ASSESSING SERVICE QUALITY GAP IN THE LIFE INSURANCE INDUSTRY: THE CASE OF STARLIFE ASSURANCE COMPANY, KUMASI.

By

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i

DECLARATION

I hereby declare that this thesis is a work I have personally done towards my award of MASTER OF BUSINESS ADMINISTRATION (MBA) and it does not contain previous publications by another people, except those which due acknowledgement has been made in the text.

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ii

KNUST

DEDICATION

This literary work is specially dedicated to little Emerald Narkuor Yeboah Quarshie.

Acknowledgement

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Abstract

The purpose of this paper is to assess customers' general expectation and perception of insurers and policyholders in terms of services offered by the insurance industry. Some of the most influential models in the service quality literature (Gronroos, 1990; Parasuraman, 1985) focus on the concept of service quality gap (SQG). Parasuraman, (1985) define a pioneering model with five SQGs. The study utilized the case study approach. The sample size consisted of 384 respondents. The result shows huge gap for Reliability, Responsiveness, Assurance and Empathy, which reliability shows highest gap between customers' perception and expectation. This research illustrates reliability emerged as the most critical determinant of SERVQUAL measure for service quality. The other dimensions (Tangible, Responsiveness, Assurance and Empathy) appear important but reliability dominates.

Thus, results of this study underscore the need for insurance providers to gear customer service and quality improvement efforts towards components of reliability. The study intends to promote a better theoretical understanding and recognition of the complexities to service quality and its measurement. Lately Insurance companies in Ghana compete among each other on profitability, market share etc to make them strong and also have good reputation. The challenge for SLAC is to bring innovative solutions to client while making them realize the value of those services provided. When clients realize that quality is something that cannot be compromised, the organization has to survive in the competitive market while managing high value service.

TABLE OF CONTENTS

PAGE

viii

LIST OF TABLES

PAGE

LIST OF FIGURES

PAGE

CHAPTER ONE

1.0 INTRODUCTION

1.1 Background of the Study

Life assurance is a contract between the insurer and the assured, where the insurer agrees to pay a sum of money upon the occurrence of an event, such as death, terminal illness, body injury or critical illness. In return, the policy owner agrees to pay a stipulated amount called a premium at agreed periods and on regular intervals (Ikupolati P.M. 2001). There may be designs in some countries where bills and death expenses which include funeral expenses are included in Policy Premium. In Ghana, the predominant form simply specifies a lump sum to be paid on the assured's demise.

There are currently, fifteen (15) life assurance companies licensed by National Insurance Commission to operate. *(NIC annual report 2006, BFS March 2, 2009).*

According to Kotler (2000), service delivery is the major driving force for business sustainability.

Customers will give an institution high mark for its service when it meets or exceeds their service desires. The five dimensions of service performance (tangibles, reliability, responsiveness, assurance and empathy) give direction to the service

1

quality journey. Although these dimensions will be differently important to various market segments, on an overall basis, they all are important. As a group, they frame the essence of the service quality mandate to be excellent in service, seek to be excellent in tangibles, reliability, responsiveness, assurance and

empathy *(Berry et al., 1989)*.

Service quality is generally defined as customer perceived quality which stresses the individual's assessment of the value of the total service offering *(Gummesson, 2002)*. Although researchers have studied the concept of service for several decades, there is no consensus about the conceptualization of service quality as different researchers focused on different aspects of service quality, (Carman, 1990). The most common definition is the traditional notion that views quality as the customer's perception of service excellence, that is, quality is defined by the customer's impression of the service provided. *(Parasuraman et al, 1999)*. Practically, Gronroos (2000) described perceived service quality as the difference between expected service quality and experienced service quality. This has a link to the gap model *(Parasuraman et al., 1985)* and other service quality models. On the other hand, Berry et al (1989) divided service quality into two types:

Regular services, and handling of exceptions or problems to ensure that appropriate procedures are taken to deal with inevitable failures. As regards to service quality, the individual's experience of a service forms the basis of an assessment of its quality. It is great to listen to

Customers and study their reactions. When purchasing services, customers' attention is often limited to a small number of tangible inputs *(Zeithaml,et al 2000)*. Physical

2

environment include buildings, offices and interior design affects customer beliefs, attitudes and satisfaction *Zeithaml et al (2000)*, and provides an opportunity to tell the 'right' story about a given service *(Berry et al.,1989)*.

1.2 Statement of the Problem

According to Dzamini (2007), many Ghanaians are of the view that expected service delivery in the insurance industry is poor especially when it comes to claim settlement (which delays unnecessarily), frequent legal battles between the claimant and the insurer, frequent policy surrender, high premium and administrative charges. This has resulted in high customer switching in the industry. Various studies have shown that, service delivery is the major driving force for business sustainability (Kotler, 2000; Gronroos, 2000; and Zeithmal, 2000). In the company's bid to provide quality service, it needs to know how satisfied the customer is with their service in order to be able to make improvements. The company should gather customer expectations and fulfill these expectations to bridge the gap between customers' expectation and perception. The research is to assess the gaps between management perception and customer expectation (Expected service and Perceived service) in starLife Company in Kumasi.

1.3 Objectives of the Study

The general objective of the study is to assess the service quality gaps in Starlife Assurance Company. In achieving this objective the following specific objectives would be achieved:

-To assess the effectiveness of service delivery in the course of selling Starlife products.

-To assess the role of service quality in Starlife Company using the SERVQUAL model.

-To identify the problems staff of Starlife Company encounter in the course of serving customers.

-To make the necessary recommendations for future decision making.

1.4 Research Questions

(a) How do customers rank the effectiveness of the functional service quality delivery in the selling of Starlife products?

(b) Are there disparities in customer expectation of service quality and what they actually receive?

(c) What are customers' perceptions on the quality of services Starlife Assurance Company offer?

(d) Will policyholders recommend Starlife products to others who are not customers?

1.5 Significance of the Study

This study aims at adding to the already existing knowledge on life assurance and also helps to identify how service quality gaps impacts on customer retention.

It should be noted that, based on the recommendation of this research, management would be privy to the extent of gap that exist between perception of management and expectation of customers. Management can use the result to address critical shortfalls in the organization. The work will also guide researchers in the field of marketing and related fields to identify other researchable areas related to the topic. It will also serve as a source of reference to lecturers, students and researchers who want to have an insight on the impact of strategic marketing planning on the sales performance of life assurance products.

1.6 THE SCOPE OF THE STUDY

The study goes into assessing service quality gaps in the life assurance industry, using Star Life Assurance Company Limited office in Kumasi as a case study. Yet comparison and inferences will be drawn from other insurance companies.

1.7 Organization of the study

The study has being organized into five (5) chapters.

Chapter one: deals with the general introduction and background of the study, objectives of the study, statement of the problem, research questions, significance of the study, scope of the study and organization of the study. Chapter two: looks at the critical literature review of relevant and related material which has a link with the work. Among the areas that will be reviewed include models in service quality, service performance, customer satisfaction, and background of Starlife Assurance Company. Chapter three: looks at the techniques in data collection and how the data is analyzed and presented. Chapter four: also deals with the presentation of results from the data analyzed and discussing the result.

Chapter five: contains the summary of findings, conclusion and recommendations.
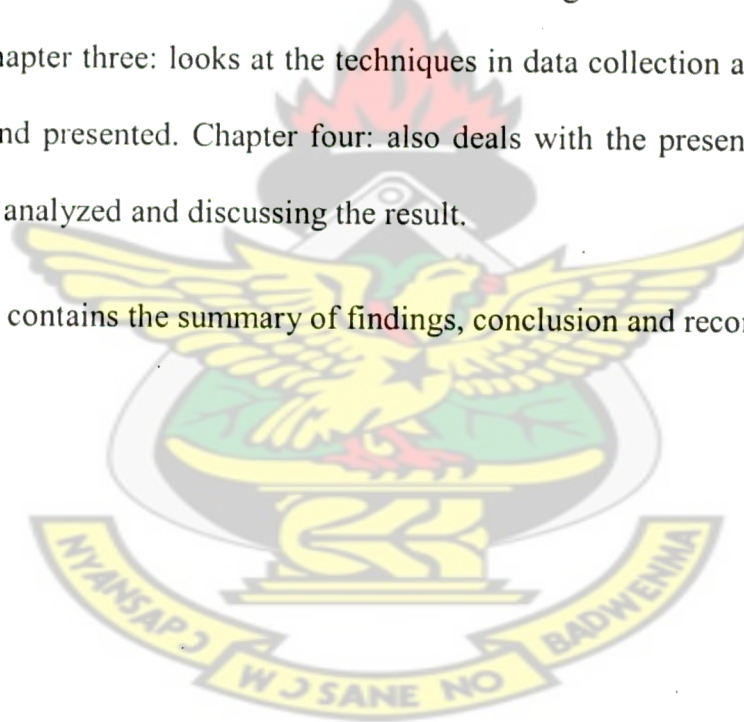
CHAPTER TWO

2.0 LITERATURE REVIEW

2.1 INTRODUCTION

The global marketplace is becoming increasingly challenging for companies because of more intense competition and more demanding customers. The competitive pressure that already exists due to the proliferation of look-alike, similarly priced brands is being intensified. Companies – both old and new – are devising strategies to replace the traditional channels of customer-company exchanges, thereby multiplying the number of competitors. The best – and perhaps *only* – effective weapon for gaining a *distinct* and *enduring* competitive advantage in today's markets is superior customer service. In fact, achieving and sustaining marketing excellence may be impossible without delivering superior customer service.

This in other words suggests that, an organization to gain competitive advantage, it must use technology to gather information on market demand for the purpose of enhancing service quality. Researchers and managers have tried over the years to identify factors that influence service quality. Service quality models have been established to assist in giving positive direction as presenting service offerings to customers especially in the Insurance industry in Ghana. (Parasuraman, (1985); Lovelock, and Wirtz, (2007); Lasser, 2000) According to Gummesson (2002), regarding service there is a humanistic quality approach, at the one extreme stressing customers, personnel, leadership and culture, whereas at the other end lies a technical approach concerning operations management, statistics and methods of measurement. Gummerson (2002) divided

quality into services, tangibles and software, but he stresses the importance of a total service offering. Newman (2001) discussed about physical quality, interactive quality and corporate quality, and, on the other hand, about process and output quality.

This chapter looks at the review of relevant critical literature and also attempt to link it to the current study. Among the areas to be reviewed include

- Customer Relationship Management
- Service Quality
- Models in service quality delivery
- Customer satisfaction

2.2 CUSTOMER RELATIONSHIP

Customer relationship has generally been assumed to create a competitive edge for an organization as well as to have a positive impact on organizational performance. (Davidow,2000)

Gummesson (2002) defines customer relationship as marketing based on relationship, networks and interaction, recognizing that marketing is embedded in the total management of networks of the organization, market and society.

It is directed to long term win- win relationship with individual customers and value is jointly created by the parties involved.

