted with inaccurate record keeping with regard to their policy document.

In item no 9, with regard to dependability of service provision to customers, 87.23% of the respondents agreed that they are very satisfied and satisfied, 7.45% of respondents are neutral and the remaining 5.32% of them were very dissatisfied and dissatisfied. The company should still try to further improve to minimize the dissatisfaction level of those unhappy customers in the service provision by providing customers' needs to be first.

Table 4.6: Customers' responses with regard to the **Responsiveness** of the Company

S.N	Item	No of respondent	Percentage Approximate
10.	Employees tell customers exactly when services are performed		
	1. Very Dissatisfied	3	3.19%
	2. Dissatisfied	4	4.26%
	3. Neutral	7	7.45%
	4. Satisfied	34	36.17%
	5. Very Satisfied	46	48.94%
	Total	94	100%
11.	Employees give prompt service to customers		
	1. Very Dissatisfied	3	3.19%
	2. Dissatisfied	3	3.19%
	3. Neutral	8	8.51%
	4. Satisfied	32	34.04%
	5. Very Satisfied	48	51.06%
	Total	94	100%
12.	Employees are always interested to assist customers		
	1. Very Dissatisfied	2	2.13%
	2. Dissatisfied	3	3.19%
	3. Neutral	6	6.38%
	4. Satisfied	36	38.30%
	5. Very Satisfied	47	50%
	Total	94	100%
13.	Employees are never too busy to respond to customers' request		
	1. Very Dissatisfied	8	8.51%
	2. Dissatisfied	3	3.19%
	3. Neutral	15	15.96%
	4. Satisfied	33	35.11%
	5. Very Satisfied	35	37.23%
	Total	94	100%

Source: Questionnaire Analysis, 2014

As shown from Table 4.6 above, with regard to employees' Responsiveness to service delivery of the Company, respondents rated as follows:

In item no 10, with regard to whether employees tell customers exactly when services are performed, most of the respondents, i.e. 85.11%, were very satisfied and satisfied, 7.45% were neutral, and the rest 7.45% were dissatisfied and very dissatisfied.

In item no 11, considering prompt service delivery to customers, 85.10% of the responding customers were very satisfied and satisfied, and the rest 14.90% of the respondents were in the level of neutrality and dissatisfaction.

In item no 12, with regard to employees' at all times interest to assist customers, 88.30% of the respondents were very satisfied and satisfied. 11.70% of the respondents were in the category of neutrality and dissatisfaction.

In item no 13, regarding Employees are never too busy to respond to customers' request, 72.34% of the respondents were very satisfied and satisfied, the rest in total 27.66% of the respondents were under the category of neutrality and dissatisfaction.

The above table shows that regarding Responsiveness in terms of employees' tell customers when service is performed, prompt service delivery, interest to assist customers, and never be too busy to respond to customers' request more positive results have been achieved. On average more than 83% of the respondents are found at the level of satisfaction on these services rendered to them. About 17% of the respondents are of course found at the level of neutrality and dissatisfaction and this also needs more attention to improve and please those dissatisfied ones. Besides, the company is on the process to install its own system/policy namely- Customer Service and Complaint Handling Policy to evaluate customer service activities and ultimate satisfaction of customers.

Table 4.7: Customers' responses with regard to the **Assurance** of the Company

S.N	Item	No of respondent	Percentage Approximate
14.	The behavior of employees inspires confidence in customers		
	1. Very Dissatisfied	4	4.26%
	2. Dissatisfied	2	2.13%
	3. Neutral	11	11.70%
	4. Satisfied	34	36.17%
	5. Very Satisfied	43	45.74%
	Total	94	100%
15.	Customers feel assured that service requests are duly followed up.		
	1. Very Dissatisfied	3	3.19%
	2. Dissatisfied	4	4.26%
	3. Neutral	9	9.57%
	4. Satisfied	26	27.66%
	5. Very Satisfied	52	55.32%
	Total	94	100%
16.	Front line personnel provide services in courteous and friendly manner		
	1. Very Dissatisfied	4	4.26%
	2. Dissatisfied	1	1.06%
	3. Neutral	5	5.32%
	4. Satisfied	37	39.36%
	5. Very Satisfied	47	50%
	Total	94	100%
17.	Front line employees have capacity/knowledge to answer customers' questions		
	1. Very Dissatisfied	3	3.19%
	2. Dissatisfied	3	3.19%
	3. Neutral	8	8.51%
	4. Satisfied	35	37.23%
	5. Very Satisfied	45	47.87%
	Total	94	100%
18.	Service providers give customers individual attention		
	1. Very Dissatisfied	4	4.26%
	2. Dissatisfied	5	5.32%
	3. Neutral	15	15.96%
	4. Satisfied	33	35.11%
	5. Very Satisfied	37	39.36%
	Total	94	100%

Source: Questionnaire Analysis, 2014

As depicted from above Table 4.7, considering Customers' Responses with regard to the **Assurance** of the Company, respondents rated as follows:

In item no 14, regarding the Behavior of employees which inspires confidence in customers, 81.91% of respondents were very satisfied and satisfied. 11.70% of them were neutral; where as 6.39% of the respondents were at the level of very dissatisfaction and dissatisfaction.

In item no 15, with Customers' feeling of assurance that service requests are duly followed up, 82.98% of the respondents were found at a level of higher satisfaction and only 7.45% of them found at a level of dissatisfaction while 9.57% of the respondents were neutral.

In item no 16, with regard to Front line personnel's service provision to customers in courteous and friendly manner, 89.36% of the respondents were found at the level of greater satisfaction and only 5.32% of them found at a level of greater dissatisfaction. The rest 5.32% were neutral.

In item no 17, in consideration of Front line employees' capacity/knowledge to answer customers' questions, 85.1% of the respondents were found at the level of better satisfaction, 8.51% were at a level of neutral and the rest 6.38% of the respondents were at the level of dissatisfaction.

In item no 18, in giving Customers individual attention in the provision of service, 74.47% of the respondents agreed that the company gives individual attention to its customers. 15.96% of them were neutral, and the rest 9.58% of the respondents were in general dissatisfied, arguing that the company doesn't give individual attention to the customers.

As it is depicted in the Table 4.7 above, Customers' responses with regard to the Assurance is good and positive. On the average the level of satisfaction of customers with regard to assurance is nearer to 83% & the dissatisfaction and neutrality level together account 17%. Hence the company should make an effort to improve further in service follow up, knowledge/capacity of employees, and giving individual attention to dissatisfied customers.

Table 4.8: Customers' responses with regard to the **Empathy** of the Company

S.N	Item	No of respondent	Percentage Approximate
19.	Service providers have operating hours convenient to all their customers		
	1. Very Dissatisfied	3	3.19%
	2. Dissatisfied	1	1.06%
	3. Neutral	7	7.45%
	4. Satisfied	41	43.62%
	5. Very Satisfied	42	44.68%
	Total	94	100%
20.	Employees providing quality services give personal attention to customers		
	1. Very Dissatisfied	2	2.13%
	2. Dissatisfied	4	4.26%
	3. Neutral	12	12.77%
	4. Satisfied	27	28.72%
	5. Very Satisfied	49	52.12%
	Total	94	100%
21.	Service provider gives attention for customer's best interest, heartily		
	1. Very Dissatisfied	3	3.19%
	2. Dissatisfied	4	4.26%
	3. Neutral	8	8.51%
	4. Satisfied	32	34.04%
	5. Very Satisfied	47	50%
	Total	94	100%
22.	Service provider understands the specific needs of its customers		
	1. Very Dissatisfied	2	2.13%
	2. Dissatisfied	4	4.26%
	3. Neutral	10	10.64%
	4. Satisfied	39	41.49%
	5. Very Satisfied	39	41.49%
	Total	94	100%

Source: Questionnaire Analysis, 2014

Customers were asked to evaluate the **Empathy** dimension of the service quality. As it can be seen in table 4.8 above:

With regard to convenience of operating hours to customers (S.N 19), 88.3% of the responding customers was comfortable, while 4.25% of the respondents were not. The rest 7.45% was neither comfortable nor discomfort able.

As far as giving personal attention to customers, by employees, with provision of quality service (S.N 20) concerned, 80.84% of the respondents were found at a satisfactory level, where as 6.39% of them in a level of dissatisfaction. The rest 12.77% were not either satisfied or dissatisfied.

In the analysis of giving attention for customer's best interest, heartily, by the Company (S.N 21), 84.04% of the respondents were very happy and satisfied, but 7.45% of the respondents were not happy rather were dissatisfied. The remaining 8.51% respondents were neutral.

In considering the Company's understanding of the specific needs of its customers (S.N 22), 82.98% of respondents were well satisfied, 6.39% of the respondents were much dissatisfied. The rest 10.64% of the respondents were neither satisfied nor dissatisfied.

As per the analysis, the response of customers regarding Empathy in general is positive, and the level of satisfaction on average is above 84% and the neutrality and dissatisfaction is about 16%. Nevertheless, the company should make an endeavour to improve more in the area of providing quality services, specific needs, and giving attention for customers best interest in order to retain and make delight those neither satisfied nor dissatisfied and dissatisfied customers.

