



**ST MARY'S UNIVERSITY  
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**FACTORS AFFECTING CUSTOMER SATISFACTION:  
THE CASE OF AWASH INSURANCE SHARE  
COMPANY**

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**Approved by Board of examiners:**

We, here under, as members of the Examining Board of the Final MA open Defense, have read and evaluated the thesis entitled 'Factors Affecting Customer Satisfaction: The Case of Awash Insurance Share Company' submitted by Menbere Tadele. We certify/recommend that it has fulfilled the requirements for the partial fulfillment of requirement for master's degree in Business Administration in institute/ Department of Business & Economics; College of Business, St' Mary University.

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## DECLARATION

I hereby declare that the thesis entitled: “**Factors Affecting Customer Satisfaction: The Case of Awash Insurance Share Company**” is my original work prepared under the guidance and support of my advisor Dr Tesfaye T. It has been carried out and submitted in partial fulfillment of the requirement for the Degree of Master of Art in Business Administration to the Institute/ Department of Business & Economics; College of Business, St’ Mary University. I also would like to confirm that it has not been previously submitted to any diploma or degree to any college or university as well as all the sources of materials used in the study is duly acknowledge.

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Date

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## **LIST OF ACRONYMS**

AIC	Awash Insurance Company
ANOVA	Analysis of Variance
CI	Corporate Image
CL	Customer Loyalty
CS	Customer Satisfaction
ICT	Information Communication Technology
IT	Information Technology
MFI	Micro Finance Institution
NBE	National Bank of Ethiopia
OLS	Ordinary Least Square
PV	Perceived Value
SPSS	Statistical Package for Social Sciences
SQ	Service Quality
US	United States
VIF	Variance Inflation Factor

## ABSTRACT

*This study examines the factors Affecting customer satisfaction at Awash Insurance Company (AIC) in Addis Ababa, Ethiopia. The research employed an explanatory and descriptive research design with a quantitative approach, using structured questionnaires to collect primary data from 291 customers purposefully selected from four branches. The study identified key factors affecting customer satisfaction, including service quality, price, perceived value, trust, and corporate image, through a review of literature and statistical analysis. Descriptive analysis revealed that customers rated perceived value and trust highest, while service quality and price showed room for improvement. Pearson correlation and multiple linear regression analyses demonstrated strong positive relationships between the independent variables and customer satisfaction, with service quality having the most significant impact. The regression model explained 70.5% of the variation in customer satisfaction, confirming the critical role of these factors in shaping customer experiences. The findings underscore the importance of enhancing service quality, fairness in pricing, and maintaining a strong corporate image to sustain customer satisfaction and competitiveness in the insurance industry. The study provides actionable insights for AIC's management to improve customer satisfaction and gain a competitive edge.*

**Key words:** *Customer Satisfaction; Service Quality, Perceived Value, Trust, Price, Corporate Image, Insurance.*

# CHAPTER ONE

## INTRODUCTION

### 1.1 Background of the Study

The financial service industry of which insurance industry plays a greater role in the market and nations' development. The insurance sector contributes immensely to the growth and sustainability of most economies worldwide. Insurance service delivery can be described as the transfer of risk to indemnify losses, which policyholders might suffer in future (Feyen, Lester & Rocha, 2011).

Insurance business competition in today's era of globalization is increasingly rapid. The increasingly fierce competition requires business actors to have a competitive advantage to be able to survive and compete with other business competitors. In line with this, in the insurance industry, financial performance is intimately attached to customer's satisfaction. As the selling cost of an insurance policy is not recovered unless the policy is renewed (Zeithaml, Berry & Parasuraman, 2016), thus, customer satisfaction is one of the most important determinants of economic success to the insurance firms (Mishra & Prasad, 2014; Moore & Santomero, 2019). In this regard, customer satisfaction is an area of interest not only in academia but among marketing practitioners (Lovelock, 2018).

The success of an insurance company is very influenced by how the company can satisfy all its customers, because customer satisfaction really influences the decision to defend the product or company and make a purchase of insurance products (Lovelock & Wright, 2005). Customer satisfaction is the result of customer evaluations after making a purchase, and customers feel that the goods or services purchased have the same performance or exceed their expectations (Kotler & Keller, 2009).

The main purpose of customer satisfaction is to build, improve and maintain loyal customers to the company and the products. In the customer relationship management theory, which says that a company will focus on how to retain existing customers and will provide benefits compared to having to get new customers because the costs incurred to get new customers are five times greater than retaining existing customers. This theory assumes that with a good relationship with

customers we will be able to increase customer value and use appropriate means so that customers remain loyal and return to buy (Dyche, 2012).

The insurance industry in Ethiopia is growing very rapidly, where new insurance companies are popping up each other while insurance companies that have been around for a long time continue to develop existing businesses. Indirectly, the competition among insurance companies is getting tougher so that insurance companies are trying to provide the best service to provide satisfaction for their customers. Satisfaction for customers will be obtained from good service quality from the company. Because each customer has a different desire or expected need, personal customer satisfaction is very difficult to achieve. Attention to the needs and satisfaction of service quality is a factor in the success of a business during this increasingly fierce competition between companies. Therefore, companies are required to be able to create and provide something different so that they can give a deep impression to customers, namely by providing satisfaction through good service quality, price offer and value.

The insurance industry, like many other financial services industries, is facing a rapidly changing market, new technologies, economic uncertainties, fierce competition and more demanding customers and the changing climate has presented an unprecedented set of challenges. Just like companies of other business domains, insurance also considers their customers as the most important asset. However, the most critical issue is whether this customer orientation is reflected in their strategies.

Insurance companies in Ethiopia that engaged in the insurance business market compete to offer a best quality product, in terms of product benefits offered, premium rates, approval processes, until to claim settlement and payment. Insurance providers increasingly recognize that today's customers who insist on improvements in the quality of services have many alternatives. This is evident from the not so uncommon practice of policy lapses, readily embraced by dissatisfied policyholders.

Thus, based on the background information, the study gives researchers interest in seeing the factors affecting satisfaction of Awash insurance customers. In line with this, the present study aims to empirically test comprehensive models on the factors affecting customer satisfaction in the case of Awash Insurance Company (AIC).

## **1.2. Background of the Organization**

The study was conducted with in the context of Awash Insurance Share company. Awash Insurance Share Company, founded on October 1, 1994, and commencing operations on January 2, 1995, is one of Ethiopia's pioneering insurance firms. It was established following the liberalization of the financial sector in the country and has since become a significant player in the insurance market. Awash Insurance Company S.C. is an Ethiopian insurance company engaged in providing different insurance services such as, General Insurance, Long-term (Life) Insurance, Health Insurance, Travel Insurance and Takaful Products (Sharia-compliant insurance).

Awash Insurance operates as a private share company, boasting a diverse ownership structure with over 1,714 individual and corporate shareholders. As of April 2023, it has a subscribed capital of ETB 4 billion and a paid-up capital of ETB 1.2 billion. The company is led by a dedicated team, including Mr. Tadesse Gemedas as Board Chairman and Mr. Gudissa Legesse as Chief Executive Officer, supported by over 600 employees across its 60 branches in Ethiopia.

In recent years, Awash Insurance has demonstrated robust financial growth. For the fiscal year ending in 2023, it reported a profit of ETB 509.12 million, marking a 52.5% increase from the previous year. This performance was driven by significant increases in investment returns and underwriting profits, alongside a rise in gross written premiums which reached ETB 2.4 billion. Despite this growth, the earnings per share (EPS) saw modest increases due to an aggressive capital expansion strategy.

Awash Insurance commands a strong market presence with approximately 22.3% of the life insurance segment and around 60% of its revenue derived from motor insurance. Its gross-written premiums are nearly double those of its closest competitors in the market. The company's strategic focus on enhancing its capital base has positioned it well within the industry, allowing it to maintain one of the highest EPS levels despite fluctuations in shareholder returns.

### **1.3. Statement of the Problem**

In an era of intense competition among insurance companies and along with increasing customer expectations, achieving customer satisfaction is a main way to achieve profitability and sustainable growth. The insurance providers need to reconfigure their strategy and business to sustain or improve their competitive advantage, and for this they first need to consider how to create a satisfied customer base that will not be eroded even in the face of fierce competition (Lovelock, 2018). For answering this fundamental question, these companies must realize the necessity of studying and understanding various factors affecting customer satisfaction.

Regarding the empirical literature gaps identified, the researcher was able to realize that even if a lot of attention has been given to factors affecting customer satisfaction in insurance business, there are inconclusive results on the determinants of customer satisfaction in insurance business in general. Previous studies have proven that when customers are satisfied with insurance business services, customers will tend to be loyal or loyal to the company so that the company will be able to develop in a sustainable manner (Ajami, 2016; Basir et al., 2015; Gong & Yi, 2018; Rai & Medha, 2013; Sari, 2018). To increase customer satisfaction, one of the factors that needs to be an important concern is related to corporate image and perceived value. Nguyen et al. (2018) revealed that customers would have a strong relationship with a brand if the customer gave a positive assessment of the perceived service so that it will lead to loyalty to a brand (Hermawan et al., 2017; Mandung et al., 2018).

On the other hand, customer satisfaction can also be influenced by the extent of the customer's trust in the insurance business. Lack of trust owned by customers in insurance companies will reduce customer satisfaction. Empirically some scientists have found that trust can significantly influence customer or customer satisfaction (Ansari & Riasi, 2016; Kundu & Datta, 2015; Mahmoud et al., 2018; Sari, 2018). On the other hand, that some researchers also find different findings where the findings show that trust does not have a significant effect on customer satisfaction (Kishada & Wahab, 2015; Novotová, 2018; Sari, 2018).

Company image also plays an equally important role by knowing the company's perceptions of good and bad of a company which in turn will affect customer satisfaction. In this case, the company's image is important for every company because it is an overall impression that is

formed in the minds of the public about the company. Huang (2016) has proven that company image has a positive and significant effect on customer satisfaction, as well as other researchers, have proven that there is a significant influence between the corporate image on customer satisfaction (Ashraf et al., 2018; Nguyen et al., 2018). While the findings by Variano (2017) that brand image has no significant effect partially on customer satisfaction.

In line with empirical studies and differences in research results, the role of service quality, trust, and corporate image on customer satisfaction in the insurance business industry still needs to be further investigated because there are still inconsistencies of findings in the field. More so, although factors affecting customer satisfaction has been researched in different industry at large in Ethiopia, however there is hardly any research that combined antecedences of customer satisfaction in one integrated model under the scope of insurance business products. For this reason, the present study aims to fill these gaps by developing and empirically testing comprehensive model on the factors affecting customer satisfaction in insurance business in Ethiopia in case of Awash Insurance Company (AIC).

## **1.4. Research Questions**

Based on the problem, the study is framed to answer the following research questions:

- 1) How does service quality influence customer satisfaction in Awash Insurance Company?
- 2) What is the effect of perceived value on customer satisfaction?
- 3) How does price affect customer satisfaction in Awash Insurance?
- 4) What is the relationship between corporate image and customer satisfaction?
- 5) How does trust affect customer satisfaction among Awash Insurance customers?

## **1.5. Objectives of the Study**

### **1.5.1 General objective**

The general objective of this study is to examine the factor affecting customers satisfaction in the case of Awash Insurance Company (AIC).

### **1.5.2 Specific objectives**

The specific objectives of this study are: -

- 1) To evaluate the impact of service quality on customer satisfaction in Awash Insurance Company.
- 2) To examine the influence of perceived value on customer satisfaction in Awash Insurance Company.
- 3) To analyze how price affects customer satisfaction among Awash Insurance customers.
- 4) To assess the relationship between corporate image and customer satisfaction in Awash Insurance Company.
- 5) To determine the effect of trust on customer satisfaction in Awash Insurance Company.

