ST.MARY'S UNIVERSITY

SCHOOL OF GRADUATE STUDIES

Effects of Service Quality on Customer Satisfaction in Nib Insurance Company (S.Co)

BY: **Biruk Wondimu**

ID NO: **SGS/0550/2010A**

Name of Advisor: **Dr. Mesfin Tesfaye**

December, 2020

Addis Ababa

Effects of Service Quality on Customer Satisfaction in Nib Insurance Company (S.Co)

BY:

Biruk Wondimu

ID: SGS/0550/2010A

A Thesis Submitted to

The Department of Management

Presented in Partial Fulfillment of the Requirements for the Degree of Master of

Business Administration

ST. MARY`S UNIVERSITY

SCHOOL OF GRADUATE STUDIES

FACULTY OF BUSINESS

Effects of Service Quality on Customer Satisfaction in Nib Insurance Company (S.Co)

BY:

Biruk Wondimu

ID: SGS/0550/2010A

APPROVED BY BOARD OF EXAMINERS

_____   _____

Dean, Graduate Studies   **Signature & Date**

_____   _____

Advisor   **Signature & Date**

_____   _____

External Examiner   **Signature & Date**

_____   _____

Internal Examiner   **Signature & Date**

Declaration

I, Biruk Wondimu, declare that this thesis report is my own original work and has not been submitted for any degree in any university. All the resources and information used for this study have been dually acknowledged.

Name: Biruk Wondimu

Signature: _____

Date: _____

I confirm that this thesis has been submitted for examination with my approval as a university advisor

Advisor's Name: Mesfin Tesfaye (PhD)

Signature: _____

Date: _____

Acknowledgement

First and for most, I would like to praise and give special thanks to almighty God for his valuable care and support through all this. Then, I am pleased to extend my appreciation to my advisor, Mesfine Tesfaye (PhD), for his guidance and support starting from refining the study topic to the end of the study.

I would also like to thank my family's unreserved support and encouragement. A special thanks to my sisters Meseret Wondimu and Frehiwot Wondimu and My beloved wife Eyerusalem Admasu who assisted me in various ways, cannot be forgotten and was an incentive to complete my MBA study at St. Mary's University.

My heartfelt gratitude also go to my friends Tesfa Tiruneh and Abdulrazak Shikur, without their intellectual support and encouragement, particularly in the methodological part of the study, my work would not have been completed.

Biruk Wondimu

December, 2020

Table of Contents

LIST OF TABLES

ACRONYMS

NIC Nib Insurance Company

ANOVA   an Output of Variance

SPSS   Statistical Package for Social Sciences

T   Tolerance

VIF   Variable Inflation factor

Abstract

Customer satisfaction is a critical factor for service organization like insurance companies. Company's sustainable growth revolves around the satisfaction of customers. Thus, this study focused to investigate the effect of service quality on customer satisfaction and to examine the relationship between the five service quality dimensions and customer satisfaction. In addition it tries to assess the level of customer satisfaction and quality service offered by NIC. In order to attain the research objective, descriptive and explanatory research designs have been employed and both primary and secondary sources of data were used. Questionnaire was designed and categorized under five dimensions of the SERVEPERF model for 391 customers. Then the collected data analyzed with the help of SPSS version 26. Background information of respondents; and respondents' perception on service quality and satisfaction are analyzed under descriptive statistics such as frequency, mean and standard deviation techniques. Besides, to investigate relationship between service quality dimensions and customer's satisfaction and the impacts of service quality dimensions on customer satisfaction correlation and regression analysis techniques are applied respectively. The finding indicates that the performance of NIC in providing quality service is high and customers are satisfied. The result also indicates that all service quality dimensions have a positive correlation with customer satisfaction while Reliability and Tangibility have significantly correlated. The research proves that service quality has a positive and significant effect on customer satisfaction while reliability, responsiveness and assurance dimensions plays the most important role in customer satisfaction level. So NIC can improve its customer satisfaction level more by focusing on these service quality dimensions.

Key words: Tangibility, Reliability, Responsiveness, Assurance, Empathy, Customer satisfaction, SERVEPERF model.

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

To remain competitive, service organizations must deliver quality service to their customers. In the recent years, like other sectors they have realized the significance of customer centered philosophies. They are also using Service Quality as an important differentiator and a path to success. I.e., Services business success has been associated with the ability to deliver superior service (Gale, 1990). But, companies face difficulties in measuring the quality of services offered to customers. Because unlike measuring the quality of goods, the measurement of the quality of services offered by the companies is difficult due to the unique features of the service.

Hence, one way of measuring the quality of services offered by the service provider is the measurement of the customer's perception of the quality of service they are experiencing from their service providers. Academicians and researchers have proposed several approaches to service quality. Some of them are dimensions of service quality, gap analysis, the design approaches and direct application of quality know-how from goods to services.

SERVQUAL (Parasuraman, Zeithaml, and Berry., 1988) is the most widely used service quality measurement tool. SERVQUAL scale measures service quality, based on difference between expectation and performance perception of customers using 22 items and five-dimensional structure. However, SERVPERF model is the most advantageous among the available quality models to calibrate service quality by virtue that it focuses on measuring the perception of the clients regarding the quality of the service received.

Insurance industry is one of the world's most known service industries which is very important for economic progress. In an increasingly global community and market place, Insurance service makes possible to spread mega risks throughout the world instantly. The trend of insurance companies shifting from a product-focused view to a customer-focused one has been developing recently as insurance products become increasingly hard to differentiate in fiercely competitive markets. It is becoming desirable for insurance companies to develop a customer centric approach for future survival and growth. So, insurance companies must design a strategy to achieve the standard of best insurance service which ultimately result in customer satisfaction and an increased market share and maximized company profit.

Nib insurance company (NIC) is one of the 18 insurance companies operating in Ethiopia. The general assembly of the company formally approved establishment of NIC on November 11, 2001 and the company formally commenced its operations with four branches in Addis Ababa on May 2, 2002. There were 682 shareholders who contributed a capital of about Birr 14 million.

Currently the total paid up capital has reached to Birr 250 million and the number of shareholders increased to 1,014. The company undertakes its operations through its head office, 42 branches office for the Genera Insurance and 1 Life Assurance branch.

Nib Insurance as a service provider gives attention to service quality and prepared strategic plan which incorporate service excellency as one of the five strategic pillars for strategic year 2020/21 to 2025/2026 with a vision of being a leading private insurance company in Ethiopia that guarantees peace of mind to its customers through offering agile insurance solutions by the year 2025.

This work analyzes the user's quality perception of the services provided and its effect on customer satisfaction in NIC using SERVPERF model and provides constructive recommendation for the company. Besides it provide benefits to the local insurance company or to others with related criteria.

1.2 Statement of the Problem

Service Quality improvement is a key issue that determines the survival of the insurance companies because, unsatisfactory customer service leads to a drop in customer satisfaction and unwillingness to recommend the service to a friend (Lukmaan, 2013). This would in turn lead to an increase the number of customers' shift to the competitors.

Customers in the insurance industry of Ethiopia have many complains about efficiency and lack of quality excellence in the service they get (Zeleke, 2007). According to the data acquired from a review of the workshop resolutions of the company and reports of the National Bank of Ethiopia, NIC's share in the market has been in a declining trend since 2015/16 budget year to 2019/20 from 7.4% to 4%.

In addition, based on the years long work related observations and the discussions made with certain employees, the researcher has already noted that there exists a flaw on the quality aspects of the service during both underwriting and claim services. There are a lot of complains on claim services, and visible poor customer handling quality on some underwriting employees of the company.

Therefore, the researcher is motivated to contribute to this area by examining the effects of service quality on customer satisfaction in NIC. In addition to overcoming this problem, few published studies which were conducted in Ethiopia focused on the industry level, specifically at regional level, cities, and sub cities level. However, there is a limited published study on individual company level. According to Davidow and Uttal (2009) and Rampersad (2001), the dimensions of service quality and their effect on customer satisfaction vary within different countries, institutions and even cultures. So, those studies that have been made at industry level or at another company cannot exactly represent Nib Insurance. Based on this, the study aims to answer the following questions.

1.3 Research Questions

The study basically answers the following questions:

1. What is the level of service quality as perceived by customers in NIC currently?

2. What is the level of overall customer satisfaction in NIC?

3. What is the relationship between the five service quality dimensions and customer satisfaction at NIC?

4. Which of the service quality dimensions do significantly affect service quality in NIC?

5. What is the extent to which service quality dimensions explain customer satisfaction?

1.4 Research Objectives

1.4.1 General objective

The general objective of the study is to assess service quality excellence and its effect on customer satisfaction in insurance company a case of Nib insurance company.