Table 4.9: Customers' responses with regard to the **Underwriting service** of the Company

S.N	Item	No of respondent	Percentage Approximate
23.	Employees be committed to give clarification on insurance policy benefits, rights and duties of concerned parties		
	1. Very Dissatisfied	3	3.19%
	2. Dissatisfied	4	4.26%
	3. Neutral	10	10.64%
	4. Satisfied	30	31.91%
	5. Very Satisfied	47	50%
	Total	94	100%
24.	Employees providing underwriting service have the necessary technical and professional skill/competence		
	1. Very Dissatisfied	2	2.13%
	2. Dissatisfied	4	4.26%
	3. Neutral	7	7.45%
	4. Satisfied	36	38.30%
	5. Very Satisfied	45	47.87%
	Total	94	100%
25.	Service providers simplify insurance documents; such as policies, proposals, endorsements, claims procedures, etc. to suite customers		
	1. Very Dissatisfied	4	4.26%
	2. Dissatisfied	7	7.45%
	3. Neutral	10	10.64%
	4. Satisfied	29	30.85%
	5. Very Satisfied	44	46.81%
	Total	94	100%
26.	Service providers build constant use of professionals; like agents, surveyors, lawyers, etc to advice customers on insurance matters		
	1. Very Dissatisfied	5	5.32%
	2. Dissatisfied	8	8.51%
	3. Neutral	16	17.02%
	4. Satisfied	32	34.04%
	5. Very Satisfied	33	35.11%
	Total	94	100%
27.	Service providers prepare documents in the widely understood languages to customers		
	1. Very Dissatisfied	5	5.32%
	2. Dissatisfied	12	12.77%
	3. Neutral	17	18.09%
	4. Satisfied	31	32.98%
	5. Very Satisfied	29	30.85%
	Total	94	100%

Source: Questionnaire Analysis, 2014

As shown above in Table 4.9, Customers were asked to evaluate UNDERWRITING SERVICE of the Company, and rated as follows:

Considering Commitment of employees to give clarification on insurance policy benefits, rights and duties of concerned parties (S.N 23), 81.91% of respondents were at a level of better satisfaction, where as 7.45% of the respondents were at a level of dissatisfaction. The remaining 10.64% of respondents was neutral in choice.

With regard to the possession of necessary technical and professional skill/competence of employees providing underwriting service (S.N 24), 86.17% of the respondents were (very) satisfied, while 6.39% of the respondents were found (very) dissatisfied. The rest 7.45% were neither satisfied nor dissatisfied.

In analyzing to what extent service providers/employees simplify insurance documents; such as policies, proposals, endorsements, claims procedures, etc. to suite customers (S.N 25), 77.66% of respondents were found at optimum satisfaction level, where as 11.71% of them was found much dissatisfied. 10.64% of the respondents were neutral.

In terms of making constant use of professionals, such as agents, surveyors, etc to advice customers (S.N 26), 69.15% of the respondents were satisfied, 13.83% was dissatisfied and the rest 17.02% was neutral.

In consideration of Documents preparation in the widely understood languages to customers (S.N 27), 63.83% of the respondents are comfortable with the existing language, 18.09% of them were not comfortable, and the rest 18.09% of the respondents was neutral.

As per the analysis, the response of customers with regard to Underwriting Service is positive in general, i.e. the level of satisfaction on average is above 75% and both the neutrality and dissatisfaction is above 24%. Anyhow, the company should make a great effort, as the number of neutral and dissatisfied customers is too many, to improve much more in the areas of preparing documents in the widely understood languages to customers, clarification on

insurance policies, constant use of professionals; as agents, surveyors, etc to advice customers on insurance matters, in simplifying insurance documents to suite customers, and providing necessary technical and professional skill to employees.

Table 4.10: Customers' responses with regard to the **Claims service** of the Company

S.N	Item	No of respondent	Percentage Approximate
28.	Employees provide adequate guide and service to customers in case of claims		
	1. Very Dissatisfied	3	3.19%
	2. Dissatisfied	6	6.38%
	3. Neutral	14	14.89%
	4. Satisfied	32	34.04%
	5. Very Satisfied	39	41.49%
	Total	94	100%
29.	Service providers are accessible to customers in time of claims via telephone, in person, in writing, etc.		
	1. Very Dissatisfied	4	4.26%
	2. Dissatisfied	2	2.13%
	3. Neutral	12	12.77%
	4. Satisfied	39	41.49%
	5. Very Satisfied	37	39.36%
	Total	94	100%
30.	Employees providing claims service have adequate empowerment to solve customer's problem.		
	1. Very Dissatisfied	3	3.19%
	2. Dissatisfied	3	3.19%
	3. Neutral	13	13.83
	4. Satisfied	42	44.68%
	5. Very Satisfied	33	35.11%
	Total	94	100%
31.	Employees assigned in claims service are free of integrity/ ethical problems		
	1. Very Dissatisfied	4	4.26%
	2. Dissatisfied	2	2.13%
	3. Neutral	7	7.45%
	4. Satisfied	32	34.04%
	5. Very Satisfied	49	52.12%
	Total	94	100%

Source: Questionnaire Analysis, 2014

As displayed in Table 4.10 above, Customers were asked to evaluate CLAIMS SERVICE of the Company, and reacted as follows:

.Dealing with Adequate guide and service provision of employees to customers in the case of claims (S.N 28), 75.53% of the responding customers were found satisfied, 9.57% dissatisfied, and the other 14.89% was neutral.

.Regarding Accessibility to customers in time of claims via telephone, in person, in writing, etc (S.N 29), 39.36% of the respondents were very satisfied, 41.49% were satisfied, 12.77% were neutral and the rest 4.26% and 2.13% were very dissatisfied and dissatisfied respectively.

.In consideration of the adequacy of Empowerment of employees providing claims service to solve customer's problem (S.N 30), 35.11% of the respondents were found very satisfied, 44.68% satisfied, 13.83% neutral and the rest in total 6.38% were found at a level of dissatisfaction.

With regard to Employees assigned in claims service are free of integrity/ ethical problems (S.N 31), 52.12% of the respondents were found very satisfied, 34.04% satisfied, 7.45% neutral and the rest 4.26% and 2.13% were very dissatisfied and dissatisfied respectively.

As displayed in Table 4.10 above, in general, the overall performance of Claims Service is good. The satisfaction level of the respondents on the average is more than 80%. But the size of neutral and dissatisfied customers on average is not so small, i.e.it is above 19%. Therefore, the company must dwell more in providing: adequate guide and service to customers, adequate empowerment to employees, and improving accessibility to customers in time of claims happening.

Table 4.11: Customers' responses with regard to the **Complaint handling** of the Company

S.N	Item	No of respondent	Percentage Approximate
32.	Service providers installed complaint handling procedures in place to the customers.		
	1. Very Dissatisfied	5	5.32%
	2. Dissatisfied	8	8.51%
	3. Neutral	18	19.15%
	4. Satisfied	28	29.79%
	5. Very Satisfied	35	37.23%
	Total	94	100%
33.	Complaints handling procedure/system of service provider is time effective.		
	1. Very Dissatisfied	2	2.13%
	2. Dissatisfied	7	7.45%
	3. Neutral	15	15.96%
	4. Satisfied	37	39.36%
	5. Very Satisfied	33	35.11%
	Total	94	100%
34.	Complaint handling procedure at service provider is simple and straight forward.		
	1. Very Dissatisfied	4	4.26%
	2. Dissatisfied	6	6.38%
	3. Neutral	10	10.64%
	4. Satisfied	35	37.23%
	5. Very Satisfied	39	41.49%
	Total	94	100%

Source: Questionnaire Analysis, 2014

As displayed above in Table 4.11, customers were asked to evaluate the **complaint handling** of the company, and responded as follows:

In consideration of installing complaint handling procedures in place to the customers (S.N 32), 37.23% of the respondents were found very satisfied, 29.79% satisfied, 19.15% neutral and the rest 8.51% and 5.32% were dissatisfied and very dissatisfied respectively.

In analyzing time effectiveness of complaints handling procedure/system of service provider (S.N 33), 35.11% of the respondents was found very satisfied, 39.36% satisfied, 15.96% neutral & the rest 7.45% and 2.13% were dissatisfied & very dissatisfied respectively.

With regard to simplicity & straightforwardness of complaint handling procedure at service provider (S.N 34), 41.49% of respondents found very satisfied, 37.23% satisfied, 10.64% neutral & the rest 6.38% and 4.26% were dissatisfied and very dissatisfied respectively.

As per the general analysis shown above, with regard to Complaint handling Service, the overall performance is moderate; i.e. the level of satisfaction on average is about 73%. On the other hand, the total percentage of dissatisfied and neutral customers on the average is 27%, which is very significant to deserve attention. Therefore, the company should give top priority in installing appropriate complaint handling procedure in place, with its time effectiveness and be simple and transparent as possible.

Table 4.12: Customers' response with regard to overall Service quality and Satisfaction

S.N	Item	No of respondent	Percentage Approximate
1.	How do you evaluate the overall service quality provided by the Company/branch?		
	1. Very Dissatisfied	6	6.38%
	2. Dissatisfied	4	4.26%
	3. Neutral	3	3.19%
	4. Satisfied	33	35.11%
	5. Very Satisfied	48	51.06%
	Total	94	100%
2.	To what extent are efficient service delivery and quality important for customer satisfaction in your view?		
	1. Extremely less important	0	0%
	2. Less important	2	2.13%
	3. Neutral	2	2.13%
	4. Highly important	14	14.89%
	5. Extremely highly important	76	80.85%
	Total	94	100%
3.	In general, how satisfied are you with the insurance service provided by the company?		
	1. Very Dissatisfied	1	1.06%
	2. Dissatisfied	8	8.51%
	3. Neutral	2	2.13%
	4. Satisfied	40	42.56%
	5. Very Satisfied	43	45.74%
	Total	94	100%

Source: Questionnaire Analysis, 2014

As depicted from above Table 4.12, Customers were asked to evaluate the overall Service Quality and Satisfaction of the Company and responded as follows:

Regarding evaluation of the overall service quality provided by the Company/branch (S.N 1), 51.06% of the respondents were found very satisfied, 35.11% satisfied, 3.19% neutral and the rest 4.26% and 6.38% were dissatisfied and very dissatisfied respectively.

Analyzing the view of customers to the extent of importance of efficient service delivery and quality for customer satisfaction (S.N 2), 80.85% of respondents agreed that it is extremely highly important, 14.89% agreed it is highly important, 2.13% were neutral & 2.13% and none agreed it is less important and extremely less important respectively.

In views of satisfaction level with the insurance service provided by the company (S.N 3), 45.74% of the respondents were found very satisfied, 42.56% satisfied, and 2.13% neutral. The rest 8.51% and 1.06% were dissatisfied and very dissatisfied respectively.

As described above, regarding the overall service quality, importance of efficient service and satisfaction on average is rated about 90% which is positive. However, the total percentage of neutral and dissatisfied customers is 10% which needs due consideration to improve.

Even if the result based on SERVQUAL and other dimensions is satisfied, on the total average, about 12% of the customers are at neutral position and this indicates that there is high probability to shift to other insurance companies. Therefore the company may lose its potential customers.

