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**Impact of Customer Satisfaction on Insurance Service Delivery in
Zambia: A Case of Prudential Insurance Company**

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Dedication

I dedicate this research to my children Ngosa, Mwila, Chilando and my wife lovely Mwila Mwaba Kombe who gave the moral and family support to undertake this academic journey

Declaration

I declare that this research undertaking is my original and independent work that has not been submitted to any university for the conferment or award of an academic degree and that any prior research work referred to either in paper or electronic form has been duly acknowledged

Name :.....

Signature :.....

Date :.....

Approved by

Name :.....

Signature :.....

Date :.....

Title:.....

Acknowledgement

I wish to acknowledge the spiritual support rendered to me by the Almighty God to undertake this mammoth academic journey which would have not come to fruition without his blessings. I further wish to acknowledge the tireless and beneficial guidance and encouragement from my supervisor Dr. Kapasa G. Mweshi who I must say provided the academic support I needed when the going got tougher. And to my family and friends I salute you for having been there for me throughout the academic journey and I remain indebted to you in perpetuity.

Acronyms and abbreviations

GDP – Gross Domestic Product

SPSS – Statistical Package for Social Sciences

Abstract

The study explored the Impact of Customer Satisfaction on Insurance Service Delivery in Zambia using a Case of Prudential Insurance Company. The study was qualitative and collected data from twenty five (25) respondents using questionnaires which was analyzed using the statistical Package for Social Sciences to draw charts for ease of interpretation.

The research concludes that quality of insurance products and/or service has a direct relationship to customer satisfaction and loyalty with regard to customer service and in order to meet the desires of the customer or insurance clients, insurance company must tailor their insurance products to the needs of the customers who if satisfied are more than likely to remain loyal to the business in terms of repeat business and are in turn going to act as a conveyor marketing belt to potential and would be customers based on the quality of the services offered and the satisfaction enjoyed.

The study further concludes that innovation with regard to product offering must be a priority owing to the fact that after the enactment of the pensions and insurance authority act which made it mandatory for particularly motor vehicle insurance, has made insurance companies to offer homogeneous insurance products in which case competition is unavoidable. For example to attract customers into other portfolios, the insurance companies can structure the payment of premiums in line with the earnings of the particular customer so that the premiums are not overly expensive to manage. This way customers would be willing to sacrifice without their financial muscle being overstretched.

CHAPTER ONE: INTRODUCTION

1.1 Introduction

Customer satisfaction, loyalty and quality service delivery plays a pivotal role in ensuring that customer value proposition is as desirable and which culminates into customers being fond of the product or service and therefore encourages customer retention and repeat business which on the overall, enhances the competitive position of the company as well as the market share in comparison to other market players (Brady *et al.*, (2002). This study therefore evaluated the role customer satisfaction, loyalty and quality of insurance service delivery plays in the insurance sector in Zambia with specific reference to a case study of Prudential Insurance Company.

1.2 Background of Study

Prudential Insurance Company was established in Zambia in 2006 and since its establishment has been facing challenges with attracting customers attributed to the rise in customer complaints regarding lengthy claims and compensation procedures which has overtime made most customers to leave for other service providers (Prudential Zambia, 2006). This is in tandem with the literature that contends that the contemporary world has experienced a tremendous surge in competition owing to the advent of customers becoming specific on the level of service they require and the associated quality (Gachau, 2015).

In staying ahead of the competition, many service organisations including the insurance business sector have adopted a stance of ensuring the services rendered to customers and/or clients are of a nature that is focused on meeting customer value proposition in terms of quality as a major milestone in retaining them for repeat business in terms of customer loyalty (Kotler, 2006 and Shahin and Samea, 2010). Prior empirical evidence suggest that for a customer to become loyal to the business and have the ability to recommend and/or tag along a clientele for his/her preferred supplier, he ought to be pleased with the service apart from just being satisfied (Limayem, 2007).

This cuts across all product and service offerings including the insurance service sector which is the subject of this paper.

For Zambia, the experience has been that of relatively mixed growth in the insurance industry for the last ten years (Pwc, 2019). The industry has experienced contraction with some insurance companies folding owing to stiff competition and also the change in the government regulation with regards to the minimum working capital requirement of twelve million kwacha which translates into an equivalent of one million united states dollars from the previous one million kwacha which came into effect on 1st January 2017 (Pwc, 2019).

Given the above, insurers have struggled to remain afloat because of the cut-throat competition in the industry in which case product innovation, quality and customer loyalty in terms of excellent customer service has been recognized as a force to reckon with.

The need to implement practical and workable customer service initiatives and incentives could not be over emphasized because it is a recognized fact that in order to attract and retain the customers, businesses including those dealing in insurance products and services have to implement effective underwriting and claims settlement timelines by investing heavily in technology for example (Kaoma, 2020).

It is important to note that all insurance companies sell homogeneous products and thus the only way to gain a competitive edge is by offering superior and sustainable customer service to avert customers from switching to other service providers. In an industry where the market offers homogeneous products, product switching is quite common and mostly the rates for the policies tends to be the same hence customer loyalty hinges on great customer experience (Mulenga, 2016).

Further, unmatched superior service delivery leads to great customer experience and customer loyalty which leads to repeat and referable business founded on effective management of a satisfied customer pool who in turn by means of advertisement, referral and word of mouth among others, advocates and raves for the organizations' services. Every company, as a result, has been keen to demonstrate that the services they are offering are customer-centric and that service delivery quality is being conveyed (Shahin and Samea, 2010).

In terms of empirical research, even if numerous studies have been conducted on related topics, the focus has however been that the context has been with reference to other countries as few studies have been carried out on the subject within the Zambian context (Kaoma, 2020).

1.3 Statement of the Problem

The contribution of the insurance industry to the national GDP in Zambia has been low to say the least despite the industry registering some growth following the Insurance Association of Zambia (IAZ) lobby and subsequent approval and enactment of the law requiring for example a minimum of third party insurance for motor vehicle owners (Road Traffic Act, 2002). Despite this growth of the insurance industry, the negative perception by customers of the industry due to some fraud and poor management of claim settlement has resulted in customer apathy and lack of customer confidence in the various policies sold by the insurers (Times of Zambia, 2014). In comparison to other countries such as South Africa and Kenya, the insurance penetration in Zambia has been at a minimal with a contribution of less than 5% of the country's GDP (Nkwale, 2019).

Further, the recent trend has been the attitude of customers to base their loyalty on pricing of products offered by various insurance companies exacerbated by the lack of customer focus or product orientation or with regard to issues of underwriting and claims management. Research has also shown that it is much easier and cheaper to retain customers than looking for new ones. And the lack of innovation and clear customer value proposition has negatively impacted the insurance penetration in the country. Insurance both life and general plays a vital role in the economic growth of the nation and secures financial protection to both insured individuals and firms against financial losses suffered from unexpected circumstances as a risk transfer strategy (Kihara,2012) but the lack of customer value proposition through provision of insurance products and services that are of a more appealing nature to the customers has been problematic.

It against this background that this study focused on the evaluation of the practical implications of customer satisfaction, loyalty and quality of insurance service delivery with specific reference to the case study of Prudential Insurance Company.

1.4 Research Questions

In addressing the customer satisfaction, loyalty and quality of insurance service, the research asked the following questions:

- i. What level of insurance service quality can result in customer satisfaction and loyalty at Prudential Insurance Company?
- ii. To what extent is customer satisfaction and quality related to customer loyalty in the insurance business?
- iii. What measures can aid in addressing customer satisfaction, quality service delivery and customer loyalty?

1.5 Research Objectives

The following research objectives provided guidance in addressing the issues of customer satisfaction, quality service delivery and customer loyalty in Insurance businesses.

- i. To establish the level of insurance service quality can result in customer satisfaction and loyalty at Prudential Insurance Company
- ii. To establish the extent to which customer satisfaction and quality are related to customer loyalty in the insurance business at Prudential Insurance Company
- iii. To ascertain the measures and policy recommendations to address the poor customer satisfaction, compromised service quality and reduced customer loyalty at Prudential Insurance Company

1.6 Significance and Contributions of the Study

The research provided insightful advice regarding the management of customer satisfaction, improvement of quality service delivery and the means of sustaining customer loyalty and/or retention. In particular the study was of significant help to the insurance companies in Zambia and the service and product customers as well as the general scholarly field. With regards to the insurance companies, going forward, they should be able to craft their respective marketing strategy in manner that is able to meet customer value proposition and customer satisfaction, customer loyalty and improvement of the quality of service delivery.

As for the general clientele or customers, the study was beneficial in rendering assurance on the technicalities involved in claims and underwriting management and how speedily they are able to get their claims processed and also with regard to how the pricing of insurance products and services are determined so as not disadvantage the customers. For the general academics, the study contributed to the existing body of knowledge.

