

**EFFECTS OF INTERNAL CUSTOMER SATISFACTION ON  
SERVICE DELIVERY IN RESOLUTION INSURANCE**

**BY**

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**DECLARATION**

I declare that this is my original work and has not been presented for a degree in any other university.

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## **DECLARATION**

My loving family especially my mother Rachel Njeri Karanja whose encouragement has been my source of inspiration and a setting of a strong foundation for education at my early age and unwavering support morally, spiritually and materially to make me who I am.

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## **ABBREVIATIONS**

AIBK -Association of Insurance Brokers in Kenya

AKI -Association of Kenya Insurers

IRA -Insurance Regulatory Authority

MIP - Medical Insurance Provider

## **ABSTRACT**

Internal customer satisfaction is often considered the most important factor for thriving in today's highly competitive insurance business and delivery service quality delivery. The research objective of the study is to determine effects of internal customer satisfaction on service quality delivery in resolution Insurance Company. The study concluded that effective motivating employees by rewarding them for being productive in their responsibilities, through recognition ,gifts, after sale service, increasing their commission, being promoted to management level, being taken for retreats while other were being offered scholarship for further training and training and promotion improved employees satisfaction. This motivated and enable employees to be more committed to offering quality health and general insurance services which in turn improve customer satisfaction the overall company performance. This research will adopt a case study approach. A case study enabled the researcher to have an in-depth understanding of the effects of internal customer satisfaction on services delivery in resolution insurance in Kenya. An interview guide was used as primary data collection instrument. Primary data was collected using self-administered interview guide. The interview guides consisted of open-ended questions. The content analysis was used to analyze the respondents' views about the on effects of internal customer satisfaction in Resolution Insurance Company. The presentation of the findings were done through thematic presentation of the finding in prose form The study concluded that company management focused on employees welfare and emphasized on Work life quality, providing effective working environment for the staff and ensuring employees concerns were addressed effectively focusing on Keeping employees happy which is tremendous benefit to companies as employees sought to stay loyal, consume more and were more likely to be committed to offering quality services to customers. The concluded that company management ensured that the employees were well informed about the company products and how effective they could be offered to customers, management paying great attention to employee's needs, giving the staff authority to manage and meet customer needs and empowering the staff through training, staff inquiries being handled from end to end, motivated by designing and implementing effective rewarding system, ensuring claims were executed with speed and within customer expected timelines and instituting collaborative relationship in the company influence employees delivering quality services. The study concluded that employees training, promotion, effective rewarding systems understanding insurances policies, employee's recognition and paying attention to employee's quality of work life and according authority to management and meet customers need, easy policy procedure, company adoption of technology in improving service delivery The study recommend that insurance firms should focus on enhancing employees reward systems through training to increasing motivating employees as effective reward systems demonstrated such desirable behaviors in service encounters increasing employees satisfaction, their motivation, competencies, and commitment in delivery quality insurance services.

## **CHAPTER ONE: INTRODUCTION**

### **1.1 Background of the study**

With the increased globalization of markets, competition among market players has become more intense. In this competitive market, one of the most important factors is the achievement of customer satisfaction and excellence in service. Although the concept of customer satisfaction in customer oriented management is not new, the relationship between customers and corporations has been changing almost daily (Malhotra Mukherjee, 2004). Customers are becoming the absolute entity for corporations as the final decision makers for business deals and purchases of products. Successful organizations of the future will be those that can provide goods and services to the customers who want it, where they want it and in the quantity and at the price they want it, thereby delighting rather than merely satisfying customers (Parker and Mathews, 2001). Customer delight will lead to loyalty, which is one of the critical indicators used to measure the success of a marketing strategy.

Insurance firms have been trying hard to show that they are different and are one step further in competition. The top insurance institutions in this competition are those not only welcome customers' demands but also they always go beyond what their customers' request (Pantouvakis, 2010). Overcoming customers' needs that may always change and improve necessitates that the institutions should consider continuous change and improvement. The greatest responsibility in realization of this change depends on

employee of the organization. The insurance organizations start to reach the target market is to satisfy their end customers is the term employee satisfaction as internal customers of any organization. By the way, the thing that should be done first is to comprehend what the term customer means for institutions (Halis, 2004).

The business world, which is now indifferent structure with changing values and changing time, is facing different customer structure. Today, all the customers want quality, change, appropriate-ness, comfort, and they follow the guarantee to the end point (Parishet *al*, 2008). Unfortunately, not all the institutions are completely familiar with the fact that customers always demand high quality goods and service (Johnson, 2005). Both internal and external customer and quality services should not disregard this fact anymore. A customer is a person who demands and the products (goods / service) which are produced by the organization as an end product, and who is out of the organization. Internal customers are employees in an organisation to serve the end customers. They give some outputs for the organisation in return for inputs while external customers are clients that go to utilize or purchase something from an organization and have a choice on who to purchase from (Bell, Auh, Smalley, 2005).

Internal customer satisfaction is often considered the most important factor in thriving in today's highly competitive insurance business and delivery service quality delivery. The importance of satisfying and keeping end customer in establishing strategies for a market and insurance industry cannot be neglected (Kohli and Jaworski, 1990). In the conditions of competitive insurance market environment the creation, maintenance and enhancing

long-term employee's relationships are treated as a basis for successful performance of insurance enterprise.

### **1.1.2 Internal Customer satisfaction**

An employee who receives goods or services produced elsewhere in an organization as inputs to his or her work (Johnson, 2005). Internal Customer satisfaction is a significant issue for managers and marketers in financial organizations (Zeithaml *et al*, 2006). Internal Customer satisfaction is widely recognised as a key influence in the formation of consumers' future purchase intentions (Taylor and Baker, 1994). Satisfied internal customers are also likely to deliver quality service to external organization customer (Bell, *et al*, 2005). Today's business is faced with many challenges in the competitive era. However winning and keeping customers by providing high quality service and products that meet and exceed their expectations is more important today.

Considering that, a satisfied customer and employee are of important value to the organization it therefore, becomes the duty of the management to put in place a system that would ultimately generate either satisfaction, or dissatisfaction from their customers and employees (Kotler *et al*, 2006). Since the employees have a major role to play in determining, whether a customer would enjoy the experience or turn to their competitors for better solutions. This according to Baruch (1998), forces organizations to re-think their strategy because as Zeithaml *et al* (2006) points out, companies today recognize that they can compete more effectively by distinguishing themselves with respect to service quality and improved customer satisfaction.

Whereas, the term internal customer can be defined as the persons who are working and who are contributing goods and service production directly or indirectly in an organization. The persons, who are in the process and provide inputs to internal customers in the production process, are called internal supplier. An internal supplier can be, at the same time, an internal customer in the previous business in the production sequence. Internal Customer satisfaction is one of the key factors in modern marketing and customers' behavior analysis. If the internal customers are satisfied, they remain committed to provide organizational goods or service the probability that they use the services again increases (Johnson, 2005). Also, satisfied customers will most probably talk enthusiastically about their buying or the use of a particular service; this will lead to positive advertising (Jamal, and Naser, 2002).

### **1.1.1 Concept of Service Quality Delivery**

A common definition of service quality is that the service should correspond to the customers' expectations and satisfy their needs and requirements (Shaw and Haynes, 2004). Zeithaml *et al* (2006) defines service quality as the customers' perception of the service component of a product, and a critical determinant of customer satisfaction. This however is a perception and not an actual experiencing of the service itself. The major emphasis is laid on the customer perceived service quality, which is born out of experience. He pointed out that, the entire discussion of service quality and satisfaction is based on customers' perception of the service and not some predetermined objective criteria of what service is, or should be. Service quality has also been defined as the

difference between expected service and perceived service (Pai and Chary, 2012). Organizations fall under business organizations that offer services. Customer perceived service quality in insurance company is therefore critical to managers in these organizations. Without any doubt, service quality is very important component in any business related activity.

This is especially so, to marketer a customer's evaluation of service quality and the resulting level of satisfaction are perceived to affect bottom line measures of business success (Iacobucci *et al.*, 1994). Customer expectations are beliefs about a service that serve as standards against which service performance is judged (Zrithaml *et al.*, 1993); which customer thinks a service provider should offer, rather than on what might be on offer. To some, service quality can also be defined as the difference between customer's expectations for the service encounter and the perceptions of the service received. According to the service quality theory (Oliver, 1980), it is predicted that customers will judge that quality as low if performance does not meet their expectations and quality as high when performance exceeds expectations. Closing this gap might require toning down the expectations or heightening the perception of what has actually been received by the customer (Parasuraman *et al.*, 1985)

### **1.1.31 Kenya's Insurance Industry**

Over the years, Kenya's insurance industry has continued to endear itself to the existing and potential customers through new products and a significant improvement on its service delivery platforms, guaranteeing consumers of world-class services delivery. The

creation of the Insurance Regulatory Authority (IRA) to replace the office of the Commissioner of Insurance under the Ministry of Finance has not only instilled a sense of confidence in the regulatory framework in the industry but has also injected new approaches to ethics, management and growth of the insurance investments in Kenya.

