



ST. MARRY'S UNIVERSITY
SCHOOL OF GRADUATE STUDIES
DEPARTMENT OF GENERAL BUSINESS ADMINISTRATION

ASSESSMENT OF SERVICE QUALITY AND ITS IMPACT ON
CUSTOMER SATISFACTION: THE CASE OF OROMIA INSURANCE
S.C.

BY
HELEN GEBREMESKEL

ADDIS ABABA
JUNE, 2017

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A THESIS SUBMITTED IN PARTIAL FULFILLMENT OF
REQUIREMENTS FOR DEGREE OF MASTER IN BUSINESS
ADMINISTRATION

BY
HELEN GEBREMESKEL
ADVISOR: ASFAW YILMA (PhD)

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APPROVED BY BOARD OF EXAMINERS

Dean, Graduate Studies

Signature and Date

Thesis Advisor

Signature and Date

Internal Examiner

Signature and Date

External Examiner

Signature and Date

DECLARATION

I, *Helen Gebremeskel* declare that the work I am submitting for assessment entitled “*Assessment of Service Quality and Its Impact on Customer Satisfaction: The Case of Oromia Insurance Company*” is my original work and that it has never been presented to any University or Institution for an award of any academic qualification. No section copied in whole or in part from any other source unless explicitly identified in quotation marks and with detailed, complete and accurate referencing.

Signature of the Candidate

Helen Gebremeskel

ID Number SGS/0258/2008A

Date June, 2017

ENDORSEMENT

This is to certify that *Helen Gebremeskel* carried out her thesis on “*Assessment of Service Quality and Its Impact on Customer Satisfaction: The Case of Oromia Insurance Company*” and submitted in partial fulfillment of the requirements for the award of the degree of Masters of Art in Business Administration at St. Marry University with my approval as university advisor.

Signature: _____

Date: _____

AsfawYilma (PhD) – Advisor

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Abstract

The aim of this study was to assess service quality and its impact on customer satisfaction in Oromia insurance company. This study is set out to examine the impact of service quality on customer satisfaction in selected branches of Oromia insurance S.C. by SERVQUAL model. It also shows the gaps between customer's expectation and perceived performance on Oromia insurance company. The research was conducted using cross sectional survey and the primary data is collected through structured questionnaire developed based on SERVQUAL model. Convenience sampling technique was used to select 89 respondents from three branches of Oromia insurance located in Addis Ababa. The data has been analyzed, using descriptive statistics, gap analysis, Pearson's correlation and regression analysis. The finding shows that all the five service quality dimensions are positively related with customer satisfaction. Assurance shows the strong positive relation with customer satisfaction. The result also indicates that the overall service quality perceived by consumers was not satisfactory meaning expectations exceeded perceptions and all the dimensions showed higher expectations than perceptions of services. The R square value described that 60% of variation in customer satisfaction is accounted by the service quality dimensions. To increase customer satisfaction Oromia insurance S.C should focus on improving service quality dimensions.

Key words: SERVQUAL, customer satisfaction

CHAPTER ONE

INTRODUCTION

1.1 Background to the Study

Financial institutions are institutions like bank, insurance and microfinance in which they channels funds, intermediates buyers and sellers, and transfers risks from one economic unit to other economic units so as facilitate the economic growth. “Insurance sector is contributing its part to the growth and development the world economy by providing unique financial services. These specific financial services, range from the underwriting of risks, inherent in economic entities and the mobilization of large amount of funds through premiums for long term investments. Since insurers are risk absorbers, this promotes financial stability in the financial markets and provides a sense of peace to economic entities. The insurance companies’ ability to cover risk in the economy hinges on their capacity to create profit or value for their shareholders” (Mwangi and Wanjugu, 2015).

Pure services such as insurance may call up different expectations of customers than that of services that include tangible products and quality should be at the core of what the insurance companies have (Toran, 1993). According to (Caglar, Erkan, Ufukand Kadir, 2014) a business organization which implements quality to its services will achieve better performance and competent in its industry on the other hand, it is difficult for the business organization to survive and continue its existence if it is not implemented.

The increasing awareness of the customers as well as the increasing market competition has brought new challenges to service companies such as insurance providers. As a result of increasing awareness of the customers, they demand quality service and their expectation is very high. Following these if insurer’s service doesn’t meet customer’s expectation, customers may be attracted towards the service of other insurers. As a result the customers may discontinue their policies with insurance company or do not want to join the company at all. This phenomenon is quite difficult to the growth and sustainability of any insurance firm (Kumar R., Kumar B. and Jain S., 2013).

Even if service quality is very critical to service companies to differentiate themselves, because of its unique features such as intangibility, variability, and inseparability measuring services is not simple for service providers as measuring product quality. For the reason that service quality needs distinct model, which is called SERVQUAL model developed by (Parasuraman, Zeithaml, and Berry, 1988). It is known that companies should strive to keep their customers satisfaction level by identifying their needs and provide the best possible service. Because satisfied customers will buy more and promote a company's services by word of mouth to their respect friends and families. When customers receive satisfactory services from an organization, they tend to recommend it to others to buy it, which makes the company well known for its services and profitable.

Modern insurance service is introduced in Ethiopia in 1905 by foreigners, when the bank of Abyssinia began to transact fire and marine insurance as an agent of a foreign insurance company. According to a survey which is made in 1954, there were nine insurance companies that were providing insurance service in the country. With the exception of Imperial Insurance Company that was established in 1951, all the remaining of the insurance companies were either branches or agents of foreign companies. In 1960, the number of insurance companies increased considerably and reached 33. In 1994 the military government that came to power put an end to all private enterprises. Later in 1975 the government took over the ownership and control of these companies & merged them into a single unit called Ethiopian Insurance Corporation was the sole operator. Following the change in the political environment in 1994 private insurance companies began to increase (HailuZelege, 2007).

Currently 17 insurance companies are operating in Ethiopia most of them are recently established. Oromia insurance is among the recently established insurance companies. Oromia Insurance Company S.C is a fast growing insurance company that was established and licensed by the National Bank of Ethiopia to carry on general Insurance business on 26 January 2009. Now the company transacts all classes of insurance non-life Insurance, life Insurance and micro Insurance. It began operation on February 9, 2009. It was established by 540 founding shareholders now it reaches 815 with paid-up capital of Birr 26 million now it reaches 84.6 million and subscribed capital of Birr 85.084 million. Currently it has 29 branches and 7 contact

offices in different part of the country which it carries out its services. In Addis Ababa the company has 10 branches which have 176 major customers. (OIC web site, 2017)

The study conducted by selecting three branches from these ten branches on the major customers found. The company separates its customers in major and regular customer based. The major customers are those customers paid more amount of premium in relative to regular customers based in a branch most of them pay more than 50,000 birr annually. These customers of the company are about 20% of the total customers but contribute (60-70) % of the total premium collected from customer.

The aim of this study assessed service quality and the impact of service quality on satisfaction of customers the case of Oromia insurance company major customers located in three selected branches by using SERVQUAL model.

1.2 Statement of Problem

For any organization the basic thing for its survival and success depend on in its ability to provide quality service and satisfying its customers. Since service industry is among the highly dynamic industries, and then customers affected on slight differentiate service change. These changes further drive the service provision and delivery forward with increasing demand for quality. Delivering a service that demanded by customers help the firms in leading the competitive market. To lead or survive in the competitive market customer satisfaction is a critical issue that emphasis should be given since it has a positive relationship with the quality of services provided. As a result of increasing awareness of customers concerning quality of a service, customers demand a service that meets their expectation from service providers. If the quality of a service delivered or customer perceived performance of the service and expectation of customers does not match, customers may be attracted towards other service providers (Andaleeb and Conway, 2006).

Because of the unique characteristics of services such as intangibility, variability, and inseparability, the measurement of service quality of organizations is not as easy as measuring the quality of goods (Rahmani, Firoozbakh and Taghipoor, 2014). The intangible natures of services make their success and failure is not easily measured or quantified. The success of any

service providing organization can be measured in terms of its customers' attitude towards the service delivery practiced which means service quality will be the dominant element in customers' evaluations of a given service. Customers' go to service providers expecting to get a quality service and the level of expectation among each individual varies. Finding out what customers' expect is essential in providing a quality service. This can be done through marketing research focusing on issues such as what features are important to customers, what levels of these features customers expect and what customers think the company can and should do when problems occur in service delivery. (Meron, 2015)

Recently insurers are facing challenges with stiff competition so that, it is desirable for an insurer to uncover what attributes customers utilized in their assessment of overall service quality and satisfaction and which attributes are more important. The only way to measure the quality of services offered by the service provider is the measurement of the customer's perceived performance of the quality of service that they get from their service providers (Irulappan and Roseline, 2014).

Different dimensions of service quality make the measurement of service more complicated and for each dimension of service quality each customer may have different level of importance. And also the service providers' perception of service quality may be different from what customers perceived as service quality. Therefore, if service providers are to compute in providing quality service to customers, it is important to understand the customer perception and expectation of quality service. Further they should identify themselves with at least one of the dimensions of service quality that they think it will drive customers' perceived service quality satisfaction, loyalty, and retention (Osei-Poku, 2012).

The study conducted by (Belay, 2012) entitled "Service quality and customer satisfaction the case of cooperative bank of Oromia" The results revealed that the assurance, empathy, and tangibility dimensions fulfilled the highest level of perception. The study also investigates the service quality dimensions and their levels of service quality that have significant effect on customer satisfaction in CBO. Similarly an explanatory research which is conducted by (Meron, 2015) entitled "Impact of Service Quality on Customer Satisfaction the case of Bank of Abyssinia S.C". The study indicates that customers were most satisfied with the assurance dimensions of service quality followed by responsiveness. And also all service quality

dimensions have positive and significant impact on customer satisfaction. Furthermore, 44% of the variations in customer satisfaction is explained by service quality dimensions.