## **1.6. Significance of Study**

It is essential to carry out this study since this study can bring advantages to customers, investors, public and insurances providers, by showing how the determinants, which are service quality, price, perceived value, trust, and image affect customer satisfaction in Awash Insurance Company. Since customer satisfaction is an indicator of the company performance, hence it is crucial to carry out this research. This study can impact the customers who are willing to purchase insurance business policies. When dissatisfaction occurs, it will lead to consumers complaint, it is understandable that the firm does not meet the expectations of most of the consumers. Nowadays, insurance providers are necessary to learn how to satisfy customers to improve their ranking over the country.

Apart from that, this study will be able to benefit the public, community or society. The aim for this study is to let public, community or social to know about the right to voice out or speak out the opinion freely through word of mouth to other people and even give feedback to the company if the services or product which provided by the insurance company does not meet the expectations. The public, community or society have the right to choose which company they want to visit. Thus, the company will have chances to improve and grow to become a stronger and perfect company

More so, the study would be important to researchers and future scholars as it would provide empirical literature on factors affecting customer satisfaction in insurance business. In addition, the study will provide background information to researchers and scholars who will want to carry out further research in this area.

## **1.7. Scope of the Study**

The scope of this study is delimited in terms of subject (concept), area (geography), time and methodology. The conceptual scope of this study focusses on some selected factors affecting customer satisfaction in insurance business. In view of that, the study comprises five factors affecting customer satisfaction in the insurance business: service quality, price, perceived value, trust, and image. These factors are identified mainly because they are mostly mentioned in literature related to the factors affecting customer satisfaction in the insurance business.

Regarding the geographical area coverage, the study will be limited to customers of Awash Insurance Company at four selected branches in Addis Ababa.

The time scope of study the study is intended to cover the views of current customers of the Awash Insurance Company at Addis Ababa.

Lastly, the methodological scope of the study will be limited to quantitative research approach.

## **1.8. Limitation of the study**

This study has several limitations that should be acknowledged. Firstly, the geographical scope is confined to four selected branches of Awash Insurance Company in Addis Ababa, which may not fully represent the experiences of customers in other regions. Secondly, the study focuses on the current customers of Awash Insurance Company, and the findings is not applicable to past or future customers due to changes in market conditions or company policies. The methodological approach is limited to quantitative research, Lastly, the study focuses on five specific factors (service quality, price, perceived value, trust, and corporate image), potentially overlooking other relevant factors that could impact customer satisfaction. Despite these limitations, the study provides valuable insights into the factors affecting customer satisfaction in the insurance industry, particularly within the context of Awash Insurance Company.

## **1.9. Organization of the study**

The final research report of this study organized in five chapters. Chapter one deals with general introduction of the study. It consists of background of the study, statement of the problem, basic research questions, research hypothesis, objectives of the study, significance of the study and limitation and scope of the study. Chapter Two present review of related literature. It provided the theoretical foundations upon which the research is based on, and it stated the basic ideas and concepts in relation to the specific issue under study. Chapter Three will cover the research design & methodology contains design of the research, source of data, tools and procedures of data collection and methods of data analysis. Chapter four presents the findings of the research that has been analyzed by the method predetermined. The final section contains a summary of the study findings, conclusions and recommendations.

## **CHAPTER TWO**

### **REVIEW OF RELATED LITERATURE**

In this chapter the researcher reviews relevant literature on theoretical, empirical and conceptual framework issues which are found to be essential to the research inquiry. Thus, the first section discussed theoretical framework related to the study variables which are considered to lay solid foundation for the research. Then a summary of some of the related previous work on the topic of study is discussed. In the final analysis, the chapter presents the key study variables as presented in the conceptual framework.

#### **2.1 Theoretical Literature**

##### **2.1.1. The Concept of Insurance and Insurance Business**

The concept of insurance is not easy as it has many possible definitions and meanings in different perspectives. In this respect, scholars and writers have given various definitions of insurance from different perspectives such as economic, social, legal etc. and the following definitions are given. According to Hailu Zeleke (2007) provides the following economic definition of insurance: “Insurance is a device for a reduction of one party called the insured, through the transfer of risks to another party, called the insurer, who offers a restoration, at least in part, economic losses suffered by the insured.

Kishada and Wahab (2015) provides the following social definition of insurance: Insurance is “a social device, in which a group of individuals called insureds transfer risk to another party called the insurer in order to combine loss experiences, which permits statistical prediction of losses and provides for payment of losses from fund contributed (premiums) by all members who transferred risks.”

According to Article 654(1) of the commercial code of the Empire of Ethiopia (1960:140), the legal definition of insurance is: An Insurance policy is “a contract whereby a person called the

insurer, undertakes against payment of one or more premiums to pay to a person, called the beneficiary, a sum of money where a specified risk materializes.”

In general, insurance is a promise or a contract to be fulfilled when the policy owner is encountered in a certain accident. In nature, the service of insurance is intangible which makes trust to be a very determining factor between the contracting parties. Insurance business provides for the payment of a benefit following the death of the insured. That benefit can be used for a range of purposes, including meeting some needs that do not arise until a person’s death (Sedighyan, 2000).

Individuals and businesses both have needs insurance business can meet. Basically, there are three basic types of insurance business policy: term Insurance, whole insurance business and endowment insurance. Term insurance business is insurance business that provides a death benefit only if the insured dies during the period specified in the policy. The policy benefit is payable only if the insured dies during the policy period and the policy is in force when the insured dies. If the insured lives until the end of specified term, the policy may give the policy owner the right to continue some form of insurance business coverage. If the policy owner does not continue the coverage, then the coverage expires, and the insurer has no obligation to provide further insurance coverage. Term insurance business provides only temporary protection; at the end of the stated term, the policy expires. A policy owner who wants to maintain insurance coverage after the policy expires must apply for a new policy. The following term insurance business policies are available: 1-year term for groups 5-years: term 10-years term: 15-years term: 20-years term, term to age 55, term to age 60 and term to age 65 for individuals (Mekonnen, 2015).

Whole Insurance business Whole insurance business is a type of cash value insurance business that provides lifetime insurance coverage usually at a level premium rate that does not increase as the insured ages. Whole insurance business is an agreement under which a death benefit is payable up on the insured’s death, whenever that may be. This is so because as the name implies, insurance protection covers the whole of the insured’s remaining lifetime (Kidist 2020).

Endowment insurance provides a policy benefit payable either when the insured dies or on a stated date if the insured is still alive on that date. If the insured dies before the maturity date,

then the insurer pays the policy's face amount to the designated beneficiary. Endowment insurance business policies, like term insurance business policies, are available for periods of different lengths. These usually are 10-year, 15 year, 20 years, 25 years and 30-year endowments at age 55, at 60 and at age 65 (Mekonnen, 2015).

### **2.1.2. Concept of Customer Satisfaction**

Bolton and Drew (1991) and Cronin and Taylor (1992) mentioned that customer satisfaction is defined as the judgment made when receiving a particular service based on the services marketing literature. According to Oliver (1981) it said that customer satisfaction is an emotional reaction which affects the customers' attitude. Generally, customer satisfaction took place when the customer comparing an actual service performance with their expectations of the service where the differences will generate three types of disconfirmations: positive, negative and zero disconfirmation (Oliver, 1980). In addition, positive disconfirmation means the satisfaction level is high while negative disconfirmation means there is a high dissatisfaction level. Oliver (1997) also stated that "satisfaction is the fulfillment response by customer. It is a judgment towards the product or service feature, or mainly on the product or service itself, provided that a agreeable level of consumption-related fulfillment, including the under-or over-fulfillment level". Finally, Anderson, Fornell and Lehmann (1994) characterized customer satisfaction as an increasing consumption experience.

Oliver (2010) states that satisfaction is the response of consumer fulfillment and is an assessment that the product or service reaches a level of fulfillment related to pleasant consumption. Satisfaction is an assessment that follows a series of consumer product interactions. Satisfied customers will be more likely to make repeat purchases, remain loyal, and spread positive word-of-mouth. However, if service experience does not meet their expectations, customers will complain about the poor service quality, or even switch to another company. According to Zeithaml et al (2009), consumer satisfaction in the service business can be measured by the gap between customer expectations and perceptions of services received. Because of that, it is important for companies to strengthen company services and focusing on improving services is the most important thing to get customer satisfaction.

Kotler and Keller (2003), define customer satisfaction as the level of one's feelings after comparing the performance (performance) of the product or the perceived results when consuming a product or service to their expectation (expectation). If the performance does not meet expectations, then the customer becomes dissatisfied. If performance meets expectations, then the customer becomes satisfied. If the performance exceeds expectations, then the customer feels very satisfied.

The concept of customer satisfaction has been described from the cognitive, affective and composite perspectives. Some scholars have described customer satisfaction as a cognitive based approach to customers' evaluation of products and services (Mano & Oliver, 1993). According to the cognitive based perspective, customer satisfaction occurs from the rational evaluation of the product or service performance in relation to prepurchase expectations. The level of customer satisfaction can be explained by the extent of customer disconfirmation, which is usually explained as the difference between postpurchase and post-usage evaluation of the performance of the product or service in relation to the prior expectations held before the purchase (Molina, Martin-Consuegra & Estabeban, 2007). In the evaluation process, the customer may be highly satisfied or delighted when the perceived performance of the product or service exceeds customer pre-purchase expectations. This is referred to as a positive disconfirmation (Fournier & Mick, 1999). Moreover, the customer may experience a negative disconfirmation when the post purchase performance falls below the pre-purchase expectation (Oliver, 1999). Similarly, a customer may experience a simple disconfirmation when the post-purchase and post-usage performance is equal to pre-purchase expectations (Oliver & DeSarbo, 1988). According to Mano and Oliver, (1993), satisfaction can be explained as a cognitive comparison of expectations prior to consumption with the actual experience.

The affective perspective of customer satisfaction has been explained as the customer's feelings resulting from the post-usage evaluation of products or services which may influence customer satisfaction positively or otherwise (Liljander & Strandvik, 1997; Olsen, 2002). The affective perspective of customer satisfaction has been mainly reliant on customers' feelings in relation to post-usage performance. This assertion makes the definition of Tsiros, Mittal and Ross (2004) relevant in explaining customer satisfaction University of Ghana <http://ugspace.ug.edu.gh> 14 as a person's feelings of pleasure or disappointment which result from comparing a product's

perceived performance against expectations. Similarly, satisfaction has been described as the emotional state resulting from a customer's interactions with a service provider over time (Crosby et al., 1990).

The composite perspective of customer satisfaction has been described as the combination of a cognitive and affective construct to better explain customer satisfaction. This implies that the customer may assess the satisfaction level of products or services through the combination of rational evaluation and feelings resulting from post-usage of the products or services. According to Lin (2003), customer satisfaction is the outcome of a cognitive and affective evaluation of comparison between expected and perceived performance, which is based on the customers' own evaluation of products and services.

Satisfaction has been described as transaction-specific and cumulative satisfaction (Anderson, Fornell & Lehmann, 1994; Kim & Yim, 2014). Transaction-specific can be evaluated from the customers as they encounter a particular service provider, which can influence their judgment about the usage of the product or service. The transaction-specific approach has been described as the emotional response from a customer's post-usage experience (Oliver, 1993). Cumulative satisfaction can be evaluated from the customers' perspective, which will be based on the firm's past, current and future performance. The cumulative approach has been described as the overall satisfaction perspective based on the customer's cumulative evaluation response (Kim & Yim, 2014).

