

CUSTOMER SATISFACTION SURVEY  
“A CASE OF THE JUBILEE INSURANCE COMPANY OF KENYA LIMITED”

BY

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**DECLARATION**

The research project is my original work and has not been presented for a degree to any other university

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Date.....

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**D61/70842/2009**

This research project has been submitted with my approval as the university supervisor.

**SUPERVISOR**

Signature .....

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## **DEDICATION**

This work is dedicated to my parents for sacrificing their life to ensure that I go to school.

## **ACKNOWLEDGEMENTS**

I am grateful to God who has seen me through my 2 years journey in the University of Nairobi doing my studies.

I would like to acknowledge my supervisor Dr. Raymond Musyoka for the constant encouragement and support to finish my research project. Special acknowledgement to the respondents from the clients data base of The Jubilee Insurance Company of Kenya Ltd.

Many thanks to my wife Mercy and our three sons John, Martin and Anthony for the peace of mind they provided during my studies. My humble prayer is that our good and caring Lord will bless you abundantly.

## **ABSTRACT**

The study was about customer satisfaction level at The Jubilee Insurance of Kenya Ltd. The objective of this study was to determine the level of customer satisfaction of the life clients at Jubilee Insurance. The study was carried out following stiff competition from companies offering similar life products and the realization that a study of that kind had not been done at the company.

The study employed a survey design with a sample of 120 respondents situated in Nairobi. Data was collected using a semi-structured questionnaire. A 5-point likert scale was used. Data analysis was done using descriptive statistics consisting frequency, percentage, mean and standard deviation.

Various aspects of customer satisfaction like quality, price, employee performance, communication, perceived justice and expectations were measured. Findings indicated that, quality and employee performance had the highest ranked attributes. Respondents stated that they were rather dissatisfied with those aspects. The findings further indicated that the aspect of expectation was least satisfactory with most respondents stating that they were dissatisfied. There were some aspects of communication that were also not satisfactory. Respondents however indicated that they would recommend the product they had to their family and friends and that they would obtain another life insurance product from Jubilee.

The study recommended the need for Jubilee to conduct continuous customer satisfaction surveys, and also put emphasis on the aspects that seemed rather dissatisfying with a view to improve them. The study suggests' further research to be carried out on the key driving factors of satisfaction from the aspects used. Finally the study encountered limitations on low respondents to questionnaires and time constraint.

## TABLE OF CONTENTS

<b>DECLARATION.....</b>	<b>II</b>
<b>DEDICATION.....</b>	<b>III</b>
<b>ACKNOWLEDGEMENTS .....</b>	<b>IV</b>
<b>ABSTRACT .....</b>	<b>V</b>
<b>LIST OF TABLES.....</b>	<b>IX</b>
<b>CHAPTER ONE .....</b>	<b>1</b>
<b>INTRODUCTION.....</b>	<b>1</b>
1.1 BACKGROUND OF THE STUDY .....	1
1.1.1 The Concept of Customer Satisfaction .....	2
1.1.2 The Insurance industry in Kenya .....	3
1.1.3 The Jubilee Insurance of Kenya Limited .....	4
1.2 STATEMENT OF THE PROBLEM.....	6
1.3 OBJECTIVE OF THE STUDY .....	8
1.4. IMPORTANCE OF THE STUDY .....	8
<b>CHAPTER TWO .....</b>	<b>10</b>
<b>LITERATURE REVIEW .....</b>	<b>10</b>
2.1 INTRODUCTION.....	10
2.2. CUSTOMER SATISFACTION .....	10
2.3 DETERMINANTS OF CUSTOMER SATISFACTION .....	13
2.3.1 Perceived Service Quality.....	13
2.3.2 Price .....	14
2.3.3 Customers Expectations.....	16
2.3.4 Communication.....	17
2.3.5 Employee Performances .....	18
2.3.6 Perceived Justice.....	18
2.4 CUSTOMER SATISFACTION MEASURES.....	19
<b>CHAPTER THREE.....</b>	<b>22</b>

<b>RESEARCH METHODOLOGY .....</b>	<b>22</b>
3.1. RESEARCH DESIGN .....	22
3.2. POPULATION .....	22
3.3. THE SAMPLE OF THE STUDY .....	22
3.4. DATA COLLECTION .....	22
3.5. DATA ANALYSIS METHOD.....	23
<b>CHAPTER FOUR.....</b>	<b>24</b>
<b>DATA PRESENTATION AND INTERPRETATION.....</b>	<b>24</b>
4.1. INTRODUCTION.....	24
4.2 DEMOGRAPHIC PROFILE OF THE RESPONDENTS .....	24
4.2.1 Gender of the Respondents .....	24
4.2.2 Age of Respondents .....	25
4.2.3 Life Insurance products .....	26
4.2.4 Length of Contribution towards the life Insurance Products .....	27
4.3 CUSTOMER SATISFACTION DIMENSIONS OF THE SERVICE PROVIDER .....	27
4.3.1 Quality .....	28
4.3.2 Price .....	29
4.3.3 Expectations.....	30
4.3.4 Communication.....	30
4.3.5 Perceived Justice.....	31
4.3.6 Employee performance .....	31
4.4 CUSTOMER LOYALTY .....	32
<b>CHAPTER FIVE .....</b>	<b>35</b>
<b>DISCUSSIONS, CONCLUSIONS AND.....</b>	<b>35</b>
<b>RECOMMENDATIONS.....</b>	<b>35</b>
5.1 INTRODUCTION.....	35
5.2 DISCUSSION.....	35
5.3 CONCLUSION.....	38
5.4 RECOMMENDATIONS .....	39

5.5 SUGGESTIONS FOR FURTHER RESEARCH.....	40
5.6 LIMITATIONS.....	40
<b>REFERENCES.....</b>	<b>42</b>
<b>APPENDICES.....</b>	<b>48</b>
<b>APPENDIX 1: LETTER OF INTRODUCTION.....</b>	<b>48</b>
SECTION A: GENERAL INFORMATION.....	49



## LIST OF TABLES

Table 1: Gender.....	25
Table 2: Respondents Age .....	25
Table 4: Length of contribution of Products.....	27
Table 5: Quality .....	28
Table 6: Price .....	29
Table 7: Expectations.....	30
Table 8: Communication.....	31
Table 9: Perceived Justice.....	31
Table 10: Employee performance .....	32
Table 11: Recommending life product .....	33
Table 12: Obtaining another life product.....	33
Table 13: Recommending and Obtaining product .....	34

# CHAPTER ONE

## INTRODUCTION

### 1.1 Background of the study

Global liberalization of economies has opened up markets to new entrants by reducing many constraints on competitive activity in such industries like road, transport, securities, financial services, education and communication (Charles and Gareth, 1988). The growing business environment has led to increased choice for consumers, lower prices, lower margins, dramatically changing global infrastructures, market economies expanding that is deregulation and privatization, telecommunications infrastructure, investment from analog to digital (Muchira, 2005). The Global nature of competition therefore means that firms face competition from not only local firms but also foreign firms, all aiming to increase their market share.

Kotler (2000) states that, this ever-changing competitive environment has prompted companies to adopt various strategies in order to survive. These include product differentiation, outsourcing of non-core business, niche marketing, franchising and licensing, product diversification and digitizing the provision of services. Branding, packaging and design of products has also enabled organizations to differentiate their market offer. Palmer (2001) explains that, customers are more aware that they are in receipt of a service for which they pay a price and may have to be consulted for an opinion about the level of satisfaction provided. Heskett, *et al.* (1997), assert that organizations are discovering that increasing levels of customer satisfaction can be linked to customer loyalty and profits. They talk of a simple and logical correlation between customer satisfaction and corporate profitability and state that, a

company whose clients are completely happy with their products and services is less likely to lose that customer.