Specific objectives that were measured to achieve the general objective were:

- ⊙ To assess the level of service quality as perceived by customers in NIC currently.
- ⊙ To investigate the level of customer satisfaction in NIC.
- ⊙ To examine the relationship between the five service quality dimensions and customer satisfaction at NIC.
- ⊙ To identify the service quality dimensions that do significantly affect customers' satisfaction in NIC.
- ⊙ To evaluate the extent to which service quality dimensions explain customer satisfaction in NIC.

1.5 Significance of the Study

This particular study will enables the student researcher to have an academic knowledge on conducting research and contribute to partially fulfill the requirements for the Degree of Master of Business Administration. In addition the finding of this study will benefit the management of Nib insurance in the move to improve service quality and excel for

competitiveness. Besides, the study will provide useful suggestions to other stake holders like shareholders, employees and investors to the improvement of service that the company offered.

1.6 Scope of the study

This study was restricted and focused on the assessment of service quality and its effect on customer satisfaction in insurance companies and relies on customer's perception towards the 5 service quality dimensions. In order to address the research objectives, the study was delimitated to Nib insurance. The research has been conducted on the customers of NIC that are situated in Addis Ababa. Because, as per the data acquired from internal sources, the majority of the company's transaction and business is secured from the customers in the capital.

1.7 Limitation of the study

Due to time constraint, it was not possible to broaden the study to see the relationship between city and outlying branches customers' service level in terms of their perception with respect to the need for insurance service.

1.8 Organization of the Study

This study was organized into five chapters. The first chapter introduce and provides a description of the background, statement of problem, research questions, objectives of the study, significance of the study, scope of the and limitations of the study. The second, chapter includes related literatures that are the concept and theories of service quality and measurement of service quality excellence. The third chapter explores research design and methodology. The fourth chapter presents the analysis and the interpretation, while

the last chapter (chapter five) provides the summary of findings, conclusion and recommendations based on the findings.

CHAPTER TWO

LITERATURE REVIEW

2.1 Theoretical Literature

2.1.1   The concept of Service

Service is defined as a process consisting of a series of more or less intangible activities that normally, but not necessarily always, take place in interactions between the customer and service employees and/ or physical resources or goods and/or systems of service provider, which are provided as solution to customer problem (Gronroos, 2000).

Features of Service

The following are feature of service as identified by (Mudie & Pirrie, 2006):

Intangibility: intangibility is the main feature of service. Service cannot assure the quality because it cannot count, measured, tested, verified and inventoried in advance of sale. Most of the firms find it difficult to understand how customers consider their services and evaluate the quality of their services.

Inseparability: there is a marked distinction between physical goods and services in terms of the sequence of production and consumption. Services are sold, produced and consumed at the same time. Whereas goods are first produced, then stored and finally sold and consumed, services are first sold, then produced and consumed simultaneously.

Heterogeneity: An unavoidable consequence of simultaneous production and consumption is variability in performance of a service. The quality of the service may vary depending on who provides it, as well as when and how it is provided.

Perishability: Services cannot be stored for later sales or use. As services are performances they cannot be stored. If demand far exceeds supply it cannot be met, as in manufacturing, by taking goods from a warehouse. Similarly, if capacity far exceeds demand, the revenue and / or value of that service is lost.

2.1.2   Insurance Industry Services

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).

2.1.3   Quality management

Quality is one of the five key objectives of operations alongside with cost, flexibility, material management and delivery. While quality management is cross-functional in nature and involves the entire organization, operation has a special responsibility to produce a quality product for the customer. This requires the cooperation of the entire organization, the operation manager has a special responsibility to produce a quality product or deliver a quality service for its customers. Schroeder, (2006).

The definition of quality depends on the role of the people defining it. Most consumers have a difficult time defining quality, but they know it when they see it. Since quality can be several things at the same time and may have various meanings, according to the person, the measures, applied and the context within which it is considered. The difficulty in defining quality exists regardless of product, and this is true for both manufacturing and service organizations. There is no single universal definition of quality. Some people view quality as "performance to standards". Others view it as "meeting the customer's needs" or "satisfying the customer". Let's look at some of the more common definitions of quality.

"Quality is the search for excellence"

The 'search for excellence' is inbred in a Darwinian philosophy for the survival of the fittest. Quality is thus an expression of this excellence, which leads one firm's product to

dominate another, and to guarantee its survival by image of quality. Over time, excellence creates an image and quality. Trapiero, (1996).

"Quality is in the eye of the beholder"

Heizer and Render(2006), demonstrated that quality is the ability of a product or service to meet customer needs, or quality may be in the eyes of the beholder, but to create a goods or a service, operation managers must define what the beholder (the customer) expects. Thus, the characteristics that connote quality must first be defined through research (user based approach to quality). Then the characteristics will be translated to specific attributes of a product (product based approach of quality). Then, the manufacturing process is organized to ensure that products are made precisely to specification (a manufacturing based approach to quality). A process that ignores any one of these steps will not result in a quality product.

"Value for price paid"

Quality is defined in terms of product or service usefulness for the price paid is a definition of quality that consumers often use for product or service usefulness. This is the only definition that combines economics with consumer criteria; it assumes that the definition of quality is price sensitive. Chase, B., J. Aquilno & R. Jacob. (2002). Moreover, G. Schroeder, (2006) point out a more comprehensive definition of Quality can be formulated by defining quality from four dimensions: Quality of Design, Quality of Conformance, the "Abilities" and Field service.

Thus, whether the product is a service or good, quality can be defined by, Quality of Design (determining specification before the product is produced), Quality of

conformance (means producing a product to meet the specifications), Ability: availability, reliability, and maintainability are another dimensions of quality, and Field service, the last dimension, represents warranty and repair or replacement of the product after it has been sold. Schroeder, (2007)

Key characteristics of service quality can be difficult to define due to the highly subjective nature of service quality. This is underlined by Deming (1986) when he stated that; quality can be defined only in terms of the agent. In essence, ultimately this means that it is the consumer that will form a judgment about the quality of any given service that they receive. Service quality is the consumer's judgment about an entity's overall excellence or superiority (Zeithaml, V., Berry, L. and Parasuraman, A., 1986).

A further complexity in trying to understand the service quality is its dynamic nature. Firstly, the speed of a consumer's reaction to service quality is immediate, compared, for example, with the speed of reaction to manufactured goods. Additionally, because of the immediacy of the consumer's service quality evaluation, attempting to understand a consumer's reaction to a future service cannot be ascertained today as consumer needs and expectations continually change. Therefore, the relevant characteristics are those which are important to each individual consumer at a specific point of time.

2.1.4 Customer Satisfaction

Many researchers have looked into customer satisfaction. Kotler (2000) defined satisfaction as: "a person's feeling of pleasure or disappointment resulting from comparing a product's perceived performance (or outcome) in relation to his or her expectations". Hoyer and Macinnis (2001) said that satisfaction can be associated with

feelings of acceptance, happiness, relief, excitement, and delight. According to Hansemark and Albinsson (2004), "satisfaction is an overall customer attitude towards a service provider, or an emotional reaction to the difference between what customers anticipate and what they receive, regarding the fulfillment of some need, goal or desire".

Giese & Cote, (2000, p.15) clearly state that there is no generic definition of customer satisfaction and after carrying a study on various definitions on satisfaction they came up with the following definition, "customer satisfaction is identified by a response (cognitive or affective) that pertains to a particular focus (i.e. a purchase experience and/or the associated product) and occurs at a certain time (i.e. post-purchase, post consumption)".

From this definition, it is clear that insurance customer satisfaction is determined by insured's perception on the pre and post services.

Organizations that consistently satisfy their customers enjoy higher retention levels and greater profitability due to increased customers' loyalty, Wicks & Roethlein, (2009, p.83).

2.1.5 The Relationship between Service quality and Customer Satisfaction

Since customer satisfaction is considered to be based on the customer's experience on a particular service encounter, (Cronin & Taylor, 1992) it is coherent with the fact that service quality is a determinant of customer satisfaction. Regarding the relationship between customer satisfaction and service quality, Oliver (1993) first suggested that service quality would be antecedent to customer satisfaction regardless of whether these constructs were cumulative or transaction-specific. Some researchers have found empirical supports for the view of the point mentioned above (Anderson & Sullivan,

1993); where customer satisfaction came as a result of service quality. In relating customer satisfaction and service quality, researchers have been more specific about the meaning and measurements of satisfaction and service quality. Satisfaction and service quality have certain things in common, but satisfaction generally is a broader concept, whereas service quality focuses specifically on dimensions of service. (Wilson et al., 2008, p. 78). Although it is stated that other factors such as price and product quality can affect customer satisfaction, perceived service quality is a component of customer satisfaction (Zeithaml et al. 2006, p. 106-107). This theory complies with the idea of Wilson et al. (2008) and has been confirmed by the definition of customer satisfaction presented by other researchers. Some authors have agreed to the fact that service quality determines customer satisfaction. Parasuraman et al., (1985), proposed in their study that when perceived service quality is high, then it will lead to increase in customer satisfaction.

