

**KWAME NKRUMAH UNIVERSITY OF SCIENCE AND TECHNOLOGY
INSTITUTE OF DISTANCE LEARNING**

**THE IMPACT OF QUALITY CUSTOMER SERVICE DELIVERY ON
CUSTOMER
RETENTION IN GHANAIAN INSURANCE INDUSTRY: A CASE STUDY OF
SIC LIFE INSURANCE COMPANY LIMITED-KUMASI**

**A THESIS SUBMITTED TO THE SCHOOL OF GRADUATE STUDIES OF THE
KWAME NKRUMAH UNIVERSITY OF SCIENCE AND TECHNOLOGY,
KUMASI, IN PARTIAL FULFILMENT OF THE REQUIREMENTS FOR THE
AWARD OF A COMMONWEALTH EXECUTIVE MASTER DEGREE IN
BUSINESS ADMINISTRATION**



**BY
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JUNE, 2011**

DECLARATION

I Francis Asenso-Saah hereby declare that this submission is my own work towards the Commonwealth EMBA degree and that, to the best of my knowledge, it contains no material previously published by another person nor material which has been accepted for the award of any other degree of the University, except where due acknowledgment has been made in the text.

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(CANDIDATE)

SIGNATURE

DATE

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(SUPERVISOR)

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HEAD OF DEPARTMENT.

SIGNATURE

DATE

DEDICATION

This piece of work is dedicated to my kids Prince, Seth and Benedicta to serve as an encouragement in their academic pursuit.

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ACKNOWLEDGEMENT

I am most grateful to the Almighty God for the wisdom, knowledge, strength and the opportunity to pursue education up to this level. There are many people without whom this work could not have been undertaken. I would like to thank my family for their patience and particularly my wife Dora for encouragement, prayers and support.

I render my heart-felt gratitude to my Supervisor, Mr Aristotle Ayensu of Quality Assurance and Planning Units(QAPU) for his countless guidance, patience, advice and constructive criticisms throughout this work. His analytical and sound comments; his exceptional and excellent human relations; his readiness to meet me and discuss my work at all times; coupled with his insistence on quality work gave me the courage and determination that saw me through all difficulties. I say God richly bless you.

My sincere thanks also goes to Mr. Stephen Kyeremanteng, the area Manager of SicLife Kumasi and Mr Sackeyfio the Area Manager of National Insurance Commission, Kumasi (NIC) for their support in terms of information gathering and encouragement. Not forgetting Miss Ellen Esinam Dzokoto of SicLife insurance Marketing Department Kumasi who helped in administering my Questionnaires. And to all whose names and contributions have not been expressly acknowledged and mentioned, I say God bless you all

ABSTRACT

The Insurance industry is beginning to assert itself in Ghana's economy, but it is faced with the problem of quality service provision. There is the general perception that insurance companies especially life insurance providers are only interested in the money (that is premium) that clients pay and are reluctant to fulfil their obligations when it comes to payment of claims. This negative perception has affected the image of the insurance industry.

However, there has not been any scientific research to either confirm or reject this assertion. It is against this backdrop that this study assessed the impact of quality service delivery on customer retention of SicLife Insurance; to determine the extent to which Quality service delivery impact on the operations of SicLife.

A survey was conducted using the servqual survey instrument on quality dimensions among customers and staff of Sic life. The study covered 150 customers and 30 members of staff of SicLife Insurance Company Ltd. Both primary and secondary data were used. Issues relating to turn-around time, Staff participation in decision making, management response to staff concerns, training needs for frontline staff, customers satisfaction and retention levels as well as why customers surrender their policies were investigated from the perspectives of the staff and customers SicLife.

It was discovered that customers were satisfied with the services received from Sic life on four dimensions of quality but the levels vary. This according to the survey has led to the high customer retention of 99.7%.The study revealed a weak correlation between customers expectation and perception of service quality as depicted by the Paired Samples Correlation in the Hypothesis. The study also revealed that, SicLife is doing well on four dimensions of quality, except the reliability dimension. The quality gap in the reliability

dimension is attributed to the frequent break in the network and technical software ‘Cebas’ as well as frequent power outages which causes delays leading to customers dissatisfaction. Non delivery of policy documents by some of the Sales representatives and issue on mis-representation of the policy terms and benefits given to customers by some of the Sales representatives were identified as a major problem which causes customers to surrender their policies. The study recommended that management of SicLife as a matter of urgency upgrade or improved its IT software or if possible find a much improved version of the “Cebas” software to avert the frequent breakdowns. It is further suggested that the technicians or the experts who management the software, should be decentralized to the branch for quick restoration of the system for smooth operation and service delivery.

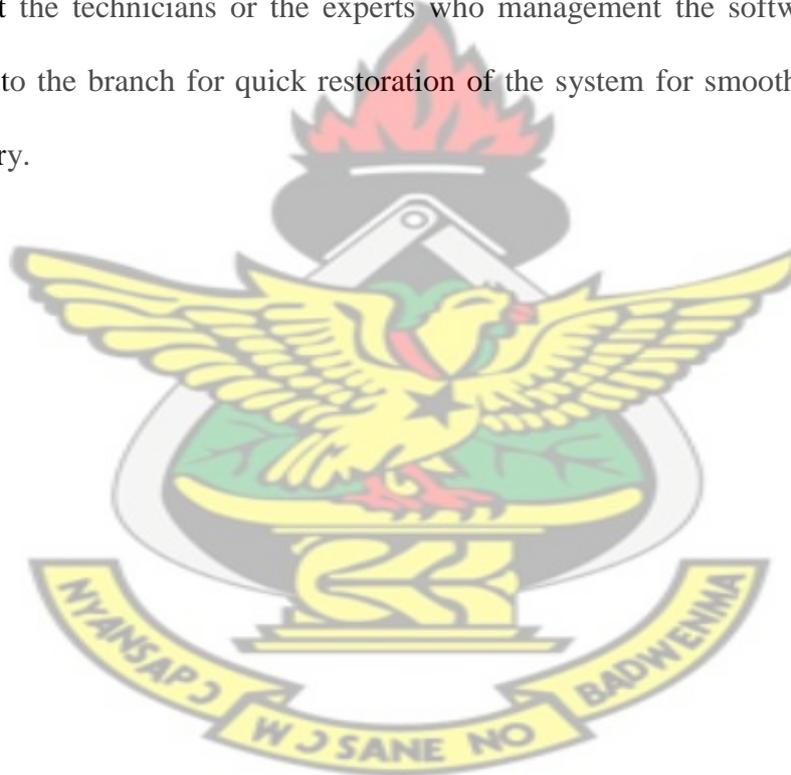


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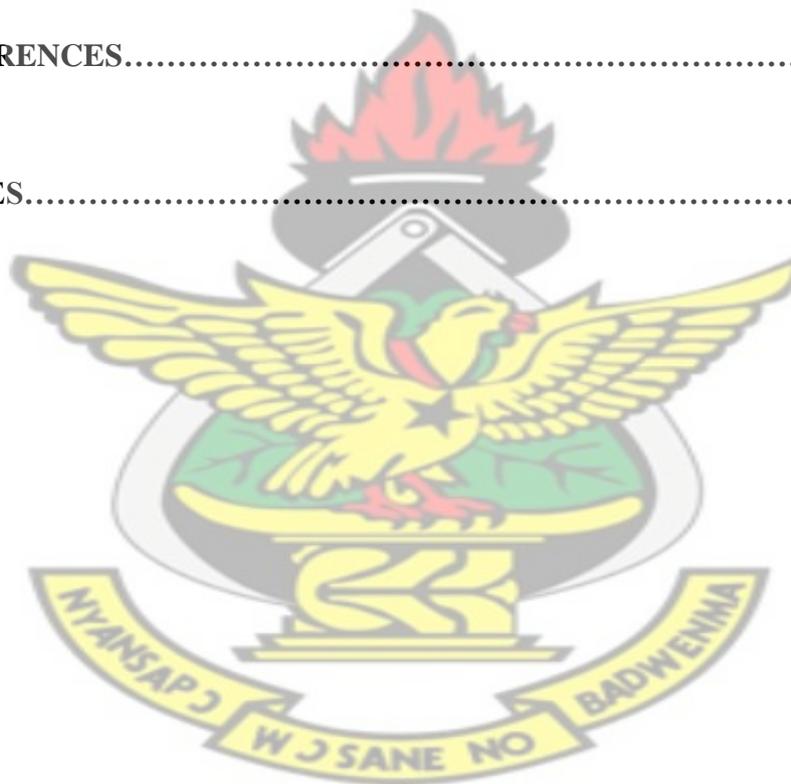
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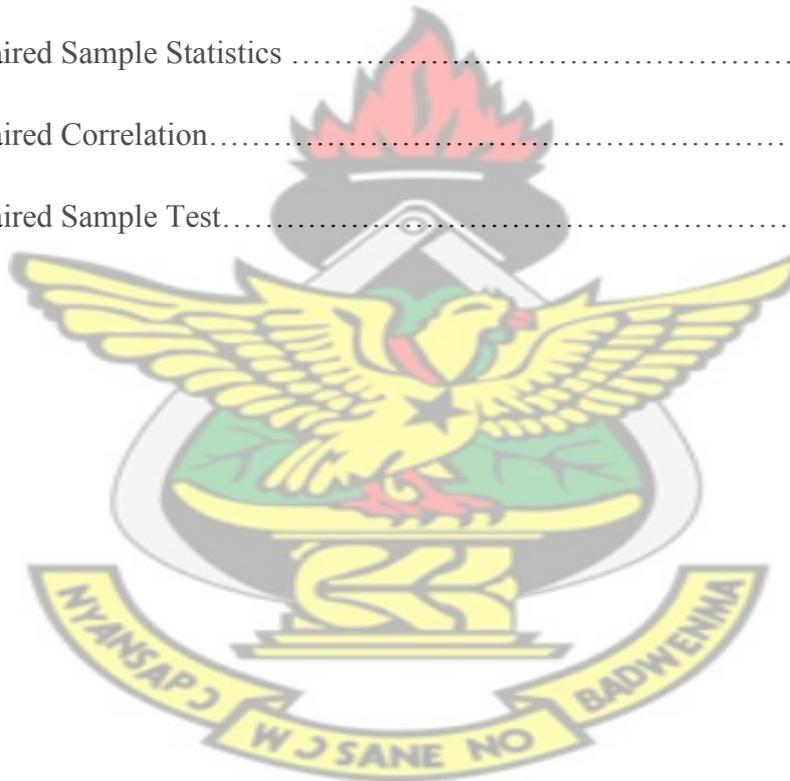
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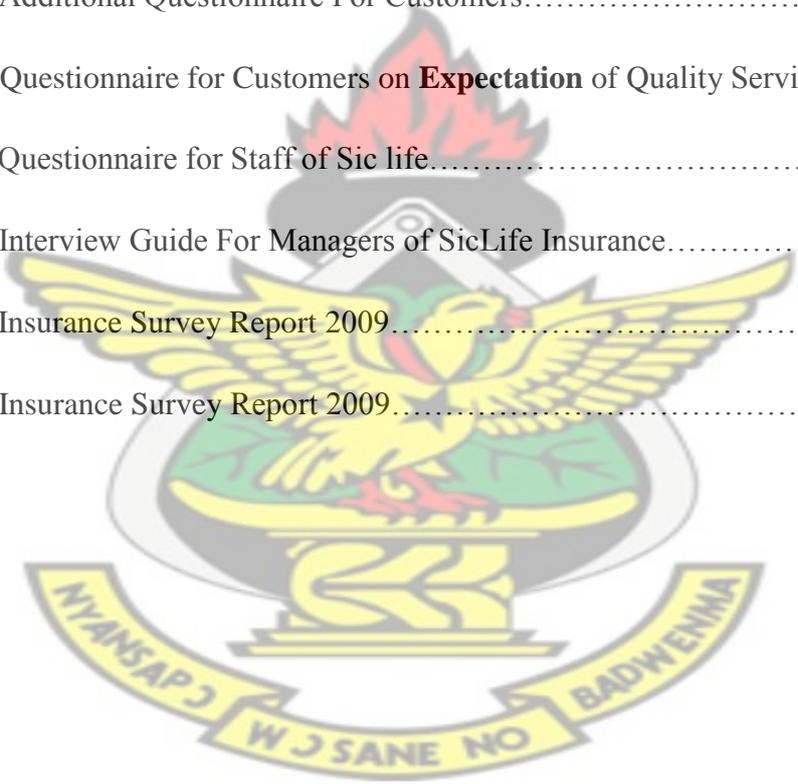


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LIST OF ABBREVIATION

NIC: National Insurance Commission

CII : Chartered Institute of Insurance

SPSS: Statistical Package for Social Sciences

SIC: State Insurance Company

B & FT Business and Financial Times



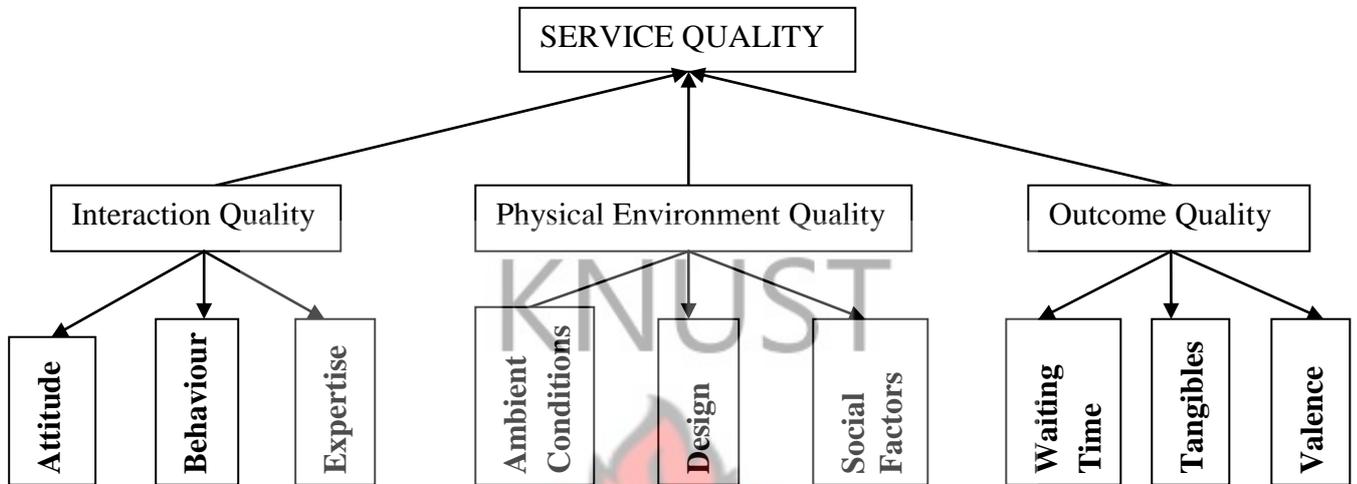
APPENDIX 1

Definition of Key Words

- ✚ **Insurance policy:** A document providing details of the contract of insurance.
- ✚ **Payment of claims:** Quantum of money paid by the insurance companies to a policy holder on the maturation of a policy to a nominated beneficiary on the death of a policy holder.
- ✚ **Policy holders:** Owners of a policy taken or the insured
- ✚ **Surrender:** The termination of insurance contract with an insurance Company.
- ✚ **Underwriting.....**
- ✚ **Premium:** Is the monthly contribution paid to the insurance company



APPENDIX. 3



The Hierarchical Model of Service Quality (Brady, Cronin, 2001 pg. 37)



APPENDIX: 4i

QUESTIONNAIRE TO ASSESS THE PERCEPTION OF SICLIFE SERVICE DELIVERY BY CUSTOMERS

Please indicate how well the following descriptions apply to SICLIFE from your point of view. 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

Detail	Score					Additional
Tangibility						
SICLIFE has up- to date or state of the art equipment	1	2	3	4	5	
Physical facilities and interior décor at SICLIFE is appealing	1	2	3	4	5	
The workers at SICLIFE are professionals and always appear neat	1	2	3	4	5	
The equipment of SICLIFE are modern and efficient	1	2	3	4	5	
RELIABILITY						
SICLIFE provides services at a scheduled time as promised	1	2	3	4	5	
SICLIFE staff keep accurate records of customers	1	2	3	4	5	
When you have a problem Sic life shows a sincere interest in solving it	1	2	3	4	5	
Customers are satisfied with the quality of service provided by SICLIFE?	1	2	3	4	5	
SICLIFE Performs the service right the first time	1	2	3	4	5	
RESPONSIVENESS						
SICLIFE response to client complaints at the right time	1	2	3	4	5	
Staff of Sic life tell customers exactly when service will be performed	1	2	3	4	5	
SICLIFE staff are willing to help customers	1	2	3	4	5	
Staff of Sic life are never too busy to respond to customers request	1	2	3	4	5	
ASSURANCE						
Staff of Sic life are consistently courteous to customers	1	2	3	4	5	
I feel safe about my business dealing with SICLIFE	1	2	3	4	5	
I have confidence in the staff and doing business with SICLIFE	1	2	3	4	5	
Staff of Sic life have the knowledge to answer your questions	1	2	3	4	5	
EMPATHY						
SICLIFE have customers interest at heart	1	2	3	4	5	
SICLIFE give me personal attention.	1	2	3	4	5	
SICLIFE has staff who give customers personal attention	1	2	3	4	5	
Staff of Sic life understand the specific needs of customers	1	2	3	4	5	
SICLIFE staff show concern when queue get too long	1	2	3	4	5	

APPENDIX 4ii

ADDITIONAL QUESTIONS

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

2. How often do you receive statement of account from SICLIFE.....

3. Did you request for it or how did you get it.....

4. How long did it take you to receive your policy document.....

5. How would you rate the service of SICLIFE (a) Very Satisfactory (b) Satisfactory (c) Poor

(d) very poor

6. Who introduce you to SICLIFE.....

7. Have you apply for partial withdrawal or loan from SICLIFE before? **Yes or No**

8. How long did it take you to receive your cheque.....

9. Will you recommend SICLIFE to potential customers? **Yes or No** please provide reason(s) for

your answer
.....

10. How do you channel your complaints and problem to SicLife?.....

11. Would you like to maintain SicLife as your business partner for long? **Yes or No** explain your

answer.....

12. How long have you been with Sic life(a) 1yr (b)2yrs (c) 3yrs (d) 4yrs (e) 5yrs (f) 6yrs (g) 7yrs

APPENDIX: 4iii

QUESTIONNAIRE TO ASSESS THE EXPECTATION OF SICLIFE SERVICE DELIVERY BY CUSTOMERS Please indicate how well the following descriptions apply to SICLIFE from your point of view. 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

DETAIL	SCORE	ADDITIONAL COMMENTS
TANGIBILITY	1 2 3 4 5	
SICLIFE should have up-to date or state of art equipment		
The physical facility of SICLIFE should be appealing	1 2 3 4 5	
SICLIFE employee should be well dress and appear neat	1 2 3 4 5	
The equipment of SICLIFE should be modern and efficient	1 2 3 4 5	
RELIABILITY	1 2 3 4 5	
SICLIFE should provides services at a scheduled time as promised		
SICLIFE staff should keep accurate records of customers	1 2 3 4 5	
When you have a problem Sic life should show a sincere interest in solving it	1 2 3 4 5	
Customers should be satisfied with the quality of service provided by SICLIFE?	1 2 3 4 5	
SICLIFE Should Performs the service right the first time	1 2 3 4 5	
RESPONSIVENESS	1 2 3 4 5	
SICLIFE Should response to client complaints at the right time		
Staff of Sic life should tell customers exactly when service will be performed	1 2 3 4 5	
SICLIFE staff should be willing to help customers	1 2 3 4 5	
Staff of Sic life are never too busy to respond to customers request	1 2 3 4 5	
ASSURANCE	1 2 3 4 5	
Staff of Sic life should be consistently courteous to customers		
Customers should feel safe about my business dealing with SICLIFE	1 2 3 4 5	
Customers should confidence in the staff and doing business with SICLIFE	1 2 3 4 5	
Staff of Sic life should have the knowledge to answer your questions	1 2 3 4 5	

EMPATHY					
SICLIFE Should have customers interest at heart	1	2	3	4	5
SICLIFE Should give customers personal attention.	1	2	3	4	5
SICLIFE Should have staff who give customers personal attention	1	2	3	4	5
Staff of Sic life should understand the specific needs of customers	1	2	3	4	5
SICLIFE staff should show concern when queue get too long	1	2	3	4	5

APPENDIX : 5

QUESTIONNAIRE FOR OF SICLIFE COMPANY LIMITED

PLEASE INFORMATION GIVEN ARE STRICTLY FOR ACADEMIC PURPOSES

1. How long does it takes a client to receive his or her loan or partial withdrawal cheque.....
.....
2. What are the main reasons that make clients to surrender their policy.....
3. How long have you work with SICLIFE? (a) less than 2 yrs (b) 2-4 yrs (c) 5-7 yrs (d) more than 7 yrs
4. Do staff of SicLife participate in decision Process ? **Yes or No**
5. Do management response promptly to concerns of staff of SicLife? **Yes or No**
6. How often does SICLIFE organize capacity building training for staff for efficient delivery of their duties.....
7. How often do SICLIFE hold departmental meeting in discussing issues pertaining to customer needs and quality service delivery.....

