



COMPLAINTS MANAGEMENT: A TOOL TO IMPROVE ORGANIZATIONAL PERFORMANCE IN NIGERIAN BANKS AND INSURANCE COMPANIES

By

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Abstract: Banking and insurance industries are major components of every national economy and they contribute immensely to the development of the economy. The objective of this study is to ascertain whether there is a relationship between complaints management and organizational performance in Nigerian Banks and Insurance companies. The variables of this study are complaints management, customer satisfaction, customer retention, increase in profit and increase in number of customers. The sampling frame consists of all the customers of the entire forty seven (47) recapitalized insurance companies and twenty five (25) banks in Nigeria. Five hundred and sixty (560) questionnaires were given out, 499 copies were returned. This represents a response rate of 89.11%. Nonparametric statistics tools were used to analyze the data generated and the hypothesis was tested using the spearman rank correlation coefficient. A pilot study was carried out and the Cronbach alpha levels were above the required 0.70. Therefore, the instruments are reliable and will adequately measure the relationship. Findings show a positive relationship between complaint management variables and organizational performance variables studied. It was recommended that both banks and insurance companies should improve on complaint management practices as it leads to customer satisfaction, customer retention, increase in profit and increase in number of customers for the organization.

Keywords: Complaints management, organizational performance, banks, insurance companies, staff, customers.

INTRODUCTION

Banking and insurance industries are major components of every national economy and they contribute immensely to the development of the economy. To maximize its performance, organizations in this sector have to adopt strategies that create value for both the organization and the customer. Satisfied customers enhance organizational performance by continuous patronage thereby contributing their own quota to the survival, growth and profitability of the company (Olowokudejo, 2012, unpublished doctoral thesis).

Banks and insurance companies have moved away from traditional broad - based product oriented marketing to focusing on individual customer needs, in order to attract and hold customers, to cross-sell products and most importantly to turn customers to committed relational partners of the company. Customers, on the other hand have now generally become more conscious of their rights and choices. They are more demanding and smarter about what they can get for their money's worth in a company as compared to another. They are also increasingly using technology to gain greater control over the buying and selling process (Achumba, 2002).

Technological advances have led to many new ways of doing business and with that has come many new complains such as customers who cannot recall their personal identification numbers, controversies over fees for using a competitor's ATM, malfunctioning machines, illegible receipts, and so on. Customers are often intimidated by new technology, and in many situations, they are made to feel like nonentities whose commercial value is of little interest or consequence to the provider. Customers have concluded that service providers dislike small customers or view them as pests (Pendergast, 2001). Recent industry-wide changes in the financial sector such as a move from people based to computer based transactions have also created additional barriers between customers and providers, further discouraging consumer complaints.

The propensity of consumers to perceive problems is generally higher for services than for frequently bought products (Gronhaug & Gilly, 1991). This trend has a potentially negative impact on customer provider relations in the financial services industry where customer complaints are often disregarded (Resnick & Harmon, 1983). To survive, the banking and insurance industries, need to adopt a system that is more sensitive to customer complaints. Organizational barriers to effective complaint management need to be identified and eliminated, in order to achieve set goals and objective as well as improve organizational performance.

This research is a study of complaints management in Nigerian banks and insurance industry. The study seeks to find out whether complaints management can be used as a tool to improve organizational performance in Nigerian banks and insurance companies. Not much study has been carried out on how the financial institutions in developing countries manage their customers' complaints. Thus there is a clear need for further research on these financial institutions. The study was conducted in 2011.

The objectives of this study are to ascertain whether there is a relationship between complaints management and organizational performance in Nigerian Banks and Insurance companies. The paper is divided into seven sections. After this introduction, section two is conceptual clarifications. Section three deals with methodology, section four presents the data gathered, section five discusses the findings while sections six and seven are on conclusion and recommendations respectively.

CONCEPTUAL CLARIFICATION

Organizational performance is described as the net result of the combined efforts of all individuals and groups in the organization. It is what the organization as a collectivity of management and employees succeed in achieving (Khandwalla, 1977). Organizational performance is one of the most important constructs in management research and without a doubt the singularly most important measure of the success of a commercial enterprise. Performance refers to the assessment of progress, at different organizational levels, toward achieving predetermined goals (Avlonitis, Papastathopoulou, and Gounaris, 2001). Performance management provides an all-round assessment of the organization. It looks at performance from a variety of angles, the most common being: the effectiveness of any activity; matters of economy and; issues of efficiency.

A complaint is any expression of dissatisfaction that may arise in the process of service delivery (Fagbemi, 2006). Complaints are expressions of dissatisfaction with a good or service that is put either in writing or orally. They often come in form of feedback from customers. According to Bendall-Lyon, and Powers (2001), the complaint management process involves six steps that organizations can use to influence effective service recovery: (1) encourage complaints as a quality improvement tool; (2) establish a team of representatives to handle complaints; (3) resolve customer problems quickly and effectively; (4) develop a complaint database; (5) commit to identifying failure points in the service system; and (6) track trends and use information to improve service processes.

Many managers regard customers who complain in a negative light. Institutional attitudes to consumers who complain include managerial skepticism, perceptions that the customer is confused, or have incorrectly evaluated the merits of the situation (Resnik & Harmon, 1983). But, customer complaints can be a valuable resource regarding defects/mistakes in services that can otherwise result in a loss of business and market.

Stephens & Gwinner,(1998) estimated that as few as one third of dissatisfied consumers will voice their complaints directly to the provider. They posit that dissatisfied customers react in three major ways to the service provider (a) Avoidance; (b) emotionally appropriating the grievance; and (c) focusing on the problem. Hansen, Swan & Powers (1997), also agree that dissatisfied consumers tend to adopt one of three modes to express their dissatisfaction. The first reaction, avoidance, is common among customers who conclude that potential gains of taking action are unlikely, thus complaining or taking action of any sort is simply not worth the effort. They cope by ignoring the situation, and avoiding the provider. If there are other providers, they switch. Consumer complaints departments are unaware of the dissatisfaction of avoidant customers. Emotion-focused complainants are also unlikely to contact the customer complaints department, because they cope by directing their attentions to their emotions, minimizing the errors of the provider, blaming themselves for the problem, empathizing with the provider employees who caused the difficulty. Only the third group of complainants, the problem-focused complainants, will direct efforts outside of themselves, to contact either the provider or a third party about the problem. Some will voice their complaints while others will retaliate against the provider, by spreading negative information about the provider by word of mouth to friends, family members, neighbors and their community.