2.1.6   Service quality Measurement Models

2.1.6.1 The SERVQUAL model

The SERVQUAL model was developed after a study of both customers and executives in different service organizations. The model, which ensued, conceptualizes service quality as a gap between customer's expectations (E) and the perception of the service providers' behavioral performance (P). According to the model, service quality should be measured by subtracting customer's perception scores from customer expectation scores (Q=P-E). The greater the positive score, the greater the positive amount of service quality or vice versa (Parasuraman et. al., 1985). The basic idea behind the model is that customer perception of service quality is affected by four gaps or deficiencies which occur on the

provider's side. Therefore, it is up to the marketers and operation managers to focus on these critical gaps in order to control gap five which is consumer orientated and the focal point of the model (Zeithaml, V., Berry, L. and Parasuraman, A., 1991).

This formulation of service quality has received a great deal of criticism (Buttle, 1996). Firstly, the conceptualization of expectation as a comparison standard in the model is a difficult concept to quantify. Secondly, if the variables are difficult to quantify then, by implication, the gap score becomes that much less secure as a measurement. Thirdly, conceptual inadequacy leads to operational misconceptions and misinterpretation of the gap formulation. Fourthly, there is cause to doubt the universal quality of SERVQUAL dimensions. Finally the administration of the two instruments -expectations and performance- cause boredom and confusion.

Reeves and Bedner (1994), suggest that models based on expectations have some inherent weaknesses, such as the changeable (dynamic) nature of expectations. This throws doubt on the applicability of expectation statements in measuring instruments.

2.1.6.2 SERVPERF Model

Although the elements listed in SERVQUAL model have been proven to be the main method for evaluating service quality from the consumer's perspective (Brown, T. J.,Churchill, G.A. and Peter, J.P. (1993), drawbacks in using SERVQUAL in measuring service quality has been the reason that the SERVPERF scale was proposed by Cronin & Taylor (1992), cited in Jain et al. (2004). Cronin and Taylor (1992) suggested nullifying the expectation portion from the SERVQUAL. They argued that only the performance dimension could predict behavioral intensions. They meant that higher perceived

performance entails higher quality service so they termed their measurement model as SERVPERF, meaning Service Performance. In this new model, Cronin and Taylor (1992) proceeded to measuring performance (perceived service) with the same dimensions as reliability, responsiveness, assurance, tangibles, and empathy for service quality measurement instead of "expectation perception" difference. The research finding showed SERVQUAL factors are inconsistent, and SERVPERF is a more accurate measurement for service quality in comparison with SERVQUAL(Cronin & Taylor, 1994).

2.1.7   The Five Dimensions of Service Quality

Since the development of SERVQUAL by Parasuraman, Zeithaml, and Berry (1985), service quality has been widely researched and applied in different types of industries. SERVQUAL is a 'diagnostic tool that uncovers a firm's broad weaknesses and strengths' in service quality (Hoffman and Bateson, 2006) SERVQUAL scale is a principal instrument in the services marketing literature for assessing quality (Parasuraman et al., 1991; Parasuraman et al., 1988). The results of the initial published application of the SERVQUAL instrument indicated five dimensions of service quality emerged across a variety of services. These dimensions include tangibles, reliability, responsiveness, assurance and empathy (Zeithaml et al., 1990)

Tangibles: Is the physical evidence of service,

Reliability: involves consistency of performance and dependability,

Responsiveness: concerns the willingness or readiness of employees to provide services,

Assurance corresponds to the knowledge and courtesy of employees and their ability to inspire trust and confidence, and finally,

Empathy: pertains to caring, individualized attention that a firm provides its customers (Lassar et al., 2000).

2.2 Empirical Review

The empirical literature survey helps the development of the theoretical framework and hypothesis for testing. There have been a lot of studies conducted in the field of service quality and customer satisfaction in various service industries in both at the national and international level. Let summarizes some of them chronologically:

Rama et al. (2011) conducted the study to examine the service quality perceptions of the customers of public sector and private sector banks in the city of Visakhapatnam, India. A total of 300 respondents were surveyed by using the universally accepted SERVQUAL model in which 42 quality measurement parameters are used under the five dimensions of service quality: Tangibles, Reliability, Assurance, Responsiveness, and Empathy. The study reveals that the Reliability and Assurance dimensions of service quality scored the highest ratings while the Tangibles dimension got the lowest score. Moreover, the study found a strong dissimilarity in service quality perceptions between customers of private sector and public sector banks.

Satendra et al. (2011); examined the relationship between service quality and customer satisfaction among group of customer towards the public sector banking industries in India. The study is cross sectional and descriptive in nature. Service quality consists of

service product, service delivery and service environment, whereas service product refers to the technical quality of service, service delivery refers to functional quality and service environment refers to internal and external. 400 questionnaires distributed to the customer of different department and agency, where 304 is returned back. The hypotheses were tested using the multiple regressions. The finding indicates that service product is significantly and positively related to customer satisfaction; however, service delivery and service environment are not significant predictors of customer satisfaction.

Houn et al. (2012); The purpose of their study is to build a broader understanding of the determinants of customer satisfaction throughout the financial services industry by incorporating the perceptions of fairness in service delivery (FAIRSERV) and outlining why and how FAIRSERV is important to customer satisfaction. The researchers conduct a cross-sectional questionnaire survey, including samples of 420 customers from the financial services industry in Taiwan. PLS-Graph is used to evaluate the measures of reliability as well as validities, and to test the hypotheses. The results show that fair service not only has a significant impact on customer satisfaction, but also plays a role equivalent to service quality in determining customers „trust and perceived value, which in turn lead to customer satisfaction.

Yet other empirical finding revealed in the years 2008 and 2009 by Hossein Vazifehdust1 and Sahel Farokhian (2013), conclude the most important success factor for customer satisfaction in Iranian insurance companies is trust. It means that insurance companies should adhere to their obligations. Insurers believe the factors such as behavior and dealing effectively with the insured, ability of insurance agents to transmit accurate

information, establish long term relationships with customers are the important factors in the success of the insurance industry. Other factors such as quality, appearance and packaging, and internet activity is of minimal importance.

The noteworthy point is that calling up is one of the most important factors in customer satisfaction and insurers success and this is a specific study tailored to reflect the Iranian insurance industry. The Iranian insurance industry shows some similarity with the Nigerian insurance industry.

Djalalie (2011); examined the perception of service quality and loyalty among customers of Ethiopia insurance company. Service quality was measured using seven dimensions which were: Access, quality, Infrastructure quality, Responsiveness, Competence, Courtesy, Problem Solving quality and Credibility. Data were analysed using GAP analysis, factor analysis, and correlation analysis. The finding reinforces the need for Insurance managers place an emphasis on the underlying dimensions of service quality, and should start with improving service quality in order to raise customer satisfaction.

Goiteom (2011); in his study of Factors influencing the choice of banking services, reveal that the most two important bank selection criteria for customers are "convenience" and "service provision" for the entire customers while it is "bank's image" as the second most important factor for male customers. On the other hand, the least two important factors of bank selection for customers are "financial benefits/technology", "reputation" and "promotion strategy" whereas "attractiveness" for female customers. The findings, it is recommended that hierarchical information integration may be a potentially useful

method for bank managers to study complex decision making problems such as bank choice.

Banking service quality study done by Mesay, (2012) aimed at assessing the service quality of private banks and its impact on customer satisfaction. The study also tried to test the relationship that exists between customer satisfaction and their loyalty. The mean score values for service quality dimensions was between 2.6 and 3.4. This indicates that improvements of service quality should be conducted on all the five service quality dimensions, especially the dimensions of responsiveness and empathy. This study also found a positive relationship between all service quality dimensions and customer satisfaction .Accordingly, the results of this research paper confirmed the theory of literatures regarding the relationship between service quality dimensions and customer satisfaction. Although this research provides some significant insights into service quality in Ethiopian banking industry, there is still a chance to extend the findings to gain a more comprehensive understanding of the nature of banking services. The future research may highlight the service quality in banking in total, comparative analysis on SERVPERF scores in different types of banks and comparative analysis on SERVQUAL and SERVPERF scores in banking industry. So it left for comparative analysis using other methods without having the analysis by the study. Moreover the study focused on the customer loyalty aspect of the banking industry.