8. Does SICLIFE tailor its product to suit customer's needs? **YES or No** if yes how, if No why?

.....

9. What problem(s) do you encounter in the course of performing your duty as an insurance

person.....

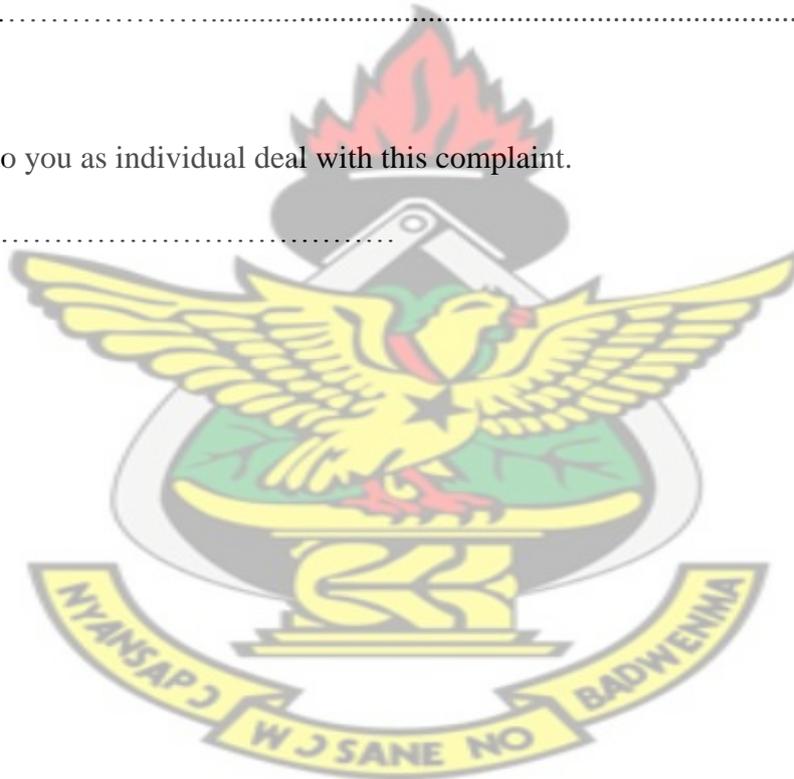
.....

10. How does these problem (s) affect you in delivery quality service to your client.....

.....

11. How do you as individual deal with this complaint.

.....



APPENDIX: 6

INTERVIEW GUIDE FOR MANAGERS OF SICLIFE COMPANY LIMITED

PLEASE INFORMATION GIVEN ARE STRICTLY FOR ACADEMIC PURPOSES

1. Does SicLife have measures in place to deal with clients' complaints and requests (**YES/ NO**)

if yes, what are these measures.....

.....

2. How does SicLife deal with these complaints from customers.....

.....

3. SicLife has about 30.4 % market share, what accounted for that.....

.....

4. How often does SicLife hold departmental meetings in discussing issues concerning customers

needs and quality of service delivery.....

5. Do staff of SicLife participate in decision Process ? **Yes or No**

6. Do management response promptly to concerns of staff of SicLife? **Yes or No**

7. How often does SICLIFE organize capacity building training for staff for efficient delivery of

their duties.....

8. What major problem(s) do you encounter in the course of performing your duty as a manager

in ensuring quality service delivery.....

.....
.....

9.How do these problems affect you in delivery quality service to your cherished clients.....

.....
.....

11.How does SicLife meet the needs of its customers.....

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12.How does SicLife ensures the retention of it customers.....



CHAPTER ONE

INTRODUCTION

1.1 Background and Contribution of Life Insurance in Ghana

Insurance was introduced in the country in the 20th century to manage risk. Some of the early companies were Royal Exchange Assurance Company, Northern Assurance Company Limited, New India Assurance Company Limited and Gresham Fire and Accident Assurance Society Limited (NIC, 2006).

Life insurance, which is normally a contract between an insurance company and an individual or an organization, provides protection against untimely death of an individual or group of people in an organization. The Life Offices Association (LOA) was born as a wing of the Ghana Insurers' Association (GIA in 1998), out of a real need for a concerted effort to undertake a nationwide education on the benefits of life insurance to the public with the view of creating awareness of the need of having life insurance policy.

For a very long time in the history of the Insurance Industry in Ghana, the word “insurance” to most people has been synonymous with motor insurance, because insurance generally had been popularized by an Act of Parliament “Third Party Act of 1958” makes third party motor insurance compulsory for all vehicles plying the roads within the boundaries of Ghana. This has been strictly enforced by the Police over the years. Life Insurance, the branch of insurance that deals with lives and its exigencies, is not a very popular class of insurance on the Ghanaian insurance market some years back until when the new Insurance Act 724 in 2006 which replaced the old Insurance Law, of 1989 P.N.D.C law 227 seemed to had strengthened the operation of life insurance in the country. This is to encourage investors to put in the necessary resources needed to grow

the life sector and effectively play its expected role in the nation's development (NIC Newsletter July-Sept,2006).

Benefits that accrued from life insurance industry to the nation, organizations and individuals include the use of life insurance policies as collateral security for bank loans overdrafts, and mortgage as well as provision for retirement.(N.I.C News Letter July-Sept, 2006). Besides, the services rendered by the industry, add to the national income and makes indirect contribution by supporting the activities of the manufacturing sector, increase output and employment opportunities. CII Business & Economics Course Book, (2003).The long-time nature of life insurance industry is also an effective tool for the mobilization of funds. It is conducive for capital mobilization and serves as an alternative to provident fund and superannuation, as well as potential substitute for public pension schemes.(N.I.C News Letter July-Sept, 2006)

1.2 Problem Statement of the Study

Customers nowadays are becoming more sophisticated with higher expectations and zero tolerance for poor service from providers such as Insurance firms. In this era of competitive insurance market, it is very essential for players in the industry to deliver quality service to customers, as organizational survival depends on its customers. The general perception of poor service quality delivery by insurance firms is gaining momentum amongst the insuring public as evident by complaints filed at the National Insurance Commission office, Kumasi see Appendix 2i and 2ii. This negative perception has to be corrected scientifically. The sector according to insurance analyst and market watchers is the fastest-growing in the service industry and has been rated as the second largest premium income earner in the sub-region after Nigeria. Business & Financial Times, August, (2009); yet the perception of poor service delivery persist.

To the best of the researcher's knowledge, there has not been enough scientific research in the area of loyalty and its impact on quality service delivery in the insurance industry. It is however, necessary to apply scientific research to assess the quality of service delivery in the industry with particular reference to SicLife insurance; to either confirm or reject this negative perception of poor service quality. Again management of organizations such as insurance firms sometimes do not consider service quality as a topmost priority and prerequisite for sustenance and growth of firms. Others too have not developed the concept of quality culture or philosophy which is seen as the extent to which quality in organization is valued. Sureshchandar et al (2002)

The proliferation of insurance companies in Ghana recently has also resulted in the scramble for business with its resultant poor service quality. This has resulted in what is call premium undercutting whereby firms charge premium below the acceptable rate fixed by the National Insurance Commission. Elliot, Business & Financial Times January, Pg 30 (2010).

It is in the light of these numerous problems, that this study is being conducted to find out what problems affect the operation of SicLife in delivering quality service to its customers.

1.3 Significance of the Study

The key to customer retention is good customer service delivery and customer satisfaction. Regardless of which ever industry one is part of, quality customer care is of utmost importance; as customers are the prime reason for firms existence especially insurance firms. The study will help SicLife and the insurance companies build competitive edge inorder to expand and increase its customers base; by offering customers greater value,

and providing benefits that justify higher prices. Business & Financial Times,(Nov, 2009).

Besides, it is very prudent for Sic Life to offer quality service to its customers in order to survive and contribute towards the development of the nation. Being the only insurance company own by the state and a leader in the industry with 30.4% market share (B&FT.Nov,2009) it cannot afford to deliver poor services to customers. This will help SicLife insurance and other insurance companies benefit from the findings of the study to improve on their service delivery so as to enhance their corporate image.

The insurance sector is a major investor on the Ghana Stock Exchange Market and as such should not compromise with the quality of service delivery. The former insurance law PNDCL 227 required that 75% of Non- Life investments to be held in government bills and 25% in other securities approved by the National Insurance Commission. For Life businesses, they were required to keep 50% of their investment in government bills and other 50% in securities approved by the NIC.(NIC Newsletter January-June 2007). The premium for investment can only be generated when quality service is provided.

Retention of customers is very vital to every business setup, and the insurance industry is no exception. Some experts believe that customer retention has a more powerful effect on profit than market share. Increasing customer retention rates can have a profound impact on a firm's profitability. Hoffman & Bateson(2001). Increasing customer retention rates can have a profound impact on a firm's profitability. For instance 5 % increase in retention rate can translate into 85% higher profits for a branch of a bank, 50% higher profits for an insurance broker and 30% higher profits for an auto-service chain Hoffman & Bateson (2001).

Customers can be retained when they are satisfied with the quality of services received. Hence, the need for this study to serve as a clarion call for SicLife and the insurance industry in general to give much impetus to quality customer care in their operations. The study will create awareness in quality customer service delivery of SicLife regarding its' current level of performance and the insurance industry in general. And also serve as a reference document for students studying customer service management, hence the need to conduct a scientific research into the issue of quality service delivery and its impact on customer retention in the insurance industry taking SicLife as a case study.

1.4 Goal and Objectives of the Study

The goal of the study is to assess the impact of quality customer care on customer retention in the insurance industry with SicLife as a case study from 2006-2009. To realize this goal, the following specific objectives were undertaken.

1. To examine the level of clients satisfaction or dissatisfaction with SicLife service delivery.
2. To examine the trend in the market share, retention rate, premium income, profitability and Claims incurred for the period under review.
3. To assess quality measures implemented by SicLife.
4. To make appropriate recommendations based on the outcome of the study for improvement in

Service delivery at SicLife.

1.5 Research Questions

The study sought to answer the following questions to achieve the goal and objectives of the research. 1. What causes customer dissatisfaction and satisfaction with SicLife products?

2. What are the effects of quality service on the operations of insurance firms such as SicLife?

3. What are the quality standards implemented by SicLife?

4. How can SicLife use quality management to retain its customers?

1.6 Methodology

The survey method was used to obtain relevant information required for the study. Primary data was obtained through a combination of self-administered questionnaire and Interviews with respondents as well as Staff. A sample size of 150 customers, and 30 staff were selected for the study. The managers of SicLife Kumasi as well as the area manager of NIC were also interviewed for additional information for the study. Secondary information was obtained from annual reports of SicLife Insurance Company, N.I.C regional office (Kumasi), Newspaper

Publications, the Internet and relevant books. The sampling procedure used involved both random and convenience sampling techniques.

1.7 Hypothesis

It is of convenient to structure a research problem in terms of hypothesis to be tested. Hypothesis is a proposition that attempt to explain a set of fact in a unified way. It generally forms the basis of experiment designed to establish it plausibility.

(www.thefreedictionary.com hypothesis-(Retrieved on 15 January 2010). The following hypotheses were formulated to deal with the research problems.

H₁. Quality service has a positive effect on customer satisfaction (Null Hypothesis)

H₀. Quality service has no positive effect on customer satisfaction(Alternative Hypothesis)

H₁. There is a direct relationship between customer expectation and perception of service quality

(Null Hypothesis). H₀. There is no direct relationship between customer expectation and perception of service quality(Alternative Hypothesis)

1.8 Scope of the Study

SicLife Company was chosen for this study because it is the only insurance company own by the state and it is also the leading insurance firm in the industry having the largest market share of 30.4% (Business & Financial Times August,2009). The study covered the period from 2006 to 2009. The Kumasi branch was chosen for the study because it is the second largest branch of SicLife. Again the northern sector head office of the NIC is located in Kumasi.

1.9 Limitations of the Study

The researcher was constrained by time and financial resources and could not therefore apply other methods of data collection aside interview and questionnaires. Most of the staff and senior managers at SicLife were most of the time busy attending to customers which delayed information from them.

1.10 Organization of the Study

The study has five chapters. Chapter one deals with the introduction of the study area. This comprises the background of the study, problem statement, and significance. The goal and objectives, research questions methodology, hypothesis, scope, limitations and organization of the study. Chapter two captures the review of relevant literature to the study. The third chapter of the study presents details of the methodology used in the study and the profile of Sic life Insurance Company. Chapter four contains data presentation, analysis and discussion whilst the final chapter deals with the summary of major findings, recommendations and conclusion.



CHAPTER TWO

REVIEW OF RELEVANT LITERATURE

2.1 Introduction

This chapter reviews a range of important literature, various quality concepts and views. In any service industry, a critical decision for a firm is the determination of the appropriate level of service quality. When customers are not satisfied with a service, they are most likely to terminate the service and relate their unfavorable service experience to others resulting in decrease current and potential sales. To retain existing customers and acquire new ones, firms have to invest huge resources to improve service quality. Keaveney, 1995 cited in Sungjoon et al, (2007). Customers have become very conscious of the service they receive from their service providers. They are more sensitive to price, more demanding, and unforgiving for poor service delivery.

2.2 Definition of Service

There are different definitions of services by various scholars but for the purpose of this study the following definitions are considered.

1. Zeithaml and Bitner, (2000) “define service as deeds, processes and performances”.
2. Kotler (2003) on the other hand sees service as “any act or performance that one party can offer to another that is essentially intangible and does not result in the ownership of anything” Zeithaml and Bitner, further opine that service include all economic activities whose output is not a physical product or construction, is generally consumed at the time it is produced and provides added value in forms such as convenience, amusement, timeless, comfort or health that are essentially intangible concerns of its first purchaser.

2.3 Characteristic of Services

From a marketing perspective, services have certain characteristics and attributes that distinguish them from products; there are four main characteristics of service as argue by Fisk et al (1993)

2.3.1 Intangibility

Intangibility means that “service do not take the form of physical goods and are thus hard to visualize”. Due to the “intangible nature of services, it has become imperative to “tangibilize the intangible” by providing evidence of service qualities. This is one of the many complex marketing problems encounter in service marketing. Hinson,(2006). Even though the customer cannot see and touch the service he/she may be able to see and touch certain tangible components of the service; like equipment, insurance policy document bank cheque book etc.

It is important for service firms to give existing and potential customers assurance and impressive tangible clues about the intangible service. This will to some extent reduce the level of customer’s uncertainties or doubt. This will enable customers evaluate the competing services Hinson,2006)

2.3.2 Inseparability

In most cases physical goods are first produced, stored, sold and consumed later. This is however not so with services. They are sold first then produce and consumed simultaneously. Inseparability of production and consumption is linked to the concept of interaction and service encounter. Czepiel,et al, 1985,cited in Otu, 2009) Customers are present during the production process, interact with each other and may affect others experience of the service either positively or negatively. There is a high level of employee

and client interaction during insurance service delivery and this could possibly affect the quality of service and customer satisfaction in the real time experience for the customer. Hence there is the need for front line executives to show professionalism to ensure quality service delivery.

2.3.3 Heterogeneity

The performance of service differ each time because it is done differently at different times and by different personnel and may involve different customer. The implication is that it is difficult to ensure consistency of quality. The service of third parties or subcontractors may be seen as service from the provider who may not have control over the subcontractor. Zeithaml et al.(2000)

2.3.4 Perishability

Service as defined earlier is performance and cannot be saved, inventoried, resold or returned. The un-used service capacity for products that cannot be stored has a major implications for productivity. If demand is low un-used capacity is wasted. If demand exceeds capacity, it goes unfulfilled and business may be lost. Bringing demand and supply into balance requires management of both demand levels and available capacity Hinson,(2006)

2.4 Definition and Concept of Customer Service

According to Zeithaml and Bitner (2003) “Customer service is a series of activities designed to enhance the level of customer satisfaction that is, the feeling that a product or service has met the customer expectation.” Customer service varies by product/service, industry and customers. It has however, assumed important dimension in service delivery (www.wikipedia.com/customer service 26/2/10). Nevertheless, it is a demand for

corporate survival, profitability and growth that service firms hold their own in competition. Customer service is normally an integral part of a company's customer value proposition. In their Book 'Rules to break and Laws to follow', Don Peppers and Martha Rogers, wrote that "customers have memories, they will remember you, whether you remember them or not". Further, customer trust can be destroyed at once by a major or minor service problem, or it can be undermined one day at a time with a small demonstration of incompetence.([www.wikipedia.com/customer service](http://www.wikipedia.com/customer%20service)). Customer service plays an important role in an organization's ability to generate income and revenue. From this perspective, customer service should be included as part of an overall approach to systematic improvement in business processes and must be consistently good in every part of organization's business. Ward, www.about.com/customerservice-(23/2/10).

In Ghana, service organization especially Insurance Companies are gaining momentum and have developed their strategic plans to reflect their vision and mission that demonstrates their commitment to quality service delivery. The insurance industry continues to change at an unprecedented rate. This change is towards meeting the needs of customers, as they have grown in sophistication. Hinson,(2006).One of the most important responsibilities of all levels of management (strategic or top level), tactical (middle) and operational level managers is customer satisfaction and has therefore become the key operational goal for many organizations. Hill and Alexander,(2006)

2.5 Types of Customers

A Customer is a person who buys goods and service from a shop or business. (www.fayettevo-tech.org/docaps/pdf -26/6/10). On the other hand "a customer is anyone to whom is supplied a goods or service". The following words of Mahatma Gandhi about customer care are worth remembering always."A customer is the most important visitor on

our premises. He is not dependent on us, we are dependent on him. He is not an interruption in our work, he is the purpose of it. We are not doing him a favour by servicing him. He is doing us a favour by giving us the opportunity to serve him.” (www.helium.com/items/16626971/quality customer service-, Retrieved June,2010).

Using this definition leads to the understanding that each and every person in an organization is likely to be simultaneously a customer and a provider of goods or services to other customers. There are basically two types of customers, these are external and internal customers. Olga and West,(2003 pp 85). External customer is located outside the organization but not the final end user or consumer but depends on the output of an organization to produce goods and services for consumers or end users. Example a travel agent is an external customer of a resort for the supply of suitable rooms. Internal customers on the other hand is an individual or group within the organizational boundaries, performing functions which have real customers and which add value to the ultimate good or service. Olga and West,(2003) An interesting model for categorizing customers was developed by Dr Noriaki Kano, a Japanese Professor and a member of Union of Japanese Scientists and Engineers. He suggested three categories of customers expectations or requirements.

Satisfiers-These are customers who expect certain characteristics in a product or service, their presence leads to satisfaction. With respect to SicLife customers expect to receive prompt service, staff should be courteous and polite to clients.

Dissatisfiers -customers in this category are those who expect certain characteristics in the goods or service. The absence of these characteristic leads to customers dissatisfaction. For instance customers expect to receive prompt quality service from SicLife and expect

SicLife to be reliable, If SicLife fails to deliver prompt and reliable service, will result in customer dissatisfaction.