Customer satisfaction depends on products' perceived performance in delivering value relative to a buyer's expectations. Satisfied customers make repeat purchases and they tell others about their good experiences with the product or service. Smart companies aim to delight customers by promising only what they can deliver, then delivering more than they promise (Kotler and Armstrong 2001). According to (Fornell et al. 1996), customer satisfaction can be used to evaluate and enhance the performance of firms, industries, economic sectors and national economies as it measures the quality of goods and services as experienced by the customers who consumes them. The state that, customers are the ultimate source of all revenues, as efficiency in acquiring and retaining customers is the key to long-term financial health.

### **1.1.1 The Concept of Customer Satisfaction**

Satisfaction is an attitude that relates to the consumer's fulfillment response. It is a judgment that a product or service feature, or the product or service itself, provides or is providing a pleasurable level of consumption related fulfillment, including levels of under-or over-fulfillment (Oliver, 1997). Service firms must endeavor to meet every customer's expectations and their testimonials are the best advertising a service firm can get (Kurtz and Clow, 2002). Measuring of customer satisfaction is regarded as a promising approach to reducing defections.

Kotler (1999) suggested that the following tools could be used for tracking and measuring customer satisfaction: complaint and suggestion systems, customer satisfaction surveys, ghost shopping and lost customer analysis. It has been found that more than 90% of dissatisfied

customers will not exert their own effort to contact a company to complain; they will simply take their business to a competitor while voicing their dissatisfaction to other potential customers. Reichheld (1996) notes that customer satisfaction programs are important tools that can increase profits by preventing customers from defecting. Losing one dissatisfied customer may be more severe than it sounds; one dissatisfied customer may speak to as many as nine others, multiplying his/her dissatisfaction nine fold (Terry et al, 1998).

### **1.1.2 The Insurance industry in Kenya**

Insurance companies are financial institutions that guarantee huge sums of money contributed by policy holders. They sell protection against the occurrence of future events such as death or fire to a resident or commercial property. For providing this protection they receive an insurance premium. Between the time the insurance premium is paid and a claim on the insurance company is paid out (If such a claim is made), the insurance company can invest those proceeds in productive enterprises such as real estates and capital market. As investors, the insurance companies are among the largest sources of long-term development capital in property, Equity, Bonds and Treasury bills Fabozzi and Modigliani (2009).

The Insurance sector in Kenya has witnessed considerable growth in the last few years. According to the Association of Kenya insurers report 2008, there were 42 licensed insurance companies by the end of the year 2008. Twenty companies wrote general insurance business only, seven wrote long-term business only while fifteen were composite (both life and general). There were 141 licensed insurance brokers, 19 medical insurance providers (MIPs), 3,356 insurance agents, 5 re-insurers (2 locally incorporated), 17 loss adjusters, 2 claims settling agent, 6 risk managers, 152 loss assessors/investigators and 19 insurance surveyors during the year.

The insurance company's in Kenya are governed by the insurance Act Cap 487 and are regulated by the Insurance Regulatory Authority (IRA) created through the insurance (Amendment) Act 2006 which replaced the Commissioner of Insurance. The role of IRA is to supervise the insurance companies through monitoring and surveillance to ensure that they comply with provisions of the Insurance Act, regulatory role through issuance of circulars detailing policies guidelines and regulations from time to time, and the development role through spearheading public education on Insurance. The Association of Kenya (AKI), which was established in 1987 as a consultative and advisory body for the insurance companies, represents the collective interests of the Kenya's insurance companies. It is registered under the Societies Act Cap 108 of the Laws of Kenya. Aki is a member's association for the insurance companies in Kenya (Makove 2008).

The trends in the telecommunication sector have also compelled the insurance industry to position itself and take advantage of the innovative advancements brought about by the mobile money transfer. Companies like API and Jubilee have introduced a means whereby customers can pay their premiums through the mobile phones using a unique agency number. Porter, (1998) argued that technology affects competitive advantage, strategies that ignore or lag behind competitor in considering technology lead to obsolescence and extinction. This offer of superior customer service will facilitate speedy premium collection, as well as give them a competitive advantage in the market.

### **1.1.3 The Jubilee Insurance of Kenya Limited**

The Jubilee Insurance Company Limited was incorporated in 1937 as a composite insurer and provider of mortgage finance, based in Mombasa. It has since broadened its business

throughout the region to become a key player in East African insurance industry, establishing a presence in Kenya, Tanzania, Uganda, Burundi and Mauritius. Today, Jubilee Insurance, a wholly owned subsidiary of Jubilee Holdings Limited, stands as the largest multi-line insurer in East Africa handling both long and short term insurance. In the last 5 years, Jubilee holding limited has an issued share capital of Ksh700 million; the highest shareholders' funds in the East African insurance industry. The company is the only ISO certified insurance-based financial institution to be listed on all three regional bourses (Kenya, Uganda, Tanzania).

Some of the other subsidiaries of the Jubilee holdings, include; The Jubilee investments company limited (Uganda), Jubilee financial services limited, Jubilee insurance (Mauritius) limited, The Jubilee insurance company of Uganda limited, The Jubilee insurance company of Tanzania limited, Jubilee insurance Burundi and Jubilee investments Burundi. Jubilee insurance in Kenya has both individual and corporate products in the (life, general, pension, medicinal) category. (Jubilee holdings company profile, 2010)

Writing in early 2009, AKI Chairman Nelson C Kuria suggested that the long-term future for the insurance sector was bright, given the low levels of penetration, increasing usage of information and communication technology (ICT), research, product development and focus on new distribution channels. Nevertheless, the challenges are significant. One is that many Kenyans have little understanding of insurance and/or a low opinion of it. A survey by the AKI in 2003 found that the development of group life, for instance, was hampered by the rigidity of products, the limited scope of coverage, inefficient marketing and legislation. The providers had to deal with a lack of consumer education, the lack of incentives to employers, the domination of the market by brokers and cut-throat price competition. The comments from

Kuria in his introduction to AKI's 2008 annual report (which was released in early 2009) indicate that these problems persisted nearly seven years later. (Kenya Insurance report, 2010).

Life Insurance is deemed as a safer investment vehicle by risk-averse individuals, as opposed to stock market, which is prone to fluctuations. Jubilee life insurance products include: Fanaka, tailored for the young and fresh graduates looking at building a fund over a period of time; 'Career Plus' meant to enable parents build a fund for their children education needs; 'Career life gold' for people keen on saving and finally, Fanaka Gold for flexible savers interested in making a lump sum payment rather than premiums. (Business Monthly Magazine, 2008)

It is in the quest for investment returns that the insurance companies which are operating in an economy where the consumption of insurance product is low strive to expand or increase their market share. Jubilee should seek to understand their customer's needs and create processes or sub-processes to serve them; this customer effort will ensure customer satisfaction. Reichheld (1996), states that, in order for organizations to realize benefits like increased purchases, free advertising through word of mouth, lowered operating cost and employee retention, companies need to put in place customer satisfaction devices not only to know the levels of satisfaction by its customers but also to track trends to diagnose problems and link to other customer focused strategies.

