BUSINESS PROCESS RE-ENGINEERING AND
OPERATIONAL PERFORMANCE AT UAP INSURANCE
COMPANY

BY

MUNGAI ELIZABETH WANJIKU

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DECLARATION

I declare that this research proposal is my own original work and has not been submitted previously in its entirety or in part at any other university or college for any academic award.

Signature…………………………………Date………………………………………

MUNGAI ELIZABETH WANJIKU
D61/64713/2013

This research proposal has been submitted for examination with my approval as the University supervisor.

Signature…………………………………Date………………………………………

ONSERIO NYAMWANGE
LECTURER,
DEPARTMENT OF MANAGEMENT SCIENCE
UNIVERSITY OF NAIROBI
DEDICATION

I dedicate this work to my loving daughter, Nelly Nyambura.
ACKNOWLEDGEMENT

I take this opportunity to thank the Almighty God for His sufficient grace and blessings upon my life and for seeing me through the completion of this project and my Masters programme.

I would like to thank my supervisor Onserio Nyamwange for his guidance and support throughout the project.

A special thanks to my family, words are not enough to express how grateful I am to my mother, for all of the sacrifices that you’ve made on my behalf. Your immense support and prayers sustained me this far.

To my study group members, there is no better way to repay you for your unfailing support whenever I was stuck through this journey. You were always willing to help and give your best suggestions. Thank you all and may the Almighty God bless you lavishly.
ABSTRACT

The business environment for the firms in the service industry such as insurance firms is continually changing in the context of the organizational competitiveness, organizational performance and operational performance. This creates a need to continually improve on operational processes due to growth of international trade, the customer assertiveness in demand for high quality services, rapid technological development, and shortened product life cycles. In order to cope with this changing business environment, the firms need to undertake an organizational change methodology such as Business Process Re-engineering (BPR). BPR aims to achieve improvements in the contemporary measure of performance that is cost, quality, service and speed. The aim of BPR is the redesigning of the work to better support organizational objectives while reducing on the cost implications. Therefore, the overall aim of BPR is delivering more value to the customer through rethinking of existing processes, use technology to improve data dissemination and decision making, redesigning the functional organization into cross-functional teams. This study aimed at examining the role of BPR on customer relationship management, cost management and operational efficiency at UAP insurance company. The study used the Resource Based View, Dynamic Capabilities Theory, and Human Capital Theory. Descriptive research design and structured questionnaires were utilized for data collection. In the context of the order of influence of BPR on operational performance metrics (in decreasing order): demonstration of flexibility in dealing with service requests actions, BPR helping UAP achieve customer promise, improvement in the turnaround timelines for services provision, simplification of operational processes and better coordination between branch based services and head office based services. In the context of the influence of BPR helping in Customer Relationship Management aspects, the order of significance in ascending order was reception of useful alerts, improvement in the tracking of complaints, simplification of operational process leading customer loyalty, improvement in customer acquisition process, and consistency in service delivery. The order of importance (in increasing significance) in the context of BPR helping in Operational Efficiency metrics; the ability to serve a higher number of customers with fewer head count, faster product development, agility in reacting to market environment, improvement of the workflow processes, and provision of better results in service requests.
TABLE OF CONTENTS

DECLARATION .......................................................................................................................................................................................... ii
DEDICATION ...................................................................................................................................................................................... iii
ACKNOWLEDGEMENT ........................................................................................................................................................................ iv
ABSTRACT ....................................................................................................................................................................................... v
LIST OF TABLES ................................................................................................................................................................................ viii
ACRONYMS AND ABBREVIATIONS .................................................................................................................................................. ix

CHAPTER ONE: INTRODUCTION .................................................................................................................................................. 1
1.1 Background of the Study ................................................................................................................................................................ 1
1.2 Statement of the Problem .......................................................................................................................................................... 5
1.3 Research Objectives .................................................................................................................................................................. 9
1.4 Value of the Study ..................................................................................................................................................................... 10

CHAPTER TWO: LITERATURE REVIEW ........................................................................................................................................ 11
2.1 Introduction ............................................................................................................................................................................... 11
2.2 Theoretical Framework ............................................................................................................................................................ 11
2.3 Business Process Re-engineering ........................................................................................................................................ 12
2.4 Impact of Business Process Re-engineering ........................................................................................................................ 14
2.5 Empirical Studies ...................................................................................................................................................................... 18
2.6 Conceptual Framework ............................................................................................................................................................ 21
2.7 Research Hypotheses ............................................................................................................................................................... 21

CHAPTER THREE: RESEARCH METHODOLOGY .................................................................................................................... 22
3.1 Introduction ............................................................................................................................................................................... 22
3.2 Research Design ...................................................................................................................................................................... 22
3.3 Data Collection Techniques .................................................................................................................................................... 22
3.4 Data Processing and Analysis ................................................................................................................................................ 23

CHAPTER FOUR: RESEARCH FINDINGS AND ANALYSIS ........................................................................................................ 25
4.1 Introduction ............................................................................................................................................................................... 25
4.2 General Information ................................................................................................................................................................. 25
4.3 The Role of BPR on Operational Performance ................................................................................................................... 26
4.4 The Impact of the BPR on Customer Relationship Management ......................................................................................... 30
4.5 The Impact of BPR on Operational Efficiency .................................................................................................................... 35
4.6 Qualitative Analysis ................................................................................................................................................................. 40
CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS.....42

5.1 Introduction.................................................................................................................42
5.2 Summary..................................................................................................................42
5.3 Conclusion...............................................................................................................43
5.4 Recommendations....................................................................................................44
5.5 Limitations of the Study..........................................................................................44
5.6 Suggestions for Further Studies..............................................................................44

REFERENCES..................................................................................................................46

APPENDICES.....................................................................................................................51

APPENDIX A: CONSENT STATEMENT TO THE RESPONDENTS.................51
APPENDIX B: QUESTIONNAIRE................................................................................52
LIST OF TABLES

Table 4.1: Descriptive Statistics on Operational Performance .......................... 27
Table 4.2: KMO and Bartlett's Test on Operational Performance ...................... 28
Table 4.3: Correlation Matrix on Operational Performance .............................. 28
Table 4.4: Total Variance Explained on Operational Performance .................. 29
Table 4.5: Component Matrix on Operational Performance ............................ 30
Table 4.6: Descriptive Statistics on Customer Relationship Management .......... 32
Table 4.7: KMO and Bartlett's Test on Customer Relationship Management ....... 33
Table 4.8: Correlation Matrix on Customer Relationship Management ............. 33
Table 4.9: Total Variance Explained on Customer Relationship Management ........ 34
Table 4.10: Component Matrix on Customer Relationship Management ............ 35
Table 4.11: Descriptive Statistics on Operational Efficiency ........................... 37
Table 4.12: KMO and Bartlett's Test on Operational Efficiency ....................... 37
Table 4.13: Correlation on Operational Efficiency ........................................ 38
Table 4.14: Total Variance Explained on Operational Efficiency .................... 38
Table 4.15: Component Matrix on Operational Efficiency .............................. 39
ACRONYMS AND ABBREVIATIONS

<table>
<thead>
<tr>
<th>AKI</th>
<th>Association of Kenya Insurers</th>
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<tbody>
<tr>
<td>BPR</td>
<td>Business Process Re-engineering</td>
</tr>
<tr>
<td>CRM</td>
<td>Customer Relationship Management</td>
</tr>
<tr>
<td>IT</td>
<td>Information Technology</td>
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<td>IRA</td>
<td>Insurance Regulatory Authority</td>
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CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

Business is faced with different market dynamics making it necessary for it to reinvent itself in order to be strategically competitive (Okumu, 2013). One of the channels available for this process is the Business Process Re-engineering.

The business environment for the firms in the service industry such as insurance firms is continually changing in the context of the organizational competitiveness, organizational performance and operational performance (Onchana, 2012). The organizations need to continually improve on their operational processes due to growth of international trade, the customer assertiveness in demand for high quality services, rapid technological development, and shortened product life cycles (Ringim, Razalli, & Hasnan, 2012). In the context of the customer assertiveness for higher quality products, the modern day customer has an integral role in the consumer/producer relationship due to the introduction of variety of choices in the market (Odede, 2013). This enables the customer to dictate for tailor made products within a certain ability to pay (Kangogo, 2014). The international trade and globalization is continually exerting pressure on the local firms due to the introduction of the high quality but cheaper products. The governments in the expanded democratic space, an overly litigious society and rapidly changing technological innovation, is forced to review the regulatory practices frequently and make far reaching regulatory changes (Aluoch, 2014). In order to cope with this changing business environment, the firms need to undertake an organizational change methodology such as Business Process Re-engineering (BPR) (Munyao, 2014).
The factors that compel the businesses to undertake BPR can be grouped into the external factors and internal factors (Nangami, 2014). The internal factors include factors that exert pressure from within the organizations including outdated technology, need to automate processes, need for efficiency improvement, need to manage cost, and a re-examination of the strategic aspirations (Dogan, 2013). On the other hand, the external factors exert pressure from the outside such as customers’ demands, increased competition, dynamic market conditions, and changing regulatory environment (Kyengo, 2014).

