THE ROLE OF COMPLAINTS HANDLING SYSTEM IN ENHANCING CUSTOMER SATISFACTION: CASE STUDY OF THE JUBILEE INSURANCE COMPANY OF TANZANIA LIMITED

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A DISSERTATION SUBMITTED IN PARTIAL FULFILMENT OF THE REQUIREMENTS FOR AWARD OF THE DEGREE OF MASTERS IN PROJECT MANAGEMENT OF THE OPEN UNIVERSITY OF TANZANIA

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CERTIFICATION

The under signed certifies that he has read and hereby recommends for acceptance by the supervisor dissertation titled "*The Role of Complaints Handling System in Enhancing Customer Satisfaction: Case Study of the Jubilee Insurance Company of Tanzania Limited*" in fulfilment of requirement for master degree in Project Management of the Open University of Tanzania.

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Dr. Salum S. Mohamed

Supervisor

....

Date

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DECLARATION

I, Milembe Joseph Makoye, do hereby declare that this dissertation is my original work and has not been presented and will not be presented to any other learning institution for similar or any academic award.

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Signature

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Date

DEDICATION

This study is dedicated to my lovely father, mother, and my family.

ACKNOWLEDGEMENTS

ABSTRACT

The study focused on assessing the role of complaint handling system in enhancing customer satisfaction. Specifically, it looked at the effectiveness of communication in complaint handling system to the customers, examined the organization's responsiveness to the complaints of the customers and   the level of customer satisfaction. Moreover, uncovering the extent to which the company shows empathy to the complaints of the customers and lastly it assessed the effectiveness in delivering fast recovery to the service failures. Data were collected using questionnaires and interview to key informants. The analysis of data was done using descriptive statistics and regression analysis. The findings have established that effective complaints handling system is determined by four key elements as predicted in the regression analysis. These factors include effective complaints communication, responsiveness in complaints handling, empathy in complaints handling and fast service recovery. Effectiveness of communication in complaint handling system was assessed using; polite treatment of customers, treating customers with dignity; treating customers with proper remarks and comments; detailed and timely communication of the complaints to the customers. The descriptive results show that customers indicated to agree with the communication used in complaints handling. From the study findings, the researcher recommends that complaint handling is considered as very important instrument for service organizations in evaluating the effectiveness of recovery options. Complaints should be shared not only with the front-line employees, but also with those employees who work within organizations that play key roles in the success of the organisation.

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LIST OF ABBREVIATIONS

JICT   Jubilee Insurance Company of Tanzania Limited

KPGM   A global network of professional firms providing Audit, Tax and

Advisory services

NHIF   National Health insurance Fund

SMEs   Small Medium Enterprises

SPSS   Statistical Package for Social Sciences

CHAPTER ONE

1.0 INTRODUCTION

1.1   Background to the Study

This chapter provides the background of the study, discusses the research problem, gives out the study objectives (general and specific), it point out the research questions and relevance of the study. Lastly, it provides the organisation of the rest parts of the proposal for the reader to clearly follow and understand the contents.

In the current global business environment, it is widely recognized that how companies respond to customer or consumer complaints have become key aspect of providing customer service that ultimately affects consumers' choices of service (Okyere and Kumadey, 2015). The driving force has been to gain competitiveness and profitability through customer care and ensuring customer satisfaction in different economic and social enterprises (Keong, 2014). In this regard, insurance companies are increasingly opting for more customer centered service provision system for ensuring satisfaction where effective complaints handling system becomes a demand.

Customer satisfaction / or dissatisfaction is gaining recognition in marketing management strategies; complaints management are gradually becoming central in customer relationship management and is considered as an important strategic tool for firms across industries (Abiiro *et al*., 2014). Companies have turned to this position and have become increasingly interested in customers' feedback received to the extent that dissatisfied customers, in particular, are often encouraged to voice out their complaints to companies' service representatives (Njama, 2012). Challenges always evidenced in managing service quality, combined with the important role played by

customers in the service production process give clear indication that customer loyalty drives profitability, and for that matter make complaint handling a central focus for service organizations in their efforts to acquire, and maintain customers through satisfying them (Njama, 2012). Complaints are inherent in every work environment but in health insurance services, complaints are critical, needing immediate resolution. In this regard therefore, complaints need to be assessed to decide the most appropriate course of action and to ensure serious incidents receive immediate attention.

Abiiro *et al*. (2014) holds an open view that if the relationships exist between the company and the customer is defective due to the provision of bad service from the point of view of the customer; it is still possible to gain satisfaction back through good complaint management and service recovery. If the strategic options adopted to manage the complaints aimed at service recovery work to perfection, it will lead to the restoration of trust and customer loyalty (Kim, 2013). In order for people not to spread negative word of mouth about an organization and its products or services; it is essential for it, to have a good complaint management and service recovery system.

1.2   Statement of the Research Problem

Insurance companies including Jubilee have put in place systems which involve interaction of human in their operation and sometimes the systems can evidence experience failures which can directly affect the consumer in terms of consumption and finally satisfaction or service experience (Sunayana, 2013). The effect of this state of the service delivery creates dissatisfaction for both potential and established clients who use the services of the company (Okyere and Kumadey, 2015). Clients dissatisfaction sometimes lead them becoming aggrieved hence resorting to making

complaints about bad service provision experienced (Fidelity, 2014). There are different kinds of customers in the insurance service; and they are identified by the nature of behaviours they exhibit during complain process (Shammount and Haddad, 2014). This behaviour according to Kim (2013) can range from exit, loyalty and voice. Each of these behaviours can put any insurance company in disadvantaged position. The problem under discussion here is what steps or strategic options always put in place by Jubilee insurance company in Tanzania to respond to complaints lodged by the aggrieved clients who have experienced bad or defective service. The focus of this study is to explore customer complaint handling strategies if adopted and implemented effectively and more efficiently towards service recovery and ensuring client satisfaction in the event of service failure. Moreover, the study will attempt to measure the level of customer satisfaction with services provided by Jubilee insurance company limited of Tanzania.

1.3   Research Objectives

1.3.1   General Research Objective

To assess the role of complaint handling system in enhancing customer satisfaction at the Jubilee Insurance Company limited of Tanzania.

1.3.2   Specific Research Objectives

i) To evaluate the effectiveness of communication in complaint handling system to the customers.

ii) To examine the organization's responsiveness to the complaints of the customers and   the level of customer satisfaction.

iii) To uncover the extent to which the company shows empathy to the complaints of the customers.

iv)   To assess the effectiveness in delivering fast recovery to the service failures.

1.4   Research Questions

1.4.1   General Research Question

What are the effects of complaints handling on customer satisfaction?

1.4.2   Specific Research Questions

i)   What is the effectiveness of communication complaint handling system to the customers?

ii)   What is the organization's responsiveness to the complaints of the customers and   the level of customer satisfaction?

iii)   What is the extent to which the company shows empathy to the complaints of the customers?

iv)   What is the effectiveness in delivering fast recovery to the service failures?

1.5   Significance of the Research

The research aims to fill some of the knowledge gaps identified in the literature and it is significant as it presents the satisfaction with complaints handling system from customers' point of view in insurance industry in Tanzania which is hardly found in the literature. This research has the potential to assist insurance companies to gain an understanding of how complaints handling processes may affect their customers' level of satisfaction. Likely, this research will be significant to the field of organisational learning as the outcomes will inform insurance companies to improve their service delivery approaches towards enhancing customer satisfaction. The outcomes from this

study will stimulate managerial action for improving practice of complaints handling in service delivery industry.

1.6   Scope of the Study

This study is centered on complaints handling system in enhancing customer satisfaction which takes the case of Jubilee insurance company limited of Tanzania. It is conducted on the ground that customer satisfaction is a key driver of business improvement among service based organisations. Complain handling procedures and system for doing it leads to improved service delivery. This study focuses on investigating how the Jubilee insurance company has strived to ensure customer satisfaction through complaint handling. This forms the scope of this study which will take the customers and the employees as the unit of analysis.