## **1.2 Statement of the problem**

Kotler and Armstrong, (2001), state that, customer satisfaction depends on products' perceived performance in delivering value relative to a buyer's expectations. Satisfied customers make repeat purchases and they tell others about their good experiences with the product or service. Smart companies therefore aim to delight their customers by promising only what they can deliver, then delivering more than they promise. Whether the customer is satisfied after

purchase depends on the offers performance in relation to buyer's expectations in general. Zeithaml et al (1993) explains that one of the prime causes of poor performance by service firms is that they do not know what their customer expect. They argue that many organizations are keen to provide quality service but fall short simply because they do not have accurate understanding of what customers expect from them. Cook (2002) also notes that, companies have placed increased emphasis on customer service as a means of gaining competitive advantage yet few organizations are delighting their customers.

A survey by Strategic Business Organization (SBO) Research (2011), on customer satisfaction of all the insurance companies indicate that currently the average satisfaction index for the insurance companies stands at 68%, out of the maximum possible 100%. While this research reflects the outcome of the entire market, it does not reflect what the satisfaction index of customer's at Jubilee insurance is. According to Reichheld (2000), the negative financial implications of rampant customer defections as observed in many industries to day are staggering. Each company has a unique set of products and services that it provides to potential clients. Therefore, understanding what drives consumers to chose a product or services, and why they choose to continue or discontinue their use is vital to a company's ability to maintain profitability in the long run

Kotler (1999) also notes that companies are aiming for high satisfaction because customers who are just satisfied still find it easy to switch, high customer satisfaction or delight creates an emotional bond with the product not just a rational preference. It is of paramount to create a chain of loyal customers for Jubilee insurance in order not to fall short of the competition. According to (Kotler ,2001) companies are realizing that losing a customer means losing more



than a single sale; it means losing the entire stream of purchases that the customer would make over a lifetime of patronage.

Previous studies on customer satisfaction in Kenya have been in banking (Muringi, 2002), Airlines (Mumbi, 2003), mobile phone firms (Odhiambo, 2003), supermarkets (Imbuga, 2004) and Learning institutions (Waithaka, 2006), in all these studies, service quality emerged as the highest determinant of customer satisfaction. Due to the fact that every company is unique and no other study has been undertaken on customer satisfaction at Jubilee insurance, then this study was paramount.

The study aimed at answering the following question; to what extent are customers satisfied with the life insurance services offered at Jubilee?

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

The overall objective of this study was to determine the level of customer satisfaction of the life clients at The Jubilee Insurance Company of Kenya Limited.

### **1.4. Importance of the Study**

Jubilee insurance would benefit significantly on the knowledge on the current levels of satisfaction and in particular, the key determinants of satisfaction may benefit those in the management, allowing them to focus and build upon key areas that lead to highly satisfied customers. The harnessed information would also enable departmental managers to articulate deliberate measures to win and satisfy customers in order to retain them.

The customers would benefit since their expectations and their needs would be met, as the management strives to be more customer focused. This would ultimately lead to good

performance of the company as it would impact loyalty and gain a more competitive edge in the industry.

Policy makers may use the information to enhance the existing legal and regulatory policies and procedures in the insurance companies in Kenya. The findings of this study would also provide vital information that may be used in formatting policies that relate to the Insurance industry in the country.

The study would also benefit the academic researchers as it would add to the existing body of knowledge and provide a source of reference to their studies.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.1 Introduction**

The Insurance industry in Kenya has grown tremendously over the years. Companies in the industries have come up with ways of expediting collection of premiums by introducing methods through which their clients can pay premiums using their phones among other innovative techniques like the use of digital billboards, more informative advertisement in the media among others. Competition has also been on the rise and insurance companies are investing in life products to attract and retain their customers. Following these radical changes, the need for more customer-focused strategies is inevitable. Insurance companies need to continuously assess their customers levels of satisfaction in order to ensure that they are meeting them which will eventually lead to customer retention and a chain of loyal customers who are not only willing to make repeat purchase but are also not hesitant in referring their friends and families. This chapter therefore delves on existing literature about customer satisfaction, which has been documented over the years.

#### **2.2. Customer satisfaction**

Customer satisfaction has been defined in many ways. Zeithaml and Bitner (2003) defined satisfaction as the consumer's fulfillment response, it is a judgment that a product or service feature, or the product or service itself, provides a pleasurable level of consumption-related fulfillment. Oliver et al. (1997) defined customer satisfaction as a process, which involves evaluation between what was received and what was expected. The most popular view of customer satisfaction in academia given by Oliver is that customer satisfaction is the judgment

borne out of the comparison of pre-purchase expectations with post purchase evaluation of the product or service experience. From the definition, it's evident that satisfaction means that customer evaluation of a product or service in terms of, whether that product or service has met their needs and expectations. Failure to meet the needs and expectations is assured to result in dissatisfaction.

Howard and Sheth (1969) view satisfaction as a psychological state which is also backed by Getty and Thompson (1994) who defined satisfaction as a summary psychological state experienced by the customer when confirmed or disconfirmed expectations exist with respect to a specific transaction or experience. Kotler (2000) looks at satisfaction as a function of perceived performance and expectation. Whether the buyer is satisfied after purchase depends on the offers performance in relation to the buyers' expectation. If the performance falls short of expectations customer is dissatisfied. If performance matches the expectations customer is satisfied. If performance exceeds expectations the customer is highly satisfied or delighted while the various definitions point at the fact that satisfaction is the consumer's fulfillment response, it may be necessary to focus on an operationally feasible definition, such as the one provided by Oliver (1997).

Oliver (1997) defines satisfaction as a judgment that a product or service feature, or the product or service itself provides or is providing a pleasurable level of consumption related fulfillment, including levels of under or over fulfillment. This definition points to several elements of satisfaction. Firstly, the focus is on a consumer rather than a customer. Traditionally speaking, the consumer uses a product or service, whereas a customer pays for the product or service but may not be the consumer or the direct user. Satisfaction with a product or service is a construct that requires experience and use of a product or service.

Oliver points out that individuals who pay for a product or service but who do not use this product or service should not be expected to have the type of dissatisfaction or satisfaction that a product or service user or the consumer will have. So we need to realize that the concept of customer satisfaction is about consumer satisfaction, that is, user satisfaction, rather than buyer satisfaction, that which may include non-users.

Secondly, the definition emphasizes that customer satisfaction is a feeling and short-term attitude that can readily change given a constellation of circumstances. It resides in the user's mind and is different from observable behaviors such as product choice, complaints, and re-purchase. Thirdly, satisfaction commonly has thresholds at a lower level, insufficiency or underfulfillment, and an upper level, excess or overfulfillment. This means that a consumer's satisfaction may drop if she or he gets too much of a good thing. Many people focus upon the lower threshold and neglect the potential for an upper threshold. While the definitions help to clarify the concept of customer satisfaction, they tell us little about what determine customer satisfaction.

Customer satisfaction has become of great interest to many marketers. Kotler (1997) states that the cost of attracting a new customer is five times the cost of keeping the current customer happy. These have been backed by other writers like Terry et al. (1998), who note that, losing one dissatisfied customer may be more severe than it sounds; one dissatisfied customer may speak to as many as nine others, multiplying his/her dissatisfaction nine fold. Naumann (1995), also explains that there have been several studies done which show that it costs about five times to gain a new customer as it does to keep an existing customer, these results have led to more interest in customer relationships.

## **2.3 Determinants of customer satisfaction**

Information on which factors determine customer satisfaction is important to service organizations since customer satisfaction is what the service business depends on for repeat business and is closely associated with the growth and survival of an organization (Timm, 1990). Tim states that an average company loses 20% of its customers annually due to its dissatisfaction. Customers satisfaction can result from any dimension, whether or not it is quality related and its judgments may rise from non quantity issues, for example needs, equity, perceptions of fairness and required experience with the service provider (Taylor and Baker, 1994 ; Howard and Sheth, 1996).