Likewise, efforts made by majority of insurance industry operators to embolden the Association of Kenya Insurers (AKI) and the Association of Insurance Brokers in Kenya (AIBK) are steadily paying off with more consumers angling to take-up the services. Practitioners in the industry are also enhancing the quality of their products and services as well as the market penetration strategies. That the new initiatives are welcome is no longer in doubt. Insurers are not only keen on reclaiming the rightful image of the industry but are further concerned with vilifying and alienating, rogue practitioners who have helped plant the seed of distrust that continues to slow penetration of insurance services in the country.

From the AKI, IRA and the AIBK to the insurance underwriters, experts in insurance are embracing a new strategy that is aimed at ensuring the industry commands the respect they deserve and that more customers are taking up the services and are also becoming critical champions to drive insurance growth so as to counter the erstwhile, limiting perceptions that insurers are out to fleece the public with little or no likelihood of making a return from the lucrative covers offered. In consultation with the regulator, agents' body and member associations, the insurance firms are developing new products that are not only friendly to consumers but which pioneers service delivery in an under-exploited market category. The Industry is regulated by the Insurance Act. Cap 487 which currently



is under review. The Insurance Amendment Act, 2006 brought the Insurance Regulatory Authority to life. Certain sections of the Insurance Act, Cap 487 were amended effective 1st May, 2007 to allow for the Conversion of the Department of Insurance into an autonomous Insurance Regulatory Authority.

#### **1.1.4 Resolution Insurance Company**

Resolution Insurance entered the Kenyan market in 2002 as the first company to be registered as a Medical Insurance Provider (MIP) under the new Insurance Act. In 2013 Resolution Insurance Company Limited was registered as a general insurer by the Insurance Regulatory Authority. Resolution insurance was been granted a license in respect of Personal Accident, Workmen's Compensation, Liability, Medical and Miscellaneous classes of General Insurance Business.

Resolution Insurance utilizes managed care principles to provide access to comprehensive health care. By spreading the risk across a wide base, members get products with wide range of benefits at premiums they can afford. This is achieved by managing members' health care budget through structures that control delivery costs. By transferring risk to re-insurers, Resolution Insurance concentrates on actual health care management. In addition Resolution Insurance has professional indemnity insurance which ensures members are fully protected (RHIC, 2012).

Resolution Insurance has efficiently managed healthcare services in Kenya and Tanzania and is looking to grow its market share to 20% by 2014 before listing on the Nairobi Stock Exchange. Resolution Insurance provides Medical Insurance Services to

individuals, families and groups. The company currently takes care of over 65,000 individuals and 870 companies in Kenya. Resolution Insurance has over 500 medical service providers all across East Africa, a strong network of hospitals, clinics and doctors. Resolution Insurance has almost 400 external agents & brokers and an in-house sales team of 140 business consultants who believe in our brand and sell our product. Our staff comprises of 160 people across our offices in Nairobi, Mombasa, Kisumu, Nakuru, Meru, and Thika & Dar-es-Salaam. The medical insurance sector has seen an average of growth rate of 25% per annum and the value of the health services industry in Kenya has risen steadily from Kshs 33 billion in 2004 to Kshs 51 billion in 2008, according to the government's Economic Survey figures. It is estimated that the Annual Medical Insurance premium income is in excess of Kshs 6 Billion.

## **1.2 Research Problem**

In a highly competitive and customer-centered market economy, service organizations are forced to provide high-quality services that generate customer satisfaction, loyalty, enlarge market share and improve their performance results (Pantouvakis, 2010) In services setting, customer satisfaction mainly depends on the process of service delivery a fact that highlights the important role of the front-line employees. These employees constitute an essential source of information for guiding the formation of services based on customer needs and have a key responsibility in increasing the customers' perception of value during the moment of truth (Yap and Sweeney, 2007). A key driver of achieving customer satisfaction is considered to be employee job satisfaction, as satisfied

employees are more motivated, empowered, caring and engaged to firms' goals and customer desires. Along the same line with the above thoughts, many researches have examined one by one the links between service quality and customer satisfaction employee job satisfaction and customer satisfaction as well as job satisfaction and service quality (Snipes *et al.*, 2005).

In order to make the subjects that all the consumers should be satisfied easier and more understandable (Weber, 1964). Profitable Organization seeks to satisfy the target market by delivering quality products and services. External customers and their satisfaction as a market for the end products are influence by the activities of the organization employees (Raps and Kauffman, 2005). Given the important role employees plays in insurance companies, to determine the effects of their satisfaction on service quality derively. To effectively satisfy employees, respect for customer value and demands is critical in insurance companies to achieve service quality derively (Naumann *et al.*, 2001). Concurrently, customer demands are not stagnant and cannot be manipulated by bank.

In today's competitive environment, financial product and service innovations are re-defining accepted levels of performance in banking sector. The relevance of employee's satisfaction in decisions has been widely acknowledged in Resolution Insurance Company. The need to attract, retain, improve customer loyalty and improve Resolution Insurance performance has influence formulation international customer satisfaction as radical paradigm shift across operations, financial measures, sales and marketing in the company (AKI, 2012). Despite formulation and efforts made in improving employee's

satisfaction in Resolution Insurance Company, there have been scanty information effects of internal customer satisfaction on service quality delivery in the company.

A number of scholars have researched on customer satisfaction. Mwangi (2010) carried out a study on influence of customer relationship management practices on customer satisfaction among internet Service Providers in Nairobi. The study found that through customer services, adoption of technology, better training of customer and effective leadership enhances customer relationship management in organization. Murekio (2010) customer satisfaction and revenue generation among safaricom Retail Centers in Nairobi and found that improve customer satisfaction increase company's profitability and more earnings. This study therefore seeks to fill the existence knowledge gap by determining the effects of internal customer satisfaction on service quality derively. The study seeks to answer the question what are the effects of internal customer satisfaction on service quality delivery in Resolution insurance?

### **1.3 Objective of the Study**

The research objective of the study is to determine effects of internal customer satisfaction on service quality delivery in resolution Insurance Company.

### **1.4 Value of the Study**

This study will be significant to management in resolution insurance and insurance companies will gain insight on effects of employee's satisfaction on service quality delivery and seek strategies to improve employee's satisfaction so as to enhance

employee's satisfaction to achieve high performance. Service quality delivery will attract and meet customer's expectations making Resolution insurance company to improve on performance.

The Resolution Insurance Company will gain insight on what factor affects employee's expectation. The staff of the Resolution Insurance Company will understand better the contemporary issues insurance service quality delivery and will be able to upscale their skills and knowledge to effectively handle customers, minimize customer complaints and grow the Resolution Company insurance's business.

This study will be of value to the insurance sector particularly insurance companies. The management in insurance company will gain insight the on service quality delivery management practices and their effect on insurance company performance. To the insurance management, the study findings shall serve as a bench mark by which they can assess their employee's satisfaction in influencing insurance service quality delivery and performance in an effort to provide the needs and expectation of the customers in a better way.

The policy makers and regulators such as the Association of Insurance of Kenya will have an opportunity to understand the prevailing situation in the Insurance industry. This will influence policy makers formulating informed policies regarding improvement of employee's satisfaction with focus of influencing service quality delivery in insurance industry.

This study will also provide basis for reference in future research. The scholars and researchers will find this study valuable as they will gain knowledge and carry out a further study on effects of employee's satisfaction on service quality delivery in insurance industry.

## **CHAPTER TWO: LITERATURE REVIEW**

### **2.1 Introduction**

This chapter reviews the information from other researchers who have carried out their research in the same study of internal customer satisfaction. The chapter addressed theoretical foundation of the studies, internal customers, customer satisfaction, need for satisfying internal customer, service quality and the internal customer satisfaction on Service Quality

### **2.2 Theoretical Foundation of the Study**

There has been some work to assess the importance and effect of the customer service quality factors. In terms of importance, Berry et al (1985) and Johnston (1995) identified responsiveness as an important factor but were unable to weight the other factors at sector level. Rosen and Karwan (1994) identified the relative importance of Parasuraman et al.'s (1988) five quality dimensions for four types of service organizations, though not banks. Bitner et al (1990), identified employees' willingness to respond to a problem and their employees' responsiveness to customer needs as key factors in customer service quality.

