

**SERVICE QUALITY AND ORGANIZATIONAL PERFORMANCE OF
INSURANCE COMPANIES IN RWANDA**

A Thesis

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Of Master of Business Administration
(Marketing option)**

By


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Declaration A

I declare that this thesis is my original work and has not been presented for a Degree or any other academic award in any university or institution of learning.

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Name and signature of the candidate

16/12/2013

Date

DECLARATION B

I confirm that the work presented in this thesis was conducted under my own supervision


Dr. Gulebgo Munzamiir Sand

Name of the supervisor and signature

16/12/2013

Date

Dedication

This thesis is dedicated to Dr. Bosire Josephat Kerosi for his support and guidance through this struggle may God reward him the best. Furthermore it is also dedicated to my parents, my family members and friends whose prayers have enabled me reach heights that I would never have reached.

Acknowledgement

First and foremost, I want to acknowledge God Almighty for allowing me to finish my work amidst challenges, Dr. Bosire Josephat Kerosi for his financial support. A Lot of thanks goes to my Supervisor Dr. Gulebyo Muzamil Said who worked tirelessly to ensure that I produce quality work on time.

List of Acronyms and Abbreviations

RMA	Rwanda Manufacturers Association
RNBS	Rwanda National Bureau of Standards
RRA	Rwanda Revenue Authority
KIU	Kampala International University
PLCC	Pearson's Linear Correlation Coefficient
SAQ	Self Administered Questionnaires
SPSS	Statistical Packages for social scientists
CVI	Content Validity Index
CV	Curriculum vitae

Abstract

This study was set out to establish the extent to which Service quality and organizational performance of insurance companies in Kigali Rwanda; specifically the study intended to establish the (i) level of service quality, (ii) level of organizational performance, (iii) whether there is a significant difference in the level of service quality and organizational performance, (iv) whether there is a relationship in the level of service quality and organizational performance in Kigali, Rwanda. The study used a survey design; specifically descriptive correlation and descriptive comparative; data were collected from 208 respondents using self administered questionnaires as the key data collection instruments. Data were analyzed using frequency counts and summary statistics, Pearson Linear Correlation coefficient and Regression Analysis. The study findings revealed that there was a high level of services quality, there was also high level of organizational performance, the level of service quality and organizational performance significantly differed among the companies in Kigali city and that service quality in the four (4) companies of Kigali city is significantly correlated with organizational performance. From the above findings appropriate conclusions and recommendations including those for further research were made. Recommendations from the study were (i) Insurance companies should state their goals clearly and ensure that they achieve their goals by making sure all employees fully understand, (ii) Insurance companies should ensure continuous improvements in their services, (iii) Insurance companies should assemble together the right team in terms of abilities and skills to in different departments and level of management to achieve business performance, (iv) Create a right or positive attitude among employees as it is the best driving factor for performance, (v) Insurance companies should offer quality services to consumers as this gives your organization a good lasting impression, and (vi) Plan for success at different levels of management as a good plan helps to increase the chances of your business performance.

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CHAPTER ONE

THE PROBLEM AND ITS SCOPE

Introduction

This chapter presents the background, problem statement, purpose, objectives of the study, research questions, hypotheses, scope, and significance of the study of the study.

Background of the Study

Historical perspective

Before privatization by the government of Rwanda in 2000, there was only one national insurance provider in Rwanda, which was supposed to serve the entire population in Rwanda. This led to many people being denied quality insurance services because of the monopoly national insurance provider had by then. To boost development because of competition among private operators which yields better quality services, to reduce cost operation by placing risk in the hands of business or private enterprise, to increase the productivity, to lower prices and greater supply in goods and services, to get effective and time bound results among other reasons, the government of Rwanda privatized business sector which led to many private insurance companies springing up including Sonarwa general insurance company, Soras, Cogear, Phoenix Assurance Company, UAP, Radiant insurance among others.

To achieve what insurance companies were created for, they should perform well to the expectations of all stakeholders especially by offering quality services to be successful

on the market to achieve intended goals and objectives. Marciariello, (2006) contends that all organizations need to be innovative by offering quality services as this enables the organization to realize its organization's goals and objectives and consequently general good business performance.

Several researchers have had interest in business performance in different contexts. For example, Khan (2005) studied sustainability and business performance of Mercedes Benz in Munich Germany, Hisrich (2010) studied time management skills and venture success in Eritrean fishing industry, Delmar (1996) assessed entrepreneurship behaviour and small business performance in Stockholm. All these studies left gaps for further studies as none of these studies have looked into reasons service quality , determinants of service quality, how the different types determinants of service quality affect business performance of insurance companies in Rwanda, a gap the this research shall attempt to fill.

Theoretical perspective

This study was based on Drucker's (2006) Three Sigma Theory. According to this theory, many businesses prosper later decline and fail because of the assumptions they make that form the basis for their fundamental business decisions (about society, markets, customers, products, technology, their mission, among others) which become obsolete or invalid as time goes by. This is because the business environment is dynamic in that even the most sound business theories eventually become obsolete which calls for organisations to offer quality services if they continue to reflect the

current realities in order to remain relevant in the market and remain abreast with competition in the market arena for any organisation to achieve business performance. On the basis that theory of the study, it is proposed that business performance in insurance companies in Rwanda could be influenced by service quality.

Conceptual perspective

In this study, the dependent variable is business performance. Mullins (2002) refers to organizational performance as referring to output or results of an organization as measured against its intended outputs (or goals and objectives). In this study, organization's performance refers to how the organization scores on the different dimensions such as financial performance indicators, customer service and corporate social responsibility. In this study, business performance refers to how the organization scores on the different dimensions such financial performance indicators, customer service and corporate social responsibility.

The independent variable in this study is service quality. According to Lewis and Booms (1983) service quality is a measure of how well a delivered service matches the customer's expectations. In this study, service quality is conceptualized to be referring to reliability, responsiveness, competence, credibility, security, accessibility, and understanding the customers.

Contextual perspective

The proposed study took place in all the different insurance companies in Rwanda where business performance has been reported to be low. According to Sangano (2011) Insurance coverage in Rwanda is still low with a penetration rate of 2.3%. A revised regulatory environment has sparked off unprecedented growth in Rwanda's insurance industry that only four years ago was characterized by small operations that provided limited policies. The change in fortune for the local insurance sector is a result of the 2009 legislation that aligned operations to international best practices – separate underwriting of life and general insurance to ensure efficiency. National regulator figures reveal that the Insurance sector grew by 36% during the past 12 months ending December 2012 with gross premiums increasing by 67% from 45 billion in 2011 to 77 billion. Total assets reached 214 billion up from 157 billion of the previous year. This good performance is a reflection of the impact of supervisory reforms undertaken in the insurance industry. Major developments are related to prudent underwriting, investments and improved professionalism, BNR says in a recent monetary policy and financial stability statement among others, which puts business growth of insurance companies at risk.

Statement of the Problem

Organisations wishing to survive in today's competitive world have to perform well to the expectations of every stakeholder and one thing organisations can do to survive and thrive is to have the best service quality from its staff to satisfy the needs of the

consumers, given its associated innumerable benefits such as it leads to effective service delivery, gives the organisation a competitive edge, minimises wastage of resources, gives organisation a good reputation, among others (Drucker, 1994). Unfortunately, however, organizational performance of insurance companies in Rwanda has consistently been reported to be poor. As indicated by Nelson (1991) indicated that there was poor organisational performance in terms of poor sales, some are not making profits, poor customer care by insurance companies in Rwanda. With the social, political and economic development for the last three decade since the liberalisation of the economy, the customers and citizens of Rwanda have been enlightened. The delays in information flow, difficulty in accessing elements of information and documents, difficulty in exchange of data, difficulty in getting insurance, the unachieved infrastructures and buildings, the long queue of customers observed in insurance companies and wastage of resources that arise out of carrying out different programmes but looking for information by different departments, but worse of it decisions being made basing on the outdated information (Nelson, 1991).

These results into the outcry of customers and citizens for better delivery of insurance, and services delivery as the most challenging factor in the lives of the majority of Rwandan citizens. It's on the basis of this that the researcher wants to research on service delivery and organisational performance.

Purpose of the Study

The study investigated the extent to which service quality affects organizational performance in insurance companies in Kigali, Rwanda.

Research Objectives

This study sought to:

- 1) To investigate the level of service quality in insurance companies in Kigali, Rwanda.
- 2) To determine the level of organizational performance in insurance companies in Kigali, Rwanda.
- 3) To establish the relationship between service quality and organizational performance in insurance companies in Kigali, Rwanda.
- 4) To establish whether there is a difference between service quality and performance of insurance companies in Kigali, Rwanda.

Research Questions

The study answered the following questions:

- 1) What is the level of service quality in insurance companies in Kigali, Rwanda?
- 2) What is level of organizational performance in insurance companies in Kigali, Rwanda?
- 3) What is the relationship between service quality and organizational performance in insurance companies in Kigali, Rwanda?
- 4) Is there is a difference between service quality and performance of insurance companies in Kigali, Rwanda.