1.1.1 Business Process Re-engineering

BPR aims to achieve improvements in the contemporary measure of performance that is cost, quality, service and speed (Nangami, 2014). The aim of BPR is the redesigning of the work to better support organizational objectives while reducing on the cost implications (Kawa, 2013). In order to do this, BPR involves a complete overhaul of the organizational structure, job characteristics, performance measures and the reward system. The success metrics of BPR in the context of the operational performance include improved turnaround timeframes in service delivery, improvement in the quality of products and or service, cost reduction, technological improvement, competitiveness, revenue increase and improved customer service levels (Maina, 2014). Therefore, the overall aim of BPR is delivering more value to the customer through rethinking of existing processes, use technology to improve data dissemination and decision making, redesigning the functional organization into cross-functional teams (Kangogo, 2014). The areas of improvement that BPR helps achieve include improvement of the turnaround timeframe on service delivery, reducing defect rates, increasing accuracy of process instructions, eliminating
repetitive tasks, speeding up product development and improving human resource practices (Namatsi, 2014).

1.1.2 Operational Performance

The operational performance is the measure against standard or prescribed indicators of effectiveness, efficiency, and environmental responsibility such as, cycle time, productivity, waste reduction, and regulatory compliance (Nduro, 2010). Operational performance is a process of assessing progress toward achieving predetermined goals. This includes information on the efficiency with which resources are transformed into goods and services (outputs), the quality of those outputs (how well they are delivered to clients and the extent to which clients are satisfied) (Norah, 2014). Other aspects that are examined include outcomes (the results of a program activity compared to its intended purpose), and the effectiveness of organization’s operations in terms of their specific contributions to organizational objectives (Odede, 2013). Operational performance refers to the processes geared at coordination and enhancement of work activities and outcomes within an organization. It is crucial for the success of any organization (Vijayan, 2015). The measures of operational performance of organizations are productivity, quality, cost effectiveness, timeliness and flexibility.

1.1.3 UAP Insurance Company

The UAP insurance company was incorporated in 1978 (UAP Insurance, 2015). The current company was formed in 1994 after the merger of Union Insurance and Provincial Insurance following the merger of their parent companies, UAP of France and Provincial of the UK (UAP Insurance, 2015). The company became part of AXA after the acquisition of the UAP in France in 1996 and became a fully-fledged Kenyan
company when AXA divested in 2000 (UAP Insurance, 2015). The Company currently provides motor vehicle, personal accident, fire, theft, marine, workman compensation as well as livestock and crop (UAP Insurance, 2015).

UAP recognizes that to achieve leadership they have to be revolutionary, customer focused and inclusive. UAP continuously innovates and sets the pace for the market. Their vision requires them to provide leadership in the markets they serve. They have a number of achievements to show for this: they were the first insurance company to be ISO 9001:2000 certified; they have achieved the highest credit rating, Global Credit Rating (AA+); they have been awarded the FiRe award for best presented accounts for seven consecutive years (UAP Insurance, 2015).

In 2008, UAP Insurance became the first company in the insurance industry to adopt the paperless system by acquiring a DMS system where all mails and correspondences are scanned, stored and worked on online. This has reduced the amount of paperwork tremendously, assisted in speedy claims administration reducing the regulatory penalties imposed by Insurance Regulatory Authority (IRA) for claims not settled within 90 days.

In 2012, UAP Insurance launched a 24 hour call centre. This has reduced customer complaints and reduced administration costs. In order to serve the clients even better, a department known as the Service Delivery Unit (SDU) was formed. They are in charge of the documentation enhancing turn-around times and ensuring that all Know Your Customer (KYC) details are collected.
The insurance industry in Kenya has experienced phenomenon growth in diverse metrics (Association of Kenya, 2015). The insurance industry grew by 20.3% in 2014 (2013: 20.4%), gross Premium in 2014 was Ksh 157.21 billion (2013: Ksh 130.65 billion) and Non-Life Insurance Premium was Ksh 100.24 (2013:Ksh 86.64 billion) that is 15.7% growth (Association of Kenya, 2015). The Life Insurance Premium was Ksh 56.97 (2 013:Ksh 44.01 billion) that is 29.4% growth (Association of Kenya, 2015). The industry incurred net claims of Ksh 82.36 billion in 2014 compared to Ksh 65.47 billion in 2013, an increase of 25.8% while the net earned premium income increased by 25.0% from Ksh 81.32 billion to Ksh 101.64 billion (Association of Kenya, 2015). Investment earnings and other income increased by 6.5% from Ksh 42.76 billion to Ksh 45.55 billion while the total Commissions and Expenses increased by 20.9% from Ksh 40.82 billion to Ksh 49.37 billion (Association of Kenya, 2015). Despite the small dip in profitability before tax by 13.1% to Ksh 15.46 billion in 2014 (2013: Ksh 17.79 billion), other metrics increased for the year. The insurance Industry total assets increased by 16.3% to Ksh 417.43 billion (2013: Ksh 358.82 billion). Total liabilities increased by 15.6% to Ksh 328.70 billion (2013: Ksh 284.33 billion).

1.2 Statement of the Problem

Business Process Re-Engineering (BPR) has been marketed as a necessary change methodology to rejuvenate the organization, improve on its competitiveness, manage costs, improve on the service delivery and introduce operational efficiency (Owuor, 2011). In the Kenya’s context, there has been intense competition in the insurance industry occasioned by occasioned by entry of new players in the market through expansion of banking services to offer insurance products. These banks are forming
their own stand-alone products and collaborating with the existing insurance companies. Examples of such realignments include the purchase of the first assurance company by Barclays Bank of Kenya in order to offer stand-alone products in the market. Despite the benefits associated with BPR processes, Odede (2013) argues that 70% of the firms that undertake BPR don’t achieve their objectives. This is because conceptually, BPR as change process should emphasize the value-added element for every activity, and recognizing time as a competitive weapon, focusing on end results and objectives, ensuring quality at the source, planning for an end-to-end solution (Kimemia, 2013). Others challenged the old ways and proposed new ways, using the right technology, empowering people, building consensus on making changes, and setting aggressive goals for the new process (Dogan, 2013).

There are several scholars who have examined the concept of the Business Process Re-Engineering (BPR) both at international and local context. At international level, these scholars include; Ringim et al., (2012) examined A Framework of Business Process Re-engineering Factors and Organizational Performance of Nigerian Banks. The study found that the BPR affected the operating cost and interest cost hence the organizational performance. Sarang (2012) examined the Implementation of Business Process Re-Engineering in the Retail Banking Sector in India. The study concluded that the BPR in the banking sector involved the change of technology and workflow processes.

Awolusi and Onigbinde (2014), examined Assessment of Critical Success Factors of Business Process Re- Engineering in Nigerian Oil and Gas Industry. The study found out that the factors that were critical in the BPR included change of management system and culture, organizational structure, IT infrastructure, management support
and competence, and project planning and management respectively. Chang (2014),
examined Creating Business Value from enterprise resources planning (ERP)
systems: The effect of business process re-engineering and ERP capabilities. The
results found out that business process performance is an important variable, and
when included the explanatory power of the model increase significantly. The
findings also demonstrate a positive indirect relation between ERP competences and
organizational performance via business process performance.
Mohamad & Ismail (2010), checked on the Moderating Effect of IT Capability on the
Relationship between Business Process Reengineering Factors and Organizational
Performance of Banks. The results indicated that the Information Technology (IT)
played a critical role towards competitive advantage and organizational excellence.
The IT operations, IT objects and IT knowledge are the most important dimensions of
IT capability attributes that contribute to higher organization performance. Nzewi,
Nzewi and Moneme (2015), examined Business process reengineering and
performance of courier service organizations in Anambra state, Nigeria. The study
concluded that the BPR is a veritable engine of organizational survival in courier
service sector characterized by technological discontinuities, customer demands, ever-
changing regulatory conditions, and increasing environmental uncertainties.
Reengineering process remains an effective tool for organizations striving to operate
in a highly competitive business environment. Sarlak (2012) examined Towards
Systematic Approach for Business Process Re-engineering: Addressing
Organizational Behavior Challenges. The Study found that successful implementation
of the BPR was best implemented through six phases that is preparation, assessment,
solution, benchmarking, development and transformation phases. The BPR was found
to have a positive effect on the organizational performance that is productivity, product quality and production cost.