Three-factor theory was developed Kano *et al.* (1984). It is a model that distinguishes between different quality attribute types. Kano's model divides product or service quality attributes into three distinct categories (must-be, one-dimensional and attractive), each of which influences customer satisfaction differently. Service attributes have two key characteristics in three-factor theory. First, the importance of a basic or excitement

attribute is based on its performance. Basic attributes are crucial when performance is low and are non-crucial when performance is high. Excitement factors are critical when performance is high and are uncritical when performance is low. Second, the relationship between attribute performance and overall customer satisfaction is not always linear and symmetrical (Deng, *et al.*, 2008).

Matzler, *et al* (2004) expounded on these three factors. Basic factors (dissatisfies) are minimum requirements that produce consumer dissatisfaction when not fulfilled, but do not result in customer satisfaction when fulfilled or exceeded; that is, negative performance for these attributes has a greater impact on overall satisfaction than positive performance. Excitement factors (satisfiers) are attributes that increase customer satisfaction when delivered, but causes no dissatisfaction when not delivered. That is, positive performance for these attributes has a stronger influence on overall consumer satisfaction than negative performance. Performance factors produce satisfaction when performance is high and dissatisfaction when performance is low. The relationship between customer attribute performance and overall customer satisfaction is non-linear and asymmetrical for basic and excitement attributes (Matzler, *et al.*, 2004).

Johnston (1995) indicated that the causes of dissatisfaction are not necessarily the causes of satisfaction. He identified attentiveness, responsiveness, care and friendliness as the main sources of satisfaction, and integrity, reliability, responsiveness, availability and functionality as the main sources of dissatisfaction. The problem with this work, and with assessing effect without considering importance, may be a distortion of priorities. For



example, security in Johnston's study was infrequently mentioned suggesting that it could be a neutral factor. Security, however, is more likely to be a highly dissatisfying factor which customers did not report as breaches of security are few and far between. What is required is an approach that assesses both the effect and importance of the quality factors.

Despite this criticism, these dimensions and the customer service quality instrument have formed the basis for a considerable amount of research and application in the field of service management. In terms of the focus of this study there are two additional concerns with Parasuraman *et al.*'s (1988) work. First, although the customer service quality instrument allows users to include relative weightings for the dimensions, there is some uncertainty about their relative importance.

Parasuraman *et al* (1988) reported that, regardless of the service being studied, reliability is the most critical dimension, followed by responsiveness, assurance and empathy. The tangibles were of least concern to service customers, while one could argue that tangibles are not a quality dimension but an element of the service itself, whereas the reliability or functionality, for example, of the tangibles are quality dimensions, it seems evident that in some service situations, such as retailing, the tangibles constitute the core purchase.

Second, Parasuraman *et al* (1988) do not distinguish between the effect of the dimensions in terms of creation of satisfaction or dissatisfaction. It is assumed that they are the two sides of the same coin implying, for example, that a bank which opens and closes erratically (unreliability) will lead to dissatisfied customers, and therefore a bank which opens and shuts precisely on time will lead to delighted customers.

### **2.3 Internal Customers**

Internal customers mainly consume services provided by other whereas external customers consume both goods and services. When external customers rely on the company's employees to meet and exceed their needs, internal customers in turn rely on each other for products, services, and support in order to meet or exceed their needs. (Naumann & Giel, 1995).

The employees working in different department have usually very little input about those hired into other departments. The employees depend highly on other department's services and typically have no choice about where to do business, or choose to outsource for a better product or service they need. Because of this captivity issue, there is no pressure to change the internal service as employees often are expected to adjust to the situation and be satisfied with the fact that they are employed by the company (Naumann & Giel 1995)

### **2.4 Customer Satisfaction**

According to Hasemark and Albinsson (2004) cited in Singh (2006:1) satisfaction is an overall attitude towards a product provider or an emotional reaction to the difference between what customers expect and what they actually receive regarding the fulfillment of a need. Kotler (2000); Hoyer & MacInnis (2001) also define satisfaction as a person's feelings of pleasure, excitement, delight or disappointment which results from comparing a products perceived performance to his or her expectations. Satisfaction means the contentment one feels when one has fulfilled a desire, need or expectation. Furthermore,

Customer satisfaction can be a measure of how happy customers are with the services and products of a supermarket. Keeping customers happy is of tremendous benefit to companies. Satisfied customers are more likely to stay loyal, consume more and are more likely to recommend their friends to the business.

Ciavolino & Dahlgaard (2007) suggest that “customer satisfaction can be defined as the overall evaluation of the service performances or utilization. According to Hoyer & MacInnis (2001) satisfaction can be associated with feelings of acceptance, relief, excitement and delight. Furthermore, Zairi (2000) says that many studies have viewed the impact of customer satisfaction on repeat purchase, loyalty and retention and they have all echoed concern that customers who are satisfied are most likely to share their experiences with other people with regards to about five to six people. Additionally, this research is supported by La Barbera & Mazarsky (1983) who also imply that satisfaction influences repurchase intentions whereas dissatisfaction is seen as a primary reason for customer defection or discontinuation of purchase.

Hoyer & MacInnis (2001) also say that dissatisfied customers can choose to discontinue purchasing the goods or services and engage in negative word of mouth. Since a lot of research has been performed in the field of customer satisfaction, many definitions have been formulated as to what Customer satisfaction entails. However, for the purpose of this paper while defining satisfaction, we refer to the customer’s satisfaction with the stores which they visit often, with respect to ICA Supermarket Atterdags, ICA Nära and Coop Forum supermarkets/ hypermarket. According to MCGoldrick & Ho (1992);

Walters & Knee (1989), store offer comprises of four dimension which are store merchandise, trading format, customer service and customer communication each of which is evaluated differently by consumers. They further state that merchandise refers to quality and price of the products carried by the store.

Similarly, the trading format consists of elements like location, layout and atmosphere. Lastly, customer service includes the level of assistance provided by the retailer, the speed of service and friendliness of staff. Customer satisfaction can be achieved by improving service quality. Ciavolino & Dahlgaard (2007) contend that service quality is the measure of service levels based on the attributes of the core product. Such attributes include; Facility layout- display of products, clean environment, clear labeling. Other attributes can be Location, Process - queue management, waiting time, express checkouts, supermarket operation hours, delivery time, additional services like parking, parent & baby facilities, and loyalty/membership cards, Product- variety of groceries, durability, merchandise quality and Merchandising.

## **2.5 Need for satisfying internal Customer**

Because most of the processes in the organization are relatively related with the employee is employee in a sub-process. Juran is one of the first persons that emphasized the importance of the term "customer" (Juran, 7/3). Juran states the following: There are innumerable cases service for external customers, quality in the process, timing, interruption in co-operation will affect all the goods and service being offered to external customers. For example, the delay in obtaining of raw materials to be used in the process

of customer's orders will delay production, test, packaging, transportation, and installment process. Therefore, the order of the customer cannot be delivered in time, so the customer will be dissatisfied.

Solution of the problems related with the problems between the functions (internal customers) who are getting products / service and the functions (internal suppliers) who are offering products / service will cause a continuous betterment, being disqualified of the unnecessary things, so the firm will have more productivity, more benefits and will offer better products/service to the external customers.

The demand and requests of an internal customer, as the demands and requests of an external customer, should be defined carefully. Therefore, first, the relations between the processes in the organization and the other processes should be determined. This process defines how an output of any process is an input of another process. What responses are asked should be determined to do a better job by questionnaires and structured interviews with the persons using these inputs after the stating the definitions of inputs and out-puts.

The methods of measurement by questionnaire, is generally applied to know internal customers' satisfaction. Some reviews and changes should be stated after getting special demands and expectations are taken by questionnaires in which satisfaction is measured in the inputs. Moreover, measurement frequency and response mechanism of a customer to the supplier should be defined mutually. Several subjects for the dimensions related with the process formed by satisfaction of any internal customer- in the service quality offered by internal supplier.

## **2.5 Service Quality**

Looy et al (2003) defines service quality as a form of attitude representing a long run, overall evaluation of the service received. Arising from the perspective that the service quality perceived by the customer maybe different from the quality of service actually delivered by the service provider as studies have shown is always the case. Sureshchander et al (2002) describe service quality as the degree of discrepancy between the customers' normative expectations of the service and their perceptions of the service performance. Grönroos (2001) argues that because of the complexity of the characteristics of most services, their quality has to be complex too, as compared to the quality of goods, which is traditionally related to the technical specifications of the goods. In the case of goods, the outcome or end result of the process is transferred to the customer while, in services whether ranging from high-tech to high- touch or from discretely used to continuous services, the way the service employees perform their tasks, what they say, and how they do it also influence the customers view of the service and their experience of it.