In reality, most of the time customers complain that once the customer buys a policy or being a customer of the insurance company, service providers don not try to identify the expectation of customer and improve their quality as per their expectation. Specially, at the time of claim customers wait too long and the process takes much of their time.

The necessary conducting this research is that to reveal findings which are specific to the firm accordingly the company can identify the gaps in delivering services.

The aim of this study is to assess level of service quality as perceived by customers and examines the impact of quality service on customer satisfaction in Oromia insurance S.C using SERVQUAL model.

1.3. Research Questions

This study is expected to answer the following basic research questions:

1. What is the level of service quality provided by Oromia insurance company as perceived by customers?
2. What is the impact of service quality on customer satisfaction?
3. What is the dominant service quality dimension that has strong relation on customer satisfaction in Oromia insurance?

1.4. Objectives

1.4.1. General Objective

The general objective of the study is to assess the quality of service provided by Oromia Insurance Company and its impact on customer satisfaction.

1.4.2. Specific Objective

This research is designed:

- To assess service quality level as perceived by customers

- To examine the impact of service quality dimensions on customer satisfaction
- To identify the dominant dimensions of service quality that has strong relation with customer satisfaction in Oromia insurance.

1.5. Research Hypothesis

Ho: Service quality does not have a significant impact on customer satisfaction in Oromia insurance S.C.

Ha: Service quality has a significant impact on customer satisfaction in Oromia insurance S.C.

1.6. Significance of the Study

The finding of this study this study will use as an input for the Oromia insurance S.C managers to see its weakness and strength in delivering its services to customers. And serve as a guide for Oromia insurance company to develop policies which will improve its overall service delivery, especially in areas where gaps between expectations and perceived performances are so wide to enhance customer satisfaction and stay in the competitive market. In Addition to this, managers and employees will have the chance to see how a customer perceived the way they deliver the services and can evaluate service quality of the insurance company accordingly in order to satisfy customers and also helps them to know the most dominant dimension used to satisfy customers. Moreover, it might provide information to those who are interested to perform further study in a similar area and might add something on the literature regarding the service quality impact on customer satisfaction.

1.7. Scope and Limitation of the Study

The possible limitations of the study are inability to incorporate all customers of Oromia insurance S.C. since the study is conducted on major customers of the company. Also Major customers in branches other region of the country are not included due to time constraint and other resource limitations. Therefore, it is difficult to generalize the findings and results to the whole insurance customers in Ethiopia. Selection of respondent was convenience sampling (non-probability sampling).

The scope of the study is on impact of service quality on customer satisfaction. Specifically, major customers of Oromia insurance in selected branches located in Addis Ababa. Since the study was limited to the major customers in selected branches of Addis Ababa then customer located in other branches located in other cities was excluded from the study.

1.8. Organization of the Study

The study has five chapters. The first chapter presents the introductory part. It includes background, statement of the problem, objectives of the study, basic research questions, significance of the study and scope and limitation of the study. The second chapter will focus on theoretical, methodological, empirical perspective and conceptual framework. The third chapter deals with the research design, sample and sampling technique, data type and source, the procedures of data collection, questionnaire, measurement, data analysis and reliability test. The fourth chapter presents data analysis and interpretation. Finally the fifth chapter presents summary of findings, conclusion and recommendation.

CHAPTER TWO

LITERATURE REVIEW

2.1 Theoretical Literature

2.1.1. Service

From the point of view of service providers service is an activity which contains elements of core delivery, service operation, personal attentiveness and interpersonal performance which are managed differently in various industries. On the other hand customers' view of a service is an experience of life which consists of elements of core need, choice, and emotional content (Johns, 1999).

A *service* is the delivery of an intangible output i.e. the provision of something which cannot be touched. Instead it may be felt, experienced, heard, smelt or appreciated (Michel, 2010). Johns (1999) argues that services are mostly described as “ intangible ” and their output viewed as an activity rather than a tangible object, but also admits that some service outputs have some substantial tangible components like physical facilities, equipment's and personnel.

Characteristics of Service

According to (Kotler.et.al, 1999) services have five main characteristics that differentiate them from goods:

A. Intangibility

Service intangibility means that since services lack physical existence so they cannot be seen, tasted, felt, heard before they are purchased. Buyers can evaluate the service before purchase but the uncertainty is high. To minimize the uncertainty service firms should increase the tangible features of their services such as modern equipment, simple and clear prices, short waiting lines and staff should be busy and properly dressed. Also advertisements and other communications of the firm should suggest efficiency, with clean and simple designs and carefully chosen words and photos that communicate the firm's positioning.

B. Inseparability

Service is inseparability another major characteristic of services that services cannot be distinguished from the person or machine that provide it. They are produced and consumed at the same time and cannot be separate from their providers and also a service provider cannot deliver a service without customers who are going to purchase the service.

C. Variability

Variability is one of the characteristics of service that each service delivery is unique depending on who provides them, when the service is provided, where and how it provided. The quality of delivering a service can even vary in a single employee in a given time frame. These make service quality challenging to control. To overcome these challenges service companies should give training to employees, making the staff more automated and setting a system to check customer satisfaction are some solutions.

D. Perishability

Service perishability means that services cannot be stored like products for later sale or consumption. This characteristic may be challenging for service firms who have no constant demand. Service firms can use different technique to match the demand and supply such as using differential pricing charging more during peak time and hire part time employees when the demand is high.

E. Lack of ownership

Services do not have quality of ownership to own or to store like product. After completion the process of service delivery services are not owned by customers, therefore the service consumer often has access to the service for a limited time.

2.1.2. Service Quality

“Quality is a very repeatedly used term in our day to day life by almost all of us. When it comes to the definition it is difficult to define quality in a unique way. Some believe that quality products are invariably costly products. For some quality signifies the degree of perfection. In

fact, quality, like beauty, lies in the beholder's eyes. But technically speaking, Quality is the totality of features and characteristics of a product or service that bear on its ability to satisfy stated or implied needs" (Naresh, 2005).

Service quality is a form of attitude and results from a comparison of expectations to perception of performance received (Mosahab, Mahamad and Ramayah, 2010). According to (Zeithaml, Parasuraman, and Berry, 1990) service quality defined as "discrepancy between customers' expectation and perception." (Gronroos, 1984) also defined service quality as the end result that can be found when consumers assessing of processes where consumers compares their expectation with their perceived performance.

On the other hand service quality can be defined as customers' personal experience with the service provider. And it is playing vital role in the present competitive environment where there is no other way for the service companies to differentiate themselves other than the quality of the service provided by them (Irulappan and Roseline , 2014).

(Parasuraman. et.al. 1988, 1990) projected a service quality model that identified perceived service quality into five dimensions: tangibility, reliability, responsiveness, assurance, and empathy.

- "Tangibles involve the appearance of physical facilities, including the equipment, personnel, and communication materials.
- Reliability involves the ability to perform the promised service dependably and accurately.
- Responsiveness involves the willingness to help customers.
- Assurance involves the knowledge and courtesy of employees and their ability to convey trust and confidence. This assurance includes competence, courtesy, credibility and security.
- Empathy involves the provision of caring, individualized attention to customers. This empathy includes access, communication, and understanding the customer".

According to (Mostafa2005), service quality has become a famous research topic because of its important relationship to costs, profitability, customer satisfaction, customer retention, service guarantees, and financial performance.

2.1.3. Customer Satisfaction

(Parasuraman et al. 1991) says that satisfaction is a decision made after experience while quality is not the same. On the other hand, in satisfaction literature, expectations for goods is “would”, while in service quality literature, expectations for goods is “should”. Kotler (2003) also define satisfaction as a person’s feelings of pleasure or disappointment resulting from comparing a product’s perceived performance in relation to his or her expectations. Here we see that there is a close relationship between service quality and customer satisfaction because they seem to be measured in terms of the difference between perceived performance and expected performance.

Customer satisfaction is the outcome of customers’ assessment of a service based on the expectation of customers before the service is delivered and their perceived performances of service delivery (Johnston and Clark, 2005). One of the main reasons that firms give more attention to the issues such as customer satisfaction and loyalty is because customers are the reason for their survival). But the major challenge that companies face these days is how to provide best service which can enhance customer satisfaction to make their customers happy and stay with them, which is the only way service providers differentiate themselves from their rivals. (Torbica and Stroh, 2000) cited in (AfiAko, 2011).

Customers heard about the service by different means such as previous experience, recommendations from others who know the service or advertising these all help them to develop expectation of the service in the mind. Once customers ‘experience’ a service they compare their perceived performances of that they experience to their expectations. If their perception performances meet or exceed their expectations they are satisfied on the other hand if perceived performances do not meet expectations, they are dissatisfied (Waters, 2010).

Service Quality Impact on Customer Satisfaction

There is direct relationship between service quality and customer satisfaction and can be protected by providing products or services with high quality. When service quality increases,

customer satisfaction also increases with the service and the reuse intention of customers also increases (Beliyu, 2012). (AbraheemShlash and Yaseen Mohammad, 2011) posted that improving customer satisfaction is the major way to companies' success. Because satisfied customers recommend the company's service to others to buy it, which makes the company well known for its services and profitable

2.1.3.1 Customer Expectation

According to (Belay, 2012) Customers' expectations are views that customers have about the service delivery which customers put it as a reference point and help them to compare and assess the service that they going to deliver from their service providers. Since customers compare the service that they delivered i.e. their perceived performance of the service with their expectation which is their reference point. Therefore in delivering quality service it is very critical for service providers to know customers expectation and improve their performance accordingly.

“Customers' expectation is what the customers wish to receive from the service providers. The diversity of expectation definitions can be concluded that expectation is uncontrollable factors which including past experience, advertising, and customers' perceived performance at the time of purchase, background, attitude and product's image. Furthermore, the influences of customers' expectation are pre-purchase beliefs, word of mouth communications, individual needs, customers' experiences, and other personal attitudes. Different customers have different expectation based on the customers' knowledge of a product or service” (Nabi, 2012).