As depicted below in the pie chart (fig. 2.4), from all dimensions of service quality (the five SERVQUAL and other three additional dimensions), the company is assumed to exercise empathy widely (16%) and complaint handling least (9%). This implies that, Nile Insurance Company's Management and Share Holders through their appointed BOD should further work on those dimensions registering low rate such as: complaint handling, underwriting service, tangibles, etc in order to enhance and build the competitive strength of the company.

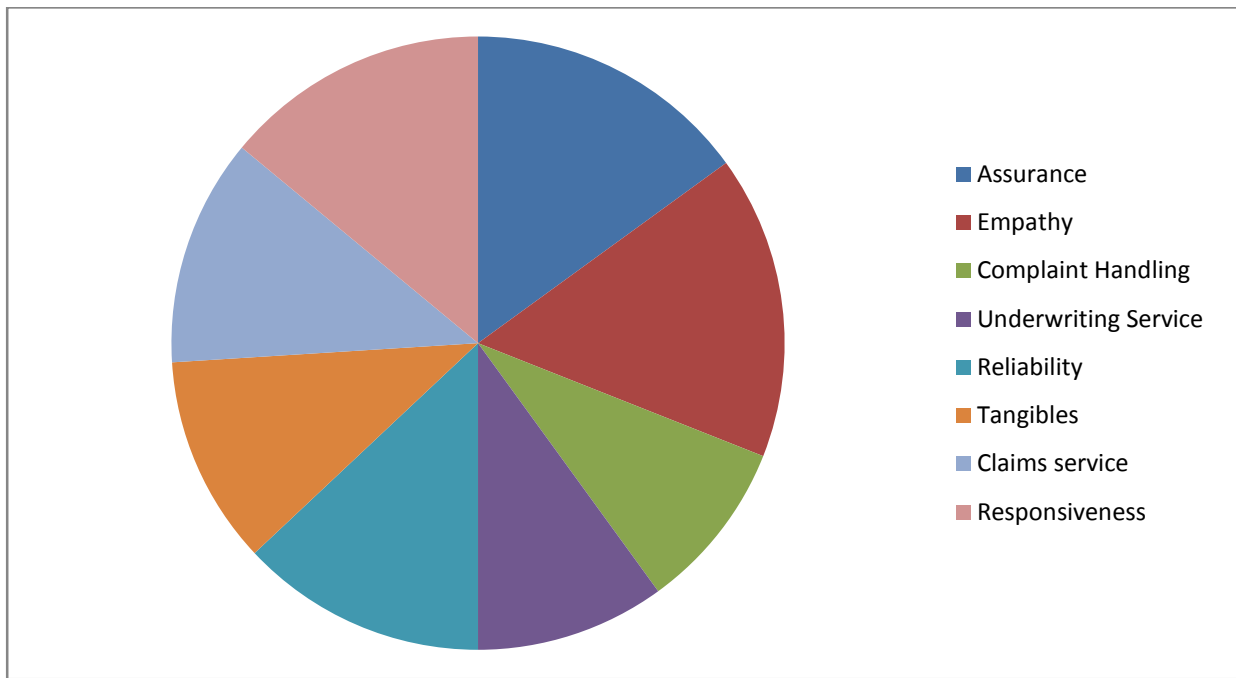


Figure 2.4 Nile's SERVQUAL Dimension Chart; Own Analysis, 2014

4.4 Analysis of Interview Responses

The responses from the interviewees of Nile Insurance Company's Operational & Branch Managers are presented below. This interview represents the summary of the result in which the majority has agreed.

Qn. 1. What is customer for you and how is your interaction?

Ans. Customer means anybody who comes to the Company/Branch for service.

Customer (client) is the backbone of the company as it is the very means of income, and hence, the interaction/ relationship with customer is based on intimacy, trustworthiness, & utmost good faith.

Qn. 2. In which areas of the "insurance products" is complaint more visible?

Ans. Motor Class of Business is the most visible and dominant part in terms of customers' complaint. Subsequently to motor is work men compensation due to the consequential effect of motor accident.

This is because more of the clients purchase motor insurance and hence correspondingly claims will also be abundant. In addition to this, a number of parties (stake holders) involved in the claims handling process such as garage, spare part companies, police organizations, and so on which will take substantial amount of time and energy in order to fulfill the relevant documents. Therefore, the interests of the parties involved in the policy and other third parties will make handling claims of motor class of business somewhat more problematic. For instance 'loss of use' of the customer (policy holder) who is exposed to a particular risk because of a certain accident of the insured object will make the complaint more due to a decline in the financial position of the policy holder.

Qn. 3. How do you handle customer complaint in your work unit in the company?

Ans. Through fair treatment customers are tried to be properly handled. Especially aggrieved/dissatisfied customers are given due consideration as the negative word of mouth will have a devastating impact on the Company. A genuine discussion is conducted with the complainant on the issue and way of convincing is reached in between based on the policy document. If the complaint is not resolved, with all the efforts made, it will be referred in step-wise to the next hierarchical body for better remedy.

Qn. 4. What is the effort of your unit to improve the service quality of the company?

Ans. Through giving due respect and proper attention to customers, initiate or encourage customers to have a say and listen to them carefully, to recruit competent and skillful manpower to settle claims and respond to any query on time, to have re-insurance backup for the settlement of heavy losses of customers' property, clarification of terms, and conditions, etc in the policy and add value for their satisfaction, try to win them through service excellence and make them good advocators and have belongingness to the company. Through developing existing manpower with required training to fill the gap and provide required empowerment.

Qn. 5. Has it been established proper way of receiving customers' suggestion/complaints? If no how would you entertain it?

Ans. No, it has not been established yet. It is on the process. I.e. Customer Service & Complaint Management Policy is being prepared and will be realized in the very near future. Therefore, currently customers' suggestions and/or complaints will be handled step by step as the case may be by front-line personnel, supervisor, manager and executive office.

Qn. 6. Do you think that the service delivered to customers is satisfactory and customers are happy? How do you measure it?

Ans. Yes, to some extent but not all in all are they satisfied. This is because customers have unsatisfied greed and expect more. Besides, there are internal and external factors which make the service delivery to be delayed. Such as internally- work load, the issue raised will be beyond capacity and referred to next authority level, etc and externally- understanding policy issues in times of claims, and subsequent involvement of third party, government and other bodies for evidence purposes, etc will make customers dissatisfied.

Satisfaction or dissatisfaction of customers is measured through face to face conversation with customers and their tone of voice, feedback and word of mouth.

Qn. 7. Are there enough resources to meet customers' satisfaction? If not specify the lack of resources with a possible remedy.

Ans. Yes, of course. But the existing manpower needs further required skill training in their profession to be more effective, efficient and competitive vis-à-vis with other peer companies' work force. There is also shortage of man power in some work units, service/working vehicles and utility problems as electric power interruption and tele network problems. As a remedy, the company should purchase additional working vehicles, employ required personnel, & provide generators and Evideo to minimize power interruption and network problems respectively.

Qn. 8. Do you have any other comment / suggestion regarding customer service delivery?

Ans. It is better for the company to properly and adequately start e-mail service, install call center, door to door service, adopt on time service delivery and keeping its promise, make customers have clear understanding of policy and its ingredients such as excess recovery, exceptions, fraudulent acts etc. Give due consideration for the internal workforce (employees) and motivate them, provide commensurate empowerment. Avoid unnecessary interference with in various work units from up/top to down the bottom.

4.5 The Ethiopian Insurance Industry

The major challenges/problems of the Ethiopian Insurance Industry in customer handling are: unfair/unhealthy competition on premium rate cutting(under-pricing), higher premium rates that the public or household can't afford and increasing claims cost, lack of new insurance product/service development, lack of required information exchange system among insurance companies, unfair competition between state-owned and private insurance companies, lack of public awareness of insurance, life insurance products, insurance policies & their advantages.

The main factors that determine service quality for customer satisfaction in the industry /insurance companies are: ability to perform promised services in time, capability of delivering the service with accuracy and adequacy, knowledge of the product/service, employees' courtesy towards customers, willingness to help /provide prompt services and appearance of facilities, personnel, communication skill/materials, etc. If there is a gap in the perception of these mentioned service qualities between employees and customers, customer dissatisfaction is inevitable to occur. This will have an effect on quality of service/image of insurance companies and their employees and in finality affects the ultimate business prospects i.e. profitability.

4.5.1 Functions of the Supervisory Authority with regard to Insurance Business

According to the proclamation No. 86/1994, the principal function of the supervisory authority (National Bank of Ethiopia) with regard to insurance business in the country is to formulate policy:

- a) To promote the business of insurance in Ethiopia
- b) In respect of reinsurance and of investment of insurance funds; and
- c) On such other matters as may be conducive to the attainment of sound insurance business in Ethiopia.

4.5.2 The General Status/information of the Ethiopian Insurance Industry

The first & dominant actor in the insurance industry sector is the state-owned Ethiopian Insurance Company (EIC) established in the year 1975. The total number of its branches reached 60. As it is observed in the table below (Table 4.13), NICE, Awash & Africa were established in 1994 where as, Nyala & Nile in 1995. Currently the total number of branches for NICE, Awash, Africa, Nyala & Nile reached 22, 33, 19, 21 & 32 respectively. Global & UNIC insurances were founded in the year 1977 and currently their branches reached 12 & 29 respectively. Nib Insurance Company was founded in 2002 and has 24 branches. The rest insurance companies: Lion, Ethio-life, Oromia & Abay were established in the year 2007, 2008, 2009 & 2010 respectively. Their branches in respective order are: 21, 6, 24 & 15. Berhan & Bunna founded in the year 2011 with currently available branches in number 9 & 4 respectively. Finally; Tsehay & Lucy insurers (the youngest) were established in the year 2012 with number of branches 8 & 4 respectively.

