

**UNIVERSITY OF CAPE COAST**

**CUSTOMER PERCEPTION OF SERVICE DELIVERY BY THE  
ELECTRICITY COMPANY OF GHANA IN THE CAPE COAST  
DISTRICT**

**HENRY SYDNEY KWATEBOI QUARTEY**

**2015**

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ELECTRICITY COMPANY OF GHANA IN THE CAPE COAST  
DISTRICT

BY

HENRY SYDNEY KWATEBOI QUARTEY

Dissertation submitted to the Department of Accounting and Finance of the  
School of Business, University of Cape Coast, in partial fulfilment for the  
award of Master of Business Administration  
(GENERAL MANAGEMENT)

NOVEMBER 2015

## DECLARATION

### Candidate's Declaration

I hereby declare that this dissertation is the result of my own original research and that no part of it has been presented for another degree in this university or elsewhere.

Candidate's Name: Henry Sydney Kwateboi Quartey

Candidate's signature ..... Date .....

### Supervisor's Declaration

I hereby declare that the preparation and presentation of the dissertation were supervised in accordance with the guidelines on supervision of dissertation laid down by the University of Cape Coast.

Supervisor's Name: Mrs. Gloria K. Q. Agyapong

Signature..... Date.....

## ABSTRACT

The study examined customer perception of service delivery by the Electricity Company of Ghana (ECG) in the Cape Coast District in the Central Region of Ghana. The descriptive design was adopted for the study and convenience sampling technique was used to sample 120 respondents for the study. Self-administered questionnaire was used for data collection. The descriptive statistics was used to analyze the data including means, standard deviations, frequencies and percentages. Bivariate correlation analysis was conducted to identify the relationships between customer satisfaction and the service quality rendered by ECG.

The results revealed that the customers had low level of satisfaction about quality of service delivery, thus, they were not satisfied with the service delivery of ECG in the Cape Coast Metropolis. The results revealed high positive correlation between service quality and customer satisfaction. Majority of the respondents had low perception about role of ECG employees in enhancing service delivery.

It is recommended that ECG as a service provider should inculcate customer service orientation in their employee recruitment and selection process. Management should also champion the crusade of supporting, equipping and investing in employee training and staff grooming towards effective and efficient customer services. System of continuous quality improvement must be put in place and implemented in aspect of reducing costs, time, and undesired influences from external forces.

## ACKNOWLEDGEMENTS

I would like to express my sincerest and heartfelt gratitude to my supervisor, Mrs. Gloria K. Q. Agyapong, who read through the draft and commented in detail on the work. Nevertheless, I solely accept responsibilities for any error, omission or misrepresentation in this work.

Special thanks go to respondents whose contributions have made this research work possible. Finally, to all those who have contributed in diverse ways to making this research a success, I say thank you.

## **DEDICATION**

This work is dedicated to my dear wife, Mrs. Victoria N. Quartey.

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## CHAPTER ONE

### INTRODUCTION

#### **Background to the Study**

Delivering quality service generally is considered as a vital strategy for realization of success and existence of business in today's competitive environment (Dawkins & Reichheld, 1990; Zeithaml, Berry, & Parasuraman, 1996). One of the most crucial characteristics of any service firm is the relationship that exists between service providers and its customers. This means that, the ability to provide better service to customers, satisfy and retain them is the key to competitiveness in every business. Very importantly, a customer's satisfaction may only be dependent upon the customer's perception about the quality of service encountered (Solomon, Surprenant, Czepiel, & Gutman, 1985). To be able to meet the various demands and satisfy customers, employees of service industries should not only behave according to the basic principles, rules, and regulations in business, but also offer quick and efficient service to meet customers' satisfaction.

Effective and efficient customer service delivery is the life blood of every business oriented organization. Providing superb service delivery to customers has long been a component of the long term strategies of power distribution companies in Ghana such as Northern Electrification Department (NED) of the Volta River Authority and the Electricity Company of Ghana (ECG). Several steps have been taken since the independence of Ghana to bring electricity services to the doorstep of customers by many governments and stakeholders.

Funds have been generated internally and externally from donor organizations and countries to help extend electricity supply to the rural areas in order to enhance access to electricity supply.

Traditionally, access to electricity supply in the southern sector of Ghana (Ashanti, Eastern, Volta, Greater Accra, Central, and Western regions) has been the responsibility of the Electricity Company of Ghana (ECG). ECG is solely owned by government. Since its incorporation in the 1960's as the then Electricity Department of the Public Utility Workers Union (PUWU), its sole mandate was to ensure electricity service delivery to customers. The company has evolved into the Electricity Company of Ghana (ECG) which is still in the business of electricity distribution to customers. Currently, the population of Ghana has grown tremendously to the extent that the resources of ECG is unable to match up to the electricity demands. Owing to this, the National Electrification Scheme (NES) introduced by the then PNDC administration was to facilitate the expansion of electricity supply to rural areas within a period of thirty years (1985 – 2015). The scheme is purely government facilitated and receives support from donor organizations and countries.