Many services require personal interactions between customers and the firm's employees, and these interactions can strongly influence customer's perceived performance of services quality. As a result, service organizations face a tremendous challenge in selecting and training all of their employees to do their jobs well, and, more importantly, to motivating those to care about doing their jobs and to make an extra effort to serve their customers well (Rust and Zahorik, 1993).

2.1.3.2 Customer Perceived performance

Perceived quality is an attitude, which is related to satisfaction, and results from a consumption of expectations with perception therefore the more companies understand customer's attitude the more the get the chance to know how customers perceive their service (Parasuraman et al,

1988). Gronroos (1984) suggests that perceived service is the result of a consumer's view of a bundle of service dimensions, some of which are technical in nature and some of which are functional in nature. Technical quality answers the question as to what the consumer actually receives. Functional quality answers the question as to how the consumer receives the service.

According to (Zekiri, 2011) cited in (Frehiwet, 2012) perception is an impression or opinion about a service or product this view differs from customer to customer it is very critical factor which determines customer satisfaction. Customer satisfaction is affected by customers' perceptions and expectations of the quality of the products and services.

According to expectancy disconfirmation theory (Parasuraman et al., 1988) customer is satisfied if the performance of product/service is equal to his/her expectations (positive disconfirmation) and he/she is dissatisfied if the product/service performance is perceived to be below his/her expectation (negative disconfirmation). If expectation exceeds perceived performance, the customer is highly dissatisfied. The other perspective of the disconfirmation is that customer satisfaction relates to a comparison of customer perceived quality with perceived performance, rather than comparing expectation with perceived performance (Gronroos, 2001).

2.1.4. SERVQUAL Model

The SERVQUAL model is the most common method for measuring service quality which is developed by (Parasuraman et al., 1985). According to (Zeithaml et al., 1990) "the SERVQUAL model consisting of two sections the first section contain 22 statements to find out expectation of customer and the second section also has 22 statements which matches with the 22 statements in the first section. To measure Service quality the difference between expectation and perception performance of customers should be computed. SERVQUAL has five distinct dimensions these are tangibles, reliability, responsiveness, assurance and empathy which are the basis for service quality measurement."

Model of Service Quality Gap

Service quality SQ measured by calculating the difference between customer's perceived performance (P) customer expectation (E) i.e. $SQ = P - E$ (Parasuraman et al., 1988), If customer

expectations are greater than their perceived performances of delivered service, service quality is low. When perceived performances greater than expectations then service quality is high.

The model identifies five gaps that may cause customers to experience poor service quality. When the resulted score is positive that means the higher quality of service on the other hand the higher the negative score mean that the lower service quality. There are five major gaps in the service quality concept (Parasuman et al, 1991). The gaps are generally defined as:

Gap 1- The gap between customers' expectation and management's perception performance: the reason for this gap is when not knowing what consumers expects.

Gap2-The gap between management's perception performances and service quality specifications: The reason for this gap is poor management commitment to service quality

Gap 3- The gap between service quality specifications and service delivery: Guidelines for service delivery do not guarantee high-quality service delivery or performance. Also the manner of service influences the perception performance of quality.

Gap4-The gap between service delivery and external communications: External communication with customer about Service delivery can be using Media advertising and other communications these can increase customers' expectations. The reason for the gap is either the firm doesn't provide the promises that are communicated or the service delivered doesn't match with customers' expectation.

Gap5- The gap between expected service and perceived service: This gap depends on size and direction of each of the four gaps associated with the delivery of service quality.

Gap 5 pertains to the customer and as such is considered to be the true measure of service quality. The Gap on which the SERVQUAL methodology has influence is Gap 5. Gaps 1-4 are within the control of an organization and need to be analyzed to determine the cause and changes to be implemented which can reduce or even eliminate these four gaps emerge from an executive perspective on a service organization's design, marketing and delivery of service. This gap is a function of the other four gaps: that is, $Gap\ 5 = f(gaps\ 1, 2, 3, 4)$. (Parasuraman et.al., 1985) seek

to measure gap 5 using the SERVQUAL instrument. The gap model is basically customer-oriented. Service quality is realized by the customer after the service has been received and it relates to the difference between expected and perceived quality.

According to the Gaps Model of service quality, when what is delivered matches what is expected, customers find the service acceptable. If the service provided is better than what they expected that is when perceived performance is better than expectation exceptional service materializes.

2.2. Empirical Literature Review

2.2.1. Service Quality in Insurance

Insurance is a special type of contract between the customer i.e. the insured and insurance company the insurer which reduces or eliminates the risk of life and property loss. The agreement is on which the insurer agrees to pay the insured for any financial losses arising out of any unexpected events in return for a regular payment called “premium”. The principles of insurance works on the concept that large number of people exposed to a similar risk makes contribution to a common fund and those who suffer loss due to the occurrence of any uncertainties or risk are compensated from this fund. (Vijayalakshmi and Keerthi, 2007)

As insurance products had become increasingly hard to differentiate in fiercely competitive markets, insurance companies appeared to have directing their strategies towards increasing customer satisfaction and loyalty through improved service quality. The trend of insurance companies shifting from a product-focused view to a customer focused one has become phenomenal event. There is a need for the insurance companies to shift from the policy centric to becoming customer centric. Many articles had advocated that it is timely for insurance companies to follow other service organization to develop a customer centric approach for future survival and growth. The customer centric approach espoused that prompt, efficient and speedy service alone will entice the existing customers continuing to subscribe to the organization service whilst inducing potential customers to try the services of the company (Ahmed, 2012).

(Berry, 1995) suggested that because of the amount of money that is typically invested in an insurance policy, customers seek long-term relationships with their insurance companies and respective agents in order to reduce risks and uncertainties.

According to (Schlesinger and Graf von der Schulenburg, 1991) the perceived service quality is a factor upon which the customer can distinguish between otherwise identical insurance products. (Pointek, 1992) identified that customer want more responsive agents with better contact, personalized communications from the insurer, accurate transactions, and quickly solved problems.

2.2.2. Insurance Industry in Ethiopia

Insurance business in the country has been a long business since 1950s; however, because of economic stagnation and inconvenient policies pursued by the previous regimes, the business did not flourish as it wimpas expected to be. Two decades ago, since the current government took power, new policies that stimulated financial sectors formulated and implemented. According the World Bank's studies, almost 90 percent of the population has no any kind of insurance in Ethiopia and much work should be done to bring the marginalized people to the market. In Ethiopia the major financial institutions operating are banks, insurance companies and micro-finance institutions. For the last decade, the Ethiopian financial institutions in general and insurance companies in particular have shown the impressive progress in terms of number and service which not only creates the employment opportunities but also enhances the business activities in the Ethiopian economy (Ethiopian business review website, 2017).

Currently, one state owned Insurance Corporation and sixteen private insurance companies are operating in the market. Among them, eight carry on general insurance and nine have been running composite both general and long-term insurance. In other way it means all the 17 insurance companies are carry general insurance business, however 9 of the 17 insurance companies are carry life insurance business. (Hadush, 2015)

According to (Akalu, 2015), study on “the effect of service quality on customer satisfaction in selected insurance companies in Addis Ababa”, the study aimed at examining effect of service quality on customer satisfaction in three selected insurance companies in Addis Ababa by using

SERVEQUAL model involving five dimensions: Tangibility, reliability, responsiveness, empathy and assurance. The study shows that the five service quality dimensions have direct and significant relationship with customer satisfaction and also indicates that assurance is the most important factor to have a positive and significant effect on customer satisfaction followed by reliability, responsiveness, empathy, and tangibles. According to the study the selected insurance companies in Addis Ababa were not providing the level of service quality demanded by customers. The finding of the research suggests that the selected insurance companies need to improve all the dimensions of service quality.

The study conducted by (Shambachew, 2015) entitled “Service Quality, Customers’ Satisfaction and Loyalty” the research aimed at examining the level of customers’ satisfaction and loyalty with respect to the current service being delivered at the target insurance companies. The study examines the level of customer satisfaction by using SERVQUAL model. The study shows that reliability is the most dominant dimension then responsiveness, assurance, empathy follows reliability respectively. The other service quality dimension tangibility is found to be less important dimension of service quality and customers satisfaction. In addition the study shows that customers’ satisfaction is positively related with customers’ loyalty.

An exploratory study conducted by (Dawit, 2015) entitled “Comparative Analysis of customer’s perception performance of Service quality in two selected Insurance companies” the study used SERVQUAL model to assess perception performance of service quality in two selected insurance companies which are Ethiopian insurance corporation (EIC) and Nib insurance company (NIC). The study shows that customers’ expectations are not met in both insurance companies. EIC has higher average negative gap scores for all dimensions. Reliability, Responsiveness and Empathy have higher negative gap score than NIC but tangibility and Assurance has higher negative score in NIC than EIC.

2.3. Conceptual Frame Work

The study will assess service quality and its effect on customer satisfaction. Service quality dimensions (tangibility, responsiveness, reliability, assurance and empathy) are independent variable and customer satisfaction is the dependent variable. SERVQUAL model will be used to measure service quality perception performance and customer expectations of a service.

