COMMUNICATION FOCUS AND CUSTOMER SATISFACTION IN THE INSURANCE INDUSTRY IN KENYA

BY

THOMAS KIPYEGO KIBET

A RESEARCH PROJECT SUBMITTED IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE AWARD OF THE DEGREE OF MASTER OF BUSINESS ADMINISTRATION, SCHOOL OF BUSINESS, UNIVERSITY OF NAIROBI

NOVEMBER 2015

DECLARATION

This research project is my original work and has not been submitted for another degree of this or any other university or institution of learning.

Signed: _____

Date: ……………………………

THOMAS KIPYEGO KIBET
D61/60111/2011

The research project has been submitted for examination with my approval as University Supervisor.

Signed: _____

Date: ……………………………

DR. OWINO AGAYA OKWIRI
LECTURER, SCHOOL OF BUSINESS,
DEPARTMENT OF MANAGEMENT SCIENCE,
UNIVERSITY OF NAIROBI

ACKNOWLEDGEMENT

DEDICATION

I dedicate this research project to my family for their unconditional support and encouragement during the period of research and compilation of this project and all through the entire MBA course.

TABLE OF CONTENTS

LIST OF TABLES

LIST OF FIGURES

ABSTRACT

This study was carried out in the insurance industry in Kenya. The objective of the study was to determine the level of customer satisfaction, service quality and communication focus in the industry, and the relationship among these three factors. The study was necessitated by the increasing competition and rivalry in the insurance industry in Kenya. Moreover, there has been difficulty in evaluation and influence of communication and service quality on customer satisfaction in insurance. A cross-sectional research design was used and data was collected using questionnaires. The questionnaires were sent to a sample of 150 customers who were selected randomly from lists of customers provided by of 30 insurance companies operating in Kenya. Descriptive statistics was used to analyze the responses of customers on the various variables while regression analysis was used to check the relationship between communication focus, service quality and customer satisfaction in the insurance Industry in Kenya. The study established that customers are not satisfied with the performance of their insurance companies in terms of communication focus, perceived service quality and customer satisfaction. The study also revealed that communication and service quality are important factors of customer satisfaction. The study recommended that insurance companies aiming at achieving high levels of customer satisfaction should ensure they communicate effectively and offer high quality of service to their customers.

Key words: communication focus, customer satisfaction, service quality, insurance industry in Kenya

CHAPTER ONE: INTRODUCTION

1.1 Background of study

Operations management as described by Johnston, Chambers, Harland, Harrison, and Slack (1993) is the task of managing a system or a process for the production of goods and services from various input factors including labour, machinery, materials and information. Operations management is important for the success of any organization since it creates a competitive advantage (Hill, 1985; Johnston et al., 1993). Operations create value through transformation of inputs into outputs. The nature of this transformation will determine whether the activities are classified as service or manufacturing operations management. A service according to Kotler (2003) is any activity or contact between two parties: the provider and the receiver. Beer (2003) defines service as a set of characteristics and properties which aim to meet and satisfy customers' needs. There are four core service objectives of operations management: flexibility, quality, cost reduction and speed. Evaluating quality objective in manufacturing is distinguished from evaluation in services. The link between service quality and customer satisfaction also differs between manufacturing and services. For services, quality is more complex and plays a role in customer satisfaction (Beer, 2003). Communication is one of the factors that affect customer satisfaction and service quality (Clark, 1992; Morgan & Hunt, 1994).

1.1.1. Communication focus

Communication is a process and involves giving and obtaining information between two or more people or organizations Grunig et al. (1992) and Gudykunst (2004). Communication can be external or internal. Welch (2007), states that internal communication is passing information within organization's management and internal

stakeholders whereas external communication refers to information passed to audiences outside the organization (Saunders, 1999). Saunders further states that external communications include adverts, news or press releases, newsletters, magazines, brochures and annual reports. Communication focus comprises both external and internal communication. Communication focus is measured by determining the communication effectiveness of an organization (Neeru & Patterson, 1999).

Communication focus is important for customer satisfaction as described in the Gap model developed by Parasuraman et al. (1985). In the Gap model, five (5) gaps are listed. The fourth gap in the model represents the difference between delivered service and external communication (Parasuraman et al., 1985). The authors explained that expected service and perceived service are influenced by a company's external communications. Any kind of information a company communicates to the customer creates an expectation (expected service). The performance of the company in comparison to what is communicated influence the perceived service. An organization should be careful not to over promise since customers may be disappointed if the service provided does not match what is communicated. A realistic promise normally promotes a more positive perception of service.

1.1.2. Communication focus and Service quality

Service quality, according to various texts including Lewis and Mitchell (1990), Dotchin and Oakland (1994) and Wisniewski and Donnelly (1996) is defined as the extent to which a service meets customers' expectations. Service quality according to Oliver (1997) can be described as the result of customer comparisons between their expectations about the service being offered and their perceptions about the service delivered. Service quality, as defined by these authors, can therefore be summarized

as the difference between customer expectations of service and the delivered service. Parasuraman et al. (1985) postulated that if customers' expectations are higher than the service delivered as perceived by the customer, then perceived service quality is unsatisfactory and hence the customer is dissatisfied.

Improving service quality requires minimizing gaps between perceptions, both internal and external, and expectations (Brown & Bond, 1995; Parasuraman et al., 1985). The Gap model by Parasuraman et al. (1985) lists five (5) gaps. The first gap is between what customers expect and what the company management thinks the customers expect. The second gap is the difference in translation of management's perceptions into service quality specifications. Another gap is the mismatch between specified quality specifications and actual service delivered to consumers. The fourth gap represents the difference between actual service delivered and what was promised to consumers through various external communication channels. There is therefore a close link between communication and service quality as given manifested by this gap. The final gap provided in the Gap model is difference between expected service and perceived service.

1.1.3. Service quality and Customer satisfaction

Service system quality has three components; technical standards of service quality, information technology and service employees. Technical standards of service quality, when designed to strictly match customer expectations, positively influence service quality (Gronroos, 1990; Zeithaml et al., 1985). Information technology which encompasses computing, data processing and communication improves service quality by reducing service time and improving accuracy. Employees come into contact with customers during service experience. During the service encounter, the

employee plays a major in influencing customers' perception of level of service quality. These components therefore determine the service quality delivered, perceived service quality and customer satisfaction.

Various studies have shown that service quality as perceived by the customer may be different from the quality of service actually delivered by the company (Gronroos, 1982; Looy et al., 2003; Zeithaml et al., 2006). Perceived service quality as proposed by Gronroos (1982) in the total perceived quality model is the comparison by customers regarding their expectations of the service quality with their perceptions of actual service experience received. According to Gronroos (1988) and Zeithaml et al. (2006), customers perceive quality of services in two ways – in terms of what the customer receives at the end of the process (technical quality) and how the service experience was delivered (functional quality). The comparison between customers' perceptions and expectations determines perceived service quality and customer satisfaction; the customer is satisfied if the service experience as perceived by the customer meets expected service and he/she is dissatisfied if the service falls below what was expected. Businesses delivering high quality services usually have satisfied customers (Shemwell et al., 1998; Gagliano and Hathcote, 1994). If actual service exceeds expected service, the customer is delighted. Gibson (2005) explains that satisfied customers are likely to become loyal customers.