### **2.1.3. Theoretical Background: Social Exchange Theory**

The social exchange theory is explained in relation to how parties enter and maintain exchange relationships with others with the expectation that doing so will be rewarding (Blau, 1964). This means that the relationships we choose to create and maintain are the ones that maximize our rewards and minimize our cost. The theory examines two parties' mutually complementary arrangements that ensure equity and fairness (Molm, 1994).

According to the theory, parties cannot be independent, but rather must be interdependent to maximize their benefits through exchange. This means that exchange relationships that give us the most benefits for the least amount of effort are the ones we value the most and are likely to keep long-term. Similarly, the exchange of benefits or reciprocal exchange has been explained as

one's action, which is contingent on the other party's behavior (Molm, Takahashi, & Peterson, 2000). According to Kotler (1994), exchange is defined as the act of obtaining a desired product from someone by offering something in return, which is beneficial and can satisfy their need.

The theory assumes that self-interested parties transact or exchange with self-interested others in order to accomplish outcomes that neither could have achieved on their own (Lawler & Thye, 1999). This implies that relational exchanges would cease as soon as they are not perceived to be mutually rewarding by both parties. The resources in the exchange relationship can be economic or social or both. Economic resources have been described as tangible items such as goods, information and services while social resources include intangible items such as social amenities, friendship and prestige. The most rewarding outcome in a social exchange relationship includes social approval and respect, which does not have any material value for which price can be determined (Blau, 1964).

The relevance of trust in the marketing literature has been widely considered as a vital component in the exchange process (Crosby et al., 1990). Subsequently, trust and a commitment relationship has been recognized as essential attributes of relationship quality which influences satisfaction in exchange relationships (Morgan & Hunt, 1994).

In the Ethiopia insurance business industry, actual exchanges between the policyholder and service provider do not take place immediately, but rather in the near future when the policyholder suffers any losses for which a policy have been purchased. Policyholders will be satisfied when an insurance claim received is equal to customer perception of expected performance in relation to indemnifying the losses suffered.

In relation to the theory, self-interested parties transact or exchange with self-interested others in order to accomplish outcomes which neither party could have achieved on their own (Lawler & Thye, 1999). This means policyholders (customers) will transact or exchange (premiums) with self-interested others (insurance company) in order that their losses will be indemnified. These exchanges would cease as soon as they are not perceived to be mutually rewarded by both parties (Lawler & Thye, 1999). Relational exchange in the delivery of life University of Ghana insurance may cease when they are perceived not to be mutually rewarding to policyholders. This is applicable if policyholders consider the switching costs to be low.

The resources exchange can be described as economic. The economic resources have been described as tangible items such as goods, information and services. The insurance business industry offers services in the form of policy intended to indemnify policyholders for any losses they might suffer in future. In this regard, if the policyholders of insurance business do not perceive the exchange relationship to be rewarding, then it might influence their decision. This assertion is consistent with Molm et al., (2000), which explains that the exchange of benefits or giving something to a recipient that is more valuable to the recipient than it is to the giver, can be described as the human behavior which results in satisfaction

This study therefore intends to assess factors affecting customer satisfaction in the insurance business industry from the social theory perspective. Moreover, the concept of satisfaction and loyalty are linked together, but their relationship is asymmetric. The relationship has made satisfaction an unpredictable variable to loyalty due to the different sectors in which businesses operate and the ever-changing consumer behavior.

#### **2.1.4. Factors affecting Customer satisfaction**

Based on the review of previous literature related with insurance business, this study identifies five crucial factors affecting satisfaction, namely – service quality, price, perceived value, trust, and image – that trigger cognitive and affective processes relevant for satisfaction judgment.

##### **2.1.4.1. Service Quality**

According to Fogli (2006) service quality is “a global judgement or attitude relating to a particular service, the customer’s overall impression of the relative inferiority or superiority of the organization and its services. Service quality is a cognitive judgement”. Service quality can be defined as a customer’s judgement about an organization’s overall performance (Parasuraman, Zeithaml, and Berry 1998). According to Anderson and Fornell (1994) it also said that service quality is the degree to which a product or service provides customer requirement and how these requirements are met. Next, Bitner and Hubbert (1994) defined service quality as the overall impression of customers towards an organization’s relative inferiority or superiority and the services provided by the organization. The researcher wants to indicate that customers always judge the image and performance of organization based on the service quality. Also, it is

stated that customer satisfaction may be affected by the service quality of the organization. In addition, it determines the service quality based on time promised.

Toran (1993) argued that quality should be an essential element of insurance services. Stafford et al. (1998) pointed out that insurance providers are putting increasingly more emphasis on service quality and customer satisfaction. They further noted that service quality in insurance industry is measured through complaint ratio which, as put by Wells and Stafford (1995), is the number of received complaints divided by a measure of insurance business in force.

The conceptualization of service quality has received considerable attention and debate as to actual dimensions in relation to satisfaction quality (Cronin & Taylor, 1992; Brown, Churchill, & Peter, 1993). Evidence from literature, however, suggests that there may be three over-riding dimensions of customer satisfaction, which include the core or outcome aspects of the service, the relational or process aspects and the tangible attributes of the service (McDougall & Levesque, 2000; Narteh & Kuada, 2014).

#### **2.1.4.2. Perceived Value**

Customer perceived value is the consumer's overall assessment of the utility of a product based on perception of what is received and what is given. (Sweeney et al. (1999), Ulaga & Chacour (2000)). It is the value that a customer perceived to gain by purchasing a product. In another word, perceived value is the total perceived benefits minus total perceived costs. Thus, customers will repeat buying the same product if perceives to get same value out of the product. Hence, delivering customer perceived value becomes the motto of marketers. Therefore, some researchers such as Petrick (2002) argued that perceived value is more complex. Since the result of multiple value perceptions could come from customer choice, multidimensional approach of value perceptions should be considered by scholars and managers.

Generally, many scholars defined perceived value as the customers' judgement or valuation by comparing the benefits or utility they obtained from a product, service or relationship, and the perceived costs (Zeithamal, 1998; Monroe, 1990; Gale, 1994). According to Zeithaml (1998), perceived value as the customer's overall evaluation of the value of a product or service based on perceptions of what is given up by them to gain what they received concept. Besides that,

Cronin, Brady, and Hult (2000) also defined that perceived value as benefits obtained and sacrifices made by customer.

#### **2.1.4.3. Price**

Effective and efficient pricing of products or services should form a critical dimension in successful operations of any organization. Price is the amount of money a buyer pays to a seller in exchange for goods or services (Osuagwu, 2001; Kotler and Keller, 2006; Kotler and Keller, 2012). Therefore, price is the value one puts on the utility one receives from product or service (Ogbechi, 2006) price sensitive is a major problem in this part of the world. Monroe and Grewal (1991) stated that people are not only price sensitive but may refrain from purchasing a product or service when they consider or perceive the price is too high but may be also suspicious of the quality of a product or service if its price is below what they consider acceptable. Customers want an affair price for every purchase made for a product or service, otherwise, they will switch to another service or product that offers a lower price and quality (Oyeniye and Abiodun, 2010).

#### **2.1.4.4. Corporate Image**

Based on Boyle (1996) said that image is defined as the “tool impression a corporation put on the minds of people”. Furthermore, corporate image can be defined as “the net results of interaction of all experiences, impressions, beliefs, feelings and knowledge that people have on the corporation” (Worcester, 1997). Corporate image as “the image people have on the corporation through the gathering of received messages” (Fombrun, 1996). Keller and Aaker (1992) said that normally corporate image connects customers’ memory to the organization. Next, corporate image also considered as a type of brand image where it refers to the whole corporation other than its individual products (Bravo, Montaner, and Pina, 2009).

According to Nguyen and Leblanc (2001), corporate image is related to the physical and behavioral attributes of the firm, such as business name, architecture, range of products/services, and to the impression of quality communicated by each person interacting with the firm’s clients. They believe that factors that contribute to corporate image might have originated from customer’s awareness of corporations as physical entities and their behaviors including corporation name, tradition, management philosophy, and diversification of products and so on.

According to Tariq and Moussaoui (2009), customers will be encouraged to repeat purchase in the future if a good corporate image is perceived by them. Therefore, a good corporate image will lead to the success of the corporation as supported by Granbois (1981) who said that corporate image is one of the main aspects that lead to the organization success. Finally, Bravo, Montaner and Pina (2009) stated that both in theory and practice, a strong corporate image is able to increase the success of an organization in the short run and long run.

#### **2.1.4.5. Trust**

According to Ostrom and Lacobucci (1999), trust is defined as the willingness to rely on an exchange partner in which one has confidence. Trust causes dedication because it reduces the costs of negotiating agreements and lessens customer's fear of opportunistic behavior by the provider (Bendapudi & Berry, 1997). Morgan and Hunt (1994), define trust as a willingness to rely on an exchange partner in whom one has confidence. He suggests that brand trust leads to customer satisfaction and commitment because trust creates exchange relationships that are highly Value.

Morgan and Hunt (1994) define trust as one party's confidence in the other's reliability and integrity. Bachmann & Zaheer (2006) state that trust is built before certain parties get to know each other through interactions or transactions. So that it can be concluded that consumer trust is the willingness of one party to accept the risk from the other based on the belief and hope that the other party will act as expected, even though the two parties are not familiar with each other. Ganesan (1994) proposed that a key component of trust is the extent which the customer believes that the vendor has intentions and motives beneficial to the customer and is concerned with creating positive customer outcomes. Suppliers who are perceived as being concerned with positive customer outcomes will therefore be largely trusted that suppliers who appear interested only in their own welfare (Morgan and Hunt1, 1994).

## **2.2. Empirical Review**

Up until now, several approaches have been conducted about the factors affecting satisfaction of insurance business customers. In the following section, the factors affecting satisfaction of insurance business customers have been identified through a comprehensive review of literature.

### **2.2.1. Service Quality and Customer Satisfaction**

Many studies talked about the relationship between service quality and customer satisfaction, (Fornell et al, 1996) concluded that service quality is one of the most important determinants of the American Customer Satisfaction. Regarding a possible link between service quality and customer satisfaction, some authors suggest that a customer's assessment of the former represents a customer's level of satisfaction with their post-purchase perception of the service (Huang, 2016). Upamannyu, et al., (2021), also agree that service quality significantly influences a customer's perception of a given service. An increased level of service quality promotes customer satisfaction and impacts consumers' purchase behavior (Ogbechi. and Okafor, 2018). This variable is also critical for success over time and gaining a competitive advantage (Tariq, and Moussaoui, 2009), therefore, being a key indicator of customer satisfaction concerning service providers' efficiency (Malik, et al., 2012).

Borah (2012), analyze the service quality perception of 50 customers in Jorhat by chosen from Kotak Mahindra Insurance business Company to access their satisfaction level and also identify service factors which have the maximum impact on customers' satisfaction. He used non probabilistic judgment-cum-convenience sampling technique to choose the sample; the finding shows that service quality had significantly affect the customers satisfaction. The study was conducted by Nguye et al. (2018) states that there is a significant relationship between service quality and customer satisfaction (Juhari et al., 2016). Consequently, the following hypothesis (1) will be empirically tested.