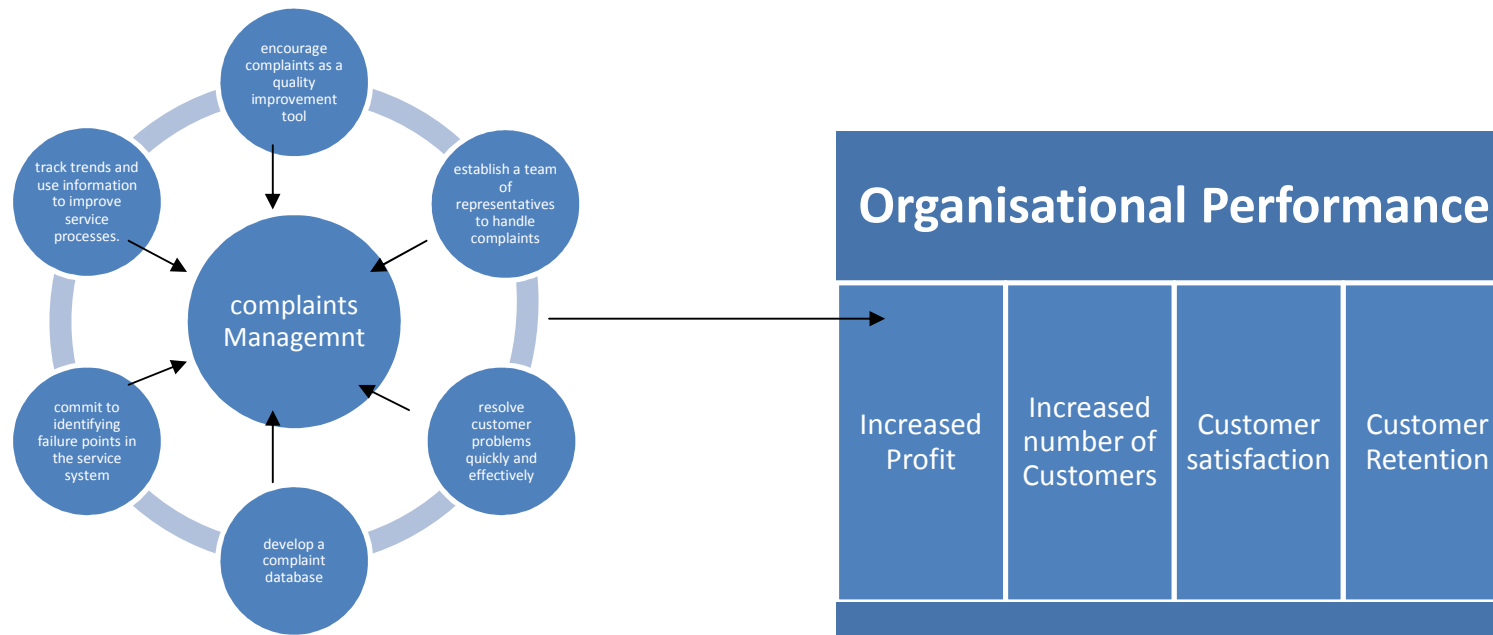
Past studies have highlighted the fact that customer complaint behavior is not a matter of a straight forward cause-effect relationship. Multiple factors interact in complex ways to influence the likelihood that a customer will voice and lodge an internal complaint (Jacoby & Jaccard, 1981). First, consumers are often ignorant of the avenues of recourse that may exist within any given organization to handle complaints. In some instances, this is because managers are afraid of a deluge of complaints, so do not give the complaints channels a high profile. Or, they want to avoid the word “complaint,” so customers have to deal with semantics, such as “customer service management,” “the information hotline” or “accounts reconciliation.” These avenues are not so obvious to some customers and so it will elude them (Singh & Wilkes, 1996).

Customers approach the issue of making a complaint with either positive, negative, or neutral past experience. Past studies of customers who complain about financial services revealed that approximately one third of the customers were satisfied, one third were mollified, and one third remained dissatisfied (SOCAP-TARP, 1995b). Inexperience or past negative experiences may make customers reluctant to complain. They may fear that assertiveness of this sort will mark them as unpleasant or unfavorable, and lead to a diminution in service. Customers who have had success in the past in bringing complaints will draw on that experience, and be more likely to complain in the future when the need arises than those customers whose past experience was not as satisfying (Singh & Wilkes, 1996).

An effect of the heterogeneity of service is the inevitable incidence of consumer complaints when the service is not perceived as adequate. Lau and Ng (2001) found that dissatisfied consumers who complained had a higher level of repurchase intention than those who did not complain. The company is able to know its shortcomings as well as what the customers want. Complaint management benefits a firm, as it positively influences customers' expected utilities of a purchase, customers' perceived purchase risk, customers' perception of product quality, and the generation of favorable word-of-mouth.

Rogers *et al* (1992), believe that customer complaints management is more effective in industries where competition is high and the customers are more sensitive to quality as obtainable in the financial service sector. When complaints are treated, the customers are better satisfied and complaints reduced (Hitt and Sharon, 2002). Johnston (2001) contends that complaints management should result in customer satisfaction but more importantly it should lead to operational improvement and improved organizational performance. It is argued that many organizations ignore the operational value of complaints and as a result many complaint processes seem geared to trying to mollify customers rather than ensuring that problems do not reoccur. Using data from an empirical benchmarking study, Johnston (2001) suggests that the benefits of a long term relationship is reaped, financial improvements may be better leveraged and organizational performance is enhanced by ensuring effective complaint processes rather than simply and blindly trying to satisfy customers.

Figure 1: A MODEL OF THE RELATIONSHIP BETWEEN COMPLAINTS MANAGEMENT AND ORGANISATIONAL PERFORMANCE



Source: The Researchers, 2013

Variables in the model

The conceptual model in Figure 1 is a diagrammatic representation of the relationship between the variables of this study. The variables are complaints management, customer satisfaction, customer retention, increase in profit and increase in number of customers. These variables were all selected from previous marketing and management studies. A structured questionnaire was designed for this study. These variables were scored on a 5-point Likert scale of 1 to 5 from strongly agree to strongly disagree respectively or other relevant scale. The average of all the answers to the questions that relate to any particular variable are summed up and averaged to determine the rating of that variable.

METHODOLOGY

This research study could be classified as a survey study. The sampling frame of this research consists of all the customers of the entire forty seven (47) recapitalized insurance companies and twenty five (25) banks in Nigeria. A sample of five hundred and sixty (560) respondents consisting of staff and customers was drawn from Lagos state. They were made to respond to an instrument measuring the relationship between customer complaints and organizational performance in their organization. Out of these, four hundred and ninety- nine (499) copies were returned. This represents a response rate of 89.11%. The descriptive statistics of the mean, standard deviations, percentages and frequencies were employed in examining the variables of the study. As the scale of the instrument used in this research is ordinal, the nonparametric statistics tools were used to analyze the data generated

Reliability and validity of the study

A pilot study was carried out to do test – re-test reliability in order to assess the consistency in their responses in accordance with Bagozzi (1980). A sample of three (3) banks and five (5) insurance companies were randomly selected. Seven employees were selected in each organisation. This includes the branch manager, the marketing manager, the customer care manager, two staff each of the marketing department and the customer care department. In all, data was obtained from seventy-seven (77) respondents. Since an absolute minimum sample size of about 30 subjects per group category for any statistical test has been suggested in literature (Alreck and Settle, 1995) to obtain adequate confidence, then this sample is adequate.