1.1.4 Insurance sector in Kenya

The Insurance industry in Kenya has 48 companies (Association of Kenya Insurers (AKI) Report, 2013). The industry recorded industry pre-tax Profit of Kshs. 18.8 billion and Ksh. 130.65 billion in gross written premiums (a growth of 20.4% from Kshs.108.54b in 2012).The Insurance penetration percentage has improved from 2.5% of Kenya's GDP in 2007 to 3.44% of GDP in 2013.

Entry barrier into the sector is high. The industry is regulated and entry requirements include among others paid-up capital of at least Ksh. 300 million to register a general insurance business or Ksh. 400 million for life insurance (Insurance Act, Cap 487). Exit barrier is also high considering that companies have tied up substantial capital and have long term liabilities. This has led to high intensity of rivalry among existing insurers. This is evident judging by the level of price competition, vigorous advertising, innovation and product developments and the number of insurers (48 as at 2013).

Risk management firms have developed alternative products for example vehicle theft tracking devices, security alarm systems and fire protection systems which customers may opt for instead of insurance products, offering substitute products.

Except motor vehicle third party and employee injury insurance, all other insurance products are not compulsory. Buyers therefore have full discretion whether to purchase or not. The number of insurers (48) in the sector is high and the number of policyholders is still low (penetration at 3.44% in 2013). Bargaining power is therefore towards the buyer. Bargaining power of suppliers is high if a sector is dominated by a few supply companies, large available market, less substitute products and the suppliers' product is of high importance to the buyer. Reinsurance companies

are suppliers of insurance companies; they supply relevant capacities to insure products. The bargaining power of suppliers is high considering that there are only five (5) reinsurance companies to service 48 insurance companies (AKI Report, 2013). Competitiveness in this situation requires a cost effective business and high customer service so as to compete on quality. Customer satisfaction therefore becomes the best way to compete.

1.2 Research Problem

Service quality can be improved by minimizing the 5 gaps identified in the Gap model (Parasuraman et al., 1985). One of the gaps identified is the mismatch between what is communicated by a firm with its customers and the service delivered. The information communicated via various communication channels generates certain customer expectations and influences customers' perceptions. When the service delivered matches or exceeds those expectations, the perceived service quality is considered high by the customer. Businesses delivering high quality services usually have satisfied customers (Shemwell et al., 1998). In order to achieve high customer satisfaction, organizations need to be careful, realistic and should not overpromise in their communications.

Demand for high customer service, high service quality and low cost products is increasing in the Insurance sector in Kenya (AKI Report, 2013; Insurance Regulatory Authority (IRA) Kenya Insurance Industry Outlook Report, 2013). This has resulted from presence of a large number of players in the market, low customer numbers and penetration percentage, customer requests for low product prices and existence of substitute products. According to IRA Kenya Insurance Industry Outlook Report, (2013), customer dissatisfaction is a concern in the industry; the level of customer service quality is the lowest growth driver at 7%. For a company to compete

successfully and survive in this sector it must manage its operations well, offer high quality of service to ensure its customers are satisfied. One way a company can achieve this is by communicating effectively.

Past studies have been conducted on communication, customer satisfaction and service quality and their relationships. Studies focusing on communication as a factor of service quality were conducted by Parasuraman et al., (1988), Melani (1999) and Neeru & Patterson (1999). Parasuraman et al., (1988) carried out an exploratory research on communication and control process in the delivery of service quality on several companies drawn from various sectors in America. Melani (1999) in her survey in S. Africa involving 140 organizations from various business sectors studied the influence of communication, leadership and team performance on successful service quality implementation. Neeru & Patterson (1999) in a study of two financial services firms in Australia examined the impact of communication effectiveness and service quality on relationship commitment.

Service quality and customer satisfaction have been researched by several authors including Rand, Marwa & Evangelos (2004), Khurana (2013), Phiri and Mcwabe (2013), Siddique, Karim & Rahman (2011) and Nabi (2012). Rand et al. (2004) studied service quality in the insurance sectors in Kenya and Greece and proposed how it can be improved. Khurana (2013) conducted a study on the relationship between service quality and customer satisfaction in the Indian insurance sector. Phiri and Mcwabe (2013) and Siddique et al. (2011) studied customer perceptions, expectations and service quality on services at Pick & Pay Supermarket Stores in S. Africa and the Banking industry in Bangladesh respectively. Another research on the same topic was conducted on Private Banks of Bangladesh (Nabi, 2012).

These studies focused on the areas of service quality, customer satisfaction and communication on diverse business sectors and geographical context. None has specifically investigated the relationship between communication focus and customer satisfaction in Kenya's Insurance context. This topic therefore needs to be investigated since low service quality, high customer dissatisfaction and demand for low cost products and services has been observed in the sector. The research questions that this study seeks answers are; is higher quality of service for lower cost possible? How effective are Kenyan insurance companies in communicating? What are customers' perceptions of service quality? Are customers satisfied with the quality of service offered? What is the relationship between communication effectiveness, perceived service quality and customer satisfaction?

1.3 Research objectives

Objectives of this study are;

i. Determine the effectiveness of communication in the insurance industry in Kenya

ii. Determine the perceived service quality of the Insurance industry in Kenya

iii. Determine the level of customer satisfaction in the Insurance industry in Kenya

iv. Establish the relationship between communication, perceived service quality and customer satisfaction in the Insurance industry in Kenya

1.4 Significance of the Study

The study is important for insurance organizations in Kenya and particularly its managers, brokers and agents, policyholders and shareholders. This research will determine communication effectiveness, perceived service quality and level of customer satisfaction in Kenya's insurance sector. The outcome will assist insurers understand how communication is related to, or how it influences service quality and customer satisfaction. With this understanding, insurers can then use various channels of communication within their reach including advertisements and campaigns appropriately to offer high quality services and satisfy their customers' needs.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter will discuss and review theories and the literature obtained on perceived service quality, customer satisfaction and communication. The review will describe the definitions and importance of these themes, how various factors influence or affect them and the relationship among these themes. Based on the review, a conceptual framework and hypotheses will be developed.

2.2. Perceived service quality as a factor of customer satisfaction

Perceived service quality is vital for customer satisfaction (Gotlieb et al., 1994). It is therefore important to understand its meaning and how it can be determined or measured. Perceived service quality is influenced by several factors which must be identified. It is also related to communication, service quality delivered and customer satisfaction.

Siddique, Karim & Rahman (2011) in a study on the Banking industry in Bangladesh explained that perceived service quality is a customer's judgment of the overall service experience. They further state that perceived service quality is a product of the comparison between customer's perceptions of the service delivered with their expectations. These authors noted that perceived service quality in the Banking sector is determined by several aspects and they agree with the ten dimensions (access, communication, competence, courtesy, credibility, reliability, responsiveness, security, understanding and tangibles) proposed by Parasuraman et al. (1985) but caution that the significance and influence of each of these dimensions varies with the nature of business. In the study, it was illustrated that perceived service quality and service quality delivered are not the same.

