TECHNOLOGICAL CHANGE AND EMPLOYEE’S QUALITY OF SERVICE IN QUOTED INSURANCE COMPANIES IN NIGERIA.

ABASS, Olufemi Adebowale¹, LAWAL, Oloyede Raheem², and ELEGUNDE, Ayobami Folarin³

Department of Insurance, Lagos State University Ojo.¹
Department of Business Administration, Lagos State University, Ojo.²,³

Abstract

The study examined technological change and employee’s quality of service in quoted insurance companies in Nigeria. The study adopted survey research design. The population of the study comprised of four thousand, eight hundred and twenty-two (4,822) employees of all 23 quoted insurance companies in Nigeria. The sample size of four hundred and eighty (480) was used to represent the target population. The respondents were selected using a multi-stage sampling technique which comprised of stratified and purposive sampling techniques. The research instrument was adapted questionnaire developed by previous researchers. The research instrument was validated using content validity and Cronbach’s Alpha coefficient reliability result of technological change was 0.852 and employee’s quality of service was 0.725 which are greater than 0.7. The stated hypothesis was tested using regression analysis. The study revealed that technological change exerts positive significant (beta = -0.2333, P-value = 0.000 < 0.05) effect on employee’s quality of service. However, it is concluded that changes in technology enhance employee’s quality of service by reducing the workload and time saving. Thus, for insurance industry to achieve high performance and organisational growth, it requires employees to take the initiative and link their work skills to the evolving needs of the organisation in a manner that suits change initiatives being introduced. The study therefore recommended that the change in which employees are involved should be closely related to their own work environment.

Keywords: Change, Employees’ Quality of Service, Insurance, Nigeria, Technological Change.

Introduction

In the contemporary business world today, better service delivery by both service and manufacturing organisations have been greatly manipulated by the systematic usage of physical services through various of technological measures (Dauda & Akingbade, 2011). However, technology in most service organisation has provided the required application through various forms in which quality services can be delivered. Technology comprises of both hardware and software. While the hardware can be regarded as the physical structure and logical of equipment, the software is known as knowledge and technique used to facilitate services through the hardware. Hence, technology influences living conditions of employees in an organisation and the relationship between employees and its employer. Technological change has a great effect on the aspects of organisation direction and operation.

According to Alberts, Peeters, Brackers, and Meijer (2006) as cited in Muthusamy (2018), service organisations are faced with herculean task of building a strong customer relationship between company’s employees and their customers. This may not be unconnected to the intangibility nature of the service rendered. The gap is even widened in insurance business. This according to Abass and
Obalola (2018) is due to inverse cycle nature of insurance operations. Therefore, insurance companies need to form expectation about the future before risk can be accepted (Lelyveld, Liedorp & Kampman, 2011). In order to bridge this gap, insurance companies may need to adopt technological changes to constantly meet ever dynamic and sophisticated customers. Therefore, this study seeks to investigate the effects of technological change on employee’s quality of service in quoted insurance companies in Nigeria.

**Statement of the Problem**

Technological change is a core component for service organisations especially insurance companies to enhance employee’s quality of service (Durowoju, 2017). Despite the fact that many organisations invested in technology in order to reduce costs and increase quality of services, there is considerable debate in the literature over whether such outcomes have been delivered. There has been much discussion over whether a ‘quality paradox’ that exists, especially regarding the amount of service delivered by technology (Asante, 2013). This paradox has been used to describe the evidence suggesting that despite heavy investment in technological change, the rate of measured quality of service has failed in the service organisation. Although, technology is prone to change, and the state of technology have direct link to the relationship between the employer and employee (Dauda & Akingbade, 2011).

Moreover, poor insurance penetration in Nigeria may be linked to poor quality of service by insurance employees orchestrated by non-adoption of technological change. Most insurance operations like marketing, underwriting, claims and investment are still done in old fashion without taking into cognizance, the ever-dynamic customer expectations. This study therefore helps to bridge this gap by focusing on technological change and employees’ quality of service in quoted insurance companies in Nigeria. While much work has been on technological change in manufacturing, banking, and few industries, there seems to be dearth of empirical and theoretical literature in insurance industry. Therefore, the main of this study is to examine the effects of technological change on employee’s quality of service in Quoted insurance companies in Nigeria.