***Hypothesis 1: Service quality has a significant impact on customer satisfaction in AIC.***

### **2.2.2. The Relationship Between Perceived Value and Customer Satisfaction**

According to Parasuraman (1997) it said that perceived value could be one of the most important measurements to gain a competitive advantage. Kathy (2013) found that there is a strong and positive relationship between perceived value and customer satisfaction. In addition, Eggert and Ulaga (2002) also confirmed that both cognitive and affective variables should be measured simultaneously together. The study also argued that perceived value and satisfaction should complement each other but cannot be substitutes. Based on another researcher, it said that perceived value is an important determinant for customer satisfaction (Ogbechi and Okafor, 2018). The early findings of Siddiqui & Sharma (2010) & Lok and Srivastava (2013), show that

the perceived value has a direct positive effect upon brand preference, and the major customer perceived risk when purchasing insurance business is financial risk. Recently, in order to integrate customer perceived value and customer satisfaction, a conceptual framework have been developed (Mohamed, 2013; Gong & Yi, 2018). The higher the perceived level of perception, the higher the level of customer satisfaction, there are studies that claim that customer value significantly affects customer satisfaction (Khan, et al., 2013). Conceptually that customers have a "give and take" mentality when it comes to the customer's perceived value perception (Auka, 2012). Accordingly, the following hypothesis (2) will be empirically tested.

***Hypothesis 2: Perceived value has a positive effect on customer satisfaction in AIC.***

### **2.2.3. The Relationship Between Price and Customer Satisfaction**

Besides, Malik, Ghafoor & Iqbal (2012) try to find the impact of brand image, price, and service quality on customer satisfaction. They found that service quality, brand image and price had significantly affected customer satisfaction. Margee, et al. (2012) suggested that value or price quality is a determinant of customer satisfaction. It is similar to the findings of Gong & Yi (2018), indicating that value was a strong predictor of customer satisfaction. On the other hand, the result shown by Dornas, et al. (2014), suggested that customers' perceptions of value describe a trade-off between the benefits they gain from a product/service relative to the sacrifice they perceive by paying the price. Accordingly, the study proposes the following hypothesis:

***Hypothesis 3: Price has a positive effect on Customer Satisfaction in AIC.***

### **2.2.4. The Relationship Between Image and Satisfaction**

Besides, Malik, Ghafoor & Iqbal (2012) try to find the impact of brand image, price, and service quality on customer satisfaction. They found that service quality, brand image and price had significantly affected customer satisfaction. Similarly, Mohamed, Yehia & Tawfik (2013)'s study, they found that corporate image and reputation significantly affected customer satisfaction. Besides, there are some findings of studies that found that corporate image is highly related to customer satisfaction (Hart & Rosenberger, 2004; Malik et al. 2012). Based on Hishamuddin & Asiah (2001)'s results, it indicated that all the factors under the company image show a positive relationship with customer satisfaction. Accordingly, the study proposes the following hypothesis:

***Hypothesis 4: Image has a positive effect on Customer Satisfaction in AIC.***

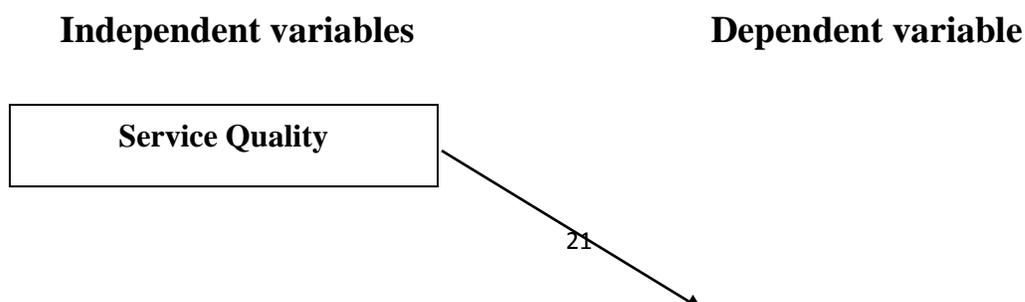
### 2.2.5. The Relationship Between Trust and Satisfaction

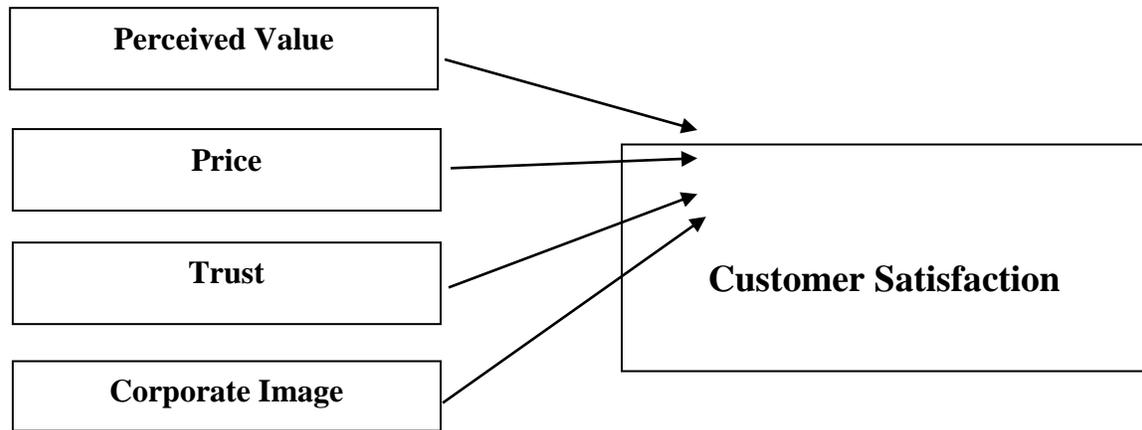
Trust in a salesperson over time can influence customer commitment in an exchange relationship. Social exchange theory can be used to explain trust and commitment relationships through the principle of generalized reciprocity, which holds that mistrust from one party may result in mistrust by the other party, which leads to a decreased commitment in the relationship (Dornas, et al., 2014). This implies that mistrust in the relationship may reduce customer satisfaction, since the perceived cost of mistrust may be more than the benefit associated with the exchanges that might affect future exchanges. The development of trust, good interpersonal relationships between companies and customers, risk reduction, reliability and security of transactions help increase customer satisfaction (Taleghani et al., 2011). Singh and Sirdeshmukh (2000) concluded that customers prefer and be more satisfied with trustworthy relationships that are based on social and cultural norms of exchange and propose that trust directly affects satisfaction and loyalty. Furthermore, Harris and Goode (2004) revealed a positive relationship between satisfaction and trust in a service. Based on these findings, researchers expect that insurance customers who trust their insurers are more satisfied. Hence, the study proposes the following hypothesis:

*Hypothesis 5: Trust has a positive effect on Customer Satisfaction in AIC.*

### 2.3. Conceptual framework

A conceptual framework is a set of broad ideas and principles taken from relevant fields of enquiry and used to structure a subsequent presentation (Kombo & Tromp, 2009). It is a research instrument that helps a researcher to develop awareness and understanding of the situation under inquiry and to communicate it. This proposed model is based on a review of literature related to the factors affecting customer satisfaction in the context of insurance business in order to identify the relationship between these dimensions and propose an analytical framework. From the theoretical and empirical literature reviews, the following conceptual framework of the study is developed by the researcher.





**Figure 2.1 Conceptual Framework**

Source: (Compiled by the Researcher from literature, 2024)

In this research, we want to examine and analyze the effect of antecedent variables of customer satisfaction that have been used in the previous study if applied to insurance business customers in Awash Insurance Company. Based on literature, the author likes to propose an analytical framework to examine the relationship between service quality, perceived value, price corporate image, trust with customer satisfaction (Figure 2.1). From cited literature and proposed model, the author will examine whether service quality, perceived value, price corporate image, and trust influence customer satisfaction.

## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

This chapter presents the research methodology that is utilized in the study. The chapter presents details of the methods that were employed in the study; it has different sub sections that describe and justify the method and process that was used to answer the research questions. Accordingly, the chapter describes the methodologies that are used in this study which includes the choice of research approach, data collection instrument, study population, sampling techniques and data analysis techniques along with an appropriate justification associated with each approach.

#### **3.1. Research Design**

The choice of research design depends on objectives that the researchers want to achieve (Newing, 2011). The primary aim of this study is to examine the factor affecting customers satisfaction in the case of Awash Insurance Company (AIC). To achieve this objective, the researcher employed an Explanatory and Descriptive type of research design through survey questionnaire.

#### **3.2. Research Approach**

Regarding the research approach, the research employed quantitative approach The relationships among variables statistically tested, which required a quantitative approach and used hypothesis testing to determine the relationship among the study variables.

### 3.3. Source of Data

For this study primary sources of data were used. The study utilized questionnaires as a major instrument for collecting primary data. A questionnaire is a research instrument that is used in data collection when dealing with a large sample (Kombo, et al.2002).

### 3.4. Population, Sample Size and Sampling Techniques

#### 3.4.1. Target Population

Target population is the population that a researcher wants to generalize the results of the study (Smyth, 2004). The target population for this study is 384. Out of the 60 branches of Awash Insurance Company in Addis Ababa, four branches, the head office branch, Piasa Branch, Nifas Silk Branch, and Ras Branch—were purposefully chosen for this study. These branches are thought to provide a representative sample because of their relative sizes, years of operation, costs, and availability of time for study. They are purposively selected due to their higher number of insurance business customers.

#### 3.4.2. Sample Size

Since the total population is infinite, to determine the estimate of p and q, the study used the recommendation by Corbetta (2003) in determining the standard deviation, 95% confidence interval and 5% sampling error in calculating the sample size. The sample size for this study is determined by the use formula as presented below (Dillon, 1993).

$$n = \frac{z^2 \cdot p \cdot q}{e^2}$$

Where: n = required sample size

Z = Degree of confidence (i.e. 1.96)<sup>2</sup>

P = Probability of positive response (0.5)

Q = Probability of negative response (0.5)

E = Tolerable error (0.05)<sup>2</sup>

$$n = (1.96)^2 \times 0.5 \times 0.5 / (0.05)^2$$

$$n = 3.8416 \times 0.5 \times 0.5 / 0.0025$$

$$n = 384.16 \cong 384 \text{ Respondents}$$

Therefore, the researcher chose 384 insurance business customers from Awash Insurance's four purposefully chosen offices in Addis Ababa (the head office branch, Piasa Branch, Nifas Silk Branch, and Ras Branch). The researcher selected a sample of 96 Awash Insurance customers from each of the four sample branches, giving us a total of  $96 \times 4 = 384$  Awash Insurance clients.

### **3.4.3. Sampling Technique**

For this study, the researcher employed non-probability sampling techniques to select sample participants. Nonprobability sampling may be defined as any sampling method where some elements of the population have no chance of selection, or where the probability of selection cannot be accurately determined (Twumasi, 2002). The structured questionnaire was completed voluntarily as part of the study using convenience sampling procedures.

### **3.5. Data Collection Methods**

The study utilized questionnaires as a major instrument for collecting primary data. The study used closed-ended questions. This is because closed-ended questions are often good for surveys, because one can get higher response rates. Besides, answers to closed-ended questions can easily be coded and analyzed and make them particularly useful when trying to prove the statistical significance of a survey's results.

### **3.6. Methodes of Data Analysis**

The data collected for this study was analyzed using descriptive and inferential statistics. The collected and processed primary data from the questionnaire analyzed by descriptive statistics, correlation and multiple linear regression analysis. Descriptive statistics such as mean scores, percentages, frequency distribution and standard deviations were computed to describe the characteristics of the variables of interest in the study. Besides, inferential statistics such as multiple linear regression analysis were used to test the hypothesized relationships and to determine the relative importance of each independent variable in explaining the variation customer satisfaction of the case company. Regression analysis is a statistical tool for the investigation of relationships between variables. Regression analysis is also important for quantifying the impact of various simultaneous variables upon a single dependent variable.