1.7 Chapter Layout

Being a five chapter paper, chapter one laid the foundation of the topic discussing the background, the problem statement, research questions, objectives and significance of study in terms of contributions. Chapter two covered the critical review of prior literature on related concepts, principles and theories and identified the gap in the literature. Chapter three covered the methodological techniques and approaches employed to design the study, the strategy and justification, data gathering and analytical tool, sampling, validity and reliability as well as the generalisation of findings and the ethical considerations applied when dealing with human subjects as respondents. Chapter four analysed the data gathered using the research questionnaire using the statistical package for social sciences (SPSS) and discussed these findings in relation to the literature reviewed. Chapter five covered the summary of findings, addressing the specific objectives set in chapter one and provided recommendations for policy and those relating to future research proposition.

1.8 Chapter Summary

The chapter covered the introductory aspects of the research to evaluate the impact of service quality, customer satisfaction and loyalty on insurance service delivery highlighting the background of the study, the statement of the problem meriting the undertaking of this research, the objectives and the significance of the study.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter critically reviewed prior literature on customer satisfaction and loyalty as well as quality of service delivery from global, African and Zambian published credible sources as an appreciation of what research has been undertaken on the topic and/or indeed related to the subject. The aim is not to replicate the previous authors' studies or to reinvent the wheel but basically to recognize the scholarly work that has been carried out on the topic and how relevant it is to the current research undertaking through a process of triangulation.

2.2 Customer Satisfaction

According Zeithami *et al.*, (2007), customer satisfaction refers to initiatives put in place by an organization that are targeted towards customers on how satisfied they are with the product or service offerings. Suffice to say that, satisfaction is assured when the performance generated from operations outweighs and/or exceeds customer expectations. In this context, various authors and researchers have reiterated the importance of customer satisfaction and dissatisfaction in a relationship which they often associate to the company's yielding of success and the incurrence of failures in the aspect of meeting the expectations of both the customers and the company (Chidambaram and Ramachandran, 2012; Kheng *et al.*, 2010 and Lau and Cheung, 2013). These authors specifically clarified that meeting the expectations of the customers will not render the customer satisfaction as critical only but also the development of customer loyalty that will then lessen the cases of customer loss rates or improve the retention rate which also incorporates the quality of service delivered (Amin & Isa, 2008).

2.3 Service Quality and Customer Satisfaction

A number of studies have been carried out to establish the linkage between service quality and customer satisfaction. It is every organization's dream to outperform existing competition and as a result, these corporate entities strive hard to attain desirable customer satisfaction with the aim of sustaining long term relationship with their customers who constitute an important asset for the company. In the financial services sector which encompasses insurance business, customer satisfaction has been regarded as an important consideration in the attainment of successful

business operations notwithstanding that identification of service quality features may not be fully appreciated (Belás and Gabčová, 2016; Chavan and Ahmad, 2013).

A service quality model introduced by Parasuraman *et al.*, (1982) that focuses on tangibility, reliability, responsiveness, assurance and empathy has been recognized by many scholars as a key predictor of customer satisfaction which is hypothesized to have a strong relationship with service quality (Herington and Weaver, 2009). Consequently, the quality of service delivery has resulted in being associated with or considered a precursor of customer satisfaction, a relationship that has also been affirmed by prior scholars (Naik *et al.*, 2010; Yee *et al.*, 2011).

It should be noted here that arguments in opposing direction on the causal relationship being assumed between service quality and customer satisfaction do exist which for example as explored by Brady *et al.*, (2002) revealed three hypotheses which includes the fact that service quality and customer satisfaction do have a strong relationship, that this customer satisfaction results into service delivery and that there is no relationship between service quality and customer satisfaction to the contrary and further that the three positions may have a dissimilar effect on the outcome of the study and other studies such as that by (Akhtar *et al.*, 2011; Cameran *et al.*, 2010) who revealed a strong relationship of between service quality and customer satisfaction.

This suggest the existence of a strong bond between customer service quality and customer satisfaction which maybe a determinant the efforts to either retain customers in terms of loyalty and customer satisfaction in terms of the ability to meet customer value proposition.

2.4 Behavioral aspects of customer satisfaction

Customer loyalty refers to the emotional behavior advanced by the customer on an ongoing basis, often called repurchase behavior that manifests itself by how willing a customer is to engage with and repeatedly purchase from versus other competitors which is a byproduct of his or her positive experience and which thus accounts for all the experiences encountered throughout the usage of the products and services from the particular supplier. The concept's application has demonstrated the capability to upsurge customer retention while minimizing the marketing costs (Stan *et al.*, 2013). Accordingly, in the study of Pasha and Waleed (2016) on the implications of quality service on customer loyalty revealed the existence of a significant effect in terms of what value, service quality delivery and brand has on customer experience and retention which has been confirmed by

scholars such as Yee (2011) as antecedents of customer loyalty but which however, varies in many respects based on many predictors and that service quality, customer satisfaction, and employee loyalty have a progressive effect on client loyalty, particularly in the high-contract service industry such as the insurance business.

Empirical evidence has demonstrated the existence of a strong link between customer satisfaction and customer loyalty (Leninkumar, 2017). This is indicative of the fact that if the historical experiences of a customer in dealing with or using the product has been good, the chances of such customers being stuck with the product or service in terms of continuous use due to the perception of being less risky may compel them to become loyal to the product and service and therefore rational in making procurement and or purchase decisions.

With reference to service industry players, most scholarly works have revealed a resounding advocacy that customer satisfaction helps in determining customer loyalty (Belás and Gabčová, 2016; Coelho and Henseler, 2012). In the words of Munari *et al.*, (2013), customer satisfaction is considered the starting point which forms an important component for ultimate loyalty. This arguably suggests that without satisfaction, loyalty may be compromised and customers may be able to easily switch to alternative suppliers of the service especially in the service industry such as insurance business where homogenous services are offered.

2.5 Review of Literature on Prior Studies

In a research carried out by Fattah *et al.*, (2021) to investigate the influence that service quality, loyalty and the intermediating role played by customer satisfaction as well as customer perceived value with regard to health insurance revealed a string relationship between the variables in that quality facilitates repeat business from customers attributed to the satisfaction they are receiving from the service of the insurance.

In another research conducted by Rufenacht (2018) to investigate the critical precursors of satisfaction and loyalty for the insurance industry and the means of enhancing consumer satisfaction and loyalty revealed the existence of a strong relationship between satisfaction and attitudinal loyalty for the insurance industry. Further, distinct cognitive-based dimensions of anticipated regret and product category knowledge significantly impact satisfaction. Similarly, co-production and trust both positively impact satisfaction and attitudinal loyalty.

In another research conducted by Chege (2021) to evaluate the impact of service reliability on customer satisfaction within the insurance industry in Kenya employing the Assimilation Contrast Theory, using a descriptive research design and collecting primary data through a structured self-administered questionnaire revealed a variation in the level of customer satisfaction across different entities albeit not directly attributable to service reliability and deduced that service reliability significantly impacts customer satisfaction in insurance sector in Kenya at consumer level but this influence differs between different insurers.

In another study conducted by Mackay, Mostert and Petzer (2015) regarding the impact of service quality and relational benefits on customer satisfaction, as well as the effect of customer satisfaction on behavioural intentions in the short-term insurance industry employing the quantitative, descriptive research design using convenience sampling as the inclusion criteria for selection of respondents and gathering data using self-administered surveys from short-term insurance customers in Gauteng province of South Africa, owing to the fact that one of the ways of differentiating ones service from other competitors was through adoption of a customer-focused strategic approach where short-term insurers engage in customer relationship management initiatives that includes among others providing quality services and relational benefits to satisfy customer needs and subsequently retain customers over the long term revealed that service quality and relational benefits have a significant effect on customer satisfaction, which in turn has a significant effect on customers' behavioral intentions.

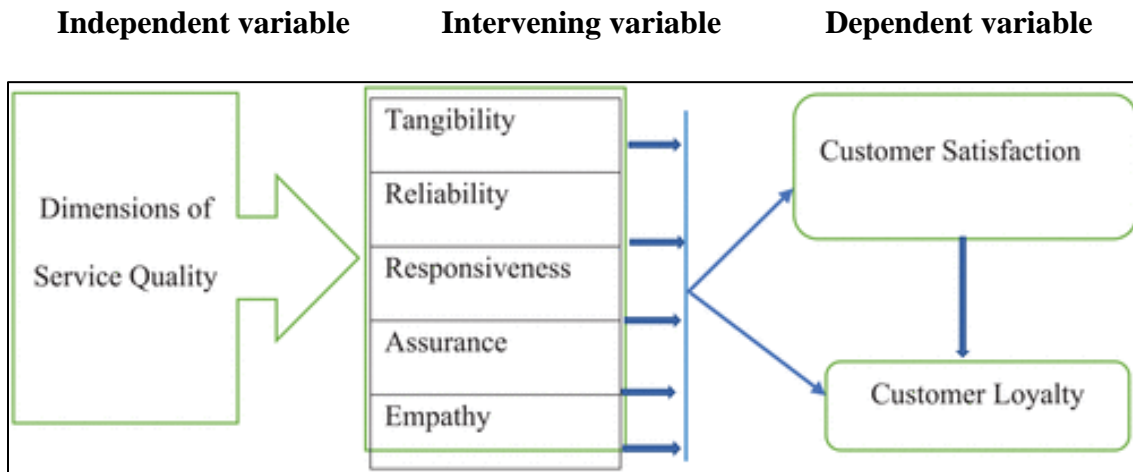
Lastly but not the least, in a research carried out by Musembi (2017) focusing on determination of the level of service quality in insurance companies with regard to the dimensions of empathy, responsiveness, assurance, reliability and tangibility to assess the impact this has on customer loyalty revealed that there is a strong correlation between service quality, customer satisfaction and loyalty and ultimately results in establishment of repeat business.