## **2.6 Internal Customer Satisfaction and Service Quality**

It has been established that internal customer satisfaction exerts an important influence on external customer satisfaction, as satisfied employees tend to be more productive, provide better services to customers, and hence, can significantly enhance business profitability (Gazzoli, Hancer and Park, 2010). The cycle of success, proposed by Schlesinger and Heskett (1991), suggests that satisfied internal customers deliver high service quality. In a

similar vein, the service-profit chain establishes a relationship between profitability and growth, due to customer loyalty and satisfaction which is, in turn, due to services provided by satisfied employees. Vilarés and Coelho (2003) proposed a reformulation of the ECSI model, establishing that perceived internal customer satisfaction, loyalty, and commitment exert an important impact on perceived product and service quality (Gil *et al.*, 2008)

Because most of the processes in the organization are relatively related with the service for external customers, quality in the process, timing, interruption in co-operation will affect all the goods and service being offered to external customers. Internal customer satisfaction has been recognized as a component of organizational commitment (Kovach, 1977). It is suggested that internal customer satisfaction is a state of pleasure gained from applying one's values to a job such as job satisfaction (Caceres and Paparoidamis, 2007). Indeed, Spector (1997) believes that job satisfaction can be considered as a global feeling about the job or as a related constellation of attitudes about various aspects or facets of the job.

Employees in a service organization and particularly, those who have frequent contacts with the customer usually serve as representatives of both the organization and their products or services to the customer at contact point. The quality of the service and the satisfaction the customer may derive will be an assessment of the entire service experience. Employees who are empowered in an organization can either portray a positive or negative picture to the customers.

As a nature of the intangibility of service, customers look for tangible things to give them a clue of what the service they are buying is worth. However majority of the clues they are searching for, they evaluate through their interactions with the service supplier (the contact employee). Therefore, a huge part of their judgments will hinge on the attitudes and qualities expressed by those employees. According to Leonard and Sasser (1982) the delivery of quality goods and services has become a priority but markets of service experience difficulty in understanding and controlling quality. Services are performances rather and therefore precise production specifications for uniform quality rarely can be established and enforced by the firm. In most services, most services, quality occur during delivery, usually an interaction, between the customer and contact personnel of the service form (Zeithmal, 1988).

According to Sureshchander *et al* (2002), such of these behaviors help customers to differentiate a gratifying service experience from a dissatisfactory one, and further suggests that firms should train, motivate, and reward their employees for demonstrating such desirable behaviors in service encounters. According to Zeithaml *et al* (2006:357-358), “Satisfied employees make for satisfied customers (and customers can in turn reinforce employees’ sense of satisfaction in their jobs). Looy *et al* (2003), Grönroos (2001), have suggested that if employees are not satisfied with their jobs, achieving customer satisfaction will be difficult.

Looy *et al* (2003) and Grönroos (2001) further suggest that the service quality and the human resource experience that employees have within the organization are reflected in



how customers experience the service. The bottom line of their argument is that customer perceptions of service quality is impacted by customer-oriented behavior of employees and that all the five dimensions of service quality can be influenced directly by the service employees. As Looy et al (2003:187) recalls that, before the 1970's employees were treated as costs, but after the advent of human capital theory in the 80's, it was seen that human resource management could, and should be tied into a company's business strategy. Since committed personnel were shown to make a substantial difference in an era of increasingly stiff global competition.

Considering the role of internal customer in service organizations, they need to be equipped to carry out their functions successfully. Technically and otherwise, they need to be reinforced and motivated to be able to span boundaries. According to Looy (2003:179), the simultaneity of services leads to an inherent link between employee's behavior, their motivation, competencies, satisfaction, and commitment. As Looy et al(2003:190), in citing Schlesinger et al(1991), revealed that two thirds of employee satisfaction levels were caused by (a)latitude given to employees by their management to meet customer needs(b)authority given to them serve customers(c) and possession of knowledge and skills needed to serve customers.

As a result the human resource practices play a crucial role in the management of service operations. Zeithaml et al (2006:366), suggests that a complex combination of strategies is needed to ensure that service employees are willing and able to deliver quality services and that they stay motivated to perform in customer-oriented, service-minded ways. Looy

(2003:190), further argues that paying attention to competencies and their continuous development, establishing collaborative relationships, and empowering service employees should be reflected in Human Resource practices for services.

Employees are important for a company's marketing strategy. In this paper, the authors make use of two elements namely friendly helpful staff and knowledgeable & quick performance to explain the staff dimension. According to Gwinner et al (2005); Liao & Chuang (2004) say that the successful implementation of a company's marketing concept is to an essential degree dependent on the frontline employees because of their direct customer interaction. While dealing with customers, employees are meant to be at their best behavior. They are meant to act in a particular way and some acts are either positive or negative. Employee behavior is vital in a service company since employees act as a link for the organization with its customers. Furthermore, Gwinner et al (1998) employees represent a critical factor in developing effective working relationships with customers. In their study, Lemmink & Mattson (1998) showed that the degree of personal warmth displayed by service employees towards customers was related significantly and positively to service quality perceptions and customer satisfaction.

Internal customer satisfaction has been recognized as a component of organizational commitment (Kovach, 1977). It is suggested that internal customer satisfaction is a state of pleasure gained from applying one's values to a job such as job satisfaction (Locke, 1969). Indeed, Spector (1997) believes that job satisfaction can be considered as a global feeling about the job or as a related constellation of attitudes about various aspects or facets of the job.

The hyper-competitive business environment of the new millennium has forced organizations to increase their emphasis on service quality. Because of this, a wealth of practical applications has emerged on the many facets associated with managing service quality. Consider, for example, the past issues of this journal and the quality literature as a whole on such topics as benchmarking, reengineering, and total quality management (TQM). One point of debate within this literature concerns defining the customers that quality programs are supposed to be serving. Various models have been proposed that revolve around the concept of customers existing within the boundaries of the organization. This basic principle of internal customer service posits that every department in an organization exists to serve someone, whether that be the external customer or another department. The organization consists of an interdependent chain of individuals and functional units, each taking inputs from one another and turning them out into external customer service. The basic assumption is that if everybody strives to provide their internal customer' with better service, then the end customer will receive higher quality service (Mittal and Kamakura 2001).

Yoon and Suh (2003) showed that satisfied employees are more likely to work harder and provide better services via organizational citizenship behaviors. Employees who are satisfied with their jobs tend to be more involved in their employing organizations, and more dedicated to delivering services with a high level of quality. Previous research has also suggested that loyal employees are more eager to and more capable of delivering a higher level of service quality (Cross, 2000).

Researchers have argued that service quality is influenced by job satisfaction of employees (Cropanzano et al. 2003). Hartline and Ferrell (1996) found evidence that job satisfaction felt by customer-contact employees is associated with service quality. The argument that employee satisfaction improves service quality is grounded on the theory of equity in social exchanges (Cropanzano and Mitchell 2005).). When an employer offers favourable working conditions that make its service employees satisfied, the latter will in return tend to be committed to making an extra effort to the organization as a means of reciprocity for their employer (Flynn, 2005), leading to a higher level of service quality. Based on the theory of equity in social exchanges, employee satisfaction leads to higher service quality.

Accordingly, when customers are exposed to the emotional displays of employees, they experience corresponding changes in their own affective status (Pugh 2001, Barsade 2002). Service employees with a high level of job satisfaction will appear to the customer more balanced and pleased with their environment, leading to positive influence on

Internal customer satisfaction has a long-term financial impact on the business (Nagar and Rajan 2005). Customer satisfaction has a positive impact on firm profitability due to a number of reasons. First, internal customer satisfaction enhances firm customer loyalty and influences customers' future repurchases intentions and behaviors (Verhoef 2003).When this happens, the profitability of a firm would increase (Mittal and Kamakura 2001). Highly satisfied internal customers are willing offer quality service where firm external customer pay premium prices and less price-sensitive (Anderson et

al. 1994). This implies customers tend to pay for the benefits and service quality they receive and be tolerant of increases in price, ultimately increasing the economic performance of the firm. The last premise is that satisfaction results in enhanced overall reputation of the firm; in turn, this can be beneficial to establishing and maintaining relationships with key suppliers and distributors (Anderson et al. 1994). Reputation can provide a halo effect on the firm that positively influences customer evaluation.