Akalu (2015); Adopt GAP model to analysis the data found by studying the effect of service quality on customer satisfaction in insurance companies, concludes that five service quality dimensions have positive and significant relationship with customer

satisfaction. The study presented that the selected insuranc0e companies in Addis Ababa were not providing the level of service quality wanted by customers. The findings suggested that the insurance companies need to improve all the dimensions of service quality.

Hirut (2015); in her study of The effect of service quality on customer based brand Equity (a case of commercial bank of Ethiopia), she clearly states that Service quality is considered as a important instrument for a firm's effort in order to distinguish itself from its competitors and effective application of those five dimensions of service quality have a significant effect on customer based brand equity. Service quality is vital to the development and infuses strong and dominant brands because it enhances perceived superiority of the brands or customer based brand equity on the side of existing and potential customers and helps to distinguish brands from other similar service providers in competitive markets.

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 Framework

The general idea from the past literature is that there is a relationship between customer satisfaction and service quality; also that service quality could be evaluated with the use of five service quality dimensions: reliability responsiveness, safety, empathy and tangible elements and SERVPERF model, one of the most important in this type of studies, assesses the perception of clients based on five criteria A research model is developed to find out the interrelationships between service quality, and customer satisfaction in Nib Insurance Company S.Co. The research model is as follows.
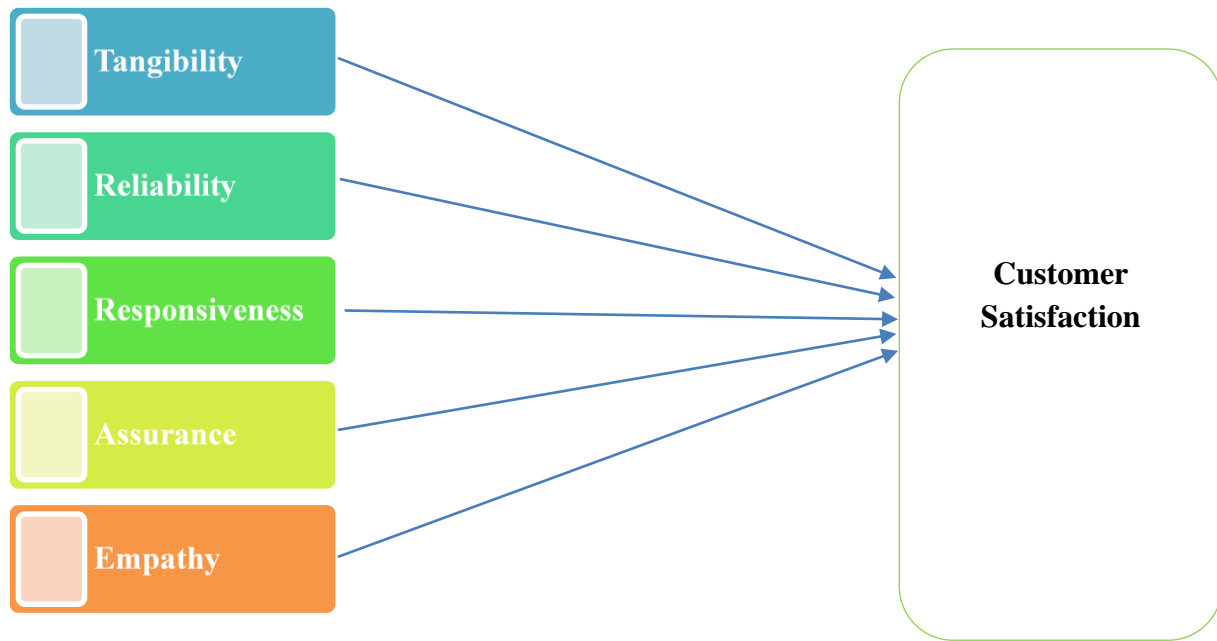
Figure 1: Conceptual Framework

Source: Parasuraman et al, 1988

CHAPTER THREE

RESEARCH DESIGN AND METHODOLOGY

3.1 Research Approach and Design

The data collected from the respondents has been measured in terms of the number of responses replied by them. In this practical case, quantitative approach was appropriate to be employed. Regarding the purpose of the research, descriptive and explanatory designs have been employed. The descriptive statistics was used to assess service quality and customer satisfaction. And explanatory design was also employed to investigate cause-and-effect relationships.

3.2 Population, Sample Size and Sampling Procedure

First customers in Addis Ababa are selected using convenience to obtain those people that are most conveniently available due to scattered geography of the customers and time constraint. Then the required sample size of respondents from Addis population was selected using simple random sampling technique where every customer has an equal chance of being selected for the sample.

Accordingly, the population for this study were customers of Nib Insurance in Addis Ababa. The number was estimated to be 19,000. The size of the sample determined scientifically using Yemane's (1967) sample size formula as follows.

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

n is the sample size that could be drawn from the entire population

N is the population size and e is the level of sampling error (5%)

n = 19, 0000.00/1+19,000.00 $(0.05)^2$

n= 391

Once the number of respondents has been determined, the questioners have been collected from customers while visiting Nib Insurance branches.

3.3 Data Sources and Data Collection Method

The source of the data for this research work were both primary and secondary sources. Closed ended questionnaires will be employed to collect data from customers as primary source. Organizational official documents like bulletins and reports, have been reviewed to obtain secondary data.

3.4 Data Analysis Method

Once the quantitative data from the field survey collected, it was coded, filtered, categorized, and analyzed using statistical package for social science (SPSS). For the analysis of data, descriptive statistics and inferential statistics have been used. Percentages was used to describe the characteristics of the respondent and mean was used to describe status of the customers' perception towards service quality in Nib Insurance. In addition, correlation was applied to identify the relationship between service quality dimensions and customer satisfaction, and regression analysis was used to identify service quality dimensions as factors and their effect on customer satisfaction.

3.5 Reliability Test

The reliability of a measure is an indication of the stability and consistency with which the instrument measures the concept and helps to assess the "goodness" of a matter.

3.5.1 Cronbach's Alpha

Cronbach's alpha is a tool for assessing reliability scale which normally ranges between 0 and 1. The closer Cronbach's alpha coefficient is to 1, the greater the internal consistency of the items in the scale.

From the survey questionnaire distributed and collected from the respondents, the following alpha values were generated for the whole parameters used to measure service quality and customer satisfaction. Hence the below table shows the entire Cronbach's alpha value and measures the reliability of the questions entirely.

Table 1: Reliability Statistics

Variables	Number of Items	Cronbach's alpha
Tangibles	4	0.579
Reliability	5	0.743
Responsiveness	4	0.596
Assurance	4	0.739
Empathy	5	0.758

3.5.2 Multicollinearity Test

In a multiple regression model two and above predictor variables are analyzed against independent variable to see their statistical implication of various values. But the analysis of this sort could have multicollinearity (collinearity) phenomenon in which two or more predictor variables are highly correlated to the extent that one variable can be linearly predicted from the

others with a substantial degree of accuracy. The test of multicollinearity is detected by Tolerance and Variance inflation factor (VIF) result.

From multicollinearity point of view, tolerance is an indicator of how much of the variability of the specified independent variable is not explained by the other independent variables in the model. It is calculated using the formula 1– R squared for each variable. If this value is very small that it is less than 0.10, then multiple correlations with other variables is high, suggesting the existence of multicollinearity.

Variance inflation factor (VIF) is the inverse of the Tolerance value i.e, 1 divided by Tolerance (1/1-R).VIF values above 10 implies the existence of multicollinearity between variables. In summary, there is no multicollinearity problem when the tolerance values of all independent variables and the VIF are above 0.1 and below 10 respectively which can be taken as a green light for the researcher to precede the task of multiple regression analysis.

Table 2: Collinearity Statistics

Model	Collinearity Statistics	
	Tolerance	VIF
Tangibles	0.325	3.074
Reliability	0.328	3.051
Responsiveness	0.980	1.021
Assurance	0.998	1.002
Empathy	0.931	1.074

CHAPTER FOUR

DATA ANALYSIS AND INTERPRETATION

This chapter reveals the results of the study. The data collected through the means of questionnaires are analyzed & interpreted using the SPSS software. Detailed analysis of the results derived from this analysis is presented in this chapter.

