ST. MARY'S UNIVERSITY

SCHOOL OF GRADUATE STUDIES

TOTAL QUALITY MANAGEMENT PRACTICES AND ITS ROLE IN CUSTOMER SATISFACTION: THE CASE OF NIB INSURANCE COMPANY ADDIS ABABA, ETHIOPIA

By: - FAISAL WALTER COLLINS

FEBRUARY, 2022

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Advisor: - TIRUNEH LEGESSE (Ass. Prof)

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DECLARATION

I, the undersigned, declare that this thesis is my original work, prepared under the guidance of. All sources of materials used for the thesis have been duly acknowledged. I further confirm that the thesis has not been submitted either in part or in full to any other higher learning institution for the purpose of earning any degree.

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            Name   Signature

St. Mary's University College, Addis Ababa   FEBRUARY, 2022

ENDORSEMENT

This thesis has been submitted to St. Mary's University, School of Graduate Studies for examination with my approval as a university advisor.

_____   _____

Advisor   Signature

St. Mary's University College, Addis Ababa   February, 2022

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Acronyms

AU	African Union
NIC	Nib Insurance Company
QM	Quality Management
RSQS	Retail Service Quality Scale
SPSS	Statistical Package for Social Sciences
TOC	Theory of Constraint
TQM	Total Quality Management
UNECA	United Nation Economic Commission for Africa.

Abstract

TQM is one of the well-known areas in the field of business and management that involves integration of business operation to create products/service with maximum quality. Various studies were conducted in relation to TQM mainly out of Ethiopian context. This study focuses on the practice of TQM in NIC in Ethiopia. Nib Insurance Company (NIC) is an Ethiopian insurance company engaged in providing different insurance services such as Motor Insurance, Property Insurance, Marine Insurance, Engineering Insurance, Legal Liability Insurance, Pecuniary Insurance, Life Insurance and others. Though a number of studies conducted in different areas on this insurance company, little is done on exploring practices, challenges and benefits of TQM of this specific insurance company. Thus, this thesis attempts to critically identify the practices, challenges and roles of TQM in NIC. In order to achieve the objective of the study, both primary and secondary data were generated by employing qualitative (using interview) and quantitative (mainly using survey questionnaires from employees & customers of the company) method. Purposive sampling techniques were used to select 112 sample participants respectively. The quantitative data was analyzed using frequency and percentage while qualitative data was used to substantiate the study. The research revealed that the company (NIC) is practicing TQM as an integral part of its management system. Similarly, due to its practice of TQM the company gained benefits in profitability, Enhancing Employee's Engagement & Productivity. Poor satisfaction of customers in the company's service quality and provisions is another major finding of this study. This study also finds challenges that affect the company from fully engaging in TQM programs. Challenges related to COVID-19 pandemic, Improper Channel of communication between employees and the management, false claims & Problems in identifying customer needs were some of the major challenges identified. Based on the findings of the study possible recommendations are also suggested.

Key words: TQM, COVID 19, Insurance, Customer,

CHAPTER ONE

1. INTRODUCTION

This thesis studied quality management practices and its role in customer satisfaction in Nib Insurance Company Addis Ababa. This is the introductory chapter of the study which describes the background of total quality management and customer satisfaction from different perspectives. This chapter also states the problem, research question, objectives of the study, significance and scope of the study.

1.1. Background of the Study

In recent years, modern-oriented companies are subjected to numerous economic, political, technological, and social changes. Increasing competitive struggle, the appearance of new knowledge and technology, information and communication capabilities, constantly increasing needs and demands of customers, the new regulations and the likewise, influenced the emergence of a new philosophy of business companies (Thaigaragan T, Zairi M Dale, 2001). The first few decades of the 21st Century, organizations have faced stiff competition coupled with increasing consumer demands for high quality and affordable products. This has been increased by the effect of globalization on trading activities. Total Quality involves the implementation of Total Quality Management (TQM) that is integrating business operation to create products /service with maximum quality (Sureshchandar GS, Rajendran C, 2002). Quality has become a key element in the survival of the companies in the competitive market. Quality management (QM) has been given priority by many companies in the world that are striving to achieve a competitive edge. Delivering high quality products and services leads to achieving and maintaining competitive advantage. Because business success lies in its ability to effectively implement total quality system that will maintain a high level of quality product /or services at a relative minimal cost.

Customer satisfaction and market superiority are the major driving force for high quality goods and services (Kumar, Kumara, de Grosboisb and Choisnea 2009). Globalization, rapidly changing consumer demands, dynamic expectations and competition levels that require high levels of product innovation and creativity have become the standards for many companies. Gaither (2006), states that quality management entails a complete change of the organizational culture and directing all the efforts towards producing products which meet and even exceed

customer expectations. According to Michael (2001), TQM concept should be seen as a consumer-oriented concept. The basis of TQM lays in creating value for customers, continuous improvement and quality advancement, accurate and precise measurement of the performance each business process, as well as the teamwork of human resources.

Quality management is defined as a philosophy applicable throughout the organization by all the employees at all levels requiring them to marshal all their efforts towards enhancing business activities of the organization. Hendricks and Singhal (2007) and Flynn (2001), also concur that quality management can contribute immensely to the existing research on the administration of quality systems through its emphasis on improving the quality of the organizational and behavioral aspects.

Customer retention is considered to be the primary goal for organizations that practice relationship marketing (Coviello et al., 2002). Once a customer is retained it means that the amount of purchase grows which in turn reduces the customer replacement costs. Retained customers may pay higher prices and purchase regularly without any discount offers which is the tool used to acquire new customers (Ang & Butle, 2006).

According to Nib Insurance Company (NIC) 2020 annual report, Nib Insurance Company (NIC) is an Ethiopian insurance company engaged in providing different insurance services such as Motor Insurance, Property Insurance, Marine Insurance, Engineering Insurance, Legal Liability Insurance, Pecuniary Insurance, Life Insurance and others. NIC was established by 658 shareholders with an authorized capital of birr 50.0 million and a paid-up capital of birr 14.0 million in May 02,2002 with 4 branches in Addis Ababa and a total of staff size of not more than 50. Now a day a paid-up capital has reached to birr 250 million and the number of shareholders increased to 1014. The company provides both General (Non-life) insurance and Life Assurance services to clients. The company undertakes its operation through its Head Office, 40 branches and 1 contact office (for the general insurance) and 1 life assurance branch. Twenty-five of the branches are located in Addis Ababa. Currently, the number of employee's working for NIC has reached to 416 (Nib Insurance Company (NIC) 2020 annual report).

The kind of insurance offered in Ethiopia is limited that makes the sector an early stage of development. Reinsurance and auxiliary services, such as actuaries, are hardly available in Ethiopia. Besides, insurance companies have limited capacities in premium setting is based on

outdated methods. Capacity limitations are also affecting regulation of the sector with insurance supervision being largely ineffective. The aim of this study is to investigate the nature of practice of TQM and its relationship to customer satisfaction.

1.2. Statement of the Problem

TQM system refers not only to the quality of products, but also includes the quality of the services sectors. For the successful implementation of TQM practices in addition to identifying the key dimension of TQM, great importance has been given for performance measurement (Brah SA, Tee SSL, 2005). There are numbers of scientific researches dealing with the study of relationship of TQM, business performance and customer satisfaction in the insurance company. Many studies have shown the importance of high quality services and high quality products to the success of business and the measurement of customer retention in different models like SERVQUAL, SERVPERF and RSQS (retail service quality scale). It is also argued that those customers satisfied with service quality of the store are more likely to remain loyal to the store (Wong and Sohal, 2003). The higher the numbers of loyal customers the greater the customer satisfaction & retention for a firm, thus prevailing studies have some supporting points for the positive relation between customer retention and store service quality. Interesting findings by Lindgreen, et al. (2000, p.295) state that *"it can be up to ten times more expensive to gain new customer than to retain a customer and the cost of bringing new customer to the same level of profitability as the lost one is up to 16 times more"*. This emphasizes on the significance of customer retention and its desirable outcomes for organizations.

Customer satisfaction and service quality have been studied by many researchers in various industries (Venetis and Ghauri, 2004; Ranaweera and Neely, 2003) and their results have shown positive relation between service quality and customer retention. It has been found that service quality boosts customer's inclination to buy again, to become fewer prices sensitive, and to share with others their positive experiences (Bolton et al., 2000).

According to Dijale (2011), Sulieman (2011), Dawit (2015) and Asma (2012) in most developing countries including Ethiopia, service providers understood particular service quality dimensions different from what their customers expect. This is mainly true in the service sectors like Insurances companies that regularly interface with customers. Therefore, Service Quality improvement is a key issue that determines the survival of the insurance companies; because,

unsatisfactory customer service leads to a drop in customer satisfaction and unwillingness to recommend the service to a friend (Lukmaan, 2013). This would in turn lead to an increase the number of customers' shift to the competitors. In Ethiopian context, insurance companies which characterized by a limited market and the prevailing identical service delivery could be challenging to maintain and attract new customers.

In Ethiopia customers usually complain about efficiency and lack of quality excellence in the insurance sector (Zeleke, 2007). To overcome this problem few studies are published which conducted in Ethiopia but almost all studies are different from researcher's study area, which shows a literature gap linking TQM with Nib Insurance Company. Moreover, the issue of TQM is not given enough emphasis in literatures concerning to financial institutions. Some studies like Hailu (2007) and Belayneh (2011) studied in insurances and found out that the quality of insurance services in Ethiopia is not satisfactory. In connection to this, the most significant and usually observed hindrances that affect organizational performance of the Insurance sector are unavailability of spare parts, shortage of hard currency, reliability of police report and no practice of actuary. However, the practice of TQM in insurance companies' especially in 'Nib Insurance Company' in connection to customers' satisfaction is not well studied. Considering this, the researcher assesses Total Quality Management practices and its role in customer satisfaction, in Nib Insurance Company.

1.3. Research Question

The study tried to address the following research questions

1. Is Total Quality Management being practiced in the company?
2. What role TQM is playing in satisfying customers of the company?
3. What factors are influencing the company to implement total quality management?

1.4. Objectives of the Study

Depending on the problem that is discussed in the above, the study has both general and specific objectives.

1.4.1. General Objective

The general objective of the study is to assess the total quality management practices and its role in customer satisfaction in Nib Insurance Company, in Addis Ababa.

1.4.2. Specific Objectives

Specifically, the study has the following objectives:

1. To identify the total quality management practices in the company.
2. To assess the role of Total quality Management for customer satisfaction in the company.
3. Investigate the factors influencing the implementation of total quality management in the company.

1.5. Significance of the Study

This study examined the quality management practice and its role in customer satisfaction in Nib Insurance Company. In this regard, the study is significant to yield to data and information that are useful to insurance sector management in assisting them on implementing quality management. In line with that, the top management will be able to elucidate implementation of quality management in all levels and activities. The study will enable other sectors to understand the concept of quality management to improve their services. The research findings will also seek to extend knowledge in the world of academics in the same area of the study and will be useful as literature in the area of study. Generally, it will benefit other researchers and academicians who will borrow ideas from the study which will be served as a basis for further research.

1.6. Scope of the Study

The scope of the study is delimited depending on three parameters, i.e. the geographical area, the theme and the units of observation of the research.

Geographical Area: Geotropically the coverage of the study area focuses on Addis Ababa city which is the economic and political capital city of Ethiopia. Addis Ababa is also official capital city of Africa, largely due to the fact that it hosts various international organizations such as the African Union (AU), United Nation Economic Commission for Africa (UNECA). Addis Ababa sprawling metropolis and home to millions of Ethiopians, and houses many international organizations, embassies, and commissions, making it a diplomatic, political, and economic hub of the country.

Delimitation by Theme: The main theme of the study is assessing Total Quality Management practices and its role in customer satisfaction in Nib insurance company. The study restricts into insurance company in Addis Ababa particularly Nib insurance company. The study give

emphasize on to identify the total quality management practices in the company. See the relationship between Total quality Management and customers' satisfaction in the company. Investigate the factors influencing the implementation of total quality management in the company.

Units of Observation: The third aspect of delimitation for the study is units of observation. In this thesis, units of observation are the participant of the research from which relevant data are collected. They serve as a primary source of data for the study. The target group for this study includes the insurance company managers, employees and customers.

1.7.   Organization of the Study

The thesis is organized into five chapters. The first chapter deals with the background of the study, statement of the problem, objectives of the study, significance of the study, scope and limitation of the study. The second chapter addresses the review of related literature and conceptual framework. The third chapter addresses the description of the study area and methodology of the study. The fourth chapter deals with analysis, interpretation and presentation of data. Finally, the fifth chapter presents the summary, conclusion and recommendations of the study. References and Annexes are also attached at the end of this study.

CHAPTER TWO

2. LITERATURE REVIEW

This chapter focuses on defining the various sectors of quality management practice and customer retention & satisfaction from different scholars' and organizational points of view. For this, knowledge related to the study has been examined from certain literature. In order to explain the main issue of the study concepts, policy and strategic issues are critically discussed throughout in this study. Empirical literature in relation to the study is also included. Furthermore, conceptual framework with the variables of the study is expressed in this chapter.

2.1. Conceptualization of Terms

2.1.1. Concept and Definition of TQM

Total Quality Management is a management philosophy which focuses on the work process and people, with the major concern for satisfying customers and improving the organizational performance (Davies, 2003). It involves the proper coordination of work processes which allows for continuous improvement in all business units with the aim of meeting or surpassing customer's expectations. It emphasizes on totality of quality in all facets of an organization with the aim of reducing waste and rework to reduce cost and increase efficiency in production.

Total Quality Management is applicable to any organization irrespective of size, and motives, even the public sector organization will soon start adopting the ideology in order to make them effective in meeting public demands. However, the adoption of the ideology by most organization has been hampered due to their noncompliance with the procedures and principles of Total Quality Management implementation, (Mccabe and Hutchinsun, 1994). Software industry could arguably be the world's most important industry. There are software development environments that are used to create and support software which is the major factor in software productivity (Agwu, 2014). The development of software industries has changed the world globally and transformed it into a global village. There has been transformation in the way things are done in the developed countries like in the World Eight which include the United States of America, United Kingdom, France, Germany, Spain, Italy, Russia and China. There has been circulation of software that makes work easier and faster which aid communications. Within the current environment and markets many companies are growing because of the information era or

are being incorporated into already established global organizations, for example Electronic Arts Inc.

Agus, (1994) argued that Total Quality Management is a mind-set that needs to be established in an organization's core if it is to be successful. At all levels in all departments a mind-set of quality management and continually improving should be primary when expanding and developing as a whole organization, new challenges would be dealt with in the most efficient way. Quality within the organization's processes and employees should also be recognized and promoted as a distinguishing factor. Over the past few years, the software industry has relentlessly pursued the goal of acquiring the highest standards of quality for offering world-class IT Software products and services. The quality maturity of the software industry can be realized from the fact that already 316 software companies have acquired different quality certifications and more companies are in the pipeline to do so. The other heartening feature has been the growing acceptance and adoption of the newly emerging PCMM by the software industry. Curry and Kkolou, (2004) stressed that when Total Quality Management is grown and led by the top executives of an organization, it inspires the other members of the organization to incorporate into their daily work and self-training. It is always a part of the continuous improvement mind set to continue to improve through daily actions and quality finally takes care of itself, (Agwu, 2014).

2.1.2. Historical background of TQM

The very first total quality management concepts was propounded by Deming (1986) who created 14 points which are; creating of constancy purpose for improvement of product and service, adopt quality management as the new policy, stop dependence on mass inspection, ending the emphasizing on the production cost in improving the system of production and service, new method of training, new method of supervision, drive out of fear, cooperation between staff areas, elimination of numerical goals for the workforce, elimination of numerical quotas, removing the barriers that hinder the hourly worker, new program of education and training and top management involvement of quality managements, (Temtime and Solomon 2002). Juran (1986) cited in Tanninena, et al., (2010) further explained that the management was responsible for the establishment of a quality council, management also should establish the quality policy, the management has to include the time frame for quality goal and lastly management has to provide all necessary resource needed to achieve the quality goal. In the

same vein, Crosby, (1984) has also contributed to the development of total quality management by introduced the concepts of the following; zero defects, do it right at the first time, the system of prevention and the focusing on the measurement of quality.