Perceived service quality is a judgment of the experience by the customer while service quality delivered is actual service performance by the provider. When service quality delivered as perceived by the customer matches customers' expectations, the perceived service quality will be acceptable and the customer is satisfied. Aside from these dimensions, other factors indirectly influence perceived service quality through customers' expectations. The factors include past experience, personal beliefs, information communicated by the firm and word of mouth as explained in the gap model (Parasuraman et al., 1985).

Phiri and Mcwabe (2013) did a similar study at Pick & Pay Supermarket Stores in S. Africa and agree with Siddique et al. (2011) on the definition of perceived service quality and its relationship with service quality delivered and customer satisfaction. However, the authors differ on the measurement dimensions of perceived service quality and factors influencing it. Phiri et al. (2013) suggested that it is determined by only five factors; tangibility, reliability, responsiveness, assurance and empathy. They adopted the refined argument by Berry et al. (1985) and Parasuraman et al. (1988) where they resolved that the ten dimensions can be merged into five. They argue that these five dimensions rather than ten used by Siddique et al., (2011) are sufficient to measure perceived quality. On other factors influencing perceived service quality, Phiri et al. (2013) agree that customer own beliefs of expectations is a factor but adds two more: service standards and employees.

2.3. Communication focus and customer satisfaction

Customer satisfaction results from high quality of service, and as explained in the gap model (Parasuraman et al., 1985) this is attained when perceived service exceeds the expected service. The expected service and perceived service are in turn influenced by communication and many other factors. This review will present various studies on customer satisfaction and communication including their definitions and levels. The key characteristics of communication and its influence will also be reviewed.

Parasuraman et al. (1985) explains that external communication plays a role in customer satisfaction by shaping customer expectations through word of mouth and advertising. Nabi (2012) summarized the definition of customers' expectations as what customers wish to receive from the services being provided and depends on several factors. The influence of communication on perceived service quality has also been confirmed by other authors; Stewart (1992), Berry et al. (1988) and Clark (1992) noted that effective communication is an important requirement for high perceived service quality.

Studies on relationship between communication focus, service quality and customer satisfaction have been conducted in the past. One such study is by Neeru & Patterson (1999) who focused on the impact of communication effectiveness and service quality on customer relationship commitment. The study concluded that effective communication is a factor in aligning customer expectations and perceptions of service quality.

Communications, according to Neeru & Patterson (1999) refers to both formal and informal exchange of information between a company and its customers. The authors found out five characteristics that are mandatory for effective communication – the

information must be realistic, timely, educative, understandable and meaningful. The authors explained that communication influences expectations in several ways. First, external communication gives customers relevant information about products and services helping the customers know what to expect. Secondly, communication assists in encouraging understanding, resolving disputes and discontent which would have otherwise had a negative perception. Finally, continued communication creates a certain mindset and belief about the firm which is responsible for aligning customer expectations. The authors concluded that external communication impacts customer satisfaction through its influence on consumer expectations and perceived service.

Melani (1999), in a study related to that of Neeru & Patterson (1999), concentrated on the impact of internal communication on service quality. Melani stated that communication among employees at various levels and departments of an organization affects service quality. She explains that if departmental communication is well coordinated, wrong or inaccurate information cannot be passed to the customer. Such well managed internal communication system positively supports external processes (Coulson-Thomas, 1996). She concludes that effective internal communication is important for external communication since it ensures companies provide the customer with what was promised consequently improving level of service quality, customer satisfaction, retention and loyalty.

2.4 Literature Review Summary and conceptual framework

Table 2.1: Summary of studies			
STUDY	**FOCUS**	**GAP**	**PROPOSED STUDY**
Siddique, Karim & Rahman (2011) Empirical study	Customer satisfaction and perceived service quality	Customer satisfaction and perceived service quality in the insurance sector in Kenya	The level of perceived service quality and customer satisfaction in the insurance industry in Kenya
Phiri & Mcwabe (2013) Empirical study	Customers' perceptions and expectations of service quality	Customers' perceptions and expectations of service quality in the insurance sector in Kenya	Perceived service quality in the insurance industry in Kenya
Neeru& Patterson (1999) Empirical study	Communication and service quality	Relationship between Communication, perceived service quality and customer satisfaction in the insurance sector in Kenya	The influence of communication on customer expectations and perceived service quality in insurance companies in Kenya
Melani (1999) Empirical study	Communication and Service quality	Influence of communication on service quality insurance sector in Kenya	Research on influence of communication on service quality insurance sector in Kenya

From the summary of studies on Table 2.1, the level of customer satisfaction is dependent on both the perceived service quality and communication focus (both internal and external communication). The studies show that while communication is

a factor of customer satisfaction, the relationship is indirect; communication influences perceived service quality which in turn determines the level of customer satisfaction.

As shown in the Figure 2.1, customer satisfaction is conceptualized to be a function of communication focus (both internal and external communication) and perceived service quality.

```
┌──────────────────┐      ┌──────────────────┐      ┌──────────────────┐
│  Communication   │ ───▶ │ Perceived service│ ───▶ │    Customer      │
│      Focus       │      │     quality      │      │   satisfaction   │
└──────────────────┘      └──────────────────┘      └──────────────────┘
```

Figure 2.1: **Conceptual framework**

The following Research hypothesis shall be evaluated;

H1: Insurance companies which communicate effectively are expected to have satisfied customers

2.5 The Global Insurance Industry

The global Insurance industry grew by 3.4% in 2013 albeit at a slower pace in comparison with average global GDP growth rate of 4.3 percent (McKinsey's Annual Global Insurance report, fourth edition, 2014). Total premiums underwritten globally in the year 2013 according to Swiss Re report No. 3/2014 amounted to US$4.640 trillion. Top 3 insurance nations by premiums in 2013 are United States of America $1.26 trillion (27.13%), Japan $531.5 billion (11.45%) and United Kingdom $329.6 billion (7.10%) (International Insurance Fact Book, 2015). Locally, the Association of Kenya Insurers (AKI) Report of 2013 reported premiums of Ksh. 130.65 billion, a growth of 3.44% and pre-tax Profit of Kshs. 18.8 billion. According to both McKinsey's report and Global Insurance Market Trends (GIMT) Report, (2014), the

industry worldwide posted limited profitability in 2012 and 2013 as it has traditionally been in both life and property insurance categories. Kenya's insurance industry performance in growth and profitability closely compare to the global trends.

The low growth rates and low profitability in the Insurance Industry as projected by both Mckinsey and GIMT reports are expected to continue. The writers attribute this to mainly low demand for insurance products. Insurance companies therefore need to establish causes for the low demand in order to prosper. Wells & Stafford (1995), Cooper & Frank, (2001) and The American Customer Satisfaction Index Report (2002) explained that there are several factors contributing to low demand of insurance products among them customer dissatisfaction that has been noted worldwide. Therefore attaining high levels of customer satisfaction will assist in improving profitability and growth in the insurance industry.

