

INTERNATIONAL JOURNAL OF RESEARCH IN COMPUTER APPLICATION & MANAGEMENT

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A CRITICAL EVALUATION OF CUSTOMERS PERCEPTION: AN EMPIRICAL STUDY ON THE LEVEL OF SERVICE QUALITY OFFERED BY ETHIOPIAN INSURANCE COMPANY

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ABSTRACT

The major objective of this study is to investigate the level of customer perception on service quality and its impact on customer satisfaction and loyalty to three customer Groups served by Ethiopian Insurance Company (EIC). A structured questionnaire was distributed to 300 customers at different branches of Ethiopian Insurance Corporation operating in Addis Ababa. 150 questionnaires were collected from which only 100 questionnaires were usable. This implies that the 50% (nominal response rate) was pushed down to 33% (real response rate). Regular use of appealing materials associated with services; establishing branches at convenient locations; keeping promises whenever promising, issuing error free bills & pertinent documents; providing prompt services to customers; demonstrating a strong will to help customers; keeping customers to feel safe in their transactions; instilling confidence in customers; being consistently courteous with customers, availability of convenient operating hours; being highly responsive to handle complaints; were found as significant predictors of customer satisfaction of EICO. In this study, samples were taken from Addis Ababa area and excluded the EICO branch offices in different regions due to time and other resource constraint. Provides an insight on the level of the service performance of EIC and assists the company to make & implement customer oriented policies. The study identified a number of specific service quality components that need to be given undivided attention by the EIC to maximize its service delivery capability.

KEYWORDS

customer satisfaction, insurance sector, loyalty, SERPERF, service quality.

INTRODUCTION

The Ethiopian Insurance Corporation was established by proclamation NO 26/1975 which brought all 13 private insurance companies in the country under the ownership and control of the Derg Government. The Ethiopian Insurance Corporation served solely the Ethiopian economy for nearly two decades up until the new economic orientation of the transitional government opened up new vistas as giving the chance to the formation of the present 17 private insurance companies. The Ethiopian insurance industry has experienced many ups and downs through a bit over century old history of public service for public good.

The chance for the industry to exhibit an immense growth is to make a periodic survey as to how it is serving its customers as compared with other rival companies operating in the insurance industry. The company should say good-bye to the stereotyped models of thinking and work hard and should be customer-focused. There is widespread customer dissatisfaction in the insurance industry, stemming from insurers' failure to satisfy customers' needs. Therefore, further research to improve the industry's understanding of service quality is required. Using data from insurance industries of various countries, service quality is measured using the SERVQUAL methodology to identify quality determinants and existing Quality gaps in the industries. The American Customer Satisfaction Index shows that, between 1994 and 2002, the average customer satisfaction had gone down by 2.5% for life insurance and 6.1% for personal property insurance respectively (www.theasci.org).

REVIEW OF LITERATURE

In this section service quality, Customer Satisfaction, Inter-Relationship among Service Quality, Customer Satisfaction and Customer Loyalty will be examined .

SERVICE QUALITY

One of the determinants of success of a firm is how the customers perceive the resulting service quality, as the perceived service quality is the key driver of perceived value (Cronin, 2000). It is the perceived value, which determines customer satisfaction and result in customer loyalty. Many firms including banking industries begin to track their customers' satisfaction through measuring their level of service quality perceived by their customers.

Most researchers agree that customers have expectation and these expectations serve as reference points against which the delivered services are evaluated. When it comes to measurement of service quality, however, there is an unresolved controversy of using expectation and determinants of service quality. Parasuraman et al. (1985; 1988) include expectation as a standard for evaluation of performed service. On the other side (Cronin and Taylor, 1992; Teas, 1994) have advocated excluding expectations and measures solely performance. As a result, two competing measurement paradigms are used in service researches: the disconfirmation paradigm (i.e. SERVQUAL) which is based upon a comparison of perception of service with expectation, and the performance-only paradigm (i.e., SERPERF) which measures only the perceived/ performed aspects of the service.