**Research Hypothesis**

Technological change does not significantly affect employee’s quality of service in Quoted Insurance companies in Nigeria.

**Literature Review**

**Conceptual of Technological Change**

Paul (2014) defined technologies as the entities provided by a problem-solving process that changes and transforms the world so that it matches a preconceived idea or plan in order to generate a desired artificial function. Technology allows organisations to reach new economic markets and also help to increase productivity. The use of computer programmes and business software usually allow workers to process more information than manual methods. Business owners can also implement business technology to reduce the amount of human labour in business functions (Mula, 2015).
In consequence of this, technology offers competitive advantage, it can be used as a differentiation factor (Porter & Miller, 1985). However, technology change according to Bamford and Forrester (2003) determines the quality and quantity of goods and services produced by an industry. Organisational and national conditional performance and development are determined by the management and types of technologies to incorporate. Technology change also influences living conditions of staff and management in organization (Chiaburu, 2006). Technology is prone to change, and the state of technology have a direct relationship between all staff members and target customer (David & Rachid, 2003; Dawson, 2003). Therefore, technology, labour, capital and employees’ quality of service are all interconnected (Kotelnikov, 2008; Kotler & Schlesinger, 2008). While, some organisations deploy more of technology than other equipment or capital, some investors and managers based their selection or the quantity of both to their price and prefer or choose the one with lesser price to maximize organisation’s profit (Dauda & Akingbade, 2011).

**Employee’s Quality of Service**

Services are increasingly an indispensable portion of service organisations including insurance business and considered as powerful tool for revenue streams (Neupane & Manju, 2017). So, the success of service organisations often starkly depends on the high level of relationship with the customers which determines customer loyalty and satisfaction. The quality of service rendered influences organisation’s outcomes such as increase in sales and profit, improve in customer relations, performance superiority, increase in market share, increase in customer loyalty and perceived improvement in corporate image (Lanka, Suar & Mohapatara, 2009; Poretla & Thanassoulis, 2005; Newman, 2001). Caruana (2002) opines that customer satisfaction and quality of service are related to loyalty behaviour of customer via repurchase intentions, therefore, delivery of higher quality of service to customers is inevitable for survival and success of the service-oriented organisation in today’s dynamic business environment. Employee’s service quality is a prerequisite for establishing, maintaining, sustaining, enhancing and satisfying relationship with valued customer (Olajide, 2014; Najim & Muhammed, 2015; Anwer, 2017). Thus, service quality is the extent to which service exceeds customer’s earlier expectation, meanwhile it plays critical role to business success (Kotler, 2008; Neupane, 2014).

According to Gronroos (1996), employee’s service quality is a multi-dimensional phenomenon that includes employee’s service performance quality, technical quality and overall organisation’s mental picture. Relatedly, authors have conceptualized employees’ service quality to include reliability, responsiveness, assurance and empathy (Zeithaml, Berry & Parasuraman, 1996; Koozehchian, Khatibzadeh & Honarvar, 2011; Dehestania, Najafi Zadeh & Noorib, 2013; Gilaninia, 2013; Abass & Oyetayo, 2016).
Independent Variable | Dependent Variable
--- | ---
TECHNOLOGICAL CHANGE | EMPLOYEE’S QUALITY OF SERVICE
Perceived usefulness | Reliability
Perceived ease to use | Responsiveness
User satisfaction | Assurance
Attribute of usability | Empathy

**Figure 1:** Conceptual Framework of Technological Change and Employees’ Quality of Service. Source: Researchers (2021).