Customer satisfaction in the insurance industry worldwide has been researched by many authors (Wells & Stafford, 1995; Schlesinger & Graf, 1991; Taylor, 2001) who concluded that it is significantly related to service quality. Communication being a factor in service quality which in turn plays a role in attaining customer satisfaction needs to be investigated. The findings of this study will attempt to understand the relationships between communication, perceived service quality and customer satisfaction.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

In this chapter, the research design, population, sample and sample design, the data collection method that was used and how the data was analyzed were discussed. This chapter aimed at establishing communication effectiveness, perceived service quality and customer satisfaction in the Insurance industry in Kenya and investigate the relationship between these three themes.

3.2 Research Design

In this section, the methods and procedures used to acquire the information needed and sources and types of information obtained to answer the research questions were specified and explained.

A cross-sectional design was used for data collection; data from the insurance companies were collected at a specific time period. Statistical methods are used in the analysis of the data. These design and data analysis approaches were preferred because of limited time of study and minimal resources.

3.3 Population

The unit of analysis was the Insurance companies in Kenya. There are 48 companies (AKI report, 2013) registered to offer Insurance products in Kenya; 12 in life insurance business, 26 in general property insurances and 10 dealing in both businesses. According to the Central limit theorem and Sampling studies by Griffin & Hauser (1993) and Saiful (2011), an appropriate sample size for reasonable research conclusions should have at least 30 units for observation. Based on these studies, a sample of 30 Insurance companies in the insurance industry in Kenya was selected randomly for the study.

3.4 Sample Design

A sample of 30 insurance companies drawn from the 48 insurers was investigated to minimize on costs. To select the 30 companies, stratified method was used based on the percentage of companies in each category of business i.e. 12 life companies (25%), 26 general property companies (54%) and 10 dealing in both (21%). Using the percentages, the sample had 9 life companies, 15 general property companies and 6 dealing in both.

Individual companies in each category of business were identified by simple random sampling method because of the small number of companies in the sector and the method was also cost effective. In determining the respondents per company, stratified sampling technique was used because it offered a more representative and precise outcome. The study grouped the respondents per company into five (5) strata comprising corporate customers, individual customers, intermediaries (agents, bancassurance firms and brokers), service providers (risk assessors/loss adjustors/valuers) and garages. Therefore for the sample of 30 companies, a total of 150 respondents were targeted.

3.5 Data Collection

Variables that were investigated were communication focus, perceived service quality and customer satisfaction. Data was collected from primary sources by administering questionnaires to respondents using questionnaires and interviews and secondary sources composed mainly of insurance texts.

Indicators of communication focus were the measures for effective communication adopted from Neeru & Patterson (1999). These measures are certain characteristics of information that are essential for an organization to communicate effectively. The

information must be realistic, timely, understandable, educative and meaningful. Communication focus was measured using these characteristics presented in the form of statements provided in Section 1 of the questionnaire where customers explained how realistic, timely, understandable, educative and meaningful their insurance companies performed in communicating. Respondents were requested to give their scores in a 5 point Likert scale.

Parasuraman et al., (1985) Servqual model presented five generic dimensions of service quality. The model is recommended by many authors who have used it in evaluating service quality including Phiri et al. (2013), Rand et al. (2004) and Zeithaml, Bitner & Gremler (2009). The dimensions are tangibles, reliability, responsiveness, assurance and empathy. These dimensions provide a total of 22 attributes which were used to measure perceived service quality. Respondents were presented with 22 statements to provide their scores of both their expectations and perceptions of service quality using a five - point Likert scale in Section II of the questionnaire.

Customer satisfaction indicators were adapted from Walfried et al. (2000), Kuo (1996), Huang (1998) and Khurana (2013) who proposed various factors for evaluating customer satisfaction. Some of the factors were dropped as they had already been incorporated in the Servqual model used in evaluation of service quality. The factors were further refined as suggested by Khurana (2013) to suit the insurance industry leaving a list of five items including business procedures, pricing, clarity and transparency, claims settlement and corporate image. A five-point semantic differential scale provided in Section III of the questionnaire was used to collect the data.

3.6 Data Analysis

The data was collected from respondents in the form of questionnaires. The respondents were requested to provide their scores on various indicators of communication focus, perceived service quality and customer satisfaction. Descriptive statistics were used to understand the various dependent and independent variables in the study. The means and percentages of respondents' scores awarded in completed questionnaire scales were presented in the form of tables for statistical analysis. Regression analysis technique was used to analyze the relationships between the variables.

For objectives 1, 2 and 3 aimed at determining communication focus, perceived service quality and customer satisfaction respectively, descriptive statistics were used by computing the means of their respective independent variables.

Communication focus for each company was determined by its level of communication effectiveness. The measures of communication effectiveness were how realistic, timely, understandable, educative and meaningful the organization performed in communicating. The mean scores of these measures per company were computed and presented as shown in Table 3.1.

Perceived service quality was determined in two steps. First, perception-expectation gaps (P-E) were computed by subtracting the mean scores of customer expectations (E) for each dimension from the mean scores of corresponding customer perceptions (P) (Parasuraman et al., 1985). Next, the mean of the differences were computed and presented as shown in Table 3.1.

The level of customer satisfaction for every company investigated was determined by computing and tabulating in Table 3.1 the mean scores of all its measures. The

measures were business procedures, pricing, clarity and transparency, claims settlement and corporate image.

Table 3.1: Summary of data collected			
Insurance Company	Communication focus mean score	Perceived service quality mean score	Customer satisfaction mean score
Company 1			
Company 2			
Company 3			
Company 4			
Company 5			
Company 26			
Company 27			
Company 28			
Company 29			
Company 30			
Overall industry score			

For the last objective of this study (objective 4), Regression analysis was used. The objective was to establish the relationship between communication focus, perceived service quality and customer satisfaction.

The results of communication focus, perceived service quality and customer satisfaction obtained in Table 3.1 above for the companies investigated were used as the variables. Regression analysis formula shown in Table 3.2 was used to analyze the relationships in an excel sheet. From the values of coefficients (b_1 and b_2), coefficient of determination (R^2) and F-value obtained from the analysis, the influence of both communication focus and perceived service quality on customer satisfaction was

established. In addition, the analysis assisted in testing of the hypothesis H1 advocated for in the conceptual framework.

Table 2.2: Analysis of Data		
Objective	**Variables involved**	**Statistical analysis and interpretation**
1 Determine the effectiveness of communication	**Dependent(y)**- communication focus **Independent(x)**- realistic, timely, understandable, educative and meaningful	Descriptive statistics: means of independent variables(x) will be computed
2 Determine the perceived service quality	**Dependent(y)**- perceived service quality **Independent(x)**- tangibles, reliability, responsiveness, assurance and empathy	Descriptive statistics: means of independent variables (x)will be computed
3 Determine the level of customer satisfaction	**Dependent(y)**- customer satisfaction **Independent(x)**- pricing, clarity and transparency, claims settlement, corporate image and procedures	Descriptive statistics: means of independent variables (x)will be computed
4 Establish the relationship between communication focus, perceived service quality and customer satisfaction	**Dependent(y)**- customer satisfaction **Independent(x)**-communication focus(x_1) and perceived service quality(x_2)	Regression $y = a + b_1x_1 + b_2x_2$ Hypothesis to test; H1: Insurance companies which communicate effectively are expected to have satisfied customers

CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSION

4.1 Introduction

In this chapter, the data collected is analyzed and the results obtained are discussed. The chapter also explains the response rates, demographics and nature of respondents and companies studied. The study was designed to achieve four objectives: the first three objectives were to determine the effectiveness of communication, the perceived service quality and the level of customer satisfaction in the insurance industry in Kenya. The fourth objective was to establish the relationship between the three variables (communication focus, perceived service quality and customer satisfaction) in the insurance industry in Kenya.