1.7   Organization of the Study

The remaining part of this study is organized into five chapters. Chapter two covers the literature review which include; conceptual definitions, theoretical analysis, empirical analysis, research gap as well as conceptual framework. Moreover, it provides the analytical framework. Chapter three is centered on discussing the research methodology adopted for the study. Under this chapter it will cover the following aspects; research strategy deployed, area of research, sampling design and procedures, methods of data collection, data processing and analysis. Chapter four provide the findings of the study in relation to the study objectives and key variables and Chapter five provide the summary of key findings, implication of the findings, conclusion, recommendations, limitation of the study and areas for further studies.

CHAPTER TWO

2.0 LITERATURE REVIEW

2.1   Introduction

This chapter presents the review of literature relevant to the study variables. The chapter discusses the conceptual definitions, theoretical literature review, empirical literature review of relate d studies, research gap identified, conceptual framework (for studying the problem and analyzing the data, theoretical framework statement).

2.2   Conceptual Definitions

2.2.1   Complaints Handling

A complaint is an expression of dissatisfaction made to an organisation, related to its products or services, or the complaints handling process itself, where a response or resolution is explicitly or implicitly expected (Fidelity, 2014). Complaints handling is defined as the process through which a recorded expression of dissatisfaction with company, or one of its employees or agents alleging misconduct is dealt with in order to restore the standard of services provided (Lewis and Steven, 2013). A process through which an organisation deal with the customer dissatisfaction where one of its employees or agents have alleged misconduct where a preliminary investigation indicates that the allegation may have merit (Sunayana, 2013). For the purpose of this study a complaints handling definition provided by Lewis and Steven (2013) is adopted as it covers the aspect of procedures and processes to handle complaints. Thus complaint is defined as any expression of dissatisfaction by a customer, potential customer or other business partner or any regulatory body made to the company either directly or indirectly which is related to a product or service provided

by the company or which is related to an employee of the company or which is related to a service provided by an intermediary acting on behalf of the company or provided by another business partner of the company.

2.2.2 Customer Satisfaction

Customer's Satisfaction: the client's perception of the performance of the service in relation to his or her expectations (Shammout and Haddad, 2014). Customer satisfaction viewed as a response based on assessments and expressed some time during the buy-consumption process (Sunayana, 2013). For the purpose of this study a definition provided by Shammout and Haddad (2014) is adopted.

2.2.3 Insurance Company

Mahori *et al*. (2012) defines insurance as the act, system, or business of providing financial protection for property, life, health, etc., against specified contingencies, such as death, loss, or damage, and involving payment of regular premiums in return for a policy guaranteeing such protection. A business that provides coverage, in the form of compensation resulting from loss, damages, injury, treatment or hardship in exchange for premium payments (Rahman, 2012). For the purpose of this study a definition provided by Mahori *et al*. (2012) is adopted as it covers the variables under investigation.

2.3 Theoretical Literature Reviews

This section provides a theoretical review by discussing the theory adopted for the study investigation and it reviews the variables to identify the gaps and establish the bench mark for investigation of the variables in the process of research undertaking.

2.3.1 Justice Theory

The study adopts the Justice (Equity) Theory which builds it assumption on the concept of fairness, equity or justice which has its roots in social psychology and has been widely and successfully employed to explain individuals' reactions to a variety of conflict situations (Blodgett *et al*., 1997). The literature in social psychology and organizational behaviour suggest that individuals who are involved in conflicts or disputes base their perceptions of justice on three factors: the perceived fairness of the tangible outcomes (i.e., the distributive justice), the perceived fairness of the procedures and policies by which the outcome is produced (i.e., the procedural justice), and the perceived fairness of the manner in which they were treated throughout the conflict resolution process (i.e., the interactional justice) (Rahman, 2012).

Extending justice theory to complaint handling situations, dissatisfied customer can be viewed as a victim who has been harmed by a service provider and is thus seeking compensation (Gitau, 2013).In the context of complaining behaviour, the distributive dimension of justice refers to the perceived fairness of redress offered by the service provider. Kim (2013) refers to distributive justice as the perceived fairness of the actual outcome, or consequence of a decision, for example the level of refund or exchange offered. The procedural dimension refers to the perceived fairness of the policies and procedures by which the final redress was provided. In other words, procedural justice refers to whether the procedures, or criteria, used in making the decision are perceived as fair, for example how quickly a problem was resolved or if both sides were allowed to tell their story (Ahmed and Amir, 2011; Njama, 2013; and Keong, 2014).

The interactional dimension focuses on the manner in which the service supplier responded to the customer's complaint. Interactional justice is mainly concerned with satisfaction on a moral and ethical level (Shamsuzzaman, 2012). This include many aspects such as whether the customer was treated with courtesy and respect, given a reasonable explanation as why the original problem occurred and whether the service supplier employee put the required suitable effort to handle the customer complaint. So, interactional justice refers to the fairness of the interpersonal treatment people receive during the recovery process (Kapunda and Mmolawa, 2013; Shammount and Haddad, 2014).

There have been a number of attempts to operationalize the theory. Ahmed and Amir (2011) suggested that justice or equity in marketing relationships exists and may be measured against a continuum ranging from negative inequity (under-benefited) to equity (where the outcomes are justly deserved), to positive equity (where outcomes are greater than deserved). Mahori *et al*. (2012) considered justice theory using a critical incident technique and identified that distributive and procedural forms of justice were each represented in consumers' comments (Okyere and Kumadey, 2015).

2.3.2   Justice Theory and Insurance Services

In the context of insurance services justice theory is relevant as its key assumptions and analysis of the previous studies relates with the study variables. It can thus be ascertained that complaints handling is vital for insurance companies which determines the level of customer satisfaction at the point where consensus is built on service recovery. As the theory asserts, dissatisfaction results from reactions with the unfair treatment in the event of service provision and if proper measures are not taken

the situation results into customer to switch to another service provider. According to Ang and Buttle (2006), customer retention is one of the main objectives of companies that conduct relationship management. The reason for this is that there is an agreement among companies and industries that retention can yield a number of financial benefits. For example, research has shown that a five percent increase in customer retention could generate an increase in customer net present value of as much as 25- 95 percent. Companies have realized the financial benefits connected to customer retention and now there is a general view that customer, just like products, have a life-cycle and can therefore grow in value over time (Ang and Buttle, 2006).

Companies also measure the effectiveness of their customer retention strategies by looking at the retention outcomes of loyalty programs and customer clubs. According to Ang and Buttle (2006), another way of looking at retention outcomes is by focusing on the complaint-handling process. Their research indicates a well-working complaint-handling process has positive effects on customer retention because well-recovered customers are less likely to switch and are also more satisfied than customers with no complaints (Ang and Buttle, 2006).

2.3.3   Complaints Handling and Service Recovery

Johnston (2000) claims that researches have shown that financial benefits is the outcome from customer retention, service recovery and by listening to complaints to improve operations. Johnston (2000) also suggests companies should focus on these improvements to increase their financial performance rather than focusing on customer satisfaction which is the outcome of improving service and complaint processes. According to Johnston (2000), the main goal of developing a well working

system is to "deliver enhanced profits by increasing revenues and reducing costs". This is done by taking the opportunity to correct mistakes and create very satisfied customers. According to Berglund and Nyström (2004), the complaint culture within the company is important to review since it affects the company's financial performance in the long run. A good complaint culture allows improvements in the complaint processes which in turn improve the relationship to customers and employees.

2.3.4 Communication System in Complaints Handling

The focus of complaint handling system is to resolve the conflict which occurred during service access with the purpose of attracting and retaining customers through cooperation and the sharing of information. In the process of handling complaints with the customer, the organisation is required to communicate with the customer, and the customer is expected to listen. Proper communication of the complaints requires that both parties (customer and service provider) communicate with each other (Hakkio & Laaksonen 1998). Rootman (2011) states that complaints communication is not only about conveying a message, but that there also needs to be an understanding between the parties involved in order for the communication to be effective. Communication should inform a dissatisfie customer as to what the organisation is doing to rectify the source of dissatisfaction. It is for this reason that two-way communication is important within the complaints handling process, since customers want to be heard and not just promoted to (Rootman 2006). Strachan (2010) concur with this statement by arguing that customers need to trust that if they have a problem, they are able to communicate this with the organisation without the possibility of negative reactions. The organisation too needs to trust that they can be

honest and communicate any updates or news, be it positive or negative, with the customer. Should trust be present, the communication of any negative aspects or situations is more likely to result in positive and understanding reactions.