Providing quality service to customers of ECG has long been a major component of the company's customer charter. This service delivery drive is accompanied in varied ways. This includes prompt response to complaints of faults, metering of customers and the general sense of being there for the customer. Recently, the company has introduced the call centre service which is available all the time. Intensive education and sensitization has been embarked

upon to improve upon the service delivery to customers. The campaign for service delivery in ECG has from the beginning been focused on urban areas where access to electricity has been relatively easy.

The extension of electricity has been the responsibility of ECG and the Ministry of Energy and Petroleum (MoEnP). In recent times, however, donor agencies and countries have joined the course to help with the rural electrification project. Past and present governments have contributed to the expansion of electricity to hitherto inaccessible localities in Ghana. After the successful extension of the electricity network to such rural localities, the MoEnP then hands over the network to ECG to maintain and manage the new customers. Projects are awarded on contracts to third party companies who are supervised through the collaboration between engineers of ECG and MoEnP. When the owner of the project, government, is satisfied with the work done by the contractor, commissioning is done and handed over to the ECG for maintenance and management.

### **Problem Statement**

Service delivery entails more than what it literally means. It is a sensitive area which ultimately determines the continued existence or otherwise of any service oriented organization. Usually when customers are in need of a service, they are literally at their wits end especially when the service is from a monotonous organization. A company like ECG cannot be left out of this quandary because it is enjoying its status of monopoly.

Quality electricity service delivery has become an issue of great concern to the nation and power sector management. It has been argued that it is one of the major challenges facing the sector. The electricity industry sells services which are produced and consumed immediately. Due to this, it is difficult to correct any defects on the service before it gets to the final consumer. Also, the electricity industry is becoming increasingly diversified with other sources of electricity i.e. wind, thermal, solar and nuclear which are relatively expensive, comparatively. The importance of service quality to customers cannot be over emphasized as quality service is possibly the foremost determinant of success in the industry.

Lorette (1996) posited that a bad experience during a service encounter will mar the entire perceived experience, which will result in not only a lack of repeat visit but also a negative word-of-mouth publicity for the organization. Research has shown that a customer who is not satisfied will typically inform about eight to ten people about his/her experience (Leboeuf, 1987). A service organization that does not deliver quality service is, therefore, likely to suffer reduced patronage and bad publicity and thereby loses its customers to competitors. The cliché here is that most customers (about 99% of micro level customers) have no other alternative to the electricity service since ECG is enjoying monopoly. The other 1% belonging to the macro level i.e. mines have competitors like the Ghana Grid Company Limited (GridCo) and, therefore, can consider taking their source of electricity supply from others, other than ECG. Despite all the efforts by the Central Government to improve the quality of the ECG service delivery in Ghana, there is still perceived unsatisfactory services

rendered by the establishment. This has led to an increase in customer complaints about ECG service delivery in the country. It is against this background that this study sought to assess the perception of customers on quality service delivery of ECG service centre in the Cape Coast Metropolis.

### **Objectives of the Study**

The main objective of the study is to examine the perception of the quality of service delivery of ECG in the Cape Coast Metropolis. Specifically, the study seeks to:

1. Determine the customer perception of service quality dimensions (Reliability, Responsiveness, Assurance, Empathy and Tangibles) of ECG in the Cape Coast metropolis;
2. Determine the relationship between quality of services offered and customer satisfaction;
3. Assess the role of ECG staff in enhancing quality service delivery; and
4. Assess customers' perception about quality of service delivery of ECG in the Cape Coast metropolis.

### **Research Questions**

The study seeks to address the following research questions:

1. What are the levels of service quality dimensions (Reliability, Responsiveness, Assurance, Empathy and Tangibles) of ECG in the Cape Coast metropolis?
2. What is the relationship between quality of services offered and customer satisfaction?



3. What role do ECG employees play in enhancing service delivery?
4. What is the perception of customers about the quality of service delivery of ECG in Cape Coast metropolis?

### **Delimitations**

The study is restricted to cover only Cape Coast metropolis in the Central Region of Ghana and not all the ECG operational areas of Ghana. With a status of a district 'A', ECG Cape Coast District offers all the logistical strength needed for this study. Data which may be needed for the study as well as demography of customers will be accessible to the researcher.

Secondly, the restriction to the Cape Coast district is for effective supervision and administration of research questionnaires to customers (public) who visit the District Office for one service or the other. Administering of questionnaires to all offices of ECG may not have the efficacy of effective questionnaire administration due to human laxity and or nonchalant attitude of persons in charge of data collation.