The third category are the **delighters or excitors**, these are characteristics often new or innovative, which customers do not generally expect to find in a good or service; their presence lead to excitement. That is customers become delighted or excited because their expectations have been exceeded.(Olga and West,2003). It is often a case that a new feature of a product or service first appears as a delighter or exciter, and when many suppliers incorporate it, the service or the feature may move to the satisfier category and eventually to the dissatisfier category. (Olga and West,2003)

2.6 Types of Customer Expectations

Customer expectations about what constitutes good service vary from business to another and from customers. There are several elements of customer expectations; these include desired service, adequate service, predicted service and zone of tolerance that falls between the desired and adequate service levels. (Hinson, 2006)

2.6.1 Desired Service

It is defined as the level of service the customer hope to receive. It is a 'wished for' level; a combination of what customers believe can and should be delivered in the context of their personal needs (Hinson,2006). But it is not always possible to achieve the desired service.

2.6.2 Adequate Service - It is defined as the minimum level of service customers will accept without being dissatisfied e.g. a customer who wants chilled Coca-Cola will accept an average of a cold Coca-Cola as adequate service even though he wanted a chilled one.

Hinson,(2006)

2.6.3 Predictive Service

Customers normally make their own forecasting of the level of service quality they believe is likely to be received. If quality service is anticipated, the adequate level of service will be high and vice versa (Hinson,2006)

2.6.4 Ideal Expectation

It is an expectation of what “perfect” services should be. However perfect service does not exist in the real world. Quality service perceived is the process of assessing the desired service and the perceived service received, while perceived service adequacy is achieved by comparing the adequate service with perceived service. Hinson,(2006)

2.6.5 The Zone Of Tolerance - This is the difference between the desired service and the adequate service, since performance of services vary arising from its heterogeneous nature. However, the extent to which customers are willing to accept this difference is called the zone of tolerance. Lovelock & Wirtz,(2004). If service performance falls below the adequate level customers become dissatisfied with the firm, when performance exceed desired service, it results in surprise and customer satisfaction. The zone of tolerance varies for various customers depending on factors such as price, competition and service attributes. Hinson,(2006)

2.7 Definition of Quality

The word quality means different thing to different people. What one person will regard as quality, another person may not see it as such. The great philosopher Aristotle opines that “Quality is not an act. It is a habit” Olga and West,(2003 pp 45) .The oxford advanced learner’s dictionary defines quality as a feature of something especially one that makes it different from something else. According to Anderson, et al, 2006) quality is defined by

the value customer derives from a product or service. It is not defined by conformance to specification. Douglas and Connor (2003) argue that in an attempt to define quality in the service industry have largely been derived from the tangible elements of products such as physical appearance, technical specifications and other sensory clues. Consumers often use these attributes to assess the quality of what is essentially intangible. It is however, the intangible elements such as inseparability, heterogeneity and perishability of a service that are the critical determinants of service quality perceived by the ultimate consumer.

2.8 Definition and Concept of Service Quality

Service quality has been defined differently by different authors. In the words of Hoffman and Bateson,(2001); Sureschandar,(2003) service quality is defined as an attitude formed by a long-term, overall evaluation of a firm's performance. According to Hinson,(2006) service quality is how well the service meets or exceeds the customers' expectations on consistent basis.

The key to providing quality service is to understand and respond to customers expectations. This is because customers compare expectations to perceptions when assessing the quality of a firm's service delivery. The difficulty however is that, service quality, unlike product quality, is more abstract and elusive because of features unique to services; features such as intangibility, inseparability, heterogeneity and perishability are therefore difficult to measure. Parasuraman et al, (1998)

Findings demonstrate that firms offering superior service attained higher than normal market share. Customers expectations are formed by past experiences, word-of mouth recommendations and degree of personal needs. Customers, employees and changing business environment drive the need for customer care. Customers, be they individuals,

households and organizations are increasingly aware of alternatives on offer, in relation to insurance and financial products, and services. Therefore, service providers should improve on the quality of their services. Ennew et al (1995). However, service provision companies such as insurance companies are realizing that commitment on the part of employees bring rewards and are important for quality service delivery. Without focusing on quality customer service, financial institutions like insurance companies may face problems as customers and employees may complain, Ennew et al (1995)

Quality which is a measure of the extent to which the service delivered meets customer's expectation is difficult to measure. The nature of most service is that the customer is present when the delivery process occurs. According to Hinson (2006), the perception of quality is influenced not only by the service outcome but also the service process. Researchers argue that the distinctive nature of services requires a distinctive approach to defining and measuring service quality. According to Gronroos, distinction need to be drawn between the process of service delivery what he calls functional quality) i.e. the way in which the service is delivered in relation to staff in the service organizations. These include attitudes, and behavior, appearance and personality, service mindedness, accessibility and approachability of customers contact person.

The actual output of the service what he calls technical quality. Gronroos 'et al cited in Lovelock and Wirtz,(2004) again suggest that the perceived quality of a service is the result of an evaluation process in which customers compare their perceptions of service delivery and its outcome against what they expected Gronroos 'et al' cited in Lovelock and Wirtz,(2004). Players in the industry have come to the realization that the customer can no longer be taken for granted. The customer and his delights should really be the ethos of all progressive businesses. The consumer who has developed heightened

perception of quality, has become more demanding and less tolerant of shortfalls in service quality. Douglas and Connor (2003)

According to Burgess (2001), cited in Hinson (2006) “a service company is defined by its service quality. If service company is mediocre, the company is mediocre” The natural inclination of these consumers is to use services that meet their wants or desires at a particular moment in time. Consumers have become more anxious than ever to complain and transfer their allegiances to perceived provider of quality service (Palmer and Cole 1995). Although researchers have studied, the concept of service quality for several decades, there is no consensus about the conceptualization of service quality, Cronin and Taylor, (1992); Rust & Oliver, (1994) cited in Hinson, (2006). Different researchers focused on different aspects of service quality.

Parasuraman et al., (1985) SERVQUAL model which view service quality as a gap between the expected level of service and customers perceptions of the level of service received. The key to ensuring good service quality is meeting or exceeding what customers expect from the service.

Many difficulties are inherent in implementing and evaluating service quality. In the first place, perceptions of quality tend to rely on a repeated comparison of the customer’s expectation about a particular service. If a service, no matter how good, fails repeatedly to meet a customer’s expectations; the customer will perceive the service to be of poor quality. Secondly, unlike goods marketing, where customers evaluate the finished product alone, with services the customer evaluates the process of the service as well as its outcome. Hoffman and Bateson (2001)

For services, the assessment of quality is made during the service delivery process. Each customer contact is referred to as a moment of truth, an opportunity to satisfy or dissatisfy the customer. Customer satisfaction with service can be defined by comparing perceptions of service received with expectations of service-desired. When expectations are exceeded, service is perceived to be of exceptional quality, and be a pleasant surprise. When expectations are not met, however, service quality is deemed unacceptable. When expectations are confirmed by perceived service, quality is satisfactory. Fitzsimmons and Fitzsimmons,(2008).

2.9 Service Quality and Customer Satisfaction

Service quality is understood as an antecedent of customer satisfaction. Most research works have demonstrated that service quality improvement efforts result in improved objective service quality, which in turn, enhances perceived service quality and customer satisfaction. Rust et al (2002)

2.10 The Conceptualization of Service Quality

The conceptualizations of service quality are based on the disconfirmation paradigm; perceived quality is viewed as a result of comparing particular performance with some kind of a standard. For instance Gronroos has defined the perceived service quality as “the outcome of an evaluation process, where the customers compared their expectations with the service they have received” Parasuraman et al, define the concept of service quality as “a form of attitude, related but not equivalent to satisfaction, that results from a comparison of expectations with perceptions for performance. Expectations are viewed as desires or wants of customers, i.e. what they feel a service provider should offer rather

than would offer’’ Gronroos,(1984) and Parasuraman et al (1994) cited in Maive Suuroja,(2003).

Cronin and Taylor (1992 cited in Hill & Alexander(2006) however, were of the view that the conceptualization of service quality as a gap between expectations and performance is inadequate. They claim that it is adequate to measure only perception in service quality research and unnecessary to measure expectations. According to them, the concept of service quality should be customers’ attitude towards the service, since the concept of satisfaction is defined as a gap between expectations and performance or disconfirmation of expectations. Maive Suuroja,(2003).

2.11 Major Views About The Nature and Formation of Service Quality

Traditionally, measuring service quality models considered perceptions of service quality as based on multiple dimensions or components, and the majority of the later studies have done the same. As service comprises a complex bundle of explicit and implicit attributes, it is logical to assume that the customers ‘overall evaluation should include evaluations along these attributes. Service quality is not viewed as a separate construct, but rather as an aggregate of several dimensions or components. However, there is no general agreement either about the nature or content of the dimensions.

2.11.1: Concept of Service Quality By (Gronroos 1987)

Gronroos asserts that the customers’ perceptions of service process are divided into two dimensions Technical and Functional Quality 1. **Technical quality** is the outcome dimension, or what the process leads to for the customer that is the actual output of the process. 2. **Functional quality** which is the process dimension, or how the service process is carried out, or delivered in relation to staff in the organizations. These include attitudes,

and behavior, appearance and personality, service mindedness, accessibility and approachability of customers contact person. Gronroos et al also suggest that the perceived quality of a service is the result of an evaluation process in which customers compare their perceptions of service delivery and its outcome against what they expected. Lovelock and Wirtz (2004). Customers perceived the quality of the service in these two ways dimension, what they get and how they get it. Gronroos et al finally contend that Corporate image serves as a filter that influences quality perception either favorably, neutrally or unfavorably depending on whether the customers consider the service provider good, neutral, or bad. Gronroos,(2000) cited in Maive Suuroja (2003).

2.11.2 : Concept of Service Quality by (Harwood, 2002)

Harwood in his view laments that branding, as a tool to build image, is critical in the service industry especially the insurance industry where all firms offer virtually the same kind of products. Hence it is critical that insurance firms have a comprehensive knowledge of customers' values, attitudes, needs and perceptions of various services they offer and the image which customers have of the insurance company itself and the industry in general. Accordingly, insurers must be able to build and manage their corporate image well in order to clearly define the differences between their company and its competitors.

2.11.3: Concept of Service Quality by (Lehtinen and Lehtinen,1991)

They propose that service quality can be viewed from three-dimensional angle. 1.Physical Quality. 2. Interactive Quality and 3. Corporate Quality. Physical quality includes the physical environment and instruments; interactive quality derives mainly from whether the service provider's interactive style fits in with the customer's participation style. Corporate quality is mainly the evaluation of corporate image. These dimensions can be

considered as the basic sources of quality in a service company. Lehtinen and Lehtinen have compared their three-dimension approach to Gronroos' two-dimension which is based on the natural main parts of the service production process itself and its output are more or less an action approaches in which time is included. The above two approaches have points of contact, but do not completely overlap. The approaches have different levels of abstraction and (Lehtinen et al) consider the two-dimension approach by Gronroo to be a higher-level or more abstracted approach. Physical quality is related to both process quality and the outcome of the process, but corporate quality can be evaluated already before the service process. Lehtinen et al (1991) cited in Maive Suuroja,(2003) suggests that the dimensions influence each other as the process affects the result of the service. The most extensive research into the formation of service quality is strongly user oriented. From focus group research, Parasuraman et al (1993), have proposed a more specific list of service quality dimensions. According to them, the overall evaluation of service quality identified ten criteria consumers use in evaluating service quality. In their subsequent research, they found a high degree of correlation among several of these variables and consolidated them into five broad dimensions.

2.11. 4 Five dimensions of service quality propounded by Parasuraman et al (1993)

1).**Tangibles:** This represents the service physically. Tangibles are defined as the, appearance of, physical facilities, equipment, personnel appearance, decor and communication materials such as letter heads. All of these provide physical representations or images of the service that customers, particularly new customer will use to evaluate quality. Parasuraman et al (1993),

2).**Reliability**-The ability of the service provider to perform the promised service dependably, accurately, and consistently. Some schools of thought have argued that the reliability dimension is the most rated of all the dimensions by customers and the most important determinant of perceptions of service quality. Parasuraman et al (1993)

3).**Responsiveness**-The Willingness and readiness of the staff to help customers and provide prompt service and not delays. Customers expect quick responses to their requests and do not want to be kept waiting. This dimension emphasized attentiveness and promptness in dealing with customers requests, complaint, question and problems. Parasuraman et al (1993) cited in Lovelock and Wirtz (2004)

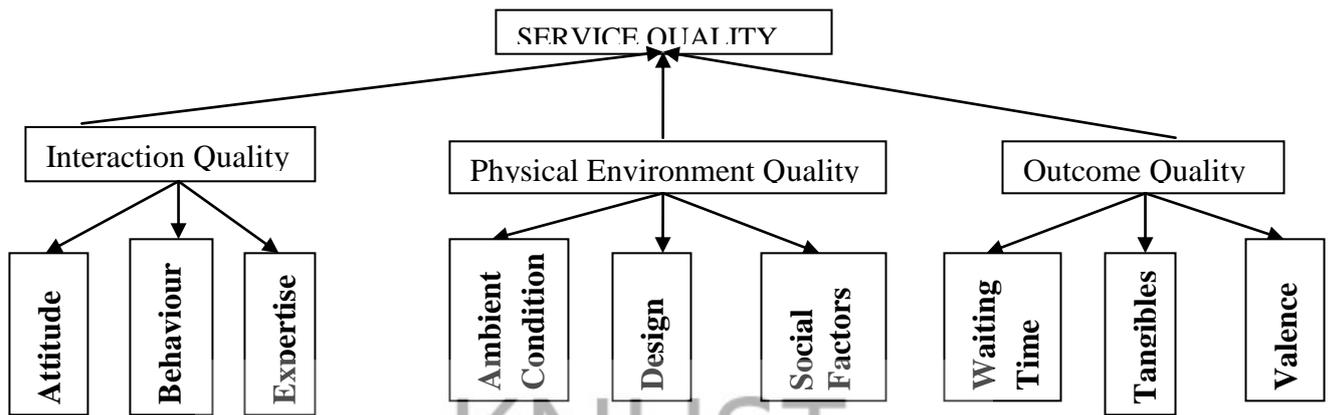
4). **Assurance** – This is the evidence of employees' knowledge of service and courtesy towards customers and the ability of employees to inspire trust and confidence in the customers. Customers look out for assurance from employees and expect that employees will behave confidently and instill confidence in their clients. (Fitzsimmons & Fitzsimmons,2008)

5) **Empathy**-Empathy is defined as being caring; this is a firm's ability to provide individualized attention to customers i.e. treating customers as individual. Customers want to feel understood by and important to firms that provide service to them. (Parasuraman et al 1988)).

2.11.5 Concept of Service Quality Brady and Cronin (2001)

Brady and Cronin consider service quality as consisting of three components and added a third one service environment to Gronroos' two dimensions-technical quality (service outcome) and functional quality (customer employee interaction).Their hierarchical model is presented by the diagram below.

The Hierarchical Model of Service Quality



Source: (Brady, Cronin, 2001 pg 37)

and outcome) has three sub dimensions, and customers aggregate their evaluations of the sub dimensions to form their perceptions of an organization's performance on each of the three primary dimensions; According to them customers form their service quality perception on the basis of an evaluation of performance at a multiple levels and ultimately combine these evaluations to arrive at an overall service quality perception. (Brady and Cronin,2001)

2.12 Measuring Service Quality the SERVQUAL Model.

Among all the measuring instruments of service quality, the SERVQUAL scale model by Parasuraman, et al, (1988) has attracted attention most. This instrument measures service quality as a computable gap between customers' expectations about the service and their actual evaluations (perception) of the service in five dimensions. According to the proponents, Servqual is a diagnostic tool that uncovers a firm's broader weakness and strength in the area of service quality. It is based on the premise that customers can evaluate a firm's service quality by comparing their expectations of its service with their own perceptions. Lovelock. and Wirtz, (2004).

The gap between expected and perceived actual service delivered is a measure of service quality; satisfaction is either negative or positive. For the purpose of this study, the SERVQUAL model which suggests the overall perception of service quality based on the customer's evaluation of the five dimensions of the service encounter is adopted for the measurement of service delivery in the insurance industry especially Sic Life insurance. Measuring the service gap between expected service and perceived service according to Fitzsimmons and Fitzsimmons, (2008) "is a routine customer feedback process that is practiced by leading service companies" If expected service exceed perceived service, then service quality is low, that is expectations not exceeded. If expected service is equal to perceived service, then quality is satisfactory, that is expectations met, and if expectation is less than perceived service, service quality is exceptionally good, that is expectations exceeded.

2.13 Limitations of Servqual Scale

According to Maive Suuroja (2003) some researchers such as Cronin and Taylor were the first to provide a theoretical justification for discarding the expectations part of SERVQUAL in favour of mere performance measures included in the scale. The term 'performance-only measures' has thus come to refer to measured service quality that is based only on customers' perceptions of the performance of a service providers, as distinct from a gap between the consumers' performance perceptions and their expectations. The authors named their scale SERPERF. Several studies have shown that the performance-only SERPERF scale outperforms the disconfirmation-based SERVQUAL scale, that is the expectations section of the instrument is of no real value and that the perceptions (actual performance) section should be utilized alone to assess service quality. Writers

such as Brady,(2002) and Ramaseshan, (2000) supported the use of the SERVPERF scale as against the SERVQUAL scale.

Again combining the expectation and perception items of SERVQUAL results in a 44 items survey instrument. Opponents of the SERVQUAL instruments argue that the 44 items are highly repetitive and unnecessarily increase the questionnaire's length. Therefore it can be suggested that, the determinants and measurement of service quality may be unique in different service sectors, depending on the specific features of the service provided. Babakus and Boller, (1992) have suggested that the domain of service quality may be factorially complex in some industries and very simple and unidimensional in others, in effect, they claim that the number of service quality dimensions is dependent on the particular service being offered. The literature identified seven potential gaps within service organizations that can occur at various points during the service design and delivery of a service performance. These include Parasuraman et al., (1985) SERVQUAL model which view service quality gap as the difference between the expected level of service and customers perceptions of the level of service received.

2.14 Types of Service Delivery Gaps

GAP 1. This gap according to Parasuraman et al (1985)' as cited in Lovelock & Wirtz (2004) is called the knowledge gap. It is the difference between what service providers believe customers expect and customers' actual needs and expectations In the views of the proponents, strategy for closing this gap include improving market research, fostering better communication between management and its contact employees and reducing the levels of management.

GAP 2. This gap is referred to as the standard gap and it is the difference between management's perceptions of customers' expectations and the quality standards established for the service delivery. However, setting goals and standardizing service delivery tasks can close this gap.

GAP 3. Delivery or conformance gap is the difference between specified delivery standards and the service provider's actual performance on these standards. Gap 3 can arise for a number of reasons, including lack of teamwork, poor employee selection, inadequate training and inappropriate job design. Lovelock & Wirtz, (2004)

GAP 4. This gap is termed the communication gap. It is the discrepancy between service delivery and external communication in the form of exaggerated promises and lack of information provided to contact personnel. Fitzsimmons & Fitzsimmons, (2008)

GAP 5. This is known as the perception gap" and it is the difference between what is in fact, delivered and what customers perceived they have received, because they are unable to accurately evaluate service quality. Lovelock & Wirtz (2004)

GAP.6. Interpretation gap is the difference between what a service provider's communication efforts (in advance of service delivery) promise and what a customer thinks was promised by these communications. Hinson, (2006)

GAP 7. This is a gap between employee perceptions and management perceptions. This come as a result of the differences in the understanding of customers expectations by employees and that of management Hinson, (2008)

2.15 : CUSTOMER RETENTION

Customer retention is increasingly being seen as an important managerial issue, especially in the context of saturated markets or stunted industry growth. Retention can be defined as “a commitment to continue to do business or exchange with a particular company on an ongoing basis” (Zineldin, 2000,). By this definition, retention is a commitment decision on the part of a customer or client to continue to do business with a particular supplier or firm, irrespective of attractive appeals from similar competitive suppliers or firm. Therefore, unless a customer is delighted, he or she is likely to defect. (Hinson 2006).