2.4 Empirical Literature Review

This section provides a review of previous studies in complaint handling system within the insurance industry. It covers studies worldwide, in Africa context and in Tanzania in particular.

2.4.1 Empirical Literature Review Worldwide

In the perspective of the consumer, complaining is a means of making one's feelings known when unfair seller practices are encountered; when disappointment with a product arises; and when disapproval of business conduct more generally occurs (Okyere and Kumadey, 2015). In typical service context, disappointment is referred to as exceptional levels of dissatisfaction in consumer experiences which is seemed important because research findings report that these extreme experiences can have profound effects on subsequent consumer judgments and behavior, including purchase, word of mouth, and defection (Kim, 2013; Sunayana, 2013; and Wolfe, 2014). Conceptualized this way, dissatisfaction can also be referred to as the attitude resulting from disconfirmation of expectancies, whereas complaining is a behavioral expression of the dissatisfaction. In this regard, previous studies have pointed out that services providers may unknowingly be losing business to their competitors because of negative comments made by dissatisfied customers (Mannaa and Chaudhry, 2013; and Abiiro et al., 2014). The source of disappointments always encountered by customers in service delivery can be attributed to service failure. Many researchers

have explained *service failure* to mean a clear inability on the part of service institutions to meet the expectations of their customers regarding the standard of service delivered (Kim, 2013; Keong, 2014). From the perspective of the customer, service failure as a concept refers to any situation where something has gone wrong regarding service delivered by the institution and received by the customer (Rahman, 2012). This means that, there is defective performance in the service delivery that has or causing the failure to occur.

This suffice to say that irrespective of all the effective strategies put in place by a service organisation, it is certain to happen that the organisation may fail at some point where customers and the producer of services meet each other. Okyere and Kumadey (2015) agree with this position and stresses on some of the causes of service failure. The author explains that the *inseparability* of a service offering and the service provider – as well as the very intangibility of services gives rise to service failures. For the purpose of this study, the nature of business in the insurance industry involves many interactions between range of insurance workers, health care providers and customers. These interactions if not properly and effectively managed provide sufficient recipe for service failure. It has to be noted that despite the existence of strategic options adopted by service institutions including insurance companies to manage the likely or potential failures always evidenced in service delivery, Njama (2012) submit that this will be seen very well in theory, but in practice it is very difficult to adopt completely to avoid service failure. Thus, it can be argued that the occurrence of service failure in insurance companies in Tanzania is inevitable and unavoidable so far as systems and humans who are bound to make mistakes are involved in the entire service delivery process.

The study by Plesis and Lombard (2014) in South African insurance industry found that customers are likely to be loyal to a long-term insurance organisation if it handles customer complaints and other conflicts satisfactorily. They emphasized that it is important the company to have effective complaints handling mechanisms which are proactive, so as to pre-empt potential sources of conflict and address them before problems manifest. They further narrated that, the way in which complaints are handled by a long-term insurance organisation will have a direct influence on customer loyalty. The degree to which the organisation and its customers in the relationship engage in complaints handling processes will depend on theirprior satisfaction with the relationship, the magnitude of the investment in the relationship, and the alternatives that each party has.

The study by Strachan and Lombard (2010) in Botswana insurance company established that a long-term insurance organisation should make it as easy as possible for customers to complain. They further cautioned that written complaints should only be required if they are necessary for legal reasons. The company should inform customers of failures or mistakes, and if the organisation cannot correct them immediately, they should inform the customer when the problem will be rectified. A long-term insurance organisation should compensate customers immediately, and where immediate compensation cannot be given, no unnecessary delays should be allowed. From this arguments it can be ascertained that, the organisation should measure their conflict handling regularly through the customers' eyes, and not at the perspective of the organisation itself. In this regard, a long-term insurance organisation can also design specific training sessions for employees, with a view to emphasizing the conflict handling aspect.

2.4.2 Empirical Literature Review in Africa

The study on customer satisfaction with life insurance in Ghana by Boadu *et al* (2014) point out that the insurance industry suffers from negative image as a result of lower customer satisfaction perception. Their findings revealed that the general public has different perception on life assurance policy. Most of the time, clients complains of inability of insurance companies to pay prompt claims, sometimes even denying them of the claims and ultimately ending up in the court of law. For instance the study found that at the year ending 2013, two hundred and forty-five (245) complaints were received from the public against insurance companies. The study wind up its analysis by concluding that given the numerous insurance companies in Ghana and the easy access to every individual, customers are becoming intolerant and easily break up their relationship as problems arise. This has led to movement of potential customers from one company to another owing to ill-treatment.

Another study in health insurance in South Africa by Du Plessis and Lombard (2013) are on the opinion that managers aiming to build a loyal customer base should concentrate on the issue of two-way communication and conflict handling. Strategies to improve how the long term organisation communicates with customers and how it obtains information concerning the customers' needs, as well as how conflicts between the customer and the organisation are dealt with during a service failure, should be implemented. According to them, these strategies, when implemented, will increase customer loyalty, which in turn will lead to increased profitability of the organisation and sustainability of the organisation's future. However, the findings of this study did not cover as to how complaints handling system satisfies the customers, its central focus was on overall customer satisfaction with the services provided.

Equally important, the study by Gitau (2013) in Kenyan insurance industry identified number of strategies that need to be undertaken by insurance companies for enhancing customer satisfaction. The study argued that there is need for the regulator to play a centre role in ensuring consumer protection so that the negative perception held by the public about nonpayment of claims by insurance companies is corrected. The Insurance companies need to adopt strategies that will address the challenge of increased customer drop out and ensure proper implementation to reach large population in medical insurance.

According to Abiola and Sogunro (2013) in their study on measuring customer satisfaction on life insurance products in Nigeria, they argued that effectiveness of complaints handling system contributes significantly to the measurement of customer satisfaction. This practice has become a key performance indicator of an organization and valuable management tool for companies to expand their current customer relationships and remain competitive. They further argued that, it is a major concern within a company's customer relationship management strategy; it improves customers' engagement on product, compels development of new partnership with customer and business community and, serves a strong driver of customers trust and confidence in an organization. The relevance of complaints handling system can be evidenced in the survey of South African insurance sector by KPMG (2014) which recommended that, there is a need for transformation initiatives which can enable an insurance company to conduct an internal diagnostic of its end–to-end business processes, everything from creating a new account to claims handling. It will enable focused efforts on getting the right things, to the right place, at the right time, in the right quantity, while minimizing waste and being flexible to change. The study further

argued that, the realization of all of these attributes in the daily operations of an organisation will ultimately reduce customer complaints, improve customer satisfaction, reduce cost to serve and uplift revenue.

2.4.3 Empirical Studies in Tanzania

In Tanzania, the study by Mahori et al. (2012) in health insurance dynamics in Tanzania point out that there is high level of dissatisfaction in insurance services provided by National Health insurance Fund due to lack of complaints handling system although the situation is somehow better in private insurance companies. The study further points out that client sometimes opt to use out of pocket payment in private health facilities where NHIF do not cover.

Likely, the study by Kapunda and Mmolawa (2013) on coverage and satisfaction of health insurance in formal sectors point that there is increased diversity of formal sectors in Tanzania which makes it difficult to have clear complaints handling system in insurance industry. They argue that, some companies focus on formal sectors while others take customers from formal and informal sectors. In this regard, approaches to handle complaints in health care financing from the informal sector therefore need to take into account local factors, including the capacity to pay of specific groups and the availability of organisational structures through which its resources can be tapped (Wolfe, 2014). A study conducted by Mimbi (2007) on factors influencing customer satisfaction with insurance companies the objective of the study was to investigate the factors influencing customer satisfaction with insurance companies in Tanzania. This study found that Assurance and Reliability dimensions have a significant influence on customer satisfaction with insurance companies, suggesting that these two dimensions

were regarded by policyholders as the most crucial towards meeting customer satisfaction. The study recommended that improvement of service quality should be in this order Reliability, Assurance, Responsiveness, Empathy, Tangibles. Growing evidence that customer satisfaction drives organizations' economic health means that managers can no longer afford to ignore customers' feedback. Likely, the study suggested that organization-specific examination of dimensions is vital and useful so that managers are able to assess and determine the precise level of both customer satisfaction and its influencing factors.