Lastly, the researcher, in compiling data, can always visit the field in real time to review and double check the data. Virtually every activity in ECG in terms of technical operations and customer service happens at ECG, Cape Coast District. In view of this, analyses of customer's perception in service delivery can be extrapolated to the entire company.

### **Limitations**

Every human institution is not a hundred per cent accurate. There are shortcomings, conditions or influences that cannot be controlled by the researcher that place restrictions on the methodology and conclusions. Limitations that might influence the research such as interpretation and understanding of questionnaire by customers, real time acknowledgment and interpretation of feedback, time constraints and tools for analysis are acknowledged as possible limitations to the research.

### **Significance of the Study**

The study on customer's perception of electricity service delivery in Cape Coast District will contribute to literature on electricity service delivery. Sectors such as the health, telecommunication and hospitality have a pool of literature on the quality of service delivery. This study also contributes to the library of literature on the electricity sector of Ghana. It is expected that the results of this study contributes towards filling existing research gaps and to fashion appropriate corrective measures to improve service standards in the electricity industry.

Secondly, the study will provide findings that would serve as a guide to ECG–Cape Coast in its present and future tailoring of service delivery to customers. ECG has as part of its strategic plans to be amongst the best electricity distribution companies in Africa. As such, management has its policies and objectives fashioned out to achieve this vision. This research, will contribute in unearthing some of the grass root challenges that inhibit the success of ECG's vision.

Lastly, the study will provide information on the bottlenecks that confront the Cape Coast district in its mandate to provide quality service to customers. As an open system, ECG is influenced from within as well as the environment with myriads of challenges. Bureaucratic processes, politics, policy and utility regulators sometimes pose as bottlenecks to the efficient provision of quality service.

### **Organization of the Study**

The study is organised into five (5) chapters. The background to the study, statement of the problem, objective of the study, significance of the study, scope of the study and the organization of the study make up chapter one. Chapter two is the literature review. It presents an overview of quality of service delivery in the global and international services industries and the general concept of service delivery. Chapter three focuses on the research methodology. It describes the type of data used and the method of data collection, the sample size and the procedures adopted in selecting the sample as well as the method of analyzing the data. Chapter four examines and discusses the results and main findings with reference to the literature. Finally, chapter five is devoted to the summary, conclusions and recommendations as well as areas of further research.

## CHAPTER TWO

### LITERATURE REVIEW

#### **Introduction**

The broad aim of this chapter is to review the literature so as to present theoretical as well as the empirical frameworks for the study. The chapter, therefore, captures the opinions, observations and assessment of some other studies on the subject of study.

#### **Theoretical Framework**

##### **SERVQUAL Model**

Achieving and maintaining customer-perceived service quality is regarded as an essential strategy for the successful provision of overall customer satisfaction and customer retention in today's competitive business environment.

Realization of competitive advantage through quality requires an understanding of what customers consider quality, i.e. defining the determinants of quality and commitment of an organization to achieve it (Hansen & Bush, 1999).

The GAP model emphasizes five gaps that lead to a failure in the provision of services: the gap between a customer's expectation and perceptions of an organization's management of the customer expectations, the gap between the perceptions of the company's management and the service quality specifications, the gap between service quality specifications and the ways of providing services, the gap between the delivered service and services that were promised to the customer via external communication – Customer expectations are affected by the statements of an organization's representative and its

advertising, the gap between a perceived service and an expected service – a gap exists when a customer misunderstands the service quality.

In 1988, Parasuraman et al., 1990, introduced the SERVQUAL (or PZB model) as an instrument of measuring the service quality. SERVQUAL ‘aims to measure’ the difference between perceptions (performance) and expectations ‘of the five dimensions’ following the disconfirmation model. Hom (2000) defines disconfirmation as ‘the evaluation of perceived performance according to one or more comparison standards. Disconfirmation can have a positive effect (generally implying a satisfying result), a negative effect (generally implying a dissatisfying result), or a zero effect’. In essence the latter, focuses on the gap between performance and expectations stated by the customers (Robinson, 1999).