Other researchers suggest that, customer longevity is not synonymous with customer loyalty. Beckett et al (2000) draw tentative conclusions as to why customers appear to remain loyal to the same financial provider, even though in many instances, they hold less favorable views toward these service providers. Some unsatisfied customers may choose not to defect, because they do not expect to receive better service delivery elsewhere and vice versa, (Reichheld,1996) Therefore, customer satisfaction is viewed as an important indicator of customer retention, but customer satisfaction is not always an assurance of customer retention. Retained customers are a function of a number of variables; choices, conveniences, prices, and income Gan et al., (2006). There are a number of studies, supporting customers’ retention Fisher, (2001) ; Marple and Zimmerman,(1999). Colgate and Norris, (2001), Gan et al (2006) argue that most banks in the financial service sector choose not to engage in price, but rather make use of service as effective competitive tool. In this light Varki and Colgate, (2001) hold the view that nothing can replaced quality service. However, there is little imperial research that investigate the constructs leading to customer retention. Most studies have focused on developing measures of customer

satisfaction, customer value, and customer loyalty without specifically looking into other potential meaningful constructs;

2.16 Various Linkages of Customer Retention

2.16.1 Service Quality and Customer Retention Linkage.

It has been proven in many literatures that, there is a direct link between service quality and customer retention. It costs more to attract new customers than to retain them and repeated purchase from old customers is more profitable. Hinson (2006). Therefore, quality service is viewed as an important indicator of customer retention, Customer retention refer to focusing a firm's marketing efforts toward existing customers based. It is a key strategy in today's leading-edge service firms and reflects a more futuristic outlook than the concept of customer satisfaction. Hoffman and Bateson, (2001). Providing quality service is a means of ensuring customer satisfaction and retention, because it is widely held belief that service quality and customer retention are major drivers of profit and market share

2.16.2 Customer Satisfaction and/ Retention Linkage.

Satisfaction is regarded as a short-term emotional state that results from an intrapersonal comparison of the consumer's expectation with the evaluation of a single product or service encounter. Dabholkar,(1993), Hallowell (1996) cited in Hinson(2006 pp 107) This emotional state according to Dabholkar “leads to an overall global attitude about service quality”. He however, argue that customer satisfaction on its own cannot produce lifetime customers even though satisfaction can result in retention. Strauss et al (2001) indicates that satisfaction is merely a step towards the goal of customer retention and that

firm must develop good customer relationship that will prevent their customers from defecting to other service providers. According to

Reichheld (1996b) cited in Oyeniya & Abolaji (2008) “some unsatisfied customers may choose not to defect, because they do not expect to receive better service delivery elsewhere and vice versa”. Therefore, customer satisfaction is viewed as an important indicator of customer retention, but customer satisfaction is not always an assurance of customer retention.

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2.16.3 Switching Cost / Barriers and Customer Retention Linkage

The literature also identifies the concept of switching barriers or cost as a means of retaining customers. Switching barriers have been used as marketing strategies to make it costly for customers to switch to another organization. Such barriers include search cost, transaction-learning cost, loyal customer discounts and emotional cost. Gan et al (2006) In the life insurance industry, the switching cost is very high due to the surrender charge and other mortality charges that affect the customer. These barriers provide disincentive for the customers to leave the current organization.(Curasi and Kennedy,2002) have shown that customer satisfaction does not predict the continuation of the relationship, but high switching cost is an important factor binding the customer to the service organization.

2.16.4 Customer Loyalty and Retention Linkages

Customer retention according the literature improves profitability principally by reducing costs incurred in acquiring new customers. A prime objective of retention strategies must therefore be “zero defections of profitable customers”. Truly, loyal customers are usually

portrayed as being less price-sensitive and more inclined to increase the number and or frequency of purchases. They may become advocates of the organization concerned and play a role in the decision making of their peers or family. Companies thus need to understand the nature of their

customers' reasons for staying and must not assume that it is a positive, conscious choice

Colgate et al (1996) cited in Gan 'et al' (2006)

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CHAPTER THREE

METHODOLOGY

3.1 Introduction

This chapter discusses the methodology and plan of activities followed in the study. The study targeted the staff and customers of SicLife Insurance Company Limited (Kumasi). In order to achieve the objectives of this study, there was the need for primary and secondary data concerning the problem under study to be collected and analyzed. Both survey and key informants' interview were used for the data collection. The chapter covers the sampling technique and tools used as well as the profile of the company under study.

3.2 Primary and Secondary Data Collection

Primary data were gathered from the customers of SicLife, the staff, as well as the area manager at NIC Kumasi. The most appropriate research instruments used as far as this study is concerned were questionnaires and personal interviews; for the assessment of customer service delivery of SicLife Insurance Company Limited; and how it affects the operation and image of the company. An interview guide was designed for the managers at Sic Life and the area manager at National Insurance Commission (N.I.C) Kumasi to solicit for additional information.

Both structured (closed-ended) and unstructured (opened-ended) types of questions were designed to enable the researcher obtain relevant information from target respondents. The purpose for using this type of questionnaire is to avail the targeted respondents an opportunity to freely give information that would be relevant to the study. Also the constructs in this study were captured by a number of items in the questionnaire with each

of the item measured on a five point likert scale from strongly disagree to strongly agree. For instant, customers expectation values were captured with questions such as SicLife staff should be courteous and polite to customers, SicLife should have up-to-date state of the art equipment, SicLife should provide service as promised etc.(See appendices 4i and 4iii).

Secondary information for the study include articles from newspapers, relevant textbooks, newsletters, previous research works related to the study, Journals as well as the internet. The scale allow respondents to express their expectation and perception about the quality of service they received from SicLife. The questionnaires were designed base on the Parasuramana et al (1988) SEVQUAL MODEL which categorized 44 items on the scale into five basic dimensions of measuring service quality such as tangibility, reliability, responsiveness, assurance and empathy. This is based on the premise that customers can evaluate the quality of services of SicLife by comparing their expectations of service quality with their perception. Separate questionnaires were also designed for the staff, and interview guide for managers of SicLife and NIC, Kumasi which were completely opened ended questions. The information gathered to the best of the researcher's knowledge were reliable because they were sourced from appropriate institutions

3.3 Pre-Test

In a research of this nature, pre-testing of the questionnaires helped in identifying ambiguous questions which could or may not be understood by the respondents. A Pilot study was conducted to determine the clarity and reliability of the questionnaire and to discover any discrepant issues relating to the wording and administration of the instrument. Respondents were also asked to express their views regarding difficulties experienced in completing the pilot

questionnaires. Twenty-five (25) customers of SicLife and Ten (10) staff were selected for pretesting of the questionnaires. The duration for the pre-test exercise was two days and it was very helpful for re-designing the final questionnaires for the main field work. As a result, the number of items or questions on the questionnaire for the customers were increased from 44 to 56, whilst the 12 items on the questionnaire for the staff of SicLife were maintained.

3.4 Population of the Study

Population is the aggregate or the totality of all members under study. In data collection, it is necessary to consider the entire population within which the research was conducted. With respect to this research the entire customers of SicLife and staff of the Kumasi Branch were considered as units of analysis. The population (that is clientele base of SicLife) was realized to be too large to be studied individually. Consequently, it was necessary to sample the customers in order to obtain a sample size that was manageable for the study.

3.5 Sampling Design, Size and Technique

Sampling design is a definite plan for obtaining a sample from a given population (Cemba,570 Research Methodology Course Book,2008). It involves the procedure the researcher used to select the units to be included in the sample. A sample size of One Hundred and Fifty (150) was selected from the customers and Thirty (30) staff also chosen for the study. The area manager of NIC Kumasi and two managers at SicLife were all interviewed for additional information. In all 182 people participated in the study. Convenience and random sampling techniques were adopted in the selection of staff and customers respectively. The determination of an appropriate sample size is a function of

the homogeneity or heterogeneity of the population on a particular variable. When the population is homogeneous, a small sample size is representative enough. Kumekpor, (2002). However, if the population is heterogeneous then a larger sample size is required. In the case of this study, the respondents tend to be homogeneous in issues regarding quality customer care. As a result, a sample size of 150 customers was representative enough for an estimation to be made about the entire population. About 90% of the customers who completed the questionnaires were at the office to conduct business.

Table: 4.1 Showing category of respondents who participated in the study

Customers	Staff	Managers	Total
150	30	2	182

3.6 Method of Analysis and Statistical Tools Used

The data collected was edited and coded. The coded data was processed using Statistical Package for Social Sciences (SPSS) software. The study used both inferential and descriptive tools in analyzing the data.

3.7 Limitations of The Data Collection

These were the problems encountered with respect to the data collection.

1. Unwillingness of some respondents to complete the forms because they do not have enough time to spend with the researcher
2. Inappropriate responses to questions by a few respondents
3. The illegibility of some of the hand writing of the respondents made it difficult to read.

4.The researcher had to explain some of the questions that needed personal answers to some of the respondents for better understanding and appropriate responses.

5.Again staff of SicLife were always busy going about their daily duties which made it difficult to complete the questionnaires on time, the researcher had to go there a couple of times taking into account the transportation cost and time.

3.8 Profile of SicLife Insurance Company Limited

The SicLife Company originally existed as the Life Division of the reputable multi-line insurer the State Insurance Company of Ghana Limited (SIC). SIC has been in operation since 1962 when it was registered as a Public Corporation. In 1995 however, it was converted into a public limited liability company as part of the Government of Ghana's initiative to divest part of its shareholding in all State Corporations. Currently, SIC is the largest and most reputable insurance company in Ghana controlling the largest share of the insurance market for both Life and Non-Life Insurance business lines. In conformity with the provision of the insurance, Act 2006, Act 724, all insurance companies were required to completely separate its general businesses from the life businesses. In 2007 SicLife was established as a fully licensed life Insurance Company. All financial and managerial functions between Sic general and the life department were separated.

3.9 Ownership And Capitalization

SicLife is 80% owned by the Government of Ghana, whilst Sic Insurance Company Limited owns the remaining 20%. SicLife has a solid capital base of GH¢ 18,814,000.00 and total assets of GH¢70,321,547.00 respectively (Business & Financial Time July,2010).

3.10 Company Location, Offices

Currently, the Head office of the SIC Life is located in the Island Property building, 33-34 Kwame Nkrumah Avenue, Accra. The offices of the principal persons (i.e. General Manager, Chief Finance Officer and other Heads of Technical Department) are at this location. The Head Office of the Life Company is strategically located making it easily accessible to the majority of its clients or insuring public. In addition to the Head Office, S.I.C Life Company has at least one office in each of the ten regions of the country. The Kumasi office is located in the same building with the parent company Sic general. Opoku Ware II, Street Roman Hill, Opposite Prempeh Assembly Hall Box PC52, Kumasi.

3.11 Corporate Vision

The vision of Management of the Life Company, SIC Life, is to become and remain the leading, most dependable and the most customer- friendly Life Insurance Company in the country.

3.12 Mission And Guiding Principles

The Management of SIC Life is committed to offering value priced, innovative life insurance and other financial products that provide total financial security to clients by employing a well-trained, and highly motivated and efficient workforce to ensure optimal returns to the shareholders. The attainment of both the corporate vision and mission of management rests on a number of functional issues that need to be addressed by top management. Management will operate by a set of guiding principles, which include the following:

3.12.1 Guiding Principles

These are moral rules and beliefs that influence operational actions of SicLife's business processes (a) We will be customer-focused at all times; providing competitive and reliable insurance products/services for our mutual gain. (b) We will achieve operational excellence in all we do; (c) We will generate continuous growth in our business (i.e. growth in premium income, in profit and in market share);

d) We will develop a marketing system that is committed to continuous research into market opportunities that produce the best product-price advantage to our stakeholders.

e) We will manage the physical and financial assets of the company in a cost-effective manner to ensure their immediate and longer-term financial viability. Investing in illiquid ventures would be discouraged;

f) We will maintain knowledgeable, friendly staff and agents who can empathize with policy holders' needs and circumstances, especially when it comes to handling claims.

g) We will introduce and market Life Insurance Products that meet or exceed the expectations of our clients. The products will be flexible, affordable, available, and understandable;

h) We will ensure that error-free Insurance Policies, Annual statement of Account and endorsements are delivered to our policyholders on time;

i) We will employ advanced technology for competitive advantage;

j) We will maintain productive staff (with the necessary experience and skills) who are well motivated and rewarded for their commitment, effort and achieved results.(k) We will be ethically-conscious in the insurance market in the conduct of our operations in a

manner to maintain our status as market leaders. These guiding principles will direct the actions and decisions of Sic life at all times as they operate their business.

3.13 Corporate Goals

The main goal of SicLife is to become and remain a profitable company that is able to offer superior life insurance products and services at optimal cost. In addition the company will continue to be customer friendly, focused, a good social partner and corporate citizen. Management will be committed to improving the financial strength of the Company to ensure its steady growth whilst providing shareholders attractive returns on their investments

3.14 Corporate Values

Our business philosophy and values include the following: (a) . Strict adherence to the highest ethical and professional standards; (b) Total quality management approach to our cherished customers; (c) Quality services to our cherished customers; (d) An enthusiastic team continuously applying themselves to improving the products and services of the company; and Constantly rewarding our shareholders adequately.

3.15 SicLife Insurance Products

- | | |
|-------------------------------|-------------------------|
| 1. Family Security Plan | 5. Sika Plan |
| 2. Education Plan | 6. Loan Protection Plan |
| 3. Flexi-Child Education Plan | 7. Mortgage Protection |
| 4. Ultimate Life Plan | 8. Final Journey Plan |

(Source: SicLife Strategic Plan 2003-2008)

CHAPTER FOUR

DATA PRESENTATION AND ANALYSIS

4.1. Introduction

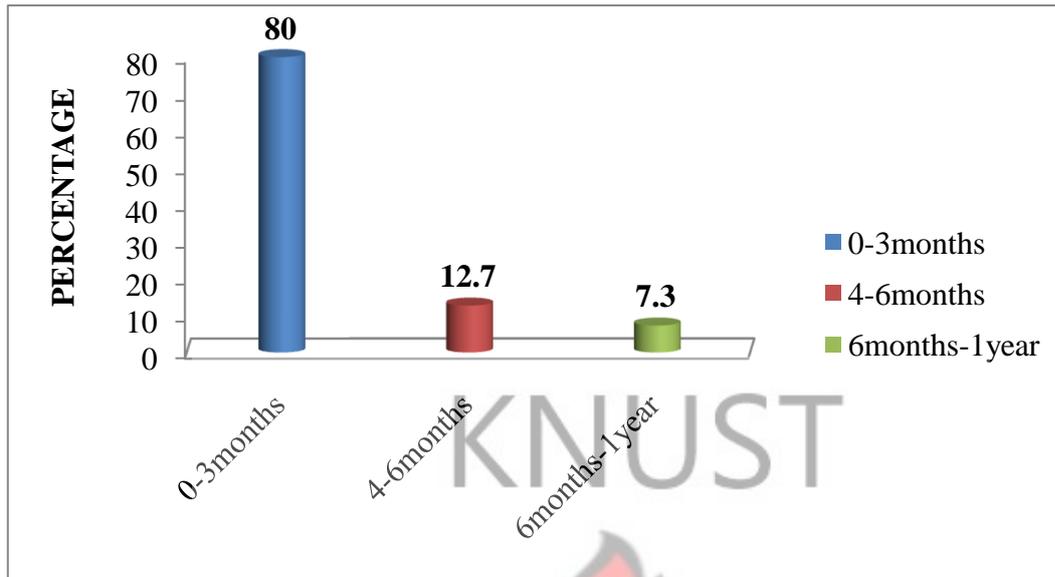
This chapter is devoted to graphical presentation, analysis and discussions of the data obtained from the field on the expectations and perceptions of customers on quality of service delivered by SicLife Insurance Company Limited. The data is presented in the form of Tables, Charts and Bar graphs. Different sets of questionnaires were analyzed; one set captures the expectations and perceptions of customers about the quality of service of SicLife Insurance based on Parasurama et al, (1988, 1993) SERVQUAL scale model categorized into five main dimensions.

The second set of questionnaires were for the staff of SicLife Insurance. In all One Hundred and Eighty- Two (182) questionnaires were administered by the researcher and his assistant. One Hundred and Fifty (150) and Thirty (30) completed forms were retrieved from customers and staff of SicLife respectively and (2) two from the managers

4.2 Results and Discussions of customers Response

A Policy document is a contractual document that provide details of the contract of insurance. It spells out the terms and conditions of a particular insurance policy. The delivery of life insurance policy document is vital in the accomplishment of the insurance agreement, because the sales process is incomplete until the final document which is the core of the agreement gets to the policy holder. This gives customers confidence and trust in doing business with insurance companies as they fulfil the promises made to customers; thereby resulting in high customer retention rate. Figure: 4.1 shows how long it takes customers' to receive their policy document

Figure 4.1: Customers Response on Receipt of Policy Document



Source: Author's Field Survey, August, 2010

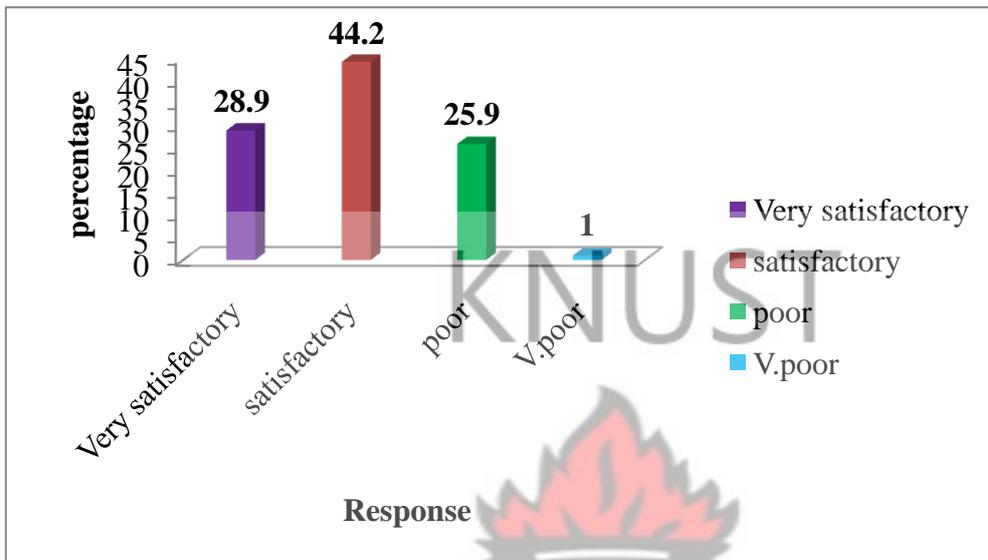
Figure 4.1 shows how long it takes customers of SicLife Insurance Company to receive their policy document. The survey revealed that 120 customers' representing 80% received their insurance policy document three months after the first premium was paid. Nineteen (19) respondents emphasized that they had their document within four to six months and this category constitute 12.7 % of the sampled respondents.

However, 7.3% of the respondents received their policy documents within six months to a year after the first premium was paid. This implies that majority of customers of were satisfied with the services of SicLife in terms of the policy issuance and delivery, which is a major factor in the business of Life insurance.

It is in line with the responsiveness dimension, which is one of the five cardinal dimensions of measuring service quality proposed by Parasuraman et al, (1993). Customers see this act as appropriate and prompt service delivery as attributed by customers who deal with other companies in the industry. The study revealed that most

customers have policies with other insurance companies and as a result compare the quality of SicLife services delivery to those companies

Figure 4.2 Over All Satisfaction Level of the Service by Customer.