For bank customers and insurance companies' customers, the Cronbach alpha is 0.926 for 60 items on the questionnaire and 0.946 for 52 items on the questionnaire respectively. For bank staff and insurance companies' staff, the Cronbach alpha is 0.818 for 59 items on the questionnaire and 0.864 for 51 items on the questionnaire respectively. These alpha levels are above the required 0.70 hence these instruments can be said to be very reliable. Therefore, one can conclude that the instruments are reliable and will adequately measure the relationship between complaints management and organizational performance in Nigerian Banks and Insurance companies.

DATA ANALYSIS

The data collected in the course of the study were analyzed in this section. The hypothesis of study is also tested.

Complaint Management

Organizational performance is enhanced when the organization is able to satisfy its customers thereby encouraging repeat purchase, loyalty and favorable word- of- mouth. One of the most important ways to achieve customer satisfaction is by encouraging customers to bring complaints to the fore with the aim of promptly attending to them and correcting them. The responses of staff and customers of both industries to questions asked to determine if the organizations attend to customers' complaints are presented in Table 1.

Table 1: Responses on Complaint Management

	STAFF		CUSTOMERS	
	Bank (n = 98)	Insurance (n = 139)	Bank (n=113)	Insurance (n = 149)
Treating customer complaint with top priority				
Never	0%	1(0.7%)	7(6.3%)	1(0.7%)
Seldom	0%	0%	5(4.5%)	4(2.7%)
Uncertain	0%	1(0.7%)	14(12.5%)	13(8.8%)
Sometimes	7(7.2%)	25(18.4%)	46(41.1%)	55(37.4%)
Always	90(92.8%)	109(80.1%)	40(35.7%)	74(50.3%)
Viewing customers' complaint as an opportunity to serve the customer better				
Never	1(1%)	0%	3(2.7%)	1(0.7%)
Seldom	0%	1(0.7%)	5(4.5%)	0%
Uncertain	0%	4(2.9%)	22(19.6%)	13(8.8%)
Sometimes	8(8.2%)	30(22.1%)	38(33.9%)	52(35.1%)
Always	88(90.7%)	101(74.3%)	44(39.3%)	82(55.4%)
Customer complaint as a means of appraisal				
Never	5(5.3%)	5(3.8%)		
Seldom	2(2.1%)	7(5.3%)		
Uncertain	16(17%)	23(17.3%)		
Sometimes	27(28.7%)	60(45.1%)		
Always	44(46.8%)	38(28.6%)		
Soliciting customers complaint using the suggestion box system				
Never	2(2.1%)	18(13.5%)	3(2.7%)	3(2.1%)
Seldom	5(5.2%)	13(9.8%)	8(7.2%)	8(5.5%)
Uncertain	3(3.1%)	27(20.3%)	22(19.8%)	30(20.5%)
Sometimes	24(24.7%)	41(30.8%)	25(22.5%)	38(26%)
Always	63(64.9%)	34(25.6%)	53(47.7%)	67(45.9%)

Source: Field survey (2011)

i. *Treating complaints with top priority*

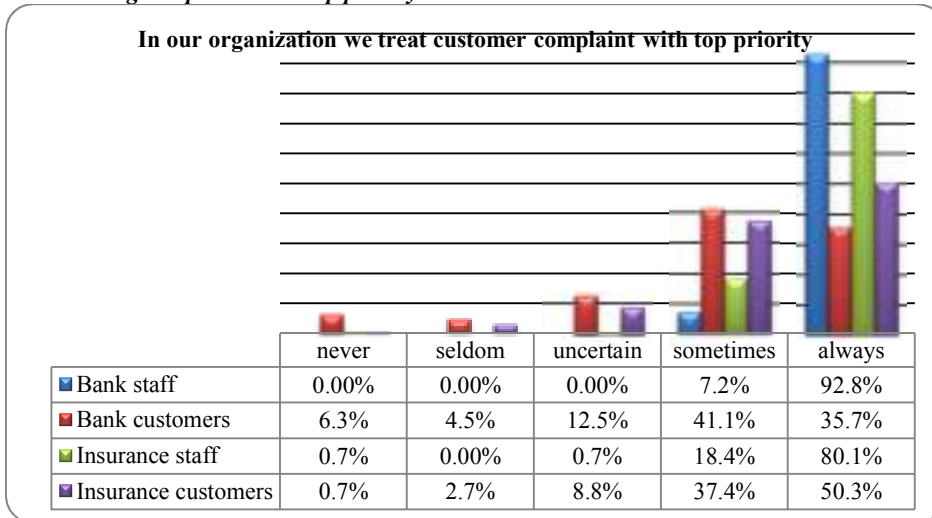


Fig. 2: Response on treating complaints with top priority

All the bank staff and 98.5% of insurance staff respondents claim that they always or sometimes treat customers' complaint with top priority in their organization. 0.7% is uncertain, another 0.7% chose 'never'. However, from the responses of customers; 76.8% of bank customers and 87.7% of insurance customers claim that their organization always or sometimes treat their complaints with top priority, 12.5% of bank customers and 8.8% of insurance customers are uncertain, 4.5% bank customers and 2.7% of insurance customers chose 'seldom', while 6.3% of the bank customers and 0.7% of insurance customers chose 'never'.

ii. *Viewing customers' complaint as an opportunity to serve the customer better*

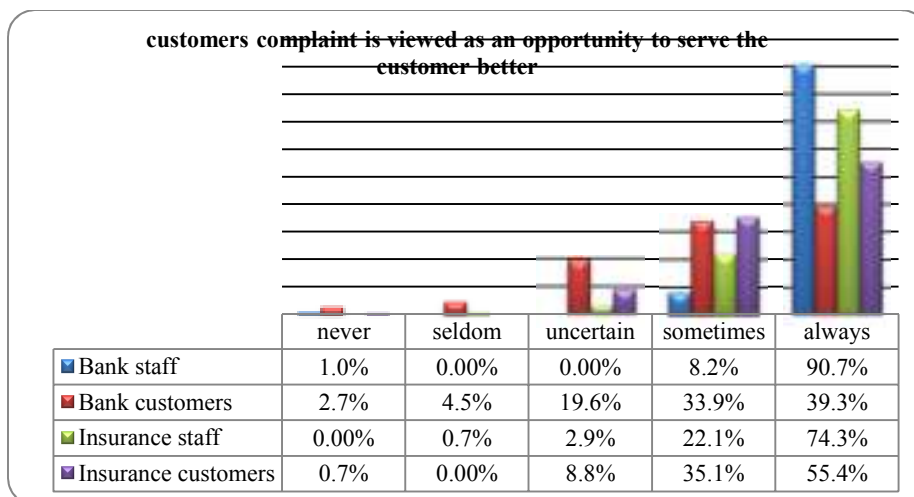


Fig 3: Responses on viewing customers' complaint as an opportunity to serve the customer better