At the local level, the scholars who have studied the phenomenon include:
Rono (2013) examined Business Process Reengineering and Strategy Development in the Kenya Commercial Bank Limited. The study found out that information technology was being used as an enabler to the BPR process as opposed to the main change driver. The BPR at the KCB improved on the response time, service and quality by focusing on customer oriented business process. Norah (2014), examined Business Process Reengineering Practices and Performance of Kenya Commercial Bank. The study found out that the BPR affected various variables such as people, employees, business, technology within KCB group. The BPR implementation sought to improve on the organizational performance and helped in the achievement of the cost leadership strategy in the operating industry and environment. Onchana (2012) examined the effects of business process re-engineering in the provision of services in civil service: case study of Ministry Of Lands. The results indicated that BPR processes at Ministry of Lands took several forms such as total transformation, Partial transformational and reshaping of business processes and systems. The reasons for undertaking the processes included increase in the demand for products.
Both Rono (2013) and Norah (2014) examined the impact of BPR on the performance of the Kenya Commercial Bank. This study differs from these studies which primary focused on the organizational performance of commercial banks to look at the effect of BPR on operational performance.
This study examined the various ways in which BPR has had an effect on the operational efficiency at UAP insurance Company. The study examined the following research questions; What is the role of BPR on customer relationship management at UAP insurance company? What is the impact of BPR on cost management at UAP insurance company? What is the impact of BPR on operational efficiency at UAP insurance company?

1.3 Research Objectives

The objectives of the study were divided into the general and specific research objectives.

1.3.1 General Objective

The general objective was the examination of the impact of Business process Re-Engineering and operational performance at UAP insurance limited.

1.3.2 Specific Objectives

The specific research objectives were;

i. To examine the role of BPR on the customer relationship management at UAP insurance company

ii. To establish the impact of BPR on cost management at UAP insurance company

iii. To determine the impact of BPR on operational efficiency at UAP insurance company
1.4 Value of the Study

This study will be of significance to a wide group of stakeholders including the UAP insurance company managers, the Association of Kenya Insurers (AKI), and the Insurance Regulatory Authority (IRA) as it will help improve on practice and influence policy. In this context, the study’s results will be used by the UAP insurance managers, AKI, and IRA to make policy interventions to address any noted challenges and to entrench the best practices learned from the findings.

The study will also be useful to the academic scholars in the subject matter. The scholars will gain from the expanded body knowledge and the suggestions for further studies that give them topics on what they can pursue.
CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction
This chapter examines the theoretical review, theoretical framework, conceptual review, conceptual framework, summary of reviewed literature, and research gaps.

2.2 Theoretical Framework
The theoretical framework will be based on the Resource Based View and Dynamic Capabilities Theory.

2.2.1 Resource Based View
The Resource Based View (RBV) argues that the competitiveness of a firm is achieved through deliverance of superior value to customers (Musya, 2013). The businesses must strategically identify and utilize resources of a firm in order to sustain competitive advantage (Collier, 2013). The RBV theory argues firms have three categories of resources that are physical capital, human capital and organizational capital (Mutuvi, 2013). The other critical component of the RBV theory is the concept of capability. A capability is a capacity for a set of resources to perform a stretch task of an activity. Each organization is a collection of unique resources and capabilities that provides the basis for its strategy and the primary source of its returns (Kavoo, 2013). In the context of the BPR processes within the insurance industry, the firms must reorganize the physical capital, human capital and organizational capital with a view of optimally utilizing their resources to achieve the organizational and operational performance objectives.
2.2.2 Dynamic Capabilities Theory

The dynamic capabilities theory is based on the notion that the business world is characterized by hyper competition (Bartai, 2014). For the firms to gain and sustain the competitive advantage, they must strive to continually rearrange their internal resources and capabilities that is dynamic capabilities (Ndau, 2014). In this context, the dynamic capabilities are defined as a firm’s strategy to constantly integrate, reconfigure, renew, and recreate internal and external resources in response to dynamic and rapidly shifting market environments in order to attain and sustain competitive advantage (Kulundu, 2014). The BPR process enables the firms to create dynamic capabilities through the reorganization of the available resources to ensure optimum performance.

2.3 Business Process Re-engineering

There are several definitions of BPR that have been advanced. Hammer (1990) defines BPR as the discrete initiatives intended to achieve radically redesigned and improved work processes in a bound time frame. On the other hand, Hammer & Champy (1993) defined BPR as the rethinking, restructuring and streamlining of the business structures, processes, methods of working management systems and external relationships through which companies create and deliver value. BPR has also been defined as the process of optimizing organizational processes and structures for best possible end result (Awolusi & Onigbinde, 2014). It has also been defined as the redesign and improvement of business processes both in depth (roles and responsibilities, measurements and incentives, organizational structure, information technology, shared values and skills) and breadth (activities to be included which can lead to long-term profits) (Hussain, 2011). BPR combines analysis and modeling of
business processes with advanced information technologies; involves the radical redesign of business processes; typically employs Information Technology as an enabler of new business processes; attempts to achieve organizational level strategic outcomes; and tends to be inter-functional in its efforts (Khakata, 2014). Odede (2013) defines BPR as the discrete initiatives intended to achieve radically redesigned and improved work processes in a bounded time frame. On the other hand, Rono (2013) defines BPR as the rethinking, restructuring and streamlining of the business structures, processes, methods of working, management systems, and external relationships through which companies create and deliver value. BPR has also been defined as the process of optimizing organizational processes and structures for best possible end result (Aluoch, 2014). It has also been defined as the redesign and improvement of business processes both in depth (roles and responsibilities, measurements and incentives, organizational structure, information technology, shared values, and skills) and breadth (activities to be included which can lead to long-term profits) (Kairu, 2013).

There are two models of BPR that is the incremental and radical models. The incremental BPR model is the change methodology concerned with the improvement and simplification of the existing process (Malonza, 2014). This is achieved through the removal of processes and procedures that don’t add value to the overall workflow (Nzewi et al., 2015). It examines the best and optimal reallocation of resources. In most organizations, the incremental BPR is implemented through the adaption of the best practices from world class organizations through benchmarking process (Muli, 2014). The benchmarking process is the comparison with other businesses in the industry with a view of highlighting the best industrial practices and promoting their
adoption (Mutuku, 2013). On the other hand, the radical BPR involves the challenging the existing organizational framework and operational processes through introduction of new technology and processes (Prabha, 2010).

BPR is composed of four components, that is, innovative rethinking, process function, radical change and organizational development and change (Onchana, 2012). The innovative rethinking is dependent on the creativity and inspiration. On the other hand, the process function is concerned with the collection of activities that take one or more kinds of input and creates an output that is of value to the customer such as ordering of organizational structure, manufacturing, production, development, delivery and invoicing (Rono, 2013). The radical change is involved with the transformation in order to accommodate new ideas, technology, innovation and improvement (Vijayan, 2015).

2.4 Impact of Business Process Re-engineering

The customer relationship management is defined as the establishment, development, maintenance and optimization of long-term mutually valuable relationships between consumers and the organizations (Amare, 2014). On the other hand, Sathiya (2013) defined the customer relationship management as the utilization of the customer related information or knowledge to deliver relevant products or services to the customers. Guevin (2011) defines the customer relationship management the integrated customer management strategy of a firm to resourcefully manage customers by providing customized goods and services and maximizing customers' lifetime values. Wanjau (2013) defines the Customer Relationship Management as the enterprise approach to understanding and influencing customer behavior through
meaningful communications in order to improve customer acquisition, customer retention, customer loyalty, and customer profitability.

The modern customers are more demanding, exposed to a wide variety of options, more knowledgeable on their needs and rights, and more price sensitive (Mutuku, 2013). The firms must ensure that they are customer oriented especially if they are in the service industry such as the insurance industry (Namatsi, 2014). The firms must therefore strive to offer excellent customer service resulting into the standardized and consistent delivery for greater customer loyalty and satisfaction. BPR enables an organization to more customer centric through creation of lean organization with flatter management structures (Rachilo, 2013). This enables quicker decision making, enhanced services and products, quicker turnaround on service provision and better accuracies in routine workflow processes ultimately leading to better customer service (Khakata, 2014).

The embracing of Customer Relationship Management (CRM) soft wares through BPR means that several customer service metrics are tracked. These customer service metrics include complaints handling, product orders, customer details, and customer compliments amongst others (Ngatia, 2013). Tracking these metrics from a historical perspective creates an opportunity for the firms to give customized services and products to their customers (Rono, 2013). It also enables the firms to proactively manage their relationships with the customers with a higher customer retention rates and new customer attraction (Sadikoglu, 2008).
Business Process Re-engineering (BPR) significantly reduces the costs of running an organization if effected appropriately. In this context, Norah (2014) argues that BPR reduces costs and cycle time by eliminating unproductive activities and employees who perform them. BPR reduces the management layers or the chain of command through elimination of the employees who have become redundant through the embracing of new technologies and workflow redesign (Munyao, 2014). Business Process Reengineering enables the combination of functions that were previously being handled by many workers and enables several functions to be done simultaneously hence saving on time (Myers & Egger, 2013). BPR also enables better utilization of the economies of scale that leads to the mass production of services while allowing the customization of products and services leading to effective cost management (Ngatia, 2013).

The operational efficiency creates sustainable competitive advantage among firms. In this context, BPR is used in the realigning of strategy, operations, and systems to deliver significantly increased financial results and customer satisfaction (Aluoch, 2014). This is achieved through the ability of the BPR to enable the firms to operate with fewer resources, and provide superior products or services within limited timeframe, speed, quality, and cost (Gitau, 2014).