Kortler and Armstrong (2004), defines Customer Relationship Management as the overall process of building and maintaining profitable customer value and satisfaction. With over increasing competition for market dominance, many firms have utilized the customer relationship management system for improved business intelligence, better decision making, enhancing customer relation and good quality of service offering.The underpinning of the customer-oriented managing concept is that identification and satisfaction of customer needs leads to improved customer retention. (Sivadas, 2000)

2.3 CUSTOMER SATISFACTION

Satisfaction is a judgment of a pleasurable level of consumption related fulfillment, including levels of unfulfillment and over-fulfillment. Satisfaction focuses on fulfillment which comes in different varieties. A consumer may feel satisfied or fulfilled with the removal of a negative state. Or a consumer may feel over fulfillment and satisfied with a service experience that provides unexpected pleasure. (Price, 2004)

Goodman, and Newman (2003) concluded in a recent study that, experience exerts an overarching influence on the level of satisfaction or dissatisfaction which is derived from memories of previous experiences encountered in the delivery of similar services. This can lead to a modification in the attitude of the consumer to subsequent service encounters. This enhanced level of satisfaction or dissatisfaction cannot easily be identified or controlled by the service provider as it is unique and personal to that particular consumer at that moment in time.

9

When developing services, it is crucial to build in the right quality by balancing these partly contradictory demands on the service that is customer satisfaction.

2.3.1 CUSTOMER SATISFACTION MEASUREMENT

Satisfaction as defined is the customer's perception of a single service experience where as quality is the accumulation of the satisfaction for many customer over many service experience. Such post-evaluative experience, perhaps, lead over time to a more general attitude. Moreover, service is equal to the perception of a single service as received and measured against the expected service received. The difference in the degree, direction and discrepancy between the perception and expectation of a customer results in a level of satisfaction or dissatisfaction (Hill 1992).

Satisfaction and service quality are often treated together as functions a customer's perceptions and expectations. The simplest model is the two-concept equation defined as $Q = P-E$. There are exceptions within the model. A zone of indifference exists among some customers who have not formed an expectation or do not care about a service. But for most parts when perceptions (P) are equal to Expectations (E), service quality (Q) is satisfactory. If expectations are higher than actual perception, a customer's rating becomes negative (Cottle 1990).

To improve customer satisfaction you either raise customer perception, lower their expectation, or both. Since an expectation in nothing more than an anticipation of receiving something favourable or acceptable, it is essential for

10

any service company to develop realistic expectations among their customers (La Forge 2004).

Numerous studies and publications have almost unanimously concluded that measuring customer satisfaction can lead to several benefits for the organization applying it.

➤ Customer satisfaction measurement (CSM) results can be used to discover important strength and weaknesses in product/service offerings and more effectively focus improvement efforts towards these issues (Yang 2003; Lam 2004).

➤ Depending on the industry in context, CSM results may be used to estimate the degree of customer loyalty which is vital for long term revenues (Kinna(2005),.

➤ CSM is useful for assessing the effectiveness of efforts to redesign elements of the service delivery system (Kujala & Ahola 2004).

➤ Customer satisfaction can be used as a basis for customer segmentation (Bodey and Grace (2006),.

➤ According to Onyeaso (2007), "Are customers' dissatisfaction and complaint behaviors positively related? Empirical tests", *Journal of American Academy of Business*, Vol. 11 No.1, pp.18-24. measuring customer satisfaction is not a neutral act, but an intervention. The opinion of the customer whose satisfaction is measured can be affected by the measurement process.

2.4 SERVICE QUALITY

Service quality is generally defined as customer perceived quality which stresses the individual's assessment of the value of the total service offering (Gummesson, 2002). Practically, Gronroos (2001) described perceived service quality as the difference between expected service quality and experienced service quality. This has a link to the gap model (Parasuraman, 1985) and other service quality models e.g. Bitner (1990). Wirtz, J. (2002) also defined the concept of service as "activities, deeds, processes and interactions". Lovelock (1991) also defined services as "a process or performance rather than a thing". Most definitions also focus on the customer, and on the fact that services are provided as solutions to customer problems (Gronroos, 2001).

On the other hand, Berry et al (1985) divided service quality into two types: regular services, and handling of exceptions or problems to ensure that appropriate procedures are taken to deal with inevitable failures.

As regards to service quality, the individual's experience of a service forms the basis of an assessment of its quality. It is great to listen to customers and study their reactions. When purchasing services, customers' attention is often limited to a small number of tangible inputs (Zeithaml, 2003). Physical environment include buildings, offices and interior design affects customer beliefs, attitudes and satisfaction Zeithaml and Bitner, 2000), and provides an opportunity to tell the 'right' story about a given service (Berry,1989). Matters such as how contact personnel dresses, articulates, writes, designs and presents proposals are likewise not without meaning (Levitt,1981). Tangibilising the intangibles is important, because

12

customers do not usually know what they are getting until they do not get it (Levitt, 1981). As tangible input, the service personnel represent the service, the organization and the marketers in the customers' eyes (Zeithmal and Bitner, 2000). The quality management of personnel includes such things as motivating, managing information, training, career planning and recruiting and retaining of right people (Normann, 1991); Zeithaml and Britner,2000). It is true that service business is personnel intensive, meaning that quality supplied to the customer is essentially a result of the way personnel perform (Normann, 1991). Schneider (2000) showed that both employees and customers will experience more positive outcomes when the organization operates with a customer service orientation and management supports it. This may be linked to the external service value within the service-profit chain by Heskett (1994), which described employee satisfaction as the underlying factor in the formation of customer perceived quality. The other important tangible element is service culture, and by participating in the production process, customers influence and even create perceived service culture (Lethtinen, 1985). High levels of intangibility call for image building and maintenance to attain reliance based on reputation and subjective impressions of the service (Cowell,1998). In the long run, image depends mainly on what the company actually provides, but in the short run, image can be used as a tool for the creation of new reality (Normann, 1991).

Parasuraman (1988), also describe service quality : the ability of an organization to meet or exceed customer expectation .customer expectation may be defined as the "desires and wants of customers ie what they feel a service provider should offer rather than would offer.

Service quality has been reported as having relationship to cost, profitability, customer retention and positive word of mouth. (Reichheld Saser, 1990)

2.4.1 DIMENSIONS OF SERVICE QUALITY

It would be impossible to ensure service quality without first determining the salient aspects that are incorporated under this term. Again, this poses some difficulty and many possible attributes have been put forward in an attempt to capture the true meaning of service quality.

Saser (1987), lists seven service attributes which they believe adequately embrace the concept of service quality.

These include:

- Security-confidence as well as physical safety;
- Consistency-receiving the same each time;
- Attitude- politeness and social manners;
- Completeness- ancillary;
- Condition- of facilities;
- Availability-access, location and frequency
- Training

Tenner and DeTorro (1992) developed the "RATER" acronym which is defined as:

Reliability: The ability to perform the promised service dependably and accurately.

Assurance: The knowledge and courtesy of employees and their ability to inspire trust and confidence.

14

Tangibles: The physical facilities, equipment, and appearance of personnel.

Empathy: The caring, individualized attention, and appearance of personnel.

Responsiveness: The willingness of staff to help customers and provide prompt service.

Criticisms include the use of difference scores, dimensionality, applicability and the lack of validity of the model, especially with respect to the dependence or independence of the five main variables (Babakus and Boller, 1992: Carman, 1990; Cronin and Taylor, 1992). Others include the fact that it does not address the service-encounter outcomes (Mangold and Babakus, 1991).

On the other hand, Gronroos (1990) believes that service quality is made up of three dimensions, that is the "technical quality of the outcome", the functional quality of the encounter" and the "company's corporate image".

Lehtinen and Lehtinen (1991), also believe that service comprises three dimensions, these they define as the physical quality i.e product or service, Corporate quality i.e the company's image and Interactive quality, where the dimensions of quality originates in the interaction between the consumer and the service organization. They also argue that in examining the determinants of quality, it is necessary to differentiate between quality associated with the process of service delivery and quality associated with the outcome of the service, judged by customers after the service is performed.

Johnson (2005) identifies fifteen (15) dimensions of service quality which they categorize as Hygiene Factors; those factors which are expected by the customer and if they are not delivered will cause dissatisfaction.

15
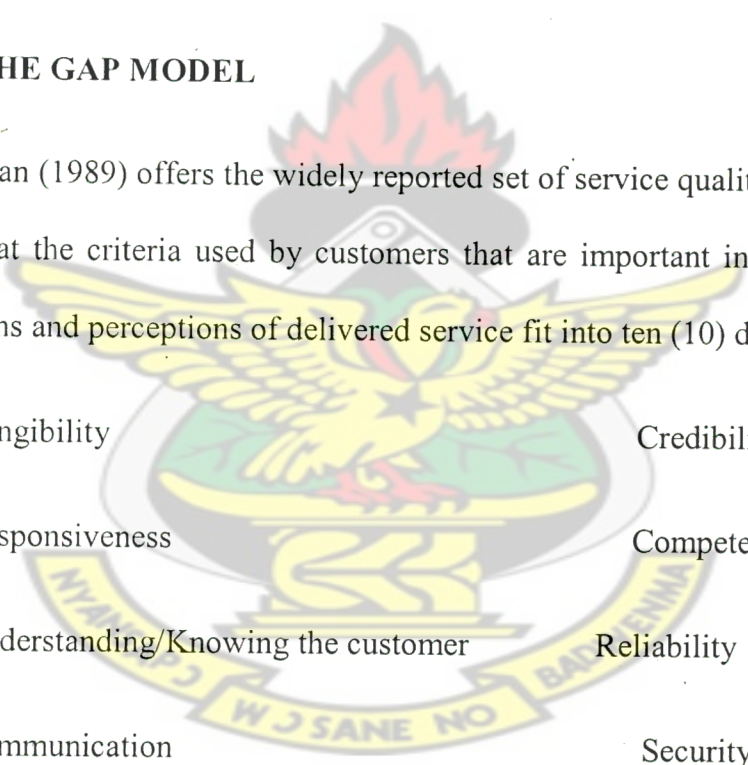
Enhancing Factors; which will lead to customer satisfaction but if they are not delivered, will not necessarily lead to dissatisfaction.

Dual-Threshold Factors; where failure to deliver cause dissatisfaction but when delivered above a certain threshold will enhance customer's perceptions of service and lead to satisfaction

2.5 SERVICE QUALITY MODELS

SQM1: THE GAP MODEL

Parasuraman (1989) offers the widely reported set of service quality model. They suggest that the criteria used by customers that are important in molding their expectations and perceptions of delivered service fit into ten (10) dimensions:

- Tangibility   Credibility

- Responsiveness   Competence

- Understanding/Knowing the customer   Reliability

- Communication   Security

- Courtesy   Access

These were subsequently put together into five (5) dimensions of service performance known as SERVQUAL:

- Tangibility

- Reliability

- Responsiveness

- Assurance

- Empathy

Gronroos (1988) added the sixth dimension- Recovery

SERVQUAL is designed to measure Service Quality as perceived by the customers. A high quality service would perform at a level that matched the level that the customer felt should be provided. The level of performance that a high quality service should provide was termed customer expectation. If performance was below expectations, customers judged quality to be low (Kang & James, 2004).

Parasuraman (1988) basic model was that consumer perception of quality emerge from the Gap between performance and expectations, as performance decreases relative to expectation, quality decreases. Thus, performance-to-expectation "gaps" on attribute that consumers use to evaluate the quality of a service form the theoretical foundation of SERVQUAL. The SERVQUAL model concentrates on five (5) "gaps" impairing the delivery of excellent service quality. This study focuses on Gap 5: the expectations and perceptions of service to customers of StarLife Assurance Company office in Kumasi.

- Gap 1: The difference between management perceptions of what customers expect and what customers really do expect

- Gap 2: The difference between management perceptions and service quality specifications - the standards gap

17

- Gap 3: The difference between service quality specifications and actual service delivery - are standards consistently met?

- Gap 4: The difference between service delivery and what is communicated externally - are promises made consistently fulfilled?