### 3.7. Reliability and Validity

#### 3.7.1 Instrument Validity

A validity test of the questionnaires was done on its content. Content validity measures the extent to which a test acts to measure a concept analysis of the items to confirm adequate coverage of the study by the measuring instrument (Oyerinde, 2011). To ascertain the relevance of each question to variables being measured and to ensure that the content of the instrument provides answers to the objectives of the study, content validity of the pilot questionnaire was tested. This was done by experts in the field and then necessary corrections were made on the instrument. More so, the response of the pilot administration of the questionnaire was used to improve the content values of the questions that were used in the main administration.

#### 3.7.2 Instrument Reliability

Reliability tests conducted to ascertain the reliability level of the research. The reliability of a measure indicates the extent to which the measure is without bias and offer consistent measurement across time (Sekaran, 2003). Cronbach's alpha is a reliability coefficient that indicates how well the items are positively correlated to another. The closer Cronbach's alpha is to 1, the higher internal consistency reliability (Sekaran, 2003). The reliability of the questionnaire was tested using Cronbach's alpha correlation coefficient with the aid of Statistical Package for Social Sciences (SPSS) software.

**Table 3.1: Reliability Test Result**

<b>Variables</b>	<b>Cronbach Alpha</b>	<b>No. of Items</b>
Service Quality	0.810	10
Price	0.81	4
Perceived Value	0.849	4
Trust	0.702	4
Image	0.706	5
Customers Satisfaction	0.804	6

Source: Survey Data (2024)

### 3.8. Model Specification

To analyze the factors affecting customer satisfaction in Awash Insurance Company, the study employs a multiple regression model. The model specifies customer satisfaction as the dependent

variable, influenced by five independent variables: service quality, price, perceived value, trust, and corporate image.

The general form of the model is expressed as:

$$CS = \beta_0 + \beta_1SQ + \beta_2P + \beta_3PV + \beta_4T + \beta_5CI + \varepsilon$$

Where:

- CS = Customer Satisfaction
- $\beta_0$  = Constant term
- SQ = Service Quality
- P = Price
- PV = Perceived Value
- T = Trust
- CI = Corporate Image
- $\varepsilon$  = Error term

Each independent variable ( $\beta_1$  to  $\beta_5$ ) represents the coefficient indicating the impact of the respective factor on customer satisfaction. The error term ( $\varepsilon$ ) captures the variability in customer satisfaction not explained by the independent variables. The model is estimated using ordinary least squares (OLS) to determine the strength and significance of each factor's influence on customer satisfaction.

### **3.9. Ethical Considerations**

In terms of ethics, every effort was made to ensure that all respondents keep their identities and responses private, so that all information is provided with complete confidence. Respondents were assured that the information they provide is confidential and used for academic purposes only. Moreover, statements that confirm the prohibition of including any identity details or personal references were included in the questionnaire. More so, the data gathered in the process of the study was kept confidential and not used for any personal interest and the whole process of the study. Hence, the study was controlled within acceptable professional ethics.

## CHAPTER FOUR

### DATA PRESENTATION, ANALYSIS AND DISCUSSION

This chapter deals with presentation, analysis and interpretation of data collected from respondents using questionnaires. The data collected was analyzed and interpreted in line with the objective of the study which was to examine the factor affecting customers satisfaction in the case of Awash Insurance Company (AIC). It gives empirical findings and results following the application of these variables using the techniques indicated in the third chapter.

#### 4.1 Percentage Respondents

**Table 4.1: Response Rate**

Questionnaire distributed	Returned questionnaires	Percentage (%)
384	291	75.8

Source: Survey Data (2024)

The researcher distributed three hundred eighty-four (384) questionnaires, and two hundred ninety-one questionnaires (291) were completed and returned. This represents a response rate of 75.8%. This is a commendable response rate based on Kothari (2004), who pointed that 50% response rate is adequate, 60% is good, while 70% and above is rated to be very good. In addition, Richardson (2005) avers that an overall response rate for a research questionnaire of at least 60% is both desirable and achievable. As such, 75.8% response rate is regarded as a very good response rate warranting the researcher to continue with the analysis and interpretation

## 4.2 Demographic Information of Respondents

This section assesses general demographic information of respondents. Respondents were asked about their gender, age, and level of education attained. This information is not necessarily important for addressing research objectives, but they provided important information that helps the researcher to determine the ability of the respondent to contribute meaningfully to the investigation. The result is presented in Table 4.2.

**Table 4.2 General Information of the respondent**

Main factor	Factor level	Frequency	Percentage
Gender	Male	218	74.9%
	Female	73	25.1%
	Total	291	100%
Age	18 – 30 years	19	6.5%
	31 - 40 years	66	22.7%
	41 - 55 years	184	63.2%
	Over 55 years	22	7.6%
	Total	291	100%
Educational level	Primary	15	5.2%
	Secondary	66	22.7%
	Diploma	31	10.7%
	BA Degree	90	30.9%
	MSC or above	89	30.6%
	Total	291	100%

Source: Survey data (2024)

### 1) Gender

When the profile of respondents reviewed in relation with gender, majority of them, 218 (674.9%) were males while the females make up 73 (25.1%) of the total respondents which indicates existence of significant gender gap in insurance customers as well as access to

insurance provided by the company. Thus, this huge gap needs to work towards attracting female customers to various insurance products by using different incentive mechanisms.

## **2) Age**

As depicted in the above table, majority of the respondents fall within the age bracket of 41- 55 years with 63.2% followed by 31-40 which constitute 22.7% of respondents. Age ranges from 18 - 30 constitute 6.5% of respondents and the remaining 7.6% represent respondents within the age of above 55. This indicates that the majority (almost two-thirds) of the customers that patronize insurance products belong to 41-55 age groups, which are considered middle adulthood. This may be because middle adults have families and want to ensure their loved ones are cared for financially if they die prematurely. Regarding this, evidence shows that from the total population more than half of the Ethiopian population (53%) is young which an ideal potential segment with emerging opportunity for future business development in general and insurance business in particular. In sum, these findings provide the context to design products and strategies to better meet the needs and desires and develop technology driven products to address and expand youth and early adulthood customers.

## **3) Education**

Regarding the educational qualification, 90 (30.9%) of the respondents have a first Degree; 89 (30.6%) respondents have Second Degree; 31 (10.7%) of the respondents have Diploma while 66 (22.7%) have secondary education. The lowest percentage, 5.2%, was achieved primary education. Educational background information collected from the respondent indicated that around 62% of respondents are at least first-Degree holders. One thing which the researcher understood from the above response rate was that insurance products are currently being used by educated people and it can tell to the management of the company that they are not addressing to the largest part of the population in the country who are illiterate so they should have to focus on creating awareness about insurance product features and how they can get and use these products.

### **4.3. Descriptive Analysis of Study Variables**

Descriptive statistic was used to explain the basic features of the data that was collected from the field. Respondents were asked to give their extent of agreement to the statements with a five-

point Likert scale. A 5-point Likert scale was used to rate the various indicators whereby 1 point was accorded to ‘Strongly disagree’, 2 point as ‘Disagree’, 3-point as ‘Neutral’, 4-point as ‘Agree’, and 5-point as ‘Strongly Agree’. The interpretation is made by using the grand mean value and standard deviation of each variable. The researcher used (Shrestha, 2015) guide to interpret the result which is presented in Table 4.3.

**Table 4.3: Descriptive statistics result interpretation guide**

<b>Interval of Means</b>	<b>Interpretation</b>
1.00 – 1.80	Very Low
1.81 – 2.60	Low
2.61 – 3.40	Medium
3.41 – 4.20	High
4.21 – 5.00	Very High

Source: (Shrestha, 2015)

The study identified various variables (Factors of customers satisfaction) from literature. Thus, in this study, customers satisfaction is dependent variables and its antecedents, which include service quality, price, perceived value, trust, and image were identified from literature as independent variables. The summary of descriptive statistics for these variables is illustrated in Table 4.4.

#### **4.3.1. Service Quality**

The first factor the study examined in relation to factors affecting customer satisfaction is service quality. Many studies talked about the relationship between service quality and customer satisfaction, concluded that service quality is one of the most important determinants of customer satisfaction. In recognition of this fact, the study intended to evaluate the perception of sample respondents regarding the company service quality.

As shown below in Table 4.4, the mean score for overall perception of customers towards the service quality is 3.59 and SD 0.90. This implies that the service quality of the company is good

according to majority of respondents. This suggests that the majority of respondents believe the company's service quality is generally good. But, given the current level of competition in the insurance industry in Ethiopia, this is not enough. That in turn gives a clue for company top management that substantial improvement is required to improve the quality of its services.

#### **4.3.2. Perceived Value**

The second factor the study examined in relation to factors affecting customer satisfaction is perceived value. Perceived value is the customer judgement or valuation by comparing the benefits or utility they obtained from a product, service or relationship. Many studies found a strong and positive relationship between perceived value and customer satisfaction. In recognition of this fact, the study intended to evaluate the perception of sample customers about the perceived value of insurance products of the company.

As shown below in Table 4.4, the mean score for the overall perception of customers about the perceived value of insurance products of the company is 3.87, which is considered high. This shows that clients have high perceived value for the company's insurance products, which means they believe they will benefit more from it than it will cost them to buy it. The total standard deviation aggregate was also found to be 0.82 implying that there is general agreement among respondents when assessing their perception of the perceived value of the insurance products of the company.

#### **4.3.3. Price**

Price is the third variable that the study examined in relation to factors affecting customer satisfaction. Effective and efficient pricing of products or services should form a critical dimension in successful operations of any organization. Price is the amount of money a buyer pays to a seller in exchange for goods or service. Many studies found the significant and positive relationship between price of product or service and customer satisfaction. In recognition of this fact, the study intended to evaluate the perception of sample customers regarding the price of the insurance products and services of the company.

As shown below on Table 4.4, the mean score for overall perception of customers for price is 3.5, which is considered high, indicating that majority of customers believe that the price of the company insurance products and services are fair. Additionally, it was found that the overall

standard deviation aggregate was 1.01, indicating that there was some variation in the responses of the respondents when assessing their perception of the price of the insurance products and services of the company.

#### **4.3.4. Trust**

Trust is the fourth variable that the study examined in relation of factors affecting customer satisfaction. Trust is a willingness to rely on an exchange partner in whom one has confidence. Trust in a salesperson over time can influence customer commitment in an exchange relationship. Many studies conclude that customers prefer and be more satisfied with trustworthy relationships that are based on social and cultural norms of exchange and propose that trust directly affects satisfaction. In recognition of this fact, the study set out to assess how sample customers perceived their level of trust in the company in question.

As shown below in Table 4.4, the mean score for the overall perception of customers for price is 3.85, which is considered high. This indicates that most customers have trustworthy relationships with the company that are based on social and cultural norms of exchange. The overall standard deviation aggregate was also found to be 0.79, indicating that respondents generally agreed when asked to rate how much trust they had in the company in question.

#### **4.3.5. Corporate Image**

Image is the fifth independent variable that the study investigated in relation to factors that are associated with customer satisfaction. Image is the net results of interaction of all experiences, impressions, beliefs, feelings and knowledge that people have on the corporation. According to Tariq and Moussaoui (2009), customers will be encouraged to repeat purchase in the future if a good corporate image is perceived by them. Many studies have found that corporate image and reputation significantly affect customer satisfaction. In recognition of this fact, the study intended to evaluate the perception of sample customers' image towards the company.

As shown below on Table 4.4, the mean score for the overall perception of customers for image is 3.60, which is considered high indicating that majority of customers have good image for Awash Insurance Company. Additionally, it was found that the overall standard deviation aggregate was .94, which is close to one indicating that there was some variation in the responses of the respondents when assessing their perception of the image of the company.