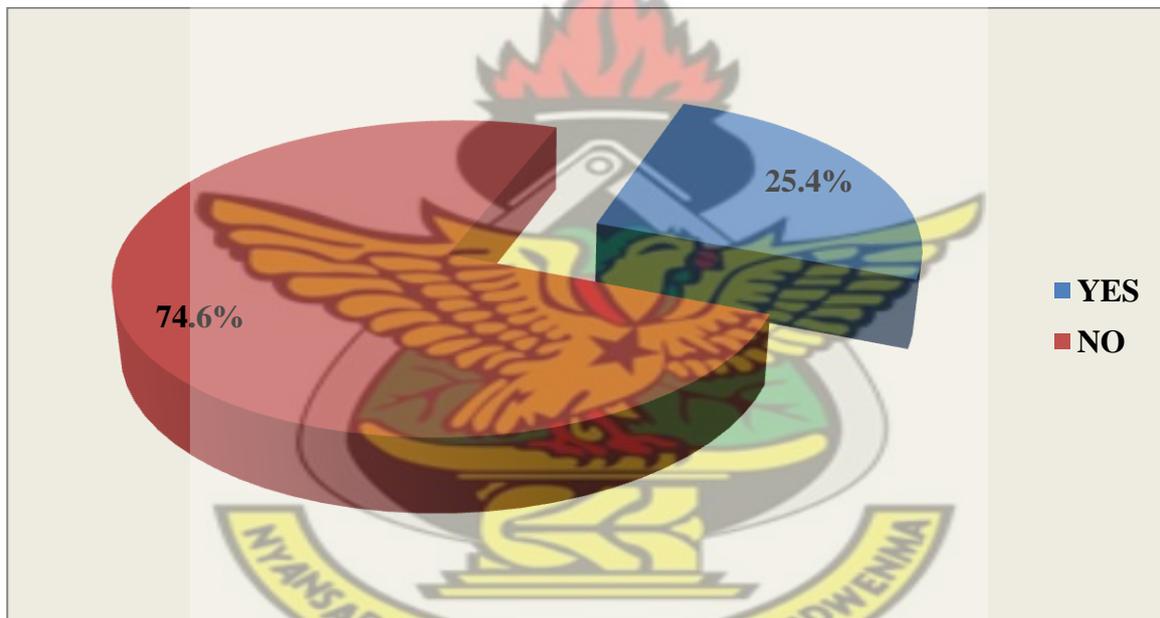
Source: Author’s Field Survey, August, 2010

Satisfaction is regarded as a short-term emotional state that result from intrapersonal comparison of consumers’ expectation with the evaluation of a single product or service encounter. This emotional state according to Dabholkar, 1993 cited in Hinson,(2006) “ leads to an overall global attitude about service quality. From Figure 4.2, the modal response about the level of customer satisfaction with respect to the quality of service delivery by SicLife indicate that most customers were satisfied with the quality of service delivery by SicLife.

Details of the response shows that 28.9% of the customers were very satisfied with the service they received from SicLife. Notwithstanding the positive response which constitutes 73.1% of the entire respondents, there were other respondents who responded in the negative about the quality of SicLife services; 25.9% and 1% of the customers rated the services of SicLife Insurance Company Limited as poor and very poor respectively.

Customers satisfaction shows the ability of SicLife Insurance to deliver its services in terms of the five dimensions of service quality. This is confirmed by the fact that the positive response outweighs the negative, it is believed that the level of service quality of SicLife is equally very high. The consequence of the high level of customer satisfaction of the quality of service delivery is that it leads to high customers retention as confirmed that most of the customers have been with SicLife for longer periods; that is three to six years as evident by the questionnaire response and (2006-2009) insurance survey report see Table 4.4.

Figure 4.3 : Customers Recommendation of SicLife To Potential Customers



Source: Author's Field Survey, August, 2010

Quality service delivery and customer satisfaction are very important factors in service organizations especially in the insurance industry, because they lead to the promotion of positive word-of mouth. With regard to customers recommending SicLife to potential customers or friends, 74.67% of respondents affirmed it and only 38 representing 25.33% was in the negative. The positive response far outweighs the negative. The positive response shows the confidence and trust most customers have in doing business with

SicLife Insurance. This cannot be said without considering the quality of the entire service delivery of SicLife. The study revealed that the quality of service that customers, receive from SicLife is high and staff response promptly to customers issues and also fulfils their promises. Customers expect quick service delivery and do not want to be kept waiting. This is based on the fact that customers are satisfied with SicLife service, and therefore they will not hesitate to recommend SicLife to other potential customers in matters concerning life insurance. This shows that quality service delivery by SicLife has earned it high customers retention rate of 99.7% as confirmed by (Business & Financial Time July,2010 pgs 10).

Figure 4.4 :Retention of SicLife As Business Partners



Source: Author's Field Survey, August, 2010

Customers of SicLife Insurance when asked whether they would maintain SicLife as their business partner for long, 114 customers representing (76%) were in the affirmative. Major reasons offered were that.

- SicLife provide good services
- SicLife have good corporate image within the insurance industry.
- It is a state own organization.
- SicLife is more reliable in terms of its service delivery.

The positive category constituted 76% and 24% were in the negative that do not want to maintain Sic Life as their business partner for long. They also cited reasons such as

- Inadequate explanation of policy terms and conditions by sales representatives.
- Mis-representation of product benefits
- Delay in receiving policy document.

Even though respondents in this dilemma were small, it is, prudent for SicLife to manage the concerns very well; because in insurance every customer is more important and life insurance strives on numbers though premium income also counts. In a nut-shell quality service is more than keeping customers. It is also about revenue, because a lost customer means a lost revenue and an unhappy or dissatisfied customer can damage the company's good image.

4.3 Data Based on the Servqual Model

Below is the interpretation of the weights assigned to each element.

Strongly Agree	5
Agreed	4
Neutral	3
Disagree	2
Strongly Disagree	1

The data collected from the survey using the servqual model are shown in Table 4.1 and 4.2 below:

Table 4.2: Customers Expectation of Service Quality of SicLife on Five Dimensions of Quality

Level	Tangibility	Reliability	Responsiveness	Assurance	Empathy
1	12	10	10	15	21
2	25	13	18	12	15
3	8	10	5	15	10
4	33	50	62	46	54
5	72	67	55	62	50
Total	150	150	150	150	150

Source: Authors Field Survey, August, 2010

Table 4.3: Customers Perception of Service Quality of SicLife on Five Dimensions of Quality

Level	Tangibility	Reliability	Responsiveness	Assurance	Empathy
1	7	32	4	6	5
2	6	33	8	10	10
3	12	20	2	9	9
4	104	25	72	30	95
5	21	40	64	95	31
Total	150	150	150	150	150

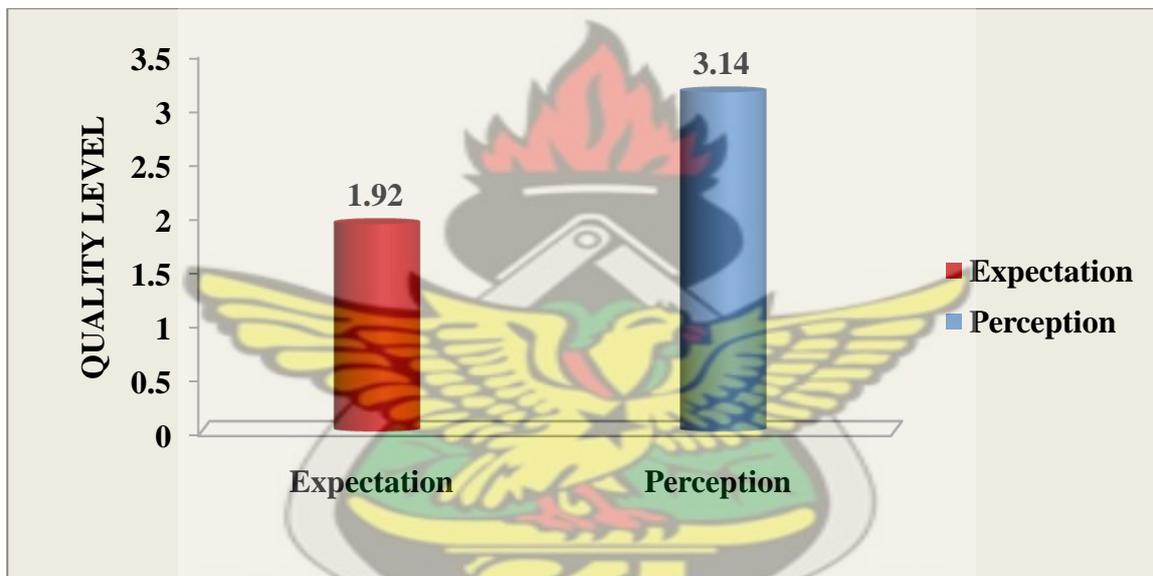
Source: Authors Field Survey, August, 2010

4.4 : Results, Analysis and Discussion of the Five Dimensions of Service Quality

4.4.1: Tangibility Dimension

Tangibility is explain as the physical facilities, such as equipment, décor, lighting and communication materials as well as the dress of the employees. These facilities should be visually appealing, modern and state of the art, in the same way the employees should appear neat and smart. Parasuramana et,al (1993)

Figure 4.5: Service Quality of SicLife on Tangibility



Source : Author's Field Survey August, 2010

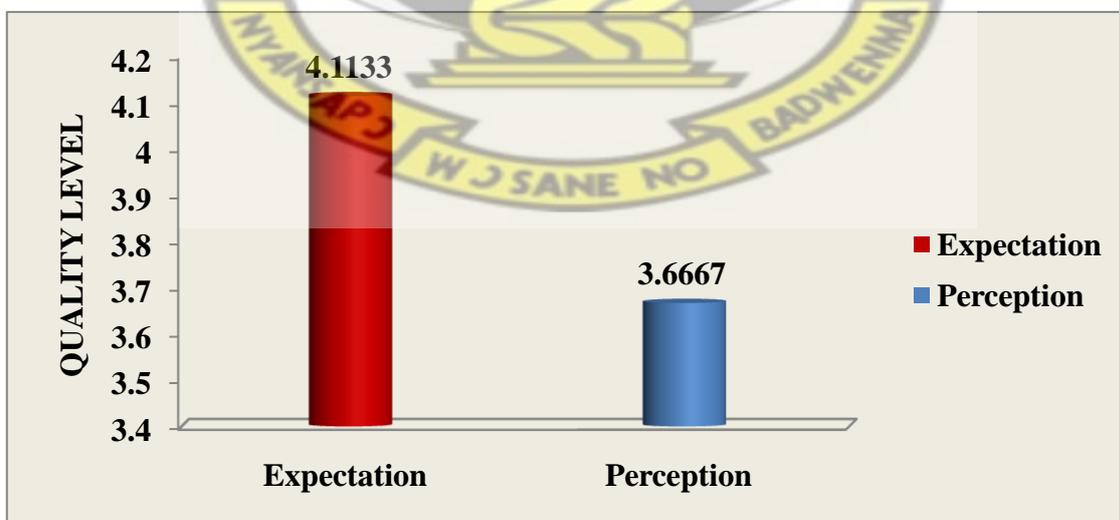
Figure 4.5 above illustrates that with regard to tangible facilities, customers expect SicLife to have quality level of approximately 1.92, that is 38.4% of quality, but customers experienced the services of SicLife and were of the opinion that SicLife actually had quality level of approximately 3.14 which is 63%. Customer expectation is what customers believe will be provided by SicLife. It is this service quality expectation that is compared with the perceived service quality and which results in satisfaction or dissatisfaction. If perceived service falls below the expected service, customers will be

dissatisfied. On the other hand, if service perception exceed customer expectations, customers become delighted as opined by Dr Noriaki Kano, a Japanese Professor and a member of Union of Japanese Scientists and Engineers. With this result, it is clear that the physical facilities of SicLife are modern and state of the art equipments are installed and utilized by staff of Sic life ; the interior décor is also appealing. The tangible facilities of SicLife exceeded customers expectation by approximately 1.22. In terms of the employees being well dressed and smart, SicLife scored high marks from the respondents. The reason is attributed to the fact the SicLife is a state owned organization and for that matter enjoyed Governmental support in acquiring modern equipment for its operations.

4.4.2 Reliability Dimension

Contextually, reliability measures a firm’s ability to perform service dependably, accurately and consistently. Hinson, (2006)

Figure 4.6: Expected and Perceived Quality of SicLife Assurance on Reliability Dimension



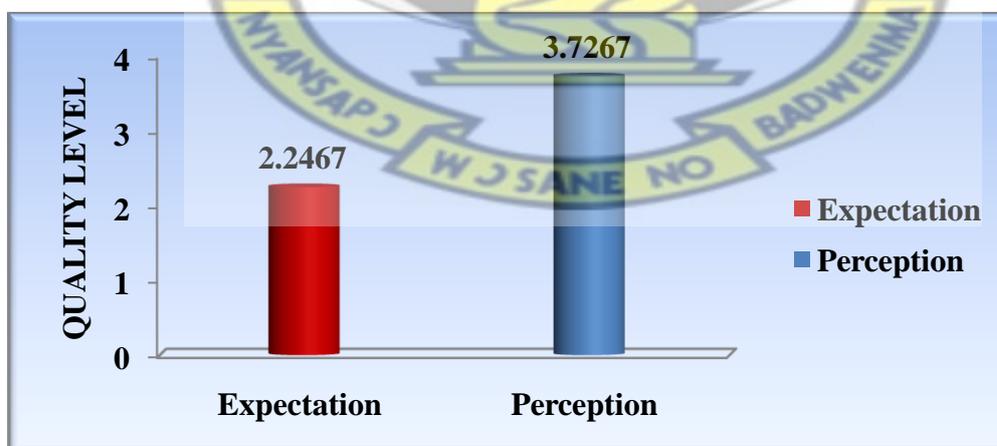
Source: Author’s Field Survey, August, 2010

Figure 4.6 indicate that with regard to reliability, customers expectation was 4.1 and their perception was 3.7. The implication is that SicLife insurance has fallen short of customers' expectation by 0.4466. SicLife was not able to meet the expectation of the customers in terms of reliability of their service. In view of this, SicLife insurance recorded 73.3% of the expected quality in terms of the reliability of their services, in effect the service quality gap of 26.7% has to be addressed. The reasons for this is attributed to frequent breakdown of the software 'Cebas', breakdown of the wide area network system, (WAN), delay in claim re-imbursement fund to the office and frequent power outages. This result in delays in processing and approving claims facilities such as loans, refunds and partial withdrawals to customers culminating in unreasonably long hours and queues at the office.

4.4.3 : Responsibility Dimension

This dimension measures staff commitment to helping customers and providing prompt service.

Figure:4.7 Customers Expectation and Perception on Responsibility Dimension



Source: Author's Field Survey, August, 2010

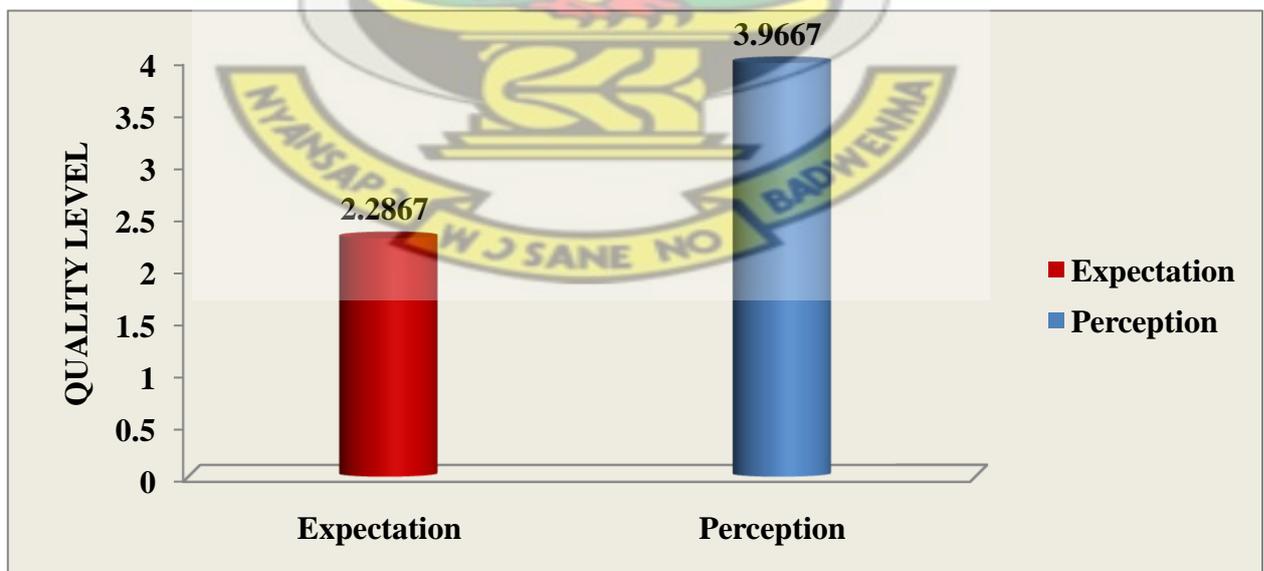
Figure: 4.7 revealed that in terms of responsiveness, customers expect SicLife Insurance to provide quality service level of approximately 2.2, but in real terms, customers experienced or perceived that, SicLife Insurance has about 3.7 level of quality of responsiveness. In percentage, SicLife achieved 74.5% whereas 44.9% was achieved for expectation of service quality.

This implies that Sic life exceeded customers' expectations in the area of responsiveness of service quality by 29.6%. This is largely due to the prompt payment of claims, staff readiness and willingness in providing quick service to customers.

4.4.4 : Assurance Dimension

This dimension involves employees'/staff knowledge of service and courtesy towards customers and the ability of staff to convey trust and confidence to customers.

Figure: 4.8 Customers Expectation and Perception in terms of Assurance Dimension.

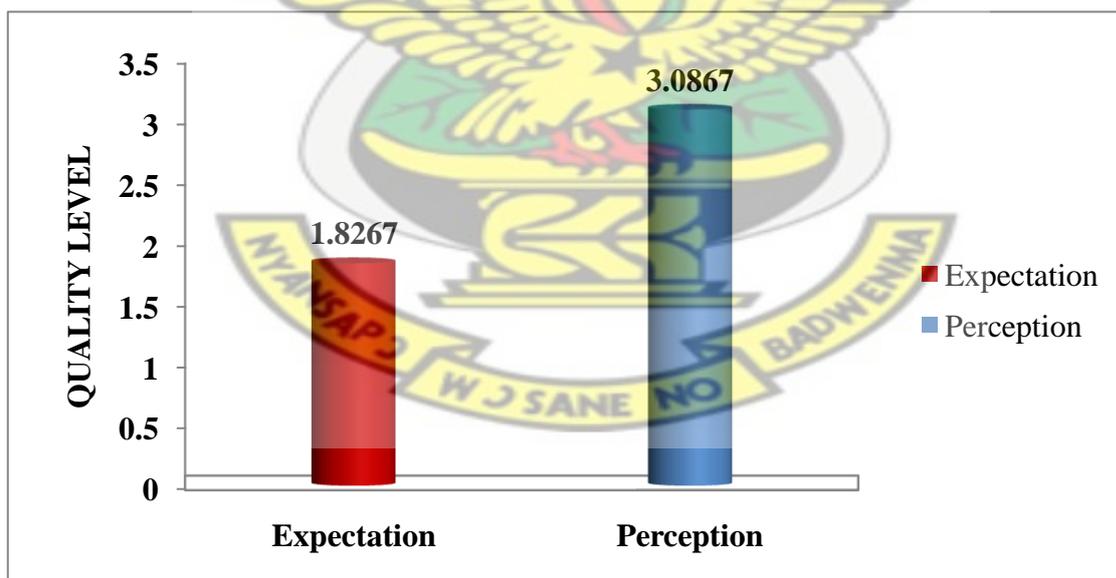


Source: Author's Field Survey, August, 2010

Figure 4.8 indicate that with respect to Assurance, customers expected SicLife to have Quality level of 2.2867, but customers realized that SicLife actually had about 3.9667 level of quality. In respect of this dimension SicLife exceeded the expectations of customers by 1.68 level of quality. This implies, in terms of perception that SicLife achieved 79.3% of quality level in terms of the assurance dimension; whereas 45.7% was achieved as far as the expectation of customers is concerned. This achievement is attributed to the regular organization of capacity building and in-service training for the staff to keep them abreast with quality customer care issues, product knowledge and human relations.