- Gap 5: The difference between what customers expect of a service and what they actually receive;

    - expectations are made up of past experience, word-of-mouth and needs/wants of customers

    - measurement is on the basis of two sets of statements in groups according to the five key service dimensions
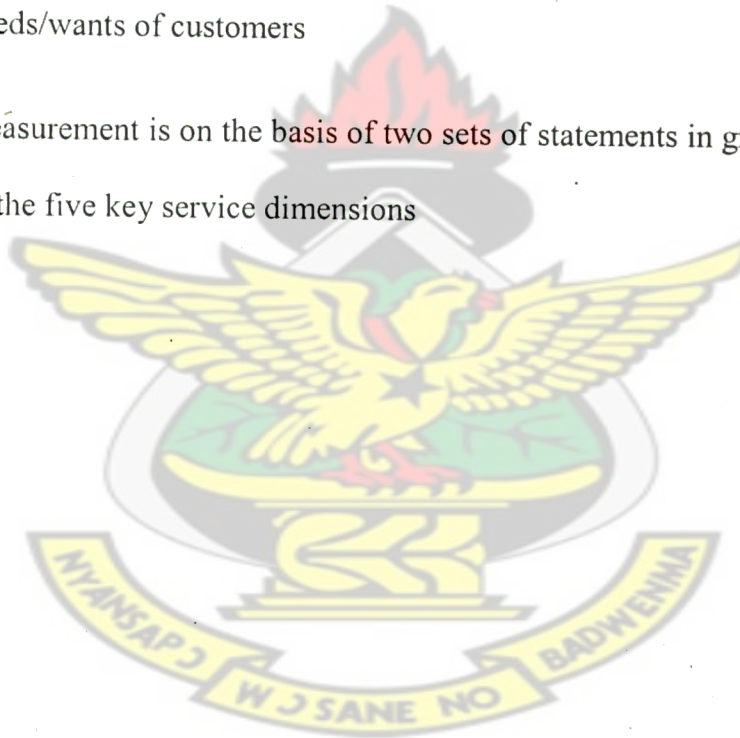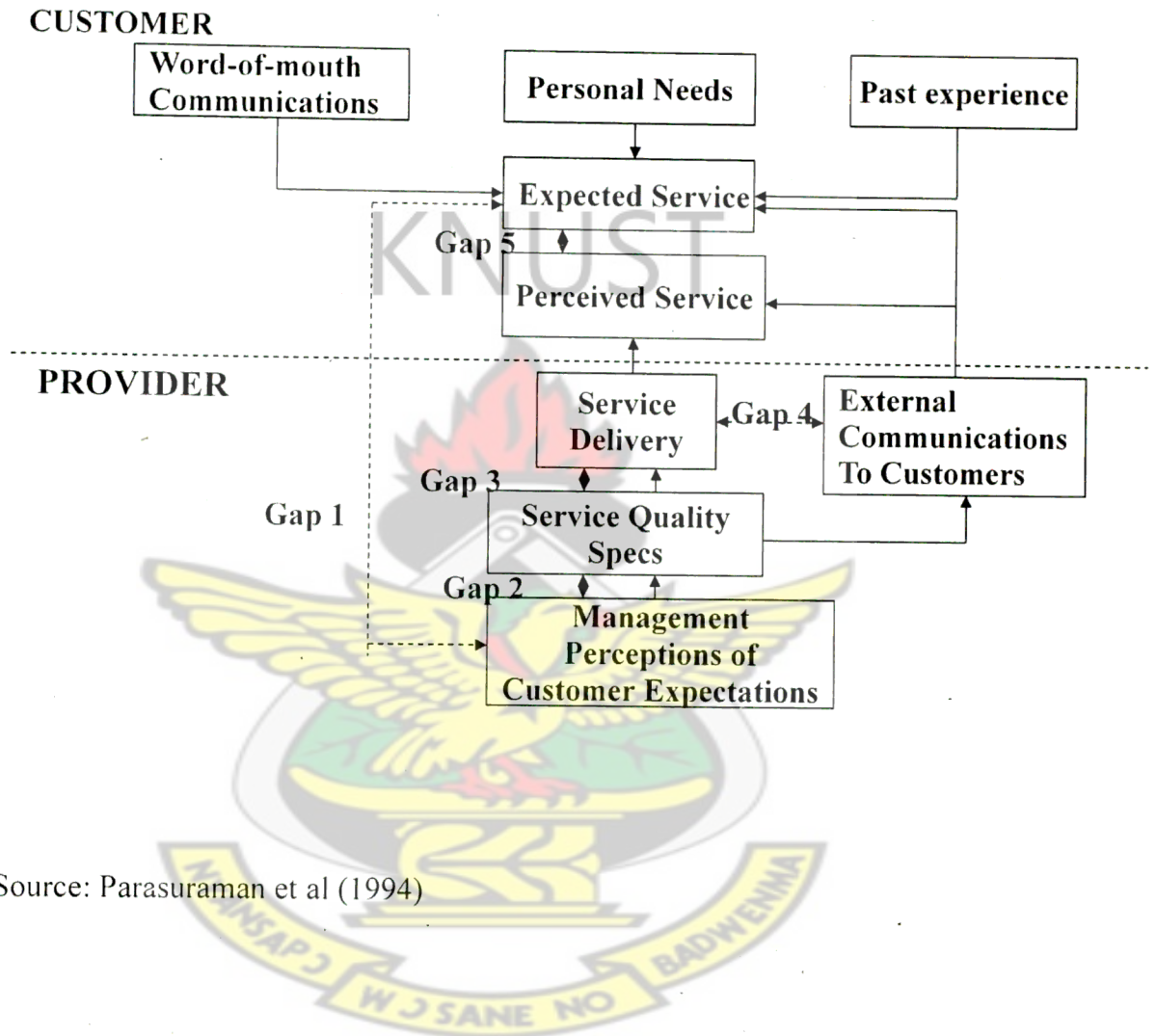
Figure 1

Source: Parasuraman et al (1994)

SQM2: Technical and functional quality model (Grönroos, 1984)

The model proposes that service quality consists of Technical and Functional dimensions and a service organization's image functions as a filter in the perception of the service quality. The model also proposes that there are direct relationships between service quality perception and the technical and functional quality dimensions, in addition to the indirect effects of technical and functional quality on service quality perception.

SQM3: Antecedents and mediator model (Dabholkar, 2000)

A comprehensive model of service quality which includes an examination of its antecedents, consequences, and mediators to provide a deeper understanding of conceptual issues related to service quality. This model examines some conceptual issues in service quality as: the relevant factors related to service quality better conceived as components or antecedents and the relationship of customer satisfaction with behavioural intentions.

SQM4: IT-based model (Zhu, 2002)

This model highlights the importance of information technology (IT)-based service options. Service providers are using IT to reduce costs and create value-added services for their customers. The model attempts to investigate the relationship between IT-based services and customers' perceptions of service quality. The IT-based service construct is

linked to service quality as measured by SERVQUAL (Parasuraman, 1988, 1991). Several key variables affecting customers' views of IT-based services are identified.

The model focuses on the linkages among the service dimensions as measured by SERVQUAL, the constructs representing the IT-based service quality, preferences towards traditional services, experiences in using IT-based services, and perceived IT policies.

SQM5: e-service quality Model (Santos, 2003)

Service quality is one of the key factors in determining the success or failure of electronic commerce. E-service can be defined as the role of service in cyberspace (Rust and Lemon, 2001).

This study proposes a conceptual model of e-service quality with its determinants. It proposed that e-service quality have incubative (proper design of a web site, how technology is used to provide consumers with easy access, understanding and attractions of a web site) and active dimensions (good support, fast speed, and attentive maintenance that a web site can provide to its customers) for increasing hit rates, stickiness, and customer retention.

21

2.6 Regulatory Bodies

➤ National Insurance Commission

➤ Companies Code, 1963 (Act 179) as amended by the Companies Code (Amendment) Act, 1994 (Act 474), and the Companies Code (Amendment) Act, 1997 (Act 531)

➤ Insurance law, 1989 (PNDCL227)

➤ Insurance Act, 2006 (Act 724)

Sections 26 of the new insurance Act, 2006 (Act 724) states that:-

1. The Commission shall not issue a license after the commencement of this Act that authorizes the insured to operate a composite insurance business.

2. A company licensed to operate:

   a. Life Assurance business as a specialty shall not be licensed subsequently to operate a Non-Life Assurance business and,

   b. Non-Life Insurance business as a specialty shall not be licensed subsequently to operate Life Assurance business.

3. Despite subsection (2), a company

   a. Licensed to operate a Life Assurance business may acquire substantial shareholding in a Life assurance company

   b. Licensed to operate a Life Assurance business may acquire substantial shareholding in a Life assurance company.

The Act also states that the minimum capital required to be maintained by an insurer after the commencement of the Act shall be, in the case of a company limited by shares that is a direct insurer, the Cedi equivalent of One Million United States dollars irrespective of where the company is into long-term or short term business.

The National Insurance Commission in has requested all Insurance, Re-insurance and Broking Companies to be re-licensed under the Insurance Act, 2006 (Act 724). Submission of applications for re-licensing to the NIC was to begin on July 1, 2007 to September 30, 2007 and the deadline for the re-licensing of existing companies was December 31, 2007.

2.7 COMPANY'S PROFILE

Star Life Assurance Company Limited is a Life Insurance Company which offers a wide range of Life insurance products designed to meet the financial security needs of the Ghanaian society.

What is now known as Star Life Assurance Company, originally used to be the life department of Star Assurance Company until it was incorporated as a limited liability company in compliance with the new Insurance Law 2006, Act 724 in October 2005.

Star life Assurance Company deals in the following products:

- ➢ Cash Builder
- ➢ Home call
- ➢ Child lifeline

23

- ➤ Wealth master

- ➤ Group life and disability scheme

- ➤ Mortgage protection

- ➤ Keyman assurance

- ➤ Loan protection

- ➤ Management of Provident/ Pension Fund

VISION

The company has as its vision, "To be the first choice provider of Life Assurance in Ghana".

MISSION

The Mission Statement of Star Life Assurance is to help people identify the most secured wealth creation opportunities and provide them with unique financial security solution.

CORE VALUES

- ☐ Service

- ☐ Teamwork

- ☐ Attitude

- ☐ Resourcefulness

- ☐ Leadership

- ☐ Innovation

- ☐ Fairness

- ☐ Empathy

2.8 EMPIRICAL REVIEW

This contains the findings of other researches made on service quality in other fields of study.

> An Assessment on service quality in Malaysia Insurance Industry by Affaine Ahmad. University of Malaya, Kuala Lumpur, Malaysia (2008)

FINDINGS:

Responsiveness score highest on expectation and Tangibles scored highest in perception. It means customers expect highest on responsiveness whereas the actual service quality perform tangibles onward. Reliability scores lowest on perception whereas Tangibles score lowest in expectation. It is clear that customers are not really satisfied with reliability provided by ISC, and tangibles indicate customers' low perception on the service performance by ISC.

The service quality gap for tangibles dimension indicates small gap between customers' perception and expectation. It means that tangibles perceived by the customer are nearly meet customers' expectation. Reliability shows the highest gap which means that almost the actual service in ISC was not satisfied in terms of fulfilled promises provide accurate record and provide customers' guarantee.