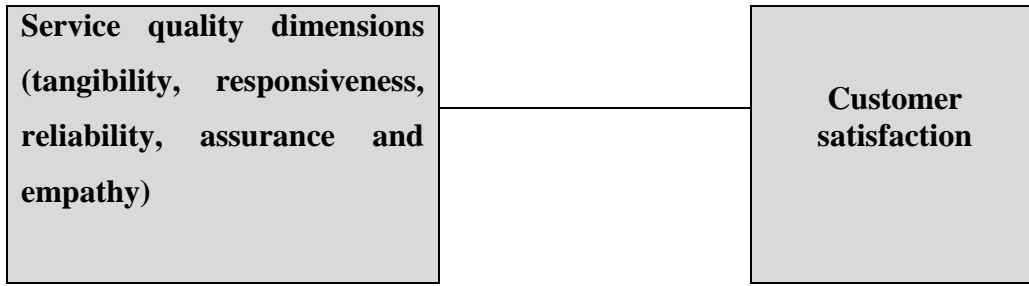


Fig 2.1 Effect of service quality on customer satisfaction

Source: (Parasuraman et al., 1988)

CHAPTER THREE

RESEARCH DESIGN AND METHODOLOGY

The aim of this section is to highlight the overall methodological considerations of the thesis. The methodology section is divided into six sub-sections. These include the research design, population and sampling technique, source of data and data collection tools, procedure data collection, method of data analysis and reliability test.

3.1. Research Design

The research is quantitative and the data was collected using SERVQUAL model. And also explanatory research design is used to explain the impact of independent variables, (service quality dimensions) on the dependent variable (customer satisfaction). Concerning of time dimension the study used cross sectional survey that the data collection is carried out at one point in time.

3.2. Population and Sampling Technique

Oromia insurance company has 17 branches in Addis Ababa from those major customers are found in ten branches from these branches three branches were selected which have large number of major customers. These are the Head office branch, Gulele branch and Bole branches were selected for study. And these branches have 58, 35 and 21 major customers respectively. Major customers are customers who paid a high premium in per year. Sample respondents selected from these branches using convenience sampling methods. The reason that non probability convenience sampling was used is that due to different reasons there is no point of time that to get all the company's customers.

The sample size of study was determined formula given as:

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

Where, n is the sample size

- N is the population size,
- e is sampling error = (0.05)

$$n = \frac{114}{1 + 114 (0.05)^2} = \underline{89}$$

Therefore, sample sizes of 89 customers were selected from the population of 114 customers.

3.3. Sources of Data and Data Collection Tools

The researcher used two sources of data, primary sources and secondary sources. Primary data sources were gathered from Oromia insurance company customers mainly through questionnaire by the researcher. On the other hand secondary data were collected from books, journal articles, magazines and other documents related with service and customer satisfaction.

The questionnaire is prepared in three parts. The first part of the questionnaire consists of issues related to the personal information of the respondent. It included the age, gender, educational background, annual premium and level of customer satisfaction using a five point Likert scale which ranges from ‘highly satisfied’ to ‘highly dissatisfied.’

The second and third part was concerned with the questions used to assess service quality of Customer Expectation and Perceived performance of Oromia Insurance S.C respectively. The research instrument designed is based on the five dimensions of service quality and the 22 service items of the SERVQUAL model. The developed questionnaire includes four items which correspond to the tangibles dimension, five items which correspond to the reliability dimension, five items to the responsiveness dimension, four items to empathy dimension and four items which correspond to the assurance dimensions. Respondents were asked to indicate their degree of agreement with each of the items on five point likert scale.

The questionnaire was developed using SERVQUAL model. And 89 questionnaires were distributed to respondents to collect the data. The five dimensions of service quality used in the

SERVQUAL Model used for measurement of service quality which was developed by Parasuraman et al. (1988).

3.4. Procedure for Data Collection

The company separates its customers in major and regular customer based. The major customers are those customers paid more amount of premium in relative to regular customers based in a branch most of them pay more than 50,000 birr annually. As shown in the table below from the ten branches located Addis Ababa three branches are selected by comparing the numbers of major customers they have. A total 114 major customers are based, from the ten branches Bole, Gulele and Head office branches are selected for collecting data. And 89 questioners were distributed to potential respondents and 76 usable questioners were obtained. The table below represents number of major customers in each ten branches of Addis Ababa.

Table 3.1 Number of major customers in ten branches of Addis Ababa

No.	Branch	No of Major Customers
1	Head Office	58.00
2	Gullela Branch	35.00
3	Bole Branch	21.00
4	Berbissa Branch	13.00
5	Chefe Branch	12.00
6	Gofa Branch	12.00
7	Wadessa Branch	10.00
8	Merkato Branch	6.00
9	Bulbula Branch	5.00
10	Jemo Branch	1.00
Total		173.00

3.5. Method of Data Analysis

The study used descriptive statistics to analyze demographic variables service quality dimensions for customer satisfaction and the data is presented by tables, frequency distributions and percentages. The study used descriptive, correlation analysis and regression analysis. The Statistical Package for Social Sciences (SPSS 20) was used to analyze the data collected. The descriptive statistics (frequencies statistics) was applied to analyze the level of customer satisfaction and demographic data of respondents while the relationship between the services attributes, variables and customer satisfaction was analyzed using the linear regression model.

Correlation analysis was used to identify the relation between each service quality dimensions and customer satisfaction and also to identify the dominant dimension which drives customer satisfaction. The linear regressions model used to test the impact of service quality dimensions on Customer satisfaction.

3.6. Reliability and Validity Test

Reliability analysis used to measure the consistency of a questionnaire. There are different methods of reliability test, for this study Cronbach's alpha is used, Cronbach's alpha is the most common measure of reliability. A value of Cronbach alpha above 0.70 can be used as a reasonable test of reliability to meet the consistency reliability of instrument. The alpha values in this study are around 0.8 and above therefore it is good. Cronbach alpha value for each variable is given below.

Table 3.2 Result of Reliability Test

SERVEQUAL Dimension	Cronbach's Alpha value
Tangibles	0.893
Reliability	0.873
Responsiveness	0.865
Empathy	0.877
Assurance	0.881
Customer satisfaction	0.886

Source: SPSS reliability result output

The initial questionnaire developed were pilot tested to six respondents two at the three branches of the insurance to verify that the questions were clear and not ambiguous, such that responses would be consistent with the purpose of the study. Few questions were reviewed as a result of non-response from the respondents during pilot study. This was done to insure validity of the questionnaire. Regarding ethical consideration the questionnaire assures that any information provided by respondents will be kept confidential.

CHAPTER FOUR

DATA ANALYSIS AND INTERPRETATION

In this chapter data collected through questionnaire presented, analyzed and interpreted in a brief and organized way. Among the distributed 89 questionnaire, 80 have been collected and from those questionnaires and 76 were valid for analysis while four were invalid as a result of improper responses. This makes the response rate to be 85.4%. The analysis of the study is done using descriptive statics and five point likert scale to measure each dimension and their implication on customer satisfaction.

4.1 Descriptive Statistics

4.1.1 Profile of Respondents

From the total 89 questionnaires distributed only 76 (85.4%) have been collected and analyzed using the descriptive statics i.e. frequency statics. The demographic characteristics included in this study were gender, age, level of education and annual premium amount (in birr) purchased by the customers. The data collected was analyzed with the statistical package for social science (SPSS). Accordingly, the frequency and the percentage of the characteristics of respondents are summarized in the table below.

Table 4.1 demographic data of respondents

Variables		Frequency	Percent	Cumulative Percent
Gender	Male	67	88.20	88.20
	Female	9	11.80	100.00
Age	18-29	3	3.90	3.90
	30-39	11	14.50	18.40
	40-49	26	34.20	52.60
	50-59	23	30.30	82.90
	>60	13	17.10	100.00
Educational level	Primary school	2	2.60	2.60
	High school	9	11.80	14.50
	Certificate	6	7.90	22.40
	Diploma	15	19.70	42.10
	First degree and above	44	57.90	100.00
Annual payment (premium)	50,000-100,000 birr	18	23.70	23.70
	100,000-500,000 birr	27	35.50	59.20
	500,000-1,000,000 birr	24	31.60	90.80
	>1,000,000	7	9.20	100.00

Source: Own survey, 2017

There were a total of 76 respondents 67 (88.2%) were male and the remaining 9 (11.8%) respondents were female. The age of respondents shows that 3.9% (3) of the respondents are between 18-29 years old, 14.5 (11) were from 30-39 years old, 34.25(26) were from 40-49 years whereas 30.3% (23) were between 50-59 the remaining 17.1% (13) were above 60.

Regarding the educational level of the respondents ranged between primary school to first degree and above. 57.9% (44) of respondents have first degree and above, 19.7% (15) are diploma holders, 7.9% (6) are certificate holders, 11.8 % (9) have finished high school and the remaining 2.6% (2) have finished primary school.

Annual payment paid by respondents' shows that 23.7% (18) respondent's pay 50,000- 100,000 birr, 35.5% (27) respondents pay 100,000-500,000 birr, 31.6% (24) pay 500,000-1,000,000 birr and 9.2% (7) pay greater than 1,000,000. From the result, the insurance company have the small number of highly paid groups, which paid more than one million.

4.1.2 Analysis of customer satisfaction

Customer satisfaction was analyzed with the descriptive statics (frequency distribution) also categorized and it ranges from highly dissatisfied, Dissatisfied, Neutral, Satisfied and Highly Satisfied.

Table 4.2 Descriptive statistics on customer satisfaction

	Frequency	Percent	Cumulative Percent
highly dissatisfied	3	3.9	3.9
Dissatisfied	10	13.2	17.1
Neutral	13	17.1	34.2
Satisfied	31	40.8	75.0
highly satisfied	19	25.0	100.0
Total	76	100.0	

Source: Own survey, 2017

As shown on the above table 25% of the respondents are highly satisfied, 40.8% of the respondents are satisfied, 17.1% chose to remain neutral, 13.2 % are dissatisfied and 3.9% is highly dissatisfied. Even if the highest percentage of respondents are somehow satisfied by the service provided by Oromia insurance 17.1% of the respondents are dissatisfied, from these one

can infer that the company needs to work more to change this result and highly satisfy its customers since these customers major customers are the key for the company’s current existence.