Using the idea of Juran and Deming, Ishikawa (1985) influenced the Japanese understanding of total quality management concept. Ishikawa concern on four aspects of total quality management, which included quality circle, continuous training, quality tools such as fish bone diagram and quality chain. In the 1980s and 1990s, many companies in the US, EU and Japan followed the quality management approach in order to improve their products and service. As a result, the companies that implemented the total quality management practice can save cost of production and services. Goldman (2005) noted that the customer's need should be included to the development of products, processes and services. In recent decades, total quality management has become the buzz word in the management practice, (Agwu, 2014).

2.1.3. Definitions of Total Quality Management

The International Standard ISO 8402, Quality Management and Quality Assurance Terminology defined Total Quality Managements the management approach of an organization, centered on quality, based on the participation of all its members and aiming at long-term success through customer satisfaction, and benefits to all members of the organization and to society (Ljungstrom and Klefsjo, 2002). Temtime and Solomon (2002) stated that Total Quality Management seeks continuous improvement in the quality of all processes, people, products, and services of an organization. Total Quality Management is also a systems approach to management that aims to enhance value to customers by designing and continually improving organizational processes and systems (Kartha, 2004). The emphasis is on employee involvement and empowerment along with customers and customer satisfaction as the focal point.

The tenets of Total Quality Management are continuous improvement, top management leadership commitment to the goal of customer satisfaction, employee empowerment, and customer focus (Ugboro and Obeng, 2000). Total Quality Management means that the organization's culture is defined by and supports the constant attainment of customer satisfaction through an integrated system of tools, techniques and training, (Sashkin and Kiser, 1993). Even though many thinks that Total Quality Management is old, many of the new continuous improvement initiatives are based on Total Quality Management philosophies. Total Quality

Management encompasses a number of different initiatives. For example, Six Sigma, which is popular today, is a methodology within Total Quality Management, not an alternative to it (Klefsjo, Wiklund, and Edgeman, 2001). Lean Sigma is another methodology that is widely used today that is included within Total Quality Management.

Total Quality Management also includes initiatives such as ISO 9000 and the Malcolm Baldrige National Quality Award (MBNQA). Regardless of the different perspectives, the underlying theme common to all frameworks is that Total Quality Management is based on a prevention work process that strives to increase quality and efficiency, improve productivity, and enhance customer satisfaction, (Waldman and Addae, 1993; Kartha, 2004; Goldman, 2005). The main values that are essential in implementing a Total Quality Management process include the following elements: (1) quality information must be used for improvement, not to judge or control people; (2) authority must be equal to responsibility;(3) there must be rewards for results; (4) cooperation, not competition, must be the basis for working together; (5) employees must have secure jobs; (6) there must be a climate of fairness; (7) compensation should be equitable; and (8) employees should have an ownership stake (Sashkin and Kiser, 1993). Kassicieh et al. (1998) studied the impact of Total Quality Management training, performance evaluation and rewards on the success of Total Quality Management implementation. Aksu (2003) examined the preparedness of manufacturing industries to implement the Total Quality Management practices.

2.2. Empirical Review

2.2.1. Benefits of Total Quality Management

Juran (2001) stressed that the benefits and goals of total quality are lower costs, higher revenues, delighted customers, and empowered employees. Costs can be lowered by reducing errors, reducing rework, and reducing non-value added work. Higher quality can also equate to higher revenues through satisfied customers, increased market share, improved customer retention, more loyal customers, and premium prices. Customers continue to demand higher quality goods and services. Dudu and Agwu (2014) stressed that delighted customers always purchase over and over again, advertise goods and services for the company, and check first when they are going to buy anything else to see what is offered by the company they are loyal to. Empowered employees have the means to measure the quality of their own work processes, to interpret the measurements, and compare these measurements to goals and take action when the process is not

on target. These empowered employees also understand who their customers are; what the customers need, want, and expect; how to design new goods and services to meet these needs; how to develop the necessary work processes; how to develop and use the necessary quality measurements; and how to continuously improve these processes. Similarly Chin and Pun (2002) stated that the implementation of Total Quality Management can generate improved products and services, reduced costs, more satisfied customers and employees, and improved bottom line financial performance.

Other benefits of Total Quality Management include improved company image, improved certainty in operations, improved morale, improved management, and committed customers (Davies, 2003). However, it is not easy for management to implement total quality management because it is a cultural overhaul (Rao, Youssef, and Stratton, 2004). Deming (1981) also attested to the benefits of better quality through improvement of the process are not just better quality and the longrange improvement of market-position, but also greater productivity and profit. Improvement of the process increases uniformity of output of product, reduces mistakes, and reduces waste of manpower, machine-time, and materials. Kaynak (2003) suggested that a positive relationship exists between the extent to which companies implement Total Quality Management and firm performance. The three Total Quality Management practices that have direct effects on operating performance (inventory management and quality performance) are supplier quality management, product/service design, and process management.

Total Quality Management deals with both individual and collective behaviors that can create customer satisfaction through continuous improvement (Claver, Gasco, Llopis, and Gonzalez, 2001). Each company should develop its own individual framework for Total Quality Management that fits its situation and available resources. Total Quality Management involves teamwork and commitment on the part of the employees and management. Well-conceived training, mentoring, and feedback systems have demonstrated that they serve important roles in mitigating employee resistance to change (Jun, Cai, and Peterson, 2004). If Total Quality Management succeeds in improving performance, the organization's customers may gain through lowered prices or improved satisfaction; its shareholders gain through improved returns on investment, and management gains through higher compensation (Beer, 2003). A study by Prajogo and Sohal (2003) found that total quality management significantly and positively

contributes to innovation performance in terms of product and process. They found that there was a positive and significant relationship between quality performance and innovation performance, particularly process innovation. Zhang (2000) also identified the significant and positive impact of quality management methods on the products quality and business performance.

Total Quality Management can have a dynamic role in strategy formulation with addition to the more tactical role of strategy application and deployment (Leonard and McAdam, 2003). Those organizations that applied Total Quality Management at a strategic level were found to have robust Total Quality Management programs with greater longevity as a result of using frequent regenerative approaches (Leonard, McAdam, and Reid, 2002).

2.2.2. Total quality management and organizational performance

Zeithaml (2000) summarized about the relation between Total Quality Management and profit. His findings showed that both positive effect in some studies and no effect in other. But unlike the variability in profitability impact of Total Quality Management, the relationship between Total Quality Management and quality/operating performance is well established and empirically confirmed (Lee et al., 1999; Roa et al., 1999; Agwu, et al., 2014). With popularity of Total Quality Management, there is a growing awareness of importance of linking business drivers with other organizational issues such as leadership, strategic quality planning, service design, people and process management (Pannirselvam and Ferguson, 2001; Agwu, et al., 2014).

There is a significant practitioner interest in this area and the adoption of quality award criteria as Total Quality Management framework tends to proliferate (Black and Porter, 1996; Hua et al., 2000). These awards stress the importance of total quality, customer satisfaction and management process to the attainment of superior competitive position. Many authors have highlighted the dangers of managers 'mistaking the implementation of Total Quality Management for quality accreditation. Critiques of quality awards are also well rehearsed in the literature, calling into question the ubiquity and completeness of these awards (Bounds et al., 1994). Award-based framework is meant mainly for organizations seeking to be recognized as leaders in the quality management field, and it assumes that an organization has reached a mature level of Total Quality Management implementation (Yusof and Aspinwall, 2000; Isiavwe, et al, 2006). According Botorff (2006) stated that with the economics of quality, it is much cheaper to

prevent failure than to let it happen, catch it, and then try to fix it. If organizations would practice ethics as the logic based discipline and quality problem it is, they would achieve higher levels of accuracy, repeatability, and performance. This would result in better moral and economic outcomes for all involved; including themselves.

A considerable body of empirical evidence suggests that Total Quality Management implementation improves organizational performance. Brah et al. (2000) used a random sample of 950 companies in Singapore to determine how an organization would benefit from Total Quality Management implementation in terms of improved financial and operating performance. Kunst and Lemmink (2000) also investigated the relationship between quality implementation and organizational performance in hospitals and discovered that Total Quality Management leads to higher business performance, which indicates efficiency, cost effectiveness, and higher perceived service quality by patients. In the Netherlands, Zhang (2000) almost reached similar conclusions where he found that quality implementations have a positive impact on product quality and Total Quality Management has much better effects on the overall business performance than ISO 9000.

Total Quality Management improves many aspects of performance such as customer satisfaction and business performance (Martinez-Lorente et al., 2004; Parzinger and Nath, 2000; Ikpefan, et al., 2014). In the UK, Soltani and Lai (2007) found that International Organization for Standardization (ISO) series and other total quality management Total Quality Management models were seen as helping organizations in the journey towards business excellence. In contrast, there are some researchers who found that the implementation of Total Quality Management did not improve performance. For example, Dow et al. (1999) showed that some Total Quality Management factors, such as employee commitment, shared vision and customer focus, contribute to superior quality outcome and factors such as benchmarking, work teams, advanced manufacturing technologies and closer supplier relationships do not contribute to superior quality outcomes. This is also supported by Beaumont and Sohal's (1999) investigation which showed that the use of quality management practices was not correlated to profit levels. Singles et al. (2001) studied the effect of certification in the ISO 9000 series and found that ISO certification itself did not lead to an improvement in the performance of organizations. But Naser et al. (2004) investigated ISO 9000 registered companies in Malaysia and found positive links

between ISO 9000 registered companies and firm performance. This is similar to a study conducted in Greece by Dimara et al. (2004), who found a moderate relationship between ISO 9000 registered companies and firm performance. So importance of Total Quality Management in raising organization performance cannot be ignored.

2.2.3. Total quality management and customer satisfaction

Customer satisfaction, as a construct, has been fundamental to marketing for over three decades. As early as 1960, Keith (1960) defined marketing as "satisfying the needs and desires of the consumer". Hunt (1982) reported that by the 1970s, interest in customer satisfaction had increase to such an extent that over 500 studies were published. This trend continued and by 1992, Peterson and Wilson estimated the amount of academic and trade articles on customer satisfaction to be over 15,000.Several studies have shown that it costs about five times to gain a new customer as it does to keep an existing customer (Naumann, 1995) and these results into more interest in customer relationships. Thus, several companies are adopting customer satisfaction as their operational goal with a carefully designed framework. Hill and Alexander (2000) wrote in their book that "companies now have big investment in database marketing, relationship management and customer planning to move closer to their customers". Jones and Sasser (1995) wrote that "achieving customer satisfaction is the main goal for most service firms today".

Increasing customer satisfaction has been shown to directly affect companies' market share, which leads to improved profits, positive recommendation, lower marketing expenditures (Reichheld, 1996; Heskett et al., 1997), and greatly impact the corporate image and survival (Pizam and Ellis, 1999). According to Bernhardt et al. (1994), Eklof and Westlund (1998), and Geyskens et al. (1999), customer satisfaction was very vital to the profitability of the organization. Naumann (2010) pointed that customer satisfaction is a part of strategic planning of the organization. In addition, Augus (2000) said that implementing total quality management could improve the company's customer satisfaction. Ingram and Chung (1997) explained that total quality management practices could increase customer satisfaction in health care industry. Moreover, Haisin (2001) added that total quality management can improved the competitive of the hospital in Thailand. Aghazadeh (2002) also agreed that a total quality management practice is absolutely important for business.

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Many researchers have study the impact of total quality management practices on customer satisfaction in the service and manufacturing industries. Al-Saggarf (1997) revealed that total quality management practice can improved customer satisfaction in electrical industry in Saudi Arabia. Moreover, Kanji et al. (1999) reported that total quality management can increase customer satisfaction in United Kingdom Universities. However, some researches such as Elmuti and Kathawala (1999) indicated that total quality management fails to improved customer satisfaction in service industry. Customer satisfaction can be defined in various ways. According to Kotler et al. (1996), satisfaction is the level of a person's felt state resulting from comparing a product's perceived performance (or outcome) in relation to the person's expectations. In brief, satisfaction level simply is a function of the difference between perceived performance and expectation (Stahl, 1999). Unlike the quality of goods, which may be tangible and measured objectively by using indicators such as performance, features, reliability etc., and service quality, however, is not tangible and is thus defined in terms of attitude, interaction and perception. Thus, service quality is judged by what a customer perceives rather than what a provider offers.

To yield highly satisfied and loyal customers, organizations throughout the world are striving to produce products and services of superior quality. For decades, Customer satisfaction is considered to be the key success factors for every profit-oriented organization as it affects companies 'market share and customer retention. In addition, satisfied customers tend to be less influenced by competitors, less price sensitive, and stay loyal longer (Dimitriades, 2006). Oakland (1986) defined quality of a banking service as the degree to which it meets the requirements of the customer. So the total quality program has to be started by obtaining the customers' perception of the service delivered and their expectation of the service to be provided by the company. It can also be learned from the internal feedback relationship created between the internal customer and supplier. These are the quality chains (Oakland, 1993; Gberevbie and Isiavwe-Ogbari, 2007). These will provide substantial contributions to enhance the process. No matter how efficient the administrative system of a company, it can produce zero defects only if the customers (internal and external) provide sufficient and accurate details to enable the quality process to meet their needs and expectations. According to the study of Yang (2006), Total Quality Management along with human resource management significantly affected quality performance, especially with regard to customer and employee satisfaction. According to Vora

(2002), customer and employee satisfaction and streamlined processes together produce improved operational and financial results which will eventually lead to business excellence.

Agus (2004) in his study in Malaysia service sector finds that there is a strong and positive association between Total Quality Management and customer satisfaction. (Saravanan and Rao 2006) found the statistically significant correlation between the implementation of Total Quality Management practices and customer satisfaction and business. Service quality promotes customer satisfaction, stimulates intention to return, and encourages recommendations (Nadiri and Hussain, 2005). Customer satisfaction increases profitability, market share, and return on investment (Stevens et al., 1995; Legoherel, 1998).Tanninen et al. (2010) on his empirical study prove that the Total Quality Management approach affected the customer satisfaction results positively, so the business units that had started to apply Total Quality Management earlier had more satisfied customers than their less experienced counterparts.

2.2.4. Challenges to effective Total Quality Management

Total Quality Management has different obstacles and barriers to which managers have five barriers to Total Quality Management which are: inadequate human resources development and management; lack of planning for quality; lack of leadership for quality; inadequate resources for Total Quality Management; and lack of customer focus, (Goldman, 2005; Dimitriades, 2006; Kotler, et al., 1996; Gberevbie and Isiavwe-Ogbari, 2007). The most significant obstacle was inadequate resources, followed by inadequate human resources development and lack of planning (Sebastianelli and Tamimi, 2003). A primary reason for Total Quality Management failure in organization is due to half-heartedly implemented Total Quality Management.

Many organizations are not willing to undertake the total cultural transformation that Total Quality Management requires (Ugboro and Obeng, 2000; Atuma and Agwu 2014). Nwabueze (2001) also stated that no management staff knows exactly what culture change is and how best to approach cultural transformation, which is argued to be the most essential ingredient if Total Quality Management is to succeed. Other often-cited problems include getting everyone in the organization to move in the same direction, the lack of goals, insufficient knowledge, poor planning, lack of management commitment, lack of proper training, failure to use the right framework, lack of resources, lack of effective management, and incompatibility of attitudes of

top management and workers. Some companies are already in poor health at the time during which Total Quality Management is implemented.