The result obviously shows huge gap for Reliability, Responsiveness and Empathy, which reliability shows the highest gap between customer perception and expectation. This research illustrates reliability emerged as the most critical determinant of SERVQUAL measure for service quality. The other dimensions (Tangible, Responsiveness, Assurance and Empathy) appear important but reliability dominates.

25

Thus results of this study underscore the need for insurance providers gear customer service and quality improvement efforts towards components of reliability.

> Measuring service quality in the Airlines using SERVQUAL model. The case of Iran Airlines (IAA) by Mohammed Mehdi Bozorgi

FINDINGS:

Satisfaction of customers measured, the researcher observed that passengers were not satisfied within seven (7) dimensions of Gronroos' service quality model.

- Technical quality (Pilot is knowledgeable enough) in passengers view was the first choice as the most important aspect and gained the highest mean in IAA performance. IAA is instrumental in bringing about a desired outcome.

- Tangibles (physical facilities, equipment, appearance of personnel)was second. IAA had weak point in tangibles.

- Reliability (ability to perform service dependably and accurately) was the third most important item.

- The forth was assurance. Passengers perceived less than what they expect in assurance item.

- The fifth was responsiveness (willingness to help customers and provide prompt service).

- Image (public perception about image of IAA). The passengers believe that the image had no critical effect on their perceived service evaluation.

- The seventh was empathy (caring, individualized attention). Passengers contend that empathy has the least mean on IAA performance

Figure 2: Conceptual Framework of Assessing Service Quality Gaps

PERCEIVED SERVICE QUALITY

-PAST EXPERIENCE

-WORD OF MOUTH

Tangibility → Reliability

SERVICE QUALITY

Empathy

Assurance

Responsiveness

Expected/Actual Service Quality

- Satisfaction
- Customer turnover
- Loyalty
- Retention
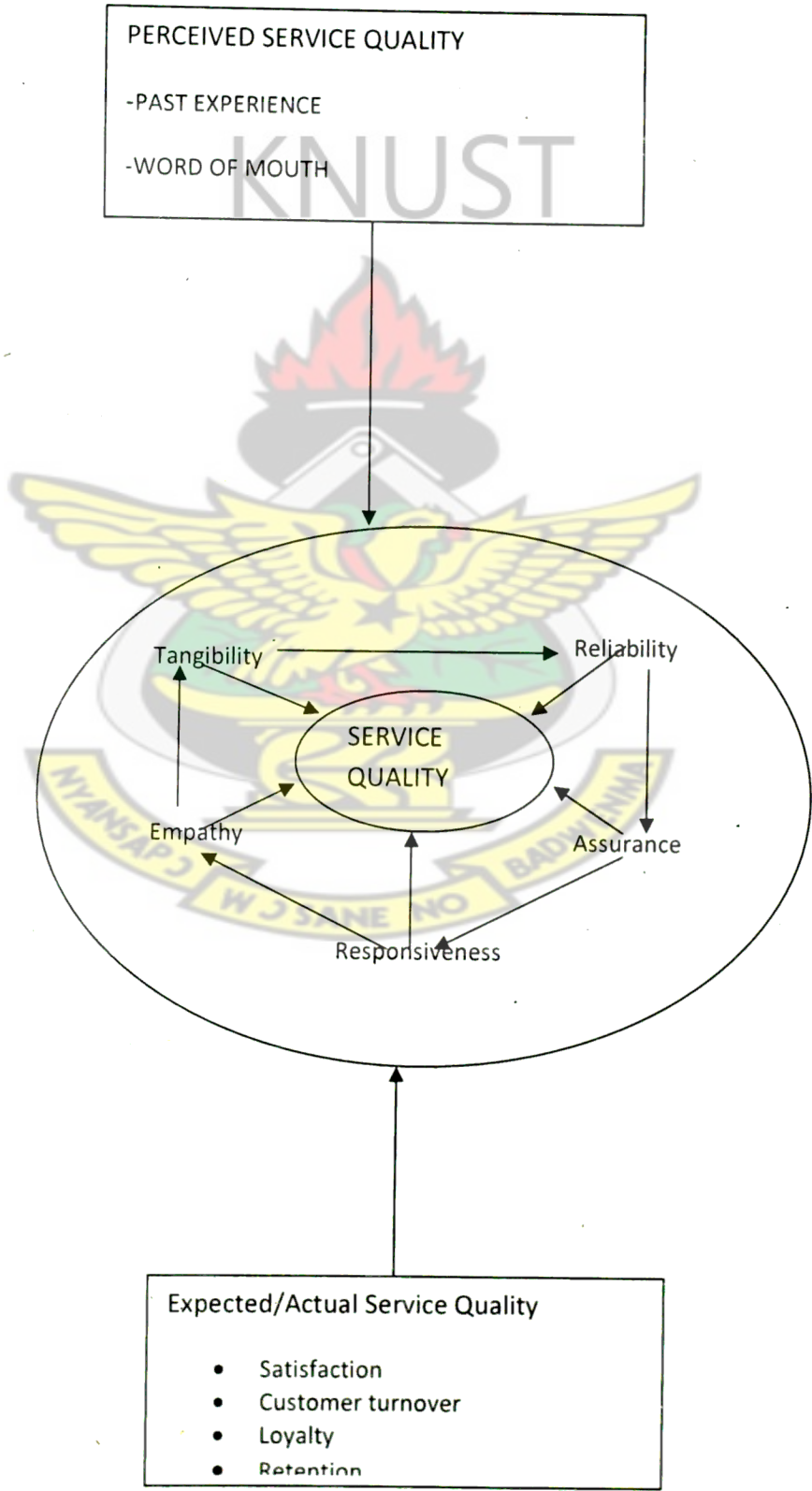
CHAPTER THREE

3.0 RESEARCH METHODOLOGY

3.1 Introduction

This chapter brings out the methodology employed in the data collection procedure. It defines what the activity of research is, how to proceed, how to measure the progress and what constitutes success. A lot of research work on service quality has been undertaken using different research design and instruments on assessing service quality gaps.

3.2 Research Strategy and Population

Yin (2003) indicates that a case study with many units of analysis is an entrenched case and it is good for developing theories. It refers to a complete set of individuals (subjects), objects or events having common observable characteristics. It may be finite or infinite. For a finite population, its members (elements can presumably be counted and a finite number obtained). In this work the population is finite and comprises management, agents, staff and clients of Star life Assurance company Ltd- Kumasi branch office. The Kumasi office has five management members (5), twelve staff members (12), ten agents (10) and five thousand customers (5000). Identifying the

relevant population was very necessary to aid in data collection since it could be a costly exercise and also can include people who do not have anything to do with the research. The research work will deal with a population of three hundred and eighty four (384) respondents made up of five management members (5), three hundred and fifty seven (357) customers, twelve (12) staff members and ten (10) agents (*Saunders et al 2007*).

Simple random and purposive sampling techniques were employed in selecting the sample.

Purposive sampling technique was used for the staff of SLAC because they are an identifiable group while the simple random sampling was also employed to sample clients' response.

3.3 TYPES AND SOURCES OF DATA

3.3.1 DATA COLLECTION

The data collection technique employed may be various and are likely to be used in combination. They may include i. Documentary analysis: Information would be obtained from newspapers, fliers, brochures, news magazines, newsletters and various documents which talks about the company.

ii. Observation: personal observation would be made on the conduct of staff members in their discharge of duty. This will help the researcher to obtain a firsthand information of management perception. By observing, the researcher can compare his experience with what is filled on the questionnaire.

iv. Questionnaire: Two forms of questionnaires would be prepared; one would base on perception of management and the other, on customer expectations.

3.3.2 SOURCES OF DATA

The research would be made up of primary, secondary and tertiary sources of data. Also, qualitative and quantitative data would be accessed.

The type of data that were gathered included information on the qualification of employees and agent, training facilities how premiums are sold, among others. Based on the above, the study made use of both quantitative and qualitative data.

The study made use of both primary and secondary data sources. The primary data sources included information that was gathered from the in-depth interviews that took place at Star Life Assurance premises in Kumasi.

The advantage of using primary data is that they are more reliable since they come from the original sources and are collected especially for the purpose of the study.

Yin (1994) also states that documentary information is likely to be relevant to the case study. This information can be taken from written materials and online information searched were sourced to gain more understanding on service quality. Reading were made from the libraries of KNUST, Kumasi Polytechnic, Baptist University College and the British Council and also materials from Star life Assurance office in Kumasi.

Data collected from the documentary sources significantly assisted in the development of primary data collection. The rational for using these sources of information was that they were cheaper and easily accessible.

3.4 RESEARCH INSTRUMENT

One of the most important sources of case study is the interview (orally or written), which was chosen as the most important method for data collection in this study. As indicated by *Yin(2003)*, case studies can utilize archival records, interviews, direct observation, participants and documentation base on Yin's proposition. The following data collection tools were employed; Questionnaires, unstructured interviews and direct observations.

Questionnaires were the main instrument used to gain a thorough understanding from the agents, management and staff. Also most of the questions were largely close ended to make coding easier.

Eldabi (2002) came out with the recommendation that questionnaires should not contain personal questions. Close ended questions were used because it provides precise answers while open ended questions offered rich and deeper insight or understanding, open ended questions were included in the questionnaire. The questionnaire was structured, which was the close ended type which required the respondent to make a choice by tacking or circling the one respondent may wish. The questionnaire encompasses

dichotomous response, multiple choice, rating scale and ranking items. The questionnaire was administered to get feedback from respondents as to what their experiences with the company in terms of facilities, service and products were. The choice of the interview strategy was done considering Robson (2002) classification of interview which are; respondent interview and informant interview.

The researcher also made direct observations of the various facilities of Star life Assurance.

3.5 DATA ANALYSIS

Raw data collected was edited to detect and correct errors to ensure consistency and validity.

Next the data was coded and tallied item by item and input into a computer. Statistical Package for Social Scientists (SPSS) and excel were used to analyze the data. Descriptive statistics was used to summarize and present the information in the form of percentage, frequency and graph.

3.6 VALIDITY AND RELIABILITY

Yin (2003) states that the research design is a logical process that connects the research question posed, empirical data collected and conclusions drawn.

3.6.1 VALIDITY

This is concerned with the accuracy of measurement and the extent to which an instrument measures. In order to improve the validity in this study, the interview guide from the company were designed based on the frame of reference of this study. At the same time ranges of question types were used including probing and close ended questions

3.6.2 RELIABILITY

Reliability of an instrument concerns its consistency of measurement. According to *Saunders et al (2007)* reliability refers to the extent to which an instrument measures the same way each time it is used under the same conditions with the same subjects. To increase the reliability of this study, the existing theories were reviewed from different authors and researchers and then presented and compared. Also based on the literature review, concepts were carefully defined and then the frame of reference and theories in the existing research areas.

CHAPTER FOUR

4.0 DATA ANALYSIS

4.1 Introduction

A widely used method of service quality is the gap analysis model, originally developed by Zeithaml, Berry and Parasuraman in 1988 (shown fig.1) (Gronroos, 2000).

The model concentrates on five gaps which can affect the extent of service quality delivered. This study focuses on the Gap 5 (the difference between the perception of customers and the expectation of service providers).

Although the other gaps are also important factors in service quality, gap five is the only one that can be determined solely from data collected from customers.

In order to measure gap 5 which determines the difference between customer expectation and the perception of management, the SERVQUAL instrument was adopted. The variables include:

- Tangibility (The physical facilities and equipment and the appearance of personnel)

- Reliability (ability to provide what was promised, dependably and accurately and always keeping the promise)

- Responsiveness: (the willingness to help customers and provide prompt service.)