4.1.1. Response rates

The data received is presented in the form of tables. Descriptive statistics for the data is also presented in the form of tables. Response rates are shown in Tables 4.1 and 4.2 below.

Table 3.1: Response rate per company							
Insurance Company	No. of respon-dents	Targeted resp-ondents	Resp-onse rate (%)	Insurance Company	No. of respon-dents	Targeted resp-ondents	Resp-onse rate (%)
1	5	5	100%	16	5	5	100%
2	3	5	60%	17	1	5	20%
3	5	5	100%	18	4	5	80%
4	2	5	40%	19	2	5	40%
5	3	5	60%	20	3	5	60%
6	4	5	80%	21	5	5	100%
7	1	5	20%	22	1	5	20%
8	3	5	60%	23	3	5	60%
9	0	5	0%	24	2	5	40%
10	4	5	80%	25	4	5	80%
11	4	5	80%	26	0	5	0%
12	5	5	100%	27	3	5	60%
13	2	5	40%	28	1	5	20%
14	3	5	60%	29	4	5	80%
15	3	5	60%	30	3	5	60%

Source: Research data

The responses received per company as shown in Table 4.1 varied widely (between 0 and 100%). 5 companies had all their customers that had been targeted (i.e. 5 clients) responding, while all customers targeted from two insurance companies did not respond at all. The other companies had between 1 and 4 of their clients responding.

Table 4.2 below shows the overall industry response rate.

Table 4.2: Industry response rate	
Total responses received	88
Total respondents targeted	150
Response rate	**58.6%**

Source: Research data

In overall, of the 150 respondents who were served with the questionnaires only 94 responded but 6 were incomplete or had errors. Thus 88 questionnaires were fully completed and acceptable for analysis. This formed 58.6% response rate, which was considered adequate for analysis. Customers who did not respond were not comfortable with filling the questionnaires citing company policy. Others declined to receive questionnaires citing various reasons but others despite having accepted to receive the questionnaires failed to return.

4.1.2 Insurance period (years)

Customers were required to indicate number of years they were insured with their insurance company. Table 4.3 below shows the outcome.

Table 4.3: Period (years) insured with the company		
No of years	**Frequency**	**Percentage**
Less than 1 year	25	28%
Above 1 year but less than 3 years	31	35%
Above 3 years but less than 5 years	19	22%
Above 5 years but less than 10 years	7	8%
Above 10 years but less than 20 years	4	5%
Above 20 years	2	2%
Total respondents	**88**	**100%**

Source: Research data

As shown in Table 4.3, it was observed that a large proportion of respondents (85%) were insured with their current companies for less than 5 years.

4.2. Results of communication focus, perceived service quality and customer satisfaction

Data for these variables are presented in Table 4.4 below. Data received was analyzed by quantifying respondents' responses of their levels of agreement with the statements provided in the questionnaire that were used to evaluate communication, perceived service quality and customer satisfaction of the insurance company. The mean and standard deviation of the data is also provided in Table 4.4

Table 4.4: Mean and standard deviation of data of variables						
Company	Communication focus		Perceived service quality		Customer satisfaction	
	Mean	S.D	Mean	S.D	Mean	S.D
1	3.4	1.2	3.1	1.4	3.9	0.2
2	4.1	0.9	2.7	0.6	3.3	1.1
3	3.2	1.9	3.0	0.9	2.9	0.2
4	3.9	1.1	2.8	1.0	3.9	0.9
5	2.4	2.4	3.2	0.4	2.2	0.2
6	1.8	1.8	3.3	1.2	1.9	0.5
7	2.5	1.9	3.5	0.2	2.3	1.1
8	2.3	2.0	2.5	0.7	2.5	0.4
9	1.8	1.8	2.7	1.6	1.4	0.3
10	1.7	1.7	3.3	1.2	1.4	0.9
11	2.8	1.9	2.5	0.8	2.5	1.1
Overall	**2.7**	**1.7**	**2.9**	**0.9**	**2.6**	**0.6**

Source: Research data

The results shown in Table 4.4 are discussed in sections 4.2.1 to 4.2.3 below.

4.2.1. Communication focus

From the results presented in Table 4.4, the level of communication focus in the industry is below average as indicated by the overall industry mean score of 2.7. The

mean score is below 3.0 which means that a higher number of respondents do not agree that their insurance companies communicate effectively.

The standard deviations, as seen in the Table are high as compared to those of customer satisfaction and perceived service quality. The industry average standard deviation is 1.7. This high value implies that the communication effectiveness of the insurance companies investigated is widely spread from the average. The lowest mean was rated by company 10 customers who gave a score of 1.7 while the highest mean was 4.1 awarded to company 2. These results show that the level of communication effectiveness across the industry is generally low but widely inconsistent.

4.2.2. Perceived service quality

The second objective of the study was to determine perceived service quality in the insurance industry in Kenya. As seen in data presented in Table 4.4, customers across the industry feel that the service quality offered is average given the mean overall score of 2.9.

Standard deviation values for perceived service for the companies investigated are very low leading to an overall industry deviation of 0.9. This shows that customers across the industry consistently agree that the service quality level is average.

To further understand the influence of each of the five the dimensions of service quality (Tangibles, Reliability, Responsiveness, Assurance and Empathy), the means of their expectations and perceptions were computed. Table 4.5 below shows in detail the means of each insurance company per dimension.

Table 4.5: Means and standard deviations of dimensions										
Company	Tangibles		Reliability		Responsiveness		Assurance		Empathy	
	E	P	E	P	E	P	E	P	E	P
1	4.4	4.1	2.7	3.1	3.0	2.6	4.4	4.2	1.4	1.6
2	3.6	3.0	3.0	1.8	4.3	3.4	3.9	3.6	2.0	1.8
3	4.7	3.4	2.9	2.5	3.2	2.7	4.3	3.6	2.9	3.0
4	3.9	2.8	3.9	1.3	4.2	3.6	4.3	3.9	2.5	2.2
5	4.2	4.0	3.9	2.2	4.3	3.1	4.2	3.8	2.9	2.7
6	4.5	4.2	3.6	2.7	4.2	3.6	4.1	3.5	2.6	2.4
7	4.5	4.5	3.9	2.8	3.1	3.9	3.8	3.6	3.3	2.9
8	4.6	3.8	2.8	1.8	2.7	1.8	4.2	2.8	2.3	2.4
9	3.8	3.8	4.4	2.4	2.2	1.5	4.2	3.7	2.4	2.0
10	3.5	3.6	4.2	3.0	3.6	3.2	3.5	3.5	3.3	3.2
11	4.2	1.8	3.8	2.8	3.1	1.8	4.5	4.2	1.8	1.7
Overall	4.2	3.5	3.6	2.4	3.4	2.8	4.1	3.7	2.5	2.4

Source: Research Data

Key: E= Expected service, P= perceived service

From the results in Table 4.5, tangibles dimension, which involves mainly of physical facilities, location of offices, systems & equipment and appearance of employees, had the highest expectations (4.2). This implies that respondents highly value this dimension. Even though their perceptions (3.5) were above average score, they were lower than their expectations meaning respondents felt that they were not satisfied with tangible facilities used by their insurance companies. It is also important to note that while there was dissatisfaction with the tangible facilities, the dissatisfaction gap between expectations and perceptions was minimal.