Hypotheses

- 1) There is no relationship between service quality and organizational performance in insurance companies in Kigali, Rwanda.
- 2) There is no difference between service quality and performance of insurance companies in Kigali, Rwanda.

Scope of the Study

Geographical scope

The study was carried out in selected insurance companies of Sonarwa general insurance company, Soras, Cogear, Phoenix Assurance Company, Uap, Radiant insurance in Kigali Rwanda.

Theoretical Scope

The study was based on Drucker's (2006) Three Sigma Theory. According to this theory, many businesses prosper later decline and/or fail because of the assumptions they make that form the basis for their fundamental business decisions (about society, markets, customers, products, technology, their mission, among others) which become obsolete or invalid as time goes by. On the basis that theory of the study, it is proposed that business performance in insurance companies in Rwanda could be influenced by service quality.

Content scope

The study focused on how service quality affects organizational performance of selected insurance companies in Kigali, Rwanda. The respondents in the research were

employees in insurance companies in Kigali, Rwanda who were proportionately represented.

Significance of the Study

- 1) The findings of the study will be used by government agencies such as Rwanda Manufacturers Association (RMA), Rwanda National Bureau of Statistics (RNBS), and Rwanda Revenue Authority (RRA) to evaluate the role of service quality on organizational performance as they come up with policies affecting insurance companies in Rwanda.
- 2) The study findings will help policy makers in different Insurance firms (Sonarwa genaral insurance company, Soras, Cogear, Phoenix Assurance Company, UAP, Radiant insurance) to come up with informed decisions concerning quality and organizational performance of insurance companies in Kigali, Rwanda.
- 3) The study findings will be used as reference for future researchers in the study or related studies having contributed to operational definition of concepts, literature and methodology for such future studies.
- 4) The study findings will be used by future investors both local and international who hope to invest in the insurance industry to enter the industry with enough information on which business strategies to use.

Operational Definitions of Key Terms

For the purpose of this study, the following terms are operationally defined:

Agent: One who represents and acts for another under the contract or relation of agency. Agents are either general or special. A general agent is one employed in his capacity as a professional man or master of an art or trade, or one to whom the principal confides his whole business or all transactions or functions of a designated class; or he is a person who is authorized by his principal to execute all deeds, sign all contracts, or purchase all goods, required in a particular trade, business, or employment.

Demographic characteristics refer to the profile of the respondents as to age, gender, highest educational qualifications among others.

Insurance is a contract (policy) in which an individual or entity receives financial protection or reimbursement against losses from an insurance company. The company pools clients' risks to make payments more affordable for the insured. It's the equitable transfer of the risk of a loss, from one entity to another in exchange for payment. It is a form of risk management primarily used to hedge against the risk of a contingent, uncertain loss.

Insured - a person whose interests are protected by an insurance policy; a person who contracts for an insurance policy that indemnifies him against loss of property or life or health among others.

Insurer, or insurance carrier, is a company selling the insurance; the insured, or policyholder, is the person or entity buying the insurance policy. The amount of money to be charged for a certain amount of insurance coverage is called the premium. Risk management, the practice of appraising and controlling risk, has evolved as a discrete field of study and practice.

Principal refers to an arrangement in which one entity legally appoints another to act on its behalf. In a principal-agent relationship, the agent acts on behalf of the principal and should not have a conflict of interest in carrying out the act.

Principal-Agent Relationship The relationship between the principal and the agent is called the "agency," and the law of agency establishes guidelines for such a relationship. The formal terms of a specific principal-agent relationship are often described in a contract.

Service Quality in this study is described in terms of these Aspects: Reliability, Responsiveness, Competence, Credibility, Security, Accessibility, and Understanding the customers.

Organization's performance refers to how the organization scores on the different dimensions such as financial performance indicators, customer service and corporate social responsibility.

Profile refers to the characteristics of the respondents which are: age, gender, highest educational qualifications, rank, and position in the insurance companies and number of years in present position.

CHAPTER TWO

LITERATURE REVIEW

Concepts, Opinions, Ideas from Authors/Experts

Introduction

This chapter discussed the various concepts used in the study as applied by the various authors and provides the ideas and opinions shared in secondary data by various earlier studies.

Service Quality

Olum (2004) looked at customer relations management as effective customer care which implies that a business enterprise must always look out for those things that can keep its customers satisfied of the services or products it supplies. This means that quality service provision, backed by excellent customer care is two critical tenets that enterprises must attend to if they wish to succeed. This means that whether you are in operations section, personnel, stores, marketing, accounts, distribution, administration, processing unit, you all contribute to some form of service to customers. Every body's behaviour can affect positively or negatively the quality of service we provide.

The above views were in line with Karl's views reflected in Odoki (2003) that quality service is a level of service quality compared to your competitors that is high enough to the eyes of the customer that it enables you to charge a higher price for your service /product, gain un naturally large market share, and or enjoy a high profit margin than your competitors.

Service quality involves a comparison of expectations with performance. According to Lewis and Booms (1983) service quality is a measure of how well a delivered service matches the customer's expectations. Generally the customer is requesting a service at the service interface where the service encounter is being realized, and then the service is being provided by the provider and in the same time delivered to or consumed by the customer. The main reason to focus on quality is to meet customer needs while remaining economically competitive in the same time.

This means that satisfying customer needs is very important for the enterprises to survive. The outcome of using service quality practices include understanding and improving of operational processes, identifying problems quickly and systematically, establishing valid and reliable service performance measures and measuring customer satisfaction and other performance outcomes Parasuraman et al (1985).

Competence as one of the factors of service quality refers to the possession of the required skills and knowledge to perform the service: knowledge and skill of the contact personnel, knowledge and skill of the operational support personnel, research capability of the organization. Any other service quality factor is courtesy which includes politeness, respect, consideration and friendliness of the contact personnel and consideration for the customer's property, clean and neat appearance of public contact personnel. In the list of service quality is also credibility which refers to trustworthiness, believability and honesty. It involves having the customer's best interest at heart: company name, company reputation, personal characteristics of the contact personnel.

Security being one of the factors of service quality means freedom from danger, risk or doubt: physical safety, financial security and confidentiality (Zeithaml et al, 1990).

Others include Access or approachability and ease of contact: service is easily accessible; waiting time to receive service is not extensive, convenient hours of operation, convenient location of service facility. Communication as a factor of service quality means informing the customers in a language they can understand and listening to them. It may mean that the company has to adjust its language for different consumers: explaining the service itself, explaining how much the service will cost, and explaining the tradeoffs between service and cost, assuring the consumer that the problem will be handled. Understanding/ knowing the customer as a factor of service quality implies making the effort to understand the customer's needs: understanding customer's specific needs, providing individualized attention and recognizing the customer, Zeithaml et al (1990)

Tangibleness which refers to physical evidence of the service: appearance of physical facilities, tools and equipment used to provide the service, appearance of personnel and communication materials, other customers in the service facility is also a service quality factor. Reliability which refers to the ability to perform the promised service dependably and accurately: service is performed right at the first time; the company keeps its promises in accuracy in billing, in keeping records correctly and in performing the services at the designated time and Responsiveness which is the willingness and/ or readiness of employees to help customers and to provide prompt service, timeliness of

service: mailing a transaction slip immediately, setting up appointments quickly are part of service quality factors (Parasuraman et al, 1985).

Organizational Performance

Mullins (2002) refers to organizational performance as referring to output or results of an organization as measured against its intended outputs (or goals and objectives). In this study, organization's performance refers to how the organization scores on the different dimensions such as financial performance indicators, customer service and corporate social responsibility.

Financial performance indicators are factors such as profits, sales, market share, and earnings per share (Gong et al, 2009).

Turban (2002) defines customer service is customer care is a series of activities designed to enhance the level of customer satisfaction – that is, the feeling that a product or service has met the customer expectation.

Corporate social responsibility is a self-regulating mechanism whereby business monitors and ensures its active compliance with the spirit of the law, ethical standards, and international norms through its activities on the environment, consumers, employees, communities, stakeholders and all other members of the public sphere (Saether and Aguilera 2008).

Various authors have written on organization's performance, for example:

Ostroff (1992) asserts that the term 'organization's performance' is used comfortably in three time- senses - the past, present, and the future. In other words, performance can refer to something completed, or something happening now, or activities that prepares for new needs.

Profitability, for instance, is often regarded as the ultimate performance indicator, but it is not the actual performance. The actual performance occurred sometime back - first with decisions and then the actions that followed the decisions. Profit is therefore an indicator of previous performance. In this sense, performance is the outcome or 'end'.

If you are also interested in current behaviour that are associated with good or high performance, then you must identify and assess them as they occur. These behaviours start with the strategic planning process and continue into implementation, monitoring and assessment. In this sense, performance is the 'activity' or 'means'.

Organizations are also interested in predictors of performance - conditions and behaviours that have been shown over time to lead to better performance. In this sense, performance is a package of behaviour around strategic planning and programming.

In other words, organization's performance is a complex topic that is not addressed by the annual financial report. (Salamon and Robinson, 2008).