- Assurance (The knowledge and courtesy of employees and their ability to convey trust an confidence)

- Empathy (the degree of caring and individual attention provided to customers.)

34

The sample size was six three hundred and fifty seven (357); however only three hundred and forty (340) of the questionnaires were answered. Also, twenty five (25) out of twenty seven staff including the sales force was interviewed.

4.2 RESPONSE FROM STAFF

Table 1
Number of years with SLAC

	Respondents	Percentage (%)
Less than 2 years	3	12%
2 - 4 yrs	12	48%
5 - 7 yrs	8	32%
Above 7 yrs	2	8%
Total	25	100%

A question was asked about the number of years an employee of SLAC had being with the company. This question was to inform the researcher the number of employees who might have dealt with the various categories of customers, and have also received various training in handing customers. It was revealed that; those who had worked for the company for less than 2years constituted three (3) out of the 25 respondents. It is also believed that these three (3) respondents were newly recruited sales agents. This shows that a greater number of employee respondents (23 out of 25) had been employed for more than 2 years and can give reliable information on how customers are handled.

TABLE 2

SLAC Products meet customer needs

	Respondents	Percentage (%)
Yes	18	72%
Somehow	7	28%
No	0	0%
Total	25	100%

This table shows how employees responded to the question of SLAC tailoring its products to meet customers need. Response was as shown in the table above and the pie chart below. Staff are optimistic that their services could meet customer expectation since 72% of respondents answered in the affirmative. The only doubtful ones (28%) answered that the product sometimes meet customer need, and none said no to the answer.

TABLE 3

SLAC meets Policyholders on their needs

	Respondents	Percentage (%)
Strongly Agree	11	44%
Agree	8	32%
Neutral	0	0%
Disagree	4	16%
Strongly Disagree	2	8%
Total	25	100%

The above table solicited views of employees on how SLAC respond to the needs of its customers in its service delivery. This question was to give the researcher an idea of staff perception of responsiveness. The highest percentage (44%) was given by 11 respondents who strongly agreed, followed by 8 respondents (32%) who agreed. Some other respondents had different perceptions since 4 respondents (16%) disagreed and 2 others strongly disagreed. This means a cumulative percentage of 76 agree that the company is responsive in terms of customer needs.

Table 4
Statement to Policyholders

	Respondents	Percentage (%)
Very Often	6	24%
Often	13	52%
Neutral	0	0%
Not Often	4	16%
Not at all	2	8%
Total	25	100%

As shown in the table above, respondents were divergent on their views as to how often SLAC sent statement to policyholders. It was revealed that 24% of respondents said statements were sent to customers very often, 52% also said statements were sent often to customers. However, some 16% said statements were not sent to customers regularly and 8% said statements were not sent at all. This question was to bring out how regular customers receive information on their premium. It was not surprising for two (2)

respondents to 'not at all' as an answer since there some workers who are not up to 3 years in the job. This also presupposes that for about 3 years the company has not sent statement to its customers.

Table 5
Holding Departmental meeting on marketing issues

	Respondents	Percentage (%)
Very Often	14	56%
Often	7	28%
Neutral	0	0%
Not Often	4	16%
Total	25	100%

A question was asked as to how often SLAC hold meetings to discuss marketing issues which occur in the insurance industry. The result is as indicated in the table above. Majority of the respondents agree that the company organizes regular meetings to discuss the trend of affairs concerning insurance marketing. Its however worth noting that some staff were not satisfied with how regular the meeting should be organized.

TABLE 6
ABILITY TO DETECT CHANGES IN BUSINESS

	Respondents	Percentage (%)
Yes	18	72%
Somehow	6	24%
No	1	4%
Total	25	100%

Table 6 is a follow up question to Table 5. This was to ascertain the fact that SLAC had what it takes to assess changes that occur in the course of doing business. A greater number of staff respondents were confident in their answer that they are able to detect changes in the market. A minority of 24% were not sure and only 1% said 'no' the answers given.

Table 7

Educate Policyholders on Product/Services

	Respondents	Percentage (%)
Yes	25	100%
Somehow	0	0%
No	0	0%
Total	25	100%

Educate Policyholders on Products/services
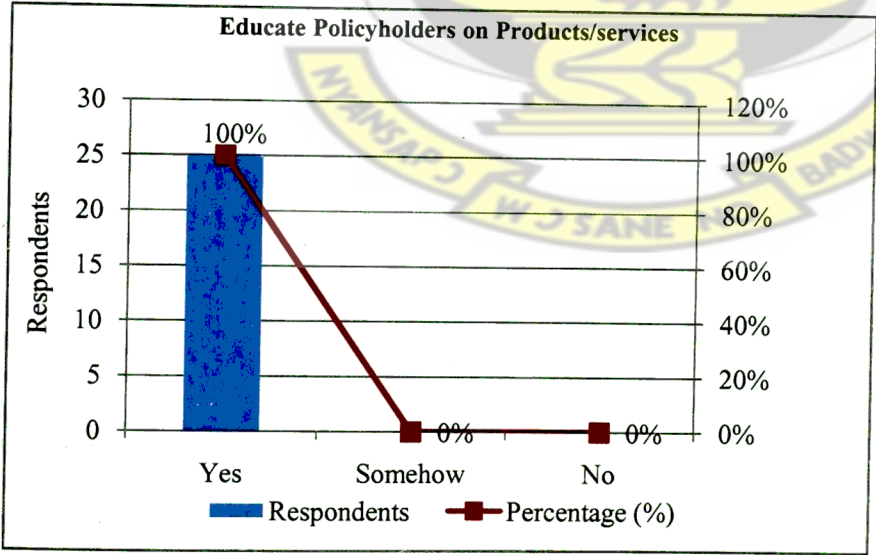
This table and a graph shows how employees have the interest of their customers at heart by educating customers on the services available to them. All 25 respondents agree that they educate policyholders on their products. This mean policyholders are give enough explanation the policies before they make choices to prevent ambiguity in the minds of customers.

Table 8

SLAC have corrections when customers are not happy

	Respondents	Percentage (%)
Yes	18	72%
Somehow	4	16%
No	3	12%
Total	25	100%

This table shows the responses given by employees on how SLAC take action when customers are not happy with service delivery. The perception of staff on giving quality service is high since 72% of the respondents said corrective action is made. The remaining 28% are either not sure or disagree on the issue. A follow up question was responded to in table 9.

Table 9
SLAC takes action on customers' complaints

	Respondents	Percentage (%)
Strongly Agree	8	32%
Agree	13	52%
Neutral	2	8%
Disagree	2	8%
Strongly Disagree	0	0%
Total	25	100%

In table 9, a total of 84% responded that the company takes action on customer complaints. This is in consonance with table 8 where greater number of respondents agree that corrective action is taken on customer dissatisfaction.

Table 10
Effectiveness of Service Quality

	Respondents	Percentage (%)
Highly Effective	6	24%
Effective	18	72%
Neutral	0	0%
Ineffective	1	4%
Highly ineffective	0	0%
Total	25	100%

Employees were given the chance to rate the effectiveness of quality service delivery by SLAC. The response given indicates that 72% of respondents think that their service delivery is effective, 24% also think that service delivery is highly effective and only 4% think more needs to be done. It is however perceived that staff find the service they

41

provide to customers as quality since a total of 96% of respondents agree that they are effective in business

Table 11

Staff Training

	Respondents	Percentage (%)
Very Frequent	4	16%
Frequent	20	80%
Neutral	0	0%
Sometimes	1	4%
Not at all	0	0%
Total	25	100%

There was a question of how frequent employees were given requisite in-service training satisfy their customers. The result indicated that, 80% of the respondents are of the view that they receive frequent on-the-job training, 16% said the training was very frequent and 4% said training was occasional. This means that all staff members agree that

The company organizes training in one form or another to them but it the frequency of that training they had divergent views on.

4.3 SERVQUAL MODEL

4.3.1 Tangibility

This study is focused on the difference between customer's expectations and perceptions of the service received.

Companies would like to close the gap between what is expected and what is received, to satisfy their customers and to build a standing relationship with them.

Table 12

	Strongly Agree	Disagree	Neutral	Agree	Strongly Disagree	Total
Physical Evidence is appealing	0	64	68	157	51	340
Professionalism of employees	34	51	67	153	35	340
Modern Equipment	0	68	51	204	17	340
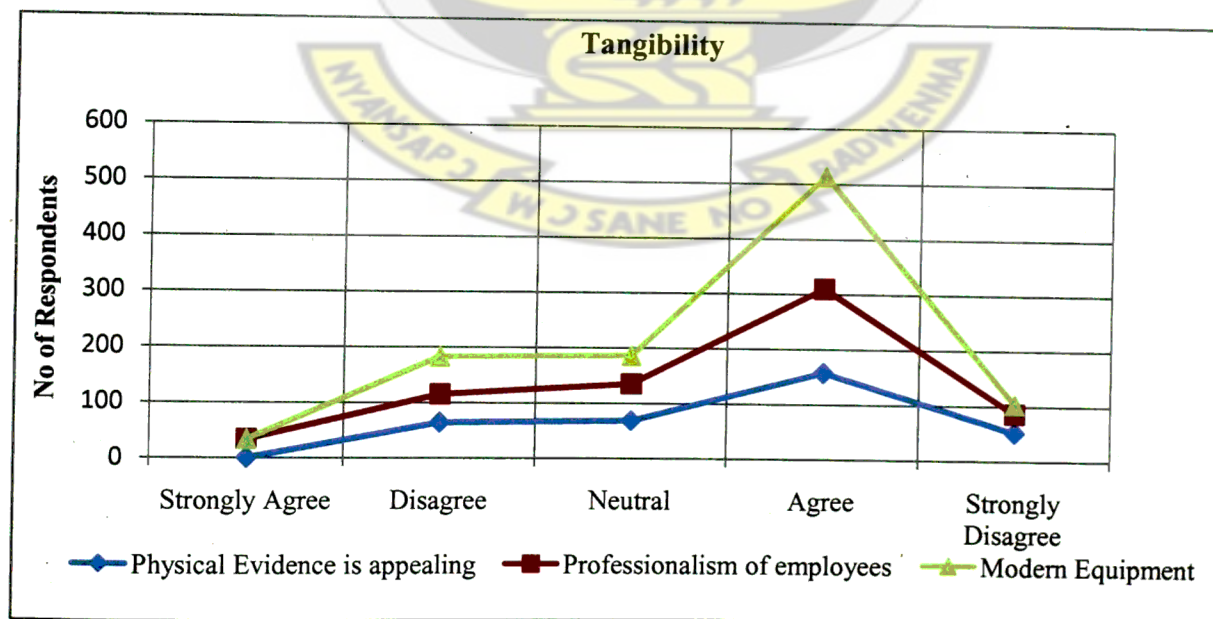
Tangibility

In assessing tangibility, the researcher considered only physical facilities, equipment, appearance of personnel and their level of professionalism. On how respondents rated the appealing physical evidence of SLAC, the result revealed that 157 of the respondents agreed that the service environment is appealing. This was followed by 68 of the clients who were indifferent about appearance. 54 disagreed and 51 strongly disagreed.

Finding out on the level of professionalism, there is a high response of 153 clients who agree that employees of SLAC perform their duties professionally as against a cumulative figure of 85 who disagree. However, 64 clients were neutral of professionalism. A greater proportion of the respondents (204) gave a positive response to the use of modern equipment by SLAC while only 85 respondents cumulatively disagreed. This was an indication that the tangibles were of greater concern to customers with modern equipment taking the highest frequency, followed by professionalism and physical evidence.