4.1 Response Rate

391 questionnaires were distributed among branches of NIC, of this 366 were returned but 5 of them were rejected as a result of so many omissions in filling. Overall, 361 questionnaires (92%) complete responses were returned from branches of the company.

4.2 Profile of Respondents

The demographic characteristics included in this study were gender, age, level of education and occupation. Accordingly, the frequency and the percentage of the characteristics of respondents are summarized in the table below.

Table 3. Demographic Characteristics of Respondents

Characteristics		Frequency	Percentage
Gender	Male	261	72.3
	Female	100	27.7
Age	24 and below	22	6.1
	25-35	98	27.1
	36-45	140	38.8
	46-55	68	18.8
	56-65	30	8.3
	Above 65	3	0.8
Educational Level	High School	65	18.0
	Certificate	61	16.9
	Diploma	73	20.2
	Degree	138	38.2
	Master's Degree and above	24	6.6
Occupation	Self employed	180	50.7
	Public employee	13	3.5
	Private employee	168	45.8

The demographic profile of the respondents that is presented in table 3 indicates that the majority 261(72.3%) of respondents were males, with the remaining 100 (27.7%) of respondents are female.

Regarding age categories of the respondents, 140 (38.8%) of the respondents are from 36 to 45 years old; while 98 (27.1%) were from 25 to 35 years old; whereas 68 (18.8%) are from 46 to 55 years old; 30 (8.3%) from 56 to 65 years old the rest 22 (6.1%) and 3 (0.8%) were in the years 24 and less than and above 65 respectively. The result shows that majority of the service users were middle age groups and this reflects that majority service users of the company were youth and adults.

Concerning educational level of respondents, 138 (38.2%) respondents were bachelor degree holders, 73 (22.5%) own diploma, 61 (16.9%) obtained certificate, 65 (18%) have accomplished high school and the rest 24 (6.6%) have Masters' Degree and above. Consequently, the compositions of the respondents revealed that majority of them were degree holders. This can be considered as an opportunity to obtain accurate response for the study.

Taking into account the occupation of the customers more than half of the respondents that accounts to 180 (50.7%) were individuals which are stated to be running their own business followed by employees from the Non-Governmental Organization which accounts to 168 (45.8%). The remaining 13(3.5%) were from the government/public sector. This result implies that the largest group of the service users were self-employed.

4.3 Descriptive Analysis of Service Quality variables

In this part descriptive statistics in the form of mean and standard deviation is presented to illustrate the level of agreement of the respondents with their implications of the

company. The responses of the respondents for the statements under the variables below were measured on five point Likert scale with: 1= strongly disagree, 2= disagree, 3 = neutral, 4= agree and 5= strongly agree. Data from questionnaires were processed and summarized by SPSS program in terms of frequency, mean, and standard deviation (Descriptive statistics).

The translation of level ranking is analyzed based on criteria of Best (1977:174). I.e. The score between 1.00 - 1.8 mean lowest level (Lowest). The score between 1.81 – 2.61 mean low level (Low) The score between 2.62-3.41 mean average level (Average) the score between 3.42-4.21 mean good level (High) The score between 4.22-5 mean very good (Highest)

4.3.1 Service quality Level regarding tangibles of service

Tangibles are used by firms to express image and indicate quality (Zeithamal 2009). Taking the overall context of the tangible parameter of service provisioning, the standard questionnaire were developed and distributed to respondents to identify the level of quality with this aspect. Accordingly, the following results were found.

Table 4: Measurement of mean values: Quality on Tangibles

Statements	Mean	Std. deviation
Company's offices has modern looking/up to date equipment	3.63	0.866
Company's offices physical features are visually appealing	3.67	0.881

employees are well dressed and neat appearing	4.16	0.706
Materials associated with the service (pamphlets, brochures, printout documents, etc.) are visually appealing at NIC	4.16	0.735
Tangibility	3.91	0.525

Based on the result presented in the above table, for all questions or items under tangibility variable the score results in agreed range and this caused the variable to score value of (mean 3.91 and SD 0.525).

This result implies that based on the assessment of customers NIC offices have up-to-date working apparatus and equipment, visually attractive and pleasing working environment; attractive materials associated with the service (such as pamphlets, brochures etc.) as well as employees are well dressed and neat appearing.

This finding has an implication that the company's management is good in maintaining or improving the standards with respect to all the physical and demonstrable aspects such as office layout and design, the machines, and overall properties that customers are in exposure while getting the service or simply as an image to the public. This means there is high quality regarding tangibles aspect of NIC.

4.3.2 Service quality Level regarding reliability of service

Reliability is defined as the ability to perform the promised service dependably and accurately or delivering on its promises (Zeithaml 2009).This dimension is critical as all customers want to

deal with firms that keep their promises and this is generally implicitly communicated to the firm's customers.

Table 5: Measurement of mean values: Quality on Reliability

Statements	Mean	Std. deviation
The company provide indemnity as promised	3.63	0.866
employees are committed in solving customer's problems	3.80	0.876
employees perform the service right the first time	3.67	0.881
employees provides its service at the time it promises to do so	3.63	0.866
The company insists on error free records	3.67	0.881
Reliability	3.68	0.693

The feedback result under table 5 shows that the majority of the customers are getting quality service with respect to the reliability aspect of the service with value of (Mean 3.63 and SD 0.693). This finding has an implication that the company is good in maintaining the promised services. I.e. there is high quality regarding reliability dimension of service quality.

4.3.3 Service quality regarding Responsiveness of service

Responsiveness is the willingness to help customers and provide prompt service (Zeithaml 2009). This dimension is concerned with the customer's requests, questions and complaints promptly and attentively.

Table 6: Measurement of mean values: Quality on Responsiveness

Statements	Mean	Std. deviation
Employees gives prompt service to customers	3.93	1.106
employees tell customers exactly when services will be performed	3.81	0.800
employees will always be willing to help customer	4.11	0.800
The company's management are accessible, listen to and provide prompt and honest responses to customers inquiries	4.04	0.561
Responsiveness	3.97	0.615

Table 6 shows that the response mean rate regarding the statements under responsiveness is in agreed range which causes the overall mean result of responsiveness variable to be (mean 3.93 and SD 0.615). The respondent's feedback with respect to the responsiveness dimension shows high quality. This implies that customers are served promptly. In addition, which might show that they are pre-informed about the service time standards of the company. Moreover, the company's management are accessible, listen and provide prompt and honest responses to customer's inquiries.

4.3.4 Service quality regarding Assurance of service.

Assurance is defined as the employee's knowledge and courtesy and the service provider's ability to inspire trust and confidence (Zeithaml 2009).The trust and confidence may be represented in the personnel who link the customer to the organization (Zeithaml 2009).

Table 7: Measurement of mean values: Quality on Assurance

Statements	Mean	Std. Deviation
The behavior of employees instills confidence in customers.	3.73	0.788
Customers feel safe in their transactions with employees of the company.	4.11	0.483
Employees are polite with the customer.	3.92	0.394
Employees have the knowledge to answer customer's questions.	3.42	0.924
Assurance	3.79	0.410

Regarding assurance, almost all items fall in the agreed range such as the behavior of employees in NIC instills confidence in customers, customers feel safe in their transactions with NIC, and employees in NIC are consistently courteous with customers and have the knowledge to answer customer's questions. These results Assurance dimension to have value of (3.79 mean and 0.410 SD).

It implies that there is high quality in respect of assurance dimension I,e., NIC creates credibility and trust for customers, which is considered through professional services, attitude, courtesy, and good communication skills.

4.3.5 Service quality regarding Empathy of service.

Empathy involves the provision of caring, individualized attention to customers. This empathy includes access, communication, and understanding the customer. Empathy is defined as the

caring, individualized attention the firm provides to its customer (Zeithaml 2009). The customer is treated as if he is unique and special. There are several ways that empathy can be provided: knowing the customer's name, his preferences, and his needs. Many small companies use this ability to provide customized services as a competitive advantage over the larger firms (Zeithaml 2009).

Table 8: Measurement of mean Values: Quality on Empathy

Statements	Mean	Std. Deviation
Employees gives each customer individual attention and treatment.	3.73	0.815
The company's working hours are convenient to its customers.	3.72	0.681
Employees give customers personal service.	3.25	0.900
The company accommodates customer's best interest	4.00	0.412
The company has enough variety of insurance products which meets the specific need of customers.	3.95	0.528
Empathy	3.73	0.377

To assess Empathy, the above five items were used. According to the result this variable scores value of (3.73 mean and 0.377 SD)'.

Therefore, it is logical to conclude that there is high quality in respect of empathy dimension and NIC employees are caring, consideration, and the best preparation for customers, so that customers can feel as "guests" of the company and are always welcome at any times.