In relation to the second dimension on reliability, the results show that the companies' performance achieved (2.4) is below average. Furthermore, the performance was below customers' expectations (3.6). This means that respondents felt that the reliability of their insurance companies in the industry is not satisfactory. The magnitudes of the service gap scores were wide in most of the companies.

The Responsiveness dimension of the Servqual instrument is comprised of four statements; advise when services will be completed, providing services promptly, willingness to help and never being too busy to respond to customer requests. This dimension focuses mainly on employee responsiveness. Respondents' evaluation of responsiveness according to the results in Table 4.5 shows that all their perceptions of responsiveness aspects were below their expectations. The variance, however, between the expectations and perceptions was very minimal meaning that the performance of employees working for insurance companies is almost close to respondents' expectation.

From the results summarized in Table 4.5, it can be observed that Assurance is one of the most important factors of service quality. The results also show that customers are generally dissatisfied with it. This is explained by the fact that respondents awarded an expectation score of 4.1 and performance score of 3.7 for assurance dimension.

Empathy dimension of the Servqual instrument has five (5) attributes. In most of the companies, the expectations of respondents exceeded their perceptions of the empathy dimension thus indicating that there was general dissatisfaction with the performance. However, the gaps were minimal implying that their perceptions were very close to their expectations. The most striking element of the results is that the expectation score for this this dimension (2.5) was very low and the lowest of all the five Servqual dimensions. The low expectation score means that customers least expect their insurance companies to be empathetic with them.

4.2.3 Customer satisfaction

Objective 3 of this study was to determine the level of customer satisfaction in the insurance industry in Kenya. Respondents were requested to rate 5 factors that are important when evaluating customer satisfaction using a five-point semantic differential scale. These factors were given in Section III of the questionnaire. Data was analyzed by determining the standard deviation and mean scores which are presented in Table 4.4. From the results, the level of customer satisfaction in the industry is below average as indicated by the overall industry mean score of 2.6. The mean score is below 3.0 which means that generally customers are not satisfied with the services offered by their insurers. The standard deviations of the data were low (an average of 0.6). This shows that the level of dissatisfaction of customers is consistently below average across the industry.

In order to establish the key factors that majorly contribute to customer dissatisfaction in the industry, means of the five factors contributing to it were computed and are arranged in Table 4.6 below.

Table 4.6: Means Customer satisfaction factors		Mean
Factor		**Mean**
1	Reliability of business processes and procedures	2.0
2	Prices of products and services	3.8
3	Level of clarity and transparency	1.9
4	Speed of Claims Settlement	2.0
5	Corporate image	2.9
	Overall industry customer satisfaction mean score	**2.6**

Source: Research Data

From the results presented in Table 4.6 above, respondents were not satisfied with most of the factors of customer satisfaction. Only one factor, pricing of services and products, which returned a mean score of 3.8, exceeded the median score of 3.0. This was contrary to the popular belief that insurance products and services are expensive.

According to the results, three factors contributed heavily to customer dissatisfaction; reliability of business processes and procedures, clarity & transparency and speed of claims settlement. In respect of business processes and procedures reliability factor, the mean of 2.0 was returned. The respective mean scores computed for clarity & transparency and speed of claims settlement were 1.9 and 2.0. This means that most of the customers felt that the level clarity & transparency and the speed of claims settlement are low. When rating the company corporate image, customers were largely neutral as indicated by the mean of 2.9.

4.3. Relationship between communication focus, perceived service quality and customer satisfaction

The fourth objective of this study was to establish the relationship between communication focus, perceived service quality and customer satisfaction in the insurance industry in Kenya. The results obtained in Table 4.4 were used. Data was analyzed by regression analysis equation $y = a + b_1x_1 + b_2x_2$ where y = Customer satisfaction, x_1 = Communication focus and x_2 =Perceived service quality . The data was subjected to regression analysis in Ms Excel and the outcomes below were obtained.

Multiple R =   0.92(92%)
R Square = 0.85(85%)
Significance F value =   0.000526
Coefficients: a =0.51, b_1=0.97 and b_2=0.15
Equation: $y = a + b_1x_1 + b_2x_2$
Customer satisfaction (y) = 0.51 + 0.97*communication focus + 0.15*perceived service quality

R Square measures the goodness of fit. It explains the contribution of the independent variables x_1 and x_2 in determining the dependent variable y. From the results, R Square = 85%. It means that variation in customer satisfaction is highly contributed

by the two factors. Actually, 85% of variation in customer satisfaction is contributed by the independent variables communication focus and perceived service quality.

Significance F is used to check if the results are reliable or significant. A figure below 0.05 always indicates that set of independent variables are significant in determining the dependent variable. The F value obtained was 0.000526 meaning the variables have a substantial influence in customer satisfaction.

The Coefficients b_1 and b_2 obtained were both positive numbers (b_1=0.97 and b_2=0.15). This means that an increase in service quality or communication effectiveness leads to an increase in the level of customer satisfaction. These results support the hypothesis H1 where it was proposed that Insurance companies which communicate effectively are likely to have more satisfied customers.

CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This study set out to achieve four objectives. The objectives were to determine customer satisfaction, perceived service quality and communication effectiveness in the insurance industry in Kenya and the relationship between them. From the study of available literature, a questionnaire was developed and used to gather the data. The data collected were analyzed using frequencies, percentages, mean scores and regression analysis. In this chapter, these results are summarized and conclusions drawn. This chapter will also make recommendations.

5.2 Summary

From the analysis of the data collected on period of insurance, it was established that a large proportion of insurance customers (85%) do not insure for longer than five years in one insurance company. Actually, a minimal number have insured with their companies for longer than 10 years; 5% between 10 and 20 years and a meager 2% above 20 years.

The research findings revealed an overall industry mean score of 2.7 on communication focus. This showed that effectiveness of communication by insurance companies as perceived by customers is still low.

On level of service quality, it was established that there is disparity between achieved performance and expectations by customers leading to a negative gap thus implying that customers are generally dissatisfied with the level of service quality offered by insurance companies in Kenya.

Tangibles and assurance dimensions were considered important by customers as shown by their high expectation scores followed by reliability and responsiveness in that order. Customers least expected insurance companies to be empathetic with them.

While expectations in all five dimensions were unmet, the service gaps for tangibles and empathy were very close to zero implying that insurers are very close to meeting customer requirements. Reliability, responsiveness and assurance have wider gaps meaning higher level of dissatisfaction in comparison to tangibles and empathy.

Customers are generally not satisfied with the services offered by insurance companies as signified by the industry mean score is 2.6. Customers were satisfied with only one factor of customer satisfaction; pricing of services and products. The others; business processes and procedures, clarity & transparency and speed of claims settlement were rated unsatisfactory.