Table 4.13: The General Status of Ethiopian Insurance Industry

S.N	Name of insurer	Year/Date of Establishment	No of branches	Remark
1.	EIC	1975	60	
2.	NICE	23/09/1994	22	
3.	Awash	01/10/1994	33	
4.	Africa	01/12/1994	19	
5.	Nyala	06/01/1995	21	
6.	Nile	11/04/1995	29	3 branches recently installed
7.	Global	11/01/1997	12	
8.	UNIC	01/04/1997	29	
9.	Nib	01/05/2002	24	
10.	Lion	01/07/2007	21	
11.	Ethio-life	23/10/2008	6	
12.	Oromia	26/01/2009	24	
13.	Abay	26/07/2010	15	
14.	Berhan	24/05/2011	9	
15.	Bunna	Aug 2011	4	
16.	Tsehay	28/03/2012	8	
17.	Lucy	Nov 2012	4	
	Total		340	

Source: Own computation based on data obtained from NBE & Eth. insurance companies.

4.5.3 Nile's Market Share in the Insurance Industry vis-à-vis Competitors of General Insurance (Non-life) in GWP

As shown in the Table 4.14 below, regarding General Insurance performance of the insurance industry in Ethiopia, the 5 years average gross premium and market share for EIC (the only Government Insurance) is Birr 1,160.36 million (about 40%) and 41.31% respectively. The average gross premium and market share of the rest privately owned insurance companies in total is Birr 1747.88 Million (about 60%) and 58.69% respectively. With regard to Nile's position in the insurance industry in the five years' both average premium and market share it stood 5th in rank, next to EIC, Africa, Nib and Awash. That means Nile almost became last comparing it with main/peer group competitors. Therefore, the BOD and management of the

company should investigate all possible reasons and try to find solutions to please all internal (employees) and external customers to have a good competitive position in the industry.

Table4.14: Nile's **Market Share (in %age)** in the Insurance Industry vis-à-vis Competitors of **General Insurance (Non-life)** in **GWP** for the Period 2008/09-2012/13 (five years)

In millions Birr

S/ N	Insurance Companies	2008/09		2009/10		2010/11		2011/12		2012/13		5 Years –Average	
		Premium	Market Share	Premium	Market Share	Premium	Market Share	Premium	Market Share	Premium	Market Share	Premium	Market Share (%age)
1	Nile	126.9	8.65	138	8.11	185	7.53	267.3	7.17	256.9	5.67	194.82	7.43
2	Africa	131	8.93	176	10.35	245	9.97	343.8	9.22	310.1	6.85	241.18	9.06
3	Awash	121.5	8.28	138	8.11	195	7.94	267.3	8.66	346.5	7.65	224.78	8.13
4	Global	16	1.09	30	1.76	30	1.22	55.1	1.48	53.9	1.19	37	1.35
5	NICE	46.2	3.15	61	3.59	80	3.26	127	3.4	143.4	3.17	91.52	3.31
6	Nyala	105.1	7.16	126	7.41	139	5.66	190	5.09	243.4	5.38	160.7	6.14
7	UNIC	114.6	7.81	126	7.41	162	6.59	239	6.41	248.9	5.5	178.1	6.74
8	Nib	135	9.2	172	10.11	228	9.28	336.1	9.01	316.9	7	237.6	8.92
9	Lion	34	2.32	53	3.12	82	3.34	127.8	3.43	152.1	3.36	89.78	3.11
10	Oromia			44	2.59	84	3.42	156.5	4.2	193.4	4.27	119.48	3.62
11	Abay					23	0.94	47.5	1.27	92.3	2.04	54.27	1.42
12	Berhan							36.5	0.98	53.4	1.18	44.95	1.08
13	Ethio- Life									8.7	0.19	8.7	0.19
14	Tsehay									45	0.99	45	0.99
15	Lucy									20	0.44	20	0.44
16	Bunna											0	0
17	EIC	637.2	43.42	637.2	37.46	1,004	40.86	1,481	39.7	2,042.4	45.11	1,160.36	41.31
Non Life Total		1,467.5		1,701.2		2,457		3,730.5		4,527.3		2,908.24	

Source: Nile insurance's Corporate Budget Preparation Document for the Fiscal Year 2013/14

4.5.4 Nile's Market Share in the Insurance Industry vis-à-vis Competitors of Long-term (Life) Insurance in GWP

As shown in the Table 4.15 below, the 5 years' average gross premium and market share for EIC (the only Government Insurance) is Birr 94.96 million (about 49%) and 49.38% respectively. The

average gross premium and market share of the rest privately owned insurance companies in total have Birr 99.49 Million (about 51%) and 50.62% respectively. With regard to Nile's position in the five years' both average premium and market share has stood 5th in rank, next to EIC, Awash, Nyala, UNIC and EIC, Nyala, Awash, UNIC respectively. Similarly, here Nile's position among the peer competing groups is last. Hence the BOD & the management of the company must thoroughly discuss the possible reasons why this is so, and find the required solutions in order the company to get a better rank in the peer groups

Table4.15: Nile's **Market Share** in the Insurance Industry vis-à-vis Competitors of **Long-term (Life) Insurance** in **GWP** for the Period 2008/09-2012/13

In Millions Birr

S/ N	Insurance Companies	2008/09		2009/10		2010/11		2011/12		2012/13		5 Years - Average	
		Premium	Market Share	Premium	Market Share	Premium	Market Share	Premium	Market Share	Premium	Market Share	Premium	Market Share
1	Nile	9.5	9.49	11	8.85	12.73	7.11	18.4	6.89	20.4	6.82	14.41	7.83
2	Africa	9	8.99	10.3	8.29	12.31	6.87	13.3	4.98	20.2	6.75	13.02	7.18
3	Awash	5.5	5.49	7	5.63	18	10.05	18.7	7	60	20.06	21.84	9.65
4	Global												N.A*
5	NICE												N.A
6	Nyala	10	9.99	15	12.07	20.71	11.56	25	9.36	26.8	8.96	19.5	10.39
7	UNIC	8	7.99	10	8.05	24	13.4	15.2	5.69	16.9	5.65	14.82	8.15
8	Nib	3.6	3.6	5	4.02	10.67	5.96	13.5	5.05	13.3	4.45	9.21	4.62
9	Lion												N.A
10	Oromia							0.07	0.03	1.58	0.53	0.83	0.28
11	Abay												N.A
12	Berhan								0				N.A
13	Ethio- Life	1	1	4	3.22	4	2.23	6.2	2.32	14.1	4.71	5.86	2.7
14	Tsehay												N.A
15	Lucy												N.A
16	Bunna												N.A
17	EIC	53.52	53.46	62	49.88	76.7	42.82	156.8	58.69	125.8	42.06	94.96	49.38
Life Total		100.12		124.3		179.12		267.17		299.1		194.5	

N.A* = Data Not Available.

Source: Nile insurance's Corporate Budget Preparation Document for the Fiscal Year 2013/14

4.5.5 Comparison of Nile's Asset with peer groups in the insurance industry

in General Insurance in terms of total assets from the year 1996 to 2013:

As shown below in the Table 4.16, comparing the peer group insurance companies in the Industry with regard to total assets (total liabilities and share holders' fund) position in Balance Sheet of general insurance for 18 years; Nile was the 2nd next to EIC. I.e. it was the first among the private insurers for 12 consecutive years (1996- 2007).

But for the subsequent years, Nile left its position & had become 3rd, 4th, 5th, and 7th for the periods 2008-09, 2010, 2011-12, and 2013 respectively. This is really terrible when such a leading company among the private insurers next to EIC has gradually become lagging behind/ followers to others.

Table 4.16: Ethiopian Insurance Industry **Balance Sheet – General (None-Life) Insurance** for the Year Ended June 30, 1996-2013

(In millions Birr)

Name of Insurance Companies, their Total Assets, and Position(Rank)							
-Year -Asset -Rank	EIC	Africa	Nib	Awash	UNIC	Nile	Nyala
1996-2007: Asset (average) Rank	593.16 1 st	90.26 3 rd	47.96 7 th	73.52 5 th	59.84 6 th	111.89 2 nd	89.96 4 th
2008-2009: Asset (average) Rank	1,116.96 1 st	270.98 2 nd	126.14 4 th	96.21 6 th	63.65 7 th	126.50 3 rd	120.88 5 th
2010: Asset Rank	1,104.45 1 st	333.44 2 nd	251.28 3 rd	216.85 5 th	212.11 6 th	225.03 4 th	187.78 7 th
2011-2012: Asset (average) Rank	961.29 1 st	468.06 2 nd	390.44 4 th	399.75 3 rd	308.62 6 th	315.89 5 th	261.66 7 th
2013: Asset Rank	2,080.40 1 st	496.64 4 th	517.61 3 rd	558.71 2 nd	432.24 5 th	423.11 7 th	426.36 6 th

Own Analysis; based on source: NBE Data

4.5.6 Comparison of Nile's Asset with the peer groups in the insurance industry in Long-term Insurance in terms of total assets from the year 2001 to 2013:

As it is seen below in the Table 4.17, comparing the peer group insurance companies in the Industry with regard to total assets (total liabilities and share holders' fund) position in Balance Sheet of long-term insurance for 13 years; Nile was the 3rd in total asset position next to EIC & UNIC during the year 2001& 2002. I.e. it was the 2nd among the private insurers. The same thing happened within four subsequent periods (2003-2006).

But for the succeeding years (2007- 2009), Nile missed its position and had become 4th next to EIC, UNIC, and Africa. During the remaining four consecutive years (2010-12) & 2013) the position of Nile further declined and had become 6th next to EIC, Africa, UNIC, Nyala, Awash & EIC, Awash, Africa, UNIC, Nyala respectively. This gradual decline in the asset position of the company will eventually lead it to be less competitive, unless and otherwise a very constructive measure is taken by the concerned company's officials in order the company be more competitive and regain its position by thoroughly discussing why the company has become declined from year to year. The peer group insurers' asset position is tabulated below as follows.