About 98.9% of the bank staff and 96.4% of insurance staff respondents claim that their organization always or sometimes view customer complaint as an opportunity to serve the customers' better, and 1% from the bank chose 'never'. While 2.9% are uncertain and 0.7% chose 'seldom' out of the insurance staff. The responses of the customers on the other hand shows that 73.2% of the bank customer respondents and 90.5% of the insurance company customer respondents claim that the services offered by their organization always or sometimes gets better because they attend to their complaints, 19.6% are uncertain, 4.5% chose 'seldom', 2.7% chose 'never' from bank customer respondents while 8.8% are uncertain, 0.7% chose 'never' out of the insurance customer respondents.

iii. Customer complaint as a means of appraisal

Only the staffs were asked this question and responses show that 75.5% of the bank staff respondents claim that they always or sometimes use customer complaint for appraisal in their organization, 17.0% chose 'uncertain', 2.1% chose 'seldom' while 5.3% chose 'never'. Responses of the insurance companies' staff show that 73.7% of the respondents claim that in their organization, customer complaint is always or sometimes used for appraisal, 17.3% chose 'uncertain', 5.3% chose 'seldom', 3.8% chose 'never'.

iv. Soliciting customers complaint using the suggestion box system

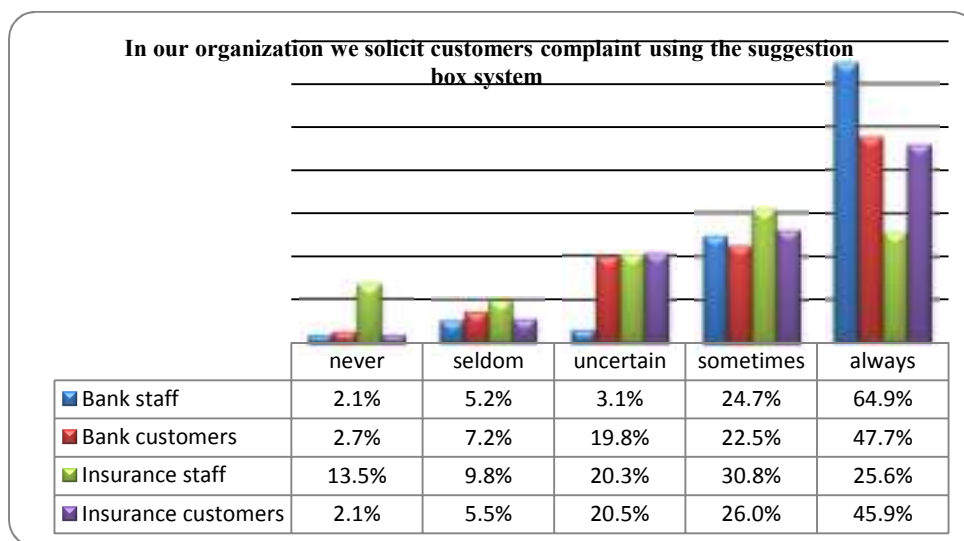


Fig 4: Response on soliciting customers' complaint using the suggestion box system

About 89.6% of the bank and 56.4% of insurance staff respondents claim that in their organization, they always or sometimes solicit customers complaint using the suggestion box system, 3.1% of bank staff and 20.3% of insurance staff chose 'uncertain', 5.2% of bank staff and 9.8% of insurance staff chose 'seldom' while 2.1% of bank staff and 13.5% of insurance staff chose 'never'. Response from the customers show that 70.2% of the bank customer and 71.9% of insurance customer respondents claim that their organization, always or sometimes operates the suggestion box system in order to solicit their complaints, 19.8% of bank customer and 20.5% of insurance customer respondents chose 'uncertain', 7.2% of bank customer and 5.5% of insurance customer chose 'seldom', while 2.7% of bank customer and 2.1% of insurance customer chose 'never'.

Organizational Performance

Four variables of organizational performances were used in this study. The variables are customers' retention, customers' satisfaction, Increase in the number of customers, Increase in net profit. A set of questions were used to measure these variables and the responses are presented in table 2 below.

Customer Retention

Customer retention results in improvement of corporate performance by means of repeated purchases and reference. Four questions were asked to determine the organizational effort at retaining customers in the selected financial institutions. The responses of staff to these questions are presented in Table 2.

Table 2: Responses on Customer Retention

	STAFF		CUSTOMERS	
	Bank (n = 98)	Insurance (n=139)	Bank (n = 113)	Insurance (n=149)
Caring for our customers				
Never	0%	1(0.8%)	5(4.5%)	1(0.7%)
Seldom	0%	3(2.3%)	6(5.4%)	2(1.4%)
Uncertain	0%	1(0.8%)	19(17.1%)	16(11%)
Sometimes	12(12.4%)	16(12%)	34(30.6%)	41(28.1%)
Always	85(87.6%)	112(84.2%)	47(42.3%)	86(58.9%)
Attending to customers' requests				
Never	1(1%)	1(0.8%)	5(4.5%)	4(2.8%)
Seldom	0%	0%	5(4.5%)	3(2.1%)
Uncertain	0%	5(3.8%)	23(20.5%)	13(9%)
Sometimes	10(10.3%)	17(12.8%)	38(33.9%)	46(31.7%)
Always	86(88.7%)	110(82.7%)	41(36.6%)	79(54.5%)
Giving seasonal gifts to high valued customers				
Never	1(1%)	4(3%)	44(39.6%)	9(6.1%)
Seldom	0%	3(2.3%)	19(17.1%)	6(4.1%)
Uncertain	1(1%)	2(1.5%)	19(17.1%)	36(24.5%)
Sometimes	32(33%)	29(21.8%)	17(15.3%)	51(34.7%)
Always	63(64.9%)	95(71.4%)	12(10.8%)	45(30.6%)

Giving incentives to long standing customers				
Never	0%	3(2.3%)	19(17.1%)	2(1.4%)
Seldom	1(1%)	2(1.5%)	18(16.2%)	4(2.7%)
Uncertain	4(4.1%)	4(3.1%)	34(30.6%)	24(16.4%)
Sometimes	35(36.1%)	41(31.5%)	24(21.6%)	53(36.3%)
Always	57(58.8%)	80(61.5%)	16(14.4%)	63(43.2%)