Internal customer satisfaction plays a considerable role in enhancing the firm profitability and improving operational performance of organizations and quality of goods and services. There is no doubt in it that employee satisfaction is critical to attain quality and profitability in service industry especially. Internal customer satisfaction impacts quality at industry through satisfaction-quality-profit cycle. In service industry, to achieve quality and profitability at organization, employee satisfaction is fundamental and without it, service industry cannot think of being successful (Flynn, 2005).

Employee loyalty is the important factor to improve service quality which is interconnected to customer satisfaction and customer loyalty and it gives progress to make firm profitability in industries. An imperative relationship exists between employee and organization. This employee organization relationship plays an important role in success of any organization. There is a need of developments in it. Managers are believed to develop a role relationship in which actions and decisions should promote the interest of organization. Employee involvement and contributions in organization is outcome of the interest. The quality of employee organization relationship requires fulfilment of needs, quality of interaction, adaptability and identification (Mittal and Kamakura 2001).

Employee empowerment is also an effective way of satisfying them. When employees are given employee empowerment, then it leads to job satisfaction. Employee empowerment also causes customer satisfaction. Similarly job satisfaction also leads to customer satisfaction which leads to organizational success. Employee satisfaction is in fact job satisfaction. Job satisfaction is an important job organization factor. Both of them are significantly related. Therefore, it is necessary to maintain job satisfaction so that employees can be motivated (Verhoef, 2003).

## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.1 Introduction**

This chapter present the methodology that was used to conduct the study. It covers the research design, the target population, data collection methods and data analysis techniques.

#### **3.2 Research Design**

The study used a descriptive survey approach in collecting data from the respondents. Descriptive survey research portrays an accurate profile of persons, events, or account of the characteristics, for example behavior, opinions, abilities, beliefs, and knowledge of a particular individual, situation or group (Cooper and Schindler, 2008). The descriptive survey method is preferred because it ensures complete description of the situation, making sure that there is minimum bias in the collection of data (Kothari, 2008). A descriptive study is concerned with finding out the what, where and how of a phenomenon. This design is considered suitable because it aided in collecting information from respondents particularly employees of Resolution Insurance on their attitudes, awareness and opinions in relation to the effects of internal customer satisfaction on service delivery.

### **3.3 Population of the Study**

Target population refers to the entire group of individuals or objects from which the study seeks to generalize its findings (Cooper and Schindler, 2008). The target population of this study was all employees of Resolution Insurance Company. According to Mugenda (2008) a population is a well-defined set of people, services, elements, and events, group of things or individual being that are being investigated. This definition ensures that population of interest is homogeneous and by population the researcher means complete census of the sampling frames. The total employees of Resolution were 350.

### **3.4 Sample Size and Sampling Method**

A sample is a subgroup of the population that the researcher is interested in (Mugenda and Mugenda (2003). A simple random sampling was adopted to select 10% of total employees of the Resolution Insurance Insurance making a sample size of 35. According to Mugenda and Mugenda (2003) indicated that a sample size of 10% to 20% of the population of the study is sufficient for a study.

### **3.5 Data Collection**

A questionnaire was used as primary data collection instrument. The questionnaires divided into two sections one addressing the general information of the respondents whiles the second section representing the main issues of the study variables adopted for the study. The questionnaire included closed and open ended questions which sought views, opinion, and attitude from the respondents which might not have been captured by



the closed ended questions. The questionnaire was administered through drop and pick method to the senior staff working in Resolution Insurance. The questions were designed to collect qualitative and quantitative data. The open ended questionnaires gave unrestricted freedom of answer to respondents.

### **3.5 Data Analysis and Presentation**

The collected data was examined and checked for completeness and comprehensibility. The data was then be summarized, coded and tabulated. Descriptive statistics such as means, standard deviation and frequency distribution was used to analyze the data. The data was tabulated with the help of the Statistical Package for Social Sciences (SPSS 17.0) that has data handling and statistical analysis capability that can analyze data statistics and generate descriptive statistics such as frequency, percentages, means and standard deviations. Data presentation was done by using of frequency tables. This ensured that the gathered information is clearly understood. The content analysis was used to analyze the respondents' qualitative data.

## CHAPTER FOUR

### DATA ANALYSIS, RESULTS AND DISCUSSIONS

#### 4.1 Introduction

This chapter presents the results and findings of the study based on the research questions. The findings were given based on the objectives of the study as explored. The primary data was collected using a questionnaire analysis was done through quantitative analysis to determine the effects of internal customer satisfaction on service delivery in Resolution Insurance Company. The target population of the study was 35 where all 35 respondents responded and returned the questionnaires. This constituted 100% response rate.

#### 4.2 Demographic Information of the Respondent

##### 4.2.1 Position of the Respondents

The respondents were requested to indicate the position they held in the company as indicated by Table 4.1.

**Table 4. 1: Respondents Position in the company**

	Frequency	Percent
Managers	2	6
Operation officers	10	28
Credit Officers	11	31
Finance	4	10
Claim processors	9	25
Total	35	100.0

From the findings, 31% indicated that they were credit officers, 28 % were operation officers, 25% were claims officers 10% while 6 were managers in the company .This implied that information on influence of internal customer satisfaction on service delivery was collected from staff working in Resolution Insurance Company.

#### **4.2.2 level of Education**

The study sought to know the level of education of the respondent as indicated in Table 4.2.

**Table 4. 2: Respondent’s level of education**

	Frequency	Percent
College	10	26
University	17	49
Master degree	8	25
Total	35	100.0

From the findings, 49% of the respondents had attained degree as their highest level of education, 26% indicated that they had college with diploma certificate as their level of education and with 25 % of the interviewees with master’s degree as their highest level of their education. Other indicated that they had undertaken courses in insurance in an effort to improve on their professional qualifications. This implies that employees at management in Resolution Company acquire highly educated workforce to enhance insurance service delivery.

### 4.2.3 Experience of the Respondents

**Table 4. 3: Working Period**

	Frequency	Percent
3-4 years	4	10
5-6 years	13	31
Above 6 years	18	54
Total	35	100.0

The respondents were requested to state the number of years in which they have been working at their current department. From the findings, majority 54% of the respondents indicated that they have been working for the company for over 6 years, 31% indicated that they had worked in the company for 5-6 while 10% of the respondents indicated they have been working for the company for 3 to 4 years. This implies that respondents had worked in their insurance company for a period of more than 6 years implying that the company had devised strategies of retaining employees for a significance period of time offering insurance company products and service to company's' customers.

### 4. 3: Internal Customer Satisfaction

The results in the Table 4.4 indicated the extent to which the internal customer was satisfied working in Resolution Insurance Company.

**Table 4. 4: Extent of Employees satisfaction**

	Frequency	Percent
Very Satisfied	18	51
Satisfied	10	30
Neutral	7	19
Total	35	100.0

From the results, 51% indicated that they were very satisfied, 30% indicated that they were satisfied while 19% indicated otherwise.

#### **4.3.1 Internal Customers considering working elsewhere**

**Table 4. 5: Considering Working Elsewhere**

	Frequency	Percent
Yes	35	100
Total	35	100

On whether employees would consider working elsewhere with better conditions, all 100% indicated that given the option of working elsewhere where working condition were better than in the company they were currently working in for. This implies that working conditions that were conducive influence employee's satisfaction and stay in the company.

#### 4.4 Employees Responsibilities

The Table 4.6 indicated the results on whether employee's routines were regulated.

**Table 4. 6: Employees Responsibilities were regulated**

	Frequency	Percent
Yes	18	51
No	17	49
Total	35	100

From the results, it was found that employees were not curtailed from offering services to customers as indicated by 51% of the employees while 49% indicated that employees independent in offering services was regulated. This implied that although the employees were give mandate of discharging their duties though being limited in independence, the management had left room where their closely monitored their employees interference with their independence in carrying their responsibilities.

#### 4.4 Internal Customer Rewards

The study sought whether employees were rewarded for delivering excellent insurance services besides the monthly salary as indicated in Table 4.7.

**Table 4. 7: Rewarding For Delivering Excellent Insurance Services**

	Frequency	Percent
Yes	26	74
No	9	26
Total	35	100

From the findings, 74% indicated that the employees were rewarded for delivering excellent insurance services besides your monthly salary while 26% indicated no rewards were offered for excellent performance. This clearly indicated that employees were offered rewards on performing well in delivery insurance services to customers. The findings concurred with According to Sureshchander et al (2002), who found that rewarding the employees through training, motivating, and reward demonstrated such desirable behaviors in service encounters. Looy (2003), further found that internal customer in insurance companies, need to be equipped to carry out their functions successfully, reinforced and motivated to be able to span boundaries, increasing employees satisfaction, their motivation, competencies, and commitment in delivery quality insurance services .