Table 4.17: Ethiopian Insurance Industry **Balance Sheet – Long-term (Life) Insurance** for the Year Ended June 30, 2001-2013

(In millions Birr)

Name of Insurance Companies, their Total Assets, and Position(Rank)							
-Year -Asset -Rank	EIC	Africa	Nib	Awash	UNIC	Nile	Nyala
2001 - '02: Asset (average) Rank	132.24 1 st	4.33 5 th	N.A -	4.48 4 th	8.78 2 nd	5.61 3 rd	N.A -
2003 - '05: Asset (average) Rank	161.68 1 st	6.02 4 th	N.A -	4.19 5 th	10.78 2 nd	7.98 3 rd	N.A -
2006: Asset Rank	196.26 1 st	8.24 5 th	N.A -	8.25 4 th	11.95 2 nd	9.75 3 rd	4.51 6 th
2007: Asset Rank	219.10 1 st	11.81 3 rd	N.A -	10.64 5 th	13.17 2 nd	10.86 4 th	6.26 6 th
2008: Asset Rank	255.64 1 st	17.72 3 rd	10.84 6 th	13.62 5 th	19.03 2 nd	15.09 4 th	7.82 7 th
2009: Asset Rank	298.81 1 st	24.31 3 rd	14.77 7 th	18.57 5 th	25.11 2 nd	20.20 4 th	15.63 6 th
2010 - 2012: Asset (average) Rank	384.70 1 st	44.35 2 nd	20.64 7 th	33.75 5 th	36.48 3 rd	28.57 6 th	34.44 4 th
2013: Asset Rank	551.62 1 st	70.94 3 rd	28.48 7 th	104.67 2 nd	59.19 4 th	43.36 6 th	49.68 5 th

Own Analysis, 2014; based on source: NBE Data.

4.5.7 Status of Employees' Termination of Nile Insurance Company during the Fiscal Year 2013/14

The company has 306 permanent employees during the year specified. But as depicted in the table below 58 employees have terminated during the year.

The possible reasons for terminating an agreement are: better opportunities, self employment, further education, go to other foreign countries, not specified, disciplinary cases, retirement, and etc.

Their percentage share is displayed as follows in the table

Table 4.18 Terminated Employees of Nile Insurance Company in 2013/'14

S.N	No of Employees terminated	Percentage (%)	Possible Reasons	Remark
1.	27	46.55%	Better opportunity	
2.	8	13.79%	Self-Employment	
3.	1	1.72%	Further education	
4.	3	5.17%	Go to abroad	
5.	11	18.97%	Not specified	
6.	4	6.90%	Disciplinary measure	
7.	2	3.45%	Retirement	
8.	2	3.45%	Death	
	58	100.00%		

Own Analysis; based on source: 2013/14 Annual Report of HRMPAD of Nile.

As shown in the table above, the number of internal customers (employees) leaving the company for various reasons are many. Among the reasons, 'better opportunity' takes the lion share (about 47%). If we compare the number of terminated employees with the total employees in the company in terms of percentage, it is nearer to 19% which is significant. In terms of position, most (almost all) of those leaving the company is less and/or equal to divisional heads, senior officers, officers and so on. This is because other peer group companies' competitive pay and fringe benefits have been found more attractive. As a result of this, Nile has got a name 'training center' as it recruits employees, sooner or later they terminate and switch to other insurance companies. This has been habituated in the company which is a waste of time, money and energy in terms of frequent vacancy advertisement, screening and selection, placement, orientation, introducing new ones to existing employees, etc. Such rush out trend of terminating employees seems to continue unless the company takes a very serious measure to improve and update in time the scale of competitive salary and commensurate benefit packages and narrows the higher gap in salary/ benefit between hierarchical positions by uplifting the salary and benefit of those very low paid positions which is very discouraging and demoralizing for the workforce not to be more productive and proactive for the company's competitive advantage.

4.5.8 Policy lapsed/Terminated Customers of Nile during 2013/14 Budget Year

As depicted in the Table 4.19 below, about **36.14 million Birr premium**, which is very significant in magnitude, is lost within a year with a total policy of 5,834 due to terminated customers. The possible reason for this is due to claim complaint, high premium cost to be paid by customers to the company, loss of interest or not willing to renew, project phase out, etc of which claims complaint and high premium rate take lion share of the problems.

Due to policy lapsed or termination, 3658 number of customers left the company which is about 23% losses of customers from the City branches. As the customer service principle says keeping the existing customers with optimum satisfaction level is more advantageous than searching new ones as exploring new customers demands high cost/expense. Therefore the company should further work in customer handling in terms of excellent customer service in claim settlement, setting commensurate premium rate, proper psychological treatment to please customers to renew their policies and creating warmest customer relationship.

Table 4.19: Status of A.A City Branch customers of Nile whose policy lapsed/terminated during 2013/14 budget Year

S.N	Name of Branch	No of Terminated Customers	No of Lapsed Policies	Premium Lost (Birr)
1.	Kirkos	531	803	9,020,000.29
2.	Tewodros	386	468	3,757,030.68
3.	Addisketema	382	453	1,646,618.98
4.	Beklobet	665	818	6,337,124.05
5.	Gerji	437	598	2,375,924.66
6.	Kality	384	476	2,060,597.00
7.	Bole	170	225	1,161,166.17
8.	Life	2	2	293,000.00
9.	Abakoran	468	641	4,720,200.85
10.	Megenagna	233	1350	4,764,384.21
	Total	3,658	5834	36,136,046.89

Own Analysis; based on source: 2013/14 Data of Branch Operations Dep't of Nile

4.5.9 Relationship between SERVQUAL dimensions and customer satisfaction

The table 4.2, below, shows the nature of correlation exists between customer satisfaction and service quality dimensions (based on SPSS version 20, Annex V). We can observe that all the eight service quality dimensions have significant correlation with customer satisfaction.

As we see from the table 4.20 below, the highest correlation is between customer satisfaction and complaint handling with correlation coefficient of 0.947. This strong correlation signifies the importance of executing customer complaints handling policy in place which has strong human touch elements on the realization of customer satisfaction. The other human touch variable is the underwriting service proved to have strong positive relationship with customer satisfaction by scoring the second highest correlation with correlation coefficient of 0.941. Here clarification/simplification of policies, proposals, etc, & constant use of professionals/employees with technical skill/competency have strong correlation with satisfaction. Tangibles scored the third highest correlation coefficient which is 0.939. This strong correlation shows that the company should provide appealing physical facilities & equipment, attractive working environment and well-dressing employees to satisfy its customers. Claims service scored the fourth highest correlation coefficient of 0.930. The result shows the importance of providing adequate guide and service to customers, adequate empowerment to the concerned employees to solve encountered problems.

Reliability scored the fifth highest correlation coefficient, 0.928. The result shows the importance of respecting promises and in time service delivery, keeping up-to-date/accurate records to the satisfaction of customer.

Responsiveness scored the sixth highest correlation coefficient with customer satisfaction, 0.922. The result shows the significance of being interested to assist & give prompt service to customers, always respond to customers' request. Assurance scored the seventh highest correlation coefficient, 0.920 with customer satisfaction. This means that assuring customers'

service request is duly followed-up, equip front-line employees with required capacity/knowledge to answer customer's request and provide individual attention to customers. Empathy scored the eighth highest correlation coefficient, 0.919 with customer satisfaction. The result shows that understanding customers' specific needs, best interest, personal attention and time convenience are of paramount importance for their satisfaction.

Table 4.20: Relationship between Customer satisfaction and Service quality dimensions

	Tang	Reliab	Respo nsiv	Assur	Empathy	U/writing	Claims	C/handling
Spearman's rho								
Customer satisfaction correlation Coefficient	.939**	.928**	.922**	.920**	.919**	.941**	.930**	.947**
Sig. (2-tailed)	.000	.000	.000	.000	.000	.000	.000	.000
N	94	94	94	94	94	94	94	94

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

Own Survey, 2014

4.5.10 Frequency, Mean and Mean average of Customers' perception on SERVQUAL Dimensions

SPSS has also been applied to test status of customers' perception on the 5 service quality dimensions and 3 additional variables, in total 8 dimensions.

As it is well observed in the table 4.21 below, each mean and mean-average score of all the service quality dimensions are higher than the median value of 3. This shows that customers' perception of service quality is higher regarding that Nile insurance company needs to:

have better physical appearance & modern equipment, perform the promised service accurately/dependably, be willing to help customers & provide prompt service, have better knowledge & courtesy of employees to inspire trust and confidence, give individualized attention & care of customers, prepare documents/policies in more understandable language to customers, adequately empower its employees to solve customers' problems & improve accessibility to customers in occurrence of claims, implement Customer service and

Complaint Management Policy in order to provide standardized service delivery and ultimate customer satisfaction.

Table 4.21: Frequency, Mean and Mean average of Customers' perception on SERVQUAL Dimensions:

Tangibles	1	2	3	4	5	Total	Mean	Mean Average
Tangible 1	4	4	9	46	31	94	4.02	4.01
Tangible 2	5	5	8	33	43	94	4.11	
Tangible 3	2	4	4	36	48	94	4.32	
Tangible 4	7	10	21	34	22	94	3.57	
Reliability	1	2	3	4	5	Total	Mean	Mean Average
Reliability 5	3	3	12	37	39	94	4.13	4.17
Reliability 6	3	5	12	35	39	94	4.09	
Reliability 7	3	5	12	38	36	94	4.05	
Reliability 8	3	3	11	33	44	94	4.19	
Reliability 9	3	2	7	27	55	94	4.37	
Responsiveness	1	2	3	4	5	Total	Mean	Mean Average
Responsiveness 10	3	4	7	34	46	94	4.23	4.18
Responsiveness 11	3	3	8	32	48	94	4.27	
Responsiveness 12	2	3	6	36	47	94	4.31	
Responsiveness 13	8	3	15	33	35	94	3.89	
Assurance	1	2	3	4	5	Total	Mean	Mean Average
Assurance 14	4	2	11	34	43	94	4.17	4.20
Assurance 15	3	4	9	26	52	94	4.28	
Assurance 16	4	1	5	37	47	94	4.30	
Assurance 17	3	3	8	35	45	94	4.23	
Assurance 18	4	5	15	33	37	94	4.00	
Empathy	1	2	3	4	5	Total	Mean	Mean Average
Empathy 19	3	1	7	41	42	94	4.26	4.23
Empathy 20	2	4	12	27	49	94	4.25	
Empathy 21	3	4	8	32	47	94	4.23	
Empathy 22	2	4	10	39	39	94	4.16	