Theoretical Review

In this study, the researcher opted to view business performance as a special case of business performance, and hence could make use of business performance theories, which assert that there are factors (referred to as service quality in this study) that influence the business performance of any business firm (Drucker, 2006). Several studies have examined the causes of high and low performance in organizations from this theoretical orientation or perspective such as Lamoen, 2011; Nahlinder, 2010 and Naranjo, 2011, among others. The particular theory adopted in this study is Drucker's (2006) Three Sigma Theory, which explains that business performance is affected by innovation. This Theory is popular in Philosophy and like disciplines, was developed by Peter Ferdinand Drucker.

Drucker's (2006) Three Sigma Theory states that many businesses prosper, later decline and fail because of the assumptions they make, that form the basis for their fundamental business decisions (about society, markets, customers, products, technology, their mission, among others) which become obsolete or invalid as time goes by. This is because the business environment is dynamic in that even the most sound business theories eventually become obsolete which calls for organisations to satisfy their consumers in order to remain relevant in the market and remain abreast with competition in the market arena for any organisation to achieve business performance.

Related Studies

Odoki (2004) while looking at customer's satisfaction as a benchmark for quality service in Uganda's financial sector realized that there is need for establishing and maintaining a cutting edge focus and customer driven mind set if organisations are to survive. Organisations must therefore focus and engage every employee in fulfillment of internal and external customer expectations. Industry leaders should not therefore wait for customers to seek their services rather they should proactively challenge status quo and forge a product innovation that attracts the customers.

Olum (2004) continues to argue that effective customer care implies that a business enterprise must always look out for those things that can keep its customers satisfied of the products and services it supplies. Therefore, the factors that can enhance customer care include saturating the market with what the customer needs, protecting or not allowing the interests of the customer to be interfered with, top management commitment, understanding the market being served, the implementation and control of customer care programs, staff development among others.

According to Odoki (2004) customer satisfaction will result in to increased business growth, higher return on sales, enhanced corporate image, impetus for new products and services like ATM, improved market share, reduced staff turnover, decreased recruitment and training among others.

Reliability of service quality and business performance

Mukesh et al (2009) while looking at Comparative evaluation of critical factors in delivering service quality of banks: An application of dominance analysis in modified SERVQUAL model identified some of the reliability factors as staff keeping promise, sincere interest in solving customers' problems, staff performing service right the first time, provide services at the time they promise to do so, insisting on error-free records and staff telling customers exactly when services will be performed. Al- Fawzan (2005) continue to add to reliability factor items like service provider performing the service the right time it is wanted by the customers, Service is done right from the beginning, having trust that the staff will solve any problem if it occurred and clients' transactions being error free.

Responsiveness of service quality business performance

Responsiveness in the SERVQUAL dimension is measured in terms of organization quick response when there is a problem, the staffs willing to answer client questions, service provider offering specific times for service accomplishments given to client and the public situations treated with care and seriousness (Zeithaml, Parasuraman & Berry, 1988). Al-Fawzan (2005) observed that responsiveness includes customers always being informed when the service is done, staff always respond to customer's requests, employees serving customers without delay or hesitation are part of the responsive factor.

Competence of service quality and business performance

Mukesh et al (2009) identified the factors of competence in SERVQUAL as staff telling customers exactly when services will be provided, prompt service, staff willingness to help, prompt response from staff, behaviour of staff instilling confidence in customer, customers feeling safe in their transactions, friendliness and courtesy of staff, staff having knowledge to answer questions, individual attention given by staff, convenient operating hours, staff giving customers best interest at heart, personal attention given to customers, understand the specific needs of customers and able to conduct transaction immediately.

Mboma (2006) argues that possession of skills and knowledge in the field of that service is an aspect of competence. A car mechanic with the requisite knowledge of a particular car will do better job than one who claims to be a mechanic of all the vehicles in the world

Credibility of service quality and business performance

Credibility as observed by Minjoon et al (2003) while carrying out a study on customers' perceptions of online retailing service quality and their satisfaction include the Web site showed how long the online retailer has been in this online business, received special rewards and discounts as promised from doing business with the online retailer

Percentage of variance explained by each dimension.

Zeithaml, Parasuraman & Berry (1988) assert that credibility of the service provider should be looked in to in terms of trustworthiness, believability, honesty of the service

provider. In other words service organization reputation, staff members refraining from pressuring the client, responses given by staff being accurate and consistent with other reliable sources and the organization guaranteeing its services.

Security of the service and business performance

According to Buchanan and Gilles (1990), security as one of the factors of service quality is the condition of being protected against danger, loss, and criminals. In the general sense, security is a concept similar to safety. It is a condition that results from the establishment and maintenance of protective measures that ensures a state of inviolability from hostile acts or influences (Mukherjee and Nath, 2003) . The condition prevents unauthorized persons from having access to official information that is safeguarded in the interests of security. Individuals or actions that encroach upon the condition of protection are responsible for the breach of security (Moloney & Chris, 2006). Minjoon et al (2003) continued to argue that security factors accounted for 7.7 percent of the variance and comprises two scale items, such as customers' secure feelings in providing personal information and customers' perceptions of low risks associated with online purchases while carrying out a study on customer perception of On line retailing services quality on their satisfaction.

Alkibsi and Lindi (2011) while presenting a paper on Customer Perceptions of Technology-Based Banking (TBBS) Service quality provided by banks operating in Yemen argue the participants of the conference provided the highest evaluation of service quality dimensions to service security, which seemed to indicate that most

customers felt safe in their transactions with their bank's TBBS. Maslow's hierarchy of needs indicated that individuals fulfilled lower levels of needs before seeking to satisfy higher levels of needs (Gareth and Jennifer 2003). Thus, this highlights the importance of security to the customers of various banks. Security refers to the safety and security of customer transactions with the banks' TBBS, including a privacy policy. Dabholkar (1996) recommended adding the security dimension to future service quality research. Security is the degree to which the service is safe and protects customer information (Parasuraman et al., 2005; Zeithaml, Parasuraman, & Malhotra, 2002) as cited in Alkibsi and Lindi (2011).

Accessibility of service quality and business performance

According to Delvin (2000), accessibility as service quality measure is one of key factors in determining competitive advantage in such a turbulent banking environment and Minjoon et al (2003) observed that accessibility as part of Service Quality (SERVQUAL) can be measured in terms of four scale items including the availability of a company's street and e-mail addresses, and telephone and fax numbers, and the accessibility of service representatives. However Delvin (1995) added convenience and value driven distribution channels to the accessibility factor. According to Mountinho et al. (1997) new-age banks operate with minimal number of physical branches and use remote banking for the bulk of their operations. The remote channels are used to provide basic services while more sophisticated services are provided on a face to face basis (Mitchell, 2000).

According to Woherem (2000) banks need to total change their payment and delivery systems and use ICT for their operations if they are to service and grow in the competitive business environment. The banks should check their service delivery systems in order to help them use ICT and meet the dynamic technological environment.

Understanding the service quality and business performance

Zeithaml, Parasuraman & Berry (1988) argue that understanding the service includes someone whom the staff recognize each regular client and address them by name, staffs try to determine what client's specific objectives are, the level of service and cost of service consistent with what client requires and can afford, the service providers being flexible enough to accommodate to client's schedule. Mboma (2009) observed that when customer gets used to a service, he/she uses it more and more and so sales volume will increase, a company will easily know what the customer expects, a company can vary prices and usually increase them without fear of losing the customer and will get increased customer satisfaction leading to higher levels of customer retention and positive word of mouth communication as transactions are immediate and helpful.

Foray and Lundvall (1996), in his study of the knowledge based economy, established the relationship between ICT and organizational performance, stating that the system of the ICTs provides the KBE with a new and different technology base which changes

radically the production and distribution conditions, as well as its assembly in the production system.

Drucker (1998), in his study of the power of technology and organizational performance, established that ICT increases the organizational performance in business by making the production process easy and increase productivity.

Miles, et al. (1991), in his study of ICT and organizational performance of the firm, established that ICT influences organizational performance of any given firm: it makes easy the customer care, decision making and service delivery by bearing the profound changes in the environment, being technological and economical changes examples of those.

Kottler (1991), in his study of the technological training and organizational performance, identified some six individual characteristics that may be useful in explaining innovation adoption differentials namely interaction with ICT change agents/champions; ICT/ technological training; cosmopolitanism; and demographics (age, gender and income status).

Rogers (2003), in his study of the communication link and organizational performance, stated that the change agent functions as communication link between two or more social systems, filling seven roles in the change process. These are developing a need for change on the part of the clients; establishing a change relationship within them; diagnosing client problems; creating intent to change in the clients; translating this

intent into action; stabilizing change and preventing discontinuances, and achieving a terminal relationship with the clients.

From above related studies, the following gaps were identified of which the research sought to cover or bridge.

Geographical gap: None of the above studies were done in Rwanda – Kigali. Therefore, there was a geographical gap that the researcher wanted to bridge.

Content gap: Looking at the objectives of this study, none of the above studies considered the objective of this study. Therefore, there was a content gap that the researcher sought to bridge. More so, there was none specific study that looked at service quality and organizational performance.