Equally important, the study done by Msabi (2009) on market orientation and performance relationship in insurance industry in Tanzania taking the case of Dar es Salaam revealed that there is general trend that still there was poor participation among the people in joining with the Insurance policies in Tanzanian. This is because all the Marketing activities of these companies which have been targeting major cities like Dar es Salaam. The result shows that there are positive relationships between market orientation and performance. In other words, Tanzanian Insurance Industry performance is largely influenced by its market orientation or market driven culture. This is because the association between the acting of the industries and the response from the market are positive. It is recommended to the companies that, time has come for them to start considering direct marking and dealing with customer complaints as part of industry growth strategy.

2.5   Research Gap Identified

The review of previous studies from different sources reveal that complaints handling in service companies, insurance inclusive forms the central part of ensuring customer

satisfaction and more importantly dealing with customer feedback which might affect the image of the company. The concept has been widely studied but very few studies have been conducted in Tanzania particularly in private insurance companies. Given the difference in socio-economic setting, it is imperative to undertake a study that will explore the extent to which complaints handling leads to customer satisfaction with the focus at Jubilee insurance company.

2.6   Conceptual Framework

According to Miles and Huberman (1994), a conceptual framework is a way of explaining, graphically or narrative, the most relevant concepts to be studied. According to the authors, it is important to be selective and choose the most important variables and the relationships that are most likely to be meaningful for the study (Miles and Huberman, 2004). Conceptual framework in this context centered on explaining the practice of complaints handling, based on study variables by deploying justice theory. The conceptual framework is formulated based on the key variables (complaints handling and customer satisfaction) of the study as presented in the tittle and justice theory. The mapping/illustration of the interaction of the variables with the theory are presented in Figure 2.1.

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┌─────────────────────────────────────────────────────────────────────────┐
│  Independent variables                    Dependent variable             │
│  ┌──────────────────────────┐                                            │
│  │ Complain handling system │                                            │
│  └──────────────────────────┘                                            │
│            ⇓                                                              │
│  ┌──────────────────────────┐      ┌──────────────────────────────────┐  │
│  │  o Complaint             │      │  Satisfied customers             │  │
│  │    communication         │      │                                  │  │
│  │  o Responsiveness to     │──▶   │  o Spreading word-of-mouth       │  │
│  │    customers' needs      │      │  o Customer retention            │  │
│  │  o Show empathy          │──▶   │  o Loyal customers               │  │
│  │  o Deliver fast recovery │      │                                  │  │
│  └──────────────────────────┘      └──────────────────────────────────┘  │
└─────────────────────────────────────────────────────────────────────────┘
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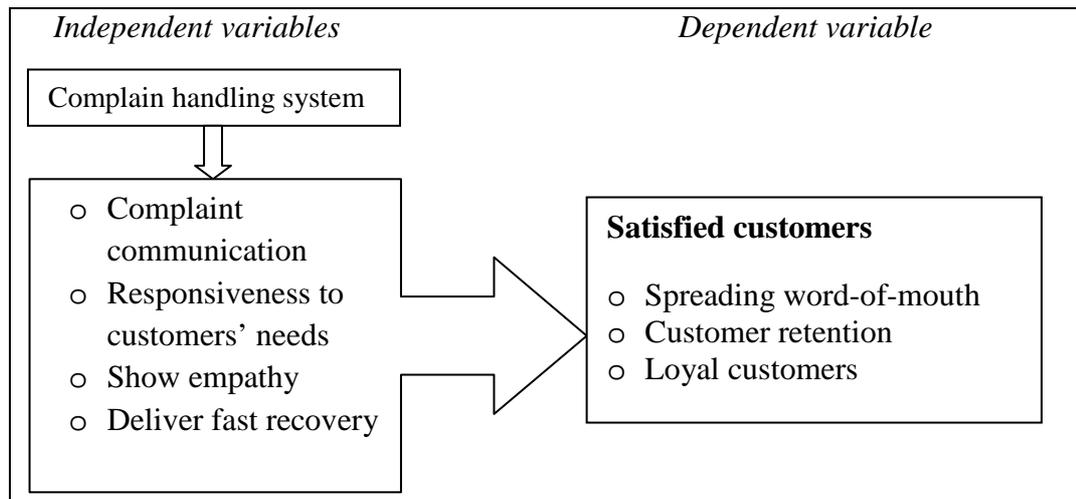
Figure 2.1: Conceptual Framework

Source: Researcher's construct

The framework illustrates that, customer perception has three dimensions depending on the manner in which s/he is treated with the complaints handling process. If s/he perceives that the treatment was fair then will remain loyal to the company. On the other hand if the treatment was unfair, then s/he may exit or quit the services and switch to another service provider and even spread bad word of mouth to the public which might jeopardize the facet of the company.

2.7   Theoretical Framework

From the theoretical analysis, three factors have been revealed to characterize the decision reached by customers in the event that they have been mistreated in service provision: the perceived fairness of the tangible outcomes (i.e., the distributive justice), the perceived fairness of the procedures and policies by which the outcome is produced (i.e., the procedural justice), and the perceived fairness of the manner in which they were treated throughout the complaints handling process (i.e., the interactional justice). This in turn will result into three possible major decisions; Exit, loyalty, and voice.

If the customer is dissatisfied then one will exit and stop using the company services, if s/he is satisfied then loyalty will prevail and the last option results when the customer is not satisfied and the company takes no action, then s/he will spread the negative image to the general public which might affect the outlook of the company. This theoretical framework points out three key variables to be investigated from the empirical and theoretical analysis. This variables are; complaint communication, responsiveness to customers' needs, showing empathy, and delivering fast recovery.

CHAPTER THREE

3.0 RESEARCH METHODOLOGY

3.1   Introduction

This chapter describes the research methodology applied to assess complaints handling attributes which enhance customer satisfaction. It includes the research design, the description of the population and sample, the data collection tools and process for data collection and the instruments. The information about the data analysis procedures is also provided.

3.2   Research Design

Research design is the general plan of how the researcher had to answer research question(s). It contains clear objectives, derived from research question(s), specified sources from which the researcher intended to collect data, and consider the constraints that were inevitably had (e.g. access to data, time, location and money) as well as discussing ethical issues. Saunders *et al*. (2009)

This study followed a quantitative research approach using descriptive design which adopted a survey strategy. Quantitative research seeks to answer questions of how much and how many and it is concerned with relationships (especially causal-relationships) between variables (Polit and Beck, 2004). The researcher chose aforementioned approach because the variables under the study required establishment of the relationship between complaints handling and customer satisfaction.

3.3 Description of the Study Area

The study was conducted in Dar es Salaam at the Jubilee Insurance Company Limited of Tanzania. Located at Posta city centre, along Ohio Street, opposite Serena hotel within Amani place building. The need to choose this area for descriptive study is because it suits the study at hand. The Jubilee insurance company limited of Tanzania is one of the examples of the private insurance companies which provide medical insurance services to the customers. Therefore, it is the place in which customer services in the context of complaints handling was assessed in essence results into customer's satisfaction.

3.4 Survey Population

Population is the group of people or items about which information can be collected Kothari (2004). Or are the units that could be sampled, the geographical location and the temporally boundaries of the population. The population of this study included thirty thousands (30,000) Jubilee Insurance Company Limited of Tanzania medical insurance customers, ranging from Corporate, Small Medium Enterprises, and Individual policy holders (others) whom possess heterogeneous characteristics.

3.5 Sampling Design and Sample Size

3.5.1 Sampling Design

Stratified random sampling is a design where the population is divided into two or more relevant and significant strata based on one or a number of attributes. In effect, the sampling frame in this study comprised of three strata (Corporate customers, SMEs and individuals) which were divided into a number of subsets (the employees on one hand and customers who were further divided based on their categories as shown in Table 3.1). A random sample (simple or systematic) was then drawn from

each of the strata (Saunders *et al*., 2009). Dividing the population into a series of relevant strata means that the sample is more likely to be representative, as it can ensure that each of the strata is represented proportionally within the sample. This approach provided a chance to have a representative sample in each category of the customers. This approach ensured that specific groups were represented, even proportionally, in the sample(s) by selecting individuals from strata list.