#### 4.3.6. Level of Customer Satisfaction

In this study customer satisfaction is dependent variable. Generally, customer satisfaction took place when the customers compare their actual service performance with their expectations of the service. When performance matches or exceeds customer expectations for service, they are satisfied. If not, they are not satisfied (Rahman, et al. 2012). In premises to this, the study analyzed customers level of satisfaction provided by the company using a five-scale measure. Accordingly, the result is presented in table 4.4 above. The respondents' perception of their satisfaction level is high, with a grand mean score of 3.64, indicating that most respondents more agreement concerning the statements specified in the 5 items that measure their satisfaction level. But, given the current level of competition in the insurance industry in Ethiopia, and when it comes to customer satisfaction on service delivery this is not enough. That in turn gives a clue for company top management that substantial improvement is required to improve the level of customer satisfaction. The total standard deviation aggregate was also found to be 0.96, which is close to one indicating that there was some variation in the responses of the respondents when assessing their satisfaction level.

**Table 4.4: Summary of Descriptive statistics for Study Variables**

NO	Factors	N	Minimum	Maximum	Mean	STD
1.	Service Quality	291	1	5	3.59	0.97
2.	Perceived Value	291	2	5	3.87	0.82
3.	Price	291	1	5	3.51	1.01
4.	Trust	291	2	5	3.85	0.79
5.	Corporate Image	291	2	5	3.60	0.94
6.	Customers Satisfaction	291	2	5	3.64	0.96
	Average Mean		3.68			

Source: Survey Data (2024)

#### 4.4. The Relationship between Independent and Dependent Variable

Correlation analysis is a technique used for indicating the relationship of one variable to another and can be considered as a standardized covariance that shows the extent to which a change in one variable corresponds systematically to a change in another (Zikmund et al, 2009). The factors affecting customer satisfaction identified from literature include service quality, price,

perceived value, trust, and image. The study measured the relationship and associations between these constructs. Accordingly, to identify whether the dependent variable and independent variables have a joint variation, a Pearson Correlation Coefficient was computed with aid of SPSS. The study uses Marczyk, DeMatteo, & Festinger (2005) guide to interpret the result which is presented in Table 4.5.

**Table 4.5: Correlation result interpretation guide**

Correlation value in range	Interpretation
0.00 to 0.19	Weak/ very low correlation
0.20 to 0.39	Low correlation
0.40 to 0.59	Moderate correlation
0.60 to 0.79	High correlation
0.8 to 1.0	Very high correlation

Source: (Marczyk, DeMatteo, and Festinger, 2005)

Pearson correlation results range between 1 (perfectly linear positive correlation) to -1 (perfectly linear negative correlation). When the correlation value is 0, no relationship exists between the variables under study and when the correlation value lies in the middle between 1 and -1 (excluding 0) the above interpretation guide (Table 4.5) developed by Marczyk, et al (2005) becomes handy. Accordingly, this guide has been used to interpret the results which are summarized in the coming sections. The findings of the correlation result of the study are presented hereafter.

**Table 4.6: Pearson Correlation Test Results**

		SQ	PV	Price	Trust	CI	CS
SQ	Pearson Correlation	1					
	Sig. (2-tailed)						
PV	Pearson Correlation	.655**	1				
	Sig. (2-tailed)	.000					
Price	Pearson Correlation	.765**	.582**	1			
	Sig. (2-tailed)	.000	.000				
Trust	Pearson Correlation	.458**	.367**	.398**	1		

	Sig. (2-tailed)	.000	.000	.000			
CI	Pearson Correlation	.636**	.545**	.572**	.355**	1	
	Sig. (2-tailed)	.000	.000	.000	.000		
CS	Pearson Correlation	.783**	.680**	.698**	.491**	.657**	1
	Sig. (2-tailed)	.000	.000	.000	.000	.000	
	N	291	291	291	291	291	291

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

Note: *SQ* is Service Quality, *PV* is Perceived Value, *CI* is Corporate Image, and *CS* is Customer satisfaction

Source: Own Survey (2024)

The factors affecting customer satisfaction identified from literature include service quality, price, perceived value, trust, and image. The study measured the relationship and associations between these constructs. Analysis from the study has revealed that service quality, price, perceived value, trust, and image had a positive relationship with customer satisfaction.

The study found a high and positive association between service quality and customer satisfaction in the insurance service of Awash Insurance Company with a correlation coefficient value of ( $r = 0.783$ ). Similarly, analysis from the study has revealed that price, perceived value, and corporate image had a positive relationship with customer satisfaction with a correlation coefficient value of  $r = 0.698$ ,  $r = 0.680$ , and  $r = 0.657$ , respectively. These relationships were also considered high. On other hand, the study found moderate and positive association between trust and customer satisfaction with a correlation coefficient value of ( $r = 0.534$ ).

Furthermore, the study found a positive and stronger association between customer satisfaction with a correlation coefficient value of 0.805 and a significant value of 0.000. The positive association among the variables implies that as one variable improves in performance, it influences the other to equally improve.

#### 4.5. The Effect of Independent Variable on Dependent Variable

The major objective of the study was to examine the factor affecting customers satisfaction in the case of Awash Insurance Company (AIC). This was addressed through multiple linear regression analysis. According to Zikmund, et al. (2009), regression analysis is another technique for measuring the linear association between a dependent and an independent variable. Thus, with

simple regression, a dependent (or criterion) variable, Y, is linked to an independent (or predictor) variable, X. linear regression is used when we want to predict the value of a variable based on the value of another variable. Thus, in this study to identify antecedents (independent or predictor variable) that significantly influence customers satisfaction (dependent or criterion variable), linear regression test has been performed.

To address the five specific objectives of the study, the researcher conducted leaner regression models. In this model, customer satisfaction is dependent variable, while service quality, price, perceived value, trust, and image are independent variables. In the following section the assumption test for multiple linear regression test is checked followed by regression result.

#### **4.5.1. Assumption Test for Regression Analysis**

Multiple linear regressions are based on the assumptions of Ordinary Least Square (OLS). When one decides to analyze data by means of multiple regression, part of the process involves checking to make sure that the data needed to analyze can in fact be analyzed using multiple regression. To draw conclusions about a population based on a regression analysis done on a sample, according to Field (2009) the following assumptions: normality, linearity, no perfect multicollinearity and homoscedasticity must be true. So, in the following section necessary diagnostic tests were carried out on the variables.

##### **4.5.1.1. Multicollinearity Test**

According to Myers (1990), multicollinearity refers to very high inter-correlation among predictor variables. A perfect linear relationship among the independent variables implies difficulty of computing unique estimates for a regression model. Variance inflation factor (VIF) was used to check the seriousness of multicollinearity among explanatory variables. As a rule of thumb, multi-collinearity is a potential problem when VIF is greater than 5; and a serious problem when it is greater than 10 (Field, 2013). The results in Table 4.7 present the collinearity statistics of the predictor variables indicated the collinearity statistics were within the allowable values. The observed variance inflation factor (VIF) values for all predictor variables were less than 5, and the tolerance values were below 1.0, indicating an absence of multicollinearity (Field, 2013).

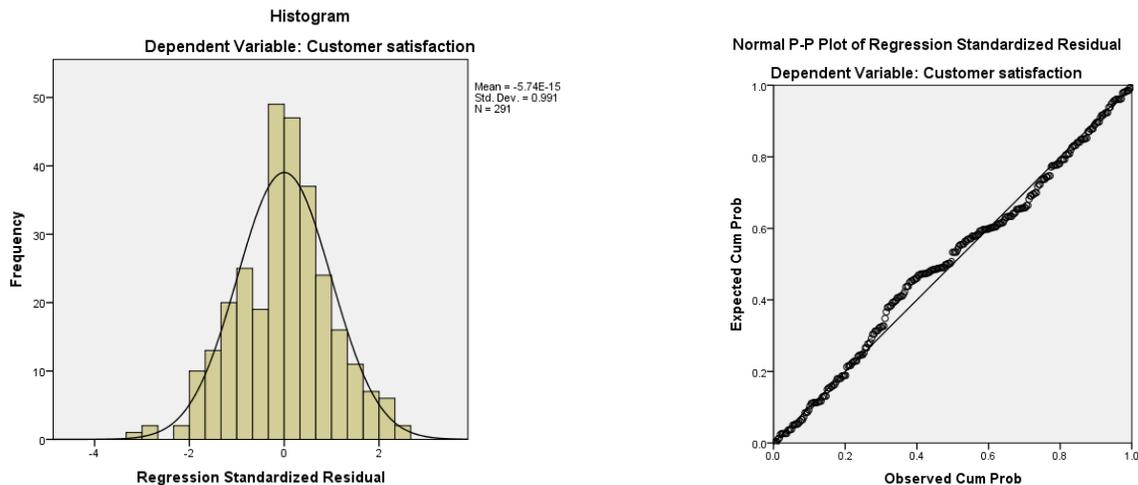
**Table 4.7: Multicollinearity test for the study variables**

Dependent Variable	Independent Variables	Tolerance	VIF
Customer satisfaction	Service Quality	.310	3.229
	Perceived Value	.531	1.884
	Price	.394	2.535
	Trust	.776	1.289
	Corporate Image	.553	1.810

Source: Own Survey (2024)

#### 4.5.1.2. Normality Test

Normality is the assumptions in linear regression that assumes residuals (errors) are approximately normally distributed. To ascertain the degree to which the data met the assumptions of normality required developing a normality probability (P-P) plot or Histogram for each of the criterion variables. Normality assumption of residuals is attained if P-P plot dots are closer to the diagonal line; Normal P-P plot points should lie reasonably straight diagonal line from the bottom left to the top right. Figure 4.1 shows the P-P plots and Histogram of the regression standardized residuals for customer satisfaction. The data points lay in a straight diagonal line from bottom left to top right, indicating no violation of normality assumption.



**Figure 4.1: Histogram/P-P Plot for Normality Test**

#### 4.5.1.3. Linearity Test

The linearity assumption of multiple regression analysis assumes that there must be a linear relationship between the dependent variable and each independent variable, as well as the

dependent variable and the independent variables collectively (Asghar & Saleh, 2012). To ascertain the degree to which the data met the assumptions homoscedasticity and linearity required developing a scatter plot of standardized residuals for each of the criterion variables. Figure 3 and 4 (Appendix 2) shows the graph for each of the criterion variables, and as exhibited in Figure 3 and 4 the points are randomly and evenly dispersed throughout the plot. This pattern according to (Field, 2009) is indicative of a situation in which the assumptions of linearity and homoscedasticity have been met.

#### 4.5.1.4. Homoscedasticity Test

At each level of the predictor variable, the variance of the residual terms should be constant. This just means that the residuals at each level of the predictor should have the same variance (homoscedasticity); when the variances are very unequal there is said to be heteroscedasticity. The most commonly used method is Breusch-Pagan test which was used to test the null hypothesis that the error variances are all equal versus the alternative that the error variances area multiplicative function of one or more variables. Breusch-Pagan tests the null hypothesis that heteroscedasticity is not present. If the significance value is less than 0.05, reject the null hypothesis. A large chi-square value greater than 9.22 is an indication of the existence of heteroscedasticity (Sazali, et al., 2010). In this study, the sig-value for the first model, i.e., fitted values of customer satisfaction was 0.248 and chi-square value of 1.85, which are indicating that heteroscedasticity was not a concern.