CHAPTER THREE

METHODOLOGY

Introduction

This chapter provides a detailed explanation of how the study was carried out in terms of the research design, population of the study, sampling procedures, research instrument, validity and reliability of the instruments, data gathering procedures, ethical consideration and limitations of the study.

Research Design

The study used a quantitative, descriptive co-relational, comparative and cross-sectional survey design. The study took a quantitative approach in that it was based on variables measured with numbers and analyzed with statistical procedures to determine whether the predictive generalizations of the theory held were true. The study was descriptive because the data got were used to a phenomena (service quality and organizational performance of insurance companies in Kigali, Rwanda). Descriptive co-relational design was used because the researcher was interested in establishing whether there is a relationship between the different types of service quality and business performance of insurance companies in Rwanda. Descriptive comparative design was used to describe and compare a phenomenon (i.e determine whether there was a significant difference in the level of service quality and business performance in insurance companies in Kigali, Rwanda). Descriptive cross-sectional design was used in the study because the researcher took a random sample of respondents to understand the

variables of interest (i.e. service quality and business performance) at a particular point in time (Cooper and Schindler, 2006; Saunders *eta al*, 2009).

The study used a survey design to get data from such a large sample and findings from the sample were generalized to the rest of employees in insurance in Kigali, Rwanda to reduce on time and costs involved on such a large population (Creswell, 2003).

Population

Target population

In the study, the research population was comprised of 435 employees of selected insurance companies Rwanda. All the categories of employees (top level managers, middle level managers, and lower level managers) were involved as they were all directly affected by whatever service strategy used which in turn affects organizational performance.

Table 1
Respondents of the Study

Insurance Company	Total target population	Sample size
Seronwa	120	62
Soras	100	41
Cogear	110	55
UAP	105	50
Grand total	435	208

Source: primary data 2013

Sample Size

The minimum sample size was computed using Slovene's formula, which states that, for any a given population, the required sample size in given by;

$n = \frac{N}{1 + N(e^2)}$, where; n = the required sample size; N known population size; and e = the level of significance, which is 0.05. Given a total population of 435 respondents in central Uganda, a sample of 208 respondents was used as illustrated in the table.

Sampling Procedures

The target population of 435 (which include 120 Sonarwa employees, 100 Soras employees, 110 Cogear employees and 105 UAP respondents being large, a sample of 208 respondents was used got using stratified random sampling since the various organizations formed a strata and employees held positions in the organization. This was meant to reduce costs, representativeness and to increase the degree of accuracy of the study (Saunders et al, 2005) regarding sample size, the sampling frames (i.e. employees) in companies were stratified according to departments in insurance companies in Rwanda. Then proportionate systematic random samples were chosen from the respective stratum sampling frames.

Research Instruments

There were two sets of questionnaires to be used in the study. One was on service quality and the other on organizational performance.

SAQS were directed towards insurance employees, which consisted of the main title and introductory letter, while questions on the independent variable.

There were also questions on the dependent variable namely level of organizational performance, operationalized in terms of customer service, financial performance, and social responsibility.

Validity and Reliability of the Instruments

The researcher ensured content validity of the said instrument by ensuring that questions or items in it conform to the study's Conceptual Framework.

A content validity index of at least 0.7 (Amin, 2003) led the SAQs to be declared reasonably content valid. Construct validity was ensured using Factor Analysis.

Reliability of the instrument on multi item variables was tested using the Cronbach Alpha Methods provided by SPSS (Foster, 1998), and a Cronbach alpha (α) of at least 0.7 (Amin, 2003) which led the SAQs to be declared reasonably reliable or consistent.

Data Gathering Procedures

The following data collection procedures were implemented:

Before the administration of the questionnaires

The researcher requested for an introduction letter from the college of Higher Degrees and Research addressed to the administrators of the selected insurance companies under study for her to be permitted to conduct the study. The letter contained the criteria for selecting the respondents and the request to be provided with the list of qualified plant administrators. After approval, the requested list of respondents provided to the researcher by the selected insurance companies, was used by the researcher to guide him in identifying the participants of the study. Pre-testing of the instrument on leadership styles followed.

The researcher prepared the questionnaires and convene with his selected research assistants to discuss and brief them on the sampling techniques and data gathering procedures.

The researcher used the table on respondents to determine the actual number of participants.

During the administration of the questionnaires

Specifically, the researcher and his assistants requested the respondents the following: (1) to sign the informed consent; (2) to answer all questions hence should not leave any item unanswered; (3) to avoid biases and to be objective in answering the questionnaires.

The researcher and his assistants retrieved the questionnaires within two weeks from the date of distribution.

All questionnaires retrieved were checked if completely filled out.

After the administration of the questionnaires

The data collected was organized, collated, summarized, statistically treated and drafted in tables using the Statistical Package for Social Sciences (SPSS).

Data Analysis

To determine the profile of the respondents, the frequency and percentage distribution was used.

To determine the profile of respondents, the frequency and percentage distribution was used.

The mean was used to compute for the level of service quality and business performance. To interpret the obtained data, the following numerical values and descriptions were used.

Interpretation of Means

<i>Mean Range</i>	<i>Description</i>	<i>Interpretation</i>
3.26-4.00	Strongly Agree	Very Good
2.51-3.25	Agree	Good
1.76-2.50	Disagree	Fair
1.00-1.75	Strongly Disagree	Poor

Fisher's one way analysis of variance (ANOVA) was utilized to test the hypothesis for difference between means at 0.05 level of significance.

Pearson linear correlation (PLC) was used to test the hypothesis on correlation between service quality and business performance at 0.05 level of significance. Regression analysis was used to determine the influence of service quality on business performance.

Ethical Considerations

To ensure utmost confidentiality for the respondents and the data provided by them as well as reflect ethics practiced in this study, the following were done:

1. All questionnaires were coded to provide anonymity of the Respondents and to avoid embarrassing and harming respondents, especially if information got from them could be used politically or otherwise to harm the respondents.
2. The respondents were requested to sign the informed consent before participating in the research; the researcher did not use hidden mechanical devices to record the research findings.
3. All Authors used in this study were quoted in recognition of what was cited from them and referenced accordingly.
4. The research findings got from the study were generalized.

Limitations of the Study

The researcher claimed an acceptable (0.05 level of significance) 5% margin of error in view of the following anticipated threats to validity with relevance to this study:

Extraneous variables such as honesty of the respondents where some of the respondents were expected not to answer the truth but the researcher probed further to establish the truth when it was deemed necessary. Personal biases beyond the researcher's control also were encountered but the researcher did all it takes to avoid

biases. Beyond that other threats to validity of the findings such as testing and instrumentation were solved during the data collection.

CHAPTER FOUR

PRESENTATION, ANALYSIS AND INTERPRETATION OF DATA

Introduction

This chapter presents, analyzes and interprets data gathered from the field on profile of respondents, level of quality service, level of business performance, significant differences in the level of service quality and level of business performance in Kigali, Rwanda and the relationship between service quality and level of organizational performance of insurance companies in Kigali, Rwanda.

Profile of the Respondents

Respondents in this study were described according to age, gender, employee designation or rank, income level, highest educational qualification and administrative region of operation. In each case, respondents were asked through a closed ended questionnaire, to provide their respective profile information, to enable the researcher classify and compare them accordingly. Their responses were analyzed using frequencies and percentage distributions as summarized in table 2 below;

Table 2A

Profile of Respondents

Profiles	Category	Frequency	Percent
Age Group	20 - 39	156	75
	40 -59	50	24
	60 and above	02	01
	Total	208	100
Gender	Male	113	54
	Female	95	46
	Total	208	100
Employee designation or rank	Low level manager	91	47
	Middle level manager	67	30
	Top level manager	50	23
	Total	208	100
Level of Income	Low level of income	34	16
	Medium level of income	113	54
	High level of income	61	30
	Total	208	100
Level of Education	Certificate	11	5
	Diploma	28	13
	Degree	109	52
	Masters	60	29
	Total	208	100
Area of Residence	Kicukiro	87	42
	Gasabo	71	34
	Nyarugenge	50	24
	Total	208	100

Source: Primary data 2013

Table 2 shows that most respondents in the study sample were of the age group between 20-39 (75%) while minority was age group 60 and above (1%), which is in line with most African countries where the biggest portion of the population lies below 35 years and very few are above 60 years.

Regarding gender, majority of the sample respondents were male (54%), compared 46% who were female, indicating that the area of the study is dominated by men as compared to women.

In terms of designation, most respondents in the study were low level managers (47%), although other designations or ranks were proportionately represented with top level managers having the least contribution 23% of the total sample, which is a normal distribution in organizational setting.

On highest educational qualification, results indicate that respondents in the administrative regions of Kigali are highly educated, with majority of the respondents (52%) having degrees, while minority of the respondents (5%) having certificates.

Regarding respondents' distribution by districts or area of residence, majority were from Kicukiro represented by 42%, while the minorities of the respondents' were from Nyarugenge represented by 24%.