Total Quality Management demands that resources be available to sustain the organization over the full period of implementation and beyond, and it could prove to be demanding for the weak (Nwabueze, 2001). Beer (2003) stated that Total Quality Management fails due to failures in implementation and not in Total Quality Management theory and method. Top-down programs undermine the unit leaders' commitment and their capacity to lead a Total Quality Management transformation in their unit. It is the management's lack of capacity to explore the gaps between the Total Quality Management program and the reality of actual practice which is the very process of inquiry, analysis, and action embedded in Total Quality Management that causes Total Quality Management implementation failure. The missing ingredient in unsuccessful Total Quality Management transformations is a total quality management process for assessing and developing a high quality of management at every level (Beer, 2003; Ikpefan, Owolabi, Agwu, and Adetula, 2014).

A study by Ljungstrom and Klefsjo (2002) determined that the six areas for obstacles to Total Quality Management are management, continuous improvement, quality methods and tools, work development, process orientation, and unions. Unions have been discussed in Total Quality Management literature, but they have a great deal of influence in many organizations. Efforts to achieve Total Quality Management that unions are often resistant to include reduced hierarchies, integration of work, increased responsibility and authority on the shop floor, membership in projects and design processes, and competence development. Lack of senior management commitment is seen as an important obstacle (Soltani, Lai, and Gharneh, 2005). Reasons for this include lack of knowledge about what Total Quality Management is, ineffective internal communication between management and employees, and low engagement of other levels of management within the organizations. So, top executives need training that will help them to understand the philosophy and benefits of Total Quality Management along with how to implement it effectively. Juran (1993) suggested that many companies have failed at Total Quality Management initiatives because CEOs do not know which quality strategy is best for their company and their choices have been a gamble and there was a laissez-fair attitude that some managers were not trained in the process of managing for quality.

Critics of Total Quality Management have suggested that it entails excessive retraining costs, consumes huge amounts of management time, increases paperwork and documentation, demands unrealistic employee commitments levels, emphasizes process over results, and fails to address the needs of small firms, service firms, or non-profits. Failures of Total Quality Management have been attributed to factors that conflict with the philosophy of Total Quality Management, which include lack of cooperation and excessive time and financial commitments (Chin and Pun, 2002; Agwu, Ikpefan, Atuma & Achugamonu, 2014). The review of literature showed that the most common obstacle to Total Quality Management is lack of management support and commitment. Other prevalent obstacles were lack of proper and adequate training and resistance to change from all involved.

2.3. Theoretical Review

There are different theories related to Total Quality Management for example, Invitational theory, Traditional Learning Theory and Theory of Constraint. In an attempt to provide a sound theoretical underpin for this study, this paper adopts the theory of Constraint. The Theory of Constraint (TOC) was first presented in 1984 by Goldratt in his revolutionary book, the goal. TOC provides the methodology to define what to change, what should be changed to and how to effect the change to continuously improve the performance of an entire system. TOC like TQM treats improvement as an ongoing process. It must not replace TQM but rather be used in helping the company to find out problems in its implementation and focus the TQM efforts toward organizational goals (Zadry & Yusof, 2006). TOC is a new concept which is growing in recognition and popularity. The literature presented so far has shown that TOC can complement TQM strongly in helping to focus the parts of a system that need process improvement(TOC based TQM).The principles of TOC-based TQM serve as a guideline to help in understanding how to focus efforts in maximizing profitability through the implementation of TQM. It has the objective of establishing an effective management system designed to implement the process of continuous profit improvement while meeting the necessary condition of good quality. (Stein, 1997).

According to Adeoti (2008), TQM is a collection of principles, techniques, processes and best practices that over time have been proved effective. Most of the world-class organizations exhibit the behaviors that are typically identified with TQM. Any organization that wants to

improve its performance would be well served by selecting a model and conducting a self-assessment.

2.3.1. Principles of TQM

Since 1950 the development of total quality management is credited mainly to the works of various American experts such as Edward Deming, Joseph Juran and Philip Crosby (Ortiz, J.P. et al., 2006). Deming's Theory: Deming identified fourteen points of management in his theory of Total Quality Management. He also developed a system of "profound knowledge" which consists of the following four points (Ortiz, J.P. et al., 2006)

- System Appreciation - an understanding of the method a company's procedures and structures work;
- Variation Knowledge - an understanding of the variation happening and the causes of the Difference;
- Knowledge Theory - the understanding of what can be known;
- Psychology Knowledge - the understanding of human nature from the above points of view;

Furthermore, Deming has forwarded the 14 management principles that facilitate the role of managers to enhance the quality of organizations. While Deming's principles were stressing on the internal role of the organization was more interested on the customer's point of view of products' fitness for use or purpose. A product can satisfy with all the Deming's specifications and still not be appropriate for use or purpose (Ortiz, J.P. et al., 2006).

Deming's 14 management principles are: Create constancy of purpose, The new philosophy, Cease dependence on inspection, End 'lowest tender' contract, Continually seek out problems, Institute training on the job, Institute supervision, Drive out fear, Break down barriers, Eliminate exhortations, Eliminate targets, Permit pride of workmanship, institute education and The transformation is everyone's job.

2.4. Conceptual framework

In this study two important points are mentioned customer satisfaction and the TQM practices which are: customer orientation, top management commitment, employee empowerment, and continuous improvement. Figure 1 below conceptualizes the relationship between the two. TQM practices are measured by constructs such as top management commitment, customer orientation, employee empowerment and continuous improvement. The other important issue on the other hand is taken as customer satisfaction which comes as a result of proper TQM practices in the company. The adoption of TQM practices by insurance companies may positively affect the satisfaction of customers.

Customer Orientation
- Timely response to their needs
- Feedback mechanism
- Customer satisfaction

Top Management Commitment
- Resources allocation
- Leadership support
- Resource availability
- Quality performance

Employee Empowerment
- Training and development
- Decentralized control
- Frequency of training
- Job security
- Cultures of improvement

Continuous Improvement
- Innovativeness
- Improvement of processes
- Knowledge management
- Improved quality

TQM

Organizational Performance
- Market share
- Profits
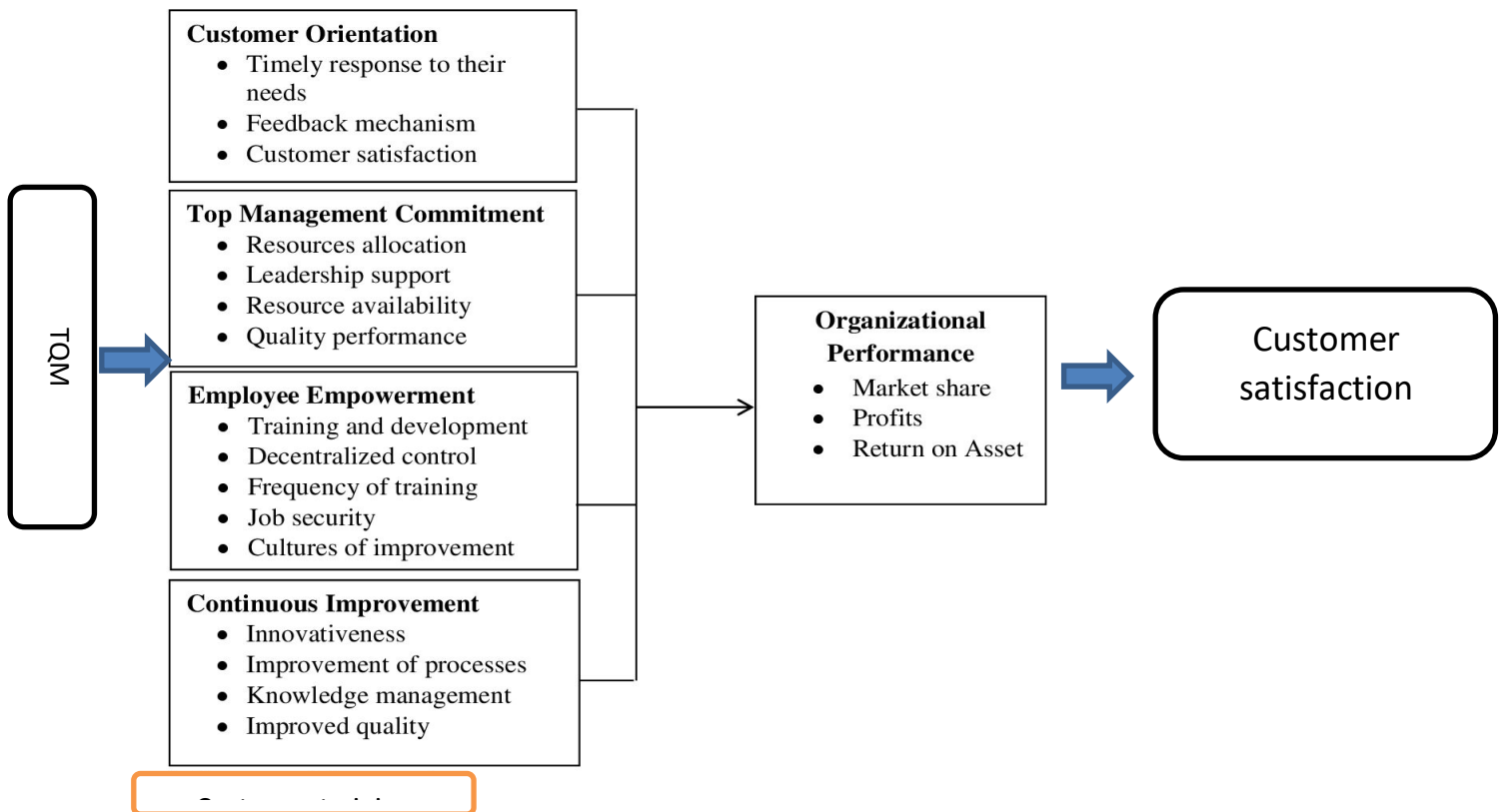- Return on Asset

Customer satisfaction

Figure 1 conceptual framework

Source: Adopted from different literatures

CHAPTER THREE

3. RESEARCH METROLOGY

This chapter presents a description of the methodological procedures that were employed in the study. It describes the area in which the study is carried out, the approach and techniques of sampling, data collection instruments used in the data collection and justifications of the choice and data analysis techniques.

3.1. Research Design

Basically, research can be structured by three types of research design. According to Shiu et al., (2009) and Saunders et al., (2003) there are three different types of research design, namely, Exploratory, Descriptive and Explanatory.

The researcher used descriptive research design; it deals with the exact situation, place or event. In this research design there is a clear view of those particular phenomena on which the data is collected. It creates the exact summary of a particular events and situation. Descriptive research aims to accurately and systematically describe a population situation or phenomenon. It can answer also what, where, when and how questions. It also opens the door and uses a wide variety of research methods to investigate one more variables. Because of these feature the researcher used descriptive research as a design.

3.2. Research Method

Qualitative method focuses on distinction or attributes than amount. In qualitative method, data is presented in the form of quotations, or descriptions of the phenomenon. One of the most common techniques of data gathering applied in qualitative method is interview. On the other hand, quantitative method focuses on information that is numerical, and it is confirmatory in nature. Qualitative method isolates variables to explain causal relation between them and determines the magnitude and frequency of the relationships. Common techniques applied in quantitative method are: surveying with questionnaires.

Taking this advantage in to consideration, researcher employed both qualitative and quantitative methods (mixed methods). Mixed methods involved the collection and analysis of qualitative and quantitative information in a single study. The main reason why the researcher used mixed method is that integrating qualitative and quantitative methods about a situation results better

understanding than using only one of the pure methods. According to Creswell (2003), confirms this fact as follows. Mixed method enables to understand a problem more comprehensively. He further explained mixed method as applying mixed methods gives opportunity to build knowledge on pragmatic grounds and bases the research on the techniques that can best address the problems and questionnaires at hand.

3.3. Sample Survey

In the nature of the study different type of population is engaged as a sample included Nib insurance company managers, employees and customers participated in this study. The justification behind selecting these samples is presented in the next section (3.4).

Table 1 Summary of Sample Survey

No	Data collected from	Research Tools	Sample Size
1	Concerned director from NIC (head office)	Interview	2
3	Employees	Questionnaire	50
4	NIC customers	Questionnaire	60
		Total	**112**

Source: own survey, May, 2021

3.4. Sampling Techniques

Sampling techniques, which consist of probability and non-probability sampling, enable researchers to identify and select a representative subject that represents the target population. For this research, purposive sampling technique, which is one of the methods of non-probability sampling, employed. Currently, the number of employees working for NIC has reached to 416. Out of these the researcher purposively selected those employees who are working only in the head office whose experience exceeds 5 years believing that the more experienced employees will provide better information. The number of employees having more than 5 years is 52. The researcher also followed the same technique (purposive sampling) to reach to the NIC customers. Those customers whose partnership with the company exceeded 5 years and those who have claim experience, and customers who come frequently were selected as a sample. The total

number of customers with 5 & above years of partnership estimated to be exceeding one thousand (1000) according to a rough data from the company (the exact number is not well known because they are recounting their customers currently which are not yet completed). However, the researcher only focused on those who are living in Addis Ababa for better access and time & financial constraints. Some of the participants were found in the head office accidentally while majority of customers were approached using their contact address after gaining their approval. Considering the time and situational constraints due to COVID 19 the researcher selected 60 customers for the data. The selection criteria for managements are purely Purposive which based their position and proximity to the issue this thesis is dealing with. Hence, this study in general used purposive sampling. Purposive sampling is a non-probability sampling method and it occurs when "elements selected for the sample are chosen by the judgment of the researcher. Purposive sampling is sometimes referred to as called judgment sampling techniques. It was used to select employees and customers of the company. Researchers often believe that they can obtain a representative sample by using a sound judgment, which will result in saving time and money.

3.5.   Data Collection Methods

The main sources used for this study comprise primary as well as secondary data. The primary data collected through interviews and questionnaires. Regarding the secondary data, the researcher employed published and unpublished sources such as, magazines, proceedings, pamphlets and articles.

3.5.1. Interview

According to (Kothari, 2006), "an interview is a set of questions administered through oral or verbal communication, tape recorder, or is a face to face discussion between the researcher and the interviewee respondent". The purpose of this interview was to collect detailed information through measuring attitudes, feeling and approach of the respondents about the TQM practices, benefits and challenges.

The researcher interviewed key informants through semi structural interview of data collection instrument from NIC Head Office managers, they were chosen based on the knowledge & position they have in the company.

3.5.2. Questionnaire

A questionnaire is a set of questions which are usually sent to the selected respondents to answer at their own convenient time and return back the filled questionnaire to the researcher (Novatus Bartholome, 2013). Therefore, in addition to Interview the researcher used structured questioner to collect the data. Questionnaires help to cover large sample at low cost. The researcher believed that asking several questions around the major concerns of the inquiry was one appropriate technique to promote accuracy.

3.6. Methods of Data Analysis

Data analysis is the process of developing answers to questions through the examination and interpretation of data. To achieve the objectives of the study data analyzed through both qualitative and quantitative approaches. Once the data collection was over, the findings were written using thematic analysis method; by analyzing the content of interviews, and discussions. Once the data received, it was edited by checking for missing data or unfilled sections of the questionnaire. Only sections properly filled were used. The statistical software was also used to analyze SPSS version 20.0 (statistical package for social sciences). Descriptive statistics in this study helped to describe, show and summarize the collected data in the meaningful manner. The descriptive analysis was adopted in this study which mainly includes frequencies and percentages. This is the most appropriate in order to deduce any patterns emerging from the data for meaningful interpretation.

3.7. Validity

To make the data gathering from different interviewees valid, the researcher documented it both in written and in audio recordings form and translate the concepts directly from word to word. In other words, the information from the informants was interpreted accurately.

Validity is the extent to which any measuring instrument measures what it is intended to measure (Thatcher, 2010). The primary purpose of validity is therefore to increase the accuracy and usefulness of findings by eliminating or controlling other conditions, which allows for greater confidence in the findings of a given study. So we can say that in general validity is the indication of how sound your research is. Hence the researcher strives to validate the work

externally and apply the research result to the tourism development of the city and also to the country wide.