3.5.2 Sample Size

This refers to a number of items to be selected from the universe to constitute a sample, Kothari (2004), Gupta (2002) as cited by Binamungu said a mere sample size alone does not ensure representativeness thus a small sample, but well selected may be superior to a larger but neither too small nor too large sample. The optimum size is the one that fulfils the requirement of efficiency representativeness, reliability, flexibility. Sample enables to reduce the amount of data to be collected by considering only data from a group rather than entire population. Sample data were enabled to make generalisation about the population. The sample size for this study was 95 respondents and the distribution of respondents in each category is illustrated in Table 3.1.

Table 3.1 Sample Size

Categories	Respondents (N)	Percentages (%)	Sampling Method	Data collection tool
Corporate customers	45	47.4	Simple Random	Questionnaire
SMEs customers	35	36.8	Simple Random	Questionnaire
Individual customers	10	10.5	Simple Random	Questionnaire
JICT Employees	5	5.3	Purposive	Interview guide
TOTAL	**95**	**100.00**		

3.6 Variables and Measurement Procedures

Three key variables were measured in the undertaking of the study as presented in Table 3.2. These variables include; level of satisfaction with the complaints handling policies and procedures, satisfaction with the perceived outcome, and satisfaction with the procedures for complaints handling. The measurement scale and level of measurement are provided in Table 3.2

Table 3.2: Variables and Measurement

Variable	Unit of analysis	Measurement
satisfaction with the complaints handling policies and procedures	Customers and service providers	Perception to be tapped in Likert scale items
Satisfaction with the perceived outcome	Customers	Likert scale items
Satisfaction with the procedures for complaints handling	Time for services delivery and customers	Perception of customers (Likert scale)

3.7 Methods of Data Collection

3.7.1 Secondary Data

These are data collected by someone else for some other purposes (but being utilized by the investigator for another purpose) (Joppe, 2000). The advantages of using secondary data include; the data are already there, no effort to collect them and it is less expensive. However, the investigator is not personally responsible for the quality of data. Secondary data was used to collect from the review of previous published studies. Moreover, organization annual reports were reviewed too.

3.7.2 Primary Data

These are data collected by the investigator himself/ herself for a specific purpose (Joppe, 2000). Collecting primary serves several advantages including; the investigator collects data specific to the problem under study; there is no doubt about

the quality of the data collected (for the investigator) and if required, it may be possible to obtain additional data during the study period. Primary data were collected from the respondents in the study area. This involved the use of interview and questionnaires.

3.8   Data Collection Tools

3.8.1   Questionnaires

Primary data were collected through serving questionnaires. Using the questionnaires allowed the researcher to organize the questions and receive replies without talking to the respondents (Kothari, 2004). This study adopted close-ended and open-ended questions in the questionnaires. The questionnaires were distributed to medical clients of Jubilee since they are the users of services of Jubilee Insurance Company limited of Tanzania and thus they are in a better position to provide their satisfaction with the complaints handling system functionality to them. The questionnaires were distributed to 90 respondents who were the customers of the company and they were representatives of the total customers. In the survey stage, respondents were handled with the questionnaires and requested to complete them independently without the data collector's presence. This approach seemed to be necessary for independent replies.

3.8.2   Interview

A semi-structured interview was used to collect data from the respondents at the Jubilee insurance company to ascertain how the complaints handling system functions to meet the customer requirements and satisfaction. The interview session was held with the staff at the headquarters of the company. Interview was conducted to 5-

employees, and since they were the key informants, the researcher was confident that valid and reliable data was collected.

3.8.3 Documentary Review

Secondary data were collected through documentary review. Documents to be reviewed included mostly those provided and published by the JICT, insurance regulation agency and previous studies in the same research area. They included annual reports, web postings by the JICT and insurance regulators.

3.9 Validity and Reliability

3.9.1 Validity

Validity refers to the ability of the data collection tool to measure what it intends to measure (Saunders *et al.,* 2007). Validity was ensured throughout the study through data triangulation where different tools for data collection was used particularly interview and documentary review. According to Joppe (2000), validity determines whether the research truly measures that which it was intended to measure or how truthful the research results are. In this regard, researchers generally determine validity by asking a series of questions, and often look for the answers in the research of others. Moreover, Golafshani (2003) describes the validity in quantitative research as "construct validity". The construct is the initial concept, notion, question or hypothesis that determines which data is to be gathered and how it is to be gathered. They also asserted that quantitative researchers actively cause or affect the interplay between construct and data in order to validate their investigation, usually by the application of a test or other process.

3.9.2 Reliability

Reliability is the degree to which an assessment tool produces stable and consistent results (Eisinga *et al*., 2013). Reliability of data collection tool was tested using Cronbach's alpha coefficient and pre-field data collection. Cronbach's alpha coefficient results need to reveal that the internal consistent (reliability) of a measuring instrument is sufficient to provide reliable data with alpha coefficient of above 0.7 which according to Eisinga *et al* (2013) is acceptable for analysis.

3.10 Data Processing and Analysis

The term data analysis in research refers to the process in which raw data are ordered and organized so that useful information can be extracted from it (Magigi, 2013). It involves transforming the data collected into credible evidence about the study phenomenon and provides a room for further discussion. In this regard, regression analysis had been applied which is a statistical process for estimating the relationships among variables. It includes techniques for modeling and analyzing several variables, the focus was to establish the relationship between a dependent variable and one or more independent variables under the study.

Regression is able to estimate the coefficients of the linear equation, involving one or more independent variables, which best predicted the value of the dependent variable. Regression method was thus used due to its ability to test the nature of influence of independent variables on a dependent variable. Having considered that, multiple regression analysis was used as the approach to analyse the data. The regression model was as follows:

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \varepsilon$$

Where:

Y = Customer satisfaction with the complaints handling procedures

β_0 = Constant Term

β_1, β_2, β_3 and β_4 = Beta coefficient

X_1 = Effective complaints communication

X_2 = Responsiveness in complaints handling

X_3 = Empathy in complaints handling

X_4 = Fast service recovery

ε = Error term

Likely, qualitative data was analyzed using content analysis and results had been presented in narrative and quotes.

CHAPTER FOUR

4.0 FINDINGS AND DISCUSSIONS

4.1   Introduction

This chapter discusses the analysis of the findings from the previous chapter. Analysis was done from processed data where various variables were involved. It is of essence that after having analyzed the collected research data, a researcher has to discuss the findings to give meaning of the analysis done. The main aim of this research study was to assess the role of complaint handling system in enhancing customer satisfaction. Taking the Jubilee insurance company of Tanzania limited as a case study in point. The study aimed at evaluating the effectiveness of communication in complaint handling system to the customers, examine the organization's responsiveness to the complaints of the customers and   the level of customer satisfaction, determine whether complaint handling services are provided with empathy towards meeting customer satisfaction, as well as deducing how fast recovery to service failure is vital in enhancing customer satisfaction. The literature review extensively covered areas that have been researched on. Out of literature review a study frame work comprising of main areas for conducting a study was developed.

4.2   Socio-demographic Characteristics of Respondents

In its investigation the study approached respondents with different socio-demographic characteristics. Among them; women were 51 and men were 39 (Table 4.1). In terms of age; 55 respondents were aged below 25 years and other age categories are shown in Table 4.1. Moreover, the study sought to find out the

education levels of the respondents which indicted that most of the respondents had diploma level. Lastly most of the respondents (clients) were employed in different positions.