4.2. Analysis of SERVQUAL Dimensions

A. Tangibility

Tangibility refers to the appearance of physical facilities, equipment, personnel and communication materials. Descriptive statistics were taken based on the expectation and the perception performance of the customers the insurance.

Table 4.3.a Descriptive statistics on tangibility dimension

Attributes	Mean Expectation	Mean perceived performance	Gap
up-to-date equipment and technology	4.40	4.21	-0.19
visually appealing physical facilities	4.44	3.92	-0.52
well dressed and appear neat employees	4.48	4.27	-0.21
Physical facilities and technology goes with the type of service provided.	4.43	3.67	-0.76
Average	4.43	4.01	-0.42

Source: Own survey, 2017

According to the above table the highest difference of mean is between expectation and perceived performance of (physical facilities and technology goes with the type of service provided (-0.76). This means that Oromia insurance physical facilities and technology not goes with the type of service provided as expected by customers. There is lowest gap between mean expectation and perceived performance of up-to-date equipment and technology (-0.19) and well dressed and appear neat employees (-0.21). Out of the four items measuring service tangibility item” up-to-date equipment and technology “ and “employees should be well dressed

and appear neat “yielded highest score on perceived performance 4.21 and 4.27 respectively for the perception performance. In conclude for this dimension, this means that Oromia insurance has up to date equipment’s and the employees are well dressed and neat. However the company’s physical facilities are not visually appealing and the equipment’s are not goes with the type of service given.

B. Reliability

Reliability is the ability to perform the promised service dependably, accurately and consistently. It is performing the service right the first time.

Table 4.3.b Descriptive statistics on reliability

Attributes	Mean Expectation	Mean perceived performanc	Gap
Employees Providing service at the scheduled time.	4.26	3.88	-0.38
Employees show sincere interest in solving customer’s problem	4.43	4.13	-0.3
Employees perform the service right the first time.	4.30	3.51	-0.79
keep customers records accurately	4.46	3.57	-0.89
employees keep promises	4.36	3.84	-0.52
Average	4.36	3.78	-0.58

Source: Own survey, 2017

The high gap scores -0.79 and -0.89 indicate that the difference of mean difference scores between customers’ expectation and perceived performance of the “ability employees to perform the service right the first time” and “keep customers records accurately” respectively perceived performance regarding the above listed attributes is not as expected by customers. On the other hand, the three attributes have relatively low gap scores which mean performance Oromia insurance company on these attributes is not far from customers’ expectation. Among the five

attributes “Employees show sincere interest in solving customer’s problem” yielded highest perceived performance score of 4.13. This indicates Oromia insurance was performing better on this attributes than the other attributes of reliability. The result will impact to improve the image of the Oromia insurance company.

C. Responsiveness

Responsiveness refers to the prompt response to the service need of the customer and the readiness of employees to provide service. It is the speed and timeliness of service delivery.

Table 4.3.c Descriptive statistics on responsiveness

Attributes	Mean Expectation	Mean perceived performance	Gap
Adequate number of employees to respond to customers’ needs.	4.36	3.59	-0.77
Employees tell customers exactly when the service will be performed.	4.50	3.92	-0.58
Employees will give prompt service to customers	4.39	3.77	-0.62
employees willingness for help	4.60	4.26	-0.34
Employees never busy to respond to customers enquires	4.32	3.60	-0.72
Average	4.45	3.82	-0.61

Source: Own survey, 2017

Out of the five attributes of responsiveness “adequate number of employees to respond to customers’ needs” and “employees never busy to respond to customers enquires” got the highest gap score of -0.77 and -0.72. This indicates that customers expect more in this attributes than they perceived i.e. they did not get this attributes as expected. Regarding the perceived performance the attributes “employees’ willingness for help” got the highest mean perceived performance of 4.26. This indicates Oromia insurance was performing better on this attribute

than the other responsiveness attributes. The result will impact attract more customers of the Oromia insurance company.

D. Empathy

Empathy is providing caring, individualized attention the firm provides to its customers to make them feel they are receiving caring services and individualized attention.

Table 4.3.d Descriptive statistics on Empathy

Attributes	Mean Expectation	Mean perceived performance	Gap
Individual attention to customers	4.21	3.39	-0.82
Service hours are convenient to customers.	4.71	4.46	-0.25
Employees have their customer's best interests at heart.	4.26	3.40	-0.86
Employees understand the specific needs of their customers.	4.27	3.39	-0.88
Average	4.36	3.66	-0.70

Source: Own survey, 2017

Among the four empathy attributes “Oromia insurance service hours are convenient to customers” has lower gap scores that means customers got this attributes as they expect. The other attributes have large gap score in which customers are not satisfied with these attributes of empathy. And also it has high performance mean of “convenience service hours to customers” (4.46) indicates that Oromia insurance is performing better in this attribute so that service hours are convenient to most customers.

E. Assurance

Table 4.3.e Descriptive statistics on Assurance

Attributes	Mean Expectation	Mean perceived performance	Gap
The behavior of employees Instills confidence in customers.	4.50	4.30	-0.2
Customers feel assured at the time of transactions.	4.63	4.11	-0.52
Employees are consistently polite.	4.43	4.15	-0.28
Employees provide customers the adequate information on the service they requested.	4.55	3.61	-0.94
Average	4.52	4.04	-0.48

Source: Own survey, 2017

As shown on the above table the attributes which “Employees provide customers the adequate information on the service they requested” has got lower mean difference that Oromia insurance customers did not get this attribute as they expected than the other attributes. On the other hand the three attributes which are “the behavior of employees instills confidence in customers”, “customers feel assured at the time of transactions” and “employees are consistently polite” have highest mean of perceived performance which indicates Oromia insurance was performing better on these attributes.

4.3. Gap Scores Analysis

Table 4.4 Service gap score

SERVQUAL Dimension	Mean Expectation	Mean perceived performance	Service quality gap
Tangibles	4.43	4.01	-0.42
Reliability	4.36	3.78	-0.58
Responsiveness	4.39	3.82	-0.61
Empathy	4.23	3.66	-0.70
Assurance	4.52	4.04	-0.48

Source: Own survey, 2017

As shown in the above table 4.8 the range for expectation was from 4.52 to 4.23. Respondent reported with the greatest mean expectation of assurance (4.52) followed by tangibility (4.43), responsiveness (4.39), and reliability (4.36) and empathy (4.23) respectively. And the range for perceived performances was from (4.04) to (3.66) assurance and empathy dimensions. It was observed from these that Oromia insurance performed best in assurance dimension (4.04) and tangibles (4.01). In contrast, Oromia insurance has the worst performance in the dimension of empathy (3.66). On service quality gap there is lower gap on tangibles (-0.42) followed by assurance (-0.48) then reliability (-0.58), responsiveness (-0.61) and empathy (-0.70). As suggested by (Parasuraman et. al, 1994) the gap analysis is accurate in identifying service short falls in service delivery. This will help Oromia insurance to identify which dimension need an improvement and in a good position.

The study indicated that there is no expectation and perceived performance received which shows positive dimension and this means there is no dimension in which all customers or most customers whose perceived performances are equal to or greater than expectation. The larger

mean gap was identified for the dimensions empathy (-0.70) i.e. customers are dissatisfied with this dimension relative to other dimensions and the lowest mean gap was identified for tangibles dimension (-0.42).

4.4. Correlation Analysis

Correlation analysis helps to find out the direction and strength of correlation between variables. In this study the correlation analysis between service quality dimensions and customer satisfaction. Pearson’s correlation coefficient takes values between -1 and 1. A correlation coefficient of +1 indicates that two variables are perfectly related in a positive sense; a correlation coefficient of -1 indicates that two variables are perfectly related in a negative sense, and a correlation coefficient of 0 indicates that there is no linear relationship between the two variables. The sign of the correlation coefficient defines the direction of the relationship. Correlation analysis was undertaken before conducting the regression analysis.

In this study the results of Pearson correlation coefficient indicate that positive relationship exists between the service quality dimensions and customer satisfaction. Table 4.5 presents the summary of the correlation analysis in table form.

Table 4.5 Summary of correlation coefficients

Independent Variables (service quality dimension)	Dependent Variable (Customer Satisfaction)
Tangibility	0.542 **
Reliability	0.609 **
Responsiveness	0.657 **
Empathy	0.562 **
Assurance	0.703 **

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

Source: Own survey, 2017

As shown in the above table, the magnitude of the relationship ranges from a low of 0.542, between tangibility and customer satisfaction, to a high of 0.703, between assurance and customer satisfaction.

From the result we can see that assurance is highly correlated to customer satisfaction (0.703) followed by responsiveness (0.657), reliability (0.609), and empathy (0.562) and tangibility (0.542).

4.5. Regression analysis

Regression analysis is a statistical process for estimating the relationships among a dependent variable and several independent variables. A regression analysis helps one understand how the typical value of the dependent variable changes when any one of the independent variables is varied, while the other independent variables are held fixed. After examining the correlation between service quality dimensions and customer satisfaction, multiple regression analysis was conducted using customer satisfaction as the dependent variable and service quality dimensions as independent variables. In this study regression analysis is used to identify the impact of service quality dimensions on customer satisfaction.

Table 4.6 Model Summary of relation between SEVQUAL dimensions and customer satisfaction

Model	R	R Square	Adjusted R Square	F- value	Sig.
1	.772 ^a	.596	.567	20.167	.000

Source: Own survey, 2017

- a. Dependent variable customer satisfaction
- b. Independent variables (constant) tangible, reliability, responsiveness, empathy, assurance

As it can be shown from the above table the independent variables tangibility, reliability, responsiveness, empathy and assurance account for 0.596 i.e. 60 percent of customer satisfaction. The F statistics shows the overall significance of the model. Since the F value is found to be 20.17, the service dimension significantly predicts customer satisfaction.