4.3.2 Reliability

Reliability as used here is the ability to provide what was promised, dependably and accurately and always keeping the promise. Thus performing and providing services at the promised time, maintaining error-free records and keeping customers informed as to when service will be performed.(Parasuraman et al.,1985). The group reiterated that RELIABILITY is the most critical dimension of the SERVQUAL model.

Table 13

	Strongly Agree	Disagree	Neutral	Agree	Strongly Disagree	Total
Provides service as promised	49	170	53	18	50	340
Provides service at right time	47	187	72	34	0	340
Answer to querries of customers	46	204	53	17	20	340
Solves complaints by scheduled time	66	170	34	70	0	340
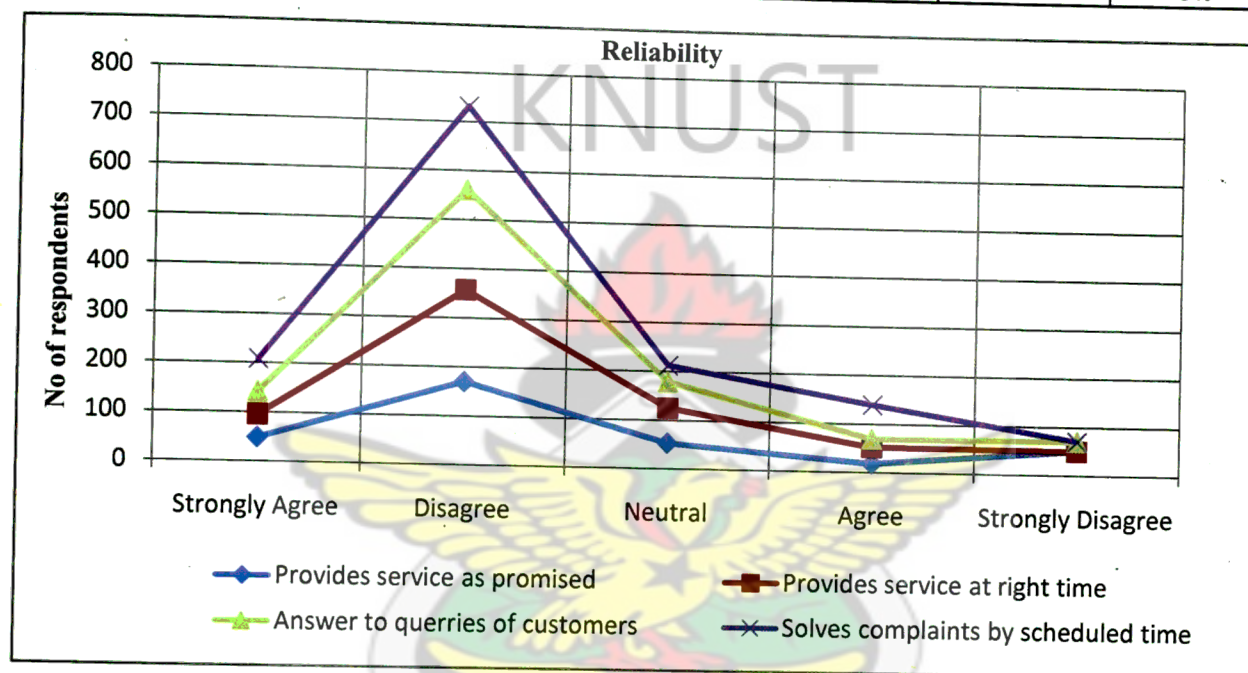
In the above table, variables used for reliability include; i. providing service as promised which gave its responses as 170 clients disagree, 50 clients strongly disagree with a cumulative figure of 67 who agree. ii. Providing service at the right time also gave its response as 187 clients disagree, while a cumulative figure of 81 clients agree and 72 stood neutral. iii. Also SLAC employees providing answers to queries of client had a serious negative responses of 204 customers disagree, 20 strongly disagree. Thus, out of 340 respondents, 220 clients show their disapproval. iv. In relation to SLAC ability to solve complaints at scheduled time in performing their services at the right time, 170 disagree, 70 agree, 66 strongly agree and 34 were neutral. In conclusion,

majority of the respondents indicated that staff of SLAC did not solve their complaints by the scheduled time.

4.3.3 Empathy

It is the degree of care and individual attention provided to customers, having the customer's best interests at heart and understanding the needs of the customers.

Table 14

	Strongly Agree	Disagree	Neutral	Agree	Strongly Disagree	Total
Staff have my interest at heart	16	100	99	108	17	340
Staff show genuine interest in solving my problem	32	170	85	34	19	340
Staff give me personal attention	17	136	51	136	0	340

Empathy

No of respondents

450
400
350
300
250
200
150
100
50
0

Strongly Agree   Disagree   Neutral   Agree   Strongly Disagree

◆ Staff have my interest at heart
■ Staff show genuine interest in solving my problem
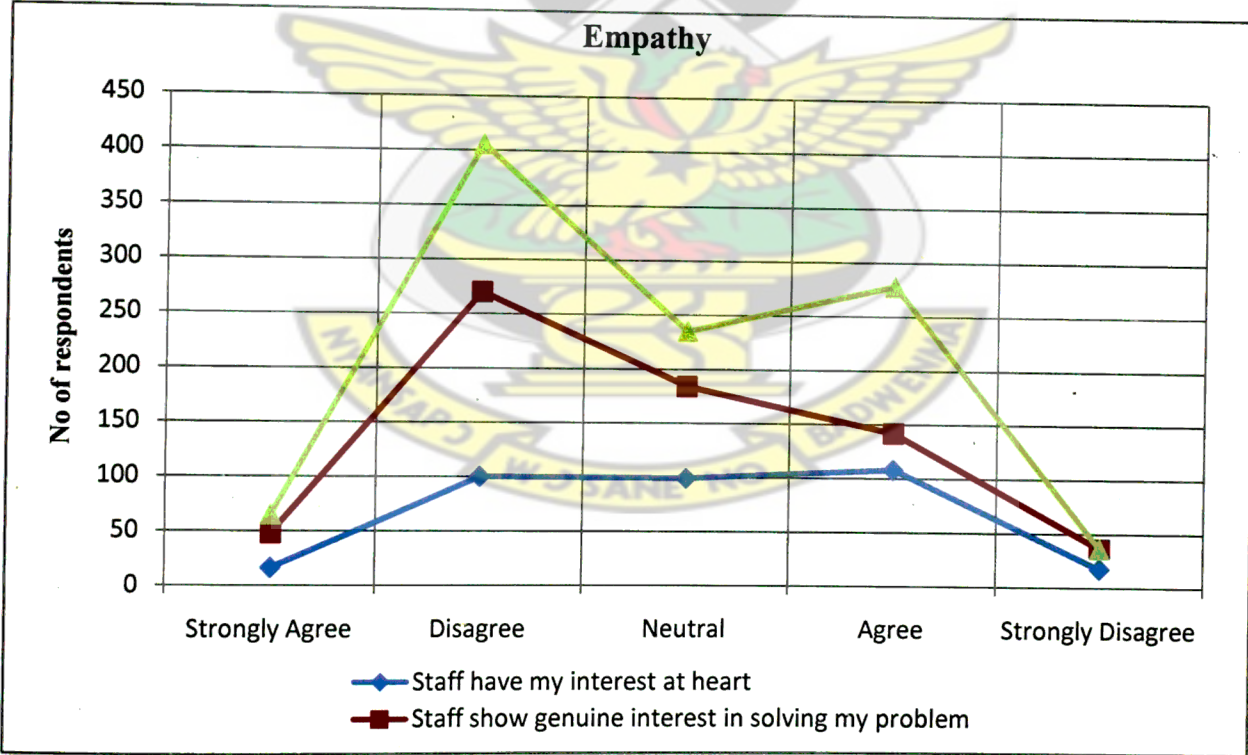
Answering the question whether Staff of SLAC have the interest of customers at heart, the data revealed that respondents were divided in their answers. While a total of 124 were in favour, 117 disagree and 99 were neutral. The graph above shows how close the frequencies are. There was a rise in frequency of those who indicated that, staff did not show genuine interest in solving their problems. As 170 clients disagree, only 66 clients agree. the question of personal attention gave a balanced response of 170 on each side who agree and those who disagree.

4.3.4 Responsiveness

Responsiveness is the willingness of staff to help customers and provide prompt service.

Table 15

|	Strongly Agree	Disagree	Neutral	Agree	Strongly Disagree	Total
Inform Customers Promptly on available services	49	170	51	18	52	340
Staff understand needs of customers	51	187	68	34	0	340
Staff give specific answers to customer needs	47	204	51	17	21	340
Staff are courteous	67	171	34	68	0	340
Staff provide prompt services	70	168	51	34	17	340
Staff are willing to help customers	48	136	76	80	0	340
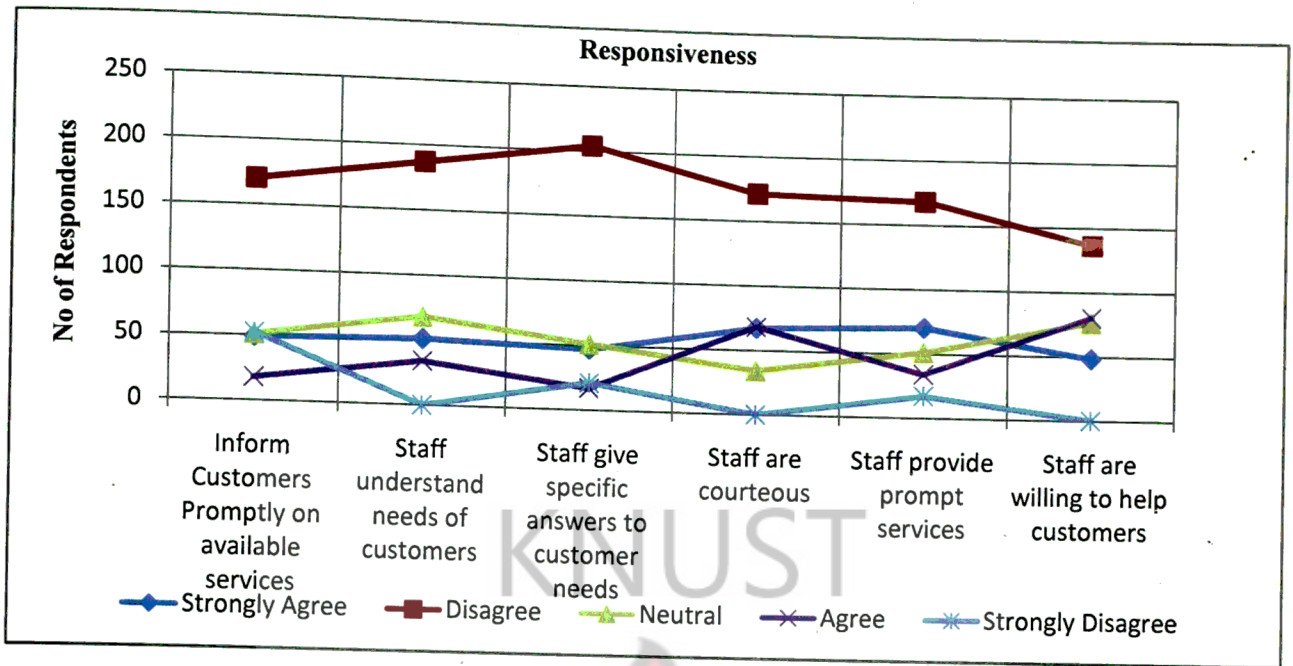
Responsiveness

Variables used to examine the responsiveness of employees included; informing customers promptly on available service, staff understand the needs of customers, staff give specific answers to customer needs, courtesy shown by staff, staff provide prompt services and willingness of staff to help customers. Referring to these, the variable with the highest frequency on disagree is; staff giving specific answers to specific needs with 204 respondents, and the lowest frequency also stands at 136 respondents. By this it could be deduced that customers are not happy with how employee respond to their difficulties.