3.8. Reliability

In order to make the collected data reliable and the results representative test was carried out with in the concerned body like NIC managers, employees and customers. Besides, to enhance the reliability of the primary data the researcher used secondary sources as verification.

Reliability and Validity are important concepts in research as they are used for enhancing the accuracy of the assessment and evaluation of a research work (Tavakol and Dennick, 2011). Reliability refers to the consistency, stability and repeatability of results i.e. the result of a researcher is considered reliable if consistent results have been obtained in identical situations but different circumstances (Twycross and Shields, 2004). It refers to the repeatability of findings. If the study were to be done a second time, would it yield the same results? If so, the data are reliable. Consequently, if more than one person is observing behavior or some event, all observers should agree on what is being recorded in order to claim that the data are reliable. Therefore, the researcher attempt to assure the reliability of the work through cross-trial works like using different interviewers in the same field to crosscheck the similarity of data collected.

3.9. Ethical Considerations

Ethics of a research is the considerations of ethical principles that include different codes of conduct were addressed by researchers. The researcher adhered to all principles like honesty, objectivity, integrity, carefulness, openness, respect for intellectual property, confidentiality, responsible publication, responsible mentoring, respect for colleagues, social responsibility, nondiscrimination, competence, legality, animal care, human subjects protection (David B. Resnik, 2015). Strictly and avoid unethical issues such as submitting others' works as owns work, accrediting colleague without any contribution for this research, the use of inappropriate statistical technique, using others' works without acknowledgement, Therefore, taking the nature of this study under consideration, the researcher informed to participants told the nature of the study to be conducted and given the choice of either to participate or not. More specifically, for ethical clearance the researcher confirmed to respondents about brief description of the nature of the study, a description of what participation would involve in terms of activities and duration,

the guarantee that all response remains confidential and anonymous, an offer to provide detailed information about the study.

CHAPTER FOUR

## 4. RESULT AND DISCUSSIONS

Introduction

This chapter shows the research findings, presentation, interpretation, and discussion of the findings obtained from the field. The chapter presents the background information of the respondents, findings of the analysis based on the specific objectives of the study. Descriptive statistics using tables and figures/charts have been used to discuss the findings of the study. The interview data have been thematically synchronized with quantitative data.

4.1. Demographic Profile

This part comprises the demographic profile of respondents who were participated in this study. Their gender, age, and educational attainment are briefly presented and analyzed. The questionnaire was distributed to 50 employees of NIB insurance company who were purposively selected because of their experience (8 years & above) and 60 customers who were purposively selected based on their period of relationship with the company (those customers whose relation exceed 5 years were selected) and 2 interviews with concerned management staff from the head office. Out of the 110 questionnaires, all (110) valid responses were collected. Hence, the response rate was 100 percent.

4.1.1. Sex and Age distribution of respondents

**Figure 2** Sex and age distributions of respondents
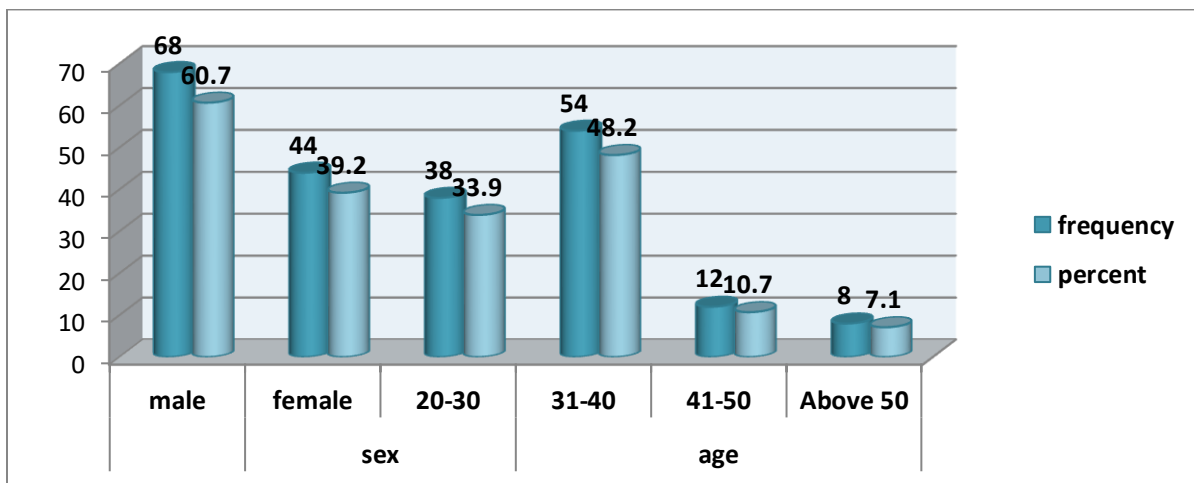
The result in figure 2 shows the distribution of sex among the survey participants. The result shows that among 112 participants, the majority (60.7%) are male while the rest 39.2% are female. These findings show that the 'sex' of survey participants was considered by the researcher as an important demographic variable. Accordingly, since both genders were involved in this study the findings of the study did not suffer from gender biases.

In addition to figure 2 show that the majority (48.2%) of the respondents were aged between 31 to 40 years, 33.9% aged between 20 to 30 years, 10% of them belong to the age group 41-50 and the remaining 7.1% of participants are above 50 years of age. These findings show that the respondents who were engaged in the study cut across different age gaps and matured enough to deal with the concept of quality management.

4.1.2. Educational status

An individual's way of perceiving any phenomena and his/her attitude can be affected or influenced by Education. An Individual's educational status is more likely going to impact the response of the study participant. Hence the researcher finds it important to know the level of respondent's educational attainment. Data concerning education is presented below in Figure 3

Figure 3 Educational statuses of respondents

Source: own survey June, 2021

28
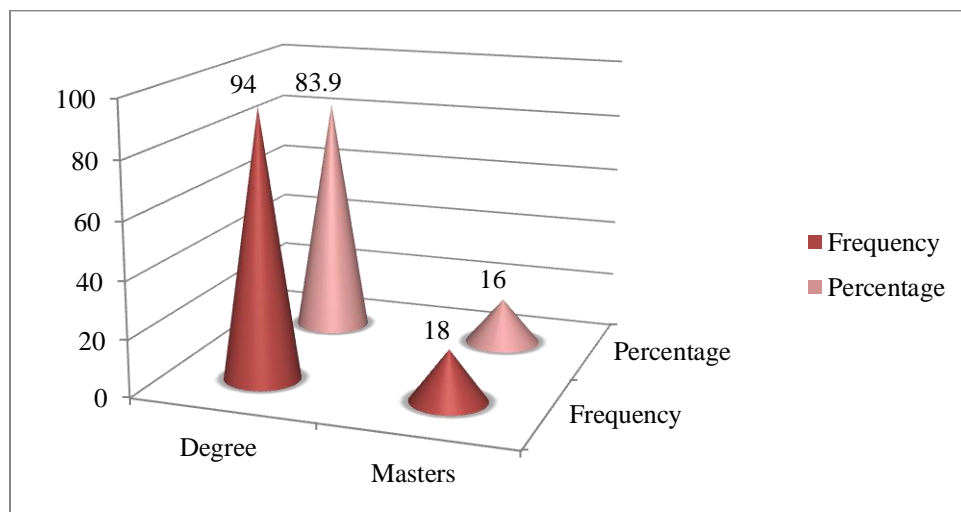
The results in figure 3 show that the majority (83.9%) of the respondents had attained a bachelor degree-level education; the remaining 16% holds a Master's Degree. The findings imply that the respondents were well educated which means that they were in a position to respond to research questions with ease.

4.2. Total Quality Management (TQM) Practices in the Company
4.2.1. Top management commitment to establish TQM

Top management commitment towards quality management is generally perceived as one of the key factors in determining its success. Management is required to show its commitment, in communicating about the importance of meeting customer as well as statutory and regulatory requirements, establishing the quality policy, ensuring that quality objectives are established, conducting management reviews, and ensuring the availability of resources. Survey participants were presented with questions that aim to see the level of their agreement concerning top management. Below is the table their response is summarized.

Table 2 top management commitment to establish TQM

No	Item	Strongly Agree		Agree		Neutral		Disagree		Strongly disa	
		No	%	No	%	No	%	No	%	No	%
1.	Top executives are actively involved in establishing and communicating the company's vision, goals, plans, and values for their quality program	38	76	11	22			1	2		
2.	Senior executives anticipate change and make plans to accommodate it	21	41.9	27	54	1	2	1	2		
3.	Senior executives insist on accuracy and reliability of all information and communications with in the company	37	74	13	26						
4.	Top management allocates adequate resources towards efforts to improve quality	34	68	12	24	1	2	3	6		
4.	Top management is evaluated on quality performance	31	62	15	30			4	8		
6.	Top management pursue long-term business success	41	82	9	18						
7.	All major departments in the company accept their responsibility for the quality	39	78	10	20			1	2		

Source: own survey June, 2021

To see the practice of TQM in NIB insurance company respondents were asked to rate their level of agreement concerning Management's commitment to establishing TQM in the company. The first question asked was if they agree on Top executives' involvement in establishing and communicating the company's vision, goals, plans, and values for their quality program. As presented above in the table majority of survey participants 76% strongly agreed that Top executives in their company are actively involved in establishing and communicating the company's vision, goals, plans, and values for their quality program. Accordingly, 22% agree with the question presented. On the contrary, though a small 2% of survey participants disagree that their top managers are not active in establishing communications.

Respondents were also asked if senior executives in their company insist on accuracy and reliability of all information and communications within the company. As the result shown above in the table indicates when 54% of participants agree, 41.9% strongly agree, a very small portion of them 2% refrain from giving their agreement or disagreement and prefer to remain neutral. On the other hand, 2% show their disagreement concerning senior executives' strong desire for accuracy and reliability. Similarly, respondents were asked if they agree their company's senior executives insist on accuracy and reliability of all information and communications. As the result indicated majority of them 74% strongly agree on the issue raised. Accordingly, the remaining 26% showed their agreement.

Concerning top management's role in the company respondents were also asked if Top management in their company allocates adequate resources towards efforts to improve quality. As shown above, in the table 68% of survey participants strongly agreed & 24% agreed that top management in their company allocates adequate resources. 2% of participants show their neutrality while the remaining 6% disagree on the commitment of top management in the company to allocate adequate resources. Similarly, respondents were asked if Top management in their company evaluated quality performance. When 62% strongly agree with the prevalence of evaluating their top managers on quality performance; 30% agreed. Contrary to this smaller segment of survey participants 8% disagree on the prevalence of such an evaluation process.

If Top management pursues long-term business success in their company was another question delivered to survey participants. According to their response summarized above in the table majority of participants 82% strongly agreed concerning the question. Similarly, the remaining

18% agreed that their company's top management pursue long-term business success. The last question given to participants concerning top management's commitment to establishing TQM in the company was; 'If all major departments in NIC accept their responsibility for quality. As their response presented above in the table, 78% of the participants strongly agreed that all the departments in the company accept responsibilities. Similarly, 20% agreed on the issue. However, the remaining 2% of them showed their disagreement.

Top management commitment to establish TQM is one major criterion for a successful implementation of TQM. Senior management commitment is required for any initiative to be successful. Total Quality Management process also considers the top management commitment as a backbone for successful implementation. Hence, In addition to the quantitative data gained from employees' management staff of the company (NIC) was also interviewed concerning the issue of management commitment. When asked if their company properly implements TQM system, all interviewed informants asserted that their company pays great attention to TQM believing that the system is mandatory for the success of their company.

NIC Set up TQM program in an early stage of its establishment: believing that Adopting TQM means transforming the organization's culture. During its initial stages, NIC had a team formed to build and design the TQM program. The head of the department in his speech during an interview

> We are not only formed TQM in our company but also established an awareness program: we believe that to implement quality, everyone must learn to build quality in his or her daily work. The concept of customer-oriented service has been well explained to the staff members in NIC. Training is being given by setting continuous sessions to include videos, quality drills, and brainstorming techniques. In the end, we ensure that the commitment of managers and employees is maintained.

NIC has also established a steering committee of senior managers who are setting policy, driving and promoting quality, monitoring its implementation, and providing recognition for teams. Moreover, a quality policy is established in the company: the quality policy identifies the core business processes used to produce the services that critical customers desire most. The company conducts a survey used to identify the critical factors that affect customer satisfaction and how to upgrade service levels.

Clear work procedures and job descriptions are designed. NIC also Builds a linked value system for opportunities (for example, promotions, travel, training, and variable compensation) to promote involvement in quality activities.

> *We tie our current system for rewards and recognition to customer satisfaction. Those employees who performed well will be well rewarded every year depending on their performance. We empower our employees because we believe that it can help to overcome some problems customers feel sometimes.*

Based on the above data it is clear to understand that NIC has established TQM as an integral part of company's success program. The management is not only committed to establish TQM In NIC but also working to further strengthen the role of management in the process. Similar studies in the area also find the same results. Taylor et al. (2003) for instance concluded that senior managers' involvement, understanding and customer focus are essential antecedents of TQM success. Samson et al. (1999) described that leadership and human resources management are among strong predictors of performance TQM practices.

4.2.2. Customer focus

Another element in assessing the practice of TQM was the commitment of the company to give focus to its customers. Customer focus may be considered one of the most significant elements of TQM practices because it is a crucial driver of quality improvement. The researcher defines customer focus in terms of both internal and external relationship practices. Thus, the term customer focus refers to a number of procedures and techniques aimed at dealing with customer interests, as well as the internal organizational 'strategic emphasis placed on the customer' that is considered a key aspect of TQM practices.

Survey participants were asked to rate their level of agreement on the practice of "customer focus" approach by their company as one integral part of TQM. Below in the table their response is summarized.

Table 3. Customer focus

No		Strongly Agree		Agree		Neutral		Dis agree		Strongly disagree	
		No	%	No	%	No	%	No	%	No	%
1.	Service design, development and delivery are based on meeting the need of customer	43	86	5	10			2	4		
2.	A wide variety of mechanisms for customers to contact the company easily and effectively (e.g. phone, e-mail, website & other social Medias) are available.	45	90	3	6	1	2	1	2		
3.	A wide variety of mechanisms for seeking and learning customers' needs and expectations are in place.	12	24	35	70	1	2	2	4		
4.	Key customer requirements are identified	32	64	18	36						
5.	Complaints process and guideline are established	23	46	26	52	1	2				
6.	Communication and training processes emphasize customer focus	12	24	33	66	2	4	3	6		
7.	Measure customer satisfaction on a regular basis	15	30	31	62	2	4	2	4		
8	Customer relationship and partnership are fostered	26	52	22	44	1	2	1	2		

Source: own survey June, 2021

As shown above in the table the first question designed to address the practice of customer focus as an integral part of TQM in NIC was if service design, development and delivery are based on meeting the need of customer. Based on their response, the majority 86% strongly agreed that design, development and delivery of services are based on the needs of customers. Accordingly, 10% agreed and the rest 4% dis agrees with the question presented. Similar to the previous

respondents were asked if they agree on the availability of various mechanisms for customers to contact the company easily and effectively. According to their response the extreme majority 90% strongly agreed that variety of mechanisms such as phone, e-mail, website & other social Medias are available in NIC to contact with its customers. Similarly, 6% of survey participants seem to agree when 2% & the rest 2% are neutral and dis agree respectively.

Respondents were also presented with a question if they agree or not in the availability of A wide variety of mechanisms for seeking and learning customers' needs and expectations. Accordingly, majority of respondents 70% agreed that such mechanisms are in place. 24% strongly agreed on the issue. 2% show their neutral stance while the rest 4% dis agree with the availability of A wide variety of mechanisms for seeking and learning customers' needs and expectations in their company. The other question designed to assess Customer focus practice of the company as part of its TQM strategy was if the NIC identifies Key customer requirements. When 64% of participants strongly agree the remaining 36% agreed that their company identifies key customer requirements. In the pursuit of assessing the engagement of the company in customer focus, survey participants were asked if NIC establish Complaints process and guideline. According to the result majority of them 52% agree on the question. Similarly, 46% strongly agreed and the rest 2% prefer to remain neutral.