#### **4.5 Accessibility of senior management**

The respondents were requested to indicate the extent to which the senior management was accessible by the employees.

**Table 4. 8: Accessibility of senior management**

	Frequency	Percent
Very Accessible	19	56
Accessible	12	34
Not Accessible	4	10
Total	35	100

From the findings, 56% indicated that senior management were very accessible, 34% indicated that the management were accessible while 10% indicated that senior management were not accessible. This implied that senior management in Resolution Insurance Company was accessible to employees to discuss issues of concern to them to offering insurance service to the customer. The findings concurred with Looy (2003) argued that paying attention to employees competencies and their continuous development, establishing collaborative relationships, and empowering service employees improve their satisfaction and influence offering quality insurance services.

#### **4.6 Factor influencing Resolution Company internal Customer satisfaction**

The study requested to the respondents to indicate the extent to which the given factor influences employee's satisfaction as indicated in Table 4.9.



**Table 4. 9: Resolution management Influence internal Customer’s satisfaction**

	Mean	Standard Deviation
Resolution Insurance company offers best insurance services	4.68	0.64
The resolution company has the knowledgeable staff	4.81	0.79
Customer are offered free consultant service on insurance matters	3.98	0.44
The company operations has top management support	4.03	0.41
The company has an effective employee relationship management	4.63	0.71
The company l has a sound workforce management	4.38	0.59
There exists a quality information system	4.86	0.87
The company has a well-designed service	4.10	0.37
The company has an effective way of planning and monitoring the performance of service processes	4.54	0.73
Employees inform customers well about the company insurance policies	4.86	0.87
The company management pay great attention to employees needs	3.71	0.17
The employees are given authority to manage and meet customer needs	4.54	0.53
Employees are well trained on company products and services	4.49	0.39
Staff queries in the company are handled from end to end.	4.25	0.28
The company motivate employees on better performance	4.41	0.44
The claiming process in the company is executed fast	4.30	0.45
The company establishes collaborative relationship with the employs	4.32	0.47
The company employees possesses of knowledge and skills needed to serve	4.51	0.26

**4.6.1 Factor influencing Resolution Company internal Customer satisfaction To a very great extent**

From the findings, respondents strongly agreed that the existence of a quality information system, knowledgeable staff, offering of the best insurance services to all customers and effective way of planning and monitoring the performance of service processes influence employees satisfaction as indicated by a mean 4.86, 4.81, 4.68 and 4.54. From the findings, employees inform well the companies’ Customers about the company insurance policies to a very great extent as indicated by a mean of 4.86, the company employees being given authority to management and meet customer needs as indicated by a mean of

4.54 and that the company employees possesses of knowledge and skills needed to serve customers as indicated by a mean of 4.51.

#### **4.6.2 Factor influencing Resolution Company internal Customer satisfaction To a very great extent**

The study also found that respondent agreed that sound workforce management, well-designed service, company operations being supported by top management and Customer being offered free consultant service on insurance matters as indicated by a mean of 4.38, 4.10, and 4.03. The study further found that employees in the company were well trained on company products and services, the company motivates employees on better performance, the company establishes collaborative relationship with the employees and that the claiming process in the company is executed fast influence employees satisfaction a great extent as indicated by a mean of 4.44, 4.41, 4.32 and 4.30 respectively. The study further found that staff queries in the company being handled from end to end as well as the company management pay great attention to employees needs improve employee's satisfaction to a great extent as indicated by a mean of 4.25 and 3.71 respectively.

This implied that management in Resolution company, focus on employees welfare and emphasized on Worklife quality, providing effective working environment for the staff and ensuring employees concerns were addressed effectively and focusing on Keeping employees happy which is tremendous benefit to companies as employees sought to stay loyal, consume more and were more likely to be committed to offering quality services to customers.

The findings concurred with Lemmink & Mattson (1998) who showed that the degree of personal warmth displayed by service employees towards customers was related significantly and positively to service quality perceptions and customer satisfaction. This implied that staff inquiries were handled from end to end; motivating employees through designing and implementing effective rewarding system, ensuring claims were executed with speed and within customer expected timelines and instituting collaborative relationship in the company influence employees delivering quality services. The finding also concurred with Kovach, (1977) who indicated that internal customer satisfaction has been recognized as a component of organizational commitment.

#### **4.7 Confidence of internal Customers**

The table 4.10 indicates the results on whether internal Customer was confidence in offering insurance services.

**Table 4. 10: Relationship between Customers and Resolution Company Employees**

	Frequency	Percent
Strongly agree	18	53
Agree	11	31
Moderate Agree	6	16
Total	35	100.0

From the results 53% strongly agreed that employees agree strongly , 31% indicated agreed while 16% indicated that their customers at Resolution Insurance Company have full confidence discussing insurance issues with the company staff.

#### 4.7.1 Employee's authority in serving Customers

The Table 4.11 indicated the results on Ranking employees level of at which they have been given authority to serve customer without interferences.

**Table 4. 11: Employee's authority in serving Customers**

	Frequency	Percent
High	22	63
Moderate	9	26
Low	4	11
Total	35	100.0

The results 63% indicated that ranked employees authority in offering services was high, 26% indicated that the employee s ranked the authority as moderately high while 11% otherwise.

#### 4.8 Attraction and maintenance of Internal Customers

**Table 4. 12: Attraction and maintain Employees**

	Frequency	Percent
Agree	21	61
Moderately Agreed	14	39
Total	35	100

Respondents were requested to the extent to which they agree with the statement that Resolution Insurance Company had been able to attract and maintain employees. The results, 61% indicated that they agreed while 39% indicated that the company had not been able to attract and maintaining employees. This implied that although the company was attracting and maintaining to some extent but needed more enhancement.

#### 4.9 Extent of Internal Customer Satisfaction

The study sought the extent to which internal customer satisfaction was achieved.

**Table 4. 13: Extent of Internal Customer Satisfaction**

	Mean	Std dvt
How satisfied are you overall with the service you provide to company, s customer	4.89	0.81
How satisfied are you with the speed in which the service/product is delivered	4.62	0.73
How satisfied are you with the clarity of information or advice provided by insurance staff?	4.21	0.54
How satisfied are you with the time taken to respond to customer enquiries	4.53	0.41
How courteous are the staff who serve customers in your company	4.85	0.89
Do the staff always treat customer as a valued customer	4.48	0.66

From the findings, employees were overall satisfied with the service provided to company's customer to a very great extent as indicated by a mean of 4.89. The results indicated that courteous staff who serve customers in the company influence customer satisfaction to a great extent as indicated by a mean of 4.85, speed in which the service/product was delivered 4.62 and time taken to respond to customer enquiries as indicated by a mean of 4.53 respectively. The study further found that treating of customer as valued customers and clarity of information or advice provided by insurance staff influence employee's satisfaction to a great extent as indicated by a mean of 4.48 and 4.21 respectively. The study found that more productive employees in the company provide insurance services with speed, timely and valuing the company customer to empowerment and effective interactive with the management making them more loyal and committed to offering better and high quality services. Zeithaml et al

(2006) suggested that complex combination of strategies for delivery financial services was needed to ensure that insurance employees were willing and able to deliver of quality services and that they stay motivated to perform in customer-oriented, service-minded ways.

#### **4.10 Relationship between Internal Customer satisfaction and service quality**

The respondents were requested to indicate the extent to which employee's satisfaction influence services delivery at Resolution Insurance Company.

**Table 4. 14: Customer satisfaction on service quality**

Statement on Customer satisfaction on service quality	Mean	Std deviat
The company employees are enlightened on service provided in the company	4.53	0.55
Customer are given individualized attention by company employees	4.29	0.44
The customer are offered the up to date insurance services	3.77	0.23
The employees ate the company listen to customers and keep them informed	4.03	0.41
The employees service customer instilling customer trust for the service provided	4.82	0.68
I am more productive in my place of work	4.68	0.64
I provide customer with better insurance company	4.81	0.79
I am more loyal to the company	4.57	0.44
I am more committed to offering better insurance service to customers	4.33	0.41
I am empowered to offering better service in the company	4.63	0.51
I interact effectively with the company customer	4.45	0.59

##### **4.10.1 Interval customer satisfaction influencing delivery of quality service to a very great extent**

The findings indicated that the employees service delivery to customer was instilling customer trust for the service provided to a very great extent as indicated by a mean of

4.82 .The results indicated that satisfied internal customers provided customer with better insurance company to a very great extent as indicated by a mean of 4.81, become more productive in their place of work to a very great extent as indicated by a mean of 4.68, empowered to offering better service in the company to a very great extent as indicated by a mean of 4.63 and become more loyal to a very great extent as indicated by a mean of 4.57. The study also found that the company internal customers were enlightened on service provided in the company to a very great extent as indicated by a mean of 4.53.