Level of Service Quality of Insurance Companies in Kigali, Rwanda

The independent variable in this study was service quality, operationalized into reliability of service, ability of service being secure, accessibility of service and understanding of clients. Service quality was measured using five qualitative questions in the questionnaire where each also measured using five items. All items on service quality were Likert scaled using four points ranging between 1= strongly disagree, 2=disagree, 3= agree, 4=strongly agree. The first objective in this study was set to determine the level of service quality, for which respondents were required to indicate the extent to which they agree with each of the items or statements by filling in the number that best describes their perceptions. Their responses were analyzed and described using means as summarized in Table 3;

Table 3A

Level of Service Quality in Insurance Companies in Rwanda

Service Quality Indicators	Mean	Interpretation	Rank
Reliability of service			
Your organization provides services at the promised time	2.58	High	3
Your organization is willing to help and correct the mistakes and errors	2.54	High	4
Your organization is dependable and has the ability of employees handling customer's problems	2.61	High	1
Your organization follows the exact specifications of the clients	2.59	High	2
Average Mean	2.58	High	
Ability of service being Secure			
Your organization makes sure it is safe to enter the bank premises and use the service equipment	2.50	Moderate	4
Your organization makes sure documents and other information provided to the clients are secure	2.67	High	1
Your organization makes sure records of the clients are safe from un authorized persons or use	2.61	High	3
Your organization makes documents and other information provided to me are secure	2.64	High	2
Average Mean	2.61	High	

Source: Primary Data 2013

Table 3B

Level of Service Quality in Insurance Companies in Rwanda

Accessibility of service	Mean	Interpretation	Ranked
In your organization , it is easy to meet knowledgeable staffs who provide services when clients have problems	2.51	High	3
In your organization , it is easy to reach staff person by mail, telephone, in person etc	2.50	High	4
The location of your organization is convenient to clients	2.44	Moderate	5
Your organization working hours are suitable	2.55	High	2
Your organization balances branches services to the different requested services	2.67	High	1
Your organization has the ability to meet customers' needs, requests and diversifies services	2.33	Moderate	6
Average Mean	2.50	Moderate	
Understanding the client			
Your organization recognizes regular clients and addresses them by names	2.47	Moderate	2
Your organization tries to understand the specific objectives of the customers	2.50	Moderate	1
Your organization's service level, costs are consistent with clients' requirements	2.36	Moderate	4
Service costs in your organization are in line with clients' affordability	2.46	Moderate	3
Average Mean	2.45	Moderate	
Grand Mean	2.54	High	

Source: Primary Data 2013

Mean Range	Description	Interpretation
3.26-4.00	Strongly Agree	Very High
2.51-3.25	Agree	High
1.76-2.50	Disagree	Moderate
1.00-1.75	Strongly Disagree	Low

Overall, the level of service quality in insurance companies was ranked to be high (mean = 2.54), where reliability of service was ranked to be high (mean of 2.58), ability of service being secure was ranked to be high (mean of 2.61), accessibility of service was ranked be moderate (mean of 2.50), while understanding the client was ranked be moderate (mean of 2.45).

This study was consistent with Giese and Cote (2000) in the study of service quality and bank performance in Bamako, Mali observe that a series of transactions between customers and banks transform into relationship step which is valuable and create to create a good reputation, commitment and trust in the market than other market. Similarly, Mukesh et al (2009) observed that one of the ways to increase service quality is through maintaining a good management information system by gathering as much information as possible about the customers and their expectation from the banks. This would help the employees to anticipate customers' specific needs and requirements.

Level of Organizational Performance of Insurance Companies in Kigali, Rwanda

The dependent variable in this study was level of organizational performance, broken into the aspects of sales, market share, profits, quality products, consumer satisfaction, employee satisfaction and owner(s) satisfaction. Each of these components was measured using three items or questions in the questionnaire, with each question rated with four point Likert scale, ranging between one to four, where 1=strongly disagree, 2=disagree, 3=agree and 4=strongly agree. The second objective in this study was set to determine the level of organizational performance in insurance companies in Kigali, Rwanda for which respondents were required to rate the level of organizational performance by indicating the extent to which they agree with each item in the table. They had to give their responses by filling in the number that best describes their perceptions. Their responses were analyzed and described using means as summarized in table 4A, 4B, 4C, 4D and 4E;

Table 4 A

Level of Organizational Performance in Insurance Companies in Kigali, Rwanda

Business Success Indicators	Mean	Interpretation	Rank	General Rank
Sales				
Sales in your organization are high compared to other players in the market.	3.21	High	1	3
Sales in your organization are set to be increasing in future.	3.15	High	2	6
Sales in your organization are increasing compared to other players in the market.	3.09	High	3	15
Sales in your organization meet your organization's expectation.	3.05	High	3	21
Sales in your organization are as good as the best player in the market.	2.97	High	5	30
Average Mean	3.09	High		
Market share				
Market share of your organization is increasing in because of charging consumer friendly prices among others.	3.13	High	1	9
Market share of your organization is set to be increasing in the future compared to other players in the market.	3.09	High	2	15
Market share of your organization is big compared to other players in the market.	2.98	High	3	28
Market share of your organization is as big as the organization expects	2.95	High	3	32
Market share of your organization faces little or no challenges to maintain.	2.85	High	5	35
Average Mean	3.00	High		

Source: Primary Data 2013

Table 4B

Level of Organizational Performance in Insurance Companies in Kigali, Rwanda

Profits	Mean	Interpretation	Rank	General Rank
Net profits (after deducting taxes and interest) in your organization are high after deducting taxes and interest after taxes.	3.04	High	1	24
Net profits in your organization are set to be increasing in future	3.03	High	2	25
Net profits in your organization are as good as the best player in the market.	2.98	High	3	28
Net profits in your organization satisfy your organization's expectation	2.97	High	3	30
Net profits in your organization are high compared to other players in the market.	2.94	High	5	33
Average Mean	2.99	High		

Source: Primary Data 2013

Key

Mean Range	Description	Interpretation
3.26-4.00	Strongly Agree	Very High
2.51-3.25	Agree	High
1.76-2.50	Disagree	Moderate
1.00-1.75	Strongly Disagree	Low

Table 4 C

Level of business performance in Insurance Companies in Kigali, Rwanda

Business Success Indicators	Mean	Interpretation	Rank	General Rank
Quality Products				
Your organization produces services that are reliable	3.26	Very high	1	1
Your organization provides products/ services that are safe (i.e used any danger)	3.17	High	2	4
Your organization provides products/ services on time	3.13	High	3	6
Your organization provides products/ services that are that are accessible when ever needed	3.11	High	3	9
Your organization communicates to consumers in a language they best understand	3.08	High	5	14
Average Mean	3.15	High		
Consumer Satisfaction				
Your organization gives consumers value for their money	3.24	Very high	1	2
Your organization abides by warranties given to consumers	3.13	High	2	6
Your organization offers good after sales service.	3.11	High	3	9
Your organization keeps consumers informed.	3.03	High	4	21
Your organization offers consistent channels of distribution management for its services	3.02	High	5	21
Average Mean	3.11	High		9

Source: Primary Data 2013

Key

Mean Range	Description	Interpretation
3.26-4.00	Strongly Agree	Very High
2.51-3.25	Agree	High
1.76-2.50	Disagree	Moderate
1.00-1.75	Strongly Disagree	Low

Table 4 D

Level of Organizational performance in Insurance Companies in Kigali, Rwanda

Business Success Indicators	Mean	Interpretation	Rank	General Rank
Employee Satisfaction				
Your organization pays you on time.	3.16	High	1	5
Your organization pays you commensurately to your efforts	3.04	High	2	19
Your organization gives employee benefits that are adequate	3.03	High	3	19
Your organization is committed to non discrimination of employees	3.01	High	4	25
Your organization offers safe working environment for its employees	3.02	High	5	27
Average Mean	3.05	High		
Owner(s) Satisfaction				
Your organization keeps share holders informed of the latest development.	3.10	High	1	12
Earnings per share in your organization are set to be increasing	3.08	High	2	13
Your organization is committed to keep safe earning per share for its shareholders.	3.06	High	3	17
Your organization's earnings per share are better than those of other players in the market.	3.05	High	4	18
Your organization gives earnings per share holder on time	2.88	High	5	34
Average Mean	3.03	High		
Overall Average Mean	3.05	High		

Source: Primary Data 2012

Key

Mean Range	Description	Interpretation
3.26-4.00	Strongly Agree	Very High
2.51-3.25	Agree	High
1.76-2.50	Disagree	Moderate
1.00-1.75	Strongly Disagree	Low

Table 4E

Summary Table on Level of Organizational Performance of Insurance Companies in Kigali, Rwanda

Business Performance Indicators	Mean	Interpretation	Rank
Sales	3.09	High	5
Market Share	3.00	High	2
Profits	2.99	High	1
Quality Products	3.15	High	7
Consumer Satisfaction	3.11	High	6
Employee Satisfaction	3.05	High	4
Owner(s) Satisfaction	3.03	High	3
Overall Mean	3.05	High	

Source: Primary Data 2013

Table 4A, 4B, 4C and 4D results indicate that the Level of business performance of insurance companies in Kigali, Rwanda all the seven of organizational performance were measured, as rated or perceived by the respondents. Sales was rated as high (mean =3.09), rated agree on the Likert scale; market share was rated as high (mean=3.00), agree on the Likert scale and ranked as high organizational performance, profit was

rated as high (mean=2.99), agree on the Likert scale, quality products was rated as high (mean=3.15), agree on the Likert scale and ranked as high organizational performance, consumer satisfaction was rated as high (mean=3.11), agree on the Likert scale and ranked as high organizational performance, employee satisfaction was rated as high (mean=3.05), agree on the Likert scale and ranked as high organizational performance, owners satisfaction was rated as high (mean=3.05), agree on the Likert scale and ranked as high business performance and ranked as high organizational performance. To get a summary picture on how respondents rated the level of organizational performance, a mean index for all the seven aspects of organizational performance were rated, and computed which turned out to be 3.05, agree on the Likert scale and ranked as high organizational performance.