Hypothesis Testing

Ho: Service quality does not have a significant impact on customer satisfaction in Oromia insurance S.C.

Ha: Service quality has a significant impact on customer satisfaction in Oromia insurance S.C.

From the above table it has been determined that F =20.18 and Sig. is .000 which confirms that service quality dimensions have significant impact on customer satisfaction. Hence the result depicted that the alternative hypothesis “Service Quality has a significant impact on Customer Satisfaction in Oromia insurance S.C.” is accepted. Accordingly the null hypothesis is rejected.

Table 4.7. Multiple Regression Result

Model	Standardized Coefficients	T	Sig.
	Beta		
(Constant)		-2.808	.006
Tangibility	.150	1.558	.124
Reliability	.111	.804	.424
Responsiveness	.201	1.318	.192
Empathy	.014	.111	.912
Assurance	.438	4.400	.000

Source: Own survey, 2017

According to the above result shows, that there is significant relation between service quality dimensions and customer satisfaction except empathy dimension. The beta values show the magnitude of relationship between variables, higher values being an indication of strong

relationship. In this study, assurance has got the highest Beta coefficient of 0.438. This result implies that the knowledge and courtesy of employees and their ability to convey trust and confidence in customers are the most significant of all the service quality dimensions. This means that the customers' perception performance of knowledge and courtesy of employees and their ability to convey trust and confidence strongly influence their perceived performance of Oromia insurance company services and influence their satisfaction level.

Responsiveness i.e. willingness to help customers is found to be the second most significant service quality dimension Beta value of 0.201 implying that this dimension is significantly related with customer satisfaction and strongly influences customer satisfaction level.

Tangibility (appearance of physical facilities including the equipment and personnel) and reliability (ability to perform the promised service dependably and accurately) are also found to be the highly significant and influential service dimensions with Beta value of 0.150 and 0.111 respectively. This result indicates that the tangibility and reliability of services have strong influence on customer satisfaction.

The coefficient table for service quality dimensions indicates the beta values of the independent variables. From this the regression equation is derived as:

Regression Equation

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

$$CS = -1.542 + 0.15TAN + 0.111REL + 0.201RES + 0.014EMP + 0.438ASS$$

Where,

CS = Customer satisfaction

TAN = Tangibility

REL = Reliability

RES = Responsiveness

EMP = Empathy

ASS = Assurance

CHAPTER FIVE

CONCLUSIONS AND RECOMMENDATIONS

5.1. Summary of Major Findings

The study assessed service quality and its impact on customer satisfaction at Oromia insurance company in three different branches, i.e. bole branch, gulele branch and head office branch. The study was conducted by distributing questioners to 89 customers from which 76 (85.4%) have been collected and analyzed.

The overall satisfaction level of customers was measured using a point likert scale range from highly dissatisfied (1) to highly satisfied (5). The total of 17.1% of respondent are dissatisfied, 17.1% are neither satisfied nor dissatisfied and 65.8% are satisfied.

Service performance is based on the services experienced by a customer, in this study, perceived performance of service quality dimensions were used to measure the level of service quality of Oromia insurance, Looking at the factors measuring tangibility, the highest mean score was 4.27 representing the attribute “employees are well dressed and appear neat” and the least mean score was 3.67 representing the attribute “physical facilities and technology goes with the type of service provided”.

From the five factors used to measure reliability the highest mean performance score was 4.13 representing the attribute “employees show sincere interest in solving a problem customer’s face” and the least mean score was 3.51 representing the attribute “employees perform the service right the first time”.

Among the five factors used to measure responsiveness the highest mean performance score was 4.26 representing the attribute “employees are always helpful” and the least mean score was 3.59 representing the attribute “There will be adequate number of employees to respond to customers’ needs”.

Out of the four attribute used to measure empathy, the attribute “service hours are convenient to customers” yielded the highest mean performance score of 4.46 while the least average score

3.39 was for the attributes “employees understand the specific needs of their customers” and “employees give individual attention to customers”.

Among the four attributes used to measure assurance the highest mean score was 4.30 representing the attribute “The behavior of employees Instills confidence in customers.” and the least mean score was 3.61 representing the attribute “employees provide customers the adequate information on the service they requested”.

From the overall perceived performance score analysis it was observed that Oromia insurance performed best in assurance dimension (4.04) and tangibles (4.01). In contrast, Oromia insurance has the worst performance in the dimension of empathy (3.66). And also from the gap analysis the lowest gap is tangibles (-0.42) and the highest gap on empathy (-0.70).

The finding from the correlation result reveals that there is a positive and significant relationship between the service quality dimensions and customer satisfaction. Assurance is found to have the highest correlation with customer satisfaction (0.703) followed by responsiveness (0.657), reliability (0.609), and empathy (0.562) and tangibility (0.542).

Moreover, the finding from the regression result indicates all the service quality dimensions have a positive impact on customer satisfaction and assurance is the dominant service quality dimension which affects customer satisfaction. From the R square value it is described that 60% of variation in customer satisfaction is accounted by the service quality dimensions.

Thus the findings are important to enable Oromia insurance to have a better understanding of customers expectation and perceived performance of the service quality and consequently of how to improve their satisfaction with respect to aspects of service quality.

5.2. Conclusions

The main interest of this study was to assess service quality and its impact on customer satisfaction in the case of Oromia insurance S.C with three different branches. The study wanted to assess the level of service quality, identify the relevant service quality dimension that has strong relation with customer satisfaction and examine the impact of service quality on customer satisfaction by using SERVQUAL model.

From the descriptive statistics, mean score computed. By comparing the responses of the customers to the service delivered, the overall average scores established that the most utilized dimension of Oromia insurance is the assurance and tangible which had highest performance mean score relative to the rest of the SERVQUAL dimensions.

Empathy which measures care of customers yielded the least mean performance score. This means that the employees need to improve on customer relation and care. And also by comparing the mean scores of the respondents regarding the performance and expectation of customers of the services provided by Oromia insurance, customer expectation responses yielded higher scores than the performance of the services provided by Oromia insurance. This means no positive mean gap score.

The mean scores of customers' expectations exceeded that of the perceived performance of the SERVQUAL dimensions. It can be concluded from the analysis that customers are not satisfied with the services. However the differences between the scores are small in magnitude, so that with sustainable effort services of the company can be at par and exceed with customers' expectations to achieve customer satisfaction.

From the correlation result it is indicated that there is a positive and significant relationship between the service quality dimensions and customer satisfaction. Accordingly assurance is highly correlated with customer satisfaction and followed by responsiveness, reliability, and empathy and tangibility respectively.

The finding from the regression result indicates all the service quality dimensions have a positive impact on customer satisfaction and assurance is the dominant service quality dimension which affects customer satisfaction.

From the regression analysis assurance is the dominant service quality dimension which affects customer satisfaction. From the R square value it is described that 60% of variation in customer satisfaction is accounted by the service quality dimensions. This indicates service quality has significant impact on customer satisfaction

5.2. Recommendations

This research has shown the impact of service quality on customer satisfaction in Oromia Insurance Company S.C. The results obtained confirm that all the service quality dimensions have a positive impact on customer satisfaction. Based on the findings and conclusions of the study, the following recommendations are forwarded.

- Oromia insurance company should work hard to improve the satisfaction of customers and service quality, since 17.1% of the major customers expressed their level of satisfaction as dissatisfied. This figure is not small since the customers are major to the company most of the premium is generated from these customers.
- To increase customer satisfaction in service quality Oromia insurance company should invest in equipment to enhance inter-branch network connection and enhance customer care through routine personal training and provision of better customer–friendly relationship.
- The quality gaps of service dimensions are negative. The gap varies from -0.42 (tangible) to -0.70 (reliability). Oromia insurance company should improve these gaps specially the wider gaps. To minimize the gap the company should focus on those dimensions attributes such as keep customer records accurately by set up a data base.
- Empathy is the most predictor of poor customer satisfaction, so the insurance company should try to give individual attention, have customer’s best interest at heart and its personnel particularly those working in customer service counters need to understand the specific requirements of the customers, since these quality features are highest determinants of satisfaction. Hence focus should be directed to enhancing the performance of front line staff, and emphasis should be placed on selection and training of frontline personnel.
- In this study assurance is the dominant service quality dimension which has a highest positive relation with customer satisfaction. Therefore the Oromia insurance company

should work on the indicators of this dimension i.e. the company should invest on trainings to enhance its employee's knowledge and behavior and also should ensure that customer feels safe in all transitions made.

- The gap analysis indicates that there is a gap between customer expectations and perceived performance on each dimension. Thus, customer expectations scores are higher than the scores of customer perceptions. Oromia insurance S.C is required to consider redesigning of its service operations to match up with customer expectation. This can be done by finding out from customers what they expect from the company and provide accordingly. By this customers will be compelled by virtue of superior service to stay than switching to a competitor.
- To increase customer satisfaction in service quality Oromia insurance S.C should focus on improving service quality dimensions. As the service quality dimensions represent 60% of the variation in customer satisfaction the company should work on all the service quality dimensions to improve and maintain its customer satisfaction.

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Appendix

1.1 QUESTIONNAIRE

QUESTIONNAIRE FOR RESEARCH WORK

Dear Respondents,

I am Helen G/meskel, a graduate student at Saint Mary's University, school of graduate studies I am conducting a research on **“assessment of service quality and its impact on customer satisfaction: The case of Oromia insurance S.C.”** in partial fulfillment of Master of Arts in Business Administration. I kindly request you to spend some minutes of your time in filling the questionnaire. Any information which you provide will be kept confidential. Your genuine response is highly appreciated for the outcome of the project.

Thank you for your kind cooperation in filling the questionnaire.