The use of the Information Technology (IT) in Business Process Reengineering (BPR) has the capability of significantly increasing the operational efficiency of an organization (Kariuki, 2014). The embracing of new technologies in the business process has the capability of ensuring that manual processes are automated and new
functionalities created (Kasae, 2014). The elimination of the manual processes through the use of technology enables quicker turnaround timeframes on service issues and better accuracy on routine work (Kyengo, 2014). Among the functions that can be automated include the clerical and filing functions within an organization. This enables the filing of large amounts of information and the retrieving of the same when needed far much quicker (Mutwa, 2014). The use of the technology also creates new functions that improve on the workflow in an organization in the context new technologies are often developed to address existing challenges in the industry (Ngatia, 2013). These new functions have the capability of enabling work that was previously cumbersome and time consuming to be executed at a far much faster pace. Rono (2013) therefore argues that the Information Technology (IT) enhances service reliability, reduces transaction errors, increases consistence in performance and customizes service.

BPR enhances the operational efficiency through redesigning of the workflow processes and operational procedures to get rid of processes and procedures that have become redundant (Norah, 2014). The workflow processes are designed with a heavy influence of the existing resources, technical knowhow, regulatory policies and market conditions (Odede, 2013). However, these determinants of the workflow processes are not static but therefore necessitating new ways of doing things. BPR creates an avenue of examining the workflow processes in a wholesome manner as opposed to a piece meal manner hence embrace best practices in the industry (Rachilo, 2013). These best practices have the potential of improving on the operational efficiency through achievement of similar or better results after the BPR process but a much lower cost and time (Ndudo, 2010).
2.5 Empirical Studies

Sarlak (2012) examined Towards Systematic Approach for Business Process Re-engineering: Addressing Organizational Behavior Challenges. The study’s research objectives included identification of basic phases in implementing Business Process Re-engineering in organizations and the determination of the relationship between BPR and organizational performance dimensions in organizations. The Study found that successful implementation of the BPR was best implemented through six phases that is preparation, assessment, solution, benchmarking, development and transformation phases. The BPR was found to have a positive effect on the organizational performance that is productivity, product quality and production cost.

Awolusi and Onigbinde, (2014) examined Assessment of Critical Success Factors of Business Process Re- Engineering in Nigerian Oil and Gas Industry. The study’s research objectives were the identification of the Critical Success Factors (CSF) of BPR implementation efforts in the Nigerian Oil and gas industry, the evaluation of the effects of the CSFs of BPR on the operational and the organizational performance of the Nigerian oil and gas companies. The study also looked at the effects of the operational performance (primary measures) on the organizational performance (secondary measures). Data was collected through questionnaire and proportionate sampling method was used. The study found out that the factors that were critical in the BPR included change of management system and culture, organizational structure, IT infrastructure, management support and competence, and project planning and management respectively.
Ringim et al., (2012) examined A Framework of Business Process Re-engineering Factors and Organizational Performance of Nigerian Banks. The study only had a general objective which was to examine the relationship between Business Process Reengineering and Organizational Performance within the Nigerian banking system. The study utilized a target population of 1023 financial institutions and a sample size of 460 respondents. The study found that the BPR affected the operating cost and interest cost hence the organizational performance.

Sarang (2012) examined the Implementation of Business Process Re-Engineering in the Retail Banking Sector in India. The study had three research objectives that is: What are the similarities and differences between Business Process Management and BPR? Can BPR be successfully implemented in banks? If so, how can BPR be applied as a route to achieving effectiveness in the banking sector? The Study utilized the exploratory research design with a target group of Analysts, Team Leaders, Junior Management, Middle Management and Senior Management in the bank. The study concluded that the BPR in the banking sector involved the change of technology and workflow processes.

Rono (2013) examined Business Process Reengineering and Strategy Development in the Kenya Commercial Bank Limited. The study did not have specific research objectives but only one general objective that is to determine the contribution of BPR to the strategy development at KCB. The study was based on the Research Based View (RBV) theoretical framework and the case study research design. The study utilized the KCB employees as the sample size of 20 respondents. The data was to be collected through the use of the interview schedule. The study found out that
information technology was being used as an enabler to the BPR process as opposed to the main change driver. The BPR at the KCB improved on the response time, service and quality by focusing on customer oriented business process.

Norah (2014) examined Business Process Reengineering Practices and Performance of Kenya Commercial Bank. The objective of the study was to find out if there is any significant relationship between Business Process Reengineering practices and organizational performance with a specific focus on Kenya Commercial Bank. The study was based on the Resource Based View (RBV) and used a case study research design. The study target population was 5 senior managers of the Kenya Commercial Bank limited. The data was collected through the use of semi structured interview guide and the results analysed through use of content analysis. The study found out that the BPR affected various variables such as people, employees, business, technology etc within KCB group. The BPR implementation sought to improve on the organizational performance and helped in the achievement of the cost leadership strategy in the operating industry and environment.

Onchana (2012) examined the effects of business process re-engineering in the provision of services in civil service: case study of Ministry Of Lands. The study had four research objectives i.e. to determine the effect of technology on BPR at the Ministry of Lands, and to assess the effects of organizational resources on BPR at Ministry of Lands. Others are to determine the effect of performance contracting on BPR at the Ministry of Lands and to find out the effect of customer demands on business process reengineering at the Ministry of Lands. The study didn’t use a specific theoretical framework. The study utilized the descriptive research design. The
study used the Ministry of Lands employees as the target population and a sample size of 86 respondents. The results indicated that BPR processes at Ministry of Lands took several forms such as total transformation, Partial transformational and reshaping of business processes and systems. The reasons for undertaking the processes included increase in the demand for products.

2.6 Conceptual Framework

Figure 2.1 Conceptual Framework (Author, 2015)

2.7 Research Hypotheses

The research hypotheses of the study was;

H₀₁: There is no significant statistical relationship between BPR and customer relationship management at UAP insurance company

Hₐ₁: There is significant statistical relationship between BPR and customer relationship management at UAP insurance company

H₀₂: There is no significant statistical relationship between BPR and cost management at UAP insurance company

Hₐ₂: There is significant statistical relationship between BPR and cost management at UAP insurance company

H₀₃: There is no significant statistical relationship between BPR and operational efficiency at UAP insurance company

Hₐ₃: There is significant statistical relationship between BPR and operational efficiency at UAP insurance company
CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter presents research design, data collection techniques and Data Processing and Analysis

3.2 Research Design

The study utilized the survey descriptive research design. According to Imaana (2011), the survey descriptive research technique involves posing a series of questions to willing participants, summarizing their responses with percentages, frequency counts, and other statistical indexes and then drawing inferences about a particular population from the responses of the sample.

3.3 Data Collection Techniques

The researcher collected both the quantitative and qualitative data. The quantitative data analysis was critical in the analysis of the data of numerical nature. The data was collected through a drop and pick method. In this method, the questionnaires was first distributed to the respondents with a view of collecting them later. There are several advantages associated with this method. The method is convenient to both the researcher and the respondents since the respondents fill the questionnaires at their convenient time (Adeyemo, 2012). This convenient time could in the times of reduced customer traffic at their areas of operations. The researcher is also able to agree with the respondents on the appropriate time to collect the filled questionnaires hence making it easy logistically to collect the required information (Akuku, 2009).
3.4 Data Processing and Analysis

Kothari (2004) defines data processing and analyses as categorizing, manipulating and summarizing data in order to obtain answers to research questions. The secondary data which included the expense reports, Customer Service Index and internal reports used to gauge the turn-around times was obtained from UAP annual reports, magazines, newspapers and UAP website and analyzed using content analysis. The data covered six months prior and post BPR implementation. According to Kothari (2004), content analysis consists of analyzing the contents of documentary materials such as books, magazines, newspapers and the contents of all other verbal materials which can be either spoken or printed. It is a technique for making inferences by systematically and objectively identifying specified characteristics of messages and using the same to relate trends. Content analysis examines the intensity with which certain words have been used. Content analysis systematically describes the form or content and or spoken material. According to Cooper & Schindler (2003), content analysis measures the semantic content or the ‘what’ aspect of a message.

In the context of the primary data, the raw data was coded and cleaned before being analyzed according to the study objectives. The data was analyzed by the use of tools like Statistical Packages for Social Scientists (SPSS). Analysis was done by both descriptive and multivariate methods. The inferential statistics on the other hand helped infer (draw conclusions) from the sample to the population. In this context, they determined probability of population characteristics based on the characteristics of the sample. They also helped assess the strength of the relationship between independent (causal) variables and dependent (effect) variables. Dependent on the type of the data and the desired outcome, the inferential statistics would be undertaken.
as appropriate. Among the inferential statistics that will be used include the factor analysis, correlations and multiple linear regressions. The multiple linear regressions model to be used is presented below;

\[ \gamma = \alpha + \beta_1 x_1 + \beta_2 x_2 + \beta_3 x_3 + \varepsilon, \]

where, \( \gamma \) is Operational Performance, \( \beta_1, \beta_2, \beta_3 \) are constants and \( x_1, x_2, \) and \( x_3 \) are the independent variables.