2.6 Conceptual Framework

The conceptual framework below is illustrative of the fact that service quality in the insurance business covers the dimensions of tangibility with regard to the feature and/or characteristics of the insurance products and/or services, reliability in terms of being suited for the purpose, responsiveness with regard to being meeting customer value proposition, assurance in terms of employees of the insurance providers being equal to the task of rendering desired service owing to

their uncompromised competence, knowledge and courtesy and empathy with regard to sharing the consumer feelings and expectations from the service rendered which if prudently managed results in satisfied customers that are unlikely to shun away from the service provider and thus become loyalty to the service offering in terms of repeat business.

Figure 1: Conceptual framework



Source: Adapted from Bashir. A. F., Umar. A and Yousuf. A. (2020)

2.7 Theoretical Framework

Theoretically, the research employed the Dissonance Theory as postulated by Anderson (1973) which posits that consumers make some kind of cognitive comparison between expectations about the product or service and the perceived performance which accordingly hypothesize that consumers seek to avoid dissonance by adjusting perceptions about a given product to bring it more in line with expectations (Peyton, Pitts, and Kamery, 2003). The relevance of the theory to this research was that it helped in establishing how customers who in this case are the insured or those buying insurance products and services perceive the service quality of one insurance provider in comparison to other industry offerings which interpretively qualifies for customer satisfaction if they are happy and satisfied with the offerings and end up being loyalty by avoiding to switch to other insurance providers for fear of compromisation of quality and the insurance business in this case benefits from repeat business in that customers will be more than willing to sacrifice their effort including the monetary value for the quality offered by the company.

2.8 Gaps in Literature

In as much as many studies have been carried out on the aspects of quality satisfaction and loyalty in other sectors, scanty research contributions have been made with regard to the insurance sector within the Zambian context which instigated this research undertaking to add to the existing theories and literature regarding the impact that service quality, customer satisfaction and loyalty Mostert and Petzer (2015). From the literature, it was noted that most of the sources were either from other regions or global perspectives with little data from the Zambian setup. This is notwithstanding the fact that many studies may have been conducted but the level of publication leaves much to be desired. Theoretically, the only theory that seemed to have a direct link to the current study was that of the dissonance theory. However, in terms of shortcomings, it focused more on performance as opposed to the variable of customer satisfaction which were though inferred indirectly.

2.9 Chapter summary

This chapter covered the critical review of the literature on service quality, customer satisfaction and loyalty in evaluating their impact of service delivery in the insurance sector. The critical review highlighted the three aspects and their intricacies including the theoretical and conceptual aspects and identification of research gaps that this research contributed to in terms of additional knowledge and literature.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

The research sought to evaluate the impact of service quality, customer satisfaction and loyalty on service delivery in the insurance sector with reference to the case of Prudential Insurance Company. This chapter covered the methodological techniques and approaches employed in terms of design and paradigm, approach, strategy, population and sampling, data collection and analytical framework, generalization of results including reliability, validity and ethical considerations.

3.2 Research Design and Paradigm

The study was qualitative study with some aspects of quantitative applications with regard to the drawing of charts using SPSS for ease of interpretations (Creswell, Fitters and Ivankova, 2004). Further, the study employed the interpretivism approach of interpreting the findings of the study based on reality (Dudovskly, 2021)

3.3 Research approach

In terms of approach, the study was inductive and theorized the research findings as a means of contributing to extant literature and body of knowledge. This process commenced with gathering data from respondents and interpreting them theoretically as opposed to the deductive method that approves or disapproves existing theories (Rott, 2021).

3.4 Research strategy

Strategically, the study adopted the use of case study strategy focusing on Prudential Insurance Company focusing on the impact of service quality, customer satisfaction and loyalty on insurance business service delivery. The justification for using this strategy is attributed to the fact that it has been used satisfactorily in the studies such as Fattah et al., (2021) who investigated the influence that service quality, loyalty and the intermediating role played by customer satisfaction as well as customer perceived value with regard to health insurance in Malaysia, Musembi (2017) who focused his studies on determination of the level of service quality in insurance companies with regard to the dimensions of empathy, responsiveness, assurance, reliability and tangibility to assess

the impact this has on customer loyalty and Mackay, Mostert and Petzer (2015) who sued the strategy in investigating the impact of service quality and relational benefits on customer satisfaction, as well as the effect of customer satisfaction on behavioral intentions in the short-term insurance industry in Gauteng province of South Africa.

3.5 Population and sampling

From the total population of Prudential Insurance Company workforce of fifty (50) employees, the questionnaire were self-administered to twenty (25) staff using the non-probabilistic sampling method of purposive sampling based on positions employees occupied in management and to hear views from the public in comparison as regard knowledge and perceptions relating to service quality, customer satisfaction and loyalty (Flom, 2021).

3.6 Data collection and analysis

The data for this study will be collected using structured questionnaires which were distributed to the targeted a combined twenty five (25) respondents of Prudential Insurance Company and twenty five (25) from the general public asking the same type of questions for standardisation. The instrument is thought of being desirable because of its ability to reduce the cognitive load on respondents in terms of thinking to complete the questionnaire and due to the ease with which the responses are coded and analysed (Guest, 2019).

With regard to the data collection instrument, the structures questionnaire was divided into demographic characteristics of the respondents which included among other aspects, the age, gender, level of qualification among others (Saunders *et al.*, 2012). The second part on the other hand covered customers' perceptions on the extent of agreement in the application of service quality dimensions, the level of agreement on customer satisfaction, and customer loyalty of the insurance company under consideration. The five likert-type scales were employed to address the questions in determining the extent of responses with numerical equivalent and interpretation such as 1 = strongly disagree, 2 = disagree, 3 = neutral, 4 = agree, and 5 = strongly agree (Saunders *et al.*, 2012).

With regard to analysis, the statistical package for social sciences (SPSS) was used to draw charts for easy of interpreting the responses from the questionnaires.

3.8 Research finding generalization

The study was generalized to the context of Prudential Insurance but may be generalized to other settings due to the exploratory nature of the study. The rationale behind generalizing to the case company is that all the respondents were drawn from the same company. The relevance of generalization to the study was that due to a limited number of people who participated in the study were taken to have been representative of the population of Prudential Insurance and as such the results were generalized to the Prudential Life Insurance.

3.9 Ethical considerations

The study was cognizant of the ethical aspects of gathering data from human subjects by ensuring that the respondents were informed of their right and risks involved in participating in the study, the distribution of the results and that the respondents had the right to opt out of the study at will. The study also assured the respondents of utmost confidentiality with regard to their identity and that the study findings were to be used purely for academic purposes. Access to the respondents was through communication with the staff and explaining to them the research being undertaken and of their risks and benefits of the research who consented to participating in the study with a promise to objectively provide responses. The researcher approached each respondent with no persuasion but asked the same type of questions to each of the respondents via self-administration of the questionnaire (Saunders *et al.*, 2012).

3.10 Chapter summary

This chapter covered the methodological approaches employed in the study with regard to the design which was qualitative in nature, the inductive approach which commence with data collection and formulation of theories, the case study strategy which was appropriate considering that the study was looking at a single case of Prudential Insurance Company. It also highlighted the data collection method which was through a questionnaire and the analytical tool which was the SPSS to draw charts for ease of interpretation. Ethical issues were also discussed including accessibility to the respondents and the conduct of the researcher.

CHAPTER FOUR: FINDINGS AND ANALYSIS

4.1 Introduction

The research sought to evaluate the impact of service quality, customer satisfaction and loyalty on service delivery in the insurance sector with reference to the case of Prudential Insurance Company. This chapter covered the analysis, presentation of research findings and interpretations.