This agrees with Kohl (2005), in the study of quality and business performance of Mercedes Benz in Munich, Germany who established that there was high level of business performance of Mercedes Benz in Munich, Germany as Mercedes Benz was meeting consumer satisfaction, making users of Mercedes Benz to keep using Mercedes Benz and referring new prospects to use Mercedes Benz for the benefits and satisfaction Mercedes Benz offers to leading to high business success. Similarly, Hisrich (2010) in a study of time management and venture growth in Eritrian fishing empirically showed that there was high level of business performance and that time is a very important factor in business because if time is utilized well can lead to high business performance as the organization achieves set goals and objectives.

Kato (2002) in the study pricing and success of Coca-cola in Central Uganda established that there was high level of business success in Coca-Cola and that good pricing strategies such as penetration pricing where the firm charges low prices to gain access to a new market, bundle pricing where firm charges one price in a bundle of products sold as one package, geographical pricing where the firm charge different prices for different regions, psychological pricing where products are priced depending on how consumers emotional respond to products rather than on a rational basis among other strategies to bring about high level of business success.

Mayambala (2009) in his study of quality service delivery and performance of Warid telecom, established that there was high level of business performance in Warid telecom in Uganda and that by providing quality services free from defects, deficiencies and variations to meet consumer satisfaction, among others are some of the major factors leading to the growth of Warid telecom in Uganda.

Significant Difference in the Level of Service Quality and Organizational Performance of Insurance Companies in Kigali, Rwanda

The fourth objective in this study was to determine whether there is a significant difference in the level of service quality and Level of organizational performance of insurance companies in Kigali, Rwanda in the different administrative regions of Kigali, for which it was hypothesized that the mean perceptions of respondents from the different administrative regions of Kigali did not significantly differ. To test this hypothesis, the researcher compared the mean perceptions computed in table 3 and 4

for respondents from the districts involved in this study, using Fisher's one way Analysis of Variance (ANOVA), results of which are indicated in Table 5A and 5B.

Table 5A

Difference in the Level of Service Quality and Level of Organizational performance in Kigali, Rwanda

Variable	Insurance Co.	Mean	F-value	Sig.	Interpretation	Decision on H ₀
Reliability of Service	Kicukiro	3.295	1.156	0.330	No significant difference	Accepted
	Gasabo	3.300				
	Nyarugenge	3.325				
	Average Mean	3.283				
Ability of service being Secure	Kicukiro	3.118	0.943	0.475	No significant difference	Accepted
	Gasabo	3.271				
	Nyarugenge	3.162				
	Average Mean	3.155				
Accessibility of service	Kicukiro	2.949	1.192	0.309	No significant difference	Accepted
	Gasabo	3.228				
	Nyarugenge	3.046				
	Average Mean	3.108				

Source: Primary Data 2013

Table 5B

Difference in the Level of Service Quality and Level of Organizational performance in Kigali, Rwanda

Understanding clients	Kicukiro	3.295	1.156	0.330	No significant difference	Accepted
	Gasabo	3.300				
	Nyarugenge	3.325				
	Average Mean	3.283				
Overall Level of Service Quality	Kicukiro	3.271	1.156	0.330	No significant difference	Accepted
	Gasabo	3.162				
	Nyarugenge	3.263				
	Average Mean	3.155				

Source: Primary Data 2013

The results in Table 5A and 5B indicated that overall there is no significant difference in the level of service quality and Level of organizational performance in Kigali, Rwanda did not significantly differ. Service reliability was ($F=1.156$, sig. = 0.330); ability of service being secure was ($F=0.943$, sig. = 0.475); accessibility of service was ($F=1.192$, sig. =0.309) and understanding clients was $F=1.156$; sig. =0.330. Basing on these results, the null hypothesis is accepted, leading to a conclusion that service quality and

organizational performance of insurance companies in Kigali-Rwanda did not significantly differ.

This concurs with Kato (2002) in the study pricing and business growth of Coca-cola in Central Uganda established that pricing good pricing strategies such as penetration pricing where they charge low prices to gain access to a new market, bundle pricing where they charge one price in a in a bundle of products sold as a pack, geographical pricing where they charge different prices for different regions, psychological pricing where they price products depending on how consumers emotional respond to products rather than on a rational basis among other strategies as the district differ in findings. Similarly, Nankya (2006) in the study of improved product functions and business growth of Totyota Uganda, empirically showed that improved product functions such as improving speed, efficiency, effectiveness, among others contribute to success of Toyota products in Uganda as the findings from the different districts in Uganda. Mayambala (2009) in the study of quality service delivery and growth of Warid telecom, who established that provision of quality services by offering products that are free from defects, deficiencies and variations to meet consumer satisfaction, is one of the major factors leading to the business growth of Warid telecom in Uganda, as the organization increases its market share, sales and consequently profits.

Relationship Between Level of Service Quality and Level Organizational Performance in Kigali, Rwanda

The fifth and last objective in this study was to determine the relationship between the level service quality and Level of organizational performance in Kigali, Rwanda, for which it was hypothesized that the two variables are not significantly correlated. To test this null hypothesis, the researcher correlated all the mean perceptions computed in Table 5A and 5B above, using the Pearson's Linear Correlation Coefficient (PLCC, r). Results of this test are indicated in table 6A and 6B.

Table 6A

Relationship between the Level of Service Quality and Level of Organizational Performance of Insurance Companies in Kigali, Rwanda
(Sig. = 0.05)

Variables Correlated	r-value	Sig.	Interpretation	Decision on Ho
Level of Service Quality vs. Sales	0.576	0.000	Significant correlation	Rejected
Level of Service Quality vs. Market Share	0.686	0.000	Significant correlation	Rejected
Level of Service Quality vs. Product Quality	0.648	0.000	Significant correlation	Rejected

Source: Primary Data 2013

Table 6B

Relationship between the Level of Service Quality and Level of Organizational Performance of Insurance Companies in Kigali, Rwanda

(Sig. = 0.05)

Level of Service Quality vs. Sustained Growth	0.710	0.000	Significant correlation	Rejected
Level of Service Quality vs. Consumer Satisfaction	0.662	0.000	Significant correlation	Rejected
Level of Service Quality vs. Employee Satisfaction	0.530	0.000	Significant correlation	Rejected
Level of Service Quality vs. Owner(s) Satisfaction	0.438	0.000	Significant correlation	Rejected
Overall Level of Service Quality and Business Growth	0.750	0.000	Significant correlation	Rejected

Source: Primary Data 2013

Table 6A and 6B indicated that service quality in terms of reliability, responsiveness, competence, credibility, security, accessibility and understanding clients were positively and significantly correlated with all the seven forms of organizational Performance (all r -values < 0.05 , except owner(s) satisfaction with r -value 0.438). Service quality is positively and significantly correlated with organizational performance ($r=0.579$, sig. $=0.000$); market share ($r=0.689$, sig. $=0.000$); product quality ($r=0.652$, sig. 0.000); sustained growth ($r=0.714$, sig. 0.000); consumer satisfaction ($r=0.666$, sig. 0.000); employee satisfaction ($r=0.534$, sig. 0.000) and owner(s) satisfaction ($r=0.438$, sig. 0.000).

The overall relationship between all the seven aspects of service quality and the seven aspects of organizational performance, two mean indices were computed for service quality and organizational performance, after which the two indices were linearly regressed, as per results in table 7;

Table 7

Regression Analysis Between the Level of Organizational Performance and Service Quality

Variables Regressed	Adjusted r²	F-value	Sig.	Interpretation	Decision on Ho
Business Performance Vs Service Quality	0.558	104.746	0.000	Significant effect	Rejected
Coefficients	Beta	t-value	Sig.	Interpretation	Decision on Ho
(Constant)	--	1.426	0.155	No significant effect	Accepted
Reliability	0.252	2.991	0.003	Significant effect	Rejected
Ability of service being secure	0.102	1.220	0.223	No significant effect	Accepted
Accessibility of service	0.445	6.060	0.000	Significant effect	Rejected
Understanding Clients	0.079	1.566	0.119	No Significant effect	Accepted

Source: Primary data 2013

According to the regression analysis results in table 7, showed that service quality accounts for 56% variations in the level of organizational performance, indicated by adjusted r-square of 0.558. Results further suggest that the level of service quality significantly influences changes in the level of organizational performance ($F=104.746$, sig. =0.000). Leading to a conclusion that level of service quality significantly explains the high rates of organizational performance of insurance companies in Kigali, Rwanda. The coefficients table further shows that of all the aspects of service quality; accessibility of service ($\beta=0.445$, sig. = 0.00) accounts for the biggest variations in

service quality, accounting for over 45% as compared to the other three categories of service quality.