CUSTOMER SATISFACTION

Customer satisfaction is a key factor in formation of customer's desires for future purchase (Mittal & Kamakura, 2001). Furthermore, the satisfied customers will probably talk to others about their good experiences. Although satisfaction has been defined as the difference between expectation and performance, but there are differences between quality and satisfaction. For example, Parasuraman et al. (1991) say 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". Cadotte & Turgeon (1988) have introduced another group of factors known as neutral factors. Besides, Liljander & Strandvik (1993) say that experience is not needed for evaluating service quality, and service can be evaluated on the basis of the knowledge about service provider, while satisfaction is an inner view, resulted from customer's own experience from the service. Finally, several researches have been done on the relation between service quality and satisfaction: findings of some of these researches show that satisfaction results in service quality (Parasuraman et al., 1988). Also, the research conducted by Sureshchandaret al. (2002) shows that, there is a two-way relation between satisfaction and service quality.

SERVICE LOYALTY

Many service organizations have developed customer loyalty programs as a part of relations development activities. Customer loyalty is a complicated concept. Oxford Dictionary defines loyalty as a state of true to allegiance. But the mere repeated purchase by customers has been mixed with the above mentioned definition of loyalty. In service domain, loyalty has been defined in an extensive form as "observed behaviors" (Bloemer et al., 1999). Caruana (2002) argues that behavior is a full expression of loyalty to the brand and not just thoughts.

INTER-RELATIONSHIP AMONG SERVICE QUALITY, CUSTOMER SATISFACTION AND CUSTOMER LOYALTY

There is no clear message in the literature on the causal ordering of service quality and customers satisfaction, and on which of the two constructs is a better predictor of customer loyalty (Bolton and Drew, 1991; Cronin and Taylor, 1992). One group of researchers upholds that satisfaction is antecedent to service quality (Brady and Robertson, 2001). Another group of researchers believe that the service quality is antecedent to satisfaction (Brady and Robertson, 2001, Bloemer et al., 2002; Newman 2001). A third perspective maintains that there is a non-recursive relationship between service quality and satisfaction (Taylor and Cronin, 1994). The impact of service quality, customer satisfaction on customer loyalty is complex.

THIS RESEARCHER ATTEMPTED TO ANSWER THE FOLLOWING QUESTIONS:

- What is the overall level of satisfaction with the tangibility, reliability, responsiveness, assurance, empathy & service recovery, dimensions of services provided by EIC?
- What are the most important perceived service quality dimensions which influence customer satisfaction and customer loyalty?
- What is the overall level of satisfaction of customers in relation to services provided by EICO?

STATEMENT OF THE PROBLEM

The insurance industry is at its lowest level of development because of the command economy that has been in place. However, as a result of change in government from the command economy to market economy many private insurance companies have been established however, the level of service delivered by these insurance companies is not up to expectation of the insurance customers.

OBJECTIVE OF THE STUDY

The main objective of the study is to examine the level of service quality offered by the Ethiopian Insurance Corporation to various groups of customers.

HYPOTHESIS OF THE STUDY

The following hypothesizes were formulated and tested using multiple regression techniques.

Ho₁: There is a positive and significant relationship between tangibility dimensions and loyalty of customers.

Ho₂: There is a positive and significant relationship between reliability dimension and loyalty of customers.

Ho₃: There is a positive and significant relationship between responsiveness dimension and loyalty of customers.

Ho₄: There is a positive and significant relationship between assurance dimension and loyalty of customers.

Ho₅: There is a positive and significant relationship between empathy dimension and loyalty of customers.

Ho₆: There is a positive and significant relationship between service recovery dimension and loyalty of customers.

RESEARCH METHODOLOGY

A structured questionnaire was distributed to 300 customers at 6 branches of Ethiopian Insurance Corporation operating in Addis Ababa. Simple random sampling techniques were used to select those branch offices operating in Addis Ababa. Then a convenient sampling techniques were used to collect data from each customer coming to be served by the company for two weeks time.150 questionnaires were collected from which only 100 questionnaires were usable. This implies that the 50% (nominal response rate) was pushed down to 33% (real response rate).both descriptive statistics and inferential statistics have been applied to analysis the data collected from the target respondents.

RESULTS AND DISCUSSION

After the data has been collected, it was edited & cleaned for some level of incompleteness and was ready for analysis using SPSS software package -version 17.The results of the investigation are consolidated herein under two major subsections: general profiles of respondents using descriptive statistics and SERFFPERF Analysis Using Multiple Regressions analysis.