4.2 Demographic characteristics of respondents

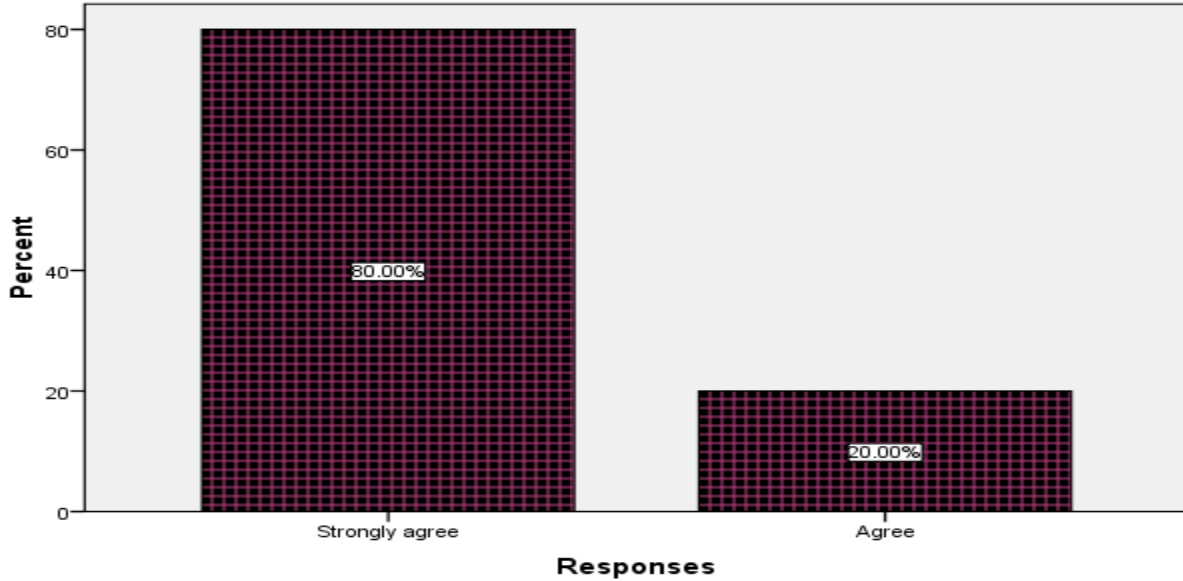
Variable		Frequency	%
Gender of Respondents	male	15	60%
	Female	10	40%
		25	100%
Age Group	30 and below	10	40%
	31-40 Years	7	28%
	41 and above	8	32%
		25	100%
Education Level	Diploma	10	40%
	Degree	10	40%
	Postgraduate	5	20%
		25	100%

Source: Participant response, 2022

The research findings regarding demographic features of the respondents revealed that 60% out of the twenty five (25) administered with the questionnaire were male while the remainder of ten (10) participants representing 40% were female. Their age group revealed that ten (10) representing 40% were between 30 years and below, seven (7) representing 28% were aged between 31 and 40 years while the remainder eight (8) were aged between forty one (41) and above. With regard to educational status, ten (10) respondents apiece representing 40% each were diploma holders while the remainder five (5) were postgraduates from various institutions of learning in Zambia. The statistics demonstrate that there was no biasness in the representation with regard to age, gender and educational status which helped in the authentication of the research findings in terms of reliability and validity.

4.3 Quality of Insurance Products, Satisfaction and Loyalty

Respondent's views on whether quality insurance products, satisfaction and loyalty have an impact customer service

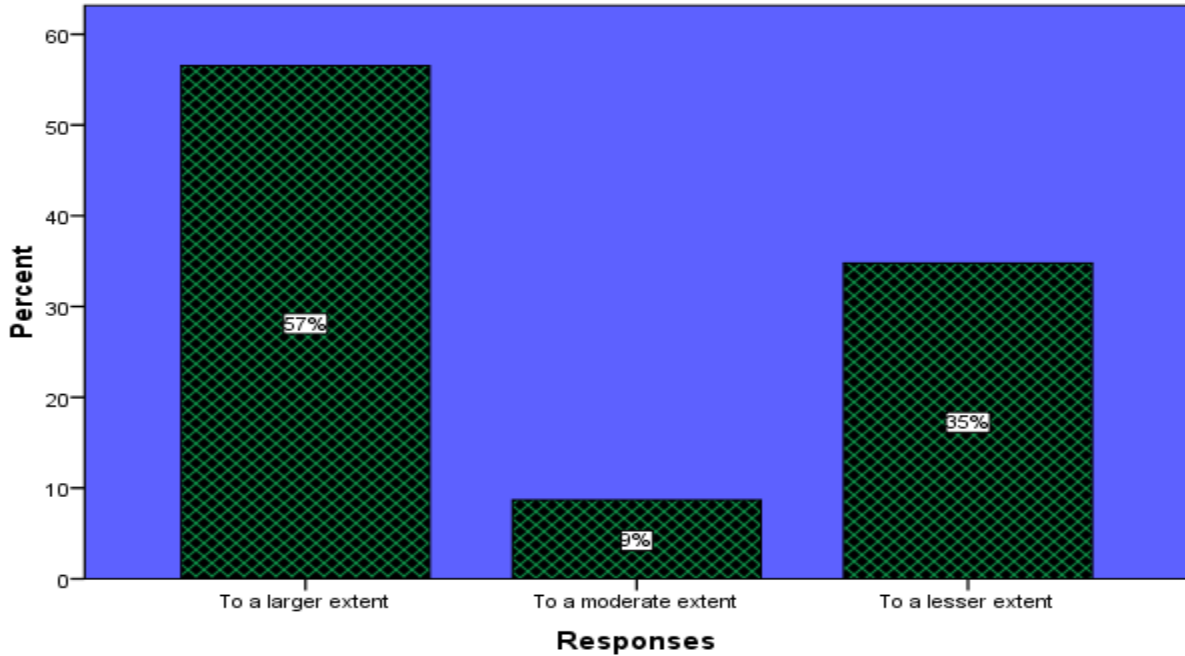


Source: Participant responses, 2022

Research findings with regard to participant's views on whether quality insurance products, satisfaction and loyalty have an impact on customer service in the insurance business revealed that 80% of the respondents were of the strong opinion that the three aspects of quality, satisfaction and loyalty have a significant effect on consumer service in that if the insurance products being offered by an insurance company, this is likely to negatively affect customer satisfaction with regard to meeting customer value proposition or indeed the needs and value of the customers which will ultimately hinder the level of repeat business in terms of loyalty consistent with the arguments in the theory of dissonance (Peyton, Pitts, and Kamery, 2003). This suggests that the product offering must be in tandem with the expectations of the customers or needs in a way that is satisfactory in terms of addressing their risk mitigation requirements if customer loyalty is to be assured sustainably.

4.4 Impact of Customer Satisfaction and Quality on Performance

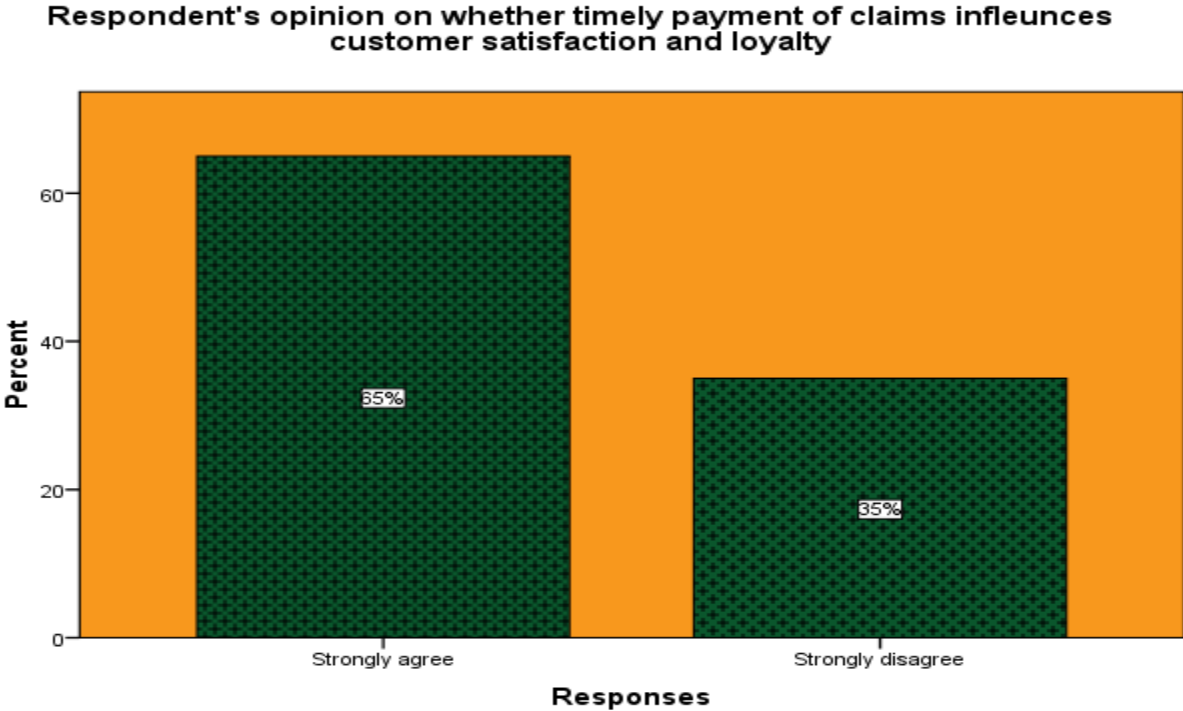
Respondent's opinion on the extent to which satisfaction and quality impacts the performance of an insurance business



Source: Participant responses, 2022

Research findings regarding the extent to which compromised quality, levels of satisfaction and loyalty affects the insurance business service revealed that to a large extent, the three factors if not properly managed may have potential negative effect on customer service delivery as can be seen by the 57% agreement to the assertion. However, 35% of the respondents were of the view that the three factors do not matter that much because customer service goes beyond mere satisfaction, quality and loyalty but potentially include other factors such as after sale service, claims management among others which are key in ensuring that even after the customer has bought the insurance policy and made the claims regarding a given peril, there lead time between making the claim and it being paid must not be overly long as it may not achieve the desired intention of being a risk management strategy or mitigation strategy at least as customers may be able to switch to other insurance businesses which will ultimately affect performance in terms of profitability margins and reputation consistent with arguments by (Belás and Gabčová, 2016; Coelho and Henseler, 2012).