**Table 3.1; Summary of Analysis Techniques**

<table>
<thead>
<tr>
<th>Variable</th>
<th>Type of Variable</th>
<th>Analysis Techniques</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operational Performance</td>
<td>Dependent</td>
<td>- Descriptive Statistics (Means, standard deviations, and frequency distributions)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Content Analysis of UAP newsletters, periodicals, credible websites etc</td>
</tr>
<tr>
<td>Customer Relationship</td>
<td>Independent</td>
<td>- Content Analysis of UAP newsletters, periodicals, credible websites etc</td>
</tr>
<tr>
<td>Management</td>
<td></td>
<td>- Descriptive Statistics (Means, standard deviations, and frequency distributions)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Factor Analysis (Principal Component Analysis Method) to identify inherent latent</td>
</tr>
<tr>
<td></td>
<td></td>
<td>factors in the customer relationship impact on operational performance</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Kaiser-Meyer-Olkin Measure of Sampling Adequacy and the Bartlett's Test of</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Sphericity tests will be done as pre requisites of the Principal Component Analysis</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Bivariate linear correlation for hypothesis testing on the impact of customer</td>
</tr>
<tr>
<td></td>
<td></td>
<td>relationship management on operational performance</td>
</tr>
<tr>
<td>Cost Management</td>
<td>Independent</td>
<td>- Content Analysis of UAP newsletters, periodicals, credible websites etc</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Descriptive Statistics (Means, standard deviations, and frequency distributions)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Factor Analysis (Principal Component Analysis Method) to identify inherent latent</td>
</tr>
<tr>
<td></td>
<td></td>
<td>factors in the cost management impact on operational performance</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Kaiser-Meyer-Olkin Measure of Sampling Adequacy and the Bartlett's Test of</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Sphericity tests will be done as pre requisites of the Principal Component Analysis</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Bivariate linear correlation for hypothesis testing on the impact of cost</td>
</tr>
<tr>
<td></td>
<td></td>
<td>management on operational performance</td>
</tr>
<tr>
<td>Operational Efficiency</td>
<td>Independent</td>
<td>- Content Analysis of UAP newsletters, periodicals, credible websites etc</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Descriptive Statistics (Means, standard deviations, and frequency distributions)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Factor Analysis (Principal Component Analysis Method) to identify inherent latent</td>
</tr>
<tr>
<td></td>
<td></td>
<td>factors in the operational efficiency impact on operational performance</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Kaiser-Meyer-Olkin Measure of Sampling Adequacy and the Bartlett's Test of</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Sphericity tests will be done as pre requisites of the Principal Component Analysis</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Bivariate linear correlation for hypothesis testing on the impact of operational</td>
</tr>
<tr>
<td></td>
<td></td>
<td>efficiency on operational performance</td>
</tr>
</tbody>
</table>
CHAPTER FOUR: RESEARCH FINDINGS AND ANALYSIS

4.1 Introduction

The chapter consists of the general information, role of BPR on operational performance, descriptive statistics, and inferential statistics based on the specific research objectives.

4.2 General Information

A total of 105 questionnaires were distributed to the respondents at the UAP offices. The total number of questionnaires that were returned was 92 questionnaires consisting of 87.61% of the total number of the questionnaires distributed. The number of the questionnaires that were not returned was attributed to the respondents who didn’t wish to give their responses. A further six questionnaires were not analyzed for various issues such as incomplete questionnaires and the use of identifiers in the questionnaires which introduced an element of bias. Therefore the final questionnaires that were analyzed were 86 questionnaires consisting of 81.90% of the total distributed questionnaires. This was considered a good figure as it was above the 80% threshold set by researchers.

The respondents’ characteristics were analyzed in terms of gender and level of experience at UAP insurance.

In the context of the distribution by gender, a majority of the respondents were male (53.5%) compared to female respondents (46.5%). The higher number of the male respondents can be attributed to the fact that Kenya is a highly patriarchal society in which a majority of the financial decisions are made men as opposed to women.
In the context of the time the respondents had been UAP customers, 24.4%, 27.9%, 22.1%, and 25.6% had been with UAP for 0-5 years, 6-10 years, 11-15 years, and over 15 years respectively.

4.3 The Role of BPR on Operational Performance

The role of BPR on the customer relationship management was examined through the descriptive statistics and inferential statistics. The questions that were examined are:

i. UAP always achieves its customer promise
ii. The UAP has simplified its operational processes in the recent past
iii. The turnaround timelines for services provision at UAP has improved in the recent past
iv. In the recent past, there has been better integration between the branch based services and the headquarter departments whenever I required a service they needed to refer to the head office
v. In the recent past, UAP has demonstrated flexibility in dealing with my service requests

4.3.1 Descriptive Statistics

The descriptive statistics for the role of the Business Process Reengineering (BPR) on the Operational Performance was undertaken through the use of the means and standard deviations. The descriptive statistics correspond to the SPSS coding: strongly agree (0), agree (1), uncertain (2), disagree (3) and strongly disagree (4). The means of the various metrics were between 1 and 2 indicating that there was a tendency to agree. In this context, all the metrics that is UAP achieving on its customer metric, simplification of operational process, improvement of the turnaround timelines in service provision, better coordination between branch and head office, and flexibility in dealing with service provision had means of 1.4884, 1.5581, 1.5349, 1.5116 and
The standard deviation illustrated the extent to which there was a variation from the mean of the metric under consideration. The higher deviation the more dispersed the respondents were from the mean indicating less consensus on the given metric compared to those with less standard deviation. In this context in the order of increasing variation (less consensus on the given issue) the standard deviations were; improvement of the turnaround timelines (standard deviation of 1.03694), simplification of operational processes (standard deviation of 1.08036), flexibility in service requests actions (standard deviation of 1.08168), achievement of customer promises (standard deviation of 1.12453), and better coordination between branch and head office (standard deviation of 1.13494).

**Table 4.1: Descriptive Statistics on Operational Performance**

<table>
<thead>
<tr>
<th>Description</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>UAP always achieves its customer promise</td>
<td>1.4884</td>
<td>1.12453</td>
</tr>
<tr>
<td>The UAP has simplified its operational processes in the recent past</td>
<td>1.5581</td>
<td>1.08036</td>
</tr>
<tr>
<td>The turnaround timelines for services provision at UAP has improved in the recent past</td>
<td>1.5349</td>
<td>1.03694</td>
</tr>
<tr>
<td>In the recent past, there has been better integration between the branch based services and the headquarter departments whenever I required a service they needed to refer to the head office</td>
<td>1.5116</td>
<td>1.13494</td>
</tr>
<tr>
<td>In the recent past, UAP has demonstrated flexibility in dealing with my service requests</td>
<td>1.4767</td>
<td>1.08168</td>
</tr>
</tbody>
</table>

**4.3.2 Inferential Statistics**

The inferential statistics of the role of BPR on the operational performance was examined through the use of the principal component factor analysis. Before undertaking the factor analysis, the Kaiser-Meyer-Olkin Measure of Sampling Adequacy and the Bartlett's Test of Sphericity were tested as preconditions for the
factor analysis. The Barlett’s test of Sphericity tests the following research hypothesis;

Ho: The correlation matrix between the Role of BPR on the operational performance form an identity matrix

Ha: The correlation matrix between the Role of BPR on operational performance does not form an identity matrix

The null hypothesis was rejected since p=0.000<0.5 as illustrated in the table below.

Table 4.2: KMO and Bartlett’s Test on Operational Performance

<table>
<thead>
<tr>
<th>Kaiser-Meyer-Olkin Measure of Sampling Adequacy.</th>
<th>.742</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bartlett's Test of Sphericity</td>
<td></td>
</tr>
<tr>
<td>Approx. Chi-Square</td>
<td>872.077</td>
</tr>
<tr>
<td>df</td>
<td>10</td>
</tr>
<tr>
<td>Sig.</td>
<td>.000</td>
</tr>
</tbody>
</table>

The KMO measure of sampling adequacy was .772 that is greater than the minimum threshold of 0.5 and therefore a factor analysis should be conducted. There were strong positive correlation between the metrics for the role of BPR on the operational performance with the coefficients ranging between 0.877 and 0.968. This means that an increase in one metric produced an increase in the other metric.

Table 4.3: Correlation Matrix on Operational Performance

<table>
<thead>
<tr>
<th>Factor</th>
<th>(1)</th>
<th>(2)</th>
<th>(3)</th>
<th>(4)</th>
<th>(5)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) UAP always achieves its customer promise</td>
<td>1.000</td>
<td>.954</td>
<td>.924</td>
<td>.908</td>
<td>.928</td>
</tr>
<tr>
<td>(2) The UAP has simplified its operational processes in the recent past</td>
<td></td>
<td>1.000</td>
<td>.970</td>
<td>.877</td>
<td>.897</td>
</tr>
<tr>
<td>(3) The turnaround timelines for services provision at UAP has improved in the recent past</td>
<td></td>
<td></td>
<td>1.000</td>
<td>.884</td>
<td>.924</td>
</tr>
</tbody>
</table>
In the recent past, there has been better integration between the branch based services and the headquarter departments whenever I required a service they needed to refer to the head office.