4.4.5 Empathy Dimension

Figure 4.9: Customers Expectation and Perception of Quality on Empathy Dimension

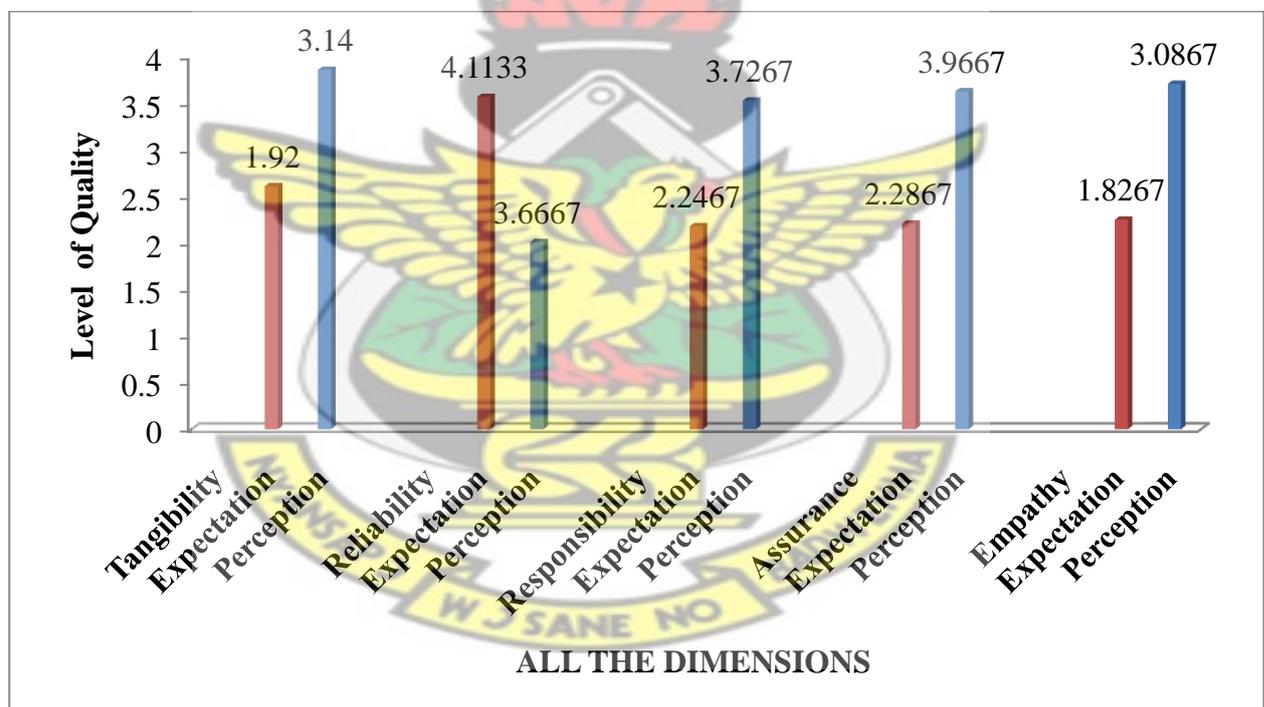


Source: Author's Field Survey, August, 2010

Empathy is the ability to share another's feelings as one's own. That is understanding customers' needs as well as giving individual attention to customer's. Hinson, (2006)

With regards to empathy, Figure 4.9 depicts that customers expected SicLife to provide quality level of 1.8267, but the study revealed that SicLife actually delivered 3.0867 level of quality. The implication is that SicLife has exceeded the expectation of its customers' by 1.2600 level of quality in terms of empathy dimension. This could be attributed to the fact that SicLife staff have the interest of their customers at heart and do all that they can amidst the keen competition within the industry to satisfy and retain them. The implication is that the staff are satisfied with their job/work and are more knowledgeable in customer care issues; because a lost customer means a loss of revenue and for that matter staff of SicLife are more conscious of customers needs and complaints

Figure 4.10 : Customers Expectation and Perception on all Dimensions of quality.

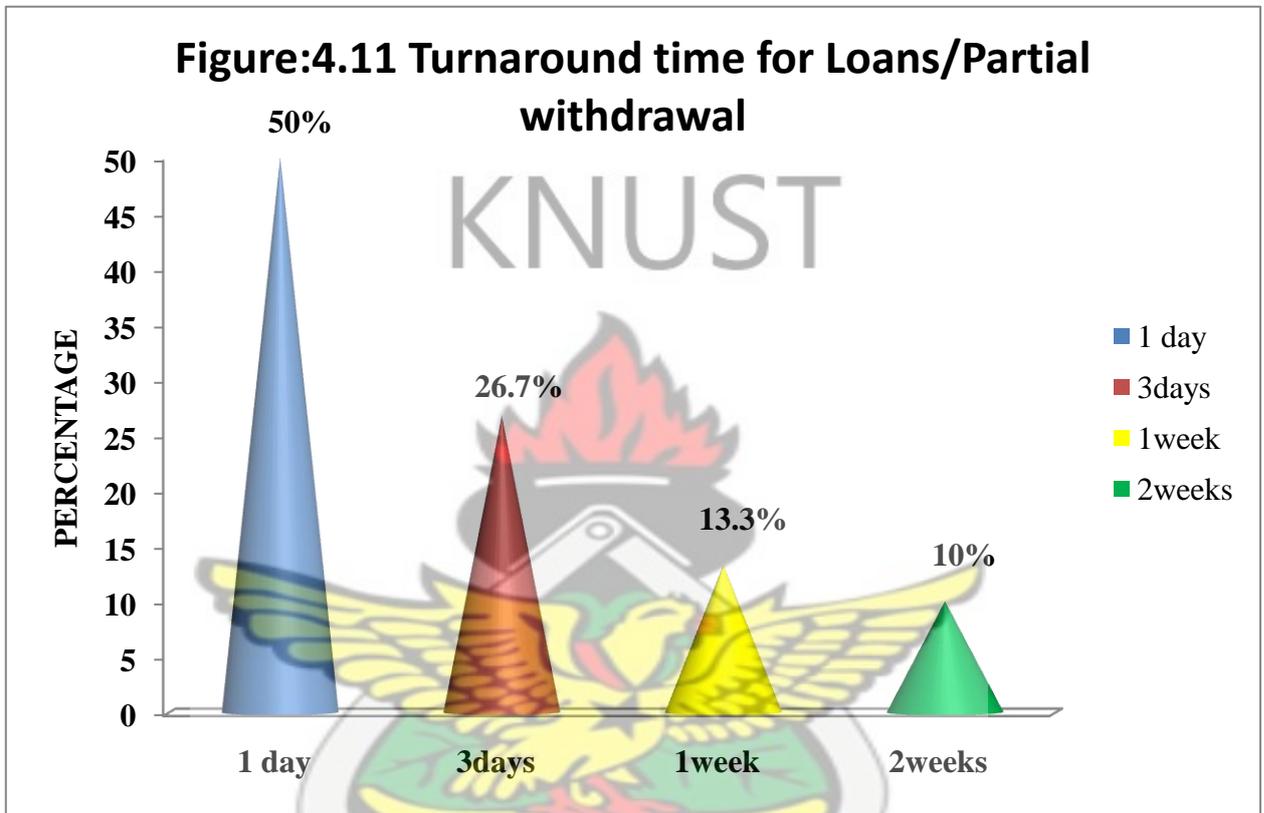


Source: Author's Field Survey, August, 2010

From Figure 4.10, it is obvious that SicLife is doing well in all dimensions of service quality except reliability dimension, which recorded a gap of 0.4466 level of quality which resulted in customer disappointment. Therefore, if SicLife promise to provide services at

certain time, it must fulfill the promise at the said time; and should be consistent in their service delivery.

4.5. Results and Discussions on Staff Response.



Source: Author’s Field Survey, August, 2010

Figure 4.11 clearly shows that processing or turn around period for loans and partial withdrawals applications are very short and fast. Out of the 30 staff sampled, 50% concerted that their processing and delivery period is streamline in such a way that it takes a day for customers who are within the Kumasi Metropolis and its environs to receive their loan or partial withdrawal claims; especially when the amount is below or equal to GH ₵100.00. and three days when it is above GH₵ 100.00. This percentage of respondents were of the view that building good customer relationship and retaining existing ones through fast and efficient service delivery should be the hallmark of every service

organization; and some of the activities and guiding principles developed by SicLife are customer-focused at all times; providing competitive and reliable insurance products/services for mutual gain, pursuing operational excellence by staff at all times. Full details of SicLife guiding principles is elaborated in pg 41 & 42. Besides, 26.7%, that is 8 respondents stated that the turnaround time is just three days, while 13.3% and 10% of the respondents emphasized that it takes customers one week and two weeks respectively to receive their loans and partial withdrawal claims.

Figure 4.12: Response of Staff Participation in Decision Making



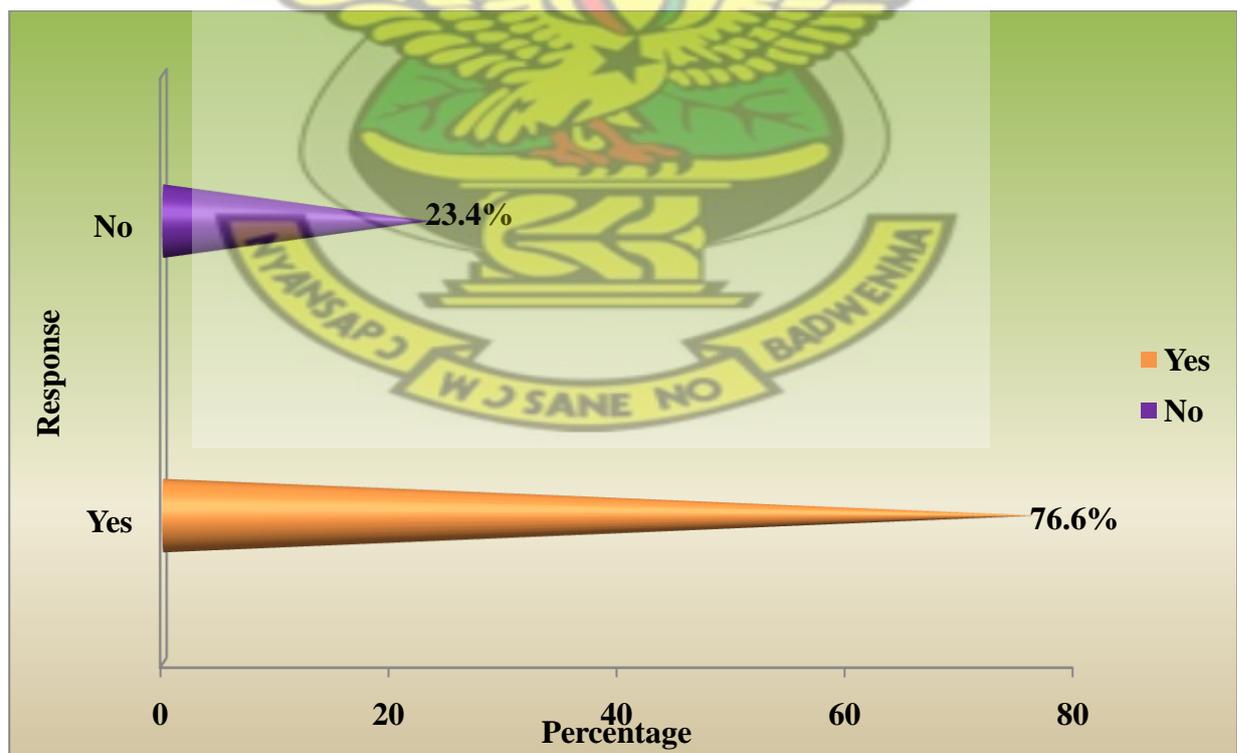
Source: Author's Field Survey, August, 2010

In providing quality service, all staff especially the front line staff feature prominently in the process and have greater impact on every aspect of the company. The way the service is delivered by staff contributes significantly to customers satisfaction and retention. In sampling the views of the staff, 23 representing 76.6% alluded to the fact that they do

participate in decision making that affect them in delivering quality service to their customers. Figure 4.12 shows that 23.4% of the staff responded in the negative that they do not actually participate in decision making. The implication of Figure 4.12 is that, as staff are involved in decision making process, they are able to channel concerns of customers and theirs, to management for the necessary action to be taken, since the front line-staff are the first point of call by customers, they know what customers want the company to do for them. This also ensures free flow of information concerning the company's operations and service delivery to management and from management to staff. The implication is that top-down and bottom-up management are effectively implemented at SicLife. As staff are involved in decision making, they are well informed on policies. by management and willingly embrace its implementation for excellent service delivery.

4.5.1: Views of Staff on Management Response to their Concerns

Figure 4.13: Prompt Response of Management to Staff Concerns



Source: Author's Field Survey, August, 2010

Out of thirty staff in SicLife Insurance Kumasi, twenty-two (22) that is 73.3% opine that management response promptly to their concerns and issues that affect the smooth operations and efficient delivery of quality service to their customers. This has resulted in the development of a corporate vision which is more customer-centered, that is, “to become and remain the leading, most dependable and the most customer focused Life Insurance Company in the country”.(SicLife Strategic Plan 2003-2008).Subsequently, SicLife services are prompt, and of high standard as customers are willing to maintain SicLife as their number one provider of life insurance. On the other hand Figure 4.13 revealed that 26.7% that is (8) of the staff were of the view that management do not act on their concerns and issues which militate against the effective delivery of quality service to clients.

4.5.2 Refresher courses and Capacity building Programmes for Staff

Table: 4.4 Regularity of Staff Training

Period of Training	Number of Respondent	Percentage
Monthly	3	10
Every Six Month	14	46.7
Yearly	8	26.7
Occasionally	4	13.3
Never	1	3.3
Total	30	100

Source: Author’s Field Survey, August, 2010

Efficient and effective human resources of any organization, is its major asset that needs to be taken care of for quality service delivery. This is enshrined in the guiding principles of SicLife “We will maintain productive staff (with the necessary experience and skills) who

are well motivated and rewarded for their commitment, effort and result oriented”. From Table 4.3, 14 that is (46.7%) of staff sampled, have had refresher courses and training for better delivery. It was that SicLife organizes in-service training, as well as on the job training especially on good customer care every six months. Three (3) staff representing 10% also asserted that Sic Life organizes training programmes monthly for staff, while 8 and 4 staff forming 26.6% and 13.3% respectively hold the view that SicLife organizes training for staff yearly and occasionally. However, there was only one person (3.3%) who opined that SicLife does not organize training for its staff. From Table 4.3, it is very obvious that SicLife do organize training on customer care and sales for its staff to achieved the desired results.

4.5.3 SicLife Performance on selected indicators from (2006-2009)

Table: 4.5: SicLife Performance Indicators 2006-2009

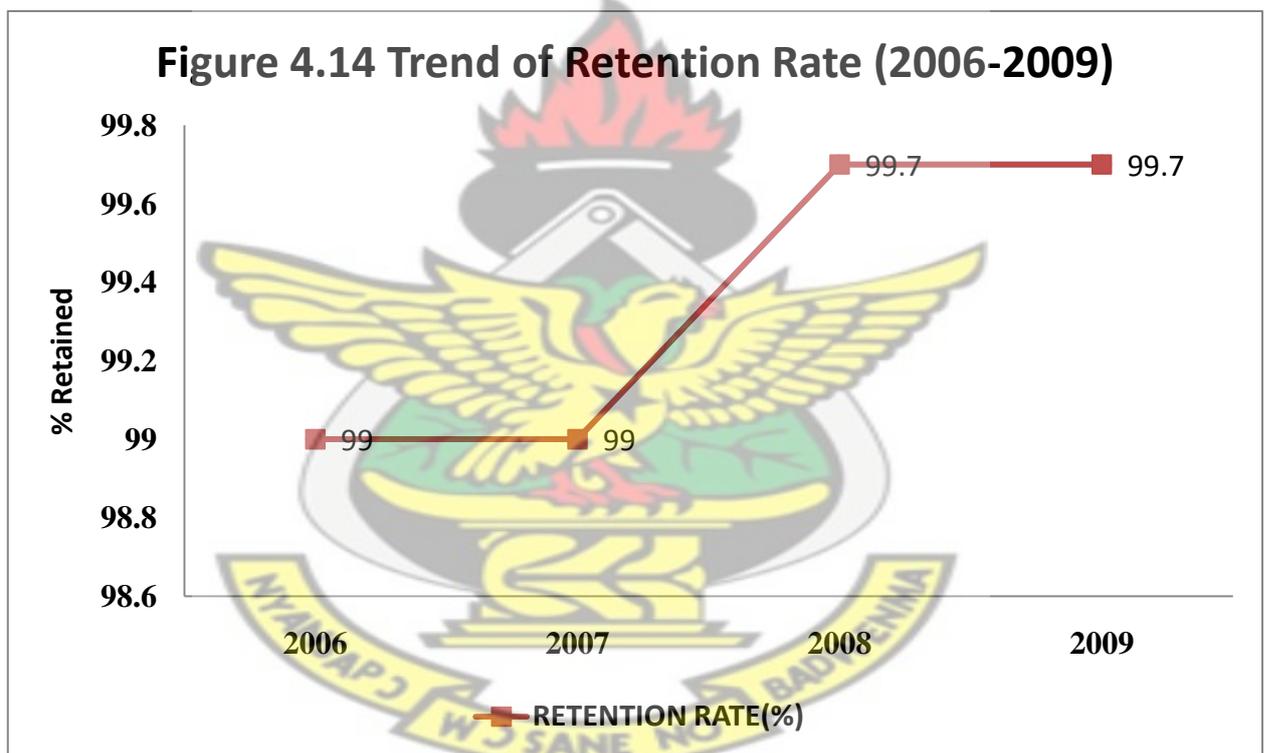
SELECTED PERFORMANCE INDICATORS,(2006-2009)						
Years	Retention Ratio	Market Share	Profitability after Tax (GH¢'000)	Net Premium Income (GH¢000)	Claims Incurred(000)	Underwriting Profit / Loss
2006	99%	30%	1,155	14,070	(2,937)	-
2007	99%	34.0%	2,714	21,064	(4,658)	(740)
2008	99.7	30.4%	55	27,679	(6,940)	(4,490)
2009	99.7	27.7%	1,675	33,759	(9,118)	(9359)

Source: Business & Financial Times October, 2008, August, 2009 & July,2010

Table 4.4 discusses the performance of SicLife from 2006 to 2009 on selected indicators.

The information is presented graphically in (Figures 4.14 - 4.18).