4.5 Impact of Timely Payment of Claims on Satisfaction and Loyalty

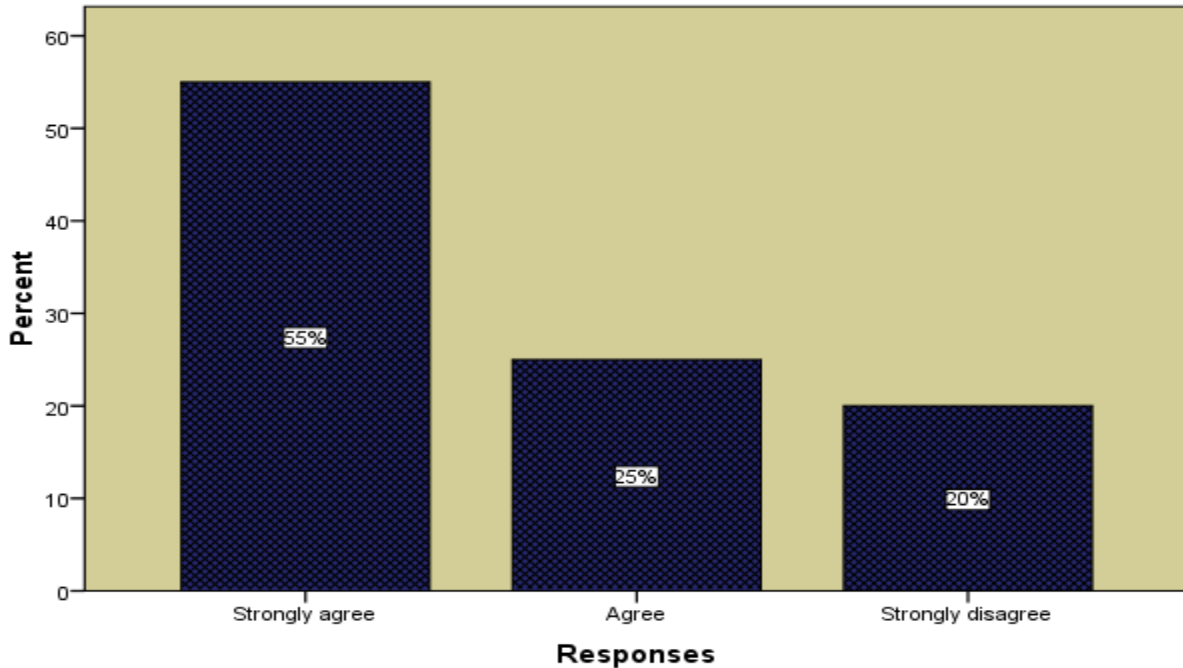


Source: Participant responses, 2022

Research findings as to whether timely payment of insurance claims influences customer satisfaction and loyalty revealed that 65% of the respondents were of the view that the rate and speed at which insurance claims are processed by the insurance company has a significant impact on customer service in the insurance business in that if the claims for insurance are not processed timely may result in customers losing faith in the insurance company and may have potential impacts of making customers to switch to other insurance businesses. However, 35% of the respondents disagreed with the assertion owing to the fact that the manner in which insurance businesses advertise their products including the payment and/or processing of claims is usually different in experience to what happens on the ground in terms of the customer waiting time for such claims to be processed.

4.6 Influence of Experience and Reputation on customer loyalty and Satisfaction

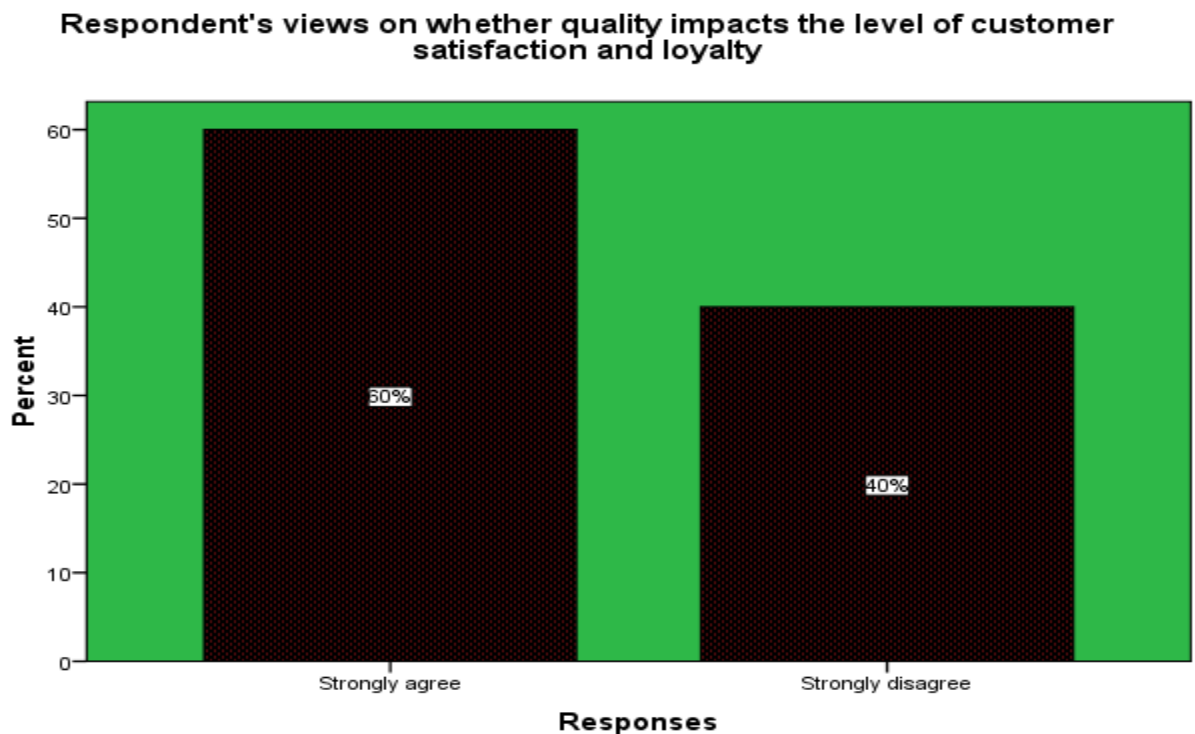
Respondent's views on whether experience and reputation of the insurance company influences customer loyalty and satisfaction



Source: Participant responses, 2022

Research findings on the opinions as whether experience and reputation of the insurance influences customer service revealed a 55% string agreement, 25% further agreement and 20% strong disagreement of the assertion. The string agreement is attributed to the fact that the company has been in operation for years and is recognized for either bad or good deeds in dealing and/or managing customers. If the treatment is exceptional, this may have potential for attracting other new customers and/or clientele and which may increase repeat business and good performance in terms of market share and profitability. However, on the contrary, the failure or delayed processing of insurance claims may also be a recipe for reduced loyalty and /or repeat business and therefore market share and profitability. This suggests that insurance businesses must pay attention to the manner in which customer concerns are addressed in a timely fashion without unnecessary delays so as to attract more customers and to remain sustainable, failure to which the cost of customer switching to other insurance businesses may be exponentially high.