Table 4.21: Frequency, Mean and Mean average of Customers' perception on SERVQUAL Dimensions (cont'd):

Underwriting	1	2	3	4	5	Total	Mean	Mean Average
Underwriting 23	3	4	10	30	47	94	4.21	4.02
Underwriting 24	2	4	7	36	45	94	4.26	
Underwriting 25	4	7	10	29	44	94	4.09	
Underwriting 26	5	8	16	32	33	94	3.85	
Underwriting 27	5	12	17	31	29	94	3.71	
Claims service	1	2	3	4	5	Total	Mean	Mean Average
Claims service 28	3	6	14	32	39	94	4.04	4.12
Claims service 29	4	2	12	39	37	94	4.10	
Claims service 30	3	3	13	42	33	94	4.05	
Claims service 31	4	2	7	32	49	94	4.28	
Complaint handling	1	2	3	4	5	Total	Mean	Mean Average
Complaint handling 32	5	8	18	28	35	94	3.79	3.94
Complaint handling 33	2	7	15	37	33	94	3.98	
Complaint handling 34	4	6	10	35	39	94	4.05	

Own survey, 2014

Chapter Five: Summary, Conclusion, Recommendation, & Future Work

5.1 Summary of Major Findings

Based on the data analysis & interpretation the major findings are summarized as follows:

- 30% of front-line employees were not happy in their job, because of work load, routine nature of the work, no promotional growth, and unsatisfactory salary and yet needs a long journey to reach the top/middle level management to get optimum pay and benefit package.
- With regard to taking training in relation to customer service delivery or complaint handling, 30% of the employees have not got the chance to train. This is because of being new and/or hesitates of the company to attain such issues.
- Giving the opportunity to employees to participate in decision making with regard to service delivery, 20% of the employees haven't given the chance to make decision.
- Regarding duration (time) of existence of customers in the company, 56.38% of the company customers are new entrants existed with the range of 0-5 years.
- With regard to the type of insurance coverage in the Company/Branch, motor insurance cover is the dominant of all, which accounts 72.34% and as well a great source of customer complaint during maintenance and claims.
- With regard to the nature of working environment, availability of parking, security checkup, about 40% of neutrality and dissatisfaction was observed.
- There was on average 17% in both neutrality and dissatisfaction of customers with regard to Assurance in terms of service follow-up, knowledge/capacity of employees, and giving individual attention to dissatisfied customers.

- The neutrality and dissatisfaction level of customers on average is about 16% regarding Empathy in providing quality services, specific needs, and giving attention for customers best interest.
- The neutrality and dissatisfaction of customers is above 24% with regard to Underwriting Services such as in the areas of preparing documents in the widely understood languages to customers, clarification on insurance policies, constant use of professionals.
- With regard to the performance of Claims Service, the size of neutral and dissatisfied customers on average is above 19% - in terms of adequate guide and service to customers, adequate empowerment to employees, and improving accessibility to customers in time of claims happening.
- In the analysis of customers' Complaint handling Service, the total percentage of dissatisfied and neutral customers on the average is 27%, which is very significant to deserve attention. The overall performance is moderate, as only 37.94% of customers are highly satisfied on the average.
- With regard to Nile's comparative position in the insurance industry in the five years' (2008/09-2012/13) average premium and market share in general and long-term insurance, Nile almost became last comparing with main/peer group competitors/insurers.
- Comparing the peer group insurance companies in the Industry with regard to total assets (Total Liabilities and Share Holders' Fund) position in the Balance Sheet of general insurance for 18 years; Nile was the 2nd next to EIC or the first among the private insurers for 12 consecutive years (1996- 2007). But for the subsequent years, Nile left its position and had become 3rd, 4th, 5th, and 7th for the periods 2008-09, 2010, 2011-12, and 2013 respectively.

- Comparing the peer group insurance companies in the Industry with regard to total assets (Total Liabilities and Share Holders' Fund) position in the Balance Sheet of long-term insurance for 13 consecutive years, Nile was the 3rd in total asset position next to EIC & UNIC or 2nd among private insurers for six subsequent periods (2001-2006). But for the succeeding years (2007-2013) Nile missed its position and had become 4th & 6th in rank.
- There has been higher turnover (termination) of employees and customers in Nile in the year 2013/14. The number of terminated employees compared with the total number of employees in the Company in terms of percentage is nearer to 19% which is significant. Due to policy lapsed or termination, 3658 number of customers left the company which is about 23% losses of customers from the City branches only. In terms of premium revenue, Nile has lost Birr **36,136,046.89** within a year from city branches only, which is very significant in amount, due to the termination of those customers with a total number of lapsed policies of 5,834.
- The observable challenges in the insurance industry with regard to customer handling are: unhealthy premium rate cutting, increasing claims cost, lack of information exchange system, lack of public awareness of insurance & new insurance product/service development & unfair competition between the state-owned and private insurance companies.

5.2 Conclusions

The study used SERVQUAL Model to analyze the level of customer satisfaction by measuring customers' perception with regard to quality service delivered by the insurance using the five service quality dimensions which are Tangibles, Reliability, Responsiveness, Assurance and Empathy plus three additional variables, i.e. Underwriting, Claims service and Complaint Handling. These eight dimensions and their respective attributes of the model are

expressed using a five point Likert Scale Model in the manner: Very dissatisfied, Dissatisfied, Neither Satisfied nor Dissatisfied, Satisfied, and Very satisfied.

Therefore, based on the findings of the study, the following conclusion is forwarded:

- The company has accomplished less in terms of providing training and pleasing its employees in their job in relation to customers' complaint handling & motivational packages with regard to salary & benefit package. If the company doesn't care & appreciate its staff, they might move to other better competitors which satisfy them.
- About 20% of the employees were not empowered to make decision with regard to service delivery in the company. This will make a delay in terms of time & wastage of energy and money of the company's customers.
- Motor class of business is the dominant of all in terms of insurance coverage which accounts 72.34%, and also a good source of premium. Unless and otherwise, this business is well done with excellent and prompt service delivery, it will be a source of complaint in claims handling, as a result, this will make the customers to switch to other insurers which provide them proper service.
- Regarding duration (time) of existence of customers in the company, more than half (56.38%) of the company customers are new entrants existed with the range of 0-5 years. This shows that there is a tendency of outgoing long-existed customers which makes the company to lose good amount of premium revenue.
- Nearly, 40% of neutrality and dissatisfaction of customers was observed in the nature of working environment, availability of parking & security checkup. Unless due consideration is given to improve, customers will be further dissatisfied and hesitated to come to the company.
- In Assuring service follow-up & capacity of employees in giving individual attention to dissatisfied customers, 17% of dissatisfaction and neutrality was observed. Regarding

Empathy, too, the dissatisfaction & neutrality level of customers on average is about 16% in providing quality services, specific needs and giving attention to best interest of customers. Therefore, employees be further equipped with required knowledge and motivation to be proactive and self starter in pleasing the dissatisfied customers utmost individually to retain them sustainably.

- With regard to underwriting services, dissatisfaction and neutrality of customers is more than 24% which really deserves due attention, care and emphasis as underwriting service is the ultimate source of the company's overall revenue. Therefore, it requires an all-out and concerted effort to improve the service such as preparing required documents in the widely understandable languages in which customers can easily understand such as in Amharic, etc, regular use of professionals, and equip employees with necessary technical and professional skill.
- As far as claims service is concerned, the total size of dissatisfaction and neutrality is above 19%. This also needs due care. If claims handling process makes customers annoyed in every class of insurance business, especially in motor insurance business which contributes major share of revenue, the company will lose its comparative financial position as customers are forced to exit and go to other competitors. Hence, adequate training & empowerment to employees is required in order to provide adequate guide and immediate service and accessibility to customers in time of claims occurrence.
- The total percentage of dissatisfied and neutral customers on the average is 27% regarding Complaint Handling Service. As this is significant, it requires top attention. I.e. executing Customer Service and Complaint Management Policy in place is of paramount importance for the company to provide standardized service delivery and ultimate customer satisfaction.

- In the average premium and market share analysis of the insurance industry in general and long-term insurance in the five years period (2008/09-2012/13), Nile had become almost last in rank among its peer groups. Besides, in total assets position in both general and long-term insurances (for 18 and 13 years respectively), Nile had steadily declined from year to year and lost gradually its remarkable financial position and had become at the bottom of the rank as compared to its peer groups. Therefore, this trend will further continue and Nile will also be subsequent to other insurance companies other than the peer groups in its market share and financial position if and only if the company doesn't take sound, proactive and participatory measures with required stake holders to make a great deal of improvement to regain its competitive & comparative position.
- There has been observed higher turnover of customers and employees in the Company in 2013/14. Due to policy termination, 3658 number of customers left which is about 23% loss of customers from the City branches only. As a result of this, Nile has lost 5,834 policies with a total of Birr **36,136,046.89** premium revenue. With regard to employees, 19% of the total number of employees has terminated which is significant. Hence, Nile should revisit and radically improve its way of handling in both external and internal customers with duly attractive relationships in all aspects with particular emphasis in excellent customer service and competitive pay and benefit packages.

5.3 Recommendations

Based on the overall assessment and findings of the research/study, the following major recommendations are forwarded:

- Nile Insurance Company Management should strive to satisfy its customers by creating proper communication, favorable working environment and show commitment towards achieving the desired needs and wants of customers. Due to policy lapsed, significant number of customers left the company which is about 23% losses of customers from the

City branches. More than half of the company customers are new entrants who have existed with the range of 0-5 years. This shows that there is a tendency of outgoing long-existed & potential customers which makes the company to lose good amount of income. Therefore, I recommend that the company should improve its way/strategy of customer handling as customers are kings and/or queens with a source of premium revenue.