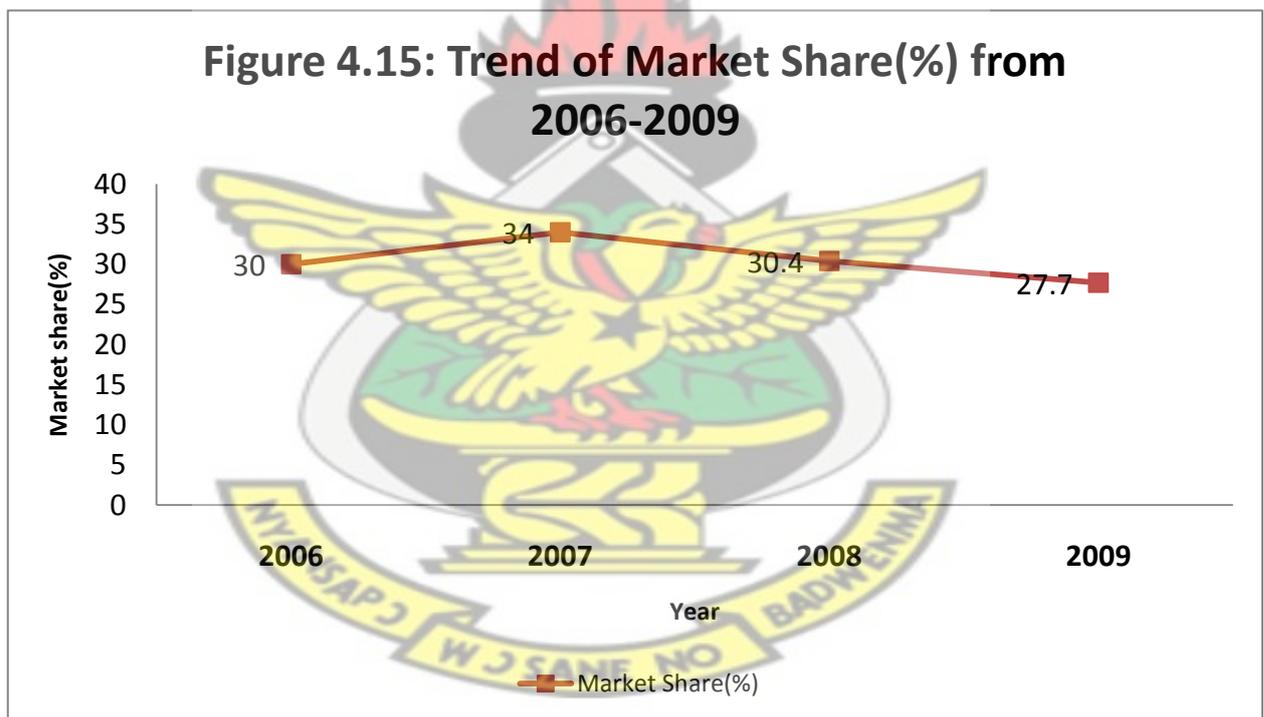
Figure 4.14 indicates that there was 100% retention ratio from 2006 to 2007. According to the Area manager Mr Kyeremanteng, it was attributed to the corporate vision of being the best customer focused Life insurance company in the country. This vision statement has been the major guiding principle for all staff. It is therefore not surprising that the study revealed that customers were satisfied with their service. However, in 2008, the retention ratio slightly shot up from 99% in 2007 to 99.7% , this shows that SicLife is not renegeing on its efforts to be the number one customer focused life insurance company. The situation was the same in 2009 where there was 100% retention ratio



Source: Business & Financial Times October, 2008, August, 2009 & July,2010

With respect to market share, though the company is first in the industry the percentage rate fluctuated. In the year 2006, SicLife captured 30% of the life insurance market, but the percentage rate went up to 34.0% in the subsequent year. As a quality customer care focused organization, it has been SicLife watch word and philosophy that all staff

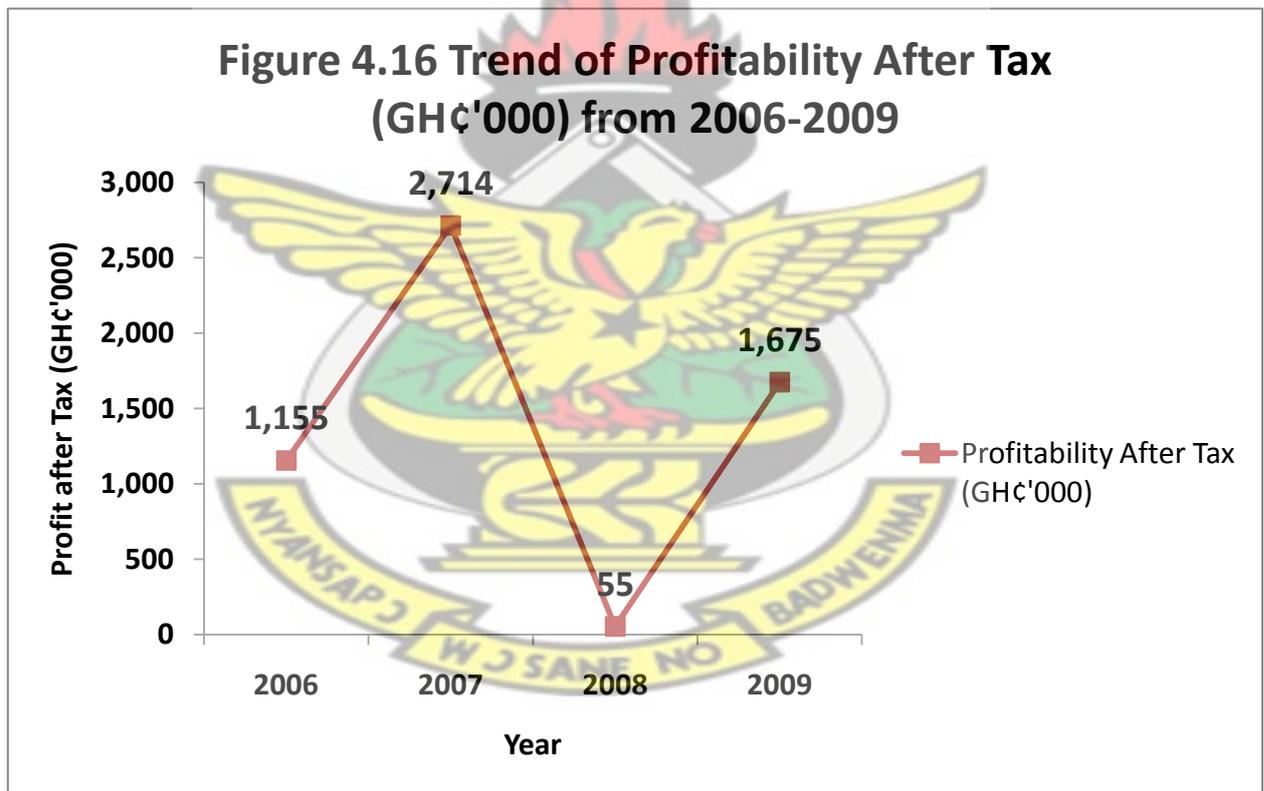
contribute to the success and increase in customers. The Area manager Mr Stephen Kyeremanteng alluded to the fact that SicLife has measures in place to deal with clients' complaints and request. A customer service point has been resourced with qualified professionals to handle customer issues satisfactorily and promptly. Customer hotline has also been setup to deal with emergency issues concerning customers. The prompt payment of claims is a word of mouth promotion and referrals that customers have adopted for the company. These culminated in the increase in the market share in 2007. The percentage rate in the market share in 2008 declined from the previous rate of 34.0% to 30.4% as depicted in Figure 4.15



Source: Business & Financial Times October, 2008, August, 2009 & July, 2010

Though the retention rate was maintained, it may be due to the fact that new insurance companies were licensed to operate in the country hence some customers may have decided to test the services of the new companies. Another factor was that a lot of policy

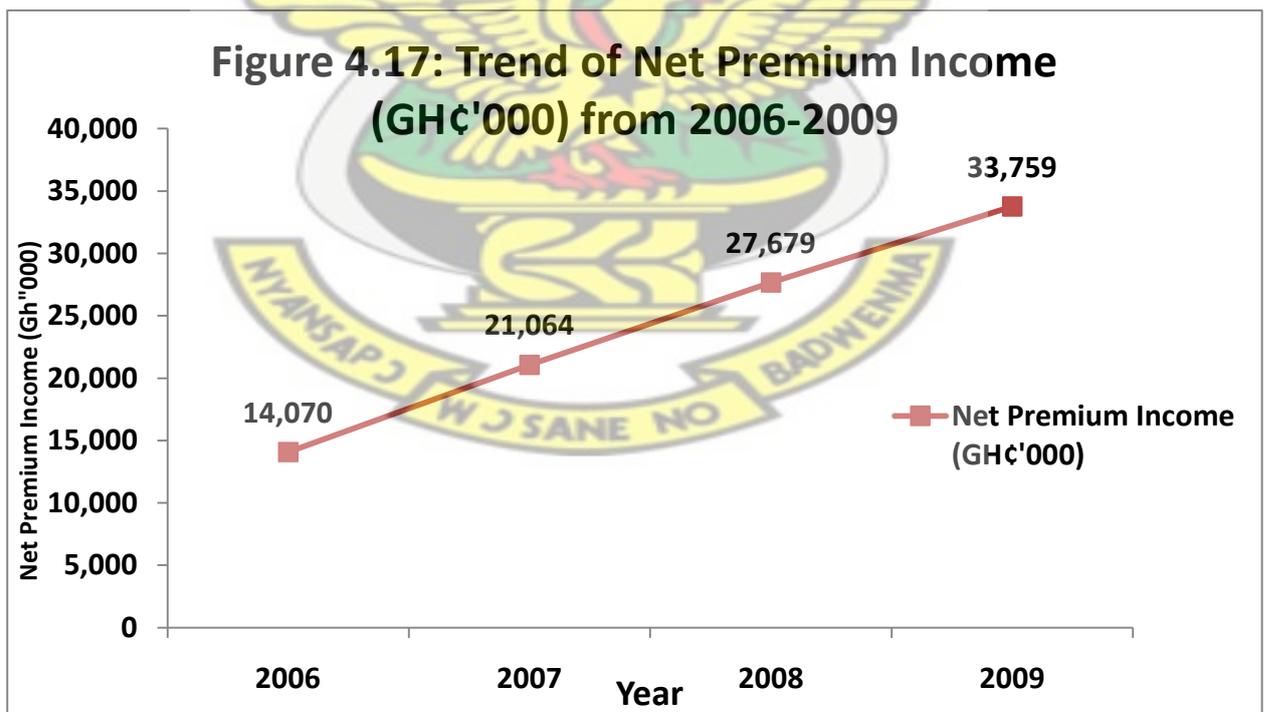
holders were due for retirement as majority of the customers were in the formal sector. In 2009, SicLife again, could not even maintain the 2008 figure of 30.4%, as it recorded 27.7% in the market share. It was clear that though SicLife maintained its retention ratio, its market share declined in two consecutive times, as the competition became keen, confirming the assertion of Reihheld (1996) cited in Oyenyi and Abolaji (2008) that “some satisfied customers may choose to defect, because they do expect to receive better service delivery elsewhere and vice versa” therefore, customer satisfaction is viewed as an important indicator of customer retention, but customer satisfaction is not always an assurance of customer retention.



Source: Business & Financial Times October, 2008, August, 2009 & July, 2010

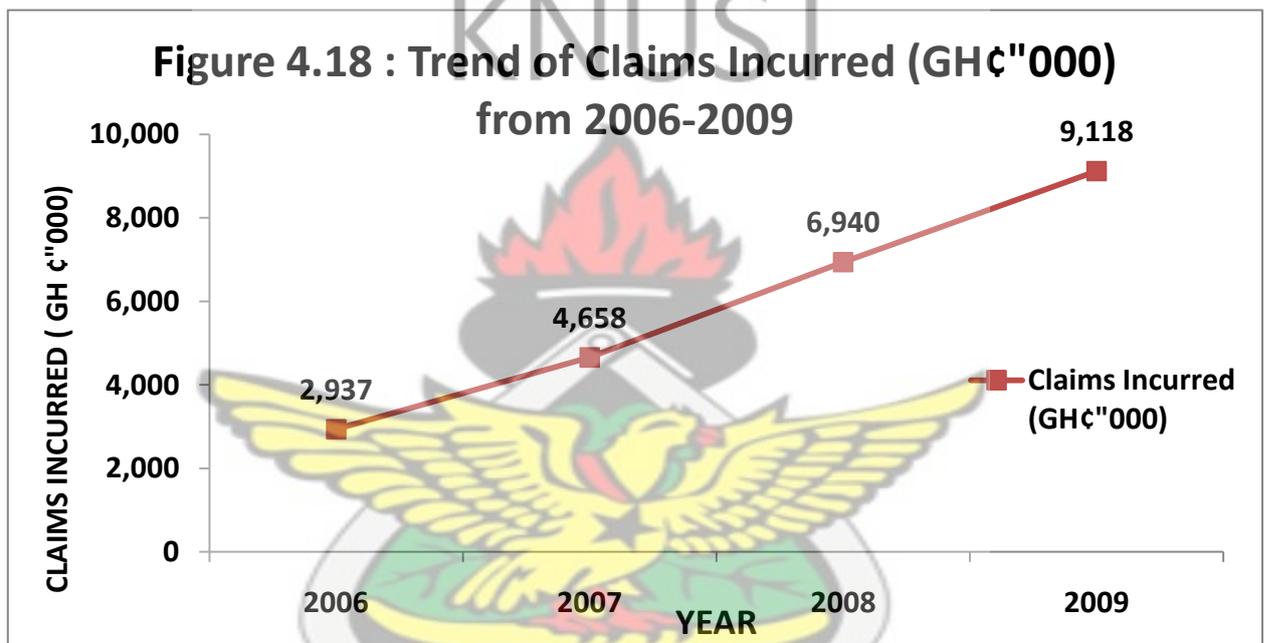
Figure 4.16 indicates net profit ratio of Gh¢1,155,000 in 2006 with corresponding amount of Gh¢14,070,000 as net premium income. The figures shot up to Gh¢2,714,000 with

corresponding net premium of Gh¢ 21,064,000 in 2007 (see Table 4.4). The percentage increase was significant with 135% increase in net profit and 50% increase in net premium income respectively. A reversed trend was recorded the following year that is in 2008, the profitability ratio dipped down from Gh¢ 2,714,000 to Gh¢ 55,000: but, premium income increased from Gh¢21,064,000 to Gh¢ 27,679,000 in 2008. This positive trend was as a result of prudent management and effective customer service as enshrined in their corporate vision. There was an impressive improvement in the year 2009 as profit after tax from the previous amount of Gh¢ 55,000 increased to Gh¢ 1,675,000, about 2945.5% change. Premium income also saw an increase in the 2008 amount of Gh¢27,678 to Gh¢ 33,759,000 in 2009. A critical analysis of the premium income reveals an increasing return in actual figures but in terms of percentage there has been decreasing returns. See Figure 4.17



Source: Business & Financial Times October, 2008, August, 2009 & July, 2010

Claims paid showed an up-wards trend throughout the period under review from Gh¢ 2,937,000 in 2006 to Gh¢ 4,658,000 in 2007 that was about 59% increased. In 2008 the amount increased sharply to Gh¢ 6,940,000 a percentage change of 49.0%; while in 2009 the figure moved up again to Gh¢ 9,118,000 that is 31.4% increase. The situation was as a result of the fact that most policy holders were in the formal sector and were due for retirement, and also most of the policies had matured during the period under study



Source: Business & Financial Times October, 2008, August, 2009 & July, 2010

Underwriting losses were also on the ascendancy as SicLife recorded Gh¢ 740,000 in 2007. This amount increased in 2008 to Gh¢ 4,490,000 with a corresponding percentage increase of 506.7%. The situation was not the best in 2009 though there was a reduction in the percentage increase, and Gh¢9,359,000 was recorded with a corresponding change of 108.4%

4.6 Testing of Hypothesis and Discussion

One of the most common experimental designs is the "pre-post" design and a comparison of variable after taking initial observations and a given trend of time. A repeated experiment is conducted to know the impact of time difference. A study of this type often consists of two measurements taken on the same subject, one before and one after the introduction of a treatment or a stimulus. The basic idea is to know if the treatment had no effect, the average difference between the measurements is equal to 0 and the null hypothesis holds. On the other hand, if the treatment did have an effect (intended or unintended!), the average difference is not 0 and the null hypothesis is rejected.

The Paired-Samples Z Test procedure is used to test the hypothesis of no difference between two variables. The data consist of two measurements taken on the same subject or one measurement taken on a matched pair of subjects. The Z test was used because the sample size chosen was more than 30 and it is appropriate statistical technique as far as the survey is concerned. Additionally, the procedure produces:

- Descriptive statistics for each test variable
- The Pearson correlation between each pair and its significance
- A confidence interval for the average difference (95%)

This principle which is frequently used in statistics to make comparison of the same variable was used to assess the difference in expectation and perception of SicLife service delivered to customers. The predominant variables used by the customers are the five dimensions of quality based on the Servqual Scale which has been extensively discussed in the previous chapter.

4.6.1 Paired Samples Statistics

Across all the 150 respondents, tangibility recorded an increase of 1.22 level of quality on average, 0.4466 decrease in quality on reliability on average, increased by 1.48 level on responsiveness, 1.68 and 1.26 rise respectively on average in terms of assurance and empathy on perceived quality of service, revealing that the customers are satisfied with the variables used as they expect more improvement from SicLife on reliability of service delivery. The standard deviations for expected and perceived quality measurements were more varied among the respondents with respect to the five dimensions of service quality.

Table 4.6 : Paired Samples Statistics

		Mean	N	Std. Deviation	Std. Error Mean
Pair 1	EXP. TANGIBILITY	1.9200	150	1.91959	.15673
	PERC. TANGIBILITY	3.1400	150	1.47475	.12041
Pair 2	EXP. RELIABILITY	4.1133	150	2.23618	.18258
	PERC. RELIABILITY	3.6667	150	1.74812	.14273
Pair 3	EXP. RESPONSIVENESS	2.2467	150	2.34001	.19106
	PERC. RESPONSIVENESS	3.7267	150	1.80565	.14743
Pair 4	EXP. ASSURANCE	2.2867	150	2.35260	.19209
	PERC. ASSURANCE	3.9667	150	1.61543	.13190
Pair 5	EXP. EMPATHY	1.8267	150	1.90283	.15537
	PERC. EMPATHY	3.0867	150	1.41391	.11545

4.6.2 Paired Sample Correlation

At -0.418, -0.467, -0.437 and -0.244 the correlation between the five dimensions in terms of expectation and perceived service quality is not statistically significant. On the whole Measurements were slightly higher, but the change was inconsistent across respondents. Most customers gave a higher score, but several others either did not change or increase their rating. On the other hand, the Pearson correlation between the expected and perceived reliability, measurements is -.567, quiet significant and a slightly perfect correlation. Unlike the tangibility, responsiveness, assurance and empathy, all subjects change their mind and did so quite consistently by giving it a little lower.

Table : 4.7 Paired Samples Correlations

	N	Correlation	Sig.
Pair 1. EXP.TANGIBILITY & PERCEIVED TANGIBILITY	150	-.418	.000
Pair 2. EXP. RELIABILITY & PERCEIVED. RELIABILITY	150	-.567	.000
Pair 3. EXP. RESP. & PERCEIVED. RESPONSIVENESS	150	-.467	.000
Pair 4. EXP. ASSURANCE & PERCEIVED. ASSURANCE	150	-.437	.000
Pair 5. EXP. EMPATHY & PERCEIVED EMPATHYY	150	-.244	.003

4.6.3 Paired Samples Test

The Mean column in the paired-samples Z test table displayed the average difference between tangible, reliability, responsiveness, assurance and empathy measurements for expected and perceived quality. Each of the variables shows a negative value indicating an increase in their perceived service quality, in other words, the service delivered to them is above their expectation with the exception of reliability of services they received from SicLife which fell below their expectation. The standard deviation column displayed the standard deviation of the average difference measurement for each respondent from the mean value. The Standard Error Mean column provides an index of the variability one can expect in repeated random samples of 150 respondents similar to the ones in this study.

The 95% Confidence Interval of the Difference provide an estimate of the boundaries between which the true mean difference lies in 95% of all possible random samples of 150 respondents. It gives a 95% assurance that with the same respondents the mean difference, that is whether customers expectations exceed their perception of service quality or not; will lie in the same range?

Since the significance value for change in all is less than 0.05, it can be concluded that the average increased of -1.22000 quality level for tangibility, 0.4466 decrease in quality for reliability, -1.48000 for responsiveness, -1.68000 for assurance and -1.26000 for empathy per respondent is not due to chance variation, and can be attributed to the quality of services received per each working day. In summary, there exist differences in what the customers perceived as service quality to their expectation of what SicLife is supposed to deliver. The implication is that management of Sic Life should take immediate measures to strategically tackle their reliability dimension of service quality in order to correct the service gap created.

Moreover, since most of the dimensions have high perception of service quality than expectation of service quality, It is obvious that, the customers are well satisfied with the quality of services they are offered; there by accepting the Null hypothesis that, Quality service has a positive effect on customer satisfaction. However, due to the significance value for changes in all the service quality values being less than 0.05, it can be concluded that the average increase per respondents is not due to chance variation, but attributed to the quality of services they received. This assertion goes to established the fact that, there is no direct relationship between customer expectation and perception of service quality as most of the Pearson correlation values were statistically insignificant therefore rejecting the hypothesis that, there is a direct relationship between customer expectation and perception of service quality.

Table: 4.8: Paired Samples Test

		Paired Differences					Z	df	Sig.(2-tailed)
		Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference				
					Lower	Upper			
Pair 1	EXP.TANG–PERC. TANG.	-1.22000	2.86818	.23419	-1.68275	-.75725	-5.210	149	.000
Pair 2	EXP.RELIAB.–PERC. RELIA.	0.44660	3.53418	.28856	-2.12354	-.98313	-5.383	149	.000
Pair 3	EXP.RESP-PERC. RESP.	-1.48000	3.56101	.29076	-2.05454	-.90546	-5.090	149	.000
Pair 4	EXP.ASSUR.-PERC. ASSUR.	-1.68000	3.38635	.27649	-2.22636	-1.13364	-6.076	149	.000
Pair 5	EXP.EMPATHY- PERC EMPA.	-1.26000	2.63286	.21497	-1.68479	-.83521	-5.861	149	.000

(See Appendix 8) for the three computations.

CHAPTER FIVE

SUMMARY OF FINDINGS, RECOMMENDATIONS AND CONCLUSIONS

5.1 Introduction

This chapter presents the major findings of the study. The findings are spelt out in consonance with the objectives of the study aimed among other things at assessing the impact of quality customer care delivery in the operations of SicLife Insurance on its customer retention from 2006-2009. The results showed very important revelations and are captured in this chapter of the study and corresponding cogent recommendations are made to streamline the service delivery operations of SicLife Insurance Company.