4.7 Impact of Quality on the Level of Customer Satisfaction and Loyalty

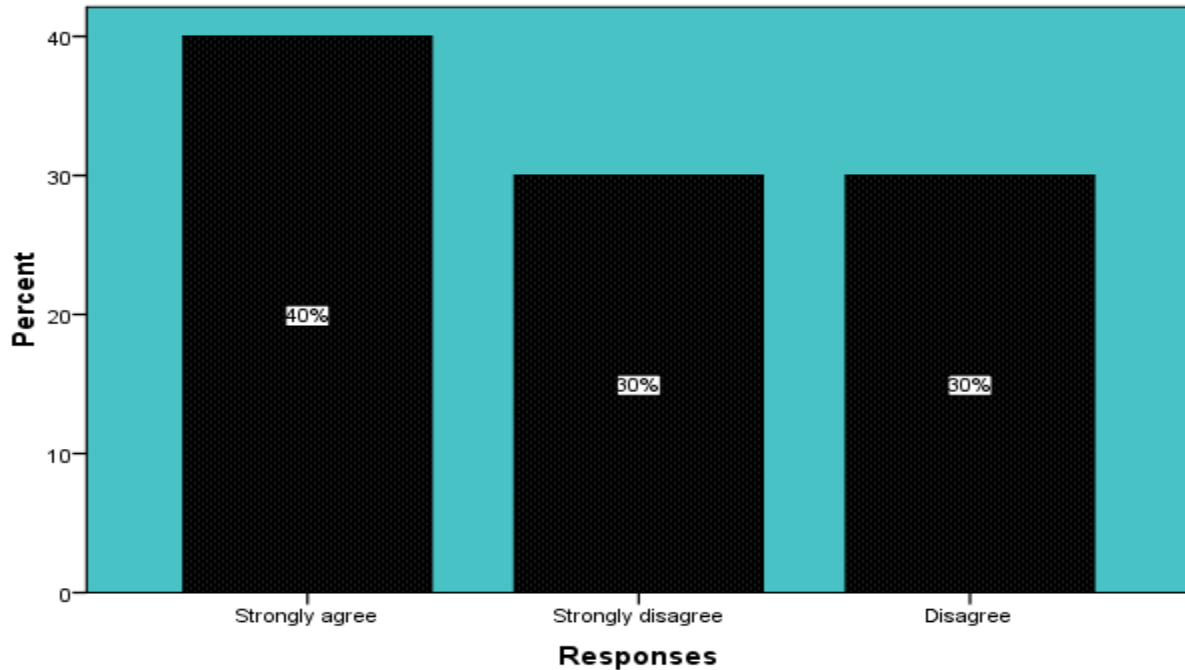


Source: Participant's response, 2022

The findings from the research regarding the effects of quality on customer service in the insurance business revealed a 60% agreement owing to the fact that if the products and/or insurance offerings are not desirable or in tandem with the needs of the customer, this may negatively affect customer demand for the insurance products and may in a similar fashion be a catalyst for customers to switch to other insurance companies offering products that satisfy or meet customer value proposition. However, 40% of the respondents were of the view that quality is just one of the factors to successful customer service as it should be in combination of complemented by satisfactorily meeting customer demands and therefore necessitating repeat business in terms of loyalty and minimized switching costs associated with the dislike of insurance products from the insurance company to another offering desirable products as argued by (Akhtar *et al.*, 2011; Cameran *et al.*, 2010). This implies that quality plays a pivotal role in stimulating customer demand and satisfying as well as loyalty with regard to repeat business.

4.8 Impact of After Sale Service on Customer Satisfaction and Loyalty

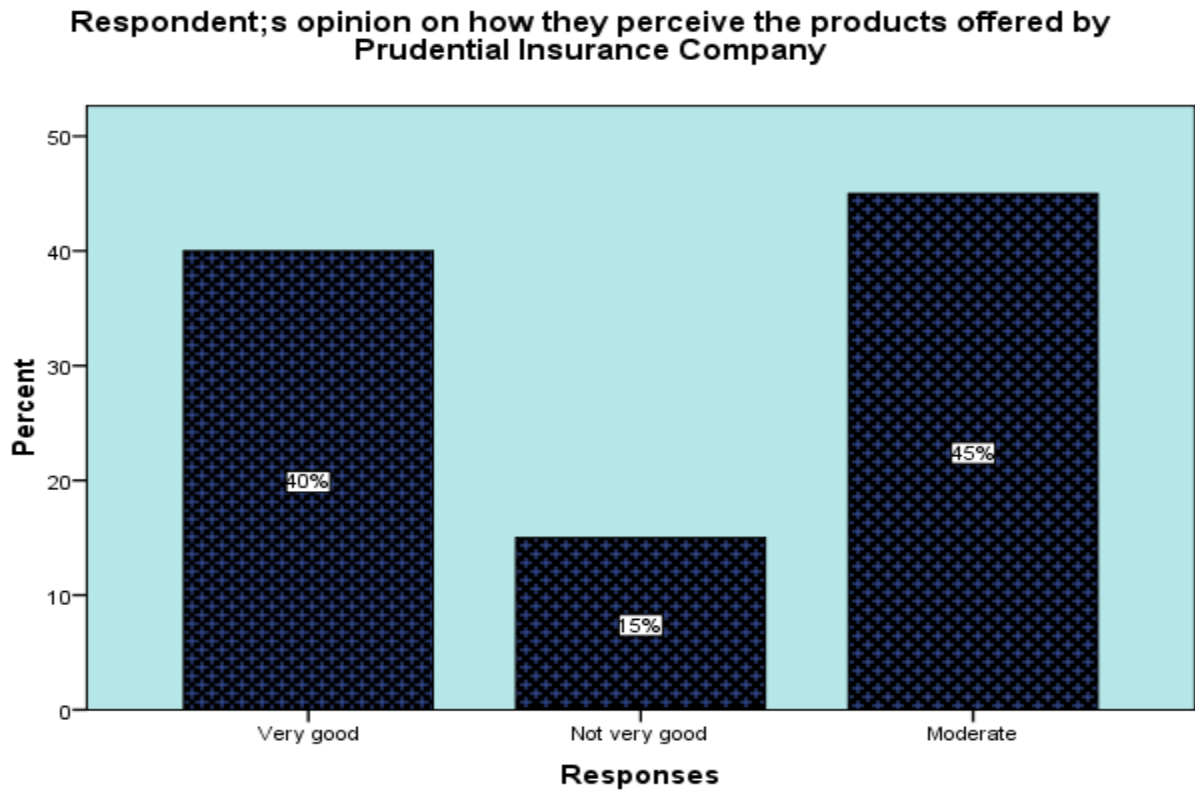
Respondent's views on whether the provision of after sales service impacts customer satisfaction and loyalty



Source: Participant responses, 2022

Research findings regarding respondent's views on whether after sale service impacts customer service satisfaction and loyalty revealed that most of the respondents were of the view that checking up on customers regarding for instance that the insurance needs have not changed or any new developments in risks of the clients impacts on customer satisfaction and loyalty in a significant way as can be seen by the 40% statistical representation. However a combined 60% of the respondents were not of the view that after sales-service helps in enhancing customer satisfaction and loyalty owing to the fact that very few if any insurance companies do that apart from advertising additional products through brokers and agents who are employed on commission basis which implies that this should be a wakeup call for insurance companies to incorporate after sale service to its strategy despite the perceived lack of loss due to the mandatory nature of the insurance particularly from the component of motor vehicles which is quiet competitive among industry players and this could be an innovative way of providing extra service that would signal to the customers that they are being taken care of and just being used for profit motive.

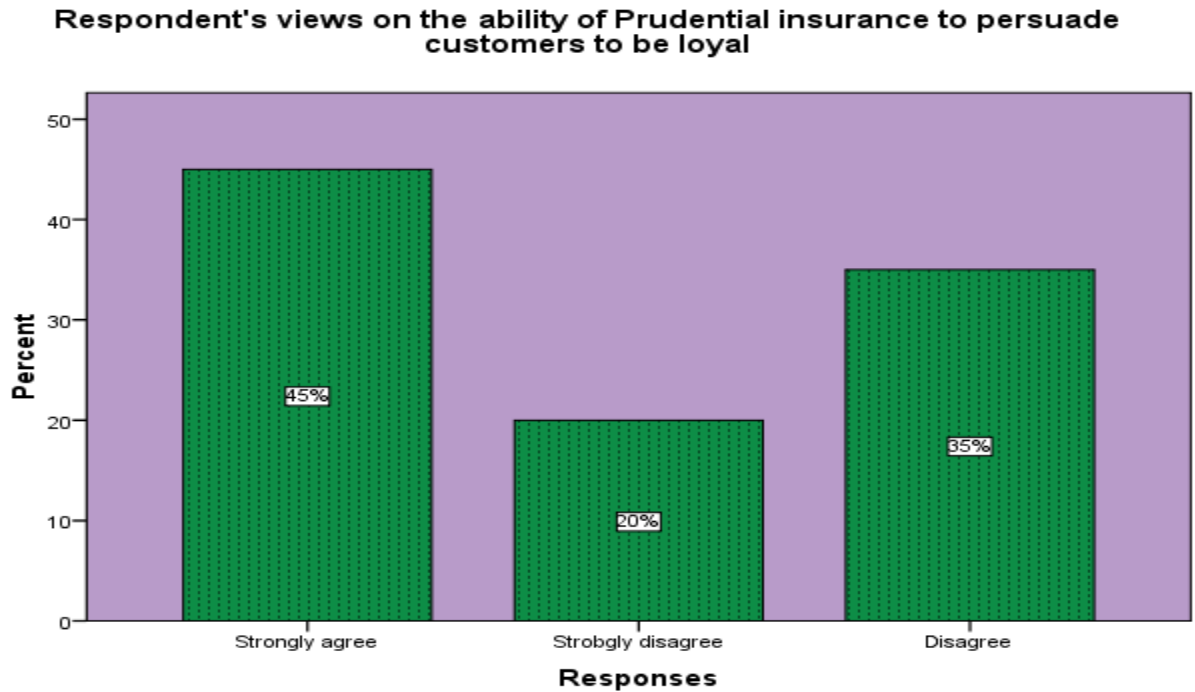
4.9 Perception of Insurance Products Offered by Prudential Insurance Company