**Table 4.8: Breusch-Pagan for Heteroscedasticity**

Breusch-Pagan / Cook-Weisberg test for heteroskedasticity
Ho: Constant variance
Variables: fitted values of customer satisfaction
chi2(1) = 1.85
Prob> chi2 = 0.2480

Source: Survey Data (2024)

#### 4.5.2 Analysis of Regression Results for Antecedent of Customer Satisfaction

The main objective of the study was to analyze the effect of service quality, price, perceived value, trust, and image on customer satisfaction in Awash Insurance Share Company. To address this objective, the study conducted Multiple Linear Regression analysis to identify

antecedents/factors that affect customer satisfaction where service quality, price, perceived value, trust, and corporate image are independent variables, whereas customer satisfaction is the criterion variable.

**i. Model Summary Result**

Coefficient of determination explains the percentage of variation in the dependent variable (Customer Satisfaction) that is explained by all five predictor variables (service quality, price, perceived value, trust, and corporate image). Table 4.9 below presents the model summary.

**Table 4.9: Model Summary for Antecedent of Customer Satisfaction**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.842 <sup>a</sup>	.710	.705	.48180	1.637

a. Predictors: (Constant), Corporate Image, Trust, Perceived Value, Price, Service Quality

b. Dependent Variable: Customer satisfaction

Source: Own Survey (2024)

As indicated in the above table 4.9 R has a value of 0.842, representing the simple correlation between the five independent variables (service quality, price, perceived value, trust, and corporate image) and customer satisfaction. R<sup>2</sup> on the other hand explains the percentage of variation in customer satisfaction that is explained by the five independent variables. The result shows that the five predictor variables (service quality, price, perceived value, trust, and corporate image) that were examined in relation to factors affecting customer satisfaction explain 70.5% of variation in satisfaction of customer in Awash Insurance Share Company as represented by the R<sup>2</sup> value. The remaining 29.5% of the variability in satisfaction of customers in Awash Insurance Share Company is left unexplained by the explanatory variables used in the study.

## ii. ANOVA Interpretation

The analysis of variance (ANOVA) shows whether the model overall results in a significantly good degree of prediction of the outcome variable (Field, 2009). The result in Table 4.10 shows that the sum of squares of the regression is 161.707 at 5 degrees of freedom and a mean square of 32.341. The residual sum of squares is 66.158 with 285 degrees of freedom and mean square value of .232. The test for the joint significant which is given by the  $[F(5,285) = 139.322; p = .000]$ ; it is statistically significant. This implies that the predictor variables (factors affecting customer satisfaction) selected for this study, namely: service quality, price, perceived value, trust, and corporate image, considered to be relevant in explaining satisfaction of customer in Awash Insurance Company.

**Table 4.10: ANOVA Result for Antecedent of Customer Satisfaction <sup>a</sup>**

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	161.707	5	32.341	139.322	.000 <sup>b</sup>
	Residual	66.158	285	.232		
	Total	227.865	290			

a. Dependent Variable: Customer satisfaction

b. Predictors: (Constant), Corporate Image, Trust, Perceived Value, Price, Service Quality

Source: Own Survey (2024)

## iii. Regression Coefficients

The findings in Table 4.11 show the coefficients of the regression. According to the findings, all five predictors of customer satisfaction (service quality, price, perceived value, trust, and corporate image) are significant in predicting the satisfaction of customers in Awash Insurance Share Company since the p values were less than 0.05.

**Table 4.11: Coefficients for Antecedent of Customer Satisfaction**

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	-1.468	.200		-7.342	.000

	Service Quality	.546	.088	.355	6.184	.000
	Perceived Value	.251	.051	.216	4.941	.000
	Price	.217	.076	.145	2.858	.005
	Trust	.145	.042	.126	3.464	.001
	Corporate Image	.236	.055	.185	4.316	.000

a. Dependent Variable: Customer satisfaction

Source: Own Survey (2024)

Accordingly, service quality has a positive and significant effect on satisfaction of customers in Awash Insurance Share Company with a beta value (beta =.546) and t value of 6.184, which is significant. Next, the perceived value has also a positive and significant effect on customers' satisfaction with Awash Insurance Share Company with a beta value (beta =.251) and t value of 4.941, which is also statistically significant. Similarly, prices have also a positive and significant effect on satisfaction of customers in Awash Insurance Share Company with a beta value (beta =.217) and t value of 2.858 which is also statistically significant. Furthermore, trust has also a positive and significant effect on satisfaction of customers in Awash Insurance Share Company with a beta value (beta =.145) and t value of 3.464, which is also statistically significant. Lastly, the corporate image has also a positive and significant effect on satisfaction of customers in Awash Insurance Share Company with a beta value (beta =.236) and t value of 4.316, which is also statistically significant.

When these beta coefficients are substituted in the equation, the model becomes

$$CS = 0.546X_1 + 0.251X_2 + 0.217X_3 + 0.145X_4 + 0.236X_5 - 1.468$$

Where: CS is Customer Satisfaction at Awash Insurance S.C, and X<sub>1</sub>, X<sub>2</sub>, X<sub>3</sub>, X<sub>4</sub> and X<sub>5</sub> represent the five independent variables of service quality, price, perceived value, trust, and image, respectively. This means that holding other factor constant one unit change in insurance service quality result in 0.546 unit change in satisfaction of insurance customer in Awash Insurance Share Company; one unit change in price of insurance result in 0.251 unit change in satisfaction of insurance customer in Awash Insurance Share Company; one unit change in perceived value of insurance products and services result in 0.217 unit change in the satisfaction of customer in Awash Insurance Share Company; one unit change in trust result in 0.145 unit change in the satisfaction of customer in Awash Insurance Share Company; and one unit change

in corporate image of Awash Insurance result in 0.236 unit change in the satisfaction of customer in Awash Insurance Share Company. The results of the study have also revealed that among the five factors affecting customer satisfaction, service quality has a higher significant effect on the satisfaction of customers in Awash Insurance Share Company as revealed by its coefficient (0.546), which is the highest.

#### 4.6. Hypotheses Testing and Discussions of the Findings

The study aimed to examine the factors affecting customers' satisfaction with Awash Insurance Company. The study used multiple linear regression analysis to determine the statistical relationship between independent and dependent variables. All the five null hypotheses as stated in chapter two of this study were tested using multiple linear regression models.

**Table 4.12: Summary of Hypotheses Testing**

Hypotheses	t-statistics	Sig.	Decision
<b>Hypothesis 1:</b> Service quality has a positive effect on customer satisfaction in Awash Insurance.	6.184	.000	Accepted
<b>Hypothesis 2:</b> Perceived value has a positive effect on customer satisfaction in Awash Insurance.	4.941	.000	Accepted
<b>Hypothesis 3:</b> Price has a positive effect on Customer Satisfaction in Awash Insurance.	2.858	.005	Accepted
<b>Hypothesis 4:</b> Trust has a positive effect on Customer Satisfaction in Awash Insurance.	3.464	.001	Accepted
<b>Hypothesis 5:</b> Image has a positive effect on customer satisfaction in Awash Insurance.	4.316	.000	Accepted

Source: Own Survey (2024)

#### **Hypothesis 1: Service quality has a positive effect on customer satisfaction of Awash Insurance**

Decision: accepted the formulated hypothesis since as shown on Table 4.14 above the coefficient for service quality is positive ( $B = .564$ ) and the t-statistics is 6.184, which is also statistically significant. This means that service quality is one of the factors that significantly and positively affected the satisfaction of customers in Awash Insurance Share Company. Hence accepted the formulated hypothesis. Accordingly, the most influences of customer satisfaction in insurance services are that of service quality this has a direct effect of 0.546, in other words if service quality satisfaction rises or falls by a unit, satisfaction increases or decreases in a proportion of 0.546. This finding is supported by previous findings. Upamannyu, et al., (2021), found agree that service quality significantly influences a customer's perception of a given service. An increased level of service quality promotes customer satisfaction and impacts consumers' purchase behavior (Ogbechi. and Okafor, 2018). This variable is also critical for success over time and gaining a competitive advantage (Tariq, and Moussaoui, 2009), therefore, being a key indicator of customer satisfaction concerning service providers' efficiency (Malik, et al., 2012). Nguye et al. (2018) also found that there is a significant relationship between service quality and customer satisfaction

### **Hypothesis 2: Perceived value has a positive effect on customer satisfaction of Awash insurance**

Decision: accepted the formulated hypothesis since as shown on Table 4.14 above the coefficient for perceived value is positive ( $B = .251$ ) and the t-statistics are 4.941, which is also statistically significant. This means that perceived value is one of the factors that significantly and positively affected satisfaction of customers in Awash Insurance Share Company. Hence accepted the formulated hypothesis. This result has prior empirical support in Kathy (2013), who found that there is a strong and positive relationship between perceived value and customer satisfaction. Similarly, Siddiqui & Sharma (2010) & Lok and Srivastava (2013), show that the higher the perceived level of perception, the higher the level of customer satisfaction.

### **Hypothesis 3: Price has a positive effect on Customer Satisfaction of Awash insurance.**

Decision: accepted the formulated hypothesis since as shown on Table 4.14 above the coefficient for price is positive ( $B = .217$ ) and the t-statistics is 2.858, which is also statistically significant. This means that price insurance is one of the factors that significantly and positively affected the satisfaction of customers in Awash Insurance Share Company. Hence accepted the formulated

hypothesis. This finding has consistent with Malik, Ghafoor & Iqbal (2012), who found that service quality, brand image and price had significantly affected customer satisfaction. Likewise, Margee, et al. (2012) found that value or price quality is a determinant of customer satisfaction. However, unlike the present finding, Mathias (2012) found that prices have not significantly impacted on customer satisfaction.

**Hypothesis 4: Trust has a positive effect on Customer Satisfaction in Awash insurance.**

Decision: accepted the formulated hypothesis since as shown on Table 4.14 above the coefficient for trust is positive ( $B = .145$ ) and the t-statistics is 3.464, which is statistically significant. This means that trust is one of factors that significantly and positively affected satisfaction of customer in Awash Insurance Share Company. Hence accepted the formulated hypothesis. This finding has consistency with Singh and Sirdeshmukh (2000) who concluded that customers prefer and be more satisfied with trustworthy relationships that are based on social and cultural norms of exchange and propose that trust directly affects satisfaction. Furthermore, Harris and Goode (2004) revealed a positive relationship between satisfaction and trust in a service.

**Hypothesis 5: Image has a positive effect on Customer Satisfaction of Awash insurance**

Decision: accepted the formulated hypothesis since as shown on Table 4.14 above, the coefficient for corporate image is positive ( $B = .236$ ), and the t-statistics is 4.316, which is also statistically significant. This means that corporate image is one of the factors that significantly and positively affected satisfaction of customers with Awash Insurance Share Company. Hence accepted the formulated hypothesis. This finding consistently with Malik, Ghafoor & Iqbal (2012) found that service quality, brand image and price had significantly affected customer satisfaction. Similarly, Mohamed, Yehia & Tawfik (2013)'s study found that corporate image and reputation significantly affected customer satisfaction. Besides, there are some findings of studies that found that corporate image is highly related to customer satisfaction (Hart & Rosenberger, 2004; Malik et al. 2012).

## **CHAPTER FIVE**

### **SUMMARY, CONCLUSIONS AND RECOMMENDATIONS**

The previous chapter presented the analysis of the findings. This chapter presents a summary of the results, conclusions and the recommendation that the researcher provided. The first section presents a summary of the findings; the second section presents the conclusion of the research, and the last section presents the researcher's recommendation.

#### **5.1. Summary of Major Findings**

The factors affecting customer satisfaction identified from literature include service quality, price, perceived value, trust, and image. The findings of the study based on the research objectives have been summarized as follows.