I: GENERAL INFORMATION OF RESPONDENTS

The detailed breakdown of the general information of EIC customers has been described in the following table respectively. The general information section of the questionnaire was designed to know about: the respondents' number of year (s) in business, the number of years in being a customer, type of insurance & type of organization.

TABLE 1: NUMBER OF YEAR IN BUSINESS

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	<5years	86	84.3	86.0	86.0
	6-10 years	14	13.7	14.0	100.0
	Total	100	98.0	100.0	
Missing	System	2	2.0		
Total		102	100.0		

84% of the respondents were in business for less than 5 years while 13.7 % were in business from 6-10 years.

TABLE 2: TYPE OF INSURANCE

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Life insurance	16	15.7	16.0	16.0
	Property insurance	70	68.6	70.0	86.0
	Liability insurance	14	13.7	14.0	100.0
	Total	100	98.0	100.0	
Missing	System	2	2.0		
Total		102	100.0		

68.6% of the respondents were property insurance followed by life insurance policy holders.

TABLE 3: THE NUMBER OF YEARS IN BEING A CUSTOMER

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	<5years	62	60.8	62.0	62.0
	6-10years	28	27.5	28.0	90.0
	11-20 years	10	9.8	10.0	100.0
	Total	100	98.0	100.0	
Missing	System	2	2.0		
Total		102	100.0		

60% of the respondents were customers less than five years followed by 27.5% from 6-10 years.

TABLE 4: TYPE OF ORGANIZATION

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Government	56	54.9	56.0	56.0
	Private	28	27.5	28.0	84.0
	Non-Government	16	15.7	16.0	100.0
	Total	100	98.0	100.0	
Missing	System	2	2.0		
Total		102	100.0		

54% of the respondents were from the government while 27.5 were from the private sector.

II: FINDINGS ON CUSTOMERS' PERCEPTIONS WITH RESPECT TO SERVICES DELIVERED BY EICO

Descriptive statistics was used to analyze average score of tangibility dimensions with respect to the services delivered by the Ethiopian Insurance Corporation.

TABLE 5: TANGIBILITY DIMENSIONS

	N	Sum	Mean	Std. Deviation
have ample parking space	100	391.00	3.9100	.90000
Establishes its branches at convenient location	100	387.00	3.8700	1.00156
use neat appearing employees and agents	100	368.00	3.6800	.80252
Uses modern equipment & technology	100	361.00	3.6100	.72328
Uses visually appealing physical facilities	100	354.00	3.5400	1.06761
usually uses appealing materials associated with services	100	318.00	3.1800	1.09526
Valid N (list wise)	100			

The average mean score for all tangibility dimensions are above average. The average score varies from having ample parking space (3.91) to usually use appealing materials associated with services (3.18)

TABLE 6: RELIABILITY DIMENSION

	N	Sum	Mean	Std. Deviation
Uses consistent customer -focused easy to understand underwriting policies	100	387.00	3.8700	1.00156
keeps promises when promise to do something by a certain time	100	342.00	3.4200	.98658
Offers services right the first time without unnecessarily discomfoting customers.	100	330.00	3.3000	.83485
Issues contracts with clear ,transparent and non ambiguous terms	100	320.00	3.2000	1.02494
Provide indemnity without hassles	100	319.00	3.1900	.96080
Offers products and services of utmost quality	100	319.00	3.1900	.96080
Settles customers claims with no unnecessary delays	100	317.00	3.1700	.81718
Issues error free bills, statements receipts, contracts, claims and other documents	100	298.00	2.9800	.93182
shows sincere interest in solving customers problems	100	297.00	2.9700	1.06794
Provides services within the specified contract time limits	100	289.00	2.8900	.81520
Valid N (list wise)	100			

Table 6 indicated that Issuing error free bills and other relevant documents, claims and other documents; showing sincere interest in solving customer's problems and Providing services within the specified contract time limits are below average score/neutral point.

TABLE 7: RESPONSIVENESS DIMENSIONS

	N	Sum	Mean	Std. Deviation
Adapt methods of communication to suit customers needs	100	311.00	3.1100	.89775
Tells customers exactly when the services will be performed	100	285.00	2.8500	.80873
Employees are always willing to help customers	100	273.00	2.7300	.73656
Employees do their best to give prompt service to customers	100	267.00	2.6700	1.01559
Valid N (list wise)	100			

Table 7 indicated that adapting methods of communication to suit customer needs is the only score above average while the remaining items under responsiveness dimensions were below the neutral point.