Whether Communication and training processes emphasize customer focus was another question presented to survey participants. According to the result 66% agreed and 24% strongly agreed that training and communication processes in NIC give emphasis on customer focus. When 4% remains neutral the remaining 6% dis agreed on the emphasis given customer focus in terms of communication and training process. Similarly respondents were asked if they agree that their company (NIC) Measure customer satisfaction on a regular basis. Accordingly, 62% of survey participants agreed that the company measure customer satisfaction on a regular basis. Similarly, 30% strongly agreed on the issue. However, when 4% of participants remain neutral the remaining 4% disagree on the prevalence of regular measurement of customer satisfaction. Respondents were also asked if Customer relationship and partnership are fostered in NIC. According to their response majority of them 52% strongly agree that customer relationship and partnerships are fostered in their company (NIC). Similarly, 44% agreed when asked about the

issue. When 2% of the participants prefer to remain neutral the remaining smaller number of participants 2% shows their disagreement.

Based on the above findings it is easy to learn that NIC fosters a customer focus service provisions. A growing body of research recognizes the favorable effect of TQM practices implementation on overall customer satisfaction and the improvement of performance quality, which ultimately lead to gaining a competitive advantage (Talib, Rahman & Qureshi 2013; Talib, Rahman and Qureshi, 2011; Jaca & Psomas 2015). Customer focus and customer satisfaction management are among the dominant TQM practices that help enterprises to achieve positive financial results and organizational effectiveness (Talib et al. 2013). Therefore, TQM activities aimed at establishing good customer relationships and considering customer needs in the process of strategic planning may provide an opportunity to strengthen quality performance and acquire significant advantages in a highly competitive environment.

4.2.3. People Management

One of the most essential principles of quality management lies within the involvement of people during all steps of the improvement process. As the most important resource within any organization, people at all levels are the very essence of the organization. The involvement of people within each level is crucial to allow their abilities to be used for the benefit of the entire organization. People or staff could be considered the fuel that drives the organization, and a solid workforce relies largely on involvement – from the entry level employees who action out strategies all the way through to management levels who set goals and ensure that processes are implemented correctly. In this way, quality management relies on the involvement of people for the ultimate success in all processes and strategies.

Survey participants (employees of NIC) were asked some questions that aimed at assessing the practice of people management as an integral part of TQM in the company. Their responses are presented in figures below.

4.2.3.1. Selection and Recruitment process in NIC

The first question presented to survey participants was if they agree on effectiveness of selection and recruitment process in the company (in terms of the objectivity and right man for the right position). The following figure summarized their responses in frequency and percentages.

Figure 4: selection and recruitment process in the company
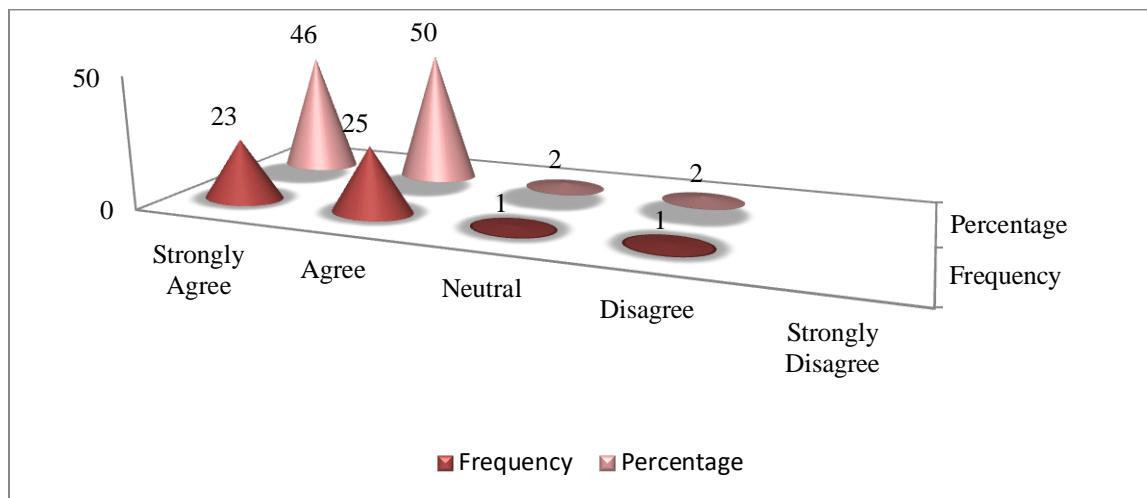
Source: own survey June, 2021

As clearly depicted in the figure above, 50% of participants agree that the selection and recruitment process in NIC is effective in terms of the objectivity and right man for the right position). Similarly 46% of the survey participants show their strong agreement to the question posed. Only 2% expressed neutral stance while the remaining 2% dis agree that the company's recruitment process is effective.

We can learn from the data as majorities (more than 95%) of participants are happy with the selection and recruitment process being followed by the insurance company. Right man for the right position approach can potentially benefit the company as it can fuel productivity by increasing employees' commitment.

4.2.3.2. Promotion and carrier development in NIC

One area where we can see the company's commitment in the practice of better people management as an integrated part of TQM is promotion and carrier development. Therefore, Survey participants were asked if they agree that the Promotion and carrier development

programs in NIC emphasize quality management. Below in the figure their response has been summarized.

Figure 5: promotion and carrier development
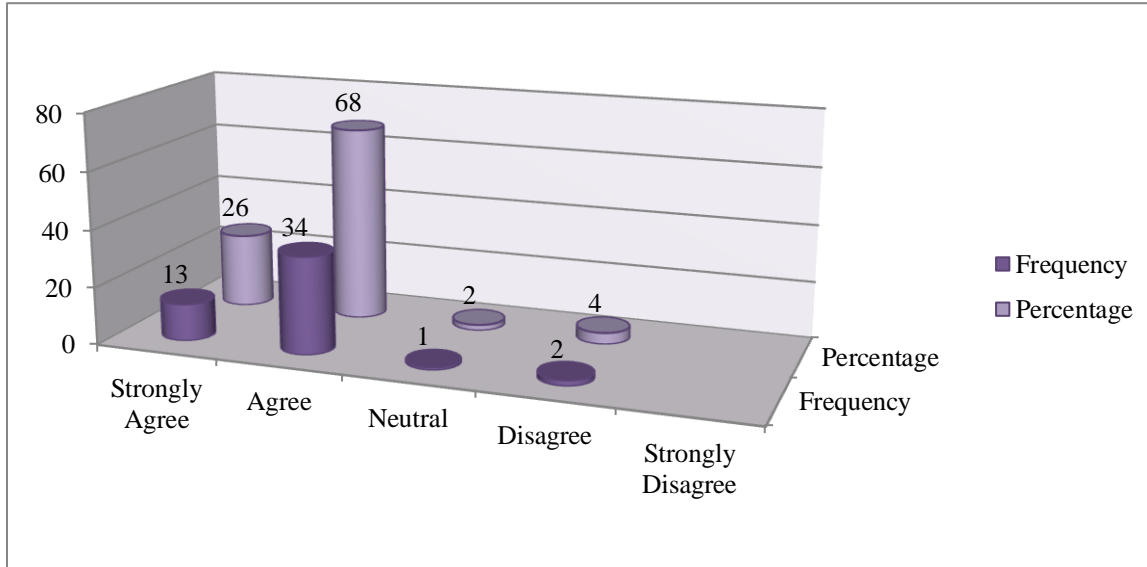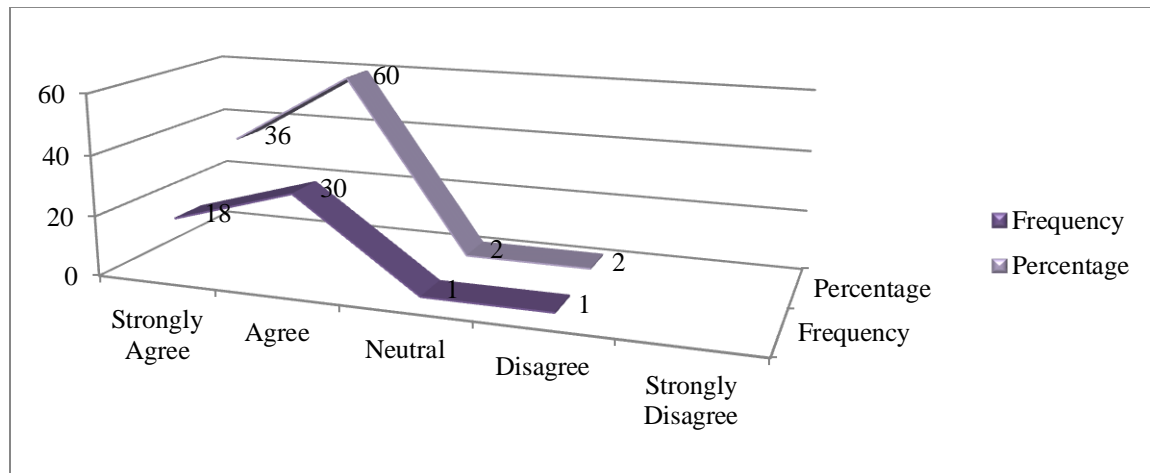

Source: own survey June, 2021

Above in the figure, survey participants' response concerning their company's emphasis on quality management when it establishes Promotion and carrier development programs. According to their response majority of participants 68% agree & similarly 26% strongly agree that Promotion and carrier development programs emphasize quality management in NIC. 2% of survey participants become neutral in answering the question while the rest 4% dis agree that their company (NIC) emphasize on quality management when it establish promotion and carrier development programs.

The result above can tell us that the company (NIC) emphasized in quality management in Promotion and carrier development programs. Such practices can significantly reduce the biases that most organizations committed during promotion and development programs of their employees. When employees feel that their company is following right way of promotion and development they will tend to give all their best to the betterment of their company as they would feel a sense of fair treatment.

4.2.3.3. Training programs cover all aspects of TQM

Training programs are important management tools to boost the capacity of staff members in different aspects. Survey participants who were employees of NIC were asked if their company concentrates on ongoing development of personnel by establishing extensive training programs that cover all aspects of TQM. The graph below compiled their response.

Figure 6: Training programs

Source: own survey June, 2021

The above figure shows that majority of survey participants 60% agree when asked if The Company concentrates on ongoing development of personnel by establishing extensive training programs that cover all aspects of TQM. Accordingly, 36% show their strong agreement on the issue. 2% of them showed their neutral stance while smaller section of survey participants 2% dis agree that their company establish extensive training programs that cover all aspects of TQM.

From the above result we can learn that NIC is providing training programs to employees in a way that believe that covers all aspects of TQM. This implies that the company is committed to give employees a better understanding on TQM and its benefits. A well conscious and well trained staff can fully implement all the necessary requirements of TQM which in turn increase quality service and customer satisfaction.

4.2.3.4. Periodical implementations of quality activities

Respondents were also asked if they agree in the prevalence of periodical implementations of quality activities such as quality circles, quality improvement teams, or suggestion systems in their company. Below in the figure their response on the company's habit of periodically implementing quality circles is presented.

Figure 7: periodical implementations of quality activities
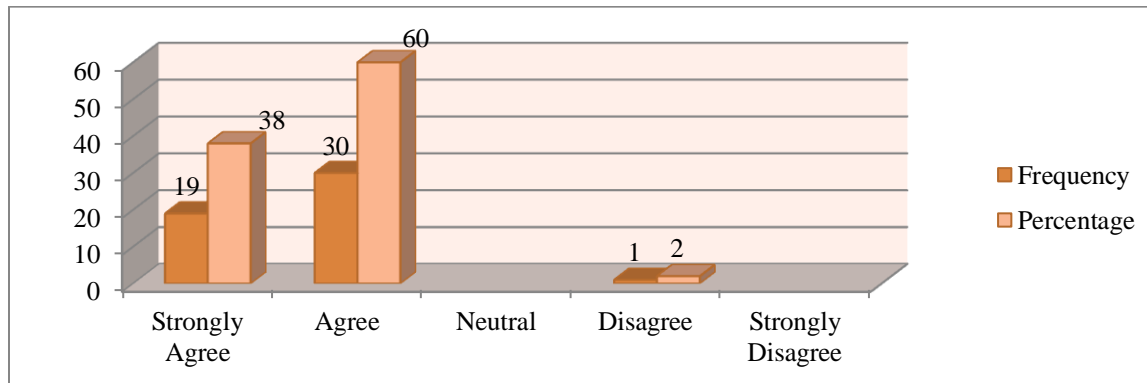
Source: own survey June, 2021

As clearly depicted above in figure 7, 60% of survey participants agree that NIC periodically implements quality activities such as quality circles, quality improvement teams, or suggestion systems. Similarly, 38% show their strong agreement to the idea presented. On the other hand, 2% of participants dis agree that their company periodically implements quality activities.

The result obtained can tell the company's commitment to periodically implement quality activities. A company that periodically implements activities like quality circles, forming quality improvement teams and establishing suggestion systems can potential boost its productivity and success in the business. Hence, NIC need to keep doing what is best for their business if it wants to withstand in the business for a longer period of time.

4.2.3.5. Appraisal systems for recognizing and rewarding employees

Performance appraisals are one of the most important and often one of the most mishandled aspects of management. Performance appraisal systems provide a means of systematically evaluating employees across various performance dimensions to ensure that organizations are getting what they pay for. They provide valuable feedback to employees and managers, and they

assist in identifying promotable people as well as problems. However, such appraisals are meaningless unless they are accompanied by an effective feedback system that ensures that the employee gets the right messages concerning performance. Reward systems represent a powerful motivational force in organizations, but this is true only when the system is fair and tied to performance.

Respondents were asked if their company has established Transparent and effective appraisal system for recognizing and rewarding employees for their efforts. Below in the figure their response has been summarized.

Figure 8: Performance appraisal systems
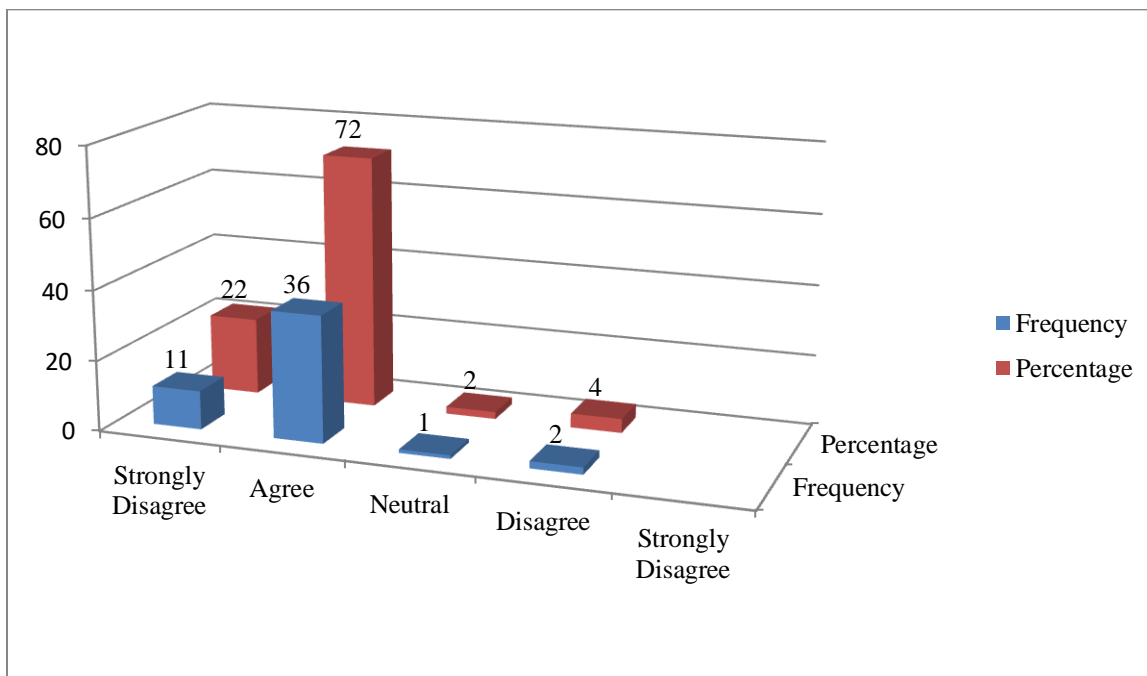
Source: own survey June, 2021

The above figure shows that 72% agreed that their company established Transparent and effective appraisal system for recognizing and rewarding employees for their efforts. Similarly, 22% strongly agreed concerning the question given. 2% of survey participants showed their neutral status. On the other hand, 4% of them dis agree that NIC established Transparent and effective appraisal system for recognizing and rewarding employees for their efforts.