### **2.3.1 Perceived Service Quality**

Perceived service quality provides a measure of the consumer's global assessment of the superiority or excellence of a service and is viewed as one dimension of satisfaction (Aaker and Jacobson, 1994). In the literature there has been some confusion over the relationship between service quality and customer satisfaction. Some researchers state that service quality and satisfaction measure the same underlying concept and therefore are the same (Zeithaml, 1983). Other authors argue that satisfaction with a specific transaction precedes perception of the overall quality of the firm and therefore is the antecedent of perceived quality ( Oliver, 1980; Bitner, 1990; Parasuraman, Zeithaml and Berry, 1995); (Cronin and Taylor, 1982). Finally, others suggest that the concepts of satisfaction and quality are different and that it is the perceived service quality that will affect customer satisfaction (Lacobucci et al. 1995).

Lacobucci et al. (1995) concludes that the key differences between quality and satisfaction is that, quality relates to managerial delivery of the service, while satisfaction reflects customers

experiences with that service. Consequently, quality improvements that are not based on customer needs may not improve customer satisfaction. Regardless of which view is considered the relationship between satisfaction and service quality is strong when examined from either direction. Satisfaction affects assessment of service quality and assessment of service quality affects satisfaction. In turn both are vital in determining the level of consumer satisfaction. Kurtz and Clow (2002) assert that, in evaluating service quality consumers compare their quality of service to price charged, and this affects satisfaction levels

### **2.3.2 Price**

The effect of price on overall satisfaction has received less attention than the other antecedents of customer satisfaction (Voss, Parasuraman and Grewal, 1998). However, equity theory provides some basis to assume that there is a link between satisfaction and price (Patterson, Johnson and Spreng, 1997). For instance, work by Oliver and Desarbo (1998) indirectly measured the impact of price through the assignment of equity by a comparison of the input output ratio. They suggested that, parties in an exchange would feel equitably treated if they believe that the ratio of their outcomes to inputs is comparable to their perception of the ratio of the exchange partner's outcomes to inputs. Perceptions of justice result from customer's evaluations of outcome fairness. In purchase transactions, customers invest inputs, such as money, and receive outcomes, such as service quality. Also, customers compare their business outputs and inputs to the other party in exchange. Oliver and Swan (1989) suggest that customer expects reciprocity in terms of tangible matters such as relating quality to price, and the degree to which he or she perceives the exchange as inequitable determines negative post transaction effect. This form of negative effect is usually interpreted as dissatisfaction.

Customer satisfaction is thus influenced by their perception of value for money. Kotler (2000) notes that the relationship between price and customer satisfaction has become an important focus of corporate strategy because higher customer satisfaction leads to greater customer loyalty that in turn can result in higher profits.

Reichheld (1990) does find a true relationship between customer satisfaction and firm profitability. Studies show that firms with higher levels of customer satisfaction enjoy higher economic returns. Price plays a key role in determining profitability and a higher price may mean a higher profit. Research suggests that there are certain factors that might allow companies to charge more for their products or services. Homburg *et al* (2005) report the possibility that when customers are satisfied, they might be willing to pay more for the product or service. Reichheld, (1990) asserts that studies done find that higher levels of customer satisfaction lead to higher levels of customer loyalty, which in turn, leads to higher profits. According to Kotler (2000), other studies also find that satisfied customers can increase profitability by providing new referrals through positive word-of-mouth communications.

The relationship between customer satisfaction and willingness to pay more is not linear (Homburg et al., 2005:1). Rather, it has an inverse s-shaped form being concave for low satisfaction levels and convex for high satisfaction levels and relatively flat for medium satisfaction levels. This means that only highly satisfied customers are willing to pay more and very dissatisfied customers are defiantly not willing. Moderate levels of satisfaction do not increase a customer's willingness to pay substantially. Additionally studies have found that cumulative satisfaction based on repeated experiences with the production service has a stronger influence on willingness to pay the satisfaction from a single or specific product episode or service encounter (Homburg et al., 2005:2). Voss et al (1998) suggests that price as



a variable could result in an association between satisfaction and performance. They contend that in uncertain environments consumers use price as cue in making pre-purchase expectations, and this in turn influence their perception of satisfaction.

### **2.3.3 Customers Expectations**

Customer expectations are the anticipation of future consequences based on prior experiences, current circumstances and other information (Oliver, 1980). Kurtz and Clow, (2002) assert that customer expectations are important during all three stages of the purchase process; the pre-purchase phase, the service encounter and post purchase phase they note that customer expectations are the basis for evaluating service quality and if they are met or exceeded consumers are satisfied and in if not met, they are dissatisfied.

Prior research (Anderson et al, 1994; Voss et al. 1998, Yi 1990) indicates that there is a link between satisfaction and expectations. Oliver (1996) notes that expectations create a frame of reference about which one makes a comparable judgment. Oliver further asserts that as a result, outcomes below the expected, negative disconfirmation, are rated below this reference point, those equal to expectations are confirmation whilst those above expectations, positive disconfirmation, are rated as better than expectations. Customers, therefore judge their satisfaction and dissatisfaction level with a product or a service by company and its performance against an established level of expectations in their minds. If performance falls below expectations they are dissatisfied and if above then they are satisfied (Yi, 1990).

Garretson and Clow (1999) states that purchase intentions and satisfaction are influenced by expectations. The level of expectations depends on the communication by the service provider (Kurtz and Clow, 2002). For instance promoting high expectations will increase patronage but

also increase chances of producing dissatisfied customers, while promoting lower expectations will ensure satisfied customers, but the chances of getting customers to buy the service is greatly reduced. Kurtz and Clow, (2002) concluded that the ideal goal is to communicate the exact service customers will receive and to provide the exact service customer's expect.

#### **2.3.4 Communication**

Frazier and Summer (1984) regard communication as the means by which persuasive information is exchanged between two and more individuals. Stern and El-Ansary (1980) indicate that communication provides vehicle to influence, motivate, persuade, negotiate and learn within the marketing channels. Furthermore, communication is important in that it enables businesses to learn individual customer characteristics and preferences. On the other hand, the customers are also able to learn about product and service characteristics and attributes. Marcus (1998) indicates that to communicate is an important dimensions or antecedent in developing customer satisfaction.

Anderson and Weitz (1998) found a positive relationship existed between communication and trust from the buyer and seller's point of view. Exchange of timely and accurate information is therefore, an important component in enhancing customer satisfaction. Kurtz and Clow (2002) add that customer satisfaction can be heightened by communication information that affects either customers' expectations or their evaluation of the service performance. Further more, communication also enhances customer satisfaction during the consumption phase by providing information about the procedure. Therefore high levels of communication may result in increased customer satisfaction.

### **2.3.5 Employee Performances**

The influence of employees' performance on customer satisfaction has been of special interest to marketing researchers. Heskett et al. (1994) established a framework in which internal service quality drives employee satisfaction, which in turn, drives employment performance that generates service quality. Service quality also drives customer satisfaction that leads to customer relation and profits. A similar conclusion is that employee performance is essential to customer satisfaction, which in turn creates customer loyalty (Reichheld, 2000). Kane and Freeman (1997) argument is that experience and the level of staffing influence employee performance. These employee related factors affect the quality of services delivered and hence satisfaction. Employee performance measured by determining how closely a record of behaviors and or outcomes that occurred during a specified period matches the most nearly perfect record that could have been achieved during the period and then assigning it a correspondence number.

Whereas Geletkanyez and Black, (2001) assert that functional experiences accords employees the opportunity to develop the skills and competencies specific to a discipline or program area as well as the expertise in the methods of working in an area. According to Anderson, Hsieh and Su, (1998) the number of employees has often been associated with employee performance and organizational outcomes. This employee performance may influence the service production process and ultimately affect customer satisfaction.