#### **4.10.2 Interval customer satisfaction influencing delivery of quality service to a very great extent**

The findings further indicated that employees interact effectively with the company customer to a great extent as indicated by a mean of 4.45 and were more committed to offering better insurance service to customers to a very great extent as indicated by a mean of 4.33 respectively. This clearly indicated that internal customer satisfaction greatly influence delivery of quality insurance service at Resolution Insurance company.

The study also found that customer were given individualized attention by company employees to a great extent as indicated by a mean of 4.29, the employees in the company listened to customers and keep them informed as indicated by a mean of 4.03 while the customer were offered the up to date insurance services to a great extent as indicated by a mean of 3.77. This clearly indicated that internal customer satisfaction greatly influence delivery of quality insurances services in the company.

#### 4.11 Correlations Analysis

The study sought to establish the relation between Employees Training, rewards, working conditions, collaboration relation against service delivery

**Table 4. 15: Correlation of the study variables**

		Employees Training	Rewards	Working condition	Collaborative relation	Service Delivery
Employees Training	Pearson Correlation	1				
	Sig. (2-tailed)	0.02				
	N	35				
Rewards	Pearson Correlation	.568*)	1			
	Sig. (2-tailed)	.001				
	N	35	35			
Working condition	Pearson Correlation	.0721(*)	.590(*)	1		
	Sig. (2-tailed)	.001	.007			
	N	35	35	35		
Collaborative relation	Pearson Correlation	.809(*)	.580(*)	.430	1	1
	Sig. (2-tailed)	.002	.037	.003		
	N	35	35	35	35	35
Service delivery	Pearson Correlation	.751(*)	.680	.430	.412	1
	Sig. (2-tailed)	.001	.022	.042	0.061	0.761
	N	35	35	35	35	35



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

\* Correlation is significant at the 0.05 level (2-tailed).

The study conducted a Pearson Correlation analysis for all the study variables and noted that there existed a very strong positive correlation between internal customer satisfaction and service delivery at 95% confidence level.

The strength of association between employees training and service delivery was strong and positive having scored a correlation coefficient of 0.568 and a 95% precision level. The correlation was statistically significant since it had a P- Value of 0.002 which was less than 0.005 hence statistically significant.

There also existed a statistical significant strong and positive correlation between employee's rewards and service delivery at Resolution Insurance Company with a correlation coefficient of 0.839 and a significance level of 0.01. This clearly indicated that improved on employees rewards increase employees satisfaction leading to employees commitment in delivery of services to customers.

The correlation between employees working conditions was statistically significant as it was strong and positive having scored a correlation coefficient of 0.721 with a P-Value of 0.01 and a 95% confidence level. This implied that favourable working conditions led to improve internal customer satisfaction leading to enhance service delivery.

The strength of association between collaborative relationship delivery of service was statistically significant as it was strong and positive having scored a correlation

coefficient of 0.751 with  $P < 0.05$ . This implied that there existed a positive relationship between internal customer satisfaction and service delivery in insurance firms.

## **CHAPTER FIVE**

### **SUMMARY, CONCLUSION AND RECOMMENDATIONS**

#### **5.1 Introduction**

This chapter summarizes the findings of the study that relates to the objective of the study. The chapter also draws conclusion and recommendation made from the findings of the study.

#### **5.2 Summary of the findings**

The study revealed that Resolution Insurance Company was acquiring highly educated workforce to enhance insurance service delivery. The study established that company had devised rewarding system in monetary terms, recognition and gifts for employees who exhibited exemplary performance in insurance service delivery which greatly influence employee's satisfaction.

The insurance services offered by Resolution Insurance company, in-patient and out-patient insurance services was found to be unique and superior compared to its competitors which motivate employee's enthusiasm when selling to customers, increasing employees feelings of pleasure, excitement, delight when delivery the company's services, improve employees loyalty to the company and happy when serving customers and were willing to stay in the company for long period.

The study found that internal customer at Resolution Insurance company were satisfied and were willing to stay working in the company because they were offered high salary,

promoted on merits, effectively trained, provided with all working resources, improve transport to visit customers, valued by the company and improve quality of Worklife as this could improve their commitment to the company, become more loyal and enhance their delivery of company service to the market.

The employees at Resolution company were authorize to execute their responsibilities with minimum supervision enabling them to carry out their responsibility without limited power to perform to their level best motivating and making them feel valued, dignified and respected increasing their satisfaction thereby increasing their commitment in offering quality services.

The findings revealed that employees in the resolution Insurance Company were effectively motivated by being rewarded for being productive in their responsibilities, company recognize those who performed well by giving them gifts, after sale service for those who took the company products, increasing their commission, being promoted to management level, being taken for retreats while other were being offered scholarship for further training as well as being offered insurance services at the company at lower rate than market rate.

The study established that reward system in Resolution Insurance Company was designed to improve employees performance become more products and be committed to offering quality health and general insurance services which intern improve customer satisfaction the overall company performance .

Management being accessible to address employees concerns, availing themselves to employees improve employees positive attitude when offering company services to customers improving their performance. Management in the company that pays attention to employees competencies and their continuous development, establishing collaborative relationships, and empowering service employees improve their satisfaction and influence offering quality insurance services.

The study revealed that company always focussed on acquiring qualified, educated and professionals in the insurance industry and rewarding employees for their performance and ensuring employees on job training. The management in Resolution company were found to focus on employees welfare and emphasized on Worklife quality, providing effective working environment for the staff and ensuring employees concerns were addressed effectively focusing on Keeping employees happy which is tremendous benefit to companies as employees sought to stay loyal, consume more and were more likely to be committed to offering quality services to customers.

The study further revealed that company management ensured that the employees were well informed about the company products and how effective they could be offered to customers, management paying great attention to employee's needs, giving the staff authority to manage and meet customer needs and empowering the staff through training. Employees satisfaction in the company was improve through staff inquiries being handled from end to end, motivated by designing and implementing effective rewarding system, ensuring claims were executed with speed and within customer expected

timelines and instituting collaborative relationship in the company influence employees delivering quality services.

The study revealed that clear understanding on insurances policies, company management recognizing and paying attention to employee's quality of work life and being given authority to management and meet customers need influence employees to a great extent. Training of employees on insurance company products, how to improve on performance, promotion and effective rewards, easy policy procedure, company adoption of technology in improving service delivery as well as ensuring employees work as a team motivate the employees and improve on their productivity and focus on offering quality insurance services at the company.

The study found that more productive employees in the company provide insurance services with speed, timely and valuing the company customer to empowerment and effective interactive with the management making them more loyal and committed to offering better and high quality services . The study found that complex combination of strategies for delivery financial services was needed to ensure that insurance employees were willing and able to deliver quality services and that they stay motivated to perform in customer-oriented, service-minded ways.

The study revealed that employee's satisfaction led to staff responding facts to customer inquiries and complains treated customers with respect and dignity and offered service at the right time, company employees communicate effectively to customers, correct errors

in the policy statement promptly and offering service beyond expectation as well as assisting customers where they needed assistance.

The study found that employees in the company were making customer accessing the company insurance products, provided quick feedback fast and within the expected period and provide errors free policy document, enlightening customers, updated customers on what they needed to do and about new insurance product developed by the company and effectively listening to customer and always become loyal in provision of quality insurance services.

From the Pearson Correlation analysis for all the study variables and noted that there existed a very strong positive correlation between internal customer satisfaction and service delivery at 95% confidence level. This indicated that internal customer satisfaction had a positive effects on service delivery in the organization.

### **5.3 Conclusions**

The study concluded that effective motivating employees by rewarding them for being productive in their responsibilities, through recognition ,gifts, after sale service, increasing their commission, being promoted to management level, being taken for retreats while other were being offered scholarship for further training and training and promotion improved employees satisfaction. This motivated and enable employees to be more committed to offering quality health and general insurance services which in turn improve customer satisfaction the overall company performance.

The study concluded that company management focussed on employees welfare and emphasized on Worklife quality, providing effective working environment for the staff and ensuring employees concerns were addressed effectively focusing on Keeping employees happy which is tremendous benefit to companies as employees sought to stay loyal, consume more and were more likely to be committed to offering quality services to customers.