TABLE 8: ASSURANCE DIMENSIONS

	N	Sum	Mean	Std. Deviation
Keeps customers feeling safe in their transactions	100	342.00	3.4200	.98658
Committed to be consistently courteous with customers	100	320.00	3.2000	1.02494
Regularly instilling confidence in customers	100	319.00	3.1900	.96080
Enables its employees and agents with the necessary knowledge to give professional services to customers	100	317.00	3.1700	.81718
claimants are assured of best possible attention	100	297.00	2.9700	1.06794
Valid N (list wise)	100			

Table 8 indicated that one of the assurance dimensions, that is "claimants are assured of best possible attention" is below the neutral point.

TABLE 9: EMPATHY DIMENSION

	N	Sum	Mean	Std. Deviation
Operating hours are convenient to all customers	100	333.00	3.3300	1.04500
Employees give the customers best interest at heart	100	330.00	3.3000	.83485
Committed to ethics and promote ethical behavior	100	319.00	3.1900	.96080
gives customers individual services	100	301.00	3.0100	.83479
Employees demonstrate integrity and trustworthiness	100	298.00	2.9800	.93182
Employees give customers personal attention	100	290.00	2.9000	.59459
Employees understand the specific needs of customers	100	289.00	2.8900	.81520
Valid N (list wise)	100			

Table 9 indicated that the average score for three of the empathy dimensions including 'Employees demonstrate integrity and trustworthiness'; 'Employees give customers personal attention & Employees understand the specific needs of customers' were found below the neutral point.

TABLE 10: SERVICE RECOVERY DIMENSION

	N	Sum	Mean	Std. Deviation
Responsive to deal with complaints quickly wherever possible	100	333.00	3.3300	1.04500
Members who lodge complaints get fair treatment	100	330.00	3.3000	.83485
Provides an effective complaint handling mechanism	100	301.00	3.0100	.83479
Employees give prompt response to members complaints	100	298.00	2.9800	.93182
Adopts and implements satisfactory disputes settlement mechanisms	100	290.00	2.9000	.59459
Encourages members to freely and openly lodge their complaints without fear	100	289.00	2.8900	.81520
Valid N (list wise)	100			

Table 10 indicated that giving prompt response to member's complaints by employees, adopting and implementing satisfactory disputes settlement mechanisms and Encouraging members to freely and openly lodge their complaints without fear were below the neutral point.

TABLE 11: LEVEL OF SATISFACTION OF CUSTOMERS

	N	Sum	Mean	Std. Deviation
The Overall level of satisfaction with the service recovery dimensions of services provided by EIC	100	368.00	3.6800	.69457
The overall Level of satisfaction with the reliability dimensions of services provided by EIC	100	355.00	3.5500	.90314
The overall level of satisfaction with the tangibility dimension of services provided by EIC	100	319.00	3.1900	1.08892
The overall level of satisfaction with the assurance dimensions of services provided by EIC	100	318.00	3.1800	.59255
the overall level of satisfaction with empathy dimension of services provided by EIC	100	308.00	3.0800	.83702
The overall level of satisfaction with the responsiveness dimension of services provided by EIC	100	305.00	3.0500	.78335
Valid N (list wise)	100			

As indicated on table 11, the highest mean score registered by respondents was for service recovery dimensions while the lowest score had been obtained for responsiveness dimensions.

TABLE 12: LOYALTY

	N	Sum	Mean	Std. Deviation
I am likely to promote EIC to others	100	308.00	3.0800	.87247
I am willing to continue as a customer with EIC-Remain Loyal	100	305.00	3.0500	.89188
Valid N (list wise)	100			

As indicated in table 12 the average scores for the two items under the loyalty dimensions were found to be a bit above the neutral point.

III: SERFPERF ANALYSIS USING MULTIPLE REGRESSIONS

Reliability & Collinearity test was made before running multiple regression analysis.

RELIABILITY TEST

Cronbach's Alpha test has also been taken for the 38 item (Insurance service quality factors) and the result was 0.881 which is more than 0.70 and confirmed the reliability of the questions exceeding the conventional minimum of 0.7 (Nunnally and Bernstein 1994). The Cronbach's alpha coefficient is .881 above the minimum threshold which is .70.