### **2.3.6 Perceived Justice**

Research in consumer behavior has confirmed that customers define fairness not only by considering the outcomes received, but also the means by which the ends are accomplished.

The fair or unfair treatment during the service production process determines the level of satisfaction (Goodwin and Ross, 1989; Smith et al., 1999). The concept of procedural and interactional justice has been used to capture the element of fairness during the service delivery process (Martinez-Tur et al., 2006). Procedural justice is defined as the perceived fairness of the process used to arrive at the outcome, and interactional justice refers to the fairness of the interpersonal treatment customer's receive during the consumption experience (Blodgett et al., 1997).

While procedural justice focuses on process issues that are functional and not interpersonal in nature, such as timing, speed and accessibility, interactional justice refers to the more interpersonal issues of procedures like politeness, empathy (Clemmer and Schneider, 1996, Tax et al., 1998). The perceived unfairness of waiting too long in service situations (Katz, Larson, and Larso, 1991) and lack of accessibility for contact employees (Bitner, Booms and Tetreault, 1990) can result in customer dissatisfaction. Thus the process of service production, including the physical facilities that are used and the interaction with customer determine the extent of satisfaction.

## **2.4 Customer Satisfaction Measures**

Some of the methods of measuring customer's expectations and perceptions include analysis, customer panels, perception surveys and customer loyalty studies. Palmer, (2001) notes that, complaints provide a rich source of data of which to base policies for improving service quality. Dissatisfaction of customers is most clearly voiced through the complaints that they make about service provision. Kotler, (2000) notes that, a customer centred organization makes it easy for its customers to deliver suggestions and complaints. Studies show that

although customers are dissatisfied with one out of every four purchases less than 5 percent of dissatisfied customers will complain. Most customers will buy less or switch suppliers; hence complaints levels may not be a good measure of customer satisfaction. Response companies measure customer satisfaction directly by conducting periodic surveys.

Palmer (2001) adds that customers expect to be consulted and to express an opinion about the level of satisfaction provided. This is more so because of the increasing range of competing services available and the growing awareness that they are in receipt, of a service for which they pay a price. Other than periodic surveys, another way of surveying satisfaction is to monitor the extent to which specified quality standards are actually being met by staff using a mystery customer. Mystery customer surveys involve the use of trained assessors who visit service organizations and report back their observations. If applied correctly the technique can allow managers to know what is really happening at the sharp end of their business. Kotler (2000) suggest that in order to be effective, mystery-shopping surveys need to be undertaken independently, should be objective and consistent.

Another strategy that closely resembles mystery surveys is perception surveys. These however aim at achieving a better understanding of how customers view an organization and help the organization see itself as clients see it (Palmer, 2001). Kotler (2000) states that perception surveys may point at areas that require improvement in order not to lose customers. Lost customer analysis is another measure of customer satisfaction that focuses on lost customers who have stopped buying or who have switched to another supplier. They may help an organization to learn why customers have left or switch to other service providers. The method entails contacting customers who have stopped buying and monitoring the customer's loss rate that if found increasing may indicate that the company is failing to satisfy customers.

Palmer (2001) further adds, other than by analyzing lost customers, a firm may obtain continuous information on customer expectation from customer panels. These involve bringing together groups of customers who are generally frequent users and studying their opinion about the quality of service provided. The use of continuous panels offers organizations a means of anticipating problems and may act as an early warning system for emerging issues of importance. Finally, an organization may use transaction analysis to track the satisfaction of individuals with particular transactions that they have recently been involved in (Kurtz and Clow, 2002). This type of method enables management to judge current performance and especially customer satisfaction with the contact personnel with whom they have interacted as well as their overall satisfaction with the service. It is also makes it possible for management to associate service quality performance with individual contact personnel and link it to reward systems (Palmer, 2001). While several methods of generating information exist, as pointed out in the literature responsive companies measure customer satisfaction directly by conducting periodic surveys (Kotler, 2000).

## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.1. Research design**

The researcher adopted the descriptive research design to describe the population. A descriptive research as the name implies, aims at describing the characteristics of the population under study (Quee1999) as it is in this case.

#### **3.2. Population**

According to the Report of Insurance Regulatory Authority (IRA) for the year 2008, the numbers of life clients in Jubilee is 14,178. The researcher focused only on the clients based in Nairobi due to budgetary and time constraint.

#### **3.3. The Sample of the study**

The researcher used judgmental and convenient sampling to randomly select 120 respondents from life insurance products consumer profile. The number was limited to 120 due to time, budgetary constraints and accessibility of respondents. Mugenda and Mugenda's (1999) observed that such a sample is sufficient enough for purposes of statistical analysis. The basic idea about sampling is that by selecting some of the elements in a population, we draw conclusion about the entire population (Cooper et al, 2003).

#### **3.4. Data Collection**

Primary data was collected using a structured questionnaire that was personally administered by interviewer to increase the response rate. The questionnaire was divided into two sections A

and B. Section A contained general information of the respondent, section B which consisted of satisfaction levels with particular features of the insurance services at Jubilee. The questionnaires used a likert scale of 1 – 5 as it was the ideal tool for generating statistical measurements of people’s attitudes and opinions. The study targeted the consumers of life insurance products at Jubilee insurance limited Kenya.

### **3.5. Data analysis method**

Descriptive statistics was used to analyze the data. Section A was analyzed using frequencies and percentages, while section B employed the mean, percentages and standard deviation. The mean was necessary to use as it was the only measure which took into account each score in the distribution, standard deviation is sensitive to extreme scores, while frequencies gave a record of the number of times a score or a response occurs, and percentages were important in comparing groups that differ in size (Mugenda, 2003). Data was presented using tables, and graphs for easy interpretation.



## **CHAPTER FOUR**

### **DATA PRESENTATION AND INTERPRETATION**

#### **4.1. Introduction**

This chapter details the findings and analysis of the primary data that was gathered from the respondents of the study. A questionnaire was used to collect data from 120 respondents. Out of that number only 80 responded, the rest of the questionnaires were returned either incomplete or unfilled while others were misplaced by some respondents. Time constraints however eliminated the follow-up procedures. The response rate of the study was therefore, 66.7%, which is above 50% response rate, making the data sufficient enough for purposes of statistical analysis.

#### **4.2 Demographic Profile of the Respondents**

The demographic profile of respondents noted herein includes, the gender, age, life product owned and the number in years of possession of that life product. This data is presented below as follows.

##### **4.2.1 Gender of the Respondents**

The researcher presented the gender of the respondents in frequencies and percentages as indicated in table 1 below. Out of the entire 80 respondents, the largest number was female donated by 39.2% from the table while the minority was male with 27.5%. The information indicates that there was an almost 50/50 balance of data gathered from both the male and the female counterparts. Making the information collected sufficient enough to make decisions.

**Table 1: Gender**

		<b>Frequency</b>	<b>Percent</b>	<b>Valid Percent</b>	<b>Cumulative Percent</b>
Valid	Male	33	27.5	41.3	41.3
	Female	47	39.2	58.8	100
	Total	80	66.7	100	
Missing	System	40	33.3		
Total		120	100		

**4.2.2 Age of Respondents**

Respondents were required to select their age in the intervals given as 18-24, 25-28, 29-32 and those that were above 33 years. The findings are presented in the table below.