- As far as Tangibility is concerned, it is recommended that the company should fulfill good working environment such as: required parking for vehicles & well furnished office in branches, as the magnitude of neutrality & dissatisfaction of customers is high, which is about 40%. This makes customers hesitate to come to the company.
- Regarding empathy, assurance, responsibility & reliability, though the satisfaction of customers is positive, much has to be made in terms of customers' best interest /needs, service follow-up & individual attention, promise keeping in fulfilling customers' needs, keeping the up-to-date and accurate records related to customer's policy.
- With regard to Underwriting services, dissatisfaction and neutrality of customers is more than 24% which really deserves due attention, care and emphasis as underwriting service is the ultimate source of the company's overall revenue. Therefore, it is strongly recommended that an all-out and concerted effort is to be made to improve the service quality such as preparing required documents in the widely understandable languages in which customers can easily comprehend, such as in Amharic, etc, regular use of professionals, and equip employees with necessary technical and professional skill.
- Regarding Claims service, I strongly recommend that the company should show the required dedication & make it practical in providing: adequate guide & service to customers, adequate empowerment to the concerned employees to solve problems on spot, & improve accessibility to customers in time of claims occur to minimize the shortfall as neutral & dissatisfied customers in this regard is on average above 19%.

- As per the analysis of the eight service quality dimensions, with regard to Complaint handling service, the level of customer satisfaction on average is the least of all, which was about 73%. On the other hand, the total percentage of dissatisfied and neutral customers on the average is 27%. Therefore, it is highly recommended that the company should give top concern in installing appropriate complaint handling procedure in place and act accordingly to fully resolve complaints and retain satisfied & loyal customers for the long-run via quality and prompt service delivery.
- In the Gross written premium (GWP), Market share & Total Assets analysis of the insurance industry, in general & long-term insurance, Nile had become steadily declined from year to year and lost gradually its remarkable financial position and found almost at the bottom of the rank as compared to its peer groups. Therefore, I strongly recommend that the company should feel repentant to take all required endeavor, proactive & participatory measures with all concerned in order to make a great deal of all-round improvement in appropriate customer handling & quality service delivery in the eyes of the customer to regain its competitive strength & comparative position in the industry.
- As per the analysis, there has been observed high turnover of employees, which is about 19% of the total number of employees in Nile. Among the reasons, employees left the company; 'better opportunity' takes the lion share (about 47%). Therefore it is strongly recommended that the top officials of the company should take constructive measure to improve/update the scale of competitive salary & benefit packages & narrow the higher gap in salary/ benefit between hierarchical positions by uplifting the salary & benefit of those very low paid position which is discouraging and demoralizing for the workforce not to be more productive and proactive for the company's competitive advantage.
- Training should be conducted for all staffs as required, especially for front-line customer contact employees on Customer/complaint handling so that they can exert their

maximum possible efforts to improve service quality and retain existing loyal customers with the possibility of attracting newcomers.

- Even though the result based on SERVQUAL dimensions is moderately satisfied in terms of service perception, on average about 21% of the customers are at neutral and dissatisfaction level of service. This indicates there is a high probability for these customers to switch to other nearby competitors to get prompt service. Therefore, the company should strive to gain more & pertinent information about the attitudes of its customers with regard to quality service & prepare plan to improve weaknesses sustainably. Satisfying customers' service expectation is critical to the company to stay within the insurance market and regain its position within its peer competitors.
- With regard to the prevailing problems in the insurance industry such as unfair competition in premium pricing, unhealthy competition between state-owned & private insurance companies the supervisory authority (NBE) should make practical endeavor to resolve such unnecessary situations in order to promote sound insurance business in Ethiopia.

5.4 Future Work

As this is the first study on Customer Handling in Nile Insurance Company in the Ethiopian Insurance Industry, the limitation of the study would be overcome by adopting new approaches to the future research. In general, the following points could be cited as to be included or considered for the upcoming studies in the field.

5.4.1 Samples from many firms as possible

Even if customers of Ethiopian insurance industry have much in common, each insurance company may have its own special characteristics in terms of customer handling services. Hence, it is important to consider large samples from many insurance industries to come up with a very detail analysis.

5.4.2 Considering Large Sample Size

Though adequate for analysis in relation to other studies, the samples on which this study was undertaken were small. This can be considered as further limiting the generalization of the findings.

5.4.3 Using Alternative Sampling Method

Even though, a special sampling style is common in management studies, it may have its own limitation, as the study adopted with systematic random sampling. However, for further study, together with a large sample size and incorporate more number of companies from the industry a change in sampling techniques may cause deviation from the present study result.

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Annex

Annex I

Indira Gandhi National Open University (IGNOU), India

School of Graduate Studies

MBA Program (Operations Management)

Questionnaire for Customers

Dear Respondent,

This questionnaire is designed to gather data regarding customer handling in relation to insurance service and delivery in the insurance industry in Ethiopia, the case study at Nile Insurance Share Company. The purpose of the study is to fulfill a thesis requirement for the Master of Business Administration (MBA) at IGNOU in Distance Education Program. Besides to recommend for the improvement of required customer service if there is a gap in the quality of customer service delivery.

Your genuine, esteemed and timely response for the questions enclosed here is extremely important for the successful completion of my thesis. The information that you provide will be used purely for the purpose of academic study and will be kept strictly confidential.

Therefore, I kindly request you to respond each question carefully to help me be able to accomplish the project on time.

Please Note:

1. No need of writing your name.
2. Where alternative answers are given, encircle your choice and put “√” mark where required.
3. Please return the completed & filled questionnaire in time.

I would like to thank you very much in advance for your cooperation and sparing your valuable time to fill the questionnaire and return timely.

With Best Regards,

Berhanu Belay

Code No: ____

Annex I

Indira Gandhi National Open University (IGNOU), India

School of Graduate Studies

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Questionnaire for Customers of Nile Insurance S.C (Section I-III)

Section I Personal Information:

Please put a thick ‘√’ mark where appropriate:

1. Gender: Male Female
2. Age (Year): 18-30 31-45 46-60 above 60
3. Occupation: Doing own business Private organization employed
Government employee NGO's employee other
4. How long are you a customer of the Company?
More than 10 years 6-10 years 1-5 years Less than 1 year
5. What type of insurance cover do you have in the company/branch? (Select more than one, if there is any)
Motor Marine Fire and lightning Life insurance other
6. How frequent do you come to the Branch/Company to get service in a month?
1 time 1-3 times 4-6 times 7-10 times more than 10 times

Section II: Service Satisfaction Questionnaire for customers

Please rate the degree of satisfaction of the following services being provided by the company/branch on scale of five points by **circling** a number among the five alternatives.

Where: **1**=Highly dissatisfied, **2**= Dissatisfied, **3**= Neutral, **4**= Satisfied, **5**=Highly satisfied

S.N	Comparison Factors/SERVQUAL Dimensions or Attributes	Rating Points				
	Tangibles:					
1.	the physical facilities of the service provider such as logo, agenda, building, office furniture, etc will be appealing	1	2	3	4	5
2.	The availability of modern technology and equipment such as PREMIA, computer soft wares, etc	1	2	3	4	5
3.	Neatness of employees and well-dressing, their approaches	1	2	3	4	5
4.	The nature of working environment, availability of parking, security checkup, etc	1	2	3	4	5
	Reliability:					
5.	The service provider respects its promises to fulfill customer requirements	1	2	3	4	5
6.	The service provider performs service delivery in time	1	2	3	4	5
7.	At time of the customer is in problem, the service provider shows due interest in solving it	1	2	3	4	5
8.	Service giver keeps the up-to-date records related to customer's policy accurately	1	2	3	4	5
9.	The service provider is dependably serves customer	1	2	3	4	5
	Responsiveness:					
10.	Employees tell customers exactly when services are performed	1	2	3	4	5
11.	Employees give prompt service to customers	1	2	3	4	5
12.	Employees are always interested to assist customers	1	2	3	4	5
13.	Employees are never too busy to respond to customers' request	1	2	3	4	5
	Assurance:					
14.	The behavior of employees inspires confidence in customers	1	2	3	4	5
15.	Customers feel assured that service requests are duly followed up.	1	2	3	4	5
16.	Front line personnel provide services in courteous and friendly manner	1	2	3	4	5
17.	Front line employees have capacity/knowledge to answer customers' questions	1	2	3	4	5
18.	Service providers give customers individual attention	1	2	3	4	5
	Empathy:					
19.	Service providers have operating hours convenient to all their customers	1	2	3	4	5
20.	Employees providing quality services give personal attention to customers	1	2	3	4	5

21.	Service provider gives attention for customer's best interest, heartily	1	2	3	4	5
22.	Service provider understands the specific needs of its customers	1	2	3	4	5
	Underwriting Service:					
23.	Employees be committed to give clarification on insurance policy benefits, rights and duties of concerned parties	1	2	3	4	5
24.	Employees providing underwriting service have the necessary technical and professional skill/competence	1	2	3	4	5
25.	Service providers simplify insurance documents; such as policies, proposals, endorsements, claims procedures, etc. to suite customers	1	2	3	4	5
26.	Service providers build constant use of professionals; like agents, surveyors, lawyers, etc to advice customers on insurance matters	1	2	3	4	5
27.	Service providers prepare documents in the widely understood languages to customers	1	2	3	4	5
	Claims Service:					
28.	Employees provide adequate guide and service to customers in case of claims	1	2	3	4	5
29.	Service providers are accessible to customers in time of claims via telephone, in person, in writing, etc.	1	2	3	4	5
30.	Employees providing claims service have adequate empowerment to solve customer's problem.	1	2	3	4	5
31.	Employees assigned in claims service are free of integrity/ ethical problems	1	2	3	4	5
	Complaint Handling:					
32.	Service providers installed complaint handling procedures in place to the customers.	1	2	3	4	5
33.	Complaints handling procedure/system of service provider is time effective.	1	2	3	4	5
34.	Complaint handling procedure at service provider is simple and straight forward.	1	2	3	4	5

Section III: Overall Service Quality and Satisfaction Questionnaire.

Please **circle** the number below, for your choice:

1. How do you evaluate the overall service quality provided by the company/branch?

5= Very high 4= High 3= Neutral 2= Low 1= very low

2. To what extent are quality and efficient service delivery important for customer satisfaction in your view?

5= Extremely highly important 4= Highly important 3= Neutral 2= Less important

1= Extremely less important

3. In general, how satisfied are you with the insurance service provided by the company?

5= Highly satisfied 4 satisfied 3= Neutral 2= Dissatisfied 1= Highly dissatisfied.