Source: Field survey

v. **Caring for customers**

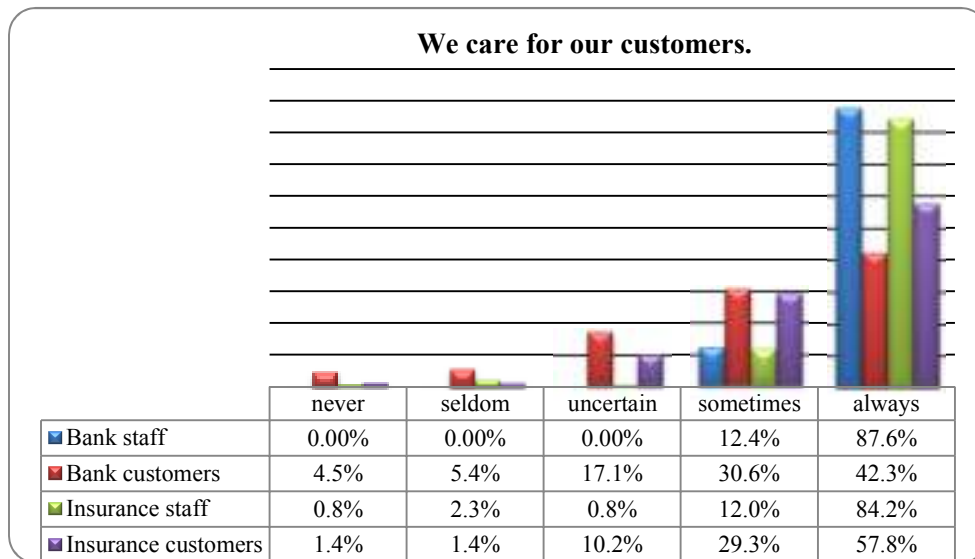


Fig 5: Responses on caring for customers

All the bank staff (100%) and 96.2% of their insurance counterparts claim that they always or sometimes care for their customers. In the insurance industry, 0.8% chose 'uncertain', 2.3% chose 'seldom', and 0.8% chose 'never'. While for a total of 72.9% of the bank customers and 87.1% of the insurance customers claim that their companies always or sometimes care for them, 17.1% of the bank customers and 11% of the insurance customers chose 'uncertain', 5.4% of the bank customers and 1.4% of the insurance customers chose 'seldom' while 4.5% of the bank customers and 0.7% of the insurance customers chose 'never'.

vi. *Attending to customers' requests*

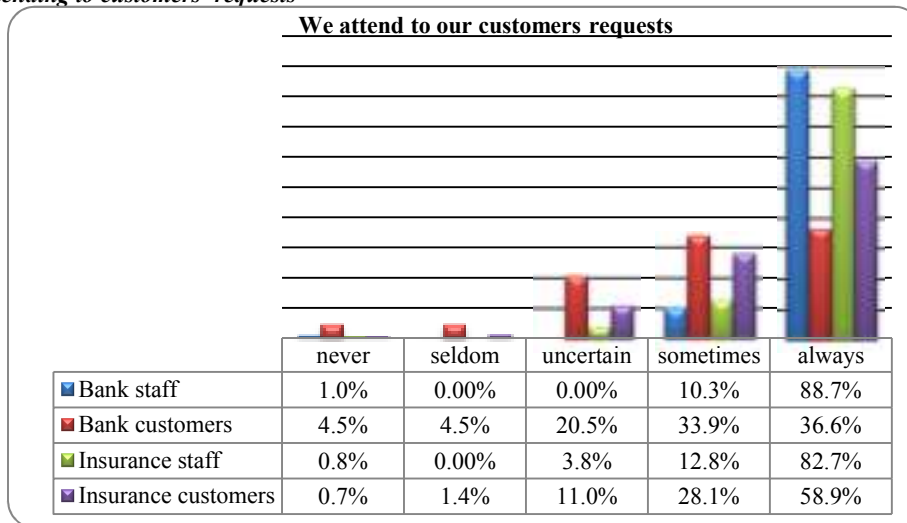


Fig 6: Responses on attending to customers' requests

Almost all the bank staff (99%) and 95.5% of the insurance staff claim that they always or sometimes attend to their customers requests in their organization.. In the insurance industry, 3.8% chose 'uncertain', 2.3% chose 'seldom', while 1% of bank staff and 0.8% of insurance staff chose 'never'. From the responses of customers, 70.5% of the bank customers and 87% of their insurance counterpart claim that their organization always or sometimes attend to their requests, 20.5% of bank staff and 9% insurance staff chose 'uncertain', 4.5% of bank staff and 2.1% of insurance staff chose 'seldom', and another 4.5% of bank staff and 2.8% insurance staff chose 'never'.

vii. *Giving seasonal gifts to high valued customers*

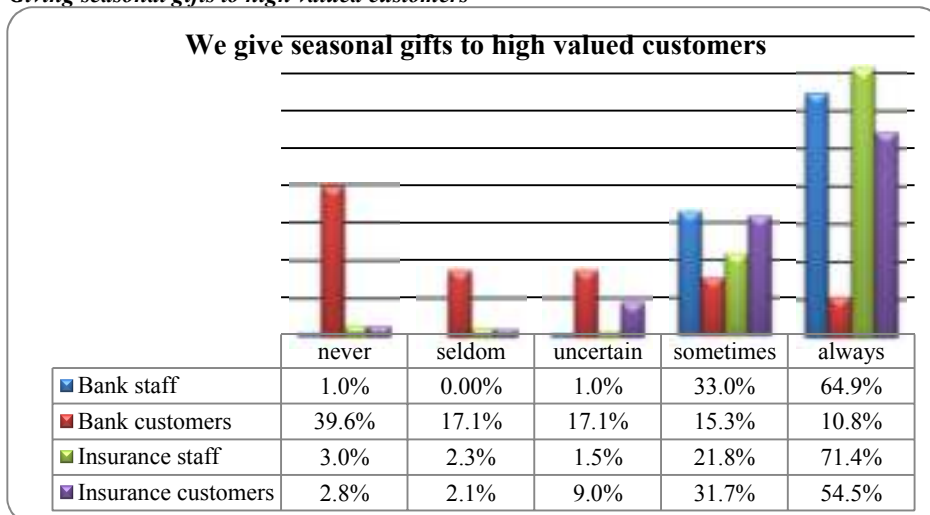


Fig 7: Responses on giving seasonal gifts to high valued customers

From the responses, 97.9% of the bank staff and 93.2% of the insurance staff claim that they always or 'sometimes' give gifts to their high valued customers. 1% of bank staff and 1.5% of insurance staff chose 'uncertain', 0% of bank staff and 2.3% of insurance staff chose 'seldom' while 1% of bank staff and 3% of insurance staff chose 'never'. For the customers, only 26.1% of the bank customers and up to 65.3% of the insurance customers claim that their company always or 'sometimes' give gifts to them. 17.1% of bank customers and 9.0% of insurance customers chose 'uncertain', 17.1% of bank customers and 4.1% of insurance customers chose 'seldom' while 39.6% of bank customers and 2.8% of insurance customers chose 'never'