Table 4. 2: Socio-demographic Characteristics of Respondents

Variable		Frequency (N)	Percent (%)
Sex	Male	39	43.3
	Female	51	56.7
	Total	90	100
Age of respondent	25 years and below	55	61.1
	36 - 45 years	15	16.7
	46 - 55 years	8	8.9
	55 years and above	12	13.3
	Total	90	100
Education level of respondents	Below secondary school	4	4.4
	Certificate	8	8.9
	diploma	47	52.2
	Undergraduate	24	26.7
	Postgraduate	7	7.8
	Total	90	100
Employment status	Employed	74	82.2
	Not employed	12	13.3
	Student	4	4.4
	Total	90	100

Source: Field data

4.3 Effectiveness of Communication in Complaint Handling System

The respondents were required to indicate the level of agreement with regard to customer satisfaction with the complaints handling procedures using a total of 8 parameters with a five point Likert scale ranging from strongly disagree to strongly agree. These factors were subjected to descriptive analysis. This was done to enable the researcher determine the extent to which the customers were satisfied with the complaints handling system and procedures at Jubilee Insurance Company. In the

five point Likert scale items, a cut-off point was set at 3.0 were equal to or above it was considered to be at satisfactory level and below 3.0 was considered to be at the dissatisfactory level. The research study revealed that all the parameters for measuring effectiveness of communication in complaint handling scored above the cut-off point (3.0) which implied that customers agreed with the provision that they were treated politely with a mean score of 3.7222. Moreover, it had been observed that customers were treated with dignity in the event of complaint communication which had a mean score of 3.6889. Mean scores for other parameters to measure the extent of effective communication in complaints handling are indicated in Table 4.2. The parameter with the lowest mean score was detailed and timely communication of the complaints to the customers (3.2444) although it was above the cut-off point.

It has to be taken into consideration that complaints are an important way for the management of an organisation to be accountable to the public, as well as providing valuable prompts to review organisational performance and the conduct of people that work within and for it. From these findings, it can be asserted that an effective complaint handling system provides three key benefits to an organisation: It resolves issues raised by a person who is dissatisfied in a timely and cost-effective way; It provides information that can lead to improvements in service delivery; and where complaints are handled properly, a good system can improve the reputation of an organisation and strengthen public confidence in an organisation's administrative processes. From these arguments, it can be established that effective communication in the complaint handling is fundamental to the provision of a quality service.

Table 4.3: Effectiveness of Communication in Complaint Handling System

Items for measuring complaints handling communication system	Mean	Std. Deviation
Polite treatment of customers	3.7222	0.73481
Treating customers with dignity	3.6889	0.74418
Treating customers with proper remarks and comments	3.7778	0.79008
Employees sincere in communication with the customer	3.3444	0.63884
Thoroughly explanation of the procedure used to make decision about the complaints	3.5111	0.72274
Reasonable explanations for the procedures used to handle complaints	3.4333	0.83532
Detailed and timely communication of the complaints to the customers	3.2444	0.73913
Communications were tailored to the clients' specific need	3.4333	0.71971

Source: Field data

4.4 Organization's Responsiveness in Customer Complaints Handling

Organisation responsiveness is crucial in any situation that affect the customers and in this regard seven items were measured as shown in Table 4.3 using Likert scale items. The results of the descriptive analysis showed that all the items measured the organisation responsiveness were above 3.0 but did not exceed 4.0. This implies that the customers agreed with the extent to which the organisation shows responsiveness in complaints handling.

Table 4. 4: Organization's Responsiveness in Complaints Handling

Organization's Responsiveness in Complaints Handling	Mean	Std. Deviation
Customers were able to express their views and feeling during those procedures	3.5222	0.88974
Whether the customer had influence over the outcomes arrived after complaints handling procedures	3.2667	0.66704
Whether the procedures were applied consistently	3.3000	0.54977
Whether the procedures were applied free from bias	3.2889	0.67449
Whether the procedures were based on accurate information	3.4333	0.58155
Whether the customers were able to appeal the outcome arrived at by those procedures	3.0889	0.93189
Whether the outcomes reflected what the customers deserved	3.4778	0.8377

Source: Field data

The study indicated the customers' ability to express their views and feelings had a mean score of 3.5222, whether the customers had influences over the outcomes arrived after complaints handling procedures had mean score of 3.2667. Consistent application of complaints handling procedures had a mean score of 3.3 and whether the procedures were applied free from bias had a mean score of 3.2889. Other attributes included, whether the procedures were based on accurate information which had a mean score of 3.4333; and whether the customers were able to appeal the outcome arrived at by those procedures had a mean score of 3.0889. The last item measured whether the outcomes reflected what the customers deserved which had a mean score of 3.4778. These findings are in line with Marrone and Kolbe (2011) who stated that given the importance of organisation responsiveness in customer satisfaction, complaints handling becomes part and parcel of organisation development. Being responsive in complaints handling requires that the complaints

are acknowledged in a timely manner, addressed promptly and according to order of urgency, and the complainant is kept informed throughout the process.

4.5 Empathy in Complaints Handling to the Customers

The extent to which employees show empathy to customers during complaints handling process was determined through comparison with the cut-off point of 3.0 for five point Likert scale items. The results in Table 4.4 show that three factors had scored above the cut-off point. Specifically, the customers rated that employees showed empathy in complaints handling was above the cut-off point. This denotes that the organization is aware that in order to sustain its service delivery level, providing services with empathy need to be considered. Whether the customers were unhappy with how the organization handled their complaint had a mean score of 2.5444, which denoted that happiness sufficed during complaints handling. Whether the outcomes were appropriate had a mean score of 3.3 which was above the cut-off point of 3.0 according to the scale used.

Table 4. 5: Empathy in Complaints Handling to the Customers

Empathy in Complaints Handling	Mean	Std. Deviation
Whether the outcomes were appropriate	3.3000	0.62621
Whether the outcomes reflected a fair resolution	3.2667	0.53632
Whether the outcomes justified the problem	3.3889	0.64815
Whether the customer were unhappy with how the organization handled their complaint	2.5444	1.21933

Source: Field data

It has to be considered that empathy involves understanding of another's situation and feelings.

4.6 The Effectiveness in Delivering Fast Recovery to the Service Failures

Findings in Table 4.5 shows the organisation effectiveness in delivering fast recovery to the service failures revealed a promising trend with the highest mean score of 3.9889 for the item of customer satisfaction with how the organization handled the complaints. The scores obtained showed that the level of satisfaction with these parameters was high, Which is evident from this research study that customers were keen to note how the employees carry out their activities on complaints handling and enhancing customer satisfaction .

Table 4. 6: The Effectiveness in Delivering Fast Recovery to the Service Failures

Effectiveness in Delivering Fast Recovery to the Service Failures	Mean	Std. Deviation
The customer is satisfied with how the organization handled the complaints	3.9889	0.66187
The customer is pleased with the manner in which the organization handled the complaint	3.7222	0.94842
The customer is happy with the organization	3.9000	0.65429
The customer is satisfied with organization	3.8556	0.80114
The customer is pleased with the organization	3.8111	0.70143

Source: Field data

All of the parameter had a mean score above the cut-off point which is an indication that the level of customer satisfaction is positive. The factors which were considered in measuring effectiveness in fast service recovery included; whether the customers were satisfied with how the organization handled the complaints which had a mean score of 3.9889; whether the customers were pleased with the manner in which the organization handled the complaints had a mean score of 3.7222. Likely, whether the customers were happy with the organization had a mean score of 3.9. Other factors

included customer satisfaction with organization with a mean score of 3.8555; whether the customers were pleased with the organization had a mean score of 3.8111.

4.7   Regression Analysis of Effective Complaints

In this study, a multiple regression analysis was conducted to test relationship among variables (independent) on customer satisfaction. The researcher used statistical package for social sciences (SPSS Version 20.0) to code, enter and compute the measurements of the multiple regressions. Coefficient of determination explains the extent to which changes in the dependent variable can be explained by the change in the independent variables or the percentage of variation in the dependent variable (customer satisfaction) that is explained by all the four independent variables as indicated in the conceptual framework (Effective complaints communication, Responsiveness in complaints handling, Empathy in complaints handling and Fast service recovery).

Table 4. 1: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.893	0. 7974	0.744	0.4645

Source: Field data

The model summary indicates that the four independent variables that were studied, explained only 79.7% of the customer satisfaction with the complaints handling procedures and system as represented by the R^2. This therefore means that other factors not studied in this research contributed 21.1% of the customer satisfaction with the complaints handling procedures.