In the recent past, UAP has demonstrated flexibility in dealing with my service requests.

The factors with eigenvalues of greater than 1 were extracted in this case there was only one factor with eigenvalues of 4.694 accounting for 93.881% of the variance as illustrated below.

**Table 4.4: Total Variance Explained on Operational Performance**

<table>
<thead>
<tr>
<th>Component</th>
<th>Initial Eigenvalues</th>
<th>Extraction Sums of Squared Loadings</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total</td>
<td>% of Variance</td>
</tr>
<tr>
<td>1</td>
<td>4.694</td>
<td>93.881</td>
</tr>
<tr>
<td>2</td>
<td>.185</td>
<td>3.694</td>
</tr>
<tr>
<td>3</td>
<td>.075</td>
<td>1.503</td>
</tr>
<tr>
<td>4</td>
<td>.035</td>
<td>.695</td>
</tr>
<tr>
<td>5</td>
<td>.011</td>
<td>.226</td>
</tr>
</tbody>
</table>

Extraction Method: Principal Component Analysis.
The component matrix of the role of BPR on the operational performance indicated order in which BPR affected the operational performance metrics. The strength of this relationship was determined through the strength of the factor loading as illustrated in the table below. The order of importance was demonstration of flexibility in dealing with service requests actions (factor loading of 0.974), the BPR helping UAP achieve customer promise (factor loading of 0.973), improvement in the turnaround timelines for services provision (factor loading of 0.971), simplification of operational processes (factor loading of 0.970) and better coordination between branch based services and head office based services (factor loading of 0.957).

Table 4.5: Component Matrix on Operational Performance

<table>
<thead>
<tr>
<th>Component</th>
<th>Component</th>
</tr>
</thead>
<tbody>
<tr>
<td>UAP always achieves its customer promise</td>
<td>.973</td>
</tr>
<tr>
<td>The UAP has simplified its operational processes in the recent past</td>
<td>.970</td>
</tr>
<tr>
<td>The turnaround timelines for services provision at UAP has improved in the recent past</td>
<td>.971</td>
</tr>
<tr>
<td>In the recent past, there has been better integration between the branch based services and</td>
<td>.957</td>
</tr>
<tr>
<td>the headquarter departments whenever I required a service they needed to refer to the head</td>
<td></td>
</tr>
<tr>
<td>office</td>
<td></td>
</tr>
<tr>
<td>In the recent past, UAP has demonstrated flexibility in dealing with my service requests</td>
<td>.974</td>
</tr>
</tbody>
</table>

Extraction Method: Principal Component Analysis.

a. 1 components extracted.

4.4 The Impact of the BPR on Customer Relationship Management

The role of the BPR on the Customer Relationship Management was examined through the descriptive statistics and inferential statistics. The questions that were considered are;
The customer acquisition/on boarding process at UAP has improved in the recent past.

Due to simplification of processes at UAP in the recent past, I feel I am more loyal to the company.

In the recent past, I have been receiving more alerts on products and services at UAP that were very useful.

UAP has improved on their service delivery in the recent past in terms of consistency.

In the recent past there has been improved tracking of my service requests and complaints.

**4.4.1 Descriptive Statistics**

The descriptive statistics for the role of the Business Process Reengineering (BPR) on the Customer Relationship Management was undertaken through the use of the means and standard deviations. The descriptive statistics correspond to the SPSS coding; strongly agree (0), agree (1), uncertain (2), disagree (3) and strongly disagree (4). The means of the various metrics were between 1 and 2 indicating that there was a tendency to agree. In this context, the BPR helping in Customer Relationship Management aspects, improvement in customer acquisition process, simplification of operational process leading customer loyalty, reception of useful alerts, and consistency in service delivery, and improvement in the tracking of complaints had means of 1.4419, 1.5465, 1.8488, 1.5000 and 1.5814 respectively. The higher deviation the more dispersed the respondents were from the mean indicating less consensus on the given metric compared to those with less standard deviation. In this context in the order of increasing variation (less consensus on the given issue) the standard deviations were; improvement in the tracking of complaints (standard
deviation of 1.06787), consistency in service delivery (standard deviation of 1.12459),
improvement in customer acquisition process (standard deviation 1.16422),
simplification of operational process leading customer loyalty (standard deviation of
1.16475), and reception of useful alerts (standard deviation of 1.21285).

Table 4.6: Descriptive Statistics on Customer Relationship Management

<table>
<thead>
<tr>
<th>Description</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>The customer acquisition/on boarding process at UAP has improved in the recent past</td>
<td>1.4419</td>
<td>1.16422</td>
</tr>
<tr>
<td>Due to simplification of processes at UAP in the recent past, I feel I am more loyal to the company</td>
<td>1.5465</td>
<td>1.16475</td>
</tr>
<tr>
<td>In the recent past, I have been receiving more alerts on products and services at UAP that were very useful</td>
<td>1.8488</td>
<td>1.21285</td>
</tr>
<tr>
<td>UAP has improved on their service delivery in the recent past in terms of consistency</td>
<td>1.5000</td>
<td>1.12459</td>
</tr>
<tr>
<td>In the recent past there has been improved tracking of my service requests and complaints</td>
<td>1.5814</td>
<td>1.06787</td>
</tr>
</tbody>
</table>

**Valid N (listwise)**

4.4.2 Inferential Statistics

The inferential statistics of the role of BPR on the Customer Relationship Management was examined through the use of the principal component factor analysis. Before undertaking the factor analysis, the Kaiser-Meyer-Olkin Measure of Sampling Adequacy and the Bartlett’s Test of Sphericity were tested as preconditions for the factor analysis. The Barlett’s test of Sphericity tests the following research hypothesis;

Ho: The correlation matrix between the Role of the BPR on the Customer Relationship Management form an identity matrix

Ha: The correlation matrix between the Role of the BPR on Customer Relationship Management does not form an identity matrix
The null hypothesis was rejected since p=0.000<0.5 as illustrated in the table below.

**Table 4.7: KMO and Bartlett's Test on Customer Relationship Management**

| Kaiser-Meyer-Olkin Measure of Sampling Adequacy | .689 |
| Bartlett's Test of Sphericity | **Approx. Chi-Square** | 621.866 |
| df | 10 |
| Sig. | .000 |

The KMO measure of sampling adequacy was .689 that is greater than the minimum threshold of 0.5 and therefore a factor analysis should be conducted. There were strong positive correlation between the metrics for the role of the BPR on the customer relationship management with the coefficients ranging between 0.574 and 0.970. This means that an increase in one metric produced an increase in the other metric.

**Table 4.8: Correlation Matrix on Customer Relationship Management**

<table>
<thead>
<tr>
<th></th>
<th>(1)</th>
<th>(2)</th>
<th>(3)</th>
<th>(4)</th>
<th>(5)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) The customer acquisition/on boarding process at UAP has improved in the recent past</td>
<td>1.000</td>
<td>.887</td>
<td>.656</td>
<td>.899</td>
<td>.870</td>
</tr>
<tr>
<td>(2) Due to simplification of processes at UAP in the recent past, I feel I am more loyal to the company</td>
<td>1.000</td>
<td>.742</td>
<td>.858</td>
<td>.820</td>
<td></td>
</tr>
<tr>
<td>(3) In the recent past, I have been receiving more alerts on products and services at UAP that were very useful</td>
<td>1.000</td>
<td>.574</td>
<td>.650</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(4) UAP has improved on their service delivery in the recent past in terms of consistency</td>
<td>1.000</td>
<td>.970</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(5) In the recent past there has been improved tracking of my service requests and complaints</td>
<td></td>
<td></td>
<td></td>
<td>1.000</td>
<td></td>
</tr>
</tbody>
</table>
The factors with eigenvalues of greater than 1 were extracted in this case there was only one factor with eigenvalues of 4.190 accounting for 83.800% of the variance as illustrated below.

**Table 4.9: Total Variance Explained on Customer Relationship Management**

<table>
<thead>
<tr>
<th>Component</th>
<th>Initial Eigenvalues</th>
<th>Extraction Sums of Squared Loadings</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total</td>
<td>% of Variance</td>
</tr>
<tr>
<td>1</td>
<td>4.190</td>
<td>83.800</td>
</tr>
<tr>
<td>2</td>
<td>.512</td>
<td>10.249</td>
</tr>
<tr>
<td>3</td>
<td>.185</td>
<td>3.708</td>
</tr>
<tr>
<td>4</td>
<td>.099</td>
<td>1.972</td>
</tr>
<tr>
<td>5</td>
<td>.014</td>
<td>.271</td>
</tr>
</tbody>
</table>

Extraction Method: Principal Component Analysis.