The descriptive analysis of study variables highlights key factors influencing customer satisfaction at Awash Insurance Company (AIC). The findings indicate that service quality, perceived value, price, trust, and corporate image significantly impact customer satisfaction. Service quality received a mean score of 3.59 (SD = 0.90), reflecting a generally positive perception, though improvements are needed to remain competitive.

Perceived value of the perceived was scored highest with a mean of 3.87 (SD = 0.82), suggesting customers believe they receive good value for their money.

Price fairness was rated with a mean of 3.51 (SD = 1.01), showing a generally favorable perception, albeit with some variability in responses.

Trust in the company was rated highly with a mean of 3.85 (SD = 0.79), indicating strong customer confidence in the company.

Corporate image also received a positive rating with a mean of 3.60 (SD = 0.94), demonstrating a favorable perception of the company's reputation. Overall customer satisfaction scored 3.64 (SD = 0.96), indicating a generally high level of satisfaction but suggesting room for improvement given the competitive insurance industry in Ethiopia. These findings provide valuable insights for AIC's management to enhance customer satisfaction and competitiveness.

The Pearson correlation analysis revealed significant positive relationships between the variables influencing customer satisfaction at Awash Insurance Company. Service quality showed the strongest association with customer satisfaction ( $r = 0.783$ ), Price ( $r = 0.698$ ), perceived value ( $r = 0.680$ ), and corporate image ( $r = 0.657$ ). Trust demonstrated a moderate positive association with customer satisfaction ( $r = 0.534$ ), highlighting its relevance but slightly less impact compared to other factors.

The study analyzed the impact of service quality, price, perceived value, trust, and corporate image on customer satisfaction at Awash Insurance Share Company using multiple linear regression. The model demonstrated a strong correlation ( $R = 0.842$ ) and explained 70.5% of the variation in customer satisfaction ( $R^2 = 0.705$ ). ANOVA results confirmed the model's statistical significance ( $F(5,285) = 139.322$ ,  $p < 0.001$ ). Regression analysis revealed that all five factors significantly and positively influenced customer satisfaction. Service quality showed the highest impact ( $\beta = 0.546$ ,  $t = 6.184$ ), followed by perceived value ( $\beta = 0.251$ ,  $t = 4.941$ ), corporate image ( $\beta = 0.236$ ,  $t = 4.316$ ), price ( $\beta = 0.217$ ,  $t = 2.858$ ), and trust ( $\beta = 0.145$ ,  $t = 3.464$ ).

## **5.2 Conclusion**

The study examined the factors influencing customer satisfaction in Awash Insurance Share Company, focusing on service quality, price, perceived value, trust, and corporate image. The findings confirmed that these factors significantly impact on customer satisfaction, with service quality demonstrating the strongest effect. Descriptive analysis revealed a generally positive perception of the variables, with perceived value scoring the highest, suggesting customers recognize the value they receive for their investment. However, while the overall customer satisfaction level was high, the study highlighted areas for improvement to remain competitive in Ethiopia's dynamic insurance sector.

Correlation analysis affirmed strong positive relationships between customer satisfaction and the independent variables, particularly emphasizing the critical role of service quality, followed by price, perceived value, and corporate image. Trust, although moderately associated with customer satisfaction, was also found to be an essential contributor.

Regression analysis further validated the significance of all five factors in influencing customer satisfaction, with the model explaining 70.5% of the variation. This highlights the collective importance of these determinants and underscores the need for Awash Insurance to prioritize improvements in service quality, maintain fair pricing, enhance perceived value, build trust, and strengthen corporate image.

In conclusion, the study provides robust evidence that a strategic focus on these key factors will enhance customer satisfaction, ensure customer loyalty, and bolster Awash Insurance's competitive advantage in the evolving insurance market. These insights are instrumental for decision-makers aiming to align operational strategies with customer expectations and market demands.

## **5.3 Recommendation**

Based on the findings and conclusions of the study, to better enhance customer satisfaction for better performance of the organization the following recommendations are forwarded.

- This study demonstrated that the variable that most influences customer satisfaction in insurance services is to enhance the efficiency and effectiveness of service to make sure

the service quality of the insurance company maintains a high level. Service quality can be improved by several practices such as: performing service quickly and giving attention to each customer's needs; providing policy and contract information and documentation correctly; introducing contract terms clearly for customers with supplementary explanations for specialized terms in the contract; and completing the service process to make it convenient for customers. To do that, ensuring the competency of service personnel is very important. Thus, to achieve high efficiency and effective standards of service, the Awash Insurance Company managements should enhance the performance of their employees.

- The company should provide training courses for their staff and agencies on knowledge of insurance products and services, communication and problem-solving skills, etc. No matter they are from front office or back office, the company can apply the award system, for example, give a certain percentage of salary as bonus to the employee who achieved the required performance which set by the managements, to encourage all employees to serve the customer as best as they could. Besides, managements need to learn more advanced technologies and apply useful technologies to the insurance company to improve the efficiency and effectiveness of service.
- On the other hand, the improvement in the perceived value also can help the Awash Insurance Company to improve customer satisfaction. The managements should always evaluate the helpfulness of the insurance products to the customers and update any outdated clauses to create customers' confidence that they are under the protection by the insurance policies they are purchasing. The company management also can show their concern towards customers, such as giving away a celebration card to every customer during the festive seasons and perhaps giving a small surprise birthday present to the customers during their birthday can make the customers feel warm when they are purchasing the insurance products from the branches.
- Besides, as this study has shown to enhance customer satisfaction, another priority is to improve corporate image which reflects the reputation, corporate branding, corporate social responsibility (CSR), interaction between companies with customers, and business ethics, therefore, Awash Insurance Company managements need to make efforts to build up a positive corporate image to customers to further improve customer satisfaction.

Moreover, the company management must comply with the laws to avoid any lawsuit that will negatively influence the company's reputation and image.

- The study also reveals that prices have contributed to customer satisfaction with the company. Thus, it is possible to say that to measure and understand price satisfaction is very important because of its influence on the customer satisfaction formation process. If Awash Insurance needs to compete through customer satisfaction, one of the steps to take is to measure the price satisfaction held by customers, and to ascertain how the constructed price satisfaction is formed and how it can be modified to better reflect the intended result.
- Although the role of trust contributes relatively less in influencing the customer satisfaction in this study, but the company managements should not overlook this element as it still significantly and positively influences both customer satisfaction. To get customer trust, the company should be transparent with customers, share positive reviews and testimonials, ask for customer feedback, create a loyalty program and cultivate relationships. By treating the customers as would a friend, sharing positive reviews and testimonials, ask for customer feedback and offering loyalty program, the company can establish a strong foundation of trust with the customers that will give them a reason to stay loyal.

#### **5.4 Area Further Research**

This study also has limitations. In terms of methodology, this study utilizes survey data gathered via self-reported questionnaires and individual bias in reporting may exist. Because of the time and resource limitation, this study can only rely on external customers' perceptions, and only in one insurance company, Awash Insurance Company. These limitations restricted the scope of the studies and the conclusion of the study. To overcome these limitations, it is recommended that in future, a similar study be conducted among other insurance companies in Ethiopia. Future research should be conducted with an expanded sample which allows the researchers to measure satisfaction of both external and internal customers. This will be important to generalize the findings for the entire manufacturing sector.

Furthermore, future studies should develop a new measurement construct to capture customer perceptions of corporate image, service quality, etc. besides the existing scales used in this study.

For example, future studies could focus on the role of insurance agencies in introducing new products and interaction with customers; the utilization of an information system in service quality management; and perceived switching cost from a customer perspective. Future research instruments can use both qualitative and quantitative methods. The Likert scale was used in this study to find the data. Therefore, the researcher suggests adding some open-ended questions or interviews that can be conducted to explain and describe respondents' perspectives of the topics thoroughly.

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## **Appendix I: Research Questionnaire**

**St Mary's University**

**School of Graduate Studies**

**Master of Business Administration (MBA) Program**

The purpose of this questionnaire is to collect data for post graduate study in St Mary's University for the study entitled "A Factors affecting Customer satisfaction of Insurance business: The Case of Awash Insurance Share Company". This questionnaire is required to assist in determining the objectives of the study. Your privacy will be kept anonymous and, therefore, no one knows who provided the information. Any information provided will be used for academic purposes only and will be treated in strict confidence. Therefore, you are kindly requested to provide your responses to different questions below.

**General Instruction:** - Circle your response or indicate "√" in the box beneath for closed-ended questions among the alternatives provided. You don't need to write your name. If you have any questions about the questionnaire.

**Section A: Demographic Profile of Respondent**

**Instruction:** Circle your response against any response that applies to you.

1.	Sex:	Male <input type="checkbox"/>	
		Female <input type="checkbox"/>	
2.	Age:		
3.	Education level	Primary school <input type="checkbox"/>	First Degree <input type="checkbox"/>
		Secondary school <input type="checkbox"/>	Master & above <input type="checkbox"/>
		Diploma <input type="checkbox"/>	
4.	How many years have you been a customer of AIC?		

**Section II: Factors affecting Customer satisfaction**

In the section below, indicate the extent to which you agree with each of the following statements regarding the factors affecting customer satisfaction by circling, ticking or underlining that which most closely matches your opinion. Tick (✓) any option that represents your answer.

NO.		Strongly disagree	Disagree	Neutral	Agree	Strongly disagree
		1	2	3	4	5
	<b>Service Quality</b>					
1.	The services provided by Awash Insurance are reliable and dependable.					
2.	The employees of Awash Insurance are knowledgeable and competent.					
3.	Awash Insurance provides prompt and timely services.					

NO.		Strongly disagree	Disagree	Neutral	Agree	Strongly disagree
		1	2	3	4	5
4	The employees are courteous and treat customers with respect.					
5.	The physical facilities of Awash Insurance (e.g., offices) are appealing and comfortable.					
6.	Awash Insurance effectively resolves customer issues and complaints.					
	<b>Perceived Value</b>					
1.	The services I receive from Awash Insurance are worth the money I pay.					
2	Awash Insurance offers competitive benefits compared to other insurance providers.					
3.	The value I get from Awash Insurance matches my expectations.					
4	Awash Insurance provides additional value beyond just insurance coverage.					
5.	Overall, I feel that the value of services from Awash Insurance is high.					
	<b>Price</b>					
1.	The pricing of Awash Insurance products is reasonable and affordable.					
2.	The premiums I pay are consistent with the level of service I receive.					
3.	Awash Insurance provides clear and transparent information about pricing.					
4	I find the price of services offered by Awash Insurance to be competitive.					
5	The payment options provided by Awash Insurance are flexible and convenient.					
	<b>Trust</b>					
1.	I trust Awash Insurance to act in my best interest.					
2.	Awash Insurance handles my information confidentially and securely.					
3.	I feel confident about the financial stability of Awash Insurance.					
4	Awash Insurance provides accurate and honest information about its services.					
5	I can rely on Awash Insurance to deliver as promised.					
	<b>Corporate Image</b>					

NO.		Strongly disagree	Disagree	Neutral	Agree	Strongly disagree
		1	2	3	4	5
1.	Awash Insurance has a good reputation in the industry.					
2.	I trust the brand of Awash Insurance based on its public image.					
3.	Awash Insurance engages in socially responsible activities.					
4	The company communicates effectively and transparently with customers.					
5	Awash Insurance consistently delivers on its promises.					
	<b>Customer Satisfaction</b>					
1.	I am satisfied with the overall service provided by Awash Insurance.					
2.	My experiences with Awash Insurance meet my expectations.					
3.	I would recommend Awash Insurance to others based on my satisfaction.					
4	I feel valued and appreciated as a customer of Awash Insurance.					
5	I intend to continue using Awash Insurance for my insurance needs.					
	I am satisfied with the overall service provided by Awash Insurance.					