4.3.5 Assurance

This refers to the knowledge and courtesy of employees and their ability to convey trust and confidence. It also describes the ability of the firm and its employees to inspire trust and confidence in their customers. Due to high risks in service delivery in insurance industry, this dimension of service quality is particularly important to customers.

48

Table 16

|	Strongly Agree	Disagree	Neutral	Agree	Strongly Disagree	Total
Business is safe with SLAC	0	121	102	117	0	340
I have confidence in SLAC staff	15	51	136	138	0	340
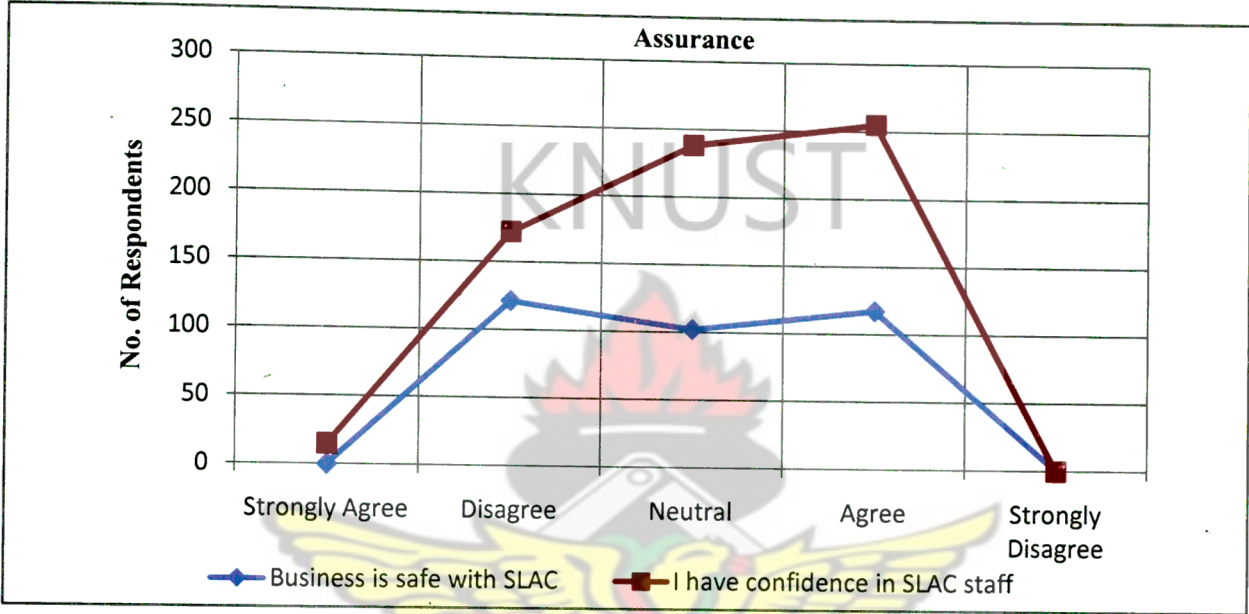
This section has to do with customer views on safety of doing business with SLAC and also the confidence customers repose in staff in their course of doing business.

Though there was a high response rate of neutral respondents in each of the variables, other sections were of importance to respondents. 121 respondents disagree with safety of doing business with SLAC, 102 respondents stayed neutral and 117 also agreed.

On their confidence reposed in the staff of SLAC, 138 customers agreed,136 customers stayed neutral,51 disagreed and 15 also strongly disagreed.

Table 17

| Type of Policy	Respondents	Percentage (%)
Cash Builder	100	29%
Home Call	70	21%
Child Life Line	21	6%
Wealth Master	16	5%
Group Life & Disability Scheme	8	2%
Mortgage Protection	7	2%
Keyman Assurance	60	18%
Loan Protection	6	2%
Pension Fund	52	15%
TOTAL	340	100%
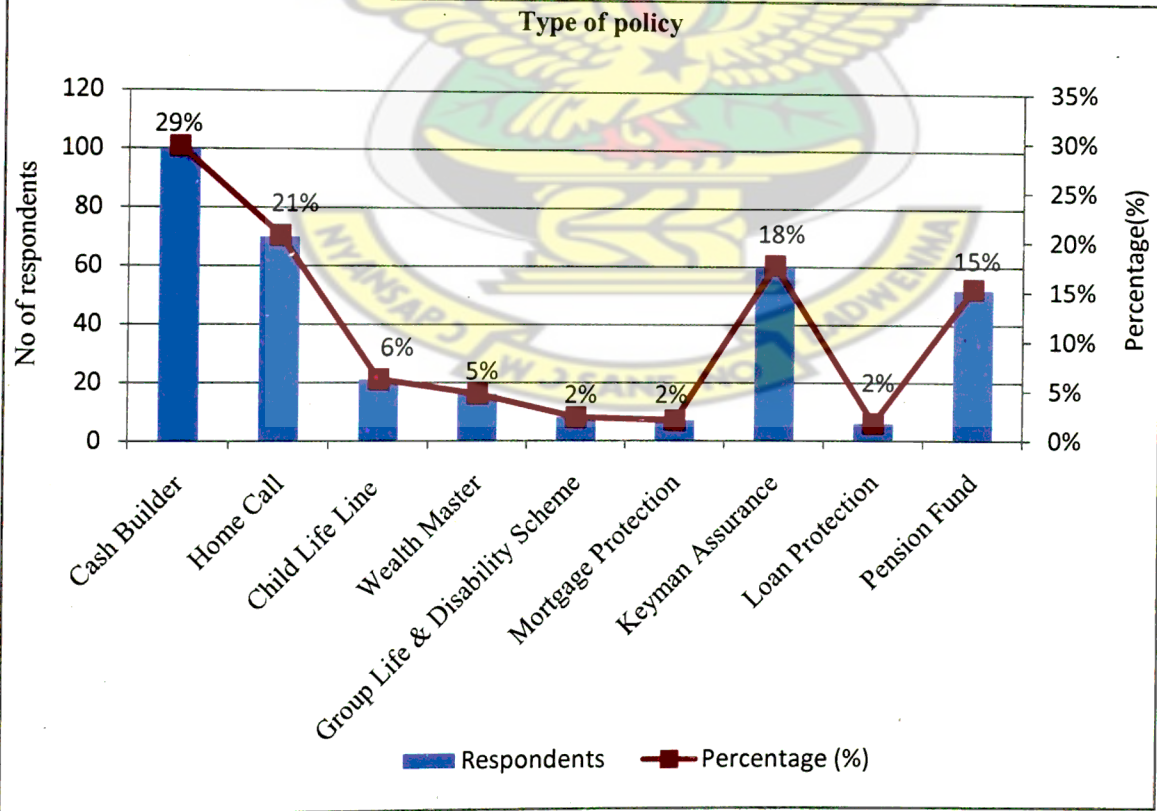
The above table and graph shows the various products sold to customers. The company sells more of the Cash Builder, Home Call, Keyman, Pension Fund, Child Life etc in descending orther with the lest patronised product being Loan Protection.

Table 18

Number of times customers complain

	Respondents	Percentage (%)
Very Often	11	3%
Often	190	56%
Neutral	8	2%
Not Often	90	26%
Not at all	41	12%
Total	340	100%

A high rate of customer complaints could lead to dissatisfaction in customer. In finding out the rate at which staff attends to customer complaints,56% of customers complain often, which is not good for doing business.
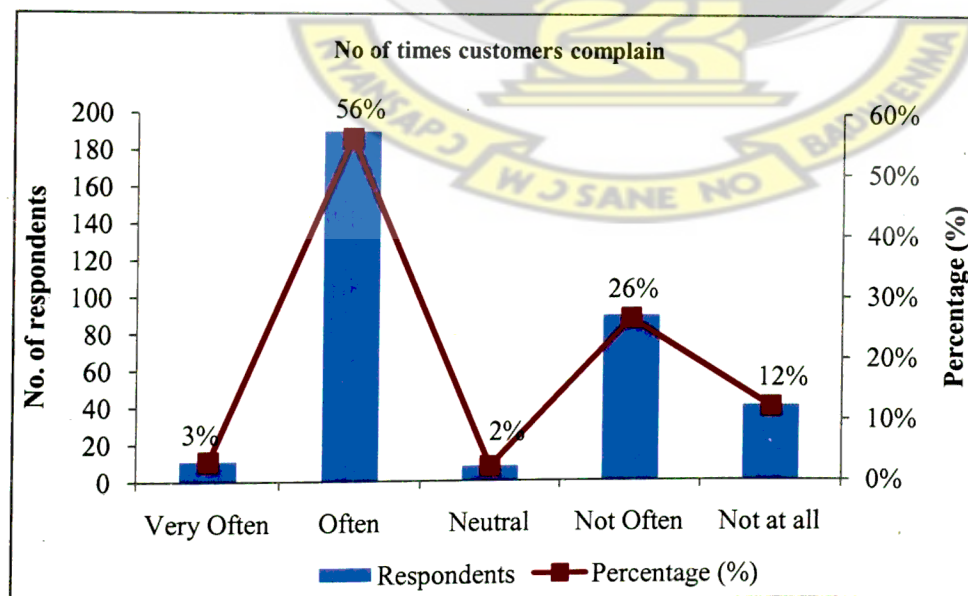
CHAPTER FIVE

SUMMARY OF FINDINGS, RECOMMENDATIONS AND CONCLUSIONS

5. 0 INTODUCTION

This chapter talks about the findings of the study, conclusions and recommendations. It reveals the exact perception of Staff and Management of SLAC and the expectation of their clients in the quest for quality service delivery. Necessary recommendations would be made out of the findings to prepare a picture of the state of affairs for management and staff of SLAC to take corrective action on area they fall short and also to identify their strength and improve on it.

5.1 Summary of findings:

- Tangibility: The research reveals that policyholders were satisfied with the modern nature of equipment used at SLAC office as 204 respondents agreed to the question of modern equipment. The entire results on tangibility presuppose that management have strength in this section since the response rate in four of tangibles are higher. The graph provided a vivid explanation since all the frequency on "Agree" column rise higher than any other column.

- **Reliability:** It was further revealed that policyholders do not see doing business with SLAC as reliable. The frequency of respondents who disagree with the level of reliability ranges from 170 to 204 out of a total of 340 respondents. However, management perception of providing reliable service to policyholders was high.

This is as a result of response from questions posed to staff of SLAC on how the company's product meet customers need and it was revealed that 72% (that is 18 out of 25) of the respondents agree that their product meet customer's need. In order to provide a reliable service , staff further answer's from a follow up question that, a total of 76% also agree that they meet with policyholders to discuss their needs in order to provide them with quality service.

- Another issue which could affect reliability of doing business with SLAC is the high frequency (56%) of respondents who frequently complain about the service they receive from SLAC.