The results of Regression analysis showed that the three variables of the research which were communication focus, customer satisfaction and perceived service quality are related. Communication focus and perceived service quality are factors that greatly influence customer satisfaction.

5.3 Conclusion

The research has determined the state and relationship between communications, service quality and customer satisfaction in the insurance industry in Kenya. The overall conclusion that could be drawn from the findings of this study is that customers are not satisfied with these variables. It was also illustrated that customer satisfaction is highly dependent of communication and service quality. Companies therefore need to improve communication and service quality to satisfy their customers.

5.4 Recommendations

It was established that the level of communication focus, perceived service quality and customer satisfaction in the insurance industry in Kenya are all unsatisfactory. Recommendations have been suggested to improve satisfaction levels of these variables. These recommendations are based on the study findings.

Insurance companies need to improve their communication effectiveness and particularly the three factors regarding unrealistic communication, failure to meet timelines as promised and difficulty in understanding the information communicated. For insurers to communicate realistic information, it is suggested that they should properly evaluate and understand customers' needs by conducting research. This way, the insurers can pass information that is relevant hence realistic. They should also ensure that the information communicated is in a simplified and customer friendly language that is easy to understand. Thirdly, they should improve their response times to match those that are promised.

So as to improve service quality, managers of insurance companies should focus more on improving employees' performance in terms responsiveness and reliability. More focus should also be put on assuring customers that in the event of a claim or a loss the company is willing to pay.

On customer satisfaction, it is recommended that insurance companies should reduce focus on price competition as a competitive advantage since the research findings show that pricing is least valued by customers. Many customers are comfortable with prices. Companies should focus on improving their processes and procedures, clarity & transparency and speed of claims settlement.

REFERENCES

Beer, M. (2003). Why Total Quality Management Programs Do not Persist: The role of Management Quality and Implication for Leading a TQM Transformation. *Decision Science, Vol.34.,No.4, 2003,* pp 624-642.

Clark, G.J. (1992). Quality in finance. *Management Services*, *Vol. 36* No. 9, pp. 24-6.

Coulson-Thomas, C. (1996). The responsive organisation: Re-engineering new patterns of work. *Management Services*, *Vol. 40 No. 7*, pp. 14-15.

Dotchin, J.A., & Oakland, J.S. (1994). Total quality management in services: Service quality. *International Journal of Quality & Reliability Management*, *Vol. 11*, No. 3, pp. 27-42.

Gagliano, K.B., & Hathcote, J. (1994). Customer Expectations and Perceptions of Service Quality in Retail Apparel Speciality Stores. *Journal of Services Marketing,* Vol. 8, Issue No 1, pp. 60-69**.**

Gotlieb, J.B., Grewal, D., and Brown, S.W. (1994). Consumer satisfaction and perceived quality: complementary or divergent constructs? *Journal of Applied Psychology*, *Vol. 79,* No.6, pp. 875-85.

Griffin, A. and Hauser, J. R. (1993). The Voice of the Customer. *Marketing Science*, Vol 12, pg 1-27.

Gronroos, C. (1982). *Strategic Management and Marketing in the Service Sector*. Helsinki: Swedish School of Economics and Business Administration.

Gronroos, C. (2001). *Service management and marketing: a customer relationship management approach.* England: John Wiley and Sons Limited.

Grunig, E. J. & Others (1992). *Excellence in Public Relations and Communication Management*. New York: Lawrence Erlbaum.

Gudykunst, W. B. (2004). *Bridging Differences: Effective Intergroup Communication*. London: Sage.

Hill, D. J. (1985). Satisfaction and Consumer Services. *Consumer Research*, *vol. 13*, 311-315.

Huang, M. C. (1998). An Empircal Study on the Model of Relationship Value-Loyalty for the Banking Industry. Master Dissertation, National YunLin University of Science & Technology, Yunlin, Taiwan.

Johnston, R., Chambers, S., Harland, C., Harrison, A., and Slack, N. (1993). *Cases in Operations Management*. London: Pitman.

Khurana, S. (2013). Relationship between Service Quality and Customer Satisfaction: An empirical Study of Indian Life Insurance Industry. *Journal of Research in Marketing*. Volume 1 No.2**.**

Kotler, P. (2003). *Management Marketing*. New Jersey: United of America

Kuo, C. T. (1996). Study on Customer Satisfaction: Using the Sample of National Chung Cheng University's Swimming Pool. *Journal of Physical education*, 49-68.

Looy, B. V., Paul, G., and Roland, V. D. (2003). *Services management; an integrated approach.* Great Britain: Pearson Education Limited.

Melani, F. (1999).The effects of internal communication, leadership and team performance on successful service quality implementation, A South African perspective. *Team Performance Management: An International Journal*, Vol. 5 No. 5, 1999, pp. 150-163.

Morgan, R., & S. Hunt (1994). The commitment trust theory of relationship marketing. *Journal of Marketing,* 58, 20-38.

Nabi, N. (2012). Customer Expectations of Service Quality: A Study on Private Banks of Bangladesh. *World Review of Business Research,* Vol. 2. No. 4. July 2012. Pp. 172 – 186.

Neeru, S. & Paul, G. P. (1999).The impact of communication effectiveness and service quality on relationship commitment in consumer, professional services. *The journal of marketing,* vol. 13 no. 2, pp. 151-170.

Oliver, R. L. (1997). *Satisfaction: A Behavioral Perspective on the Consumer*. Boston: McGraw-Hill.

Parasuraman, A., Zeithaml, V.A. & Berry, L.L. (1988). SERVQUAL: a multiple-item scale for measuring consumer perceptions of service quality. *Journal of Retailing,* 64(1).

Parasuraman, A., Zeithaml, V.A., & Berry, L.L. (1985). A conceptual model of service quality and its implications for future research. *Journal of Marketing,* p49.

Phiri, M.A., & Mcwabe, T.(2013). Customers' Expectations and Perceptions of Service Quality: The Case of Pick N Pay Supermarket Stores in

Pietermaritzburg Area, South Africa. *International Journal of Research in Social Sciences,* Vol. 3, No.1.

Rand, G.K., Tsoukatos, E., and Marwa, S. (2004). Diagnosis and Improvement of Service Quality in the Insurance Industries of Greece and Kenya. *Managing Service Quality,* Vol 19.

Saiful, B. (2011). Consultancy, Research & Training. Retrieved from http://saifulbahri.com/Medical_education/Medical_Education_Notes_Sem_2/ SAMPLE_SIZE. pdf.

Saunders, M. (1999). Linking external communication & organizational effectiveness. *Organizational Development Journal*, 17(4), pp. 35-40.

Schlesinger, H. and Graf von der Schulenburg, M.G.J. (1991). Search costs, switching costs and product heterogeneity in an insurance market. *Journal of Risk and Insurance,* 58(1):109-119.

Shemwell, D.J., Yavas, U., & Bilgin Z. (1998). Customer-service provider relationships: an empirical test of a model of service quality, satisfaction and relationship oriented outcome. *International Journal of Service Industry Management,* Vol 9, 155-168.