4.3.6 Descriptive Summary of Variables

Table 9: Summery of Measurement of mean values: Service Quality dimensions

Service quality dimensions	Mean	Std. deviation
Tangibility	3.91	0.525
Reliability	3.68	0.694
Responsiveness	3.97	0.616
Assurance	3.79	0.410
Empathy	3.73	0.377

Based on the above summary of service quality dimensions, NIC has mean value with in the range of 3.42 - 4.21 which is high level for all dimensions. However, responsiveness has the highest value among the variables with a general mean of 3.97 followed by tangibility with a mean value of 3.91.

4.4 Descriptive Analysis of Overall Satisfaction level

Overall satisfaction rate was measured using a single generalized statement and the feedback on a five-scale Likert scale was used.

Table 10: Measurement of mean value: overall satisfaction

Statement	Mean	Std. Deviation
Please indicate your overall satisfaction with Nib insurance company	3.66	0.672

Accordingly, the mean and Standard deviation rate was found to be (3.66 mean and 0.672 SD). This shows that there is high satisfaction with respect to the overall service of the company.

4.5 Inferential Analysis

4.5.1 Correlation Analysis of Variables

Correlation analysis deals with relationships among variables and helps to gain insight into the direction and strength of relation between the variables. Correlation coefficients take values between -1 and 1 ranging from being negatively correlated (-1) to uncorrelated (0) to positively correlated (+). The sign of the correlation coefficient defines the direction of the relationship. The absolute value indicates the strength of the correlation. Dancey and Reidy (2004) states that a correlation result which is 0 indicates zero correlation, a result between 0.1 and 0.3 indicates a weak correlation among variables, a result which is between 0.4 and 0.6 shows a moderate correlation, a result between 0.7 and 0.9 indicates a strong correlation among variables while a result which is equal to 1 indicates a perfect correlation Table 11 below presents the results of Pearson correlation on the relationship between service quality dimension and customer satisfaction.

Table 11: Correlation Statistics

Correlation		Customer Satisfaction
Customer Satisfaction	Pearson Correlation	1
Tangibility	Pearson Correlation	.591**
Reliability	Pearson Correlation	.684**
Responsiveness	Pearson Correlation	.128*
Assurance	Pearson Correlation	0.052
Empathy	Pearson Correlation	.281**
**. Correlation is significant at the 0.01 level (2-tailed).		
*. Correlation is significant at the 0.05 level (2-tailed).		

The results in table 11 indicates that, there is positive and strong relationship between reliability and customer satisfaction (r = 0.684, P < 0.01), whereas there is positive and moderate relation between tangibility and customer satisfaction (r = 0.528, P < 0.01), while there is positive but week relationship between independent variables i.e., empathy, responsiveness, assurance and

the dependent variable customer satisfaction which scores (r= .281, p<0.01), (r = 0.128, P

<0.01), (r = 0.052, < 0.01) respectively.

4.5.2 Regression Analysis

Regression analysis was conducted to assess the effect of service quality on customer's satisfaction. The standardized regression coefficient (Beta) is the estimated coefficient indicating which of the different independent variables are more important in explaining the dependent variable expressed on a standardized scale where higher absolute values indicate stronger relationships (range is from -1 to 1) (William and Barry, 2010). If the beta coefficient is not statistically significant (i.e., the t-value is not significant), no statistical significance can be interpreted from that predictor. If the beta coefficient is sufficient ($p > .05$), statistical significant can be interpreted (Statistics Solutions, 2016). The following table presents the results of regressions analysis.

Table 12: Coefficients of Linear regression

Variables	Standardized Coefficients Beta	T	Sig.
(Constant)		-0.861	0.390
Tangibility	0.073	1.106	0.269
Reliability	0.596	9.112	0.000
Responsiveness	0.102	2.682	0.008
Assurance	0.033	0.882	0.379
Empathy	0.130	3.349	0.001

Dependent Variable: Customer Satisfaction

The table indicates standardized regression coefficients (beta) of 0.596, 0.130, 0.102, 0.073 and 0.033 in descending order for independent variables Reliability, Empathy, Responsiveness, Tangibility and Assurance respectively. Among the independent variables, one variable i.e., Assurance is not statistically significant ($p<0.05$) and is not important. The other four variables, on the other hand, are statistically significant signifying important impact on dependent variable. Keeping other things hold constant, for each unit increase in the four predictors, Reliability, Empathy, Responsiveness and Tangibility satisfaction will increase by 0.596, 0.130, 0.102 and 0.073 units, respectively.

Model Summery of regression Analysis

A statistical measure of how close the data are to the fitted regression line or the percentage of the response variable variation (total variation) that is explained by a linear model is expressed by the coefficient of determination, R-squared, ranging between 0 and 100% where 0% indicates that the model explains none of the variability of the response data around its mean and 100% indicates that the model explains all the variability of the response data around its mean. In general, the higher the R-squared, the better the model fits our data (Frost, 2013). Here the squared multiple correlation coefficients ($R2$) which tells the level of variance in the dependent variable (customer satisfaction) that is explained by the model.

Table 13: Model Summary of Regression Analysis

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.708a	0.502	0.495	0.477

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

The results of regressions, as presented in table 13 above, revealed that the service quality dimensions (tangibility, reliability, responsiveness, assurance and empathy) combined significantly influence the satisfaction of customers. The adjusted R^2 of 0.495 indicates 49.5% of the variance in customer satisfaction can be predicted by the service quality offered. Therefore, service quality has a positive and significant effect on customer satisfaction.

CHAPTER FIVE

MAJOR FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

This chapter presents major findings, conclusions made and possible recommendation based on the finding. In the previous chapter a discussion has been made regarding the main SERVPERF parameters that are assurance, empathy, reliability, responsiveness, and tangibles and their perceived value by customers of Nib Insurance S.C. Accordingly, this chapter is dedicated to the major findings; overall conclusion of the findings and on the way forwards.

5.1 Major Findings

Based on the descriptive analysis made service quality dimensions of NIC has mean value with in the range of 3.42 - 4.21 which is high level for all dimensions.

The assessment result regarding the overall satisfaction level with respect to NIC's service delivery to the customers has been found to be high with mean value of 3.66.

In addition regarding correlation analysis there is positive relation among all independent and dependent variables. But from all independent variables there is strong relationship between reliability and customer satisfaction, whereas there is positive and moderate relation between tangibility and customer satisfaction, while empathy, responsiveness and assurance have positive but week relationship with the dependent variable.

Besides the regression analysis were undertaken to investigate the effect of each independent variables on dependent variable. The result confirmed that service quality dimensions, Reliability, Empathy, Responsiveness and Tangibility have a positive significant impact on the

customer satisfaction with p>0.05 though their degree of impact varies amongst the services quality dimensions. Whereas Assurance have insignificant effect on customer satisfaction with p<0.05.

Finally on regression analyses, the researcher has found the fact that 49.5% of the variance in customer satisfaction can be predicted by the service quality offered by the Company.

5.2 Conclusion

The findings revealed that there is high level quality with respect to the overall quality dimensions and high level satisfaction in general with respect to overall service. From this we can conclude that NIC has high quality level on all aspects of service quality dimensions and there is high satisfaction with respect to the overall service of the company delivered.

The finding on the correlation analysis shows that there is positive relationship between service quality dimensions and customer satisfaction, from the result we can conclude that customer's level of satisfaction in NIC is directly related to the service quality they get from the company.

From the finding in regression analysis, we can conclude that in NIC Reliability, Empathy, Responsiveness and Tangibility service quality dimensions have a positive significant impact on customer satisfaction while Assurance has positive but insignificant effect.

Finally standing from the adjusted R2 result we can conclude that service quality takes the lion share which is around 50% in predicting customer satisfaction in NIC.

5.3. Recommendations

Based on the conclusions drawn from the findings and implications, the following constructive suggestions are forwarded.

Customer satisfaction, as a core part of the service industry, can be taken as the measure of success for every organization. A company's sustainable existence highly depends on the level of the customer's satisfaction. Being part of the insurance service industry, it is pertinent that all the components in a service quality be strictly followed and implemented effectively. Assurance, Reliability, Empathy, Tangibles, and Responsiveness are all important. Any company should not only focus on the objective of profits and gains, but must also look into the needs of the customers as well since the source of all sustainable transactions is a satisfied customer. So NIC Should continue in maintaining and further increasing the level of quality service which it provides to its customers to the highest level since it exists in highly competitive service industry.