5.2 Major Findings of the Study

5.2.1 Hypothesis Summary

The following findings are in respect of the expectations and perceptions of quality service delivered by SicLife. The hypothesis analysis indicate that there is insignificant or weak correlation among the four dimensions except the reliability dimension. There is also a variations in terms of the service quality on expectation and perception; however, there is perfect correlation between the expectation and perception of service quality with regards to reliability dimension which was quiet significant with a value of -567.

It also shows the difference in what customers perceive as service quality to their expectation of SicLife service delivery.

5.3 Findings in relation to Service Quality Delivery to Customers.

5.3.1 Findings on Quality Dimensions

It was realized that SicLife provided quality service to its external customers on all the quality dimensions used in the study, except on the “reliability dimension” which fell short of the expectations of customers. In short, SicLife service delivery exceeded customers expectation, but the level of service quality varied from one dimension to the other. Consequently, business processes in terms of sales increased as shown in the substantial rise in premium income of Gh¢ 33,759,000 in 2009, Gh¢27,679,000 in 2008, Gh¢21,064,000 in 2007 and Gh¢14,070,000 in 2006.as captured in Table 4.4 of the study. The percentage increased in net premium income from 2006 to 2009 was 140%.

5.3.2 High Level of Goodwill and Reputation enjoyed by SicLife.

It was observed that the quality of service delivered by SicLife carved a good image for itself within the life insurance industry. The study revealed that about 90% of customers made the assertion that due to the good customer care delivered by SicLife, the company enjoys a significant level of good will and image among the insuring public as compared to other insurance companies. This serves as word-of mouth promotion of the products of SicLife

5.3.3 High Level of Satisfaction by Customer.

Customer Satisfaction according to Hill and Alexander, (2006) “is a measure of how an organization’s total product performs in relation to a set of customer requirements”. The study revealed that the satisfaction level of customers’ of SicLife was very high, about 73.1% of the customers were satisfied with the quality of service they received from

SicLife. Factors attributing to the high customer satisfaction level were prompt payment of partial withdrawals, loans and death claims. Quick response to customers request and complaints, short turn-around time and the courteous manner in which staff quickly response to customers complaints and also apologized to customers when there is a system breakdown or power outage as there is no back-ups and generators to keep their system functioning.

5.3.4 High Retention Rate of SicLife Customers as Business Partner

The study revealed that 76% of the customers who have been with SicLife for the past four years were optimistic of maintaining SicLife Insurance as their life insurance provider and would recommend the company to potential customers. This is evident in the fact that SicLife has been consistent in its customer retention rate of 99.7% since 2006 to date.

5.3.5 Decline in Market share and Profitability in the (2008/2009) Fiscal Year.

The study indicated that SicLife has been touted by customers as a quality service provider, but it was observed that its market share, and profit after tax fluctuated in 2008 and 2009. The reasons for this fluctuation could not be well explained by the Area Manager

5.4 Finding in relation to Staff (Internal Customers)

5.4.1 Staff as Key Factor or Pivot in the Quality delivery Process.

The success of most business organization are dependent on its personnel. In delivering quality service, staff and especially front line staff feature prominently in the process and have great impact on every aspect of the organization. Service quality and the way it is

delivered by the front line staff contributes significantly to customer satisfaction and retention. Staff can deliver their best only if they are equally satisfied with their jobs and associated conditions, as well as the level of motivation. The study revealed that management of SicLife have incorporated and inculcated the philosophy of quality service delivery and customer satisfaction in the staff. Staff are well educated on the corporate vision and values of the company. The study indicated that staff are involved in ensuring customer satisfaction and were dedicated in providing effective customer care as they work hard to put smiles on the faces of customers.

5.4.2 High Level of Staff Involvement in Decision Making

The research revealed that staff participation in decision making was paramount. This was confirmed by 76% of the staff. Colgate and Danaher, (2000) emphasized that employees of service organization develop strong relationship with customers and for that matter know the needs and complaints of customers. This enables the staff to channel the complaints and needs of customers at their departmental meeting. According to the findings, the involvement of staff in decision making process has improved the quality of service delivery to customers, because management effectively respond to the concerns of staff and customers.

5.4.3 Regular Training of Staff

The success of quality service delivery depends heavily on the quality of its personnel, and the involvement of staff in the evolution of quality management strategies and activities. The study revealed that staff of SicLife are constantly being trained in customer care, sales and human relations to guarantee the maintenance and improvement in quality standards. The training programmes according to the staff are regularly organized to acquaint them

with modern business processes, product knowledge and other related issues that affect the operations of SicLife. It also came out that SicLife has made it a guiding principle of maintaining productive staff with the necessary experience and skills, well motivated to achieve result.

5.4.4 Occasional Breakdown of “Cebas” and Power Outages.

The study identified some major challenges which need urgent attention by management of SicLife. About 74.3% of the staff were not happy with the occasional breakdown of the wide area network (WAN), the software “Cebas” and power outages. This hampers the smooth delivery of service to customers.

The study also revealed that the customer visitation by staff contributed to the outstanding quality service delivery and gives staff opportunity to update customers on the company’s policies and solicit customers concerns for service improvement.

5.4.5 High Retention Rate of Customers

The study revealed that SicLife was consistent in its customer retention drive. This is accomplished by the visitation of customers by the marketing personnel and customer service staff. Delivery of Christmas hampers had been an effective management strategy to appreciate the loyalty of customers. It was realized that SicLife has placed suggestion boxes in all their branches to receive complaints of customers and specific customer care officers have been designated to handle the complaints for effective and prompt service delivery. Occasional text messages to customers to up-date them on their policies was also identified as management strategy to retain customers.

5.5 Recommendations

It is a truism that a number of factors and issues could be considered in relation to quality service delivery. In order to improve the implementation of quality service delivery of SicLife, the following recommendations have been made in relation to the findings of the study.

5.5.1 Reliability Dimension

The performance of SicLife on all the dimensions were high and exceeded customers' expectation, except with the reliability dimension which fell short by 1.56 level of quality, (that is a service gap of 1.56 was recorded). Even though the four dimensions of service quality were good, it does not imply that SicLife should be complacent and relent on its quality service delivery drive. There is the need to bridge the reliability gap, because customers dissatisfaction is not good for the company. The consequence is that customers can switch to other competitors or insurance companies, and a lost customer means a lost revenue as life insurance strives on numbers.

5.5.2 Up-grading of Software and Provision of Generators as Back-ups.

A reputable company such as SicLife, with a market share of 27.7%, (Business & Financial Times, July 19th, 2010) should not be plagued by occasional break down of its software and power outage. Implementation of an effective I.T software system involves huge cost, but the end returns are immeasurable. It is therefore expedient for management of SicLife to upgrade its I.T software or if possible find a much improved version of the "Cebas" software to avert the frequent breakdowns. The gap recorded on the reliability dimension was as a result of delays in service delivery to customers due to

system failures and power outages. It is recommended that stand-by generators or plants should be acquired to ensure continuous flow of electricity, for effective quality service delivery

5.5.3 Monitoring of Net Profit and Market share

Management of SicLife should regularly monitor its market share and Net profit and address all the factors that resulted in their decline. The short fall of 2.7% in the market share recorded in the year 2008 and 2009 should be considered with all the seriousness it deserves. Management of SicLife should find out why they lost this percentage to its competitors for the purpose of remedial action to bridge the gap.

5.5.4. Decentralization of system technicians to the Branches

The centralization of technicians associated with the maintenance of SicLife software, appears not to be the best strategy for addressing the IT related issues. Decentralization of the technicians to the branches is the best alternative to avert the frequent breakdown and failures.

5.5.5. Involvement of Senior Sales Representatives in Departmental Meetings

Finally, it is recommended that some of the senior sale representatives should be part of departmental meetings concerned with better dissemination of information to customers. The study revealed that some customers terminated or surrendered their policies due to

mis-information and mis representation of policy benefits by some of the sale representatives. The representatives should be frequently trained on sale and customer care for better delivery of service.

5.6 Conclusion

The study assessed the impact of quality customer care of SicLife on its customer retention from 2006-2009 as well as examine the level of customer satisfaction or otherwise of SicLife service delivery. It also examined the trend in market share and profitability of SicLife from 2006-2009, and finally, determined the quality measures implemented by Sic Life.

The introduction of the new insurance law Act 724 of 2006 barely three year ago, in the insurance industry witnessed tremendous growth in terms of the number of companies. Prior to this there were only 15 companies, five of which were specialist life underwriters, but this increased to 19 making the competition keen among the various insurance companies in the country. SicLife has the highest number of branch offices, policy holders and logistic; however, its operation according to a section of the customers' need to be improved due to some lapses identified in the study.

Again there has been increasing complaints by customers and staff alike about mis-information by some of the agents without any proper arrangement to address the issue. The study has copiously delved into the service delivery and other operational issues of SicLife and has strongly recommended the support of management of SicLife to address them. The issued discussed highlight a number of areas that have been shown to have significant impact on growth, market share, premium income, profitability as well as

customers retention. It is, therefore, important for management to identify the needs of customers and develop appropriate service quality strategies to meet their needs. It is fervently hoped that if these recommendations are implemented, there is no doubt that service and operation of SicLife would be improved and maintain its lead in the life insurance market.

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APPENDIX 1

Definition of Key Words

- ✚ **Assurance policy:** This is the document that serves as the evidence of the life assurance contract. It is a contractual document that provides details of the contract of insurance and spells out the terms and conditions of a particular insurance policy.
- ✚ **Payment of claims:** Quantum of money paid by the insurance companies to a policy holder on the maturation of a policy or to a nominated beneficiary on the death of a policy holder.
- ✚ **Assured or Policy holder:** This is the legal owner of the policy and may assign the benefit to another person if he so wishes.
- ✚ **Surrender:** The termination of insurance contract with an insurance Company.
- ✚ **Underwriting:** It is a process of determining whether or not the risk proposed for life assurance should be accepted and if it is to be accepted at what premium rate, terms and conditions.
- ✚ **Premium:** This is the fundamental consideration that guarantees the payment of the benefit(Sum Assured) under a life assurance contract.
- ✚ **Turn-Around Time:** It is the time period customers wait for the receipt of their claims cheque.
- ✚ **Perceived Service Quality (Perceptions) :** Is what the customer actually received as service from the service provider.
- ✚ **Expected service Quality (Expectations):** These are the desires or wants of customers. That is what they feel a service provider should offer rather than would offer

APPENDIX TWO 2i

SURMONS letter.

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PETITION LETTER OF CLIENT

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Paired Samples Statistics APPENDIX 3

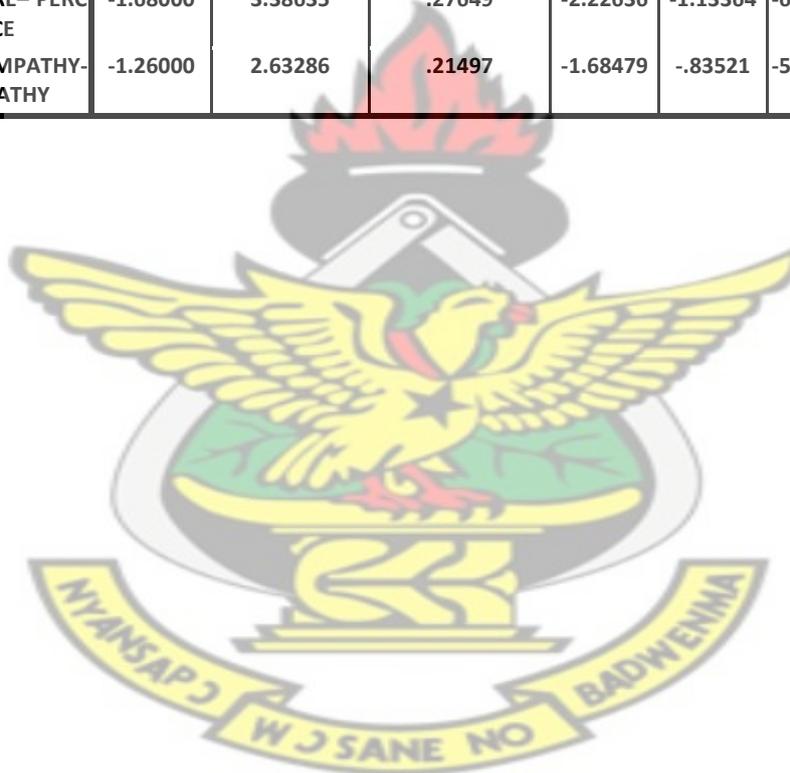
		Mean	N	Std. Deviation	Std. Error Mean
Pair 1	EXP. TANGIBILITY	1.9200	150	1.91959	.15673
	PERC. TANGIBILITY	3.1400	150	1.47475	.12041
Pair 2	EXP. RELIABILITY	4.1133	150	2.23618	.18258
	PERC. RELIABILITY	3.6667	150	1.74812	.14273
Pair 3	EXP. RESPONSIVENESS	2.2467	150	2.34001	.19106
	PERC. RESPONSIVENESS	3.7267	150	1.80565	.14743
Pair 4	EXP. ASSURANCE	2.2867	150	2.35260	.19209
	PERC. ASSURANCE	3.9667	150	1.61543	.13190
Pair 5	EXP. EMPATHY	1.8267	150	1.90283	.15537
	PERC. EMPATHY	3.0867	150	1.41391	.11545

Paired Samples Correlations

		N	Correlation	Sig.
Pair 1	EXP.TANGIBILITY& PERCEIVED TANGIBILITY	150	-.418	.000
Pair 2	EXP. RELIABILITY & PERCEIVED. RELIABILITY	150	-.567	.000
Pair 3	EXP. RESP. & PERCEIVED. RESPONSIVENESS	150	-.467	.000
Pair 4	EXP. ASSURANCE & PERCEIVED. ASSURANCE	150	-.437	.000
Pair 5	EXP. EMPATHY& PERCEIVED EMPATHY	150	-.244	.003

Paired Samples Test

		Paired Differences					Z	df	Sig.(2-tailed)
		Mean	Std. Deviation	Std. Error Mean	Lower	Upper			
Pair 1	EX TANG – PERC TANGIBILITY	-1.22000	2.86818	.23419	-1.68275	-.75725	-5.210	149	.000
Pair 2	EXP RELIABLE– PERC RELIABLE	0.44660	3.53418	.28856	-2.12354	-.98313	-5.383	149	.000
Pair 3	EXP RESPV- PERC RESPONSIBILITY	-1.48000	3.56101	.29076	-2.05454	-.90546	-5.090	149	.000
Pair 4	EXP ASSURE– PERC ASSURANCE	-1.68000	3.38635	.27649	-2.22636	-1.13364	-6.076	149	.000
Pair 5	EXP EMPATHY- PERC EMPATHY	-1.26000	2.63286	.21497	-1.68479	-.83521	-5.861	149	.000



APPENDIX 4i

QUESTIONNAIRE 4 CUSTOMERS ON PERCEPTION

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APPENDIX 4ii

ADDITIONAL QUESTIONS

1. What type of policy do you have with SICLIFE?
2. How often do you receive statement of account from SICLIFE.....
3. Did you request for it or how did you get it.....
4. How long did it take you to receive your policy document.....
5. How would you rate the service of SICLIFE (a) **Very Satisfactory** (b) **Satisfactory** (c) **Poor**
(d) **very poor**
6. Who introduce you to SICLIFE.....
7. Have you apply for partial withdrawal or loan from SICLIFE before? **Yes or No**
8. How long did it take you to receive your cheque.....
9. Will you recommend SICLIFE to potential customers? **Yes or No** please provide reason(s) for your answer
10. How do you channel your complaints and problem to SicLife?.....
11. Would you like to maintain SicLife as your business partner for long? **Yes or No** explain your answer.....
12. How long have you been with Sic life(a) 1yr (b)2yrs (c) 3yrs (d) 4yrs (e) 5yrs (f) 6yrs (g) 7yrs

APPENDIX 4iii

questionnaire 4 expectatn

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APPENDIX 5

QUESTIONNAIRE FOR STAFF OF SIC LIFE INSURANCE

1.How long does it takes a client to receive his or her loan or partial withdrawal cheque.....

2.What are the main reasons that make clients to surrender their policy.....

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3.How long have you worked with SICLIFE? (a) less than 2 yrs (b) 2-4 yrs (c) 5-7 yrs (more than 7 yrs

4.Do staff of SicLife participate in decision Process ? Yes or No

5.Do management response promptly to concerns of staff of SicLife? Yes or No

6.How often does SICLIFE organize capacity building training for staff for efficient delivery of their duties.....

7.How often do SICLIFE hold departmental meeting in discussing issues pertaining to customer needs and quality service delivery.....

8.Does SICLIFE tailor its product to suit customer's needs? YES or No if yes how, if No why?

9.What problem(s) do you encounter in the course of performing your duty as an insurance person?.....

10.How does these problem (s) affect you in delivery quality service to your client.....

11.How do you as individual deal with this complaint.

APPENDIX: 6

INTERVIEW GUIDE FOR MANAGERS OF SICLIFE COMPANY LIMITED

PLEASE INFORMATION GIVEN ARE STRICTLY FOR ACADEMIC PURPOSES

1.Does SicLife have measures in place to deal with clients' complaints and requests (**YES/ NO**)

if yes, what are these measures.....
.....

2.How does SicLife deal with these compliant from customers.....
.....

3.SicLife has about 30.4 % market share, what accounted for that.....
.....

4.How often does SicLife hold departmental meetings in discussing issues concerning customers needs and quality of service delivery.....
.....

5.Do staff of SicLife participate in decision Process ? **Yes or No**

6.Do management response promptly to concerns of staff of SicLife? **Yes or No**

7.How often does SICLIFE organize capacity building training for staff for efficient delivery of Their duties.....
.....

8. What major problem(s) do you encounter in the course of performing your duty as a manager

in ensuring quality service delivery.....

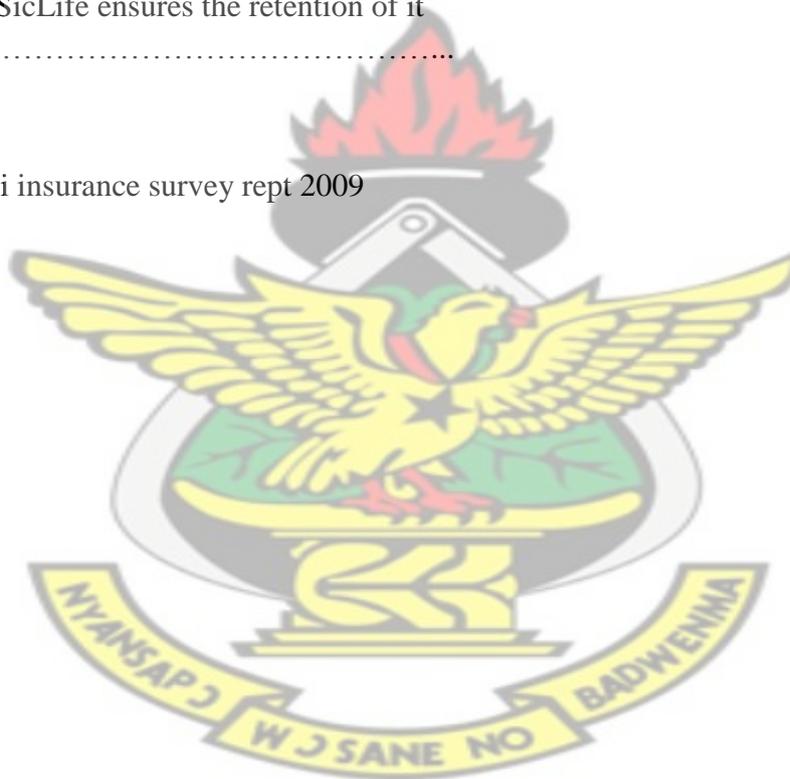
9. How do these problems affect you in delivery quality service to your cherished clients.....

11. How does SicLife meet the needs of its customers.....

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12. How does SicLife ensure the retention of its customers.....

APPENDIX 7i insurance survey rept 2009



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