- **Empathy:** Among the three variables provided under Empathy, it was realized that policyholders believe that staff had their interest at heart. A cumulative figure of 124 respondents agreed to that effect, with 99 people staying neutral of the various options and 117 also disagreed. However, on the side of staff, all respondents answered in the affirmative to the fact that staff educate policyholders on their products or services. They perceive that their response to customers grievance is quick enough as 72% of staff agree to this.

- **Responsiveness:** On the willingness of staff to help policyholders, and provide prompt services, it was realized that all the various variables had their highest frequency of respondents who disagree. The highest among the lot is where 204 respondents disagree and 21 strongly disagree with the fact that staff give specific answers to customers need. Management however, show the zeal to

provide prompt service to customers. 56% of management agree that the company hold departmental meetings to discuss current marketing trend.

- **Assurance:** findings on assurance reveal that respondents were divided in their decision on the safety of doing business with SLAC. As 121 respondents were of the view that doing business with SLAC is not safe, 117 suggest that their business with SLAC is safe and 102 respondents are neutral.

5.2 Conclusions

Based on the empirical findings it was seen that the company has many problems relating to the customer satisfaction. The theoretical results indicated that gaps in service quality existed in SLAC because departments placed efficiency above customer needs and expectations and made little effort to understand customer requirements. The perception of management about the quality of service they provide to policyholders falls far below the expectation of customers.

5.3 Recommendations

1. It could be conclusively inferred that customers of SLAC are not satisfied with the perceived service and it informs management to focus on the expectation of customers. More information should be gathered from customers on their needs, and plan should be in place to improve the weak point.

2. Customers complain of not receiving statement of their policy, however, staff claim statements are sent. It is deduced that it is the company's policy to send

statements to customers but customers do not receive them. To improve the reliability of the company, statements should be sent regularly to customers.

3. SLAC has a strength in the tangibles and it is required that management take advantage of customers expectation of tangibility and improve on it for the advantage.

4. Human capital in service delivery process is very important for this reason, management should focus on training staff to meet the desired need to satisfy their customers. This could be done through on-the-job and regular seminars to improve their customer relation skills.

5. It is further recommended that SLAC establishes a customer relation desk manned by an expect, with a reliable telephone line to deal with customer complaints.

6. It is also recommended that sales agents employed by the company should be given enough training on the policies they were going to sell. This would help minimize the regular incidence of customer complaints.

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APPENDICES

APPENDIX 1

QUESTIONNAIRE FOR CUSTOMERS

Please indicate how well the following descriptions apply to StarLife Assurance Company Limited from your point of view. Indicate your answer by circling the appropriate number in column 2. If you have any comment on each item or statement indicate in the third column.

Scale: 1=strongly disagree, 2=disagree, 3= neutral, 4=agree, 5=strongly agree

Table:

Detail	Score	Comments:
1	2	3
TANGIBILITY		
The physical environment at SLAC is appealing	1 2 3 4 5	
The workers at SLAC are professionals.	1 2 3 4 5	
Staff of SLAC always appear neat	1 2 3 4 5	

The equipment of SLAC are modern and efficient.	1 2 3 4 5	
RELIABILITY		
SLAC provides services as promised	1 2 3 4 5	
SLAC performs their services at the right time	1 2 3 4 5	
SLAC solves complaints by the schedule date	1 2 3 4 5	
SLAC staff have answers to customers questions or queries	1 2 3 4 5	
RESPONSIVENESS		
SLAC staff informs us on time about the availability of products or services.	1 2 3 4 5	
SLAC staff understand the specific needs of customers	1 2 3 4 5	
SLAC staff provide answers	1 2 3 4 5	

to customers' specific needs		
SLAC staff are courteous with customers	1 2 3 4 5	
SLAC staff provide prompt service to customers.	1 2 3 4 5	
SLAC staff are willing to help customers.	1 2 3 4 5	
ASSURANCE		
I feel safe about my business dealings with SLAC.	1 2 3 4 5	
I have confidence in the staff.	1 2 3 4 5	
EMPATHY		
SLAC staff have my interest at heart	1 2 3 4 5	
Staff show genuine interest in solving my complaints.	1 2 3 4 5	
SLAC staff give me personal attention	1 2 3 4 5	

Further Data

1. What type of policy do you have with SLAC?

Cash Builder ☐

Home Call ☐

Child lifeline ☐

Wealth Master ☐

Group life and disability scheme ☐

Mortgage protection ☐

Keyman assurance ☐

Loan protection ☐

Pension fund ☐

2. Please indicate the number years you have been with SLAC.

1 year or less ☐

2-4 years ☐

5years and above ☐

3. Do you normally hear from SLAC on issues pertaining to your future needs?

(a) Yes ☐

(b) Somehow ☐

(c) No ☐

4. Do you normally receive statement of policy?

(a) Yes ☐

(b) Sometimes ☐

(c) No ☐

5. How do you rate the handling of claims in SLAC?

(a) Very satisfactory ☐

(b) Satisfactory ☐

(c) Neutral ☐

(d) Poor ☐

(e) Very poor ☐

6. Do you normally complain of your activities with SLAC?   Yes ☐   No ☐

7. If yes, how often do you complain?

(a) Very often ☐

(b) Often ☐

(c) Neutral ☐

(d) Not often ☐

(e) Not at all ☐

8. Do you have any suggestion(s)?

....

....

....

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APPENDIX 2

QUESTIONNAIRE FOR STAFF AT SLAC

The researcher can assure you that any information you provide will be kept confidentially.

(1) How long have you worked with SLAC?

(a) Less than 2 years ☐

(b) 2-4 years ☐

(c) 5-7years ☐

(d) More than 7years ☐

(2) Does SLAC tailor its products to suit customer needs?

(a)Yes ☐

(b) Somehow ☐

(c) No ☐

(3) SLAC often meets policyholders to find out their future needs.

(a) Strongly agree ☐

(b) Agree ☐

(C) Neutral ☐

(d) Disagree ☐

(e) Strongly disagree ☐

(4) How often do you send statements to policyholders?

(a) Very often ☐

(b) Often ☐

(c) Neutral ☐

(d) Not often ☐

(e) Not at all ☐

(5) How often does SLAC hold departmental meeting to discuss issues pertaining to market trends?

(a) Very often ☐

(b) Often ☐

(c) Neutral ☐

(d) Not often ☐

(e) Not at all ☐

(6) Is SLAC able to detect changes in the insurance industry swiftly?

(a)Yes ☐

(b) Somehow ☐

(c) No ☐

(7) Does SLAC educate policyholders or potential once on the benefits and the use of your products?

(a)Yes ☐

(b) Somehow ☐

(c) No ☐

(8) Do you take corrective measures when customers are unhappy with your services?

(a)Yes ☐

(b) Somehow ☐

(c) No ☐

(9) SLAC takes prompt action on customer complaints.
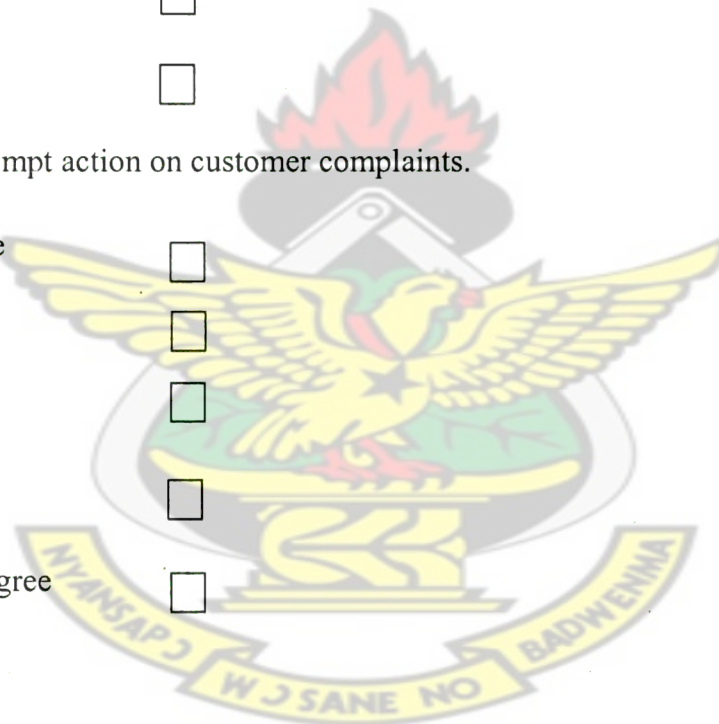
(a) Strongly agree ☐

(b) Agree ☐

(C) Neutral ☐

(d) Disagree ☐

(e) Strongly disagree ☐

(10) How do you rate the effectiveness of the service quality delivery in the selling of your products in Starlife?

(a) Highly effective ☐

(b) Effective ☐

(c) Neutral ☐

(d) Ineffective ☐

(e) Highly ineffective ☐

(11) How frequent do the company organize training for staff for efficient delivery of their duties?

(a) Very frequent ☐

(b) Frequent ☐

(c) Neutral ☐

(d) Not at all ☐

70
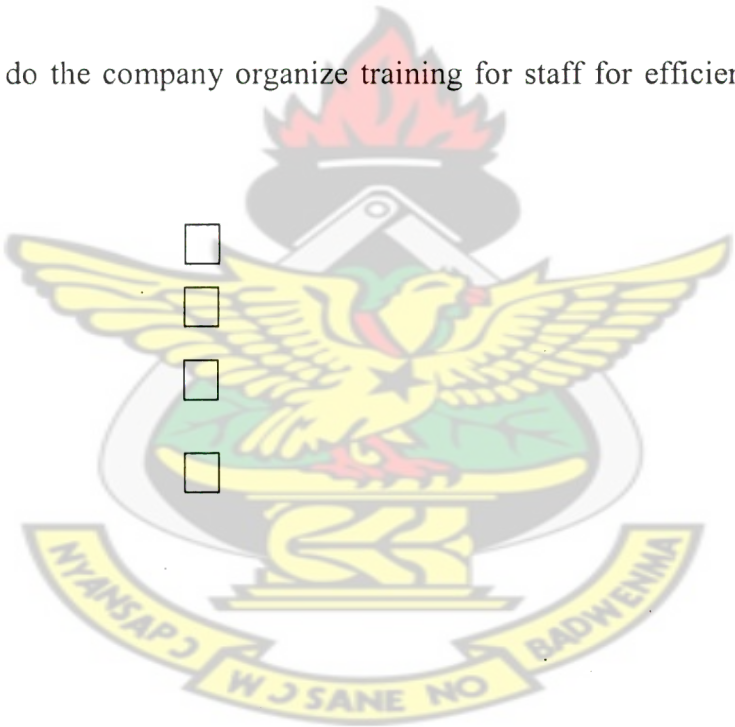
APPENDIX 3

OPERATIONAL DEFINITION OF TERMS

Policy holder: The person on whom the life policy depends. The person can be the beneficiary only at maturity else. On his demise other people mentioned in the policy become beneficiary.

Premium: The amount of money paid to purchase the life insurance policy and maintain it.

Underwriting: The decision whether the insurance company should accept a life risk, and how much premium to charge.

Surrender: When policy holders stopped the policy before maturity.

Lapse: When policy holders are not consistent with the payment of their premium.

Agent: A person who has the authority to act on behalf of another person known as the principal. The agent is authorized to bring the principal into contractual relationship with third party.

Life cover: The amount of money added to the policy holder's accumulated fund upon death that is payable to the deceased beneficiaries.