TABLE 13: RELIABILITY STATISTICS

Cronbach's Alpha	N of Items
.881	38

Reliability test were undertaken and the following Cronbach's Alpha values were obtained for each SERFPERF component. Tangibility (.783), reliability (.846), responsiveness (.728), assurance (.847), Empathy (.763), Service recovery (.790). The coefficient alpha values range from .729 to .847 for the individual items exceeding the conventional minimum and demonstrating high internal consistency and hence reliability of each dimension. These values together with the strong loadings of the scale items on their corresponding factors support the convergent validity of each scale's component dimensions.

Collinearity Test

Prior to running the multiple regressions analysis, checking the correlations among the predictor variables in order to determine whether the predictors are sufficiently correlated or not is necessary to identify Multi-Collinearity problem. This is especially important to do when one is using a relatively large set of predictors, and/or if, for empirical or conceptual reasons, one believes that some or all of the predictors might be highly correlated. The Collinearity test run was valid for all components. In other words, all the VIF (Variance inflation factor) and tolerance values were <10 and >.1 respectively.

Multiple Regression Analysis

A simultaneous linear regression was carried out to determine the most important dimensions in order to create the regression equation. Tangibility, reliability, responsiveness, assurance, empathy and service recovery are the independent variables and the respondent's to remain loyal to the EIC is the dependent variable.

TABLE 14A :TANGIBILITY-MODEL SUMMARY

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.874 ^a	.763	.748	.44781

The R square value indicated in table 14a, tells how much of the variance in the dependent variable (overall satisfaction with the EIC service) is explained by the model (which includes the five variables stated above). In this case the value is .763 expressed as a percentage (multiply by 100) it becomes 76.3% this means that the model explains 76.3% of the variance in overall service quality of the EICs. This is quite respectable result - particularly when compared with most of social science researches.

TABLE 14B :TANGIBILITY-ANOVAS

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	60.100	6	10.017	49.949	.000 ^a
Residual	18.650	93	.201		
Total	78.750	99			

Null Hypothesis 1: there is No significant relationship between tangibility dimensions and loyalty of customers with EIC.

To assess the statistical significance of the result it is necessary to look in the table labeled ANOVA. This tests the null hypothesis that multiple R in the population equals 0. As can be seen from the ANOVA table, the independent variables significantly predicts overall loyalty of customers, F = 49.949 / p < .000. The null Hypothesis is not accepted.

TABLE 14C :TANGIBILITY- -COEFFICIENTS

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1(Constant)	4.829	.556		8.685	.000
Uses modern equipment & technology	.304	.103	.247	2.959	.004
Uses visually appealing physical facilities	.702	.136	.840	5.166	.000
use neat appearing employees and agents	.370	.146	.333	2.538	.013
usually uses appealing materials associated with services	.786	.183	.965	4.301	.000
have ample parking space	.628	.069	.634	9.096	.000
establishes its branches at convenient location	.807	.058	.906	13.824	.000

a. Dependent Variable: I am willing to continue as a customer with EIC

As indicated on table 14c, the largest predictor variable usually uses appealing materials associated with services (.965) while the smallest predictor variable is Use of modern equipment & technology (.247)

RegressionEquation:Y=4.829+.247EQp+.840VAP+.333NAP+.965AMAT+.635APS+.906CLOC

TABLE 15A :RELIABILITY -MODEL SUMMARY

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.971 ^a	.942	.936	.22488

The R square value indicated in table 15a, tells how much of the variance in the dependent variable (overall satisfaction with the EIC service) is explained by the model (which includes the five variables stated above).In this case the value is .941 expressed as a percentage (multiply by 100) it becomes 94.1% this means that the model explains 94.1% of the variance in overall service quality of the EICs.

TABLE15B: RELIABILITY -ANOVAS

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	74.199	9	8.244	163.030	.000 ^b
Residual	4.551	90	.051		
Total	78.750	99			

a. Dependent Variable: I am willing to continue as a customer with EIC

Null Hypothesis 2: there is No significant relationship between reliability dimensions and loyalty of customers with EIC.

As can be seen from the ANOVA table15b, the independent variables significantly predicts overall loyalty of customers, F= 163.030 /p < .000.The null Hypothesis is not accepted.