Table 4. 2: ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	2.453	3	1.267	7.623	.0214
	Residual	9.313	98	2.327		
	Total	3.565	101			

Source: Field data

The ANOVA results shows the significance value of 0.0214 which is less than 0.05 thus the model is statistically significant in predicting how effective complaints communication, responsiveness in complaints handling, empathy in complaints handling process and fast service recovery influences customer satisfaction. The F critical at 5% level of significance was 3.23. Since F calculated is greater than the F critical (value = 7.623), this shows that the overall model was significant.

Table 4. 3: Coefficient of Determination

Model	Unstandardized coefficients		Standardized coefficients		
	β	Std. Error	Beta	t	Sig.
Constant	1.142	1.335		1.615	0.359
Effective complaints communication	0.896	0.223	0.167	4.423	0.0209
Responsiveness in complaints handling	0.857	0.241	0.076	3.752	0.0217
Empathy in complaints handling	0.813	0.233	0.186	3.867	0.0224
Fast service recovery	0.787	0.147	0.199	3.547	0.0239

Source: Field data

Multiple regression analysis was conducted as to determine the relationship between customer satisfaction with the complaints handling and the four variables. As per the SPSS generated table above, the equation ($Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \varepsilon$) becomes: $Y = 1.142 + 0.891 X_1 + 0.857 X_2 + 0.813 X_3 + 0.787 X_4$

The regression equation above had established that taking all factors into account (effective complaints communication, responsiveness in complaints handling, empathy in complaints handling and fast service recovery) constant at zero, customer satisfaction was 1.142. The findings presented also showed that taking all other independent variables at zero, a unit increase in effective complaints communication led to a 0.891 increased in customer satisfaction with the complaints handling. Moreover, the results showed that a unit increase in responsiveness led to a 0.857 increase in customer satisfaction; a unit increase in empathy led to a 0.813 increase in customer satisfaction and a unit increase in fast service recovery led to a 0.787 increase in customer satisfaction.

This infers that effective complaints communication contributes significantly to the customer satisfaction followed by responsiveness in complaints handling. At 5% level of significance and 95% level of confidence, effective complaints communication had a 0.0209 level of significance; responsiveness in complaints handling showed a 0.0217 level of significance; empathy in complaints handling showed a 0.0224 level of significance and fast service recovery showed a 0.0239 level of significance hence the most significant factor was effective complaints communication. The regression results above indicate that there was a positive relationship between the four independent variables with the dependent variable. These results were in line with previous studies. For example (Amnaay, 2014), viewed that effective complaints communication and responsiveness as among the key determinants of successful complaints handling and ensuring customer satisfaction. Further, Nandhi (2010) in his contribution indicated that empathy and fast service recovery impacts invariably on customer satisfaction in service industries.

4.8   Discussion of the Findings

The findings of the study has established that having effective complaint handling in the service industry like insurance company is a function of effective complaints communication, responsiveness in complaints handling, empathy in complaints handling and the fast service recovery. This findings are in line with the studies of previous researchers in the same field particularly Abiola and Songunro (2013) who conducted their study in Nigeria and established that in today's competitive world, measurement of customer satisfaction has become a key performance indicator of an organization and valuable management tool for companies to expand their current customer relationships and remain competitive.

In line with this, responses from one of the interviewees were as follows:

> *with regard to responsiveness: "Any employee responsible for this work station can handle complaints related to the work he/she is doing and if not capable is forwarded to another person who can handle it. All complaints are recorded and directed to the concerned person".*
>
> *Likewise a "two way traffic is excised to ensure effective communication regarding the complaint and feedback is obtained through phone, emails, letters and walk in (in person). And there are professionals who work on all the complaints to make sure that all the issues are resolved and the customer is satisfied with the service".*

The findings with regard to the effectiveness in delivering fast recovery to the service failures corresponds to the propositions of other scholars particularly Boadu *et al.* (2014) and Abiiro *et al.* (2014) who argued that it is a major concern within a company's customer relationship management strategy; it improves customers' engagement on product, compel development of new partnership with customer and, serves a strong driver of customers trust and confidence in an organization. In this case, responsiveness must be clear and appropriate time limits

for resolving the majority of consumer complaints and, where necessary, flexibility

for dealing with complex complaints together with keeping the complainant informed.

Response from one the interviewees noted*:*

"The organization's response to the complaints depends on the type of complaints and mode of communication with the complainant. Usually it takes 10 minutes to two hours for online lodged complaints and one hour to a single day for complaints lodged through representative or at the office".

The finding with regard to ensuring fast service recovery has revealed that customer

service is a joint responsibility of every member of staff. In this case Rootman (2011)

emphasized that insurance companies should aim at create customer service

organisations where all hands are on deck instead of customer service departments

where customer satisfaction is seen to be the responsibility of a few. Any staff

member who treats the customer badly, it impugns the image of the entire

organisation. Greater internal customer service delivery is a prerequisite for a greater

external customer service delivery (Kapunda and Mmolawa, 2013). Management

must ensure that there is a bond among staff in different units and departments

through the organisation of joint training programmes and social gatherings. Disaster

strikes when individual units and departments start to blame each other for service

deliver problems

In line with this, one of the interviewees noted:

" Once a customer is not satisfied and feels to complaint to the company, is encouraged to voice out, then he/she is supposed to lodge the complaints to the company representative or post them in the company email or communicate directly with the helpdesk phone call".

Complaints handling requires that services are provided with empathy, fast recovery and effective communication to the customers. Along with these findings, Rahman (2012) asserted that the inability of the insurance company to offer their customers the needed satisfaction is the burden of unnecessary bureaucracies and lengthy processes. If employees have to clear a lot of administrative barriers before they are able to serve customers, then it becomes extremely difficult to provide exceptional quality and timely service. Management should make it a priority to smoothing the way for customer service personnel by eliminating roadblocks along the way to the delivery of great customer service. To provide exceptional service, customer service staff must feel empowered to serve. It is the job of management to set the rules and standards and give staff the leverage to be innovative in serving the customer. The findings goes along with that of Gitau (2013) who proposed that customer service delivery is best when staff feel ownership of the standards, not when they feel they are doing it for management.

In this regard the below was response from one of the interviewees noted:

"*The response from the public relation officer of the JICT in Tanzania responded to this question and she said that the company had developed a complaint handling system where dissatisfied customers can lodge their complaints and given procedures to handle the complaints are followed until the two parts resolve the complaint situation*".

Discussion of findings was done basing on the data analysis. The study revealed.A high level of satisfaction in terms of complaint handling from customers this implies that there is a high performance standard of the employees at the Jubilee Insurance company of Tanzania though there are some areas with weakness and need improvements.

CHAPTER FIVE

5.0 SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

The previous chapter has discussed the findings of the study in relation to the objectives and variables. This chapter provides the summary of the main findings, implication of the findings, recommendations, study limitations and areas for further studies.

5.2 Summary of the Main Findings

The study focused on assessing the role of complaint handling system in enhancing customer satisfaction. Specifically, it looked at the effectiveness of communication in complaint handling system to the customers, examined the organization's responsiveness to the complaints of the customers and the level of customer satisfaction. Moreover, uncovering the extent to which the company shows empathy to the complaints of the customers and lastly it assessed the effectiveness in delivering fast recovery to the service failures. Data were collected using questionnaires and interview to key informants. The analysis of data was done using descriptive statistics and regression analysis.

The findings had been established that effective complaints handling system was determined by four key elements as predicted in the regression analysis. These factors included effective complaints communication, responsiveness in complaints handling, empathy in complaints handling and fast service recovery. Effectiveness of communication in complaint handling system was assessed using; polite treatment of

customers, treating customers with dignity; treating customers with proper remarks and comments; detailed and timely communication of the complaints to the customers. The descriptive results showed that customers indicated to agree with the communication used in complaints handling. Moreover, organization's responsiveness in complaints handling was measured using elements such as ability of the customers to express their views and feeling during those procedures, whether the customer had influence over the outcomes arrived after complaints handling procedures, whether the procedures were applied consistently, whether the procedures were applied free from bias, whether the procedures were based on accurate information. The results revealed a considerable level of agreement of the customers that there is organisation responsiveness in handling customer complaints.

The effectiveness in delivering fast recovery to the service failures was measured by assessing whether the customers were satisfied with how the organization handled the complaints, the customers were pleased with the manner in which the organization handled the complaint, the customers were happy with the organization, the customers were satisfied with the organization and lastly whether the customer is pleased with the organization. The analysis had shown considerable satisfaction.