The concluded that company management ensured that the employees were well informed about the company products and how effective they could be offered to customers, management paying great attention to employee's needs, giving the staff authority to manage and meet customer needs and empowering the staff through training, staff inquiries being handled from end to end, motivated by designing and implementing effective rewarding system, ensuring claims were executed with speed and within customer expected timelines and instituting collaborative relationship in the company influence employees delivering quality services.

The study concluded that employees training, promotion, effective rewarding systems understanding insurances policies, employee's recognition and paying attention to employee's quality of work life and according authority to management and meet customers need, easy policy procedure, company adoption of technology in improving service delivery as well as ensuring employees work as a team motivate the employees and improve on their productivity and focus on offering quality insurance services at the company influence employee's satisfaction to a great extent.



The study concluded that more satisfied employees were more productive in the company providing quality insurance services with speed, timely and valuing the company customer to empowerment and effective interactive with the management making them more loyal and committed to offering better and high quality services .

The study concluded that employee's satisfaction improve service delivery by staff responding fast to customer complains, treated respect and dignity and offering insurance service at the right time, communicate effectively to customers, correct errors in the policy statement promptly and offering service beyond expectation as well as assisting customers where they needed assistance.

The study concluded that Internal customer satisfaction improve service delivery in the company as employees provided quick feedbacks and within the expected period and provide errors free policy document, enlightening customers, updated customers on what they needed to do and about new insurance product developed by the company and effectively listening to customer and always become loyal in provision of quality insurance services.

#### **5.4 Recommendations**

The study recommend that insurance firms should focus on enhancing employees reward systems through training to increasing motivating employees as effective reward systems demonstrated such desirable behaviors in service encounters increasing employees satisfaction, their motivation, competencies, and commitment in delivery quality insurance services.

The study recommend that company should focus on employees training, promotion, effective rewarding systems understanding insurances policies, employee's recognition and paying attention to employee's quality of work life and according authority to management and meet customers need, easy policy procedure, company adoption of technology in improving service delivery as well as ensuring employees work as a team to improve internal customer satisfaction.

The study concluded that more satisfied employees were more productive in the company providing quality insurance services with speed, timely and valuing the company customer to empowerment and effective interactive with the management making them more loyal and committed to offering better and high quality services .

The study recommend that management in the insurance service industry should focus on improving Internal customer satisfaction to achieve improved service delivery in the company as employees would provide quick feedbacks and within the expected period and provide errors free policy document, enlightening customers, updated customers on what they needed to do and about new insurance product developed by the company and effectively listening to customer and always become loyal in provision of quality insurance services. This was because employee's satisfaction improve service delivery by staff responding fasts to customer complains, treated respect and dignity and offering insurance service at the right time, communicate effectively to customers, correct errors in the policy statement promptly and offering service beyond expectation as well as assisting customers where they needed assistance.

### **5.5 Limitations of the Study**

The researcher encountered various limitations that tended to hinder access to information sought by the study. The study could have considered other insurance companies such as Britam to provide a broad based study but time and resources constraint the study.

The respondents approached were reluctant in giving information fearing that the information sought would be used to intimidate them or print a negative image about the bank. The researcher handled the problem by carrying with him an introduction letter from the University and assured them that the information they gave would be treated confidentially and it was to be used purely for academic purposes.

### **5.6 Recommendation for further study**

This research has been analyzing the effects of customer satisfaction on service delivery in Resolution Insurance Company. The study recommends that a further study should be carried to identify the factors affecting internal customer satisfaction in service industry.

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## APPENDICES

### Appendix 1: Research Questionnaire

#### SECTION A: Respondents Profile

1. What is your position in your company.....
2. What is your level of education? (Tick as applicable)
  - i. College
  - ii. University
  - iii. Degree
  - iv. Master
  - v. Others (specify)
3. How long have you worked at your company
  - i. 1-2 years
  - ii. 3-4 years
  - iii. 5-6 years
  - iv. Above 6 years
4. How satisfied are you working in Resolution Insurance Company?
  - i. Very satisfied
  - ii. Satisfied
  - iii. Neutral
  - iv. Dissatisfied
  - v. Very Dissatisfied
5. Would you consider working elsewhere with better conditions?
  - i. Yes
  - ii. No
  - iii. Maybe
6. Do you have a regulated routine at work?
  - i. Yes
  - ii. No

7 Are you rewarded for delivering excellent insurance services besides your monthly salary?

(a) Yes [ ]

(b) No [ ]

(c) Sometimes [ ]

8 How accessible is the senior management for you as an employee?

(a) Very accessible [ ]

(b) At a general meeting [ ]

(c) it depends on circumstances [ ]

(d) Not Accessible [ ]

9. To what extent do you agree with each of the following statement about Resolution insurance Company? Using a scale of 1-5 where 1-strongly disagree, 2-Disagree, 3-Neutral, 4- Agree and 5- Strongly agree.

	1	2	3	4	5
The Resolution Insurance company offers the best insurance services to all customers					
The resolution company has the knowledgeable staff					
Customer are offered free consultant service on insurance matters					
The company operations has top management support					
The company has an effective employee relationship management					
The hospital has a sound workforce management					
There exists a quality information system					
The company has a well-designed service					
The company has an effective way of planning and monitoring the performance of service processes					

10. To what extent do you agree the customers at Resolution Insurance Company have full confidence discussing insurance issues with the company staff?



- i. Strongly agree [ ]
- ii. Moderately agree [ ]
- iii. Neither agree nor disagree [ ]
- iv. Moderately disagree [ ]
- v. Strongly disagree [ ]

11. Rank the level of at which you have been given authority to serve customer without interferences

- i. High [ ]
- ii. Moderate [ ]
- iii. Low [ ]

12. Indicate the extent to which you agree with the statement that Resolution Insurance company has been able to attract and maintain employees

- i. Strongly agree [ ]
- ii. Moderately agree [ ]
- iii. Neither agree nor disagree [ ]
- iv. Moderately disagree [ ]
- v. Strongly disagree [ ]

13. Indicate the how much you agree with the following issues. Please score on a scale of 1-5, where 1 = Not at all. 2-Not Much, 3-Neutral, 4- Much and 5 = " very Much

	1	2	3	4	5
How satisfied are you overall with the service you provide to company, s customer					
How satisfied are you with the speed in which the service/product is delivered					
How satisfied are you with the clarity of information or advice provided by insurance staff?					
How satisfied are you with the time taken to respond to customer enquiries					
How courteous are the staff who serve customers in your company					

Do the staff always treat customer as a valued customer					
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14. To what extent do you agree with each of the following statement on service quality?

Using a scale of 1-5 where 1-strongly disagree, 2-Disagree, 3-Neutral, 4- Agree and 5- Strongly agree.

	1	2	3	4	5
Employees inform well the companies' Customers about the company insurance policies					
The company management pay great attention to employees needs					
The company employees are given authority to management and meet customer needs					
Employees in the company are well training on company products and services					
Staff queries in the company are handled from end to end.					
The company motivate employees on better performance					
The claiming process in the company is executed fast					
The company establishes collaborative relationship with the employs					
The company employees possesses of knowledge and skills needed to serve customers.					

15. To what extent do you agree with the following statement? Using a scale of 1-5 where 1-strongly disagree, 2-Disagree, 3-Neutral, 4- Agree and 5- Strongly agree.

Statement	1	2	3	4	5
I am more productive in my place of work					
I provide customer with better insurance company					
I am more loyal to the company					
I am more committed to offering better insurance service to customers					
I am empowered to offering better service in the company					
I interact effectively with the company customer					

16. To what extent do you agree with each of the following statement on service quality?

Using a scale of 1-5 where 1-strongly disagree, 2-Disagree, 3-Neutral, 4- Agree and 5-Strongly agree.

	1	2	3	4	5
The company staff responds fast to customer complaints					
Customer are treated with respect and dignity					
The customers are service at the right time					
The company staff communicate effectively to company customers					
Errors in the customer policy statement are corrected promptly					
The company staff over service beyond expectations					
The employees in Resolution company are always willing and able to assist customers					
Insurance service at Resolution Company are easily accessible					
Customer are provided with quick feedbacks					
The services at the company are provided within expected time					
The customers at the company are service with speed					

Affordable charges for services are rendered at the company					
Error free documentation is provided to customers					
The company employees are enlightened on service provided in the company					
Customer are given individualized attention by company employees					
The customer are offered the up to date insurance services					
The employees ate the company listen to customers and keep them informed					
The employees service customer instilling customer trust for the service provided					