PART I Personal Information: Please put a check mark (✓) on the appropriate box

1. Gender: Male Female
2. Age: 18-29 30-39 40-49 50-59 > 60

3. Educational level

- Primary school Secondary school certificate
- Diploma First degree and above

3. Premium Amount (in Birr):

- 50,000 birr-100,000 birr 100000-500000 birr
- 500000birr -1,000,000 birr More than 1000,000 birr

4. How satisfied are you with the Insurance services of Oromia insurance S.C?

- Highly dissatisfied Dissatisfied Neutral Satisfied highly satisfied

PART II: Expectations

This section asks your opinion of the delivery of services to the customer in all process of insurance service. The services are including since purchasing process until the claim process. Please indicate the extent to which you think that Oromia insurance company should possess the feature described. Please right number of the statement under the score column.

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

Statements		Score
Tangibility		
1.	Oroma insurance should have up-to-date equipment and technology	
2.	Oroma insurance physical facilities should visually appealing	
3.	Oroma insurance employees should be well dressed and appear neat.	
4.	The physical facilities and technology of Oroma insurance should goes with the type of service provided.	
Reliability		
5.	Oromia insurance employees provide service at the time they promise to do so.	
6	Employees should show sincere interest in solving a problem customers face.	
7.	Employees should perform the service right the first time.	
8.	Oromia insurance should keep customers records accurately.	
9.	When Oromia insurance promises to do something by a certain time, they do.	
Responsiveness		
10.	There should be adequate number of employees to respond to customers' needs.	
11.	Employees should tell customers exactly when the service will be performed.	
12.	Employees should give prompt service to customers.	
13.	Oromia insurance employees should always be helpful.	
14.	Employees should never be busy to respond to customers enquires	
Empathy		
15.	Employees should give individual attention to customers.	

16.	Oromia insurance service hours should be convenient to customers.	
17.	Oromia insurance should have their customer's best interests at heart.	
18.	The employees of Oromia insurance should understand the specific needs of their customers.	
	Assurance	
19.	The behavior of employees should Instills confidence in customers.	
20.	Customers should feel assured at the time of transactions.	
21.	Oromia insurance employees should consistently polite.	
22.	Oromia insurance employees should provide customers the adequate information on the service they requested.	

PART III: Perceptions

This section asks you're your opinion related to your experience in Oromia insurance company. Please write the extent to which you believe Oromia insurance has the feature described in the statement in the score column.

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

Statements		Score
	Tangibility	
1.	Oromia insurance has up-to-date equipment and technology	
2.	Oromia insurance physical facilities are visually appealing	
3.	Oromia insurance employees are well dressed and appear neat.	
4.	The physical facilities and technology of Oromia insurance goes with the type of service provided.	
	Reliability	
5.	Oromia insurance employees provide a service at the time they promise to do so.	
6.	Employees show sincere interest in solving a problem customer's face.	
7.	Employees perform the service right the first time.	
8.	Oromia insurance keeps your records accurately.	
9.	When Oromia insurance promises to do something by a certain time, they do.	

Responsiveness		
10.	Oromia insurance adequate number of employees to respond to your needs.	
11.	Employees tell you exactly when the service will be performed.	
12.	Employees give prompt service.	
13.	Oromia insurance employees are always helpful.	
14.	Employees are never busy to respond to customers enquires	
Empathy		
15.	Employees give individual attention to customers.	
16.	Oromia insurance service hours are convenient to customers.	
17.	Oromia insurance has their customer's best interests at heart.	
18.	The employees of Oromia insurance understand the specific needs of their customers.	
Assurance		
19.	The behavior of employees' Instills confidence in you.	
20.	Customers feel assured at the time transactions.	
21.	Oromia insurance employees are consistently polite.	
22.	Oromia insurance employees provide you the adequate information on the service you requested.	

በቅድስት ማርያም ዩኒቨርሲቲ

የቢዝነስ አስተዳደር ድህረ-ምረቃ ትምህርት ክፍል

ከቡር የኦሮሚያ ኢንፎርሜሽን ስርዓት በቅድሚያ ይህን መጠይቅ ለመሙላት ፈቃደኛ ስለሆኑ አመሰግናለሁ። እኔ በቅድስት ማርያም ዩኒቨርሲቲ የቢዝነስ አስተዳደር ድህረ-ምረቃ ተማሪ ነኝ። ይህ መጠይቅ የተዘጋጀው ለድህረ-ምረቃ በቢዝነስ አስተዳደር ለመመረቂያ የሚሆን የጥናት ወረቀት ለማዘጋጀት በኦሮሚያ ኢንፎርሜሽን አገልግሎት ዙርያ የተዘጋጀ ነው። ይህ መጠየቅ የመመረቂያ ጥናት ለማዘጋጀት የሚጠቅመኝ ስለሆነ ጥያቄዎቼን በጥንቃቄ እንዲሞሉልኝ በትኩረት እጠይቃለሁ። በዚህ መጠይቅ ላይ የሚያስፍሩት ማንኛውም መረጃ ለትምህርታዊ ምርምር ግባአት አገልግሎት ብቻ እንደሚውል ላረጋግጥሎ እወዳለሁ። ለማንኛውም ጥያቄ እባክዎ በሞባይል ቁጥር +251-913-57-57-06 ይጠቀሙ። ለተሳትፎ እና ለትብብር በጣም አመሰግናለሁ።

ሄለን ገ/መስቀል

ክፍል 1: በክፍት ቦታው ላይ ማልክት ይጠቀሙ።

1. ያታ: ወንድ ሴት

2. በየትኛው የእድሜ ክልል ውስጥ ይገኛሉ?

18-29 <input type="checkbox"/>	30-39 <input type="checkbox"/>
40-49 <input type="checkbox"/>	50--59 <input type="checkbox"/> > 60 <input type="checkbox"/>

3. የትምህርት ደረጃ

አንደኛ ደረጃ <input type="checkbox"/>	ሁለተኛ ደረጃ <input type="checkbox"/>
ሰርተፍኬት <input type="checkbox"/>	ዲፕሎማ <input type="checkbox"/> የመጀመሪያ ዲግሪ እና በላይ <input type="checkbox"/>

4. አመታዊ የክፍያ መጠን

50,000-ብር -100,000 ብር <input type="checkbox"/>	ከ 100,000-500,000 ብር <input type="checkbox"/>
ከ500,000 -1000, 000 ብር <input type="checkbox"/>	> ከ 1,000,000 ብር <input type="checkbox"/>

4. አጠቃላይ በኦሮሚያ ኢንፎርሜሽን አገልግሎት ዙሪያ ያሎት የእርካታ ሁኔታ

በጭራሽ እርካታ የለውም <input type="checkbox"/>	እርካታ የለውም <input type="checkbox"/>	መካከለኛ <input type="checkbox"/>	እርካታ <input type="checkbox"/>	ከፍተኛ እርካታ <input type="checkbox"/>
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ክፍል 2: እርሶ ከአሮሚያ ኢንሹራንስ የሚጠብቁትን የአገልግሎት አሰጣጥ (ቅድመ ግምት) በተመለከተ፡፡ ከዚህ በታች ባለው ዝርዝር መሰረት ከተራ ቁጥር 1-5 አንዱን በመምረጥ ነጥብ ከሚለው በታች ይሙሉ፡፡
 በጣም አልስማማም= 1 አልስማማም=2 መካከለኛ= 3 እስማማለሁ=4 በጣም እስማማለሁ=5

የአገልግሎት ጥራት መገለጫዎች		ነጥብ
ተጨባጭ ሁኔታዎች (Tangibles)		
1.	አሮሚያ ኢንሹራንስ ዘመናዊ መሳሪያዎች አሉት፡፡	
2.	በአሮሚያ ኢንሹራንስ ውስጥ ያሉ የሚታዩ መገልገያዎች (የቢሮ እቃዎች ፣ ቢሮ አቀማመጥ ወዘተ) ለእይታ የሚስቡ ናቸው፡፡	
3.	ሰራተኞች ጥሩ ልብስ ለብሠውና ንፁህ ሆነው ይቀርባሉ፡፡	
4.	ለሰራተኞች የሚያገለግሉ ማቴሪያሎች እና መሳሪያዎች ከሚቀርቡት አገልግሎቶች አይነት ጋር አብሮ የሚሄድ ነው፡፡	
ታማኝነት (Reliability)		
5.	ሰራተኞች በአንድ በተወሰነ ጊዜ ውስጥ የሆነን ነገር ለመስራት ቃል ይገባሉ፣ እንደ ቃላቸው ይፈጽማሉ፡፡	
6.	አንድ ደንበኛ ችግር ካጋጠመው የአገልግሎት ሰራተኞች ችግሩን ለመፍታት ቀና ፍላጎት ያላቸው መሆናቸውን ያሳያሉ፡፡	
7.	ሰራተኞች አገልግሎት ሲሰጡ በመጀመሪያው ጊዜ ያለስህተት ይፈጽማሉ፡፡	
8.	አሮሚያ ኢንሹራንስ መዛግብቱን በትክክል ይይዛል፡፡	
9.	የአሮሚያ ኢንሹራንስ ሰራተኞች አገልግሎታቸውን ለመፈጸም ቃል በገቡበት ጊዜ ያቀርባሉ፡፡	
ምላሽ ሰጪነት (Responsiveness)		
10.	አሮሚያ ኢንሹራንስ የደንበኞችን ፍላጎት ማስተናገድ የሚያስችል በቂ የሰራተኛ ቁጥር አለው፡፡	
11.	ሰራተኞች አገልግሎት የሚያከናውንበትን ጊዜ በትክክል ለደንበኞች ያሳውቃሉ፡፡	
12.	በአገልግሎት አቀራረብ ውስጥ የሚካተቱ ሰራተኞች ለደንበኞች ቀልጣፋ አገልግሎት ይሰጣሉ፡፡	
13.	ሰራተኞች ደንበኞችን ለመርዳት ፈቃደኞች ናቸው፡፡	
14.	የአሮሚያ ኢንሹራንስ ሰራተኞች የደንበኞችን ጥያቄዎች በፍጥነት ለመመለስ ፈፅሞ ስራ አይበዛባቸውም፡፡	
የችግር ተካፋይነት (Empathy)		
15.	ሰራተኞች ለደንበኞች የግል እንክብካቤ ይሠጣሉ፡፡	
16.	አገልግሎት ሠጪው (አሮሚያ ኢንሹራንስ) ለሁሉም ደንበኞች ምቹ የሆነ የሰራ ሰዓት አለው፡፡	
17.	ሰራተኞች የደንበኞችን ትክክለኛ የልባቸው ፍላጎት ተቀብለው ያስተናግዳሉ፡፡	
18.	ሰራተኞች የደንበኞችን ልዩ ፍላጎት ይረዳሉ፡፡	
ዋስትና (መተማመኛ) Assurance		
19.	የሰራተኞች ባህሪ በደንበኞች ውስጥ እምነት እንዲያድር ያደርጋል፡፡	
20.	ደንበኞች በአገልግሎት ለማግኘት በሚመጡበት ወቅት መተማመን ይሰማቸዋል፡፡	
21.	ሰራተኞች ለደንበኞች በወጥነት ትህትናን ያሳያሉ፡፡	
22.	ሰራተኞች የደንበኞችን ጥያቄዎች ለመመለስ እውቀት አላቸው፡፡	