From the above result one can understand that NIC has a well-established transparent and appraisal system for recognizing and rewarding its employees. More than 90% of participants

seem to believe that the company has employed such recognition and appraisal systems. Employee reward and recognition programs are one method of motivating employees to change work habits and key behaviors to benefit a business.

The interview result obtained from the management is also in a perfect agreement with the response obtained from the employees. During an interview the researcher forwarded the question: **How do you explain the impact of implementing TQM practice on company's performance (profitability and employee's satisfaction)**?

Nib Insurance, an 18-year-old firm, registered a remarkable leap in profit growth last fiscal year, netting 145.2 million Br, a 38.8% increase from the previous year. According to the informant:

> *"Nib insurance company can register a better-than-ever performance again if there is a better playing field in the industry in the future. We as a company are showing a great deal of performance in terms of profitability that accounts better customer satisfaction. In fact the main reason for our success; especially, in this fiscal year is our quality service which led the satisfaction of our customers. Customer satisfaction is one of our priorities as a company, because we believe that without our customers it is hard for us to sustain in the business.''*

Regarding claims the company developed a prudent policy underwriting style, which targets businesses with less risk; efficient claims management, including opening an office that handles claims and investing in areas with good returns, helped Nib to perform well. In his statement during the interview stated that:

> *The main driver for such an impressive profit performance in our company is a significant reduction in claims, reduced commissions payments and improved investment activities. With the decision of the management in NIC Claims paid and provided for went down by 19.3% to 203.4 million Br. We believe that such decisions strengthen our customers' commitment to keep working with our company.*

Gross written premium at Nib has increased marginally to 468.1 million Br, a 3.3% growth from the previous year. The firm ceded 90.4 million Br of the total premium, leading the retention rate to decline by 2.2 percentage points to 80.7pc. Expenses on employees' salaries and benefits rose

significantly to 84.6 million Br, a 45.4pc hike. Operating and other expenses also climbed by 11.8pc to 61.5 million Br.

When it comes to employees' motivation Nib insurance company made huge salary adjustments amounting to double the regular annual raise. To directly quote his speech during the interview:

> *"The company values its employees and we believe that they are an important part of the success. Due to a stiff competition in the business we want to protect our employees from leaving our company and joining the other. Hence, as a company we raised our employees' salaries so as to reduce staff turnover. Moreover, we also increased their transportation allowance after the government doubled transportation tariffs because of the pandemic COVID-19." Continuous training programs are being provided to our staff with a variety of incentive programs that aimed at enhancing their commitment to the company and hardworking habit*

In terms of opening new branches the company is doing very well. At the end of the last fiscal year, the number of Nib insurance company's total branches stood at 41. During the past fiscal year, the 18 insurance companies opened 37 new branches, pushing the total industry's branch network to 605. The total assets held by Nib insurance company increased by 13.3% to 1.7 billion Br. Of this amount, 599 million Br was invested in interest-bearing deposits, 22 million Br in investment properties and 202.3 million Br in shares and bonds. These investments accounted for 47.5% of the total assets of NIC.

The finding tells us that Customer focus and staff improvement programs are being implemented by the management staff of NIC. Every firm/company has to prioritize customer & employees satisfaction which are an integral part of success.

4.2.4. Continuous improvement

A large aspect of TQM is **continual process improvement**. Continual improvement drives an organization to be both analytical and creative in finding ways to become more competitive and more effective at meeting stakeholder expectations. Along with other TQM dimensions companies are expected to use this strategy/dimension to secure TQM in their endeavor for success. To assess whether NIC is using continuous improvement as an integrated part of its

TQM; questions were given to survey participants. The following table compose responses of participants on the given questions that aimed at assessing continuous improvement practices of the company.

Table 4: Continual improvement

		Strongly Agree		Agree		Neutral		Disagree		Strongly Disagree	
		No	%	No	%	No	%	No	%	No	%
1	The company encourages continual study and improvement of its service qualities	12	24	32	64	3	6	3	6		
2	Frequently measure the service and process quality	17	34	29	58	1	2	3	6		
3	Decisions regarding service quality improvement always are based on objective data	13	26	35	70	1	2	1	2		

Source: own survey June, 2021

As part of continuous improvement respondents were asked if their company encourages continual study and improvement of its service qualities. The Table above shows that continual study and improvement of its service qualities in NIC is common. 64% implies that the company encourages such improvements. Similarly, 24% strongly agree on the improvement of service quality in their company. Though compared to the previous is small 6% refrain themselves from giving their agreement or disagreement and showed their neutral stance. On the other hand, 6 % of surveys participants seem to dis agree on the prevalence of continual study and improvement program in NIC when it comes to its service qualities.

Respondents were also asked if their company (NIC) frequently measure the service and process quality in an attempt to improve its TQM. According to their response 58% agreed that their

company measures the service and process quality in an attempt to improve its TQM practice. Similarly, 34% of them strongly agreed to the issue. 2% of respondents seem to prefer to be neutral while the remaining 4% dis agrees that their company frequently measure the service and process quality. The other question presented to the survey participants was if Decisions regarding service quality improvement in their company (NIC) always are based on objective data. Accordingly, majority of participants 70% agreed that their company quality improvement attempts are based on objective data. Similarly, 26% strongly agreed to the question posed. When 2% remained neutral the rest 2% dis agree that decisions regarding service quality improvement in their company (NIC) always are based on objective data.

As the finding from the data indicates NIC is working in Continuous improvement program as part of TQM process. Practicing continuous improvement program under the shadow of TQM would help the company to reduce mistakes and succeed in the business. A central principle of TQM is that mistakes may be made by people, but most of them are caused, or at least permitted, by faulty systems and processes. This means that the root cause of such mistakes can be identified and eliminated, and repetition can be prevented by changing the process such as conducting continuous improvement programs. Similar studies also confirmed that continuous improvement is vital for customer satisfaction.

4.3. TQM & Satisfaction of customers on the insurance

The main objective of establishing a TQM system in the company is to bring profitability through quality service that led to customer satisfaction. For the company the client is an increasingly scarce resource, and therefore expensive and difficult to manage: he is a precious heritage for the company and here is therefore, the need to develop methods and processes by which to measure the value of this valuable resource to manage it. The basis of this value is customer satisfaction: a satisfied customer is worth much more than an indifferent customer, a customer who is not satisfied, however, is a floating mine organizations normally do not know. In the insurance sector, customer portfolio analysis suggests that customer retention (the measure of detention or "preservation" of existing customers) have a strong impact on the profit levels of insurance companies, especially after the liberalization of car tariffs (mass market for insurance products is the best) which made the loyalty of the customer base even more important. It would seem, in fact, that the best way to compete is to satisfy their customers

Rather than attack the competition. In fact, it is much more difficult to acquire a new customer than repeat sales to the existing customers.

Customers of NIC were chosen to be part of this study, their response is believed by the researcher as an important ingredient for this study. Questions pertaining to, satisfaction about the product/service insurance, and satisfaction with the insurance company providing the service were forwarded to the survey participants. Below in the figures their response to a specific question is presented.

4.3.1. Convenience of operating hours

The first question presented to customers that aimed to assess their satisfaction with NIC was about the prevalence of convenient operating hours in the company. The following graph summarized their responses.

Figure 9: convenient operating hours
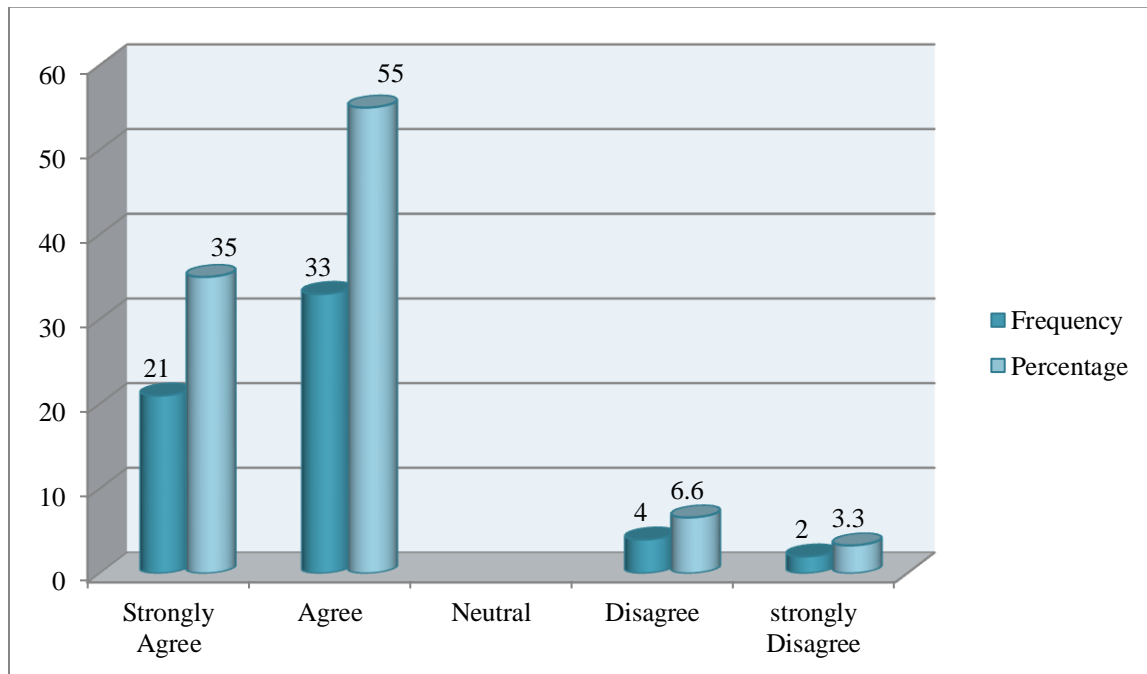
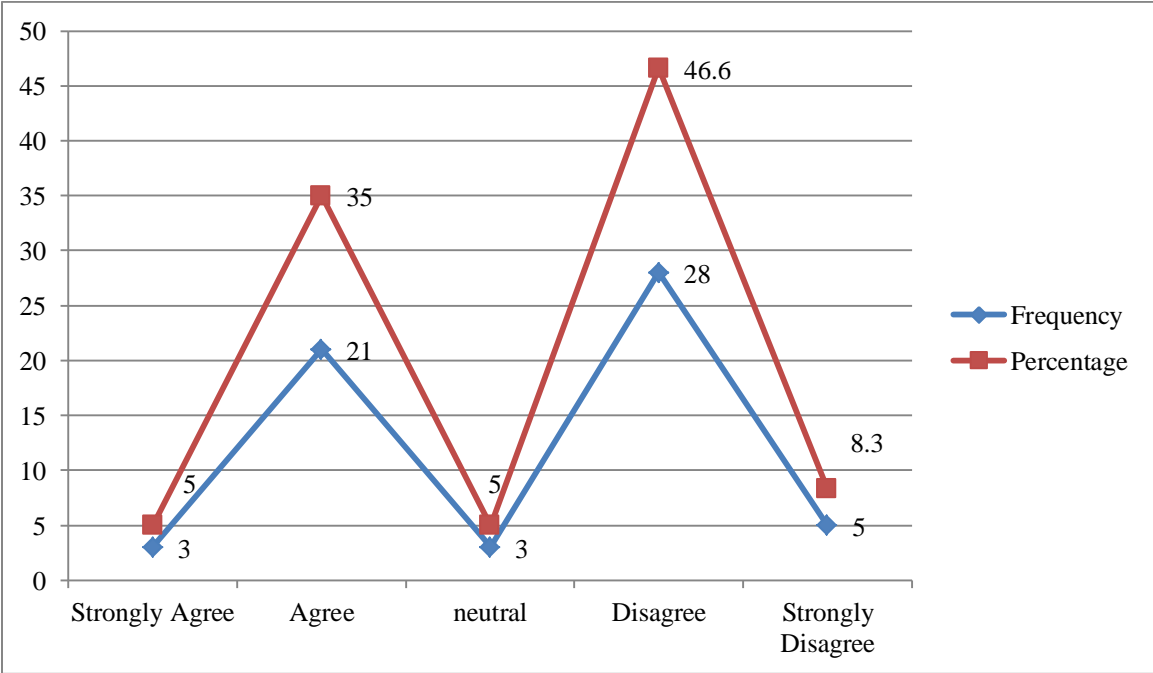Source: own survey June, 2021

As clearly shown above in the figure a relative majority 55% of participants agree that NIC has a convenient operating hours. Similar to this 35% of survey participants (customers) strongly agree about the convenient operating hours. However, the remaining 6.6% & 3.3% Dis agree and strongly dis agrees consecutively about the prevalence of convenient operating hours in NIC.

From the result obtained it is fair to say that majority of customers collectively 90% showed agreement to the company's convenient working hour. A company with appropriate working hours can keep its employees satisfied and retained its customers.

4.3.2. Equal treatment of customers

Companies are expected to treat all their customers fairly & equally, yet sometimes companies may treat their best customers preferentially. Managers should try to treat all customers as well as possible. This should lead to the maximum re-turn a firm can expect from its customer base. Survey participants who are customers of NIC were asked if they agree on the prevalence of equal treatment of customers in the company. The following graph presents their responses.

Figure 10: Treatment of customers

Source: own survey June, 2021

The above graph depicted that a relative majority of survey participants doesn't seem to agree on the presence of equal treatment of customers in NIC. 46.6% of survey participants dis agree on the prevalence of equal treatment of customers. Accordingly, 8.3% strongly dis agreed on the issue and 5% neutral. On the other hand, 35% agree on the presence of equal treatment among

customers in NIC & the remaining 5% strongly agreed that customers benefit equal treatment in the company.

From the above result one can see a relative absence of equal treatment of customers in NIC. A cumulative of 55.3% does not believe that the company is treating its customers equally. The lack of such un-equal treatment may cause customers to retaliate and seek another computing company which can treat them better. Some studies on the other hand confirmed that some customers must be treated differently from the others. For instance (Homburg et al. 2008 & Homburg et al., 2010) argue that firms have to concentrate their marketing efforts on particular customers, thus creating prioritization. Logically speaking, firms should focus their efforts on their best customers. Customer prioritization implies that selected customers receive clearly different and preferential treatment to others in terms of marketing instruments.

4.3.3. NIC employees response to an incident report

The work of insurance companies is mainly tied with incidents, claims and responses to the claims of clients. In this regard clients/ customers prefer to get their cases solved as fast as possible. In the event of a disaster requiring an extraordinary response customers want to see a swift response by their company. In some instances however, insurance companies may not properly respond to claims. They may delay in making payments or efficiently resolving the case. Sometimes there are legitimate reasons for this delay; sometimes there are not. Below in the figure customers' response to the question that aimed to assess the response of NIC to their claims is summarized.