This concurs with Meizher (2008) in the study of factors explaining growth and failure of small scale and medium enterprises in Lebanon established that lack of innovation to bring about better product quality was one of the major causes of failure of small scale and medium enterprises in Lebanon. This also concurs with Kalikwani (2008) in the study of ease of use and success of Nokia products in Uganda who established that product ease of use makes the Nokia products to have a large market, more sales, profits and consequently business success among others.

CHAPTER FIVE

FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

Introduction

This chapter presents a summary of the findings, conclusions drawn and recommendations with relevance to the specific objectives of this study.

Findings

A summary of the major findings are indicated below in answer to specific objectives of the study:

Profile of the Respondents

The findings showed that most respondents in the study sample were of the age group between 20-39 (75%) while minority was age group 60 and above (1%), which is in line with most African countries where the biggest portion of the population lies below 35 years and very few are above 60 years.

Regarding gender, majority of the sample respondents were male (54%), compared 46% who were female, indicating that the area of the study is dominated by men as compared to women.

In terms of designation, most respondents in the study were low level managers (47%), although other designations or ranks were proportionately represented with top level managers having the least contribution 23% of the total sample, which is a normal distribution in organizational setting.

On highest educational qualification, results indicate that respondents in the administrative regions of Kigali are highly educated, with majority of the respondents (52%) having degrees, while minority of the respondents (5%) having certificates.

Regarding respondents' distribution by districts or area of residence, majority in were from Kicukiro represented by 42%, while the minority of the respondents' were from Nyarugenge represented by 24%.

Level of Service Quality of Insurance Companies in Kigali, Rwanda

Overall, the level of service quality in insurance was ranked to be high (mean=2.55), where reliability of service was ranked to be high (mean of 2.59), ability of service being secure was ranked to be high (mean of 2.62), accessibility of service was ranked be high (mean of 2.51), while understanding the client was ranked be moderate (mean of 2.46).

Level of Organizational Performance of Insurance Companies in Kigali, Rwanda

The results indicated that the level of organizational performance is relatively high in insurance companies in Kigali, Rwanda all the seven aspects of organizational performance were measured, as rated or perceived by the respondents where sales was rated as high (mean =3.09), agree on the Likert scale; market share was rated as high (mean=3.00), agree on the Likert scale and ranked as high organizational performance, profit was rated as high (mean=2.99), agree on the Likert scale, quality products was rated as high (mean=3.17), agree on the Likert scale and ranked as high organizational

performance, consumer satisfaction was rated as high (mean=3.13), agree on the Likert scale and ranked as high organizational performance, employee satisfaction was rated as high (mean=3.07), agree on the Likert scale and ranked as high organizational performance, owners satisfaction was rated as high (mean=3.05), agree on the Likert scale and ranked as high organizational performance and ranked as high organizational performance. Overall organizational performance was rated to high (mean=3.08).

Significant Difference between Level of Service Quality and Level of Organizational Performance of Insurance Companies in Kigali, Rwanda

The results indicate that there is no significant difference in the level of service quality and level of organizational performance of insurance companies in Kigali, Rwanda. Reliability was ($F=1.156$, sig. = 0.330); responsiveness was ($F=0.943$, sig. = 0.475); competence was ($F=1.192$, sig. =0.309), credibility ($F=1.191$, sig. =0.307), security ($F=1.193$, sig. =0.310), accessibility ($F=1.194$, sig. =0.311), understanding clients ($F=1.190$, sig. =0.313), and overall service quality was ($F=1.052$, sig. 0.396). Basing on these results, the null hypothesis is accepted, leading to a conclusion that service quality and performance of insurance companies in Kigali, Rwanda in the administrative regions of Kigali, Rwanda did not significantly differ.

Relationship between Level of Service Quality and Level of Organizational Performance of Insurance Companies in Kigali, Rwanda

Regression analysis results showed that service quality accounts for 56% variations in the level of organizational performance of insurance companies in Rwanda, indicated by adjusted r-square of 0.558. Results further suggest that the level of service quality significantly influences changes in the level of organizational performance ($F=104.746$, sig. = 0.000). Leading to a conclusion that level of service quality significantly explains the high rates of organizational performance in Kigali, Rwanda. The coefficients table further shows that of all the aspects of service quality; accessibility of service

($\beta=0.445$, sig. = 0.00) accounts for the biggest variations in service quality, accounting for over 45% as compared to the other three categories of service quality.

Conclusions

This study therefore concludes that there was significant relationship between the level of service quality and level of organizational performance of insurance companies in Kigali, Rwanda and that service quality accounts for 56% in the variance in level of organizational performance of insurance companies in Kigali, Rwanda, leading to the rejection of the null hypothesis.

There was no significant difference in level of service quality and Level of organizational performance of insurance companies in Kigali, Rwanda ($F = 1.052$; Sig. = 0.396), leading acceptance of the null hypothesis.

In relation to the gaps identified earlier in this study in terms of the level of service quality in terms of reliability, security, accessibility and understanding clients; there was high level of service quality (mean = mean=2.54), where reliability of service was ranked to be high (mean of 2.58), ability of service being secure was ranked to be high (mean of 2.61), accessibility of service was ranked be moderate (mean of 2.50), while understanding the client was ranked be moderate (mean of 2.45) of insurance companies in Kigali, Rwanda.

On level of organizational performance of insurance companies, sales were rated to be high (mean = 3.09), market share was also rated to be high (mean = 3.00), profits were rated to be high (mean = 2.99), quality of products was rated to be high (mean

= 3.28), consumer satisfaction was rated to be high (mean = 3.13), employee satisfaction was rated to be high (mean = 3.07), owner(s) satisfaction was also rated to be high (mean = 3.05) and overall level of organizational performance of insurance companies was also rated to be high (mean = 3.07).

It was realized that there was no significant difference in the level of service quality and level of organizational performance of insurance companies in Kigali, Rwanda; there was also a significant relation between level of service quality and the level of organizational performance in Kigali, Rwanda as level of service quality accounted for 65% of level of organizational performance of insurance companies in Kigali, Rwanda.

The study therefore concurs with Drucker's (2006) Three Sigma Theory which states that many businesses prosper later decline and fail because of the assumptions they make that form the basis for their fundamental business decisions (about society, markets, customers, products, technology, their mission, among others) which become obsolete or invalid as time goes by. This is because the business environment is dynamic in that even the most sound business theories eventually become obsolete which calls for organisations to offer quality services if they continue to reflect the current realities in order to remain relevant in the market and remain abreast with competition in the market arena for any organisation to achieve business performance

Recommendations

Based on the findings of the study, the following are suggested:

Insurance companies should assemble together the right team in terms of abilities and

skills to in different departments and level of management to achieve business performance like a sports team gathers the best players, organizations need to pull together the right team to increase their business performance and make sure employees share the organization's vision and dedication to take business to the next level.

Create a right or positive attitude among employees as it is the best driving factor for performance such as making employees making employees think positively, building trust among employees, give credit where it is due, making sure the organization communicates to employees rightly and regularly to keep their spirits high and make the amazing to happen to achieve intended organizational goals and consequently performance.

Insurance companies should state their goals clearly and ensure that they achieve their goals by making sure all employees fully understand why they wish to achieve the set goals and what has been stopping them from achieving their goals and objectives as this helps employees discover subconscious motivations and realities to enable them work towards set goals and objectives.

Insurance companies should ensure continuous improvements in their services to cater for ever changing consumer tastes and preferences and to cater for competition that may arise from competitors.

Plan for success at different levels of management as a good plan helps to increase the chances of your business performance and can help a business follow stated

concepts, estimates, predict sales, control risks and tells the organization where they are going and how to get there. Further planning for eventualities allows the organization to deal with eventualities and reach set objectives in spite of temporary setbacks because failing to plan is planning to fail.

Insurance companies should offer quality services to consumers as this gives your organization a good lasting impression because consumers may not give you a second chance and remember that every one you come in touch with is a potential client or referral to another client if they are impressed.

Suggested Areas for Further Research

There is need to do research in innovation and business performance, further research can also be done in advertising and performance in insurance companies in Kigali, Rwanda.

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APPENDIX 1 A: TRANSMITTAL LETTER



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OFFICE OF THE HEAD OF DEPARTMENT, ECONOMICS AND MANAGEMENT SCIENCES COLLEGE OF HIGHER DEGREES AND RESEARCH (CHDR)

Date: 28th Jun, 2012

RE: REQUEST NYINAWIMFURA JACKLINE MBA/22904/113/DF TO CONDUCT RESEARCH IN YOUR ORGANIZATION

The above mentioned is a bonafide student of Kampala International University pursuing Masters of Business Administration.