viii. **Giving incentives to long standing customers**

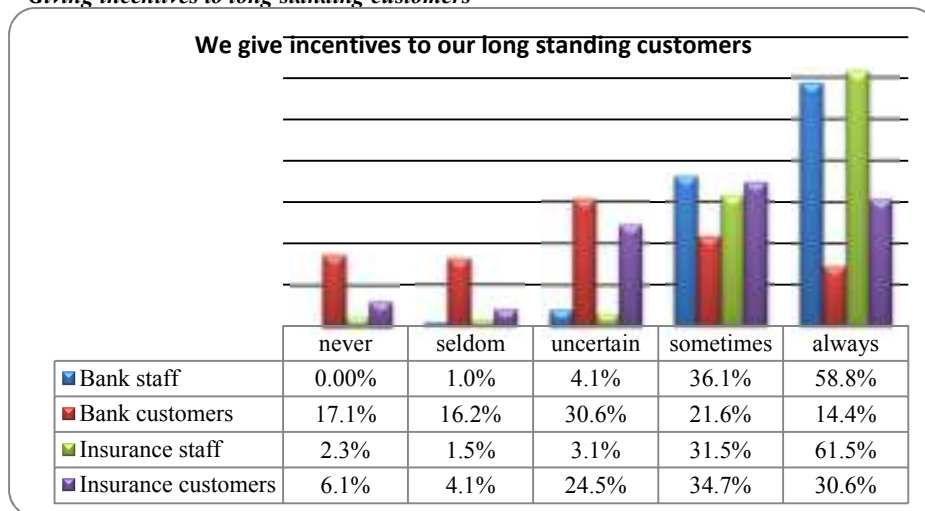


Fig 8: Responses on giving incentives to long standing customers

A high percentage of the bank staff (94.9%) and an equally high percentage (93%) of their insurance counterparts claim that they always or sometimes give incentives to long standing customers of their organization. 4.1% of the bank staff and 3.1% of the insurance staff claim to be uncertain, 1% of the bank staff and 1.5% of the insurance staff chose 'seldom' while 0% of bank staff and 2.3% of insurance staff chose 'never'. However, only 36% of bank customers and 65.3% of the insurance customers claim that their organizations always or sometimes give incentives to long standing customers. 30.6% of the bank customers and 24.5% of the insurance customers claim to be uncertain, 16.2% of the bank customers and 4.1% of insurance customers chose 'seldom' while 17.1% of bank customers and 6.1% of insurance customers chose 'never'.

Customer Satisfaction

Customer satisfaction measures how well a company's products or services meet or exceed customer expectations. Two questions were asked to determine the organizational effort at satisfying their customers in the selected financial institutions. The responses to these questions are presented in Table 3.

Table 3: Responses on Customer Satisfaction

	STAFF		CUSTOMERS	
	Bank (<i>n</i> = 98)	Insurance (<i>n</i> = 139)	Bank (<i>n</i> = 113)	Insurance (<i>n</i> = 149)
Customer satisfaction survey				
Never	1(1%)	3(2.3%)	9(8.1%)	2(1.4%)
Seldom		5(3.8%)	10(9%)	3(2.7%)
Uncertain	3(3.1%)	19(14.4%)	28(25.2%)	24(16.4%)
Sometimes	25(25.8%)	45(34.1%)	41(36.9%)	58(36.3%)
Always	68(70.1%)	60(45.5%)	23(20.7%)	62(43.2%)
Designing products to satisfy customers' needs				
Never	0%	1(0.8%)	8(7.1%)	1(0.7%)
Seldom	0%	2((1.5%)	6(5.4%)	3(2.1%)
Uncertain	2(2.1%)	5(3.8%)	21(18.8%)	15(10.4%)
Sometimes	17(17.5%)	32(24.1%)	41(36.6%)	63(43.8%)
Always	78(80.4%)	93(69.9%)	36(32.1%)	62(43.1%)

Source: Field survey

ix. **Customer satisfaction survey**

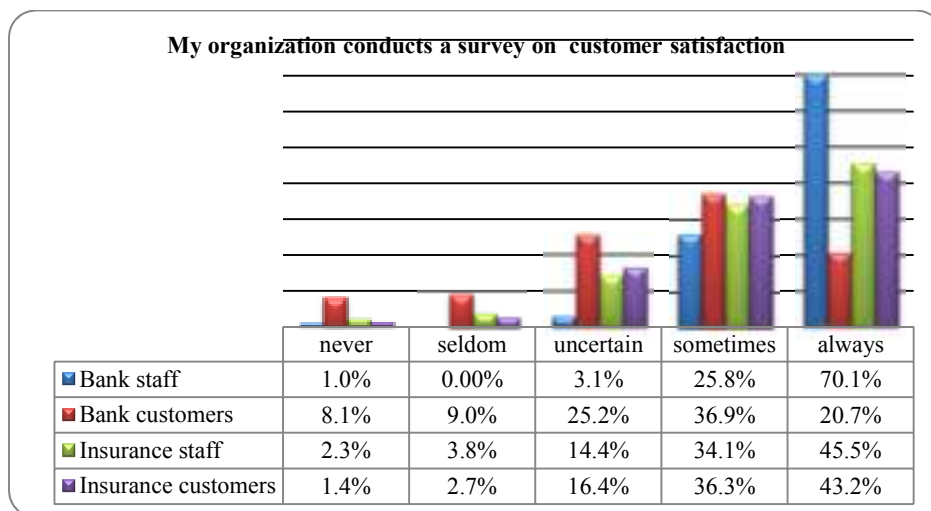


Fig 9: Responses on customer satisfaction survey

The staff were asked if their organization conducts a customer satisfaction survey. 95.9% of the bank staff and 79.6% of insurance staff said that their organization always conducts a customer satisfaction survey. 3.1% of the bank staff and 14.4% of insurance staff chose 'uncertain', 0% of bank staff and 3.8% of insurance staff chose 'seldom' while 1% of bank staff and 2.3% of insurance staff chose 'never'. For the customers, 57.6% of the bank customers 79.5% of the insurance customers said that their organization always or sometimes conducts a customer satisfaction survey. 25.2% of the bank customers and 16.4% of insurance customers chose 'uncertain',9% of the bank customers and 2.7% of insurance customers chose 'seldom' while 8.1% of the bank customers and 1.4% of insurance customers chose 'never'.