ክፍል 3: እርሶ ከኦሚያ ኢንቨራንሽን ያገኙትን የአገልግሎት አሰጣጥ በተመለከተ፡፡ ከዚህ በታች ባለው ዝርዝር መሰረት እርሶ እንደ ደንበኛ የገጠሞትን አገልግሎት አሰጣጥ ከተራ ቁጥር 1-5 ነጥብ ከሚለው በታች ይሙሉ፡፡

በጣም አልሰማም= 1 አልሰማም=2 መካከለኛ= 3 እሰማለሁ=4 በጣም እሰማለሁ=5

የአገልግሎት ጥራት መገለጫዎች		ነጥብ
ተጨባጭ ሁኔታዎች (Tangibles)		
1.	ኦሚያ ኢንቨራንሽን ዘመናዊ መሳሪያዎች አሉት፡፡	
2.	በኦሚያ ኢንቨራንሽን ውስጥ ያሉ የሚታዩ መገልገያዎች (የቢሮ እቃዎች ፣ ቢሮ አቀማመጥ ወዘተ) ለእይታ የሚሰቡ ናቸው፡፡	
3.	ሰራተኞች ጥሩ ልብስ ለብሰውና ንፁህ ሆነው ይቀርባሉ፡፡	
4.	ለስራ የሚያገለግሉ ማቴሪያሎች እና መሳሪያዎች ከሚቀርቡት አገልግሎቶች አይነት ጋር አብሮ የሚሄድ ነው፡፡	
ታማኝነት (Reliability)		
5.	ሰራተኞች በአንድ በተወሰነ ጊዜ ውስጥ የሆነን ነገር ለመስራት ቃል ከገቡ፣ እንደ ቃላቸው ይፈጽማሉ፡፡	
6.	አንድ ደንበኛ ችግር ካጋጠመው ሰራተኞች ችግሩን ለመፍታት ቀና ፍላጎት ያላቸው መሆናቸውን ያሳያሉ፡፡	
7.	ሰራተኞች አገልግሎት ሲሰጡ በመጀመሪያው ጊዜ ያለስህተት ይፈጽማሉ፡፡	
8.	የኦሚያ ኢንቨራንሽን መዛግብቱን በትክክል ይይዛል፡፡	
9.	የኦሚያ ኢንቨራንሽን ሰራተኞች አገልግሎታቸውን ለመፈጸም ቃል በገቡበት ጊዜ ያቀርባሉ፡፡	
ምላሽ ሰጪነት (Responsiveness)		
10.	ኦሚያ ኢንቨራንሽን የደንበኞችን ፍላጎት ማስተናገድ የሚያስችል በቂ የሰራተኛ ቁጥር አለው፡፡	
11.	ሰራተኞች አገልግሎት የሚያከናውኑበትን ጊዜ በትክክል ለደንበኞች ያሳውቃሉ፡፡	
12.	በአገልግሎት አቀራረብ ውስጥ የሚካተቱ ሰራተኞች ለደንበኞች ቀልጣፋ አገልግሎት ይሰጣሉ፡፡	
13.	ሰራተኞች ደንበኞችን ለመርዳት ፈቃደኞች ናቸው፡፡	
14.	ሰራተኞች የደንበኞችን ጥያቄዎች በፍጥነት ለመመለስ ፈፅሞ ስራ አይበዛባቸውም፡፡	
የችግር ተካፋይነት (Empathy)		
15.	ሰራተኞች ለደንበኞች የግል እንክብካቤ ይሰጣሉ፡፡	
16.	ኦሚያ ኢንቨራንሽን ለሁሉም ደንበኞች ምቹ የሆነ የስራ ሠዓት አለው፡፡	
17.	ሰራተኞች የደንበኞችን ትክክለኛ የልባቸው ፍላጎት ተቀብለው ያስተናግዳሉ፡፡	
18.	ሰራተኞች የደንበኞችን ልዩ ፍላጎት ይረዳሉ፡፡	
ዋስትና (መተማመኛ) Assurance		
19.	የሰራተኞች ባህሪ በደንበኞች ውስጥ እምነት እንዲያድር ያደርጋል፡፡	
20.	ደንበኞች በአገልግሎት ለማግኘት በሚመጡበት ወቅት መተማመን ይሰማቸዋል፡፡	
21.	ሰራተኞች ለደንበኞች በወጥነት ትህትናን ያሳያሉ፡፡	
22.	ሰራተኞች የደንበኞችን ጥያቄዎች ለመመለስ እውቀት አላቸው፡፡	

Appendix 1.2

SPSS Data Output

SERVQUAL dimensions	Mean Expectation	Mean perceived performance	Service quality gap
up-to-date equipment and technology	4.40	4.21	-0.19
visually appealing physical facilities	4.44	3.92	-0.52
well dressed and appear neat employees	4.48	4.27	-0.21
Physical facilities and technology goes with the type of service provided.	4.43	3.67	-0.76
Tangibility	4.43	4.01	-0.42
Employees Providing service at the scheduled time.	4.26	3.88	-0.38
Employees show sincere interest in solving customer's problem	4.43	4.13	-0.3
Employees perform the service right the first time.	4.30	3.51	-0.79
keep customers records accurately	4.46	3.57	-0.89
employees keep promises	4.36	3.84	-0.52
Reliability	4.36	3.78	-0.58
Adequate number of employees to respond to customers' needs	4.36	3.59	-0.77
Employees tell customers exactly when the service will be performed.	4.50	3.92	-0.58
Employees will give prompt service to customers	4.39	3.77	-0.62
employees willingness for help	4.60	4.26	-0.34
Employees never busy to respond to customers enquires	4.32	3.60	-0.72
Responsiveness	4.45	3.82	-0.61
Individual attention to customers	4.21	3.39	-0.82
Service hours are convenient to customers.	4.71	4.46	-0.25
Employees have their customer's best interests at heart.	4.26	3.40	-0.86
Employees understand the specific needs of their customers.	4.27	3.39	-0.88
Empathy	4.36	3.66	-0.70
The behavior of employees Instills confidence in customers.	4.50	4.30	-0.2

Customers feel assured at the time of transactions	4.63	4.11	-0.52
Employees are consistently polite.	4.43	4.15	-0.28
Employees provide customers the adequate information on the service they requested.	4.55	3.61	-0.94
Assurance	4.52	4.04	-0.48

Correlation Analysis result

	Tangibility	Reliability	Responsiveness	Empathy	Assurance	Customer satisfaction	
Tangibility	Pearson Correlation	1	.526**	.581**	.517**	.481**	.542**
	Sig. (2-tailed)		.000	.000	.000	.000	.000
	N	76	76	76	76	76	76
Reliability	Pearson Correlation	.526**	1	.814**	.727**	.564**	.609**
	Sig. (2-tailed)	.000		.000	.000	.000	.000
	N	76	76	76	76	76	76
Responsiveness	Pearson Correlation	.581**	.814**	1	.760**	.616**	.657**
	Sig. (2-tailed)	.000	.000		.000	.000	.000
	N	76	76	76	76	76	76
Empathy	Pearson Correlation	.517**	.727**	.760**	1	.544**	.562**
	Sig. (2-tailed)	.000	.000	.000		.000	.000
	N	76	76	76	76	76	76
Assurance	Pearson Correlation	.481**	.564**	.616**	.544**	1	.703**
	Sig. (2-tailed)	.000	.000	.000	.000		.000
	N	76	76	76	76	76	76
Customer satisfaction	Pearson Correlation	.542**	.609**	.657**	.562**	.703**	1
	Sig. (2-tailed)	.000	.000	.000	.000	.000	
	N	76	76	76	76	76	76

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

Regression Analysis Result

Model summary

Model	Sum of Squares	Df	Mean Square	F	Sig.
1 Regression	54.816	5	10.963	20.617	.000 ^b
Residual	37.223	70	.532		
Total	92.039	75			

a. Dependent Variable: Customer satisfaction

b. Predictors: (Constant), Assurance, Tangibility, Empathy, Reliability, Responsiveness

Regression coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	-1.542	.549		-2.808	.006
Tangibility	.230	.148	.150	1.558	.124
Reliability	.171	.212	.111	.804	.424
Responsiveness	.309	.234	.201	1.318	.192
Empathy	.018	.167	.014	.111	.912
Ass	.597	.136	.438	4.400	.000

a. Dependent Variable: Customer satisfaction

b. Predictors: (Constant), Assurance, Tangibility, Empathy, Reliability, Responsiveness