**Table 2: Respondents Age**

		<b>Frequency</b>	<b>Percent</b>	<b>Valid Percent</b>	<b>Cumulative Percent</b>
Valid	18-24	7	5.83	8.75	8.75
	25-28	18	15.00	22.50	31.25
	29-32	20	16.67	25.00	56.25
	>33	35	29.17	43.75	100
	Total	80	66.67	100	
Missing	System	40	33.33		
Total		120	100		

Findings illustrate that most customers age range is 33 and above which was denoted by the highest percentage of 43.75%, followed by those who were 29-32 years with 25%, and 25-28 with 22.5%. Customers of 18-24 year range were the lowest with 8.75%. Based on the assumption that, the older the customers were the more the experience they had with the industry and the product they owned, then the information provided hence give depth to the information harnessed.

### 4.2.3 Life Insurance products

Respondents were presented with some of the life insurance products offered by Jubilee insurance like, Fanaka/Endowment, Career Life/Career life Plus, Fanaka Gold/Career Life Gold and any other that may be missing from the list. Respondents' selection is presented in the findings below.

**Table 3: Life Insurance Products**

		<b>Frequency</b>	<b>Percent</b>	<b>Valid Percent</b>	<b>Cumulative Percent</b>
Valid	Fanaka/Endowment	36	30.00	45.00	45.00
	Fanaka Gold/CareerLife Gold	21	17.50	26.25	71.25
	CareerLife/CareerLife Plus	15	12.50	18.75	90.00
	Others	8	6.67	10.00	100
	Total	80	66.67	100	
Missing	System	40	33.33		
Total		120	100		

Table 3 indicates that most respondents have Fanaka/Endowment life insurance product which had the highest percentage of 45, followed by Fanaka Gold/CareerLife Gold with 26.25% and CareerLife/CareerLife Plus with 18.75%. There were about 10% respondents who had other life products apart from the ones given. The implication of this would then be that it would shed light into the reasons as to why Fanaka/Endowment life product has the highest majority, and use this information to improve the other products.

#### 4.2.4 Length of Contribution towards the life Insurance Products

The researcher sought to know the duration that respondents have contributed towards the life product they own. They were asked to select whether they had contributed less than 1 year, 1-2 years, 3-4 years or above 5 years. Finding presented in table 4 below indicate that most respondents (43.75%) were new comers, they had contributed towards the life insurance product for less than one year, followed by those who had contributed between 1-2 years with 27.5%. Respondents who had contributed between 3-4 years were the least with 16.25% followed by those above 5 years with 12.5%. Considering that majority of respondents were 33 years and above, it was noted that most respondents obtained the life products for Jubilee at a much older age of 33 and above.

**Table 4: Length of contribution of Products**

	year	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	<1	35	29.17	43.75	43.75
	1-2	22	18.33	27.50	71.25
	3-4	13	10.83	16.25	87.5
	>5	10	8.33	12.50	100
	Total	80	66.67	100	
Missing	System	40	33.33		
Total		120	100		

#### 4.3 Customer Satisfaction Dimensions of the Service Provider

The researcher sought to understand the level of satisfaction of respondents with their service provider, with various aspects of life insurance. These aspects were presented in a likert type scale in which they were to indicate how satisfied or dissatisfied they were with each aspect in a 5 point scale, 5 being extremely satisfied and 1 being extremely dissatisfied. For each

response category the mean values and standard deviation were computed using SPSS software (version 12.0). Mean values are an indication of the extent of satisfaction across the respondent population. High mean values for a given aspect indicate that the aspect of satisfaction was widely applied while the reverse is true. Further, the researcher's analysis is that factors that scored between 4.0-4.9 indicate satisfaction with the aspect, between 3.0-3.9 indicate that respondents are rather satisfied while between 2.0-2.9 indicate dissatisfaction. Standard deviation values are an indicator of the extent to which respondents agreed with a certain aspect. Standard deviation greater than 1 indicated a high dispersion about the mean, meaning that the respondents differed in how they rated an aspect, while those below 1 indicated consistency and agreement in responses.

### 4.3.1 Quality

The respondents were required to indicate how satisfied they were with certain quality aspects of their organization. The results were as follows:

**Table 5: Quality**

Aspect	N	Minimum	Maximum	Mean	Std. Deviation
Physical Facility	80	1	5	2.98	1.23
Competence staff	80	1	5	3.28	1.22
Technology	80	1	5	2.90	1.25
Service promptly	80	1	5	3.04	1.05
Readiness to respond	80	1	5	3.28	1.08
Courteous employees	80	1	5	3.36	1.16
Keeping Records	80	1	5	3.35	1.06
Quick Response	80	1	5	3.63	0.97
Quick Delivery	80	1	5	3.54	0.89
Valid N (listwise)	80				

Quick response with the highest mean of 3.63 seemed to be the aspect of quality that most respondents were pleased with. This was followed by quick delivery of services with 3.54. Respondents were also satisfied with the fact that employees were courteous (3.36), the way the company keeps records (3.35) and that employees are always ready to respond to problems (3.28). Overall respondents seemed dissatisfied with the technology aspect as it had the lowest mean of 2.90 followed by the physical facility of the company (2.98). Respondents were also in agreement that quick delivery of services and quick response to claims aspects were the strongest aspects of quality that the company had as they had the lowest standard deviation of 0.89 and 0.97 respectively.

#### 4.3.2 Price

The respondents were required to indicate the level of satisfaction with regard to the pricing aspects of the organization. Table 6 below indicates that customers were most satisfied with the mode of premium payment (3.53), followed by the amount of premium contributed (3.46), but they felt that there was no cost reduction in the products they have (3.10) and that the products were as well not affordable (3.19). The information seemed to contradict because even though the respondents were not satisfied with the cost, they seemed to agree that the amount contributed was one of the most satisfactory aspects (0.95).

**Table 6: Price**

Aspect	N	Minimum	Maximum	Mean	Std. Deviation
Amount contributed	80	1	5	3.46	0.95
Mode Payment	80	1	5	3.53	1.02
Bonus Earned	80	1	5	3.23	1.19
Affordable Products	80	1	5	3.19	1.06
Reduction cost	80	1	5	3.10	1.06
Valid N (listwise)	80				

### 4.3.3 Expectations

The researcher sought to find out the aspects of expectations that the respondents were most satisfied with. The results were as presented in table 7 below.

**Table 7: Expectations**

Aspect	N	Minimum	Maximum	Mean	Std. Deviation
Timely Communication	80	1	5	2.94	1.18
Notification of updates	80	1	5	2.90	1.23
Speed Policy delivery	80	1	5	2.79	1.21
Informative material	80	1	5	2.59	1.19
Valid N (listwise)	80				

Respondents seemed rather satisfied with the way the organization communicates to them on timely basis (2.94) and the way it updates them on new developments (2.90). They however seemed dissatisfied with the speed policy of policy delivery (2.59). Overall respondents agreed that it was the timely communication aspect of expectation that they were rather satisfied with the most.

### 4.3.4 Communication

Under the communication aspect, data was analyzed as in table 8 below. From the various aspects of communication, respondents were more satisfied with the adequate information on claim procedures (3.21) and the adequate and reliable information on various life policies offered by the organization (3.20). They seemed dissatisfied with the fact that there was no proper clarification of bonuses (2.94). Overall they were in agreement that the aspect of communication that they were rather satisfied with was the adequate information on claim procedures.