Figure 11: NIC employees' response to an incident
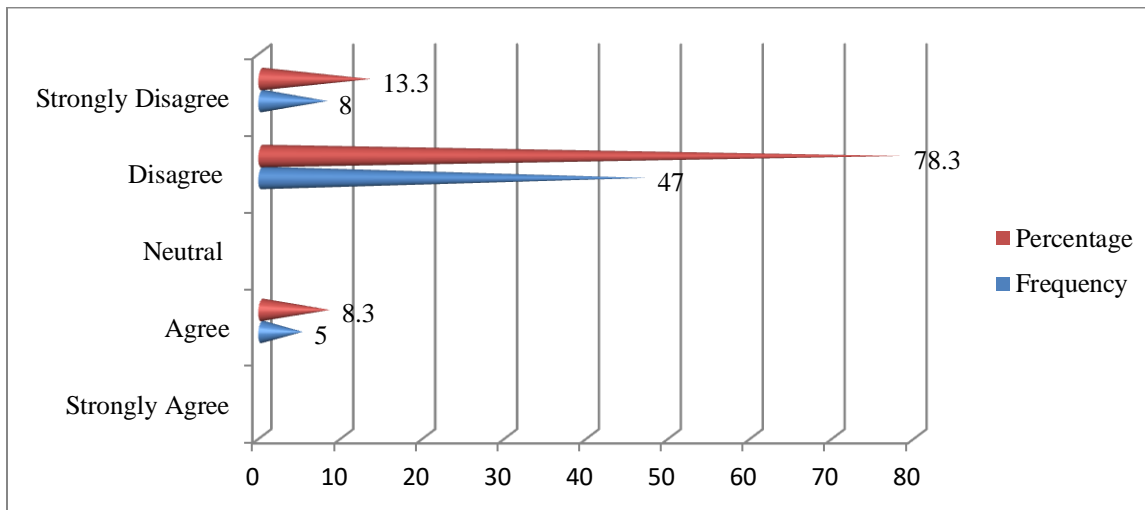
There is a strong sense of disagreement among survey participants who are customers of NIC when it comes to quick Response by the NIC employees to respond to an incident report by customers. Majority of participants 78.3% dis agree on the availability of quick response by the company to their incident reports. Similarly, 13.3% strongly disagree to this similar question. However, the remaining 8.3% of participants agreed on the prevalence of quick responses by NIC employees to reported incidents by clients.

The result tells us that majority of clients in NIC doesn't seem to like the response of the company to the service requests they deliver. One major area where insurance companies' swift response required is during reports of incidents. In such situations customers of a company might feel dissatisfied by the service and look for other better options. In this globalized world there is tough competition among financial institutions. Recently it is common to see customers of one insurance company fleeing to the other due to competitions and better offers & protections given from the other. Insurance company clients often prefer a company that does not delay in making payments or efficiently resolving their case.

4.3.4. Use of customers' feedback to improve service standard

In any company gathering client input, regardless of whether provoked or unprompted, is vital in overseeing consumer loyalty and devotion, idea generation to better products and services.

Normally, the ideal approach to see whether the company meets clients' desire is to get their feedback. Utilizing rating-based questions and other technology based systems the company can undoubtedly evaluate the level of satisfaction and therefore anticipate organization's financial performance later on. Consumer loyalty and satisfaction is a significant factor that decides organization's performance financially.

Below in the figure survey participant's response to the question concerning to NIC's effort in using their feedback is summarized.

Figure 12: use of customers' feedback
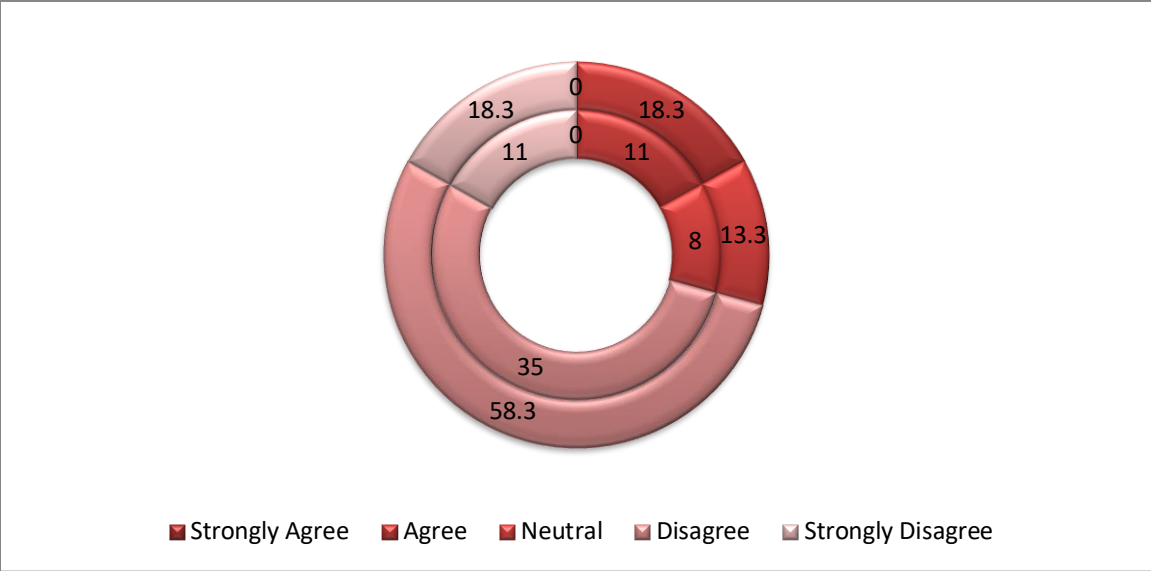
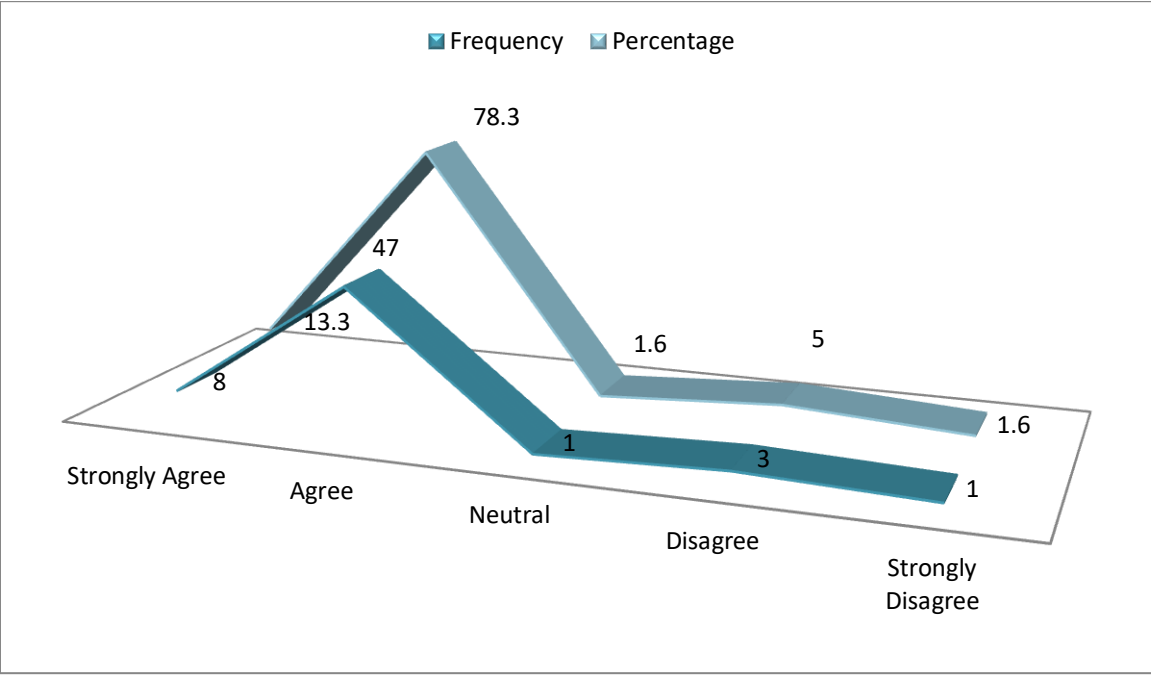Source: own survey June, 2021

As clearly depicted above in the figure, 58.3% of survey participants dis agree when asked if NIC use their feedbacks to improve its service delivery. Accordingly, 18.3% strongly dis agrees to the same question. 13.3% of them choose to remain neutral while the remaining 18.3% agreed that the company is employing their feedbacks to improve its service standard/delivery.

As we can learn from the result a relative majority of participants (customers of NIC) doesn't seem to feel happy with the effort of the company in approaching them to ask for their inputs/feedbacks. Customers' may have smart thoughts as they are in the front line and frequently know precisely what they are searching for. All things considered, they are the market the company is endeavoring to catch, and the changes they suggest might have the capacity to help the company to urge different new customers to use the company's services. Hence, NIC needs to evaluate its approach in using its client's feedback to improve its service standards.

4.3.5. Location/Accessibility of the company

Positioning has always been an important element of setting up a business. The success of a company depends on how well it is positioned to be found. In fact Positioning includes various factors, from location to the price of company's product or service to the message it use to promote the business, online and offline. The following figure contained survey participants' response on the question.

Figure 13: Accessibility of the company

Source: own survey June, 2021

Above in the figure, respondents' response is summarized. As we can clearly see majority of study participants 78.3% agree that the location of NIC is well accessible to customers.

Similarly, 13.3% strongly agreed on the question. When smaller portion of participants 1.6% stay neutral the remaining 5% & 1.6% however dis agree and strongly dis agree consecutively on the accessibility of NIC's location.

From the above finding it is fair to conclude that the majority 91.8% believe the accessibility of the company. Positioning the company in a way that can be found easily by customers can help the company to generate a number of new clients and retain the existing ones.

4.3.6. Preference for the company than others for service needs.

So as to measure the satisfaction level of customers' respondents' were asked if they prefer NIC than other for their service needs. Below in the figure their response is well summarized.

Figure 14: Preference for the company than others for service needs
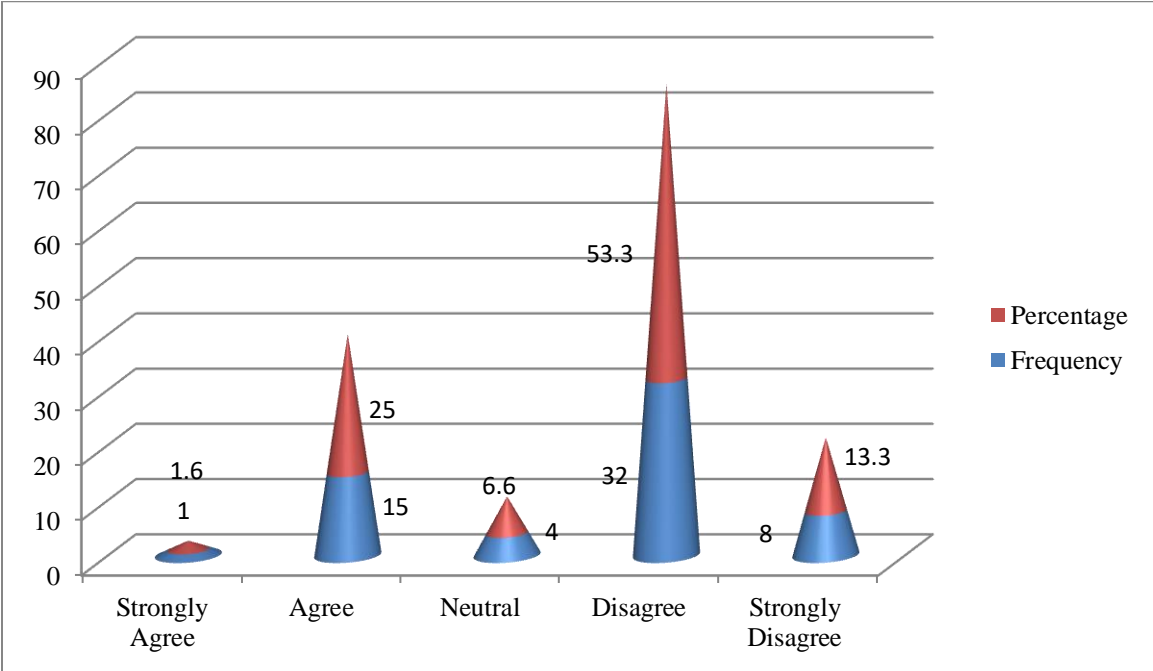
Source: own survey June, 2021

As clearly shown above in the figure majority 53.3% of survey participants dis agree that they prefer this Insurance Company than others for their service needs. Accordingly, 13.3% of them strongly disagree about their preference. When 6.6% of showed their neutral stance the

remaining 25% & 1.6% agree and strongly dis agree to prefer NIC than other similar companies to their service needs.

From the above data it is obvious to notice that majority of NIC customers are not okay to prefer the company than others for their service desires. This can tell that the company is in danger of losing its customers for other potential computing companies.

The customers' of NIC were also presented with the following questions in the table that aimed at further boosting the researcher's understanding of their relation and satisfaction with the service of the company. Questions pertaining to company are trustworthiness, availability of friendly working environment, efficiency and effectiveness of services, good reputation of solving claims and other similar questions are included. The following table composed survey participants' (customers of NIC) response concerning to the questions presented.

Table 5: customers' relation with the company & satisfaction with the service of the company

		Strongly Agree		Agree		Neutral		Disagree		Strongly Disagree	
		No	%	No	%	No	%	No	%	No	%
1	I Recommend this company to others	2	3.3	9	15	1	1.6	43	71.6	5	8.3
2	The company is trustworthy in its service			10	16.6	2	3.3	41	68.3	7	11.6
3	company has a good reputation of solving claims	1	1.6	11	18.3			43	71.6	5	8.3
4	The company answer inquiries quickly			7	11.6			44	73.3	9	15
5	Employees are Friendly and easy to work with	2	3.3	28	46.6	1	1.6	26	43.3	3	5
6	The company is Efficient and effective in providing services	2	3.3	10	16.6			48	80		

Source: own survey June, 2021

Primarily participants of this survey were asked if they agree to recommend this insurance company to others such as family and/or friends. As indicated above in the table majority of them are not interested to recommend NIC to others. 71.6% showed their dis agreement when asked if they want to recommend it to others. Accordingly, 8.3% showed their strong disagreement concerning to the issue. 1.6% of customers who participated in this survey show no agreement or dis agreement, they prefer to remain neutral. However, the rest 15% & 3.3% agreed and strongly agreed respectively to recommend this company to family and friends. One thing we can draw from this data is customers of NIC are not feeling confident to recommend the company they are bonded with to others. This can be taken as a sign of dissatisfaction with the kind of service provided and availability of poor client treatment on the side of the company. The company therefore needs to evaluate the service standards being offered and the level of its customer's satisfaction.

The other question respondents asked were their level of agreement to the company's (NIC) trustworthiness in its service. The summarized response in the above table show that majority of clients 68.3% dis agree that NIC is trustworthy in its services. Accordingly, 11.6% of survey participants strongly disagree about the prevalence of trustworthiness in NIC. 3.3% prefer to remain neutral/taking sides to address this question however, 16.6% of the participants believe and agree that NIC is trustworthy in the services it is offering. From the result obtained one can learn that the company is not being considered as trustworthy by majority of its clients. A company which is working with clients who hold such feelings might be doomed to failure. Hence, NIC shall revisit its interaction with customers and activities being done to improve quality of its services.

The other question given to survey participants was if they agree in NIC's culture of solving claims in a manner that can satisfy customers. As can be seen above in the table majority of respondents doesn't seem to believe/agree that their company has a good reputation of solving claims. 71.6% of them do not agree that NIC has a good reputation of solving claims. Accordingly, 8.3% strongly disagree on the good reputation of the company when it comes to solving claims. Contrary to this 18.3% & 1.6% of survey participants respectively agree & strongly agree that NIC has developed a good reputation of solving claims. One way to measure the success of a given company is in its efficiency in solving claims from customers. As the

business is highly attached to solving such kind of claims that comes from customers after a certain disaster occurs, it is essential to be effective and efficient in solving claims. The finding from this data however tells a different story concerning to the efforts of NIC in responding to claims from customers. Majority of clients doesn't believe that the company has a good reputation in solving their claims. Such feeling of customers towards the company might put its negative repercussions on the financial success of the company in the long run. NIC has to re investigate its way of addressing claims from its customers if the company doesn't want to lose them for other computing parties in the business.