She is currently conducting a research entitled **"Service Quality And Organisation Performance in Insurance Companies in Rwanda."**

Your organization has been identified as a valuable source of Information pertaining to her research project. The purpose of this letter is to request you to avail her with the pertinent information she may need.

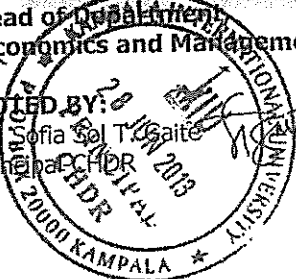
Any information shared with her from your organization shall be treated with utmost confidentiality.

Any assistance rendered to her will be highly appreciated.

Yours truly,

pp *[Signature]*
Dr. Malinga Ramadhan
Head of Department,
Economics and Management Sciences, (CHDR)

NOTED BY:
Dr. Sofia Sol T. Gaito
Principal CHDR



APPENDIX 1B: TRANSMITTAL LETTER FOR THE RESPONDENTS

Dear Sir/ Madam,

Greetings!

I am a Masters in Business Administration candidate; part of the requirements for the award is a thesis. My study is entitled, **Service Quality and Performance of Insurance Companies in Kigali, Rwanda**. May also I request you to participate in this study by answering all questions. Any data you will provide shall be for academic purposes only and no information of such kind shall be disclosed to others.

May I retrieve the questionnaire within five days (5)?

Thank you very much in advance.

Yours faithfully,

Ms. Nyinamwifura Jacqueline

APPENDIX 11: CLEARANCE FROM ETHICS COMMITTEE

Date _____

Candidate's Data

Name _____

Reg.# _____

Course _____

Title of Study

Ethical Review Checklist

The study reviewed considered the following:

- ☐ Physical Safety of Human Subjects
- ☐ Psychological Safety
- ☐ Emotional Security
- ☐ Privacy
- ☐ Written Request for Author of Standardized Instrument
- ☐ Coding of Questionnaires/Anonymity/Confidentiality
- ☐ Permission to Conduct the Study
- ☐ Informed Consent
- ☐ Citations/Authors Recognized

Results of Ethical Review

- ☐ Approved

___ Conditional (to provide the Ethics Committee with corrections)

___ Disapproved/ Resubmit Proposal

Ethics Committee (Name and Signature)

Chairperson _____

Members

APPENDIX III: INFORMED CONSENT

In signing this document, I am giving my consent to be part of the research study of Ms. Nyinamwifura Jacqueline that will focus on quality service and organizational performance of insurance companies in Kigali, Rwanda.

I shall be assured of privacy, anonymity and confidentiality and that I will be given the option to refuse participation and right to withdraw my participation anytime.

I have been informed that the research is voluntary and that the results will be given to me if I ask for it.

Name and Signature of Respondent

Date_____

APPENDIX IV: PROFILE OF THE RESPONDENTS

Age: _____

Gender: _____

Employee Designation/ Rank _____

Income Level _____

Highest Educational Qualification: _____

Working Experience : _____

Administrative Region of Operation _____

APPENDIX VB: QUESTIONNAIRE TO DETERMINE THE LEVEL OF SERVICE QUALITY

Direction: Please write your preferred option on the space provided before each item. Kindly use the rating guide below:

Score	Response	Description
4	Strongly Agree	You agree with no doubt at all
3	Agree	You agree with some doubt
2	Disagree	You disagree with some doubt
1	Strongly Disagree	You disagree with no doubt at all

Reliability (ability to perform promised service dependably and accurately)

- ___1. Your organisation provides services at the promised time.
- ___2. Your organisation is willing to help and correct the mistakes and errors.
- ___3. Your organisation is dependable and has the ability of employees handling customer's problems.
- ___4. Your organisation follows the exact specifications of the clients.

Security (freedom from danger, risk or doubt)

- ___5. Your organisation makes sure it is safe to enter the bank premises and use the service equipment
- ___6. Your organisation makes sure documents and other information provided to the clients are secure.
- ___7. Your organisation makes sure records of the clients are safe from unauthorized persons

or use.

___8. Your organisation makes documents and other information provided to me are secure.

Accessibility (accepting responsibility to provide the service)

___9. In organization bank, it is easy to meet knowledgeable staffs who provide services when clients have problems.

___10. In your organisation, it is easy to reach staff person by mail, telephone, in person etc

___11. The location of your organisation service is convenient

___12. Your organisation working hours are suitable

___13. Your organisation balances branches services to the different requested services

___14. Your organisation has the ability to meet customers' needs, requests and diversifies services.

Understanding Clients (making effort to know customer and their needs)

___15. Your organisation recognizes regular customers and addresses them by names

___16. Your organisation tries to understand the specific objectives of the customers

___17. Your organisation's service level, costs are consistent with clients' requirements

___19. Service costs in your organisation are in line with clients' affordability

APPENDIX VC: QUESTIONNAIRE TO DETERMINE THE LEVEL OF BUSINESS GROWTH

Please describe the level of business growth in your organization; respond to each item by using the scoring guide below. Kindly write your best choice in the space before each item. Be honest about your options as there is no right or wrong answers.

Score	Response	Description
4	Strongly Agree	You agree with no doubt at all
3	Agree	You agree with some doubt
2	Disagree	You disagree with some doubt
1	Strongly Disagree	You disagree with no doubt at all

Sales

- ___1. Sales in your organization are high compared to other players in the market.
- ___2. Sales in your organization are increasing compared to other players in the market.
- ___3. Sales in your organization are set to be increasing in future.
- ___4. Sales in your organization are as good as the best player in the market.
- ___5. Sales in your organization meet your organization's expectation.

Market share

- ___6. Market share of your organization is big compared to other players in the market.
- ___7. Market share of your organization is increasing in because of charging consumer friendly prices among others.
- ___8. Market share of your organization is set to be increasing in the compared other players in the market.
- ___9. Market share of your organization faces little or no challenges to maintain.
- ___10. Market share of your organization is as big as the organization expects.

Profits

- ___11. Net profits in your organization are high compared to other players market.
- ___12. Net profits (after deducting taxes and interest) in your organization after deducting taxes and interest after taxes.
- ___13. Net profits in your organization are set to be increasing in future.
- ___14. Net profits in your organization are as good as the best player in market.
- ___15. Net profits in your organization satisfy your organization's expectation.

Quality products

- ___16. Your organization produces products/ offers services that are reliable.
- ___ 17. Your organization produces services that are safe (i.e used without causing danger or risk to the consumers.
- ___18. Your organization provides products/ services in time (without causing delays to the consumers).
- ___19. Your organization provides products/ services that are accessible to consumers when ever needed.
- ___20. Your organization communicates to consumers in a language they understand best and listens to consumers.

Consumer satisfaction

- ___21. Your organization gives consumers value for their money
- ___22. Your organization abides by warranties given to consumers.
- ___23. Your organization offers consistent channels of distribution management for its services.
- ___24. Your organization keeps consumers informed.
- ___25. Your organization offers good after sales service.

___26. Your organization pays you on time.

Employee satisfaction

___27. Your organization pays you commensurately to your efforts.

___28. Your organization gives employee benefits that are adequate.

___29. Your organization is committed to non discrimination of employees.

___30. Your organization offers safe working environment for its employees.

Owner's satisfaction

___31. Your organization gives earnings per share holder on time.

___32. Your organization's earnings per share are better than those of other players in the market.

___33. Earnings per share in your organization are set to be increasing in future.

___34. Your organization is committed to keep safe earning per share for its shareholders.

___35. Your organization keeps share holders informed of development.

Source: Porter (1980).

APPENDIX 1VD: VALIDITY AND RELIABILITY TESTING

Overall Reliability Statistics on Service Quality

Cronbach's Alpha	No of Items
0.8	19

Overall Reliability Statistics Business Growth

Cronbach's Alpha	No of Items
0.9	35

APPENDIX 1VE: SAMPLE SIZE COMPUTATION

Sloven's formula

$$n = \frac{N}{1 + N(e^2)}$$

Where; n = the required sample size;

N = the known population size;

e = the level of significance, which is = 0.05

$$n = \frac{435}{1 + 435(0.05^2)}$$

$$n = \frac{435}{1 + 435(0.0025)}$$

$$n = \frac{435}{1 + 1.0875}$$

$$n = \frac{435}{2.0875}$$

$$n = 208$$

RESEARCHER'S CURRICULUM VITAE

Personal Profile

Name: Nyinawimfura Jackline

Date of Birth: 04th June 1980

Marital Status: Married

Nationality: Rwandese

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Educational Background

2011-2013	Kampala International University <i>Thesis:</i>	MBA (Marketing) <i>Service quality and organizational performance Insurance companies in Rwanda</i>
2008-2011	Kampala international university	BBA(Marketing)
1996-2001	Kiziguro secondary school (Rwanda)	
1990-1996	Ntinda primary school (Kampala Uganda)	