Source: Participant responses, 2022

Research findings on the perception of the insurance products offered by Prudential insurance revealed that the insurance products are fairly very good as can be seen by the 40% statistics. Further, 45% of the respondents were of the view that the product offering were moderate while the remainder 15% were of the view that the product offering is not desirable. The combined 85% with regard to being very good and moderate suggests that the insurance products offered by Prudential insurance company are of a quality that is appealing to the customers and which is more than likely to attract more clientele to the company and therefore increase the level of loyalty and profitability. However, the 15% disagreement stems from the fact that some products may not be of the standard required by the customer of one that meets the needs and customer value proposition to a large extent. This suggest that prudential insurance must begin to emulate other insurance companies with significant market shares like Madison Insurance for new and upto date insurance products that attracts customers in terms if repeat business and loyalty.

4.10 Persuasion Capabilities of Prudential Insurance Company

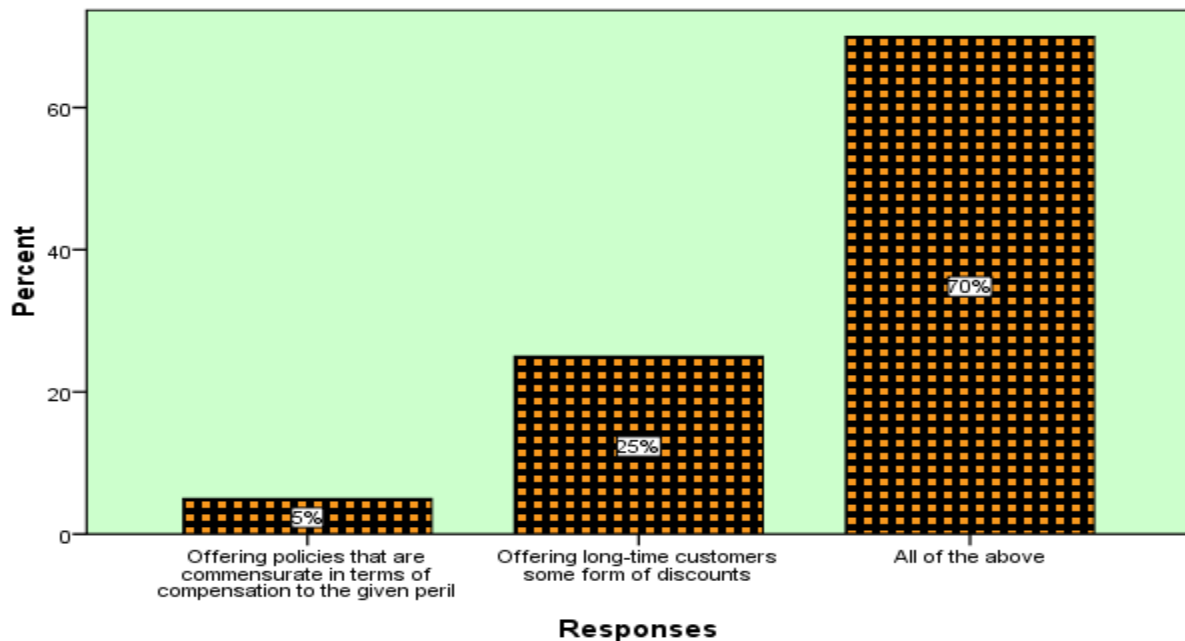


Source: Participant response, 2022

Research findings regarding Prudential's ability to persuade customer's loyalty revealed that 45% of the respondents were in string agreement of the assertion owing to the fact that the company makes efforts in advertising its insurance products although done in a door to door strategy which is not complimented with significant media marketing through the television and internet and therefore questions the ability of the insurance company in developing innovative insurance products that even though are similar to other industry players are actually able to meet customer value proposition. However, a combined 55% of the respondents were of the consented view that the persuasion have been desirable at the company except that they are limited in terms of media television and radio advertisements which in a major way negatively impacts customer service. This suggests that within manageable cost or subject to cost benefit analysis, the insurance company must take steps to address the lack of adequate advertisements on the products offered and the additional and/or unique features and/or characteristics that makes them different from those offered by other industry players.

4.11 Measures to Enhance Customer Satisfaction

Respondent;s views on what measures can enhance customer satisfaction and loyalty



Source: Participant's responses, 2022

Lastly but not the least, research findings regarding the measures that Prudential Insurance Company must undertake or consider if it is to enhance customer service with regard to satisfaction, quality and loyalty revealed that 70% of the respondents were of the firm view that offering insurance policies that are commensurate in terms of compensation to the peril or risk and also offering long time or loyal customers some form of discounts may stimulate customer service satisfaction which speaks to quality insurance products being offered and tailored to the needs of the customers in order to stimulate repeat business that culminate into customer satisfaction, increased demand for the company's products and profitability and desirable market share consistent with arguments by Mackay, Mostert and Petzer (2015) and Ruefenacht (2018).

4.12 Conclusion

This chapter covered the presentation of the research findings from the questionnaires distributed to the twenty five (25) employees of Prudential Insurance Company and twenty five (25) public participants and the analysis and interpretation of the findings to add value with knowledge contributions and which formed the basis of the conclusion and recommendations chapter.

CHAPTER FIVE: CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

The study sought to evaluate the impact of customer satisfaction, loyalty and quality on customer service using a case of Prudential insurance.

5.2 Summarized Findings

The research revealed that the majority of the respondents were of the strong opinion that the three aspects of quality, satisfaction and loyalty have a significant effect on consumer service in that if the insurance products being offered by an insurance company are compromised, this is likely to negatively affect customer satisfaction with regard to meeting customer value proposition or indeed the needs and value of the customers which will ultimately hinder the level of repeat business in terms of loyalty.

The research also revealed that the three factors of quality, satisfaction and loyalty if not properly managed may have potential negative effect on customer service although, some respondents were of the view that the three factors do not matter that much because customer service goes beyond mere satisfaction, quality and loyalty but potentially include other factors such as after sale service, claims management among others which are key in ensuring that even after the customer has bought the insurance policy and made the claims regarding a given peril, there lead time between making the claim and it being paid must not be overly long as it may not achieve the desired intention of being a risk management strategy or mitigation strategy at least as customers may be able to switch to other insurance businesses which will ultimately affect performance in terms of profitability margins and reputation.

The Research findings as to whether timely payment of insurance claims influences customer satisfaction and loyalty revealed the rate and speed at which insurance claims are processed by the insurance company has a significant impact on customer service in the insurance business in that if the claims for insurance are not processed timely may result in customers losing faith in the insurance company and may have potential impacts of making customers to switch to other insurance businesses.

Further, research findings on the opinions as whether experience and reputation of the insurance influences customer service revealed a strong agreement. The strong agreement was attributed to

the fact that the company has been in operation for years and is recognized for either bad or good deeds in dealing and/or managing customers. If the treatment is exceptional, this may have potential for attracting other new customers and/or clientele and which may increase repeat business and good performance in terms of market share and profitability. However, on the contrary, the failure or delayed processing of insurance claims may also be a recipe for reduced loyalty and /or repeat business and therefore market share and profitability. This suggests that insurance businesses must pay attention to the manner in which customer concerns are addressed in a timely fashion without unnecessary delays so as to attract more customers and to remain sustainable, failure to which the cost of customer switching to other insurance businesses may be exponentially high.

As regards the effects of quality on customer service in the insurance business revealed a strong agreement owing to the fact that if the products and/or insurance offerings are not desirable or in tandem with the needs of the customer, this may negatively affect customer demand for the insurance products and may in a similar fashion be a catalyst for customers to switch to other insurance companies offering products that satisfy or meet customer value proposition.