**Theoretical Review**
This study will be guided by Lippitt’s Phases of Change Theory. The Lippitt’s Phases of Change theory was developed to bridge gap noticed in Lewin’s three-step change theory which failed to take into account personal factors that affect change. The theory focuses more on the role and responsibility of the change agents (employees) than the evolution of change itself. The theory emphasizes on the fact that when change becomes part of the organisation without the change agents, the change agents gradually withdraw his/her role. In order words employees must be carried along in every stratum of technological change in order to further increase their service delivery. Lippitt et al., (1958), further hypothesized that for changes to be stable in an organisation, the management needs to ensure that such change is equally distributed among the neighbouring systems or to subparts of the system which will experience the effect. In achieving this, they proposed seven stages which include; development of a need for change, establishment of a change relationship, working toward change, clarification or diagnosis of client systems problem, examination of alternative routes and goals/establishing goals and intentions of action, transformation of intentions into actual change efforts, and generalisation and stabilisation of change and achieving a terminal relationship.

**Empirical Literature Review**
Authors in the developed and developing countries have established the relationship between technological change and employees’ quality of service. Dauda and Akingbade (2011) conductedexamined how employee relation could be employed for technological change management. It also sought to determine effective method of using technological innovation to improved productivity in the Nigerian manufacturing industry. Findings revealed that employee relations do not have significant relationship with technological change.

Abbas, Muzaffar, Mahmood, Ramzan and Rizvi (2014) examined the effects of information technology on performance of Allied Bank employees in Pakistan. The data was gathered through unstructured interviews. It was figured out that technology greatly escalates the productivity of employees along with time saving. It greatly affects the workload on employees and ensures control over mistakes and frauds. Quick access to information and ease of use enables the bank employees to
deliver quality service. The findings share similar view with previous study carried out by Olajide (2014), Munyao (2013)Ndahiro, Shukla and Oduor (2015)

Relatedly, Anwer (2017) investigated the impact of technological factors on the employees’ productivity, an empirical study of Al Borg cement factory in Libya. The result indicated that a positive relationship exists between technology and employees’ productivity. Moreso, the analysis provided strong supporting for the relevance of the technology on productivity. It was also proved in the study that perceived usefulness of technology has a significantly positive influence on employee’s productivity.

Asare and Emmanuel (2018) examined the impact of IT-technological innovation on productivity of a bank’s employee. The employee productivity is a considerable unit of measure of an organisation’s performance and a source of gain competitive advantage. The results showed that the banks maximized their IT-technological innovation capabilities as unique and valuable resources to provide high quality innovative outputs that drive efficiency, increase the satisfaction level of employees, improve employee productivity and generate better returns on capital.

Okeke, Oboreh, Nebolisa, Esione and chukwuemeka (2019) examined the effect of change management and organizational performance in selected manufacturing companies in Anambra State, Nigeria. The study focused organizational change and Lewin’s three step model. The result revealed that technological change had a positive significant effect on employee performance in the companies studied. The results also showed that both change management strategies and organizational leadership had positive significant effects on employees’ performance in the selected manufacturing companies.

Methodology
The study adopted survey research design. The population of this study comprised of all employees in twenty-three (23) Quoted Insurance Companies in the Nigeria Stock Exchange Market. According to Insurance Annual Report (2019), there were 4,822 quoted insurance employees in Nigeria. A sample size of 369 was determined using Yamane (1976) formula. A further 111 being 30% was added to the sample size as suggested by Israel (1997). Hence, a total number of 480 respondents were used for this study. Multi-stage sampling technique involving stratified sampling, cluster sampling, purposive sampling and simple random sampling techniques was adopted. Research instrument was a structured six likert scaled questionnaire. The questionnaire was made up two major scales namely technological change and employees quality service. The research instrument was validated using content validity and Cronbach's Alpha coefficient reliability result of technological change was 0.852 and employee’s quality of service was 0.725 which are greater than 0.7. Measures of technological change were perceived usefulness, perceived ease to use, user satisfaction and attribute of usability while measures of employees’ quality of service were reliability, responsiveness, assurance and empathy. The researchers adapted instruments used by Prabha, Perunjodi and Soolakshna (2010).