x. **Designing products to satisfy customers' needs**

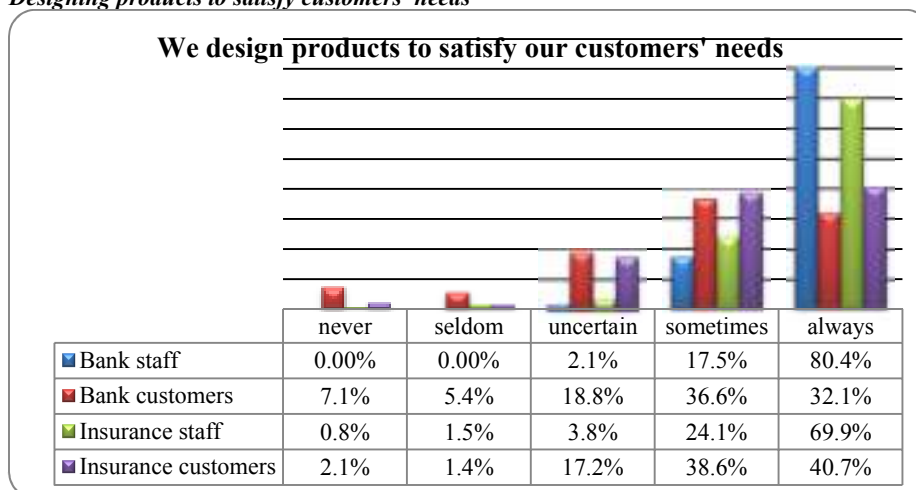


Fig 10: Responses on designing products to satisfy customers' needs

A high percentage of the bank staff (97.9%) and 94% of their insurance counterpart claim that they always or sometimes design products to satisfy customers' needs. 2.1% of bank staff and 3.8% of insurance staff claim to be uncertain and 1% of bank staff and 1.5% of the insurance staff respondents chose 'seldom' while 0% of bank staff and 0.8% the insurance staff respondents chose 'never'. Responses of the customers reveal that 68.7% of the bank customers and 79.6% of the insurance customers claim that their companies always or sometimes design products to satisfy their needs. 18.8% of the bank customers and 10.4% of the insurance customers claim to be uncertain, 5.4% of the bank customers and 2.1% of the insurance customers chose 'seldom' while 7.1% of the bank customers and 0.7% of the insurance customers chose 'never'.

Evaluation of Increase in the number of customers and Increase in Net Profit

The staff were asked to evaluate the performance of their organization over a period using the following two variables: Increase in the number of customers, Increase in net profit. Their responses are tabulated in table 4.

Table 4: Responses on the Evaluation of Increase in the number of customers and Increase in Net Profit

	STAFF	
	Bank (<i>n</i> = 98)	Insurance (<i>n</i> = 139)
Increase in the number of customers		
Never	n/a	1(0.8%)
Seldom	n/a	4(3%)
Uncertain	9(9.3%)	5(3.8%)
Sometimes	30(30.9%)	51(38.3%)
Always	58(59.8%)	72(54.1%)
Increase in net profit		
Never	n/a	1(0.8%)
Seldom	3(3.1%)	5(3.8%)
Uncertain	4(4.1%)	9(6.8%)
Sometimes	39(40.2)	60(45.1%)
Always	51(52.6)	58(43.6%)
Capital base		
highly reduced	n/a	2(1.5%)
Reduced	2(2.1%)	3(2.3%)
Uncertain	9(9.3%)	6(4.6%)
Increased	38(39.2%)	54(41.5%)
highly increased	48(49.5%)	65(50%)

Source: Field survey

xi. Increase in the Number of Customers

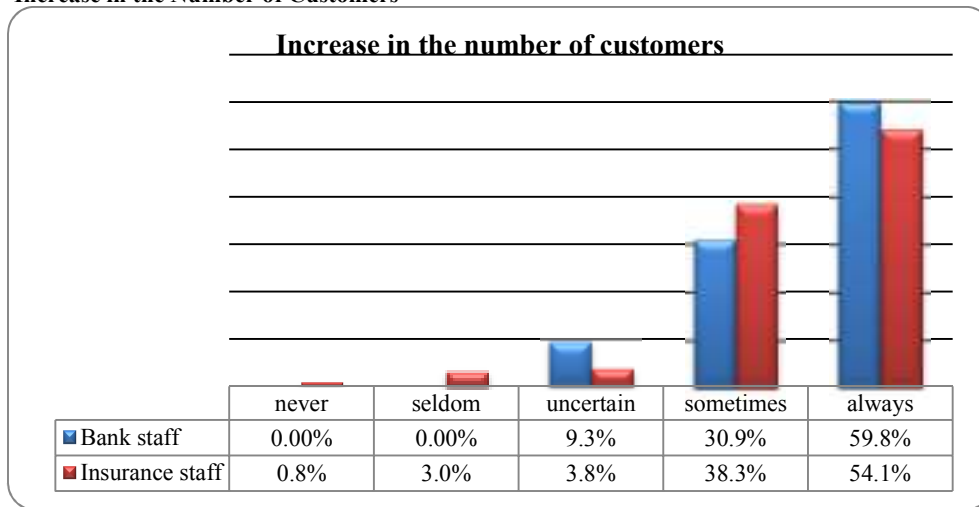


Fig 11: Responses on increase in the number of customers

A high percentage (90.8%) of the bank staff and a lesser percentage (82.4%) of insurance staff believe that the customer base of their organization has increased or highly increased. 9.3% of bank staff and 3.8% of the insurance staff however claim to be uncertain as to whether there had been an increase in the customer base of their organization. 0% of bank staff and 3.8% of the insurance staff are of the opinion that there had been a reduction or a high reduction in the customer base of their organization.

xii. Increase in net profit

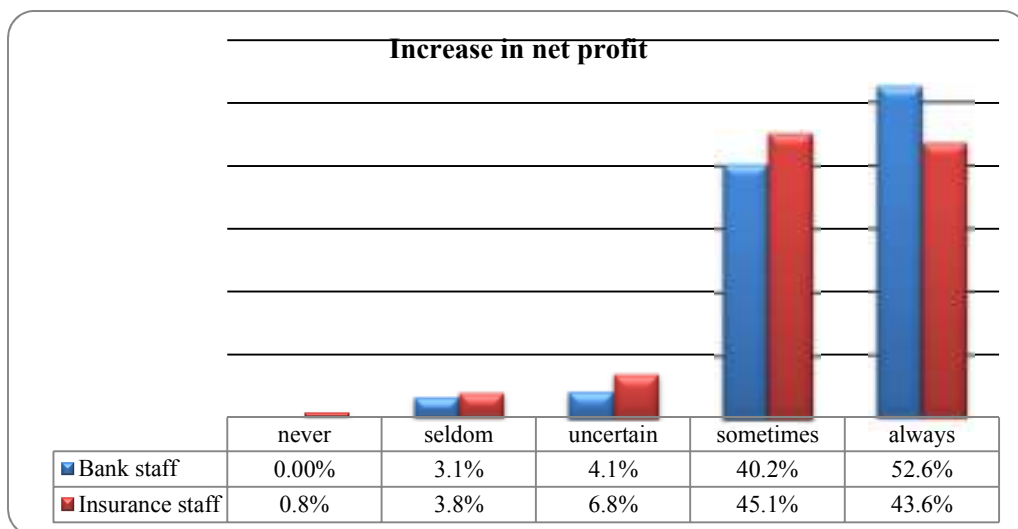


Fig 12: Responses on increase in net profit

Ninety respondents (92.6%) of the bank staff and one hundred and eighteen respondents (88.7%) of insurance staff respondents said that there had been an increase or a high increase in the net profit of their organization.,4.1% of the bank staff and 6.8% of the insurance staff however claim to be uncertain while 3.1% of the bank staff and 4.6% of insurance staff is of the opinion that there had been a reduction or a high reduction in the net profit of their organization.