As regards after sale service, the service impacts customer service satisfaction and loyalty revealed that most of the respondents were of the view that checking up on customers regarding for instance that the insurance needs have not changed or any new developments in risks of the clients impacts on customer satisfaction and loyalty in a significant way. However, some of the respondents were not of the view that after sales-service helps in enhancing customer satisfaction and loyalty owing to the fact that very few if any insurance companies do that apart from advertising additional products through brokers and agents who are employed on commission basis which implies that this should be a wakeup call for insurance companies to incorporate after sale service to its strategy despite the perceived lack of loss due to the mandatory nature of the insurance particularly from the component of motor vehicles which is quiet competitive among industry players and this could be an innovative way of providing extra service that would signal to the customers that they are being taken care of and just being used for profit motive.

With regard to perception, research findings revealed that the insurance products offered by Prudential insurance were fairly very good. However, most respondents were of the view that the

product offering were moderate while the remainder were of the view that the product offering is not desirable.

With regard to persuasion spirit, Prudential's ability to persuade customer's loyalty revealed that most of the respondents were in strong agreement of the assertion owing to the fact that the company makes efforts in advertising its insurance products although done in a door to door strategy which is not complimented with significant media marketing through the television and internet and therefore questions the ability of the insurance company in developing innovative insurance products that even though are similar to other industry players are actually able to meet customer value proposition. However, a combined 55% of the respondents were of the consented view that the persuasion have been desirable at the company except that they are limited in terms of media television and radio advertisements which in a major way negatively impacts customer service.

It was also revealed that Prudential Insurance Company must undertake or consider that the insurance claims or compensations are commensurate with the given peril or risk involved and also offering long time or loyal customers some form of discounts may stimulate customer service satisfaction which speaks to quality insurance products being offered and tailored to the needs of the customers in order to stimulate repeat business that culminate into customer satisfaction, increased demand for the company's products and profitability and desirable market share

RO 1: To ascertain the level of insurance service quality that can result in customer satisfaction and loyalty

the research revealed that the level of insurance service quality that can result in customer satisfaction and loyalty is one that meets the desires and needs of the customers in term of being tailored to their aspirations and in accordance with the evolving risks which can incorporate after sales service, offering of rebates and/or discounts to long time customers as well as marketing and advertising to attract new and potential clients owing to the increased competition due to the fact that insurance companies offer homogenous insurance products. Innovation must also be embraced in differentiating the insurance products from what is being offered by other industry players.

RO 2: To establish the extent to which customer satisfaction and quality are related to customer loyalty in the insurance business

The extent of the relationship between customer satisfaction and quality to customer loyalty is that a customer would only be satisfied if the quality of insurance products being offered by an insurance company are desirable to his or her needs and which must address the desires of the customer in mitigating the risks being sought for consistent with arguments by Musembi (2017). This results in customer retention and loyalty through repeat business and attraction of other potential customers due to the level of satisfaction being enjoyed by existing customers.

RO 3: To develop measures and policy recommendations to address the poor customer satisfaction, compromised service quality and reduced customer loyalty

The research revealed that Prudential Insurance Company must consider offering insurance policies that are commensurate in terms of compensation to the peril or risk and also offering long time or loyal customers some form of discounts to stimulate customer service satisfaction which speaks to quality insurance products being offered and tailored to the needs of the customers in order to stimulate repeat business that culminate into customer satisfaction, increased demand for the company's products and profitability and desirable market share.

5.3 Recommendations

The research recommends that if Prudential insurance is to sustain its relationship with its clientele, it ought to ensure that it addresses the needs of the customers as regards the offering of quality insurance products that meet their desires and for which claim management must not take too long to process but must carry the same message as what is advertised and the compensation must also be commensurate to the risks involved. The company can also employ novel strategies such as offering after sale service by engaging its existing customers to evaluate the relevance of their insurance needs and to align them with the changing risks. Further, the company may subject to cost benefit analysis, offer rebates and/or discounts to loyal customers to ensure that these in turn attract or sell the message to other potential clients. The company must also endeavor to conduct research on new trends in the industry with regards to the insurance challenges and devise methods of addressing such challenges in the best interests of customer needs. In a nut shell, quality insurance products must be on the top agenda which if managed well will translate into satisfied and loyal customers and which will translate into business profitability sustainability.

5.4 Conclusion

The research concludes that quality of insurance products and/or service has a direct relationship to customer satisfaction and loyalty with regard to customer service and in order to meet the desires of the customer or insurance clients, insurance company must tailor their insurance products to the needs of the customers who if satisfied are more than likely to remain loyal to the business in terms of repeat business and are in turn going to act as a conveyor marketing belt to potential and would be customers based on the quality of the services offered and the satisfaction enjoyed. The study further concludes that innovation with regard to product offering must be a priority owing to the fact that after the enactment of the pensions and insurance authority act which made it mandatory for particularly motor vehicle insurance, has made insurance companies to offer homogeneous insurance products in which case competition is unavoidable. For example to attract customers into other portfolios, the insurance companies can structure the payment of premiums in line with the earnings of the particular customer so that the premiums are not overly expensive to manage. This way customers would be willing to sacrifice without their financial muscle being overstretched.

5.5 Proposition for future research

This research proposes that empirical research be undertaken on the impact of offering homogenous motor vehicle insurance products on profitability as this is what all insurance companies are grappling with to win customers focusing on the innovations required to address the competition.

5.6 Chapter summary

The chapter covered the summary of the findings addressing the research objectives, conclusions and implications as well as recommendations for future research undertakings

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Appendix I: Research Questionnaire



Dear respondents,

I am a Master of Business Administration (MBA) student at Zambia Centre for Accountancy Studies (ZCAS) in partnership with Greenwich University currently in my final semester. As part of my course work, the University requires that I undertake an independently researched dissertation on any business related topic in partial fulfilment of the award of the MBA degree. It is in this regard that I write to request for your honest and thoughtful responses to the questions in the questionnaire below regarding the **“the Impact of Customer Satisfaction, Loyalty and Quality on Insurance Service Delivery in Zambia: A Case of Prudential Insurance Company.”** I wish to assure you that there is no risk involved in participating on the research and that your identities will kept confidential as the research information you will provide will only be for scholarly purposes. You may wish to know that you have the right to opt out of the research participation if you feel it is not of interest to you and you will not be forced to do so against your will.

Yours sincerely



Data Collection Questionnaire on the Impact of Customer Satisfaction, Loyalty and Quality on Insurance Service Delivery in Zambia: A Case of Prudential Insurance Company

Instructions

1. Respond by putting a **tick** or an **X** in the box or boxes provided to indicate your opinion (i.e. [] or [])
2. For open ended questions, write your answers in the spaces provided. Kindly use short sentences or words that you think will express your view (s) in the most adequate way

Section A: Characteristics of Respondents

1. Gender of Respondents: Male 1 Female 2 Bi-sexual 3

2. Age Groups of Respondents

30 and below 1
31 – 50 years 2
51 and above years 3

3 Qualifications of Respondents

Diploma and Below 1 First Degree 2

Postgraduate and Above 3

4. Period of Experience of either dealing with insurance product customers, the aspects of satisfaction through quality and fostering of loyalty and how they impact service delivery.

Below 6 years 1 6-15 years 2

16 and above years 3

Section B: Customer Satisfaction, Loyalty and Quality

5. In your honest opinion do you feel customer satisfaction, quality insurance products and/or service and loyalty have an impact on service delivery on the insurance business?

Strongly agree 5

Agree 4

Not sure 3

Disagree 2

Strongly disagree 1

6. To what extent do you feel customer satisfaction, quality insurance products and/or service and loyalty impacts insurance business?

To a larger extent

To a moderate extent

To a lesser extent

To no extent

7. The following is a list of some of the characteristics that influence consumers to make the buying decision or decision with regard to signing up for a particular insurance product(s). To what extent do you agree with the statements shown by the Likert Scale in the table below? [5-Strongly Agree; 4-Agree; 3-Not Sure; 2-DisAgree; 1-Strongly Dis-Agree]

Characteristic or product feature	Strongly Agree	Agree	Not Sure	Dis-Agree	Strongly Disagree
Timely payment of claims					
Period of existence/experience of the insurer/insurance business					

Insurance covering the peril					
Insurance product quality					
Reputation of the insurance business					
After sale service of insurance products					

Section C: Customer Perception and Influence of Insurance Products

8. Using a five point Likert Scale given how do you rate customer perception with regard to insurance products and/or services offered by Prudential insurance Company?

Very good 5 Good 4 Not very Good 3 Moderate 2 Not sure 1

9. To what extent on a five point liker scale do you agree or disagree that Prudential Insurance Company has the ability to satisfy its clientele to persuade them to be loyal with regard to quality insurance product offering?

Strongly agree 5 Agree 4 Strongly Disagree 3 Disagree 2 Not sure 1

10. What in your view constitute quality measures that can enhance customer satisfaction and loyalty with regard to insurance products?

Offering policies that are commensurate in terms of compensation to the given peril

Not making policy language very ambiguous and evolving insurance products with evolving risks

Offering long-time customers some form of discounts

All of the above

Thank You