The component matrix of the role of the BPR on the Customer Relationship Management indicated order in which the BPR affected the Customer Relationship Management metrics. The strength of this relationship was determined through the strength of the factor loading as illustrated in the table below. The order of importance was the BPR helping in Customer Relationship Management aspects; reception of useful alerts (factor loading of 0.778), improvement in the tracking of complaints (factor loading of 0.938), simplification of operational process leading customer loyalty (factor loading of 0.943), improvement in customer acquisition process (factor loading of 0.948), and consistency in service delivery (factor loading of 0.958).
### Table 4.10: Component Matrix on Customer Relationship Management

<table>
<thead>
<tr>
<th>Component 1</th>
<th>Component 1</th>
</tr>
</thead>
<tbody>
<tr>
<td>The customer acquisition/on boarding process at UAP has improved in the recent past</td>
<td>.948</td>
</tr>
<tr>
<td>Due to simplification of processes at UAP in the recent past, I feel I am more loyal to the company</td>
<td>.943</td>
</tr>
<tr>
<td>In the recent past, I have been receiving more alerts on products and services at UAP that were very useful</td>
<td>.778</td>
</tr>
<tr>
<td>UAP has improved on their service delivery in the recent past in terms of consistency</td>
<td>.958</td>
</tr>
<tr>
<td>In the recent past there has been improved tracking of my service requests and complaints</td>
<td>.938</td>
</tr>
</tbody>
</table>

Extraction Method: Principal Component Analysis.
a. 1 components extracted.

#### 4.5 The Impact of BPR on Operational Efficiency

The role of BPR on the customer operational efficiency was examined through the descriptive statistics and inferential statistics. The questions that were examined included:

i. The UAP are able to serve a higher number of customers in the recent past with fewer head count

ii. The UAP has in the recent past enabled improved on their workflow process on different operational aspects

iii. The UAP in the recent past provided better results to my service requests

iv. The UAP has become more agile in reacting to the market environment

v. There has been faster product development at UAP in the recent past
4.5.1 Descriptive Statistics

The descriptive statistics for the role of Business Process Reengineering (BPR) on the Operational Efficiency was undertaken through the use of the means and standard deviations. The descriptive statistics correspond to the SPSS coding; strongly agree (0), agree (1), uncertain (2), disagree (3) and strongly disagree (4). The means of the various metrics were between 1 and 2 indicating that there was a tendency to agree. In this context, BPR helping in Operational Efficiency metrics; the ability to serve a higher number of customers with fewer head count, improvement of the workflow processes, provision of better results in service requests, agility in reacting to market environment, and faster product development had means of 1.5814, 1.8372, 1.8372, 1.7442, and 1.6279 respectively. The higher deviation the more dispersed the respondents were from the mean indicating less consensus on the given metric compared to those with less standard deviation. In this context in the order of increasing variation (less consensus on the given issue) the standard deviations were; agility in reacting to market environment (standard deviation of 1.10811), faster product development (standard deviation of 1.14836), improvement of the workflow processes (standard deviation of 1.15667), provision of better results in service requests (standard deviation of 1.15607), and the ability to serve a higher number of customers with fewer head count (standard deviation of 1.16281).
Table 4.11: Descriptive Statistics on Operational Efficiency

<table>
<thead>
<tr>
<th></th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>The UAP are able to serve a higher number of customers in the recent past with fewer head count</td>
<td>1.5814</td>
<td>1.16281</td>
</tr>
<tr>
<td>The UAP has in the recent past enabled improved on their workflow process on different operational aspects</td>
<td>1.8372</td>
<td>1.15667</td>
</tr>
<tr>
<td>The UAP in the recent past provided better results to my service requests</td>
<td>1.8372</td>
<td>1.15607</td>
</tr>
<tr>
<td>The UAP has become more agile in reacting to the market environment</td>
<td>1.7442</td>
<td>1.10811</td>
</tr>
<tr>
<td>There has been faster product development at UAP in the recent past</td>
<td>1.6279</td>
<td>1.14836</td>
</tr>
</tbody>
</table>

4.5.2 Inferential Statistics

The inferential statistics of the role of BPR on the Operational Efficiency was examined through the use of the principal component factor analysis. Before undertaking the factor analysis, the Kaiser-Meyer-Olkin Measure of Sampling Adequacy and the Bartlett's Test of Sphericity were tested as preconditions for the factor analysis. The Barlett’s test of Sphericity tests the following research hypothesis:

Ho: The correlation matrix between the Role of BPR on the Operational Efficiency form an identity matrix

Ha: The correlation matrix between the Role of BPR on Operational Efficiency does not form an identity matrix

The null hypothesis was rejected since p=0.000<0.5 as illustrated in the table below.

Table 4.12: KMO and Bartlett's Test on Operational Efficiency

| Kaiser-Meyer-Olkin Measure of Sampling Adequacy. | .700 |
| Bartlett's Test of Sphericity | Approx. Chi-Square | 695.553 |
| df | 10 |
| Sig. | .000 |
The KMO measure of sampling adequacy was .700 that is greater than the minimum threshold of 0.5 and therefore a factor analysis should be conducted. There were strong positive correlation between the metrics for the role of BPR on the operational efficiency with the coefficients ranging between 0.788 and 0.982. This means that an increase in one metric produced an increase in the other metric.

Table 4.13: Correlation on Operational Efficiency

<table>
<thead>
<tr>
<th></th>
<th>(1)</th>
<th>(2)</th>
<th>(3)</th>
<th>(4)</th>
<th>(5)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) The UAP are able to serve a higher number of customers in the recent past with fewer head count</td>
<td>1.000</td>
<td>.788</td>
<td>.823</td>
<td>.829</td>
<td>.798</td>
</tr>
<tr>
<td>(2) The UAP has in the recent past enabled improved on their workflow process on different operational aspects</td>
<td>1.000</td>
<td>.982</td>
<td>.867</td>
<td>.857</td>
<td></td>
</tr>
<tr>
<td>(3) The UAP in the recent past provided better results to my service requests</td>
<td>1.000</td>
<td>.885</td>
<td>.822</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(4) The UAP has become more agile in reacting to the market environment</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>1.000</td>
</tr>
<tr>
<td>(5) There has been faster product development at UAP in the recent past</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The factors with eigenvalues of greater than 1 were extracted in this case there was only one factor with eigenvalues of 4.418 accounting for 88.355% of the variance as illustrated below.

Table 4.14: Total Variance Explained on Operational Efficiency

<table>
<thead>
<tr>
<th>Component</th>
<th>Initial Eigenvalues</th>
<th>Extraction Sums of Squared Loadings</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total</td>
<td>% of Variance</td>
</tr>
<tr>
<td>1</td>
<td>4.418</td>
<td>88.355</td>
</tr>
</tbody>
</table>
The component matrix of the role of BPR on the operational efficiency indicated order in which BPR affected the operational efficiency metrics. The strength of this relationship was determined through the strength of the factor loading as illustrated in the table below. The order of importance (in increasing significance) in the context of BPR helping in Operational Efficiency metrics; the ability to serve a higher number of customers with fewer head count (factor loading of 0.900), faster product development (factor loading of 0.928), agility in reacting to market environment (factor loading of 0.951), improvement of the workflow processes (factor loading of 0.958), and provision of better results in service requests (factor loading of 0.962). These results validates the observations by Mohamad & Ismail (2010) assertions that BPR enhances the operational efficiency through redesigning of the workflow processes and operational procedures to get rid of processes and procedures that have become redundant (Mohamad & Ismail, 2010). The workflow processes are designed with a heavy influence of the existing resources, technical knowhow, regulatory policies and market conditions (Odede, 2013).

Table 4.15: Component Matrix on Operational Efficiency

<table>
<thead>
<tr>
<th>Component</th>
<th>1</th>
</tr>
</thead>
<tbody>
<tr>
<td>The UAP are able to serve a higher number of customers in the recent past with fewer head count</td>
<td>.900</td>
</tr>
</tbody>
</table>
The UAP has in the recent past enabled improved on their workflow process on different operational aspects .

The UAP in the recent past provided better results to my service requests .

The UAP has become more agile in reacting to the market environment .

There has been faster product development at UAP in the recent past .

Extraction Method: Principal Component Analysis .
a. 1 components extracted .

4.6 Qualitative Analysis

This subsection complements the quantitative data that has been derived and undertakes content analysis. In the context of the Customer Relationship Management, there has been improvement in the Net Promoter Score (NPS). The net promoter score for UAP was at 39%, 35% and 53% for the 2012, 2013, and 2014 financial years. The 2012 and 2013 financial years correspond the period in which BPR had not been introduced while 2014 financial year correspond to the period in which BPR had been introduced. There is an increase in percentage level of 18% between the immediate period before and after the implementation of BPR. The Net Promoter Score indicates the level at which the customer are satisfied with the company’s products and services as a result of that are likely to recommend the services to their friends and relatives. Therefore, the NPS is calculated around a single question; How likely is it that you would recommend our company/product/service to a friend or colleague? The scoring for this answer is most often based on a 0 to 10 scale. Those who respond with a score of 9 or 10 are called Promoters, and are considered likely to exhibit value-creating behaviours, such as buying more, remaining customers for longer, and making more positive referrals to other potential customers. Those who respond with a score of 0 to 6 are labelled detractors, and they are believed to be less likely to exhibit the value-creating behaviours. Responses of 7
and 8 are labelled Passives, and their behaviour falls in the middle of Promoters and Detractors. The Net Promoter Score is calculated by subtracting the percentage of customers who are Detractors from the percentage of customers who are Promoters. For purposes of calculating a Net Promoter Score, Passives count towards the total number of respondents, but do not directly affect the overall net score.