Management of NIC should be aware that, among the various dimensions of service quality, Reliability, Empathy, Responsiveness and Tangibility in order of descending are significant in predicting customer's satisfaction. It is apparent that focusing on delivering high quality services and improve service quality effectively is critical for customer satisfaction. Therefore, managers should work towards maximizing service quality by giving priority concern on reliability, empathy, responsiveness and tangibility dimensions respectively in order to improve the satisfaction of customer.

- Implementing different kinds of motivational schemes to staffs at branches will encourage employees to provide appropriate service to the customers which could result in customer's satisfaction (reliability perspective).
- Although the company is showing a good progress in the automation of its service provision, there still exists room for further automation in its service delivery process.

This will help to provide prompt and error free service to customers. (Reliability perspective).

Even if service quality takes the lion share in affecting customer satisfaction positively, the company should identify and consider other factors for its sustainable growth.

REFERENCES

AkaluAwlachew, (2015).*The effect of Service Quality on Customer Satisfaction in Selected Insurance Companies in Addis Ababa. Unpublished Master"s Thesis, Addis Ababa University*.

Ahmed, A., and Sungip, Z., (2008) *Assessment on Service Quality in Malaysia Insurance Industry. Communications of the IBIMA Volume 1*

AHMAD Z. J (2012). *Service Quality in General Insurance Industry. Unpublished Master"s Thesis, Malaysia University*

Anderson, E., Sullivan, M.W (1993) *"The antecedents and consequences of customer satisfaction for firms" Marketing Science 12(2):125-43.*

Aslam, N., Nazneen, Q. and Mubeen, A. (2015) *Assesment of Service Quality in Insurance Industry in Sultanet of Oman. International Journal of Research in Finance and Marketing (IMPACT FACTOR – 5.230) Volume 5, Issue 8*

Bitner, M. J. & Hubbert, A. R. (1994). *Encounter satisfaction versus overall satisfaction versus quality: the customer's voice. service quality: new directions in theory and practice, Thousand Oaks, CA: Sage(In Rust, R.T., & Oliver, R.L. (Eds.), 72-94.*

Brown, T. J.,Churchill, G.A. and Peter, J.P. (1993). *Research note: Improving theMeasurement of service quality: Journal of retailing, Vol. 1, PP. 126-139.*

Buttle, F. (1996). *review,critique, reseach agenda. European Journal of Marketing , Vol.30,Nnumber1,p.8-32*

Cronin, Jr. J.J. and Taylor, S.A. (1992) Measuring service quality: a re-examination and extension, The Journal of Marketing, 56(7) ,p. 55–68.

Cronin, J.J. and Taylor, S.A. (1994) SERVPERF versus SERVQUAL: reconciling performance based and perception based – minus- Expectation measurements of service quality. Journal of marketing, Vol. 58 (1), p. 125- 31.

Chase, B., J. Aquilno & R. Jacob. (2002) "Production and Operation Management: Manufacturing and Service" 8th ed. Tata McGraw-Hill Publishing Company Limited, NEW DELHI.

Davidow, S. and Uttal, F. (2009, October 25). The Ultimate Weapon Harper Encyclopedia nationsl. Retrieved 1989, from Total Customer Service: http: //www. nation sencyclopedia .com /economies/ Africa/ Ethiopia.htm

Dawit Begashaw (2015).Comparative Analysis of customer"s perception of Service quality in two selected Insurance companies. Unpublished Master"s Thesis, Addis Ababa University.

Djalalie. (2011). Perception of service quality and loyalty among customers of insurance companies: comparative analysis of nile, nyala and awash insurance.

GALE, T.B. (1990). The role of marketing in total quality management. In: QUIS-2 Quality in Services Conference Proceedings (University of St John's).

Giese, J. L., & Cote, J. A. (2002). Defining consumer satisfaction, academy of marketing science,

vol. 2000, number 1, p.1-24.

Goitom. (2011). Bank selection decision: factors influencing the choice of banking services.

Gronroos, C.A. (2000).Service management and marketing: A customer Relationship Management Approach. (2nd Ed.)West Sussex: John Wiley and Sons Ltd.

Gronroos, C., 1984, A Service Quality Model and its Marketing Implications, European Journal of Marketing, volume 18.

Gummesson, E., 1992, Quality Dimensions: What To Measure In Service Organisation, Swartz, T.A., Bowen,

Gummesson, E., 1993, Quality Management in Service Organisations, ISQA, Stockholm University, Sweden, 248.

Hansemark, O. C. &Albinson, M., 2004, Customer Satisfaction and Retention: The Experiences of Individual Employees, Managing Service Quality, 14 (1), pp. 40-5.

Heizer, J. & Render B. (2006). Principle of Operation Management 6th ed. USA: PrenticeHall

Hossein Vazifehdust1 and Sahel Farokhian (2013), Factors influencing customer satisfaction with the success factors identified in the insurance industry African journal of business management ,Vol. 7(21), pp. 2026-2032, 7

Hoyer, W. D. &MacInnis, D. J., 2001, Consumer Behaviour. 2nd ed., Boston, Houghton MifflinCompany

Kelemu, N., (2017). The Effect of Service Quality on Customer Satisfaction: A Case Study on Selected Private Banks in Bahir Dar; Ethiopia, Journal of Marketing and Consumer Research Volume 41.

Kotler, P. (2002). Marketing management: analysis, planning, implementation and control: Prentice Hall, Englewood Cliff, NJ.

Houn-Gee Chen, Julie Yu-Chih Liu, Tsong Shin Sheu, Ming-Hsien Yang, . (2012). The impact of financial services quality and fairness on customer satisfaction. Managing Service Quality, Vol. 22 Iss: 4, 399 – 421.

Lukmaan, Osei-Mensa,h Bonsu, Gertrude, Adu. Mensah. (2013). An examination of customer evaluation of banking service quality in Ghana banking industry. Service sectors of Ghana, 11-33.

Mudie,P.,& Pirrie,A.,(2006).Service Marketing Management.(3rded .) Oxford: Elsevier Ltd

Oliver, R. (1980). A cognitive model of antecedents and consequences of satisfaction decisions. Journal of Marketing Research.

Parasuraman, A., Zeithaml, V. A., & Berry, L. L. (1988). SERVQUAL: A Multiple-Item Scale for Measuring Consumer Perceptions of Service Quality. Journal of Retailing.

Parasuraman, A., Zeithaml, V. A., & Berry, L. L. (1996). The behavioral consequences of service quality. The Journal of Marketing.

Rampersad, H. (2001, November 5). 75 Painful Questions about your Customer Satisfaction,. Retrieved from The TQM Magazine, volume 13,: http://www.emerald-library.com

Satendra Thakur And A. P Singh,. (2011). Service Quality And Customer Satisfaction: A Study With Special Reference To Public Sector Banking Industries In India. International Journal Of Management Research And Review, Vol. 1, Issue 1, 24-38.

Schroeder, Roger G. (2007), "Operation Management, Contemporary Concepts and Case"
(3rd ed.) McGraw-Hill/Irwin

Shambachew Hussen (2015).Service Quality, Customers" Satisfaction and Loyalty: A Study
on Insurance Companies in Adama, Ethiopia. European Journal of Business and
Management, 7, pp.269-277

Sharma,K.R & Bansal, R.M.,2011, Service quality assessment in Insurance sector: A
comparative study between Indian and Chinese customers, Research Journal of
Finance and Accounting, Vol 2, No.5.

Trapiero,c.(1996).The management of quality and its control,first ed.st.edwards bury press

Vijayalakshmi R Pa.Keerthi.P (2007). A Study on the Service Quality of LIC As Expected and
Perceived By Its Policy Holders.Journal of Contemporary Research in Management, 4,
pp.71-76.

Wicks, A. M., &Roethlein, C. J. (2009). A Satisfaction-Based Definition of Quality Journal of
Business & Economic Studies, Vol. 15, No. 1, Spring 2009, 82-97

Wilson A., Zeithaml V.A., Bitner M.J., Gremler D.D. (2008) Services Marketing,
McGraw-Hill Education, 78

Yi, Y. (1990). A critical review of customer satisfaction,in Zeithaml,V. Review of marketing
,Amercan marketing association , 68-123.

Zeithaml, V. A., Berry, L. L. & Parsuraman, A. (1993). The Nature and Determinants of Customer Expectations of Service. Journal of the Academy of Marketing Science, 21(1).

Zeleke, H. (2007). Insurance in Ethiopia: Historical development, present status and past.