TABLE15C: RELIABILITY - COEFFICIENTS

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1(Constant)	4.590	.274		16.772	.000
keeps promises when promise to do something by a certain time	1.126	.131	1.246	8.578	.000
Issues contracts with clear ,transparent and non ambiguous terms	.713	.060	.820	11.927	.000
Settles customers claims with no unnecessary delays	.678	.100	.621	6.776	.000
shows sincere interest in solving customers problems	.612	.073	.732	8.411	.000
Offers services right the first time without unnecessarily discomforting customers.	.690	.055	.646	12.597	.000
Provides services within the specified contract time limits	.790	.158	.722	5.001	.000
Issues error free bills, statements receipts, contracts, claims and other documents	.888	.106	.927	8.413	.000
Provide indemnity without hassles	.514	.069	.554	7.436	.000
Uses consistent customer -focused easy to understand underwriting policies	.437	.044	.491	9.952	.000

a. Dependent Variable: I am willing to continue as a customer with EIC

As indicated on table 15c, the largest predictor variable keeping promises when promising to do something by a certain time (1.246) while the smallest predictor variable is use of consistent customer -focused easy to understand underwriting policies (.491).

TABLE16A :RESPONSIVENESS- MODEL SUMMARY

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.953 ^a	.908	.901	.28069

The R square value indicated in table 16a,tells how much of the variance in the dependent variable (overall satisfaction with the EIC service) is explained by the model (which includes the five variables stated above). In this case the value is .596 expressed as a percentage (multiply by 100) it becomes 100% this means that the model explains 59.6% of the variance in overall service quality of the EICs.

TABLE16B: RESPONSIVENESS -ANOVAS

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	71.501	7	10.214	129.645	.000 ^b
Residual	7.249	92	.079		
Total	78.750	99			

a. Dependent Variable: I am willing to continue as a customer with EIC

Null Hypothesis 3: there is No significant relationship between responsiveness dimensions and loyalty of customers with EIC.

As can be seen from the ANOVA table16b, the independent variables significantly predicts overall loyalty of customers, F = 35.039 /p < .000.The Null Hypothesis is not accepted.

TABLE16C: RESPONSIVENESS -COEFFICIENTS

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	3.833	.196		19.598	.000
Tells customers exactly when the services will be performed	.667	.051	.605	12.955	.000
Employees do their best to give prompt service to customers	1.353	.066	1.541	20.646	.000
Employees are always willing to help customers	1.495	.102	1.235	14.667	.000
Adapt methods of communication to suit customers needs	.745	.137	.750	5.420	.000
Keeps customers feeling safe in their transactions	.967	.110	1.069	8.769	.000
Regularly instilling confidence in customers	.319	.084	.344	3.817	.000
Committed to be consistently courteous with customers	.505	.048	.580	10.495	.000

a. Dependent Variable: I am willing to continue as a customer with EIC

As indicated on table 16c, the largest predictor variable is doing their best to give prompt service to customers by employees (1.541) while the smallest predictor variable is instilling confidence in customers regularly (.344).

Regression Equation: $Y = 3.833 + .605TCUs + 1.541ProSer + 1.235Hlpcust + .750 + 1.069SafTran + .344 Confid + .580 Court$

TABLE 17A: ASSURANCE -MODEL SUMMARY

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.706 ^a	.499	.472	.64807

The R square value in table 17a, tells how much of the variance in the dependent variable (overall satisfaction with the EIC service) is explained by the model (which includes the five variables stated above). In this case, the value is .596 expressed as a percentage (multiply by 100) it becomes 100% this means that the model explains 49.9% of the variance in overall service quality of the EICs.

TABLE 17B: ASSURANCE - ANOVAS

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	39.271	5	7.854	18.701	.000 ^a
	Residual	39.479	94	.420		
	Total	78.750	99			

a. Dependent Variable: I am willing to continue my membership with EIC

Null Hypothesis 4: there is NO significant relationship between assurance dimensions and loyalty of customers with EIC.

As can be seen from the ANOVA table 17b, the independent variables significantly predicts overall loyalty of customers, $F = 18.701 / p < .000$. The null hypothesis is not accepted.