**Table 8:Communication**

Aspect	N	Minimum	Maximum	Mean	Std. Deviation
Clarification of bonus	80	1	5	2.94	1.13
Clarification Product	80	1	5	3.03	1.04
Adequate reliable policies	80	1	5	3.20	1.08
Adequate info on claims	80	1	5	3.21	1.03
Valid N (listwise)	80				

**4.3.5 Perceived Justice**

The researcher wanted to establish the feeling of the respondents on the services they received compared to the cost they incurred. From table 9, respondents felt rather satisfied with the quality of service against the policy contribution (3.15) followed by personalized attention (3.08). Respondents were however dissatisfied with the bonuses awarded given the waiting period (2.90).

**Table 9: Perceived Justice**

	N	Minimum	Maximum	Mean	Std. Deviation
Contributions given service	80	1	5	3.15	0.94
Personalized attention	80	1	5	3.08	1.09
Bonus awarded	80	1	5	2.90	1.14
Valid N (listwise)	80				

**4.3.6 Employee performance**

With regard to the aspects of employee performance, most respondents felt that the employees were more customer focused which had the highest mean of 3.61, they also seemed rather satisfied with the fact that employees were more honest and keen 3.51. Respondents though



indicated that they were dissatisfied with the competence aspect (3.13) followed by the number of staff that the company has (3.20). Overall the respondents felt that the staff was more customer focused given the lowest mean of 0.91.

**Table 10: Employee performance**

Aspect	N	Minimum	Maximum	Mean	Std. Deviation
Competence Staff	80	1	5	3.13	1.19
Experience Staff	80	1	5	3.34	1.14
Helpfulness	80	1	5	3.25	1.11
No of Staff	80	1	5	3.20	1.01
Honesty	80	1	5	3.51	1.15
Keen	80	1	5	3.51	1.06
Customer Focused	80	1	5	3.61	0.91
Valid N (listwise)	80				

#### 4.4 Customer loyalty

The study finally sought to establish whether the respondents were loyal customers, They were required to state the likelihood of recommending the life product they had to others Table 11 summarizes the outcome.

**Table 11: Recommending life product**

<b>Recommending</b>	<b>Mean</b>	<b>N</b>	<b>Std. Deviation</b>
Most unlikely	3.00	3	1.00
Unlikely	2.20	5	1.30
Neutral	1.89	9	0.78
likely	1.82	28	0.98
Most likely	1.91	35	1.07
Total	1.94	80	1.02

The findings in table 11 above indicates that a large number (35) of respondents would most likely recommend the product they have to others, 28 would likely recommend while only 3 would not recommend. The information further shows that those that were likely to recommend the products they had to others had a mean score of 0.98 implying some consistency.

**Table 12: Obtaining another life product**

	<b>Obtaining product</b>	<b>Frequency</b>	<b>Percent</b>	<b>Valid Percent</b>	<b>Cumulative Percent</b>
Valid	most unlikely	4	3.33	5.00	5.00
	unlikely	3	2.50	3.75	8.75
	neutral	14	11.67	17.50	26.25
	likely	23	19.17	28.75	55.00
	Most likely	36	30.00	45.00	100
	Total	80	66.67	100	
Missing	System	40	33.33		
Total		120	100		

Table 12 however represents the findings whether the respondents would obtain another product from Jubilee insurance based on their current experience with the product. The table

illustrates that 45% of the respondents were willing to obtain another life product, followed by those who were just likely to obtain another life product (28.75%). The least (3.75%) felt that they would unlikely not obtain another product followed by those who would not obtain another product (3%).

**Table 13: Recommending and Obtaining product**

	<b>N</b>	<b>Minimum</b>	<b>Maximum</b>	<b>Mean</b>	<b>Std. Deviation</b>
Recommending	80	1	5	4.09	1.07
Obtaining Life product	80	1	5	4.05	1.11
Valid N (listwise)	80				

Out of the two aspects of measuring customer loyalty and satisfaction, most customers would likely recommend a life product they have most (4.09), supported by a standard deviation (1.07) that had more consistent responses.

## **CHAPTER FIVE**

### **DISCUSSIONS, CONCLUSIONS AND RECOMMENDATIONS**

#### **5.1 Introduction**

This chapter summarizes the findings of the study. In order to determine the level of customer satisfaction of the life clients at Jubilee Insurance of Kenya which was the objective of this study, a survey study was conducted using a questionnaire. The chapter hence provides an interpretation of the results by comparing them to the theoretical background presented in the literature review. Limitations of the study and suggestions for further research have also been highlighted.

#### **5.2 Discussion**

Oliver (1997) own definition of satisfaction that it is as a judgment that a product or service feature, or the product or service itself provides or is providing a pleasurable level of consumption related fulfillment, including levels of under or over fulfillment, indicates that there are different levels of satisfaction, which was presented in this study through various aspects of satisfactions like quality, price, expectations, communication, perceived justice and employee performance.

Aaker and Jacobson (1994) state that perceived service quality provides a measure of the consumer's global assessment of the superiority or excellence of a service and is viewed as one dimension of satisfaction. The findings established that Jubilee Insurance customers were rather dissatisfied with the quality aspect of the organization. Kotler (1999) defines responsiveness: as the willingness to help customers and to provide prompt services. As one of

the major attributes of quality, the findings indicate that Jubilee insurance was in particular quick to respond to customers and deliver services quickly.

Katz, Larson, and Larson, (1991) assert that the process of service production, including the physical facilities that are used and the interaction with customer determine the extent of satisfaction. The findings however show that the customers were least dissatisfied with the technology that the organization has put in place and the physical facility of the organization.

Oliver and Swan (1989) suggest that customer expects reciprocity in terms of tangible matters such as relating quality to price, and the degree to which he or she perceives the exchange as inequitable determines negative post transaction effect. This form of negative effect is usually interpreted as dissatisfaction. Customer satisfaction is thus influenced by their perception of value for money. Findings indicate that customers were only satisfied with the mode of payment and the amount contributed were least satisfied with the cost of the products the reduction of prices of various products as well as the bonuses earned. Overall the customers were dissatisfied with the pricing aspect.

Prior research (Anderson et al, 1994; Voss et al. 1998, Yi 1990) indicates that there is a link between satisfaction and expectations. If performance falls below expectations customers are dissatisfied and if above then they are satisfied (Yi, 1990). From the results, customers were overall dissatisfied. Although there is an indication that timely communication of bonus earned and notification of updates was the least dissatisfying aspects in the expectation aspect, while providing speed of policy delivery and informative material scored the least, overall customers expectations were least met.

Anderson and Weitz (1998) found a positive relationship existed between communication and trust from the buyer and seller's point of view. Exchange of timely and accurate information is

therefore, an important component in enhancing customer satisfaction. According to the findings, several aspects were measured, clarification of bonuses earned, clarification on the existing product assortment, adequacy of providing reliable information on policies and on claim procedures. Of all the attributes of communication, customers were least dissatisfied with the adequate way of providing information on policies and claim procedures but more dissatisfied with clarification of bonuses.

According to (Goodwin and Ross, 1989; Smith et al., 1999), research in consumer behavior has confirmed that customers define fairness not only by considering the outcomes received, but also the means by which the ends are accomplished. The fair or unfair treatment during the service production process determines the level of satisfaction. From the findings customers are rather dissatisfied with the contribution and personalized attention given, while they were least dissatisfied with the bonuses awarded given the waiting period.

Heskett et al. (1994) established a framework in which internal service quality drives employee satisfaction, which in turn, drives employment performance that generates service quality. A similar conclusion is that employee performance is essential to customer satisfaction, which in turn creates customer loyalty (Reichheld, 2000). The employees performance aspect was measured on a range of attributes like, competence of staff, experience of staff, helpfulness by support staff, number of staff, honesty of staff, keen in terms of conditions and if the staff was customer focused. Overall, the researcher found out that customers were rather satisfied that employees were customer focused and keen in terms of conditions and that they were also honest.