Hypothesis Testing

The spearman rank correlation coefficient was used to test if there is any relationship between Complaint Management and any organizational performance variable in Nigerian Banks and Insurance companies. The Hypothesis, H_0 is stated below:

H_0 : There is no relationship between Complaint Management and Organizational Performance in Nigerian Banks and Insurance companies. The result from the analysis is presented in Table 5.

Table 5: Spearman Rank Correlation for the Relationship between Complaints Management and Organizational Performance in Nigerian Banks and Insurance companies.

Customer retention			Customer satisfaction		Increase in profit		Increase in Customers	
	Correlation	P -value	Correlation	P -value	Correlation	P -value	Correlation	P -value
BANKS								
Staff	0.422*	0.000	0.055	0.033	0.565	0.007	1.319	.002
Customer	0.485*	0.000	0.532*	0.000	0.074	0.05	0.07	0.026
INSURANCE COMPANIES								
Staff	0.175*	0.045	0.317*	0.000	0.246	0.012	0.039	0.011
Customer	0.349*	0.000	0.416*	0.000	0.12	0.003	0.363	0.013

Source: Field survey

*. Correlation is significant at the 0.05level

For bank staff; the spearman rank correlation coefficient of complaint management and the four variables of organizational performance: customer retention, customer satisfaction, increase in profit and increase in number of customers was calculated to be 0.422, 0.055, 0.565 and 1.319 with p values of 0.000, 0.033, 0.007 and 0.002 respectively; There is a significant correlation between complaint management and all the four variables of organizational performance at 0.05 level of significance. For bank customers; the correlation coefficient were calculated to be 0.485, 0.532, 0.074, 0.070 with p values of 0.000, 0.000, 0.050 and 0.026 respectively; since the p values are less than 0.05, at 95% confidence level, there is a correlation between complaint management and all the four variables.

For Insurance companies' staff; The spearman rank correlation coefficient of complaint management and the four variables of organizational performance: customer retention, customer satisfaction, increase in profit and increase in number of customers were calculated to be 0.175, 0.317, 0.246 and 0.039 with p values of 0.045, 0.000, 0.032 and 0.011 respectively; since the p values are less than 0.05, at 95% confidence level, there is a correlation between complaint management and all variables of organizational performance. For customers; the correlation coefficients were calculated to be 0.349, 0.416, 0.312 and 0.363 with p values of 0.000, 0.000, 0.003 and 0.013; since the p values are less than 0.05, at 95% confidence level, there is a correlation between complaint management and all variables of organizational performance.

FINDINGS

The study set out to find out if complaints management can be used as a tool to improve organizational performance in Nigerian banks and insurance companies. The four variables of organizational performance variables used in the study are customer satisfaction and customer retention, increase in profit and increase in number of customers.

Findings show a positive relationship between complaint management and all organization performance variables for the four categories of respondents - Bank Staff, Bank Customers, Insurance Companies' Staff and Customers.

From the data gathered and from interviews and interactions with the respondents, findings also show poor standards of complaint handling within most banks and insurance companies sampled. This resulted mainly from weaknesses in organizational culture, policies and controls. A direct correlation was noticed between companies that have a poor complaint handling culture and those assessed by the researchers as delivering poor outcomes for complainants.

A comparison of the responses of employees and customers' shows a significant difference in their perception of how complaints management is managed in their organization with the staff generally rating their organization's complaint management practices higher than their customers. This disparity is noticeably higher for banks than for insurance companies. However, complaint management can only be said to be effective if and when the customer can feel its impact and not only when the organization believe that have they had a complaint management system in place.

CONCLUSION

The objectives of this study are to ascertain whether there is a relationship between Complaint Management and Organizational Performance in Nigerian Banks and Insurance companies and also to determine if there is any difference in the perception of complaint management by employees and customers of Nigerian banks and insurance companies.

Most of the companies assessed had not imbibed a culture that focused on delivering fair outcomes for complainants. In most cases where the culture is poor, it is as a result of lack of senior management engagement with complaint handling, poorly conceived procedures and controls, inadequate training and competence arrangements and poorly conceived remuneration policies for staff handling complaints.

In most of the banks and insurance companies assessed, the quality of complaint handling undertaken by front-line staff (where complaint handling was not the main function of their role) was poor, with inadequate investigation and poor decision-making on the outcome of the complaint and payment of redress (sometimes to the detriment of the complainant). This is mostly caused by inadequate support to assist front-line staff in reaching the right decisions and where the organization uses a two-stage process, poor front-line complaint handling also often acted as a barrier to the fair treatment of complainants.

Organizational performance is enhanced when the organization is able to retain her customers. Customer retention is enhanced when an organization can satisfy her customers and/or reclaim disgruntled customers through the development of effective complaint management process. Banks and insurance companies can become more customer oriented by taking advantage of the information provided by customer complaints to increase customer satisfaction, retention, number of customers and net profit thus improving overall organizational performance in the process, thus, supporting the conceptual model in Figure 1.

RECOMMENDATIONS

This study has provided evidence that there is a relationship between complaint management and Organizational performance in Nigerian Banks and Insurance companies. A major objective of any business concern is the profit maximization objective and an effective and efficient performance of the organization. Hence, these industries should continue to invest in complaint management. Though, it has been established that both banks and insurance companies have a complaint management system in place, they should improve on it as findings have shown that commitment to good complaint management practices lead to customer satisfaction, customer retention, increase in profit and increase in number of customers for the organization.

The researchers have the same opinion with Singh & Wilkes, (1996) that attending to customers complaints may assist managers in avoiding reputational and market damage and also promote customer satisfaction but as Goodman-

Delahunty, (2001) observed, it is ironic that the customers who avail themselves of internal company channels to voice their complaints are often the most loyal customers. Thus, managers should treat customers who complain with respect, should encourage this behaviour, and acknowledge the opportunity to build customer loyalty. In agreement with Gilly, Stevenson and Yale (2005), organizations in the financial service industry should see complaints management departments as one of the most important department and as such management should pay attention to their performance.

Capable front-line staff should be employed, and they should be given the required and adequate support such as training, policies and procedures, guidance and technical support to assist them in reaching the right decisions and handle complaints fairly.

Organizations should build a culture that supports the fair treatment of their customers. Complaint handling is a very visible indicator of this. Senior management can only convert their good intentions into actual fair outcomes for consumers if the right culture is entrenched. Organizations that performed strongly in this area are able to demonstrate a culture of fairness. This was embedded within its approach to complaint handling and reflected in its training and competence arrangements, complaints policies, controls and remuneration structures.

Most organizations fail to invest in root cause. This affects the extent to which they are able to identify recurrent or systemic problems and take appropriate action. Thus there is need for these organizations to undertake effective root cause analysis so that they will be able to proactively identify issues and act before they became more widespread.

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