If The Company answers their (customer's) inquiries quickly was another question delivered to the survey participants. As their response indicates majority of them doesn't believe/agree that NIC answers their questions as quickly as possible. The data shows that 73.3% of them do not agree that the company quickly responds to their inquiries & 15% strongly dis agree in the prevalence of such quick responses. However, 11.6% among participants agreed that the NIC responds to their requests quickly. Based on the data obtained it is fair to say that NIC is not providing swift responses to the inquiries of its clients as majority 87.4% of them doesn't agree on the presence of quick responses from the company. Those clients who are deprived of quick responses to their inquiries may tend to look up to other companies that might satisfy their desires. This in turn could have a significant negative effect in NIC as it might lose its potential customers to other competitive insurance companies in the city.

Survey participants were also asked if they agree that Employees of NIC are Friendly and easy to work with. The response gained from them is a bit different from the above questions as a relative majority of them believe/ that Employees are Friendly and easy to work with. 46.6% of participants agreed & 3.3% strongly agreed on the friendly approach of employees in NIC. However, it doesn't mean that the numbers of participants who do not agree on the friendly nature of employees in the company are insignificant. 43.3% & 5% of them dis agreed and strongly dis agreed respectively when asked about the friendly nature of employees in NIC. Having a friendly approach towards customers could significantly improve the relationship between the company and the client.

The customers' level of agreement in the availability of efficient & effective service provision in NIC was another question presented for assessment. When 80% of participants dis agree on the

presence of efficient and effective service provision in the company the other 16.6% agree in the prevalence of efficiency and effectiveness in the company. The remaining 3.3% however showed their strong agreement to the question presented. The result obtained from the data tells the absence of effective and efficient service provision on the side of NIC to its customers. Majority 80.3% believe efficiency and effectiveness in the company's service provision. This can reduce client's satisfaction and trust to the company which in turn might lead to crisis in the company.

In general when we see the level of customer's satisfaction in NIC, the result obtained from the clients is quite different from the result gained from the staff and the management. According to customers, as stated above it seems that their satisfaction in the company's service quality and provisions is very poor which puts an alarm to the company to work harder in the area. Having a satisfied customer and working with them can lead to success otherwise the fate of the company could be failure. In general, the increase of customer's loyalty can produce very positive impact on the cost side: from one hand, it reduces the cost of advertising and communication (loyal and satisfied customers will implement a "word of mouth" by sending the company a good image that has a positive impact on both the dissatisfied customers and potential customers), from the other, it increases the costs of competitors (the more a customer is loyal, the more expensive is for a competitor to subtract the customer to the company). A loyal customer, also reduces the costs of managing the relationship, making it smooth and manageable conflicts, frictions and problems.

Similar studies also suggest that TQM allows organizations to achieve a great degree of differentiation, satisfying customer needs, strengthening organizational performance and brand image [Crawford, 1990]. Managers should therefore, in their overall business processes, create initiatives and training programs to increase customer satisfaction. Dramatic changes in the business environment have led to increased customer awareness of quality.

4.4. Challenges of implementing TQM in NIC

Many constraints will arise during the implementation. This is a normal thing to happen since all companies are dealing with challenges. Some of the challenges obtained from the interview with informants are presented below.

COVID 19

 COVID 19 was one of the challenges mentioned during the interview as a challenge affected the overall business of the company including TQM. As the data obtained indicated certain customer channels have been materially impacted or curtailed in the company due to government policy and strategies to reduce community infection. Due to the lockdown orders made by the government, face-to-face interaction has effectively ceased. The company infact tried using digital channels however the culture of using digital technologies in the country was limited and the infrastructure to use these technologies were relatively poor.

 COVID-19 (The pandemic) has taken a toll on new premiums on certain lines of business, such as travel, events, and trade credit insurance, and losses from these lines of business. Claims volumes for personal lines (e.g., motor) have greatly decreased due to the lockdown. The Life &Pension sector has been impacted on a number of material fronts as well.

Lack of employee commitment: As employees are directly related with the production process, a lack of commitment on their part can render the whole process of quality management useless.

> *Although the company is working carefully With respect to selection, promotion and career development, sometimes their commitment level falls beyond the company's expectation. Majority of employees are committed and active to properly implement the TQM programs of the company. However, it doesn't mean that some employees are lagging behind. In our company's operating paradigm, employees will be expected to exhibit competencies in customer service, in self-direction and self-development, and in team-development skills. (Female, 39, M.A in Marketing and Business Administration, April, 2021)*

False claims & Problems in identifying customer needs: NIC sometimes fail in identifying the needs of customers may be because of inaccurate data, improper survey, and wrong interpretation of facts etc. A false insurance claims are one of the major challenges as indicated during the interview. Sometimes a person says they have lost more than they really have, or they make more than one claim for the same thing. Alternatively, a person might deliberately destroy the asset they are claiming insurance for. And sometimes a person provides false information to our company in order to get insurance cover on more favorable terms, or deliberately under-

insuring to reduce the premium. This type of insurance fraud could include motor vehicle, commercial, household and other personal insurance claims. Such frauds are challenging NIC while practicing TQM programs to bring better quality and services to its customers.

Improper Channel of communication: For getting the lucrative results of the plans it is necessary that all the information flow in the organization at right time and in right manner. However, loop holes in the communication channel of the company act as a barrier in achieving the quality results. Although, it is not a usual error sometimes the company find some communication barriers which resulted customer dissatisfaction. According to the interview report from the informant, some of the company's customers bring complains which was the direct results of communication barriers among employees and management.

CHAPTER FIVE

5. CONCLUSION AND RECOMMENDATIONS

This chapter presents the summery of core findings of the study, Conclusions based on the presentations, discussions, and analysis made in the previous chapters and possible recommendations that are considered to be relevant and significant for concerned bodies. Recommendations are given based on the major findings.

5.1. Conclusion

The insurance industry is one of the main financial sectors in Ethiopia generating and mobilizing a lot of money. Nib insurance is one of the renewable insurance companies in Ethiopia. TQM is one of the best management systems being practiced in most companies. TQM is based on consumer's perception on the outcome of the service and their evaluation of the process by which the service has been performed. It is the extent to which a service meets or exceeds customer needs and expectations. The main purpose of the study is to gain a better understanding of the TQM practices in NIC with the benefit and challenges associated with it.

This thesis attempted to investigate the practices, its role for customer satisfaction and, challenges facing the company while implementing TQM. The level of satisfied customers is the key to business success. TQM is one of the factors that have direct relation with satisfaction of customers. Companies are able to catch up with the customer needs in time and deliver quality service to them. They are able to make their customers satisfied. In order to possess that ability for a long time they have to look up on customer relationship and create a good communication system to interact with customers.

One major area that this study attempts to address was TQM engagement/Practice of NIC (Nib insurance company). Therefore the result indicated that NIC has established TQM as an integral part of company's success program. The management is not only committed to establish TQM In NIC but also working to further strengthen the role of management in the process. Top management commitment towards quality management is generally perceived as one of the key factors in determining its success. In implementing TQM NIC fosters a customer focus service provisions according to the response gained from. In terms of people management NIC has a well-established transparent and appraisal system for recognizing and rewarding its employees.

A large aspect of TQM is **continual process improvement.** NIC is working in Continuous improvement program as part of TQM process by encouraging continual study and improvement of its service qualities, Frequently measuring the service and process quality, and by giving Decisions regarding service quality improvement based on objective data.

Customer's satisfaction was another major area where this study focused. When it comes to the level of customer's satisfaction in NIC, the result obtained from the clients is quite different from the result gained from the staff and the management. According to customers, it seems that their satisfaction in the company's service quality and provisions is very poor which puts an alarm to the company to work harder in the area. Although there is a convenient working hour in the company, customers believe that there is a relative absence of equal treatment of customers and a strong sense of disagreement when it comes to quick Response by the NIC employees to respond to an incident report by customers. Though, many of the customers agree on the accessibility of the company however, majority of customers of NIC doesn't seem to feel happy with the effort of the company in approaching them to ask for their inputs/feedbacks. Moreover, customers are not okay to prefer the company than others for their service desires, & Recommend this company to others. Similarly, they don't believe that The Company is trustworthy in its service and has a good reputation of solving claims. Customers are not happy with the company is not answering inquiries of customers quickly. On the other hand customers believe that employees of NIC are Friendly and easy to work with although they disagree with Efficiency and effectiveness in providing services.

Challenges while implementing TQM in NIC was another major area assessed in this study. Hence the following factors affected the company. COVID 19 was one challenge affected the overall business of the company including TQM. As the data obtained indicated certain customer channels have been materially impacted or curtailed in the company due to government policy and strategies to reduce community infection. False claims & Problems in identifying customer needs was another challenge facing the company: NIC sometimes fail in identifying the needs of customers may be because of inaccurate data, improper survey, and wrong interpretation of facts etc. A false insurance claims are one of the major challenges as indicated during the interview. Sometimes a person says they have lost more than they really have, or they make more than one claim for the same thing. The other challenge was Improper Channel of communication between

employees and the management. Although not a usual error, sometimes the company finds some communication barriers which resulted customer dissatisfaction.

5.2. Recommendations

The findings of this research identify practices of TQM that NIC is implementing as part of its management. Due to the company's engagement in TQM practices benefits has been gained in return. Challenges linked with the practice of TQM were also another agenda and major finding of this study. Hence, based on the finding of the research, the following suggestions are assumed to play a paramount role in improving the TQM practices in the company minimizing challenges of TQM practices in the company.

As the finding of this study revealed NIC has been implementing TQM programs as part of its overall development endeavor. This brought profitability and success for the company. Hence, other similar companies can take a good lesson from NIC and implement quality management programs in their organization. Implementing quality programs need to be the priority of all insurance companies in Ethiopia. As the insurance industry is a service provision industry, it is important that companies consider the introduction of quality systems in their branches.

In terms of people management, NIC is performing better as the finding indicated. The company is providing training programs for its employees. Taking the case as a good example Training programs should be on the top of the to-do list for all insurance companies in Ethiopia. They should provide adequate training for their employees. The competence of the employees will improve thus providing better service to its customers. Moreover, Insurance companies need to address their internal systems with respect to clear job descriptions, evaluations systems, reward and recognition incentives.

One of the finding of this study was poor satisfaction of customers in the quality and services of the company. Hence, NIC needs to reevaluate the way it treat its customers. In yearly planning, NIC should allocate through its budget and future plans the adequate resources to implement quality. It should start with activities most affecting customer satisfaction. The company should base its improvement plans on customer remarks and perceptions. Feedback can be obtained through the use of the suggestion boxes and quality assessment slips. In the company, a continuous system for monitoring customer satisfaction and showing appreciation for their

feedback need to be maintained. A good example could be a 'Thank You' letter after receiving their feedback. This will indicate appreciation and action.

Improper Channel of communication between employees and the management was one of the challenges that the company needs to work on to solve. NIC should improve its software quality. Introduce electronic data interchange (EDI) and E-mail to enhance the communication between themselves, their customers, external and internal, and their suppliers. The 'Paperless Factory' concept could be introduced at a later stage to minimize waste in time and materials. This inturn could reduce dissatisfaction of customers.

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Annex

1. Questionnaires

Introduction

The purpose of this questionnaire is to study 'Total Quality Management Practices and Its Role in Customer Retention, The Case of Nib Insurance Company Addis Ababa, Ethiopia'. The information you provide will be used as part of a Master thesis research being conducted by me Faisal Walter Collins. Dear respondents you are kindly requested to provide genuine information you know already, since the successful completion of this study is dependent on your humble cooperation for provision of information. The information gathered will be used only for academic purpose and the information you provide is highly confidential. Your cooperation would be greatly appreciated and is of great importance.

Yours: Faisal Walter Collins

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estellafaial82@gmail.com

Part one: General demographic profile

Please circle on the appropriate answer

No.	Questions	Options
1.	**Sex:**	
		Male
		Female
2.	**Age:**	
		20-30
		31-40
		41-50
		50 and above
3.	**Educational status:** What is the highest degree or level of education you have completed?	
		1. High school complete
		2. Diploma
		3. Degree
		4. Master's degree
		5. PhD & above

Part Two: Total Quality Management (TQM) Practices in the Company

<u>Designed for employees of the company</u>

No	TQM Dimensions						
	Top management commitment	Strongly Agree	Agree	Neutral	Dis-Agree	Strongly Disagree	
1	Top executives are actively involved in establishing and communicating the company's vision, goals, plans and values for their quality program						
2	Senior executives anticipate change and make plans to accommodate it						
3	Senior executives insist on accuracy and reliability of all information and communications with in the company						
4	Top management allocates adequate resources towards efforts to improve quality						
5	Top management is evaluated on quality performance						
6	Top management pursue long-term business success						
7	All major departments in the company accept their responsibility for quality						
	Customer focus						
8	Service design, development and delivery are based on meeting the need of customer						

9	A wide variety of mechanisms for customers to contact the company easily and effectively (e.g. phone, e-mail, website & other social Medias) are available.					
10	A wide variety of mechanisms for seeking and learning customers' needs and expectations are in place.					
11	Key customer requirements are identified					
12	Complaints process and guideline are established					
13	Communication and training processes emphasize customer focus					
14	Measure customer satisfaction on a regular basis					
15	Customer relationship and partnership are fostered					
People management						
16	The selection and recruitment process in the company is effective (in terms of the objectivity and right man for the right position					
17	Promotion and carrier development programs emphasize quality management in the company					
18	The company concentrates on ongoing development of personnel by establishing extensive training programs that cover all aspects of TQM					
19	The company periodically implements quality activities such as quality circles, quality improvement teams, or suggestion systems					
20	Transparent and effective appraisal system for recognizing and rewarding employees for their efforts.					

	Continuous improvement					
21	The company encourages continual study and improvement of its service qualities					
22	Frequently measure the service and process quality					
23	Decisions regarding service quality improvement always are based on objective data					

Part Three: Satisfaction of customers on the insurance's Customer Reception

<u>Designed for customers of the company</u>

No	Satisfaction of customers on the insurance's Customer Reception	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
1	The company has Convenient operating hours					
2	There is Equal treatment of customers					
3	There is quick Response by the NIC employees to respond to an incident report					
4	Your (customers') feedback is used to improve service standard					
5	the location of the company is accessible					
6	I prefer this Insurance company than others for my service needs					
7	I Recommend this company to others					
8	The company is trustworthy in its service					
9	company has a good reputation of solving claims					

10	The company answer inquiries quickly					
11	Employees are Friendly and easy to work with					
12	The company is Efficient and effective in providing services					

Part Four: Interviewee Guideline

The purpose of this questionnaire is to study 'Total Quality Management Practices and Its Role in Customer Retention, The Case of Nib Insurance Company Addis Ababa, Ethiopia'. The information you provide will be used as part of a Master thesis research being conducted by me Faisal Walter Collins. Dear respondents you are kindly requested to provide genuine information you know already, since the successful completion of this study is dependent on your humble cooperation for provision of information. The information gathered will be used only for academic purpose and the information you provide is highly confidential. Your cooperation would be greatly appreciated and is of great importance.

Yours: Faisal Walter Collins

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Name of the organization:	
Name of the respondent	
Sex	
Educational status:	
Marital status	
Position in the organization/company	
Year in service:	
Time the interview started	
Time the interview ended	

Questions

22. Does your company pay enough attention to TQM?

23. How do you explain the impact of implementing TQM practice on company's performance (profitability and employee's satisfaction)?

24. How do you explain the impact of implementing TQM practice on retaining customers?

25. Do you think your customers are satisfied and want to stay loyal to the company?
    Yes/No _____ why?

26. What are the challenges hindering your companies TQM practice?

27. If there is anything you want to add concerning to the issue