Questionnaire

The purpose of this questionnaire is to collect primary data for conducting a study on the topic, ''Service Quality and its Effect on Customer Satisfaction in Nib Insurance Company'' for the partial fulfillment of the Masters of Business Administration (MBA) Program at St. Merry University. I kindly request you to provide me reliable information. The data collected is confidential and will only be used for analysis of the study and not for other purpose. Thank you in advance for your cooperation.

Section I: Respondent Information

Put (√) inside the box or table for an alternative you think is right

1. Gender:
   Male ☐   Female ☐
2. Your age group?
   Less than or 24 ☐   25-34 ☐   35-44 ☐
   45-54 ☐   55-64 ☐   65 or over ☐
3. What is the highest level of formal education you have completed? (Please check only one.)
   High School ☐   Certificate ☐   Diploma ☐   Degree ☐
   Masters Degree or above ☐

5. Occupation

   Self-employed ☐   Public - employee ☐   Private - employee ☐

Section II: Service Quality Dimensions

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

Please tick [√] inside the table for an alternative you think is right and rank each statement as follows: 5 = strongly agree; 4= agree; 3 = neutral/ not sure; 2 = disagree; 1= strongly disagree.

Service Quality Dimensions	1	2	3	4	5
Tangibility					
Company's offices has modern looking/up to date equipment					
Company's offices physical features are visually appealing					
employees are well dressed and neat appearing					
Materials associated with the service (pamphlets, brochures, printout documents, etc.) are visually appealing at NIC					
Reliability					
The company provide indemnity as promised					
employees are committed in solving customer's problems					
employees perform the service right the first time					
employees provides its service at the time it promises to do so					
The company insists on error free records					
Responsiveness					
Employees gives prompt service to customers					
employees tell customers exactly when services will be performed					
employees will always be willing to help customer					

	1	2	3	4	5
The company's management are accessible, listen to and provide prompt and honest responses to customers inquiries					
Assurance					
The behavior of employees instills confidence in customers.					
Customers feel safe in their transactions with employees of the company.					
Employees are polite with the customer.					
Employees have the knowledge to answer customer's questions.					
EMPATHY					
Employees gives each customer individual attention and treatment.					
The company's working hours are convenient to its customers.					
Employees give customers personal service.					
The company accommodates customer's best interest					
The company has enough variety of insurance products which meets the specific need of customers.					

Section III: Customer Satisfaction

Please indicate on a five point scale the extent to which you find the following statements important by indicating the number that best shows your judgment. Please rank each statement as follows: - 1 Very Dissatisfied; 2 Dissatisfied; 3 Neutral; 4 Satisfied; 5 Very Satisfied

Statement	1	2	3	4	5
Please indicate your overall satisfaction with Nib insurance company					

መጠይቅ

ይህ መጠይቅ የተዘጋጀው በ ቅድስት ማርያም ዩኒቨርሲቲ ኤምቢኤ ድህረ ምረቃ ተማሪ ሲሆን አላማውም የንብ ኢንሹራንስ ኩባንያ ኢ.ማ አገልግሎት አሰጣጥ እና አገልግሎቱ በደነበኞች እርካታ ላይ ያለው ተጽዕኖ በሚል ርዕስ ለሚደረግ ጥናት የመጀመርያ ደረጃ መረጃ ለመሰብሰብ ነው። የሚሰጡት መረጃ የሚውለው ለዚህ ጥናት አላማ ብቻ ነው። ስለሆነም ከዚህ በታች ለቀረቡት ጥያቄዎች ትክክል ነው የሚሉትን መልስ ይስጡ ዘንድ በትህትና እየጠየኩ ስለትብብርዎ በቅድሚያ አመሰግናለሁ።

መመሪያ:- ትክክል ነው የሚሉትን መልስ በተዘጋጀው ሳጥን ውስጥ (√) ምልክት ያስቀምጡ

ክፍል አንድ:- የግል መረጃ

1. ጾታ: ወንድ ☐   ሴት ☐

2. እድሜ :   24 እና ከዛ በላይ ☐   25-35 ☐   36-45 ☐   46-55 ☐   56-65 ☐

   56-65 ☐   ከ65 በላይ ☐

3. የትምህርት ደረጃ:

   ሁለተኛ ደረጃ ☐   ሰርተፊኬት ☐   ዲፕሎማ ☐   ድ ☐   ማስተርስ እና ☐
በላይ

   ሌላ _____

5. የስራ ሁኔታ: ተቀጣሪ ☐   የግል ስራ ☐   ጡረተኛ ☐   ሌላ _____

ክፍል ሁለት፡- የአገልግሎት ጥራት ገጽታዎች

1 = በፍፁም አልስማማም፤ 2 = አልስማማም፤ 3 = አልስማማም ወይም እስማማለሁ ለማለት እቸገራለሁ፤ 4 = እስማማለሁ፤ 5 = በጣም እስማማለሁ።

የአገልግሎት ጥራት ገጽታዎች	1	2	3	4	5
ተጨባጭ ሁኔታዎች					
ኢንሹራንሱ ዘመናዊ መሳሪያዎችን እና አዳዲስ ቴክኖሎጂ ይጠቀማል					
የኢንሹራንሱ መገልገያ ዕቃዎች ለዐይን ሳቢ ናቸው					
የኢንሹራንሱ ሰራተኞች ጽዱ ናቸው					
ኢንሹራንሱ የሚጠቀምባቸው የጽሁፈት ውጤቶች ጥራት ያላቸው እና ለአይን ሳቢ ናቸው					
ተዓማኒነት					
ኢንሹራንሱ ቃል በገባዉ እና በዉሉ መሰረት ያለዉጥ ዉረድ የከሳ ክፍያ ይፈጽማል					
ሰራተኞች ደንበኞች ችግር በሚገጥማቸው ጊዜ ችግራቸውን ለመፍታት ያላቸውን ፍላጎት በቅንነት ያሳያሉ					
የኢንሹራንሱ የዉል ሰነዶች እና የህትመት ውጤቶች ጥራታቸውን የጠበቁ ናቸው					
ሰራተኞቹ አንድ ነገር በተወሰነ ጊዜ ውስጥ ለማድረግ ቃል ከገቡ የገቡትን ቃል ይፈጽማሉ					
ኢንሹራንሱ ከስህተት ነጻ የሆነ መዝገብ አያያዝ አለው					
ምላሽ ሰጪነት					
የኢንሹራንሱ ሰራተኞች ለደንበኞች የተቀላጠፈ አገልግሎት ይሰጣሉ					
የኢንሹራንሱ ሰራተኞች በምን ሰዓት አገልግሎት እንደሚሰጡት ይገልጹሎታል					
የኩባንያው ሰራተኞች ደንበኞችን ለመርዳት ሁሌም ፍቃደኛ ናቸው					
የኢንሹራንሱ ኃላፊዎች የደንበኞችን ጥያቄ ለመመለስ ሁሌም ዝግጁ ናቸው					
አስተማማኝነት					
የኢንሹራንሱ ሰራተኞች በሚሰጡት አገልግሎት ላይ መተማመን ስሜት እንዱኖሮት ያደርጋሉ					

ሰራተኞቹ አገልግሎቱን ለመስጠት የሚያስችል ክህሎት አላቸው					
ሰራተኞቹ ሁሌም ለደንበኞች ትሁት ናቸው					
ሰራተኞቹ ስለሚሰጡት አገልግሎት በቂ የሆነ መረጃ አላቸው					
የሠዉን ችግር እንደራስ ማየት (መረዳት)					
ኢንሹራንሱ የደንበኞችን የልብ መሻት ያውቃል					
ኢንሹራንሱ አገልግሎቱን ለማዳረስ ብቃት ያላቸው ብሮከሮችና የሽያጭ ወኪሎችን ይጠቀማል					
ሰራተኞቹ ለደንበኞቻቸው ልዩ ትኩረት ይሰጣሉ					
ሰራተኞቹ ደንበኞቻቸውን በታማኝነት እና በቅንነት ያገለግላሉ					
ሰራተኞቹ የሙያ ስነምግባርን ያከብራሉ					

ክፍል ሶስት፡ የደንበኞች እርካታ መለኪያ

መመሪያ፡ በሚከተሉት አረፍተ ነገሮች ያለዋትን የስምምነት ደረጃ እባክዎን ያመልክቱ። (1 = በከፍተኛ ደረጃ አልረካሁም 2 =አልረካሁም 3 = ውሳኔ አልሰጥም 4 = ረክቻለሁ 5= በከፍተኛ ደረጃ ረክቻለሁ)

መግለጫ	1	2	3	4	5
በአጠቃላይ ፣ እርስዎ የንብ ኢንሹራንስ ኩባንያ በሚሰጦት አገልግሎት ምን ያህል ረክተዋል?					

58