The net promoter score of 39% for the 2012 financial year indicate that it is only 39 customers out of every 100 UAP customers who are satisfied with the services and hence would recommend their friends to take up the products. The figures slightly went down to 35% for the 2013 financial year. There was a huge increase of up to 18 more customers in the 2014 financial year who have recommended UAP to their friends and relatives. This indicates that there is an increasing high number of customers who are happy with the UAP services after the BPR process. The provisional results for half year for 2015 indicates a net promoter score of 69% which indicates more customers are increasingly satisfied with the UAP services.

BPR has improved on the cost efficiency of the business process at UAP. The cost income ratio for UAP Company stood at 57% and 59% for the 2012 and 2013 financial years. This implied that for every Ksh 100 that UAP made in profits, the company had spent 57 and 59 shillings in 2012 and 2013 respectively to generate the profits. The cost income ratio improved to 48% for the 2014 financial year after the introduction of BPR implying that the company was spending less to generate its profits. This implied that the overall costs of running the firm had gone down.
CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter presents the summary, conclusions and recommendations of the study.

5.2 Summary

In the context of BPR assisting UAP on the operational performance, the metrics checked included; simplification of operational process, improvement of the turnaround timelines in service provision, better coordination between branch and head office, and flexibility in dealing with service provision which the respondents tended to agree. In the context of the standard deviations, the order of increasing variation (less consensus on the given issue) in relations to operational performance were; improvement of the turnaround timelines, simplification of operational processes, flexibility in service requests actions, achievement of customer promises, and better coordination between branch and head office.

BPR is critical in assisting the UAP on diverse Customer Relationship Management aspects. These metrics included improvement in customer acquisition process, simplification of operational process leading customer loyalty, reception of useful alerts, and consistency in service delivery, and improvement in the tracking of complaints which the respondents tended to agree. In this context in the order of increasing variation (less consensus on the given issue) the standard deviations were; improvement in the tracking of complaints, consistency in service delivery, improvement in customer acquisition process, simplification of operational process leading customer loyalty, and reception of useful alerts.
In this context, BPR helping in Operational Efficiency metrics; the ability to serve a higher number of customers with fewer head count, improvement of the workflow processes, provision of better results in service requests, agility in reacting to market environment, and faster product development tended to agree due to means between 1 and 2. In this context in the order of increasing variation (less consensus on the given issue) the standard deviations were; agility in reacting to market environment, faster product development, improvement of the workflow processes, provision of better results in service requests, and the ability to serve a higher number of customers with fewer head count.

5.3 Conclusion

In the context of the order of influence of BPR on operational performance metrics (in decreasing order): demonstration of flexibility in dealing with service requests actions, the BPR helping UAP achieve customer promise, improvement in the turnaround timelines for services provision, simplification of operational processes and better coordination between branch based services and head office based services. In the context of the influence of BPR helping in Customer Relationship Management aspects, the order of significance in ascending order was reception of useful alerts, improvement in the tracking of complaints, simplification of operational process leading customer loyalty, improvement in customer acquisition process, and consistency in service delivery. The order of importance (in increasing significance) in the context of BPR helping in Operational Efficiency metrics; the ability to serve a higher number of customers with fewer head count, faster product development, agility in reacting to market environment, improvement of the workflow processes, and provision of better results in service requests. 
5.4 Recommendations

The study makes the following recommendations in respect to the usage of the BPR in improvement of the operational efficiency. The BPR should be used to target areas in which there is need for flexibility such as manual intensive functions, to simplify processes that are cumbersome and better integration between departments. The integration of departments is of critical importance to functionalities that involve multiple departments and liaison between different personnel. The study recommends the usage of the BPR to create value for the customer service through enhancing the reception of useful alerts, improvement in the tracking of complaints, simplification of operational process leading customer loyalty, improvement in customer acquisition process, and consistency in service delivery. The BPR should also be used in order to enable the ability to serve a higher number of customers with fewer head count, faster product development, agility in reacting to market environment, improvement of the workflow processes, and provision of better results in service requests.

5.5 Limitations of the Study

The study had challenges in data collection due to the sensitivity of the data collected and some of the respondents were reluctant to divulge company information due to data privacy concerns. However, the respondents were issue with consent letters which guaranteed them that the collected information was meant for academic purposes only.

5.6 Suggestions for Further Studies

The study recommends for further studies the impact of BPR on financial performance. This is due to the fact that the BPR ultimate aim is to the realization of financial benefits in the implementation of the BPR. Elements of the financial
performance that can be examined include return on investments, return on assets, and profitability.
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46


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APPENDICES

APPENDIX A

CONSENT STATEMENT TO THE RESPONDENTS

Dear Sir/Madam,

I am a graduate student at University of Nairobi, undertaking a Master degree in Operations Management. As part of my course work I am conducting a research study on “Business Process Re-Engineering and Operational Performance at UAP Insurance Company”

You have been selected to participate in this study. I am therefore seeking for assistance in collecting the necessary information by filling in the questionnaire attached herein. This will only take about 10-15 minutes. Kindly note that the information being sought is purely for academic purpose and will be treated with outmost confidentiality

Your participation in the study will be highly appreciated.

Thank you.
APPENDIX B

BUSINESS PROCESS RE-ENGINEERING AND OPERATIONAL PERFORMANCE AT UAP INSURANCE COMPANY

QUESTIONNAIRE

Instructions: Please complete the following questionnaire appropriately.

Confidentiality: The responses you provide will be strictly confidential. No reference will be made to any individual(s) in the report of the study.

Please tick or answer appropriately for each of the Question provided.

PART A: BACKGROUND INFORMATION

1) What is your gender?

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td></td>
</tr>
<tr>
<td>Female</td>
<td></td>
</tr>
</tbody>
</table>

2) How long have been a UAP customer?

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>0-5 years</td>
<td></td>
</tr>
<tr>
<td>6-10 years</td>
<td></td>
</tr>
<tr>
<td>11-15 years</td>
<td></td>
</tr>
<tr>
<td>Over 15 years</td>
<td></td>
</tr>
</tbody>
</table>

PART B: OPERATIONAL PERFORMANCE AT UAP INSURANCE

For each of the following items, please tick the extent in which you agree with the given likert scale

SA=Strongly Agreed A=Agreed U= Uncertain D=Disagree SD= Strongly Disagree

<table>
<thead>
<tr>
<th>Q</th>
<th>STATEMENT</th>
<th>SA</th>
<th>A</th>
<th>U</th>
<th>D</th>
<th>SD</th>
</tr>
</thead>
</table>
3) UAP always achieves its customer promise

4) UAP has simplified its operational processes in the recent past

5) The turnaround timelines for services provision at UAP has improved in the recent past

6) In the recent past, there has been better integration between the branch based services and the headquarter departments whenever I required a service they needed to refer to the head office

7) In the recent past, UAP has demonstrated flexibility in dealing with my service requests

**PART C: BPR ON THE CUSTOMER RELATIONSHIP MANAGEMENT**

For each of the following items, please tick the extent in which you agree with the given likert scale

SA=Strongly Agreed  A =Agreed  U= Uncertain  D=Disagree  SD= Strongly Disagree

<table>
<thead>
<tr>
<th>Q</th>
<th>STATEMENT</th>
<th>SA</th>
<th>A</th>
<th>U</th>
<th>D</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>8)</td>
<td>The customer acquisition/on boarding process at UAP has improved in the recent past</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>9)</td>
<td>Due to simplification of processes at UAP in the recent past, I feel I am more loyal to the company</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>10)</td>
<td>In the recent past, I have been receiving more alerts on products and services at UAP that were very useful</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>11)</td>
<td>UAP has improved on their service delivery in the recent past in terms of consistency</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>12)</td>
<td>In the recent past there has been improved tracking of my service requests and complaints</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
PART D: BPR ON OPERATIONAL EFFICIENCY AT UAP INSURANCE COMPANY

For each of the following items, please tick the extent in which you agree with the given likert scale

SA=Strongly Agreed A=Agreed U=Uncertain D=Disagree SD=Strongly Disagree

<table>
<thead>
<tr>
<th>Q</th>
<th>STATEMENT</th>
<th>SA</th>
<th>A</th>
<th>U</th>
<th>D</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>13</td>
<td>UAP is able to serve a higher number of customers in the recent past with fewer head count</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>14</td>
<td>UAP has in the recent past enabled improved on their workflow process on different operational aspects</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>15</td>
<td>UAP in the recent past provided better results to my service requests</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>16</td>
<td>UAP has become more agile in reacting to the market environment</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>17</td>
<td>There has been faster product development at UAP in the recent past</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>