5.3   Implications of the Findings

The finding has revealed that complaint handling matter a lot to companies in a service industry like insurance companies. Failure to address the complaints may cost the companies in terms of money and reputation since the customers will spread a negative word of mouth to the potential customers. In this case, the findings implies that if the company uses its complaints procedure the customers feel that they have

been treated properly and are more likely to remain loyal to the company over the longer term and to provide positive word of mouth experiences to their acquaintances. In addition, complaints data offer a valuable source of information for the company about systemic problems, customer views and potential new opportunities for business growth.

5.4   Conclusion

Effective complaint handling relies on robust processes to deliver a fair result for the customer. To do this, regulated organisations follow a complaint handling process, which includes thorough investigation, reporting, resolution and regular communication with the complainant. In complaint handling, creating empathy is a platform for effective understanding, communication and relationships building. From the findings it has to be established that empathy is essential to develop solutions, win and retain customers, and avoiding or diffusing conflict. Thus, it is herein argued that empathy is an essential element for handling complaints and retaining customers. Having a clear communication system provides an effective way to handle customer complaints and the organisations need to establish effective communication patterns to handle complaints for the successful business operations in insurance industry and other related business undertakings.

The study has revealed that the effective complaint handling system is the one which its employees seek complaints and feedback where the organisation welcome complaints and encourage staff to ask for them. It is clear that complaints enable quality improvement and ultimately improve relations with customers and the vast majority of customers are more loyal after the complaint is resolved satisfactorily than

they were before the complaint arose. The findings on empathy in service provision suggest that in complaints handling to the customers, satisfaction is important to business success. Insurance companies must focus and force all the member of staff from the most senior to the least junior of the management hierarchy to take consumer satisfaction as their priority in all the frame work of policies, practices and information. It requires continual monitoring and experience examination, opinions and potential customers.

5.5   Recommendations

Based on the findings and the conclusions, there are a number of measures that insurance companies can adopt to achieve higher customer satisfaction levels as a result of effective complaints handling. The following are recommended:

The job of handling customers on a regular basis demands certain skills. The company must first ensure that the right people with the right skills and attitudes are employed for customer service. To instil in staff the need to provide good service, it is appropriate to offer them appropriate training and guidelines. The top management should orient the workers to the practice that complaints should be shared not only with the front-line employees, but also with those employees who work within organizations that play the key roles in the success of the organisation. As a result, employees will have better understanding from the customers and organization's perspective. To effectively handling complaints from the customer, service provider needs therefore to focus on that particular customer problem to come out with the best and appropriate solution so as to keep him satisfied. To effectively being responsive to complaints, the organisation needs to provide guidance to staff on how to respond

to and prioritise complaints. They should be aware of internal complaint handling processes including how to assess complaints which may be resolved quickly and those which require investigation. To all the workers, the complaints should be acknowledged promptly. Complainants and, if applicable, the person who is the subject of the complaint, should be kept informed of progress and the outcome of the complaint. Complaints should be addressed promptly in order of urgency and staff should be aware of any target timelines for resolving complaints.

The organisation need to improve the efficiency of the workers, complaint handling officers should be empowered to either resolve complaints or be aware of, and have access to, the person who has the authority to do so. To enhance continuous improvement from the complaints, the organisations should analyse complaints and feedback to identify recurrent themes that might identify systemic issues and use the information gathered through their complaint handling systems to identify service, process and information issues that need to be addressed.

The main concern for the top management which is important concerns is the need to address the issue of accessibility of a complaints-handling system which should be easily accessible to all complainants. Information should be made available of the details of making and resolving complaints. The complaints-handling process and supporting information should be easy to understand and use. The information should be in clear language. Lastly but not least, the study recommends to the management that, where appropriate, analysis of feedback and complaint information should be used to identify and implement improved practices for particular customer groups including people with disabilities.

5.6   Limitations of the Study

In commission of this study, the researcher encounters some limitations during data collection. The respondents found to be much occupied with their daily routine activities as a result prolonged time for follow up of data from the respondents which eventually the researcher managed to collect all the data required through close follow up. The researcher overcome this limitation by deploy one assistant to help in the process of data collection. The assistant were trained on the basics of data collection and understanding of the study. Not only that, but also the language barrier to some of the respondents were experienced this was solved by making clarification before respondent left with the questionnaire also was allowed to share information with friends in making clear understanding of the questions.

5.7   Suggested Areas for Further Study

Further research could also take an active approach and investigate whether customer expectations differ greatly from what contact employee believe customers want as service provider may not always know their customer's service quality expectations. Insight gained could make contact employees and company managers aware of differing perceptions and identify areas for staff training.

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APPENDICES

Appendix 1: Questionnaire to Jubilee medical insurance customers for data collection

I would be thankful if you could spare your few minutes to complete this customer satisfaction questionnaire which will help the company ensures that standard on customer service exceeds expectations whenever possible

SECTION A: RESPONDENT GENERAL INFORMATION (please tick one)

Gender

i) Male   ii)   Female

Age	1. 25 years and below
	2. 26 -35 years
	3. 36-45 years
	4. 46-55 years
	5. 55 years and above
Education level	1. Below secondary school
	2. Certificate
	3. Diploma
	3. Undergraduate
	4. Postgraduate
Occupational	1. Employed
	2. Not employed
	3. Student

SECTION B: JICT MEDICAL INSURANCE PERFORMANCE

Please choose by ticking the appropriate answer to indicate your satisfaction.

Where: 1= excellent, 2 = good, 3 = satisfactory, 4 = poor, 5 very poor

Statement	1	2	3	4	5
During the process of resolving your complaint, to what extent					
i. Did they treat you in a polite manner?					
ii. Did they treat you with dignity?					
iii. Did they stop from improper remarks or comments?					
iv. Were they sincere in communication with you ?					
v. Did they explain thoroughly the procedures used to make decisions about your complaint ?					
vi. Were their explaination regarding the procedure used to make decisions about your complaint reasonable?					
vii. Did they communicate details in timely manner?					
viii. Did they seem to tailor their communication to your specific need?					
ix. Were you able to express your views and feelings during those procedures ?					
x. Did you have influence over the outcomes arrived at by those procedures ?					
xi. Were those procedures applied consistently?					
xii. Were those procedures free from bias?					
xiii. Were those procedures based on accurate information?					
xiv. Were you able to appeal the outcome arrived at by those procedures?					
xv. Did your outcomes reflect what you deserve?					
xvi. Were your outcomes appropriate given the experience you had?					
xvii. Did your outcomes reflect a fair resolution?					

xviii. Were your outcomes justified, given your problem?					

V) Please choose by ticking the appropriate answer to indicate your satisfaction

Where: 1= strongly agree, 2 = agree, 3 = neither agree nor disagree, 4 = disagree,

5= strongly disagree

N	Satisfaction	1	2	3	4	5
1	I am unhappy with how the organization handled my complaint					
2	I am satisfied with how the organization handled my complaint					
3	I am pleased with the manner in which the organization handled my complaint					
4	I am happy with the organization					
5	I am satisfied with the organization					
6	I am pleased with the organization					

Appendix 2: Interview guide for data collection to Jubilee Insurance Company - medical   Staff

I would be thankful if you could spare your few minutes to complete this customer complaint handling system interview guide which will help the company ensures that standard of customer service exceeds expectations whenever possible

SECTION A: RESPONDENT GENERAL INFORMATION (please tick one)

Gender

i) Male   ii)   Female

Age	1. 25 years and below
	2. 26 -35 years
	3. 36-45 years
	4. 46-55 years
	5. 55 years and above
Education level	1. Certificate
	2.Diploma
	3. Undergraduate
	4. Postgraduate

SECTION B:

JICT COMPLAINT HANDLING SYSTEM PERFOMANCE

1. Does the organisation have complaints handling system?

2. Who manages the complaints handling system?

3. What type of complaints is commonly lodged by the customers?

4. How long does the organization take to respond/resolve the complaint?

5. What procedures do the customer required to follow in case of dissatisfaction with the   service?

6. How does the organisation provide or get feedback from its customers regarding their service   satisfaction?