TABLE 17C: ASSURANCE -COEFFICIENTS

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1 (Constant)		1.183	.283		4.175	.000
	Keeps customers feeling safe in their transactions	.618	.194	.684	-3.190	.002
	Regularly instilling confidence in customers	.690	.142	.743	4.849	.000
	Committed to be consistently courteous with customers	.757	.100	.870	7.571	.000
	Enables its employees and agents with the necessary knowledge to give professional services to customers	.539	.131	.494	4.116	.000
	claimants are assured of best possible attention	.360	.108	.431	3.322	.001

a. Dependent Variable: I am willing to continue my membership with EIC

As indicated on table 17c, the largest predictor variable is the level of commitment to be consistently courteous with customers (.870) while the smallest predictor variable is claimants are assured of best possible attention (.431).

Regression equation: $Y = 1.183 + .684KCFs + .743Inc + .870Cco + .494know + .431CIAass$

TABLE 18A: EMPATHY- MODEL SUMMARY

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.736 ^a	.542	.507	.62611

The R square value in table 18a, tells how much of the variance in the dependent variable (overall satisfaction with the EIC service) is explained by the model (which includes the five variables stated above). In this case the value is .542 expressed as a percentage (multiply by 100) it becomes 100% this means that the model explains 54.2% of the variance in overall service quality of the EICs.

TABLE 18B: EMPATHY- ANOVAS

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	42.685	7	6.098	15.556	.000 ^a
Residual	36.065	92	.392		
Total	78.750	99			

a. Dependent Variable: I am willing to continue being a customer with EIC

Null Hypothesis 5: there is No significant relationship between Empathy dimensions and loyalty of customers with EIC.

As can be seen from the ANOVA table 18b, the independent variables significantly predicts overall loyalty, $F = 15.556 / p < .000$. The null hypothesis is not accepted.

TABLE 18C: EMPATHY- COEFFICIENTS

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	1.353	.598		2.262	.026
gives customers individual services	.667	.270	.624	2.473	.015
Operating hours are convenient to all customers	1.037	.312	1.215	3.326	.001
Employees give customers personal attention	1.032	.221	.688	4.668	.000
Employees give the customers best interest at heart	.190	.131	.178	1.452	.150
Employees understand the specific needs of customers	.788	.157	.721	5.030	.000
Employees demonstrate integrity and trustworthiness	1.238	.277	1.293	4.472	.000
Committed to ethics and promote ethical behavior	.235	.121	.253	1.942	.055

a. Dependent Variable: I am willing to continue being a customer with EIC

As indicated on table 18c, the largest predictor variable is Operating hours are convenient to all customers (1.215) while the smallest predictor variable is Employees give the customers best interest at heart (.178).

Regression Equation: $Y = -1.353 + 1.215ind + .688pera + .721need + 1.293intg$

TABLE 19A: SERVICE RECOVERY -MODEL SUMMARY

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.723 ^a	.523	.493	.63537

The R square value in table 19a, tells how much of the variance in the dependent variable (overall satisfaction with the EIC service) is explained by the model (which includes the five variables stated above). In this case the value is .523 expressed as a percentage (multiply by 100) it becomes 52.3% this means that the model explains 52.3% of the variance in overall service quality of the EICs.

TABLE 19B: SERVICE RECOVERY -ANOVAS

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	41.207	6	6.868	17.012	.000 ^a
Residual	37.543	93	.404		
Total	78.750	99			

B: dependent Variable: I am willing to continue being a customer with EIC

Null Hypothesis 6: there is No significant relationship between Empathy dimensions and loyalty of customers with EIC.

As can be seen from the ANOVA table 19b, the independent variables significantly predicts overall loyalty of customers, $F = 17.012 / p < .000$. The null hypothesis is not accepted.

TABLE 19C: SERVICE RECOVERY -COEFFICIENTS

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	.682	.495		1.376	.172
Provides an effective complaint handling mechanism	.596	.271	.558	2.197	.031
Responsive to deal with complaints quickly wherever possible	1.039	.316	1.217	3.285	.001
Adopts and implements satisfactory disputes settlement mechanisms	1.068	.224	.712	4.775	.000
Members who lodge complaints get fair treatment	.034	.105	.032	.323	.747
Encourages members to freely and openly lodge their complaints without fear	.952	.134	.870	7.090	.000
Employees give prompt response to members complaints	1.307	.279	1.365	4.690	.000

a. Dependent Variable: I am willing to continue being a customer with EIC

As indicated on table 19c, the largest predictor variable is giving prompt response to member's complaints by employees (1.365) while the smallest predictor variable is Members who lodge complaints get fair treatment (.032).