Annex I

[Questionnaire for Customers of Nile Insurance: translated into Amharic language]

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Code No: _____

Annex I

..... (IGNOU) ...

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..... (I-III)

••• I: ••• •••:

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1. ••: ••• □ •• □

2. ••• (•••••): 18-30 □ 31-45 □ 46-□ 60 •□

3. •• : ••• ••• ••• •• □ ••• ••• ••• □

••••• ••••• □ "•••" ••• •□ • □

4. ••••• ••••• ••• •• ••• •• •••••?

•10 ••• •• □ 6-10 •• □ 1-5 •• □ •1 ••• •• □

5. •••••/••••• ••••• •••••/••••• ••••• ••••• ••• ••? (•••••

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6. ••• ••• ••••• ••••• •• •••••/••••• ••• •• •••••?

1 •• □ 1-3 •• □ 4-6 •□ 7-10 □ 10 •• □

••• II: ••••••• •••••• ••••• ••••• •••••

•••••••/••••••• ••••• ••••• ••••• ••• •••••••• ••••• •••••

••• ••• 1-5 ••••• ••••• ••••• ••••• ••••••••• •••••

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•••••• 1 = ••• ••••• ••••••• 2 = ••••• ••••••• 3 = ••••••• ••••••• 4 =

•• ••• 5 = ••• •• ••••

•••	••••• ••••• ••••• ••••• •••••	••••• •••••				
	••••• (Tangibles):					
1.	••••• ••• ••••• ••••• ••••• ••••• ••••• ••••• ••••• ••• ••••• ••••• ••• ••••• ••••• ••••• ••• ••• •••••••••	1	2	3	4	5
2.	••••• ••••• ••• ••••••• ••• ••••• ••••• ••••••••• ••••• ••••• ••••• ••••• ••••• ••••• •••••	1	2	3	4	5

3.	1	2	3	4	5
4.	1	2	3	4	5
 (Reliability):					
5.	1	2	3	4	5
6.	1	2	3	4	5
7.	...../..... ...../.....	1	2	3	4	5
8.	..... .....	1	2	3	4	5
9.	.....	1	2	3	4	5
	..... (Responsiveness):					
10.	..... .....	1	2	3	4	5
11.	...../.....	1	2	3	4	5
12.	..... (.....) .	1	2	3	4	5
13.	..... .....	1	2	3	4	5
	..... (Assurance):					
14.	...../..... .....	1	2	3	4	5
15.	..... .....	1	2	3	4	5
16.	..... .....	1	2	3	4	5
17.	..... ..... (.....)	1	2	3	4	5
18.	..... (.....) .....	1	2	3	4	5
	..... (Empathy):					
19.	.....	1	2	3	4	5
20.	..... .....	1	2	3	4	5
21.	.....	1	2	3	4	5

					
22.	..... (.....) ..... .....	1	2	3	4	5
	..... (Underwriting Service):					
23.	..... .....	1	2	3	4	5
24.	..... ...../.....	1	2	3	4	5
25.	..... ..... .....	1	2	3	4	5
26.	..... (..... .....) ...../.....	1	2	3	4	5
27.	..... .....	1	2	3	4	5
	..... (Claims Service):					
28.	..... .....	1	2	3	4	5
29.	..... ..... .....	1	2	3	4	5
30.	..... .....	1	2	3	4	5
31.	...../..... .....	1	2	3	4	5
	..... (Complaint Handling):					
32.	..... .....	1	2	3	4	5
33.	...../..... .....	1	2	3	4	5
34.	...../..... .....	1	2	3	4	5

III:

 1./?
 1 = 2 = 3 =

3. Educational Status: High School Complete Diploma Degree
Master
4. Work Unit: Underwriting Claims Engineering Other
5. How long have you been serving in the insurance company?
Less than 1 year 1 -3 years 3 – 5 years above 5 years
6. Are you happy with your job?
Yes No
If no, what are the possible reasons? _____
7. How is your interaction or communication with customers?
Very good Good Moderate Poor Very poor
8. Have you ever taken any training in relation to customer service delivery/complaint handling?
Yes No
9. If the answer for question no 8 is ‘No’ what do you suggest is the reason for this? ___
10. How do you rate your capacity/knowledge regarding the standard of your service delivery?
Very good Good Moderate Poor Very poor
11. Does the company give a chance to employees to participate in decision making with regard to service delivery?
Yes No
12. If your answer for question 11 is ‘No’ what do you think the reason? _____
13. Do you have any suggestion or comment to make with regard to excellent service provision? _____.

Annex III

Indira Gandhi National Open University (IGNOU), India

School of Graduate Studies

MBA Program (Operations Management)

Interview Questions for Managers

Dear Respondent,

This **interview question** is designed to gather data regarding customer handling in relation to insurance service and delivery in the insurance industry in Ethiopia, the case study at Nile

Insurance Share Company. The purpose of the study is to fulfill a thesis requirement for the Master of Business Administration (MBA) at IGNOU in Distance Education Program. Besides to recommend for the improvement of required customer service if there is a gap in the quality of customer service delivery.

Your genuine, esteemed and timely response for the questions is extremely important for the successful completion of my thesis. The information that you provide will be used purely for the purpose of academic study and will be kept strictly confidential.

Therefore, I kindly request you to respond each question carefully to help me be able to accomplish the project on time.

I would like to thank you very much in advance for your cooperation and sparing your valuable time in the interview conversation.

With Best Regards,

Berhanu Belay

Code No: ____

Annex III

Indira Gandhi National Open University (IGNOU), India

School of Graduate Studies

MBA Program (Operations Management)

Interview Questions for Managers of Nile (Sec. V)

Section V: Interview Questions for Operational & Branch Managers

1. What is customer for you & how is your interaction? _____

2. In which areas of the “insurance products” is complaint more visible? _____.
3. How do you handle customer complaint in your work unit in the company? ___.
4. What is the effort of your unit to improve the service quality of the company? _____.
5. Has it been established proper way of receiving customers’ suggestion/ complaints? If no how would you entertain it? _____.
6. Do you think that the service delivered to customers is satisfactory and customers are happy? How do you measure it? _____.
7. Are there enough resources to meet customers’ satisfaction? If not specify the lack resources with a possible remedy _____.
8. If you have any other comment/suggestion regarding customer service delivery?

Annex IV

Sample size determination table

Sample Size for $\pm 3\%$, $\pm 5\%$, $\pm 7\%$, and $\pm 10\%$ Precision Levels where Confidence Level is 95% and $P=.5$.

Size of Population	Sample Size (n) for Precision (e) of:			
	$\pm 3\%$	$\pm 5\%$	$\pm 7\%$	$\pm 10\%$
500	a	222	145	83
600	a	240	152	86
700	a	255	158	88
800	a	267	163	89
900	a	277	166	90

1,000	a	286	169	91
2,000	714	333	185	95
3,000	811	353	191	97
4,000	870	364	194	98
5,000	909	370	196	98
6,000	938	375	197	98
7,000	959	378	198	99
8,000	976	381	199	99
9,000	989	383	200	99
10,000	1,000	385	200	99
15,000	1,034	390	201	99
20,000	1,053	392	204	100
25,000	1,064	394	204	100
50,000	1,087	397	204	100
100,000	1,099	398	204	100
>100,000	1,111	400	204	100

a = Assumption of normal population is poor (Yamane, 1967). The entire population should be sampled.

Source: Yamane, 1967

Annex V
Nonparametric Correlations Analysis
Correlations

		Cust. Satis	Tang	Reliab	Resp onshiv	Assur	Empa thy	U/wri ting	Claims	C/handlg	
Spearman's rho	Cust Satis	Correlation Coefficient	1.000	.939**	.928**	.922**	.920**	.919**	.941**	.930**	.947**
		Sig. (2-tailed)	.	.000	.000	.000	.000	.000	.000	.000	.000
		N	94	94	94	94	94	94	94	94	94
	Tang	Correlation Coefficient	.939**	1.000	.926**	.901**	.893**	.898**	.951**	.944**	.835**
		Sig. (2-tailed)	.000	.	.000	.000	.000	.000	.000	.000	.000
		N	94	94	94	94	94	94	94	94	94
	Reliab	Correlation Coefficient	.928**	.926**	1.000	.968**	.957**	.964**	.961**	.976**	.820**
		Sig. (2-tailed)	.000	.000	.	.000	.000	.000	.000	.000	.000
		N	94	94	94	94	94	94	94	94	94
	Respons	Correlation Coefficient	.922**	.901**	.968**	1.000	.987**	.996**	.938**	.945**	.816**
		Sig. (2-tailed)	.000	.000	.000	.	.000	.000	.000	.000	.000
		N	94	94	94	94	94	94	94	94	94
	Assur	Correlation Coefficient	.920**	.893**	.957**	.987**	1.000	.983**	.929**	.934**	.818**
		Sig. (2-tailed)	.000	.000	.000	.000	.	.000	.000	.000	.000
		N	94	94	94	94	94	94	94	94	94
	Empathy	Correlation Coefficient	.919**	.898**	.964**	.996**	.983**	1.000	.935**	.941**	.814**
		Sig. (2-tailed)	.000	.000	.000	.000	.000	.	.000	.000	.000
		N	94	94	94	94	94	94	94	94	94
U/writing	Correlation Coefficient	.941**	.951**	.961**	.938**	.929**	.935**	1.000	.981**	.836**	
	Sig. (2-tailed)	.000	.000	.000	.000	.000	.000	.	.000	.000	
	N	94	94	94	94	94	94	94	94	94	
Claims	Correlation Coefficient	.930**	.944**	.976**	.945**	.934**	.941**	.981**	1.000	.820**	
	Sig. (2-tailed)	.000	.000	.000	.000	.000	.000	.000	.	.000	
	N	94	94	94	94	94	94	94	94	94	
C/handling	Correlation Coefficient	.947**	.835**	.820**	.816**	.818**	.814**	.836**	.820**	1.000	
	Sig. (2-tailed)	.000	.000	.000	.000	.000	.000	.000	.000	.	
	N	94	94	94	94	94	94	94	94	94	

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

Own analysis, 2014; based on SPSS data analysis 20.0