Kane and Freeman (1997) argument is that experience and the level of staffing influence employee performance. These employee related factors affect the quality of services delivered

and hence satisfaction. According to the findings customers were more dissatisfied with the level of staffing, competence of staff and their experience.

Employee performance is essential to customer satisfaction, which in turn creates customer loyalty (Reichheld, 2000). From the findings, customers were likely to recommend the life insurance products of Jubilee Insurance to others like friends, family or colleagues and were also likely to obtain another product from the same company. This implies that Jubilee clients are loyal to the company.

### **5.3 Conclusion**

The study indicates that customer satisfaction is key to business success and growth in the Insurance industry. Due to the upcoming competition, companies are left with no option but to devise strategies that will ensure customers are satisfied to ensure loyalty and retention. Companies spend large sums of money advertising in order to acquire customers, and they are now keen on finding out which aspects they are missing out in their effort to satisfy customers so that they can improve. As there are many companies now offering life products, the competition is at its peak and losing one key customer is equivalent to losing profitability gained from having that single customer. Terry et al (1998) further assert that the loss of one dissatisfied customer may be more severe than it sounds; one dissatisfied customer may speak to as many as nine others, multiplying his/her dissatisfaction nine fold.

This research has tried to break down the various customer satisfaction aspects that Jubilee Insurance has put in place, among them, quality, price, expectations, communication, perceived justice and employee performance. Judging from the results of this study, it can be noted that not all aspects of quality are quite satisfactory. Overall customers are rather dissatisfied with all the aspects of customer satisfaction. Although quality aspects such as quick response and quick

policy delivery; employee performance like customer focus, keenness and honesty; communication aspects like adequacy in conveying reliable information on policies and claim procedures seemed to be ranked as rather dissatisfying aspects by the majority, none of the aspects has been ranked as satisfying. This then implies a need for reviewing these aspects.

Overall, customers' expectations were ranked the lowest; most respondents indicated that they were dissatisfied with all the attributes of expectations. Oliver (1996) state that, customers judge their satisfaction and dissatisfaction level with a product or a service by company and its performance against an established level of expectations in their minds. There is need to review the aspects of expectations.

Contrary to the findings that the customers are rather dissatisfied and not satisfied with the aspects of customer satisfaction, the customers indicate that they would recommend the life insurance products they have to families and friends and that they would likely obtain another product. From the findings it may seem to appear that the attributes that were rated as rather dissatisfying like quick response, quick policy delivery, mode of payment, customer focus, keenness and honesty contribute positively in customer satisfaction. implying that the company should continue improving on these attributes.

#### **5.4 Recommendations**

This study clearly indicates that Jubilee Insurance is not satisfying customers on a range of aspects despite the willingness of customers to recommend or obtain other products. It is also evident that the customers expectation are not being met in particular customers feel that there is no timely communication of bonus earned, there is no notification of updates, no speed of policy delivery and there is lack of informative material. This information corresponds with



the communication aspect that ranks the lowest, that there is no clarification on bonuses earned and clarification on the existing product assortment.

It is recommended that Jubilee Insurance develops a proper communication mechanism that would convey information timely and enable customers feel that they are receiving fair services as compared to what they are spending. Reichheld (1996) emphasizes that customer satisfaction programs are important tools that can increase profits by preventing customers from defecting. It is therefore important for the company to undertake period surveys to determine whether those attributes that rank the lowest have improved.

### **5.5 Suggestions for further Research**

It is not quite clear why despite the customers not being satisfied by the various aspects presented to them can still recommend these products or obtain other products from the company. As this survey did not pose a question to understand which of the aspects is most important to them continuing with their current service provider, it can only but be assumed that the aspects that ranked the highest lead to customer retention. However it would be necessary to ascertain that through another survey to find out which of the aspects of customer satisfaction play a major role in their retention. In addition a qualitative study involving conducting indepth interviews would also be necessary in order to further understand the driving force behind their retention in detail.

### **5.6 Limitations**

The major setbacks experienced in the study was that most respondents collected questionnaires but travelled with them before completing or misplaced them as a result the researcher was only able to collect 80 questions as compared to the 120 questionnaires

anticipated. The unreturned, lost or unfilled questionnaires could have probably provided detail insights into this study. Finally, the common limitation of inadequate time was encountered in the course of conducting the study.

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# APPENDICES

## APPENDIX 1: LETTER OF INTRODUCTION

Peter Gichuru

C/O MBA Office

School of Business

University of Nairobi,

P.O. Box 30197, Nairobi.

27<sup>th</sup> June 2011.

Dear Respondent,

### **RE: COLLECTION OF RESEARCH DATA**

I am a postgraduate student at school of business, university of Nairobi. In order to fulfill the requirements of attaining Master of Business Administration Degree, I am undertaking a management research project on “Customer Satisfaction Level of Life Insurance Products at the Jubilee Insurance Limited in Kenya.”

I kindly request you to participate as one of the respondents for an interview to assist me in data collection. The information is for academic purpose only and will be treated with strict confidentiality. Upon request, a copy of the final report will be made available to you.

Thank you for your cooperation

Dr. Raymond Musyoka,

Supervisor, University, of Nairobi.

Yours Faithfully,

Peter Gichuru

Student, MBA

APPENDIX 2: QUESTIONNAIRE

Please respond to the following questions by ticking the relevant box

**SECTION A: GENERAL INFORMATION**

1. Gender       Male       Female
2. Age       18 – 24       25-28       29-32       33 and above
3. Life Insurance product(s)       Fanaka/Endowment       Career Life/Career life Plus  
 Fanaka Gold/ Career Life Gold       Others
- 

4. How long have you contributed towards the above mention product(s)?

- Less than 1 year                       1- 2 years
- 3 - 4 years                            Above 5 years

**SECTION B: SATISFACTION WITH PARTICULAR DIMENSIONS OF SERVICE PROVIDER**

5. Please tick to rate your level of satisfaction with the following aspects of insurance services provided by Jubilee on a scale of 1 to 5 where 5= extremely satisfied and 1 extremely dissatisfied

Aspects of life insurance	Extremely Dissatisfied 1	Dissatisfied 2	Rather Dissatisfied 3	Satisfied 4	Extremely satisfied 5
<b>a. Quality</b>					
Physical facilities					
Competence of staff					
Technology					
Providing service promptly					
Readiness to respond to					

customers request					
Courteous employees					
Keeping records					
Quick response to claims					
Quick delivery of services					
<b>b. Price</b>					
Amount contributed					
Mode of payment					
Bonus earned					
More affordable products					
Reduction in the cost of premiums					
<b>c. Expectations</b>					
Timely communication of bonus earned					
Notification of updates					
Speed of policy delivery					
Informative material					
<b>d. Communication</b>					
Clarification on bonuses earned					
Clarification on the existing product assortment					
Adequate & reliable information on various life policies					
Adequate information on claim procedures					
<b>e. Perceived Justice</b>					
Contributions given the quality of service					
Personalized attention given					

the contribution					
Bonus awarded given the waiting period					
<b>f. Employee performance</b>					
Competence of staff					
Experience of staff					
Helpfulness by support staff					
Number of staff					
Honesty					
Keen in terms of conditions					
Customer focused					

6. What is the likelihood of recommending the Life insurance products of Jubilee insurance to others like friends, family or colleagues?

Mostly Unlikely

Unlikely

Neutral

Likely

Most likely

7. What is the likelihood of you obtaining another life insurance product at Jubilee?

Mostly Unlikely

Unlikely

Neutral

Likely

Most likely

**THANK YOU FOR YOUR COOPERATION.**