Siddique, A.B., Karim, K.S., and Rahman, M. L. (2011). Customers' Perception about the Determinants of Service Quality of Foreign and Domestic Banks: An Empirical Study on Bangladesh. *Journal of Business Technology,* Volume–VI, Number–01, January-June, 2011.

Stewart, R.H. (1992). Service quality from disciplined endeavor. *Management Accounting*, London, Vol. 70 No. 10, p. 19.

Taylor S.A. (2001). Assessing the Use of Regression Analysis in Examining Service Recovery in the Insurance Industry: Relating Service Quality, Customer Satisfaction and Customer Trust. *Journal of Insurance Issues,* 24(1/2):30-57.

Tsoukatos, E., and Rand, G.K. (2007). Cultural Influences on Service Quality and Customer Satisfaction: Evidence from Greek Insurance. *Managing Service Quality,* Vol 17.

Walfried, M., Lasser, C., Manolis, and Robert D. W. (2000). Service Quality Perspectives & Satisfaction in Private Banking. *Journal of service marketing*, Vol. 14, No. 3, 2000.

Welch, M. & Jackson, P. R. (2007). Rethinking Internal Communication: A Stakeholder Approach. *Corporate Communications: An International Journal*, 12 (2), 177-198.

Wells B.P. and Stafford, M.R. (1995). Service Quality in the Insurance Industry: Service Perceptions vs. Regulatory Perceptions. *Journal of Insurance Regulation*, 13(4):462-477.

Wells B.P. and Stafford, M.R. (1997). Insurance education efforts and insurer service quality. *Journal of Insurance Regulation,* 15(4):540-547.

Wisniewski, M. and Donnelly, M. (1996). Measuring service quality in the public sector: the potential for SERVQUAL. *Total Quality Management*, Vol. 7, No. 4, pp. 357-365.

Zeithaml, V., Bitner, M. & Gremler, D. (2006). *Service Marketing: Integrating Customer Focus across the Firm*. McGraw-Hill, New York.

Zeithaml, V.A., Parasuraman, A., & Berry L.L. (1990). *Delivering quality service: Balancing customer perceptions and expectations.* New York, NY: The Free Press.

APPENDICES

APPENDIX AI: QUESTIONNAIRE

TO BE COMPLETED BY CUSTOMERS, INTERMEDIARIES OR SERVICE PROVIDERS OF INSURANCE COMPANIES

NAME OF INDIVIDUAL/COMPANY (OPTIONAL):………………………………………….... ……………………………………

NAME OF YOUR INSURANCE COMPANY:…………………………………………… ……………………………………………

NO. OF YEARS INSURED WITH INSURANCE COMPANY:………………………………………… ……………………………

SECTION I:

Please indicate the extent to which you agree with the statements below by marking an X in only one box next to each statement.

NO	STATEMENT	(Strongly disagree)	(Disagree)	(Neither agree nor disagree)	(Agree)	(Strongly agree)
1	The information and communications provided by my Insurance company is realistic					
2	I always receive my insurance documents/mails and communications at the right time					
3	The information provided by my Insurance company is easy to understand					
4	The information and communications provided by my Insurance company is educative					
5	The company through its letters, emails, calls and other means communicate to me in a meaningful manner					

SECTION II

1. **Please indicate the extent to which you agree with the statements below by marking an X in only one box next to each statement.**

NO	STATEMENT	(Strongly disagree)	(Disagree)	(Neither agree nor disagree)	(Agree)	(Strongly agree)
1	We expect Insurance companies to have up-to-date equipment and systems					
2	Insurance companies' offices should feature visually appealing physical facilities					
3	Employees of Insurance companies should be well dressed and appear neat.					
4	Insurance companies should be conveniently located for ease of access					
5	Insurance companies should be capable of delivering what they promise					
6	Insurance companies should be sympathetic and reassuring when customers have problems					
7	Insurance companies should keep accurate records.					
8	Insurance companies should be should be dependable.					
9	Insurance companies should observe the timelines and datelines they promise					
10	Insurance companies should advise customers exactly when services will be processed and completed					
11	Employees of Insurance companies should be able to offer prompt service					
12	Employees of Insurance companies should always be willing to help customers					
13	Employees of Insurance companies should not be too busy to respond to customer requests promptly					
14	Employees of Insurance companies instill confidence in us					
15	Customers should be able to feel comfortable and safe when transacting with Insurance companies					
16	Employees of Insurance companies should be courteous and polite					
17	Employees of Insurance companies should be adequately trained to be conversant with insurance products					
18	Employees of Insurance companies are expected to give customers individual attention					

NO	STATEMENT	(Strongly disagree)	(Disagree)	(Neither agree nor disagree)	(Agree)	(Strongly agree)
19	Employees of Insurance companies are expected to give customers personal attention					
20	Employees of Insurance companies are expected to know what their customers' needs are					
21	Employees of Insurance companies should have their customers' best interests at heart					
22	Insurance companies operating hours should be convenient to all their customers					

2. **Please indicate the extent to which you agree with the statements below by marking an X in only one box next to each statement.**

NO	STATEMENT	(Strongly disagree)	(Disagree)	(Neither agree nor disagree)	(Agree)	(Strongly agree)
1	My Insurance company has up-to-date equipment and systems					
2	My Insurance company's offices and other physical facilities are visually appealing					
3	Employees of my Insurance company are well dressed and appear neat.					
4	My Insurance company is conveniently located for ease of access					
5	My Insurance company delivers what they promise					
6	My Insurance company is sympathetic and reassuring when I have problems					
7	My Insurance company keeps accurate records.					
8	My Insurance company is dependable.					
9	My Insurance company observes the timelines and datelines they promise					
10	My Insurance company advises me exactly when services will be processed and completed					
11	Employees of my Insurance company offer prompt service					
12	Employees of my Insurance company are always be willing to help					
13	Employees of my Insurance company are not too busy to respond to my requests promptly					
14	Employees of Insurance companies instill confidence in us					

N O	STATEMENT	(Strongly disagree)	(Disagree)	(Neither agree nor disagree)	(Agree)	(Strongly agree)
15	I feel comfortable and safe when transacting with my Insurance company					
16	Employees of my Insurance company are courteous and polite					
17	Employees of my Insurance company are very conversant with insurance products					
18	Employees of my Insurance company give me individual attention					
19	Employees of my Insurance company give me personal attention					
20	Employees of my Insurance company know what my insurance needs are					
21	Employees of my Insurance company have my best interests at heart					
22	My Insurance company's operating hours are convenient to me					

SECTION III

Please give your feelings regarding your Insurance Company by circling only one square provided below each statement.

1. The business processes and procedures employed by my Insurance Company are:
   UNRELIABLE ■   ■   ■   ■   ■ **RELIABLE**

2. Prices of products and services offered by my Insurance Company are:
   EXORBITANT ■   ■   ■   ■   ■ **AFFORDABLE**

3. The level of clarity and transparency expressed by my Insurance Company is:
   LOW ■   ■   ■   ■   ■ **HIGH**

4. The speed of Claims Settlement at my Insurance Company is:
   SLOW ■   ■   ■   ■   ■ **FAST**

5. My Insurance Company's corporate image is:
   UNAPPEALING ■   ■   ■   ■   ■ **APPEALING**