Model specification
In accordance with the objectives of the study, the following linear regression models are specified:
The functional form is given as:

$$EQS_i = f(TCH_i)$$  \hspace{1cm} (1.1)

The multiple linear regression model is given as:

$$EQS_i = \beta_0 + \beta_2 TCH_i + \mu_i$$  \hspace{1cm} (1.2)

Where:

- \(TCH\) = technological change
- \(EQS\) = employee’s quality of service
- \(\mu_i\) = error terms
- \(\beta_1, \beta_2, \beta_3\) = Partial regression coefficients where \(j = 0, 1, 2, 3\)
- \(i\) = individual respondents, that is, \(i = 1, 2, 3, \ldots, 378\).

**Results**

**Table 1: Summary of the Estimates and Statistics**

<table>
<thead>
<tr>
<th>Variable</th>
<th>Coefficient</th>
<th>Std. Error</th>
<th>t-Statistic</th>
<th>Prob.</th>
</tr>
</thead>
<tbody>
<tr>
<td>C</td>
<td>0.2870***</td>
<td>0.0745</td>
<td>3.8494</td>
<td>0.0001</td>
</tr>
<tr>
<td>TCH</td>
<td>0.2333***</td>
<td>0.0563</td>
<td>4.1437</td>
<td>0.0000</td>
</tr>
<tr>
<td>R-squared</td>
<td>0.1308</td>
<td>F-statistic</td>
<td>18.76618</td>
<td></td>
</tr>
<tr>
<td>Adjusted R-squared</td>
<td>0.1239</td>
<td>Prob(F-statistic)</td>
<td>0.0000</td>
<td></td>
</tr>
</tbody>
</table>

*Source: Authors’ computation, 2021.*

As shown in table 1, technological changes \((TCH)\) exert positive significant \((\beta_2 = 0.2333, \text{p-value} = 0.000 < 0.01)\) effects on \(EQS\). This implies that technological changes \((TCH)\) enhance employee’s quality of service \((EQS)\) in the insurance industry. Thus, the null hypothesis that “technological change does not significantly affect employee’s quality service in Quoted Insurance companies in Nigeria” is rejected.

**Discussion of Finding**

The result of hypothesis shows that technological change has a positive significant effect on employee’s quality of service in Quoted Insurance Companies in Nigeria. This finding is supported by Dauda and Akingbade (2011), Omar et al, (2013) and Abbas et al, (2014) which reveal that technology greatly escalates the productivity of employees along with time saving. It greatly affects the workload on employees and ensures control over mistakes and frauds. Quick access to information and ease of use enables the employees to deliver quality service. This result also corroborates the findings of Anwer (2017) which indicates that a positive effect exists between technology and productivity. The study also provided a strong support for the relevance of the technology on productivity such that perceived usefulness of technology has a significantly positive
influence on employee’s performance especially with regards to core operations of insurance business like underwriting, loss adjusting, claim management, marketing and so on.

Conclusion
The findings of this study concluded that changes in technology enhance employees’ quality of service by reducing the workload and it is time saving. Thus, for insurance industry to achieve high performance and organisational growth, it requires employees to take the initiative and link their work skills to the evolving needs of the organisation in a manner that suits change initiatives being introduced. Although for a decade ago, change initiatives have had a dramatic effect on employees and change initiators alike. But nowadays, the way in which work is currently done in service organisations has been revolutionised by recent organisational changes. Therefore, with the full implementations of modern technologies insurance companies will be in an appropriate position to attain sustainable competitive advantages in the industry.

Recommendations
Based on the findings and conclusion of this study, the following recommendations are made;

i. The change in which employees are involved should be closely related to their own work environment. Therefore, the change agents have to share information through advancement of technology with employees of insurance companies in order to empower them with enough background on how to embrace the change.

ii. Changes in organisation is a specialised activities and should be undertaken by individuals who are equipped with the essential knowledge and skills required and who can devote the required time and effort to adequately monitor the change. Thus, technology has influenced employees’ performance such as quality of service, since it simplifies that work that can be done easily and also makes the work more effective and efficient.

References.


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