Regression Equation: $Y = .682 + 2.197Ecom + 3.285Rcom + 4.775Adsp + 7.090Ecoml + 4.690Prem$

FINDINGS

Based on the results and discussions addressed above in the data analysis section of this report one can safely arrive at the following conclusions.

- **Tangibility:** Using modern equipment & technology; using neat appearing employees and agents; availability of ample parking space; establishing its branches at convenient location have a significant relationship with customer's loyalty.
- **Reliability:** Issuing contracts with clear, transparent and non-ambiguous terms; offering services right the first time without unnecessarily discomfoting customers; providing services within the specified contract time limits & Providing indemnity without hassles.
- **Responsiveness:** Telling customers exactly when the services will be performed; doing their best to give prompt service to customer; willing to help customers by employee using a consistent customer -focused easy to understand underwriting policies have a significant relationship with customer's loyalty.
- **Assurance :** Instilling confidence in customers; high level of commitment to be consistently courteous with customers ; enabling its employees and agents with the necessary knowledge to give professional services to customers; assuring claimants of best possible attention have a significant relationship with customer's loyalty.
- **Empathy:** Giving customers personal attention; understanding the specific needs of customers; demonstrating integrity and trustworthiness have a significant relationship with loyalty of customers.
- **Service Recovery:** Adopting and implementing satisfactory disputes settlement mechanisms; Encouraging members to freely and openly lodge their complaints without fear; giving prompt response to member's complaints has a significant relationship with the level of customer satisfactions.

RECOMMENDATIONS

As per the findings the following are measures to be taken by the company among others.

- The insurance company needs to modernize and upgrade its service infrastructures so as to provide service to its various customers with easiness and high level of comfort.
- Front Line staff needs to be given additional training on customer services in order retain its customers as well as attract others before it is too late to switch to other competitors operating in the industry.
- Service recovery strategies need to be developed and the employees should be oriented how to recover service failed for different reasons.
- A periodic survey should be under taken by the research division of the corporation in order to capture possible sources of dissatisfaction in the service delivery process.

CONCLUSION

The insurance industry has started developing dramatically after the free market economy is in place. To cope up with tough and stiff competition, the company management is required to revisit its service delivery process from start to finish. Based on its asseement it has to develop a customer service tool kit to enhance the customer handling skills and knowledge of it staffs as well as design a customer service recovery strategy to take care of any possible failure.

LIMITATION OF THE STUDY

The Ethiopian Insurance Corporation is operating throughout the country. However, this study has been limited to branches operating in Addis Ababa. Moreover, despite the fact that the data collection process was undertaken for two weeks the response rate was not up to the expectation. This may b attributed to language difficulties of the questionnaire were distributed with an English version. The English version questionnaire would have been presented in Amharic/native language using back translation technique.

FURTHER AREA OF INVESTIGATION

Organizations cannot avoid service failures; therefore, they should develop effective recovery strategy to turn dissatisfaction to satisfaction. One area of investigation can be "the effects of service recovery strategy on customer satisfaction and loyalty"; the other area may be undertaking a comparative study on different customer groups/product categories such as life insurance, motor insurance customers among others in order to identify cash abundant and cash hungry product portfolios of the company.

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I am sure that your feedback and deliberations would make future issues better – a result of our joint effort.

Looking forward an appropriate consideration.

With sincere regards

Thanking you profoundly

Academically yours

Sd/-

Co-ordinator

ABOUT THE JOURNAL

In this age of Commerce, Economics, Computer, I.T. & Management and cut throat competition, a group of intellectuals felt the need to have some platform, where young and budding managers and academicians could express their views and discuss the problems among their peers. This journal was conceived with this noble intention in view. This journal has been introduced to give an opportunity for expressing refined and innovative ideas in this field. It is our humble endeavour to provide a springboard to the upcoming specialists and give a chance to know about the latest in the sphere of research and knowledge. We have taken a small step and we hope that with the active co-operation of like-minded scholars, we shall be able to serve the society with our humble efforts.

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