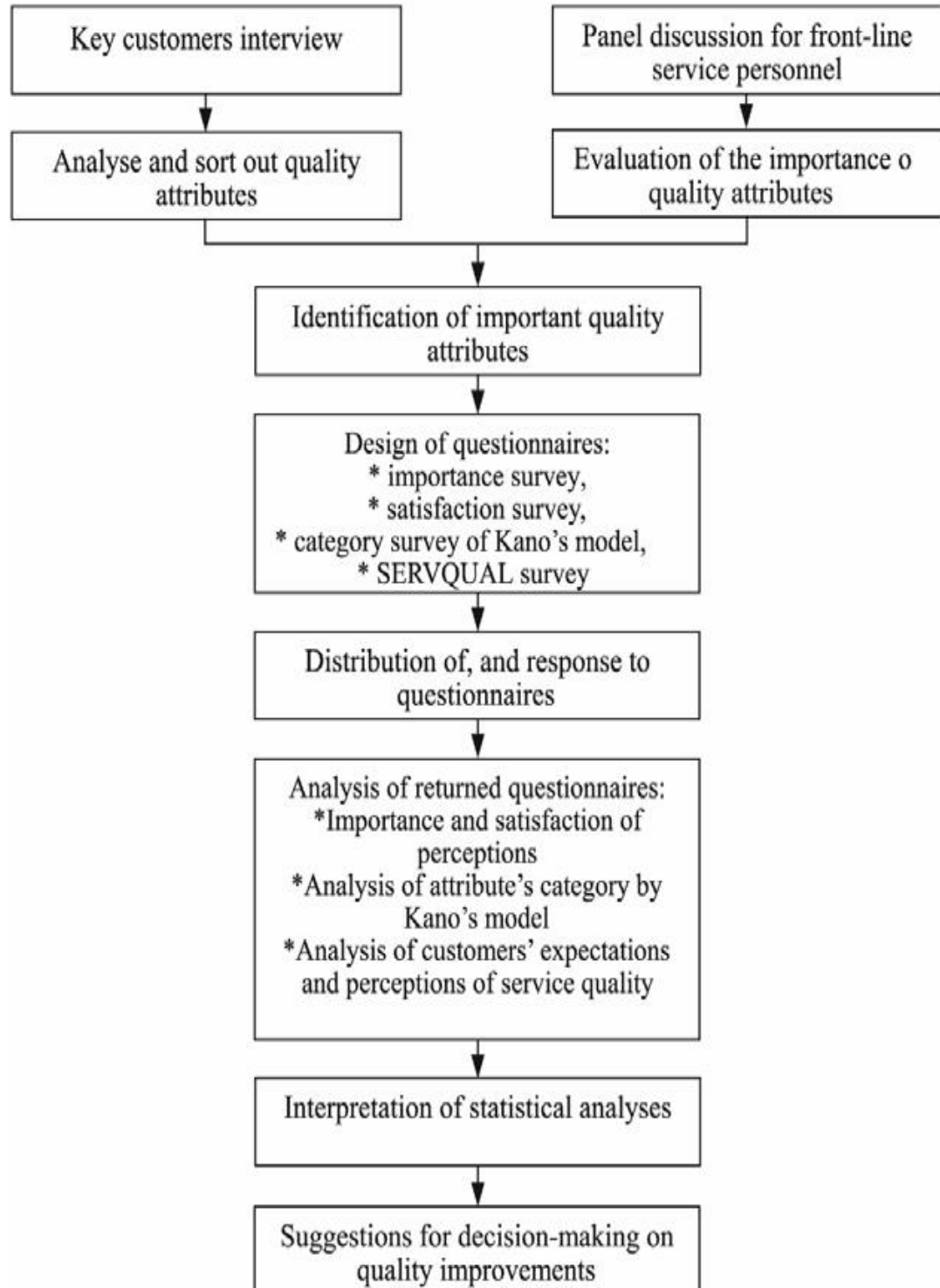
However, Parasuraman *et al.*’s SERVQUAL was critiqued by various scholars. Dotchin and Oakland (1994) stated that the dimensionality of SERVQUAL depend on the context which is applied and cannot be generalized in any service industry. In addition, Caruana and Pitt (1997) argued that gathering data for both perceptions and expectations is in doubt, as expectations may be in the customers’ perceptions. Moreover, Tan and Pawitra (2001) mentioned that SERVQUAL is not an instrument, so as innovation to be achieved. Finally, Imrie, Imrie, Cadogan, and McNaughton (2002) posited that cultural assumptions are not taken into consideration when the instrument is applied in countries with different cultures and conventions.

The main advantage of SERVQUAL model is that it can be successfully applied in a variety of service industries, due to its possible modification and adaptation to the specific requirements of each organization. It is also of great importance for the evaluation of the relation. SERVQUAL model can be used for complex analysis, as it provides the basis for control of the so-called non-financial variables such as customer satisfaction. It enables monitoring of a service quality over time, identification of a service components that are particularly good or bad, benchmarking of results with competitors and the measurement of the overall customer satisfaction with a particular service.

According to critics, SERVQUAL model is focused more on the process of a service delivery rather than on the process of interaction with employees and other users of the company, such as social responsibility. In addition, it is believed that this model does not include measurement of technical quality dimensions. In order to conceptualize the service quality, the following dimensions are critical from a customer aspect (Sureshchandar, 2002):

### **The Integrated Model of Service Quality Measurement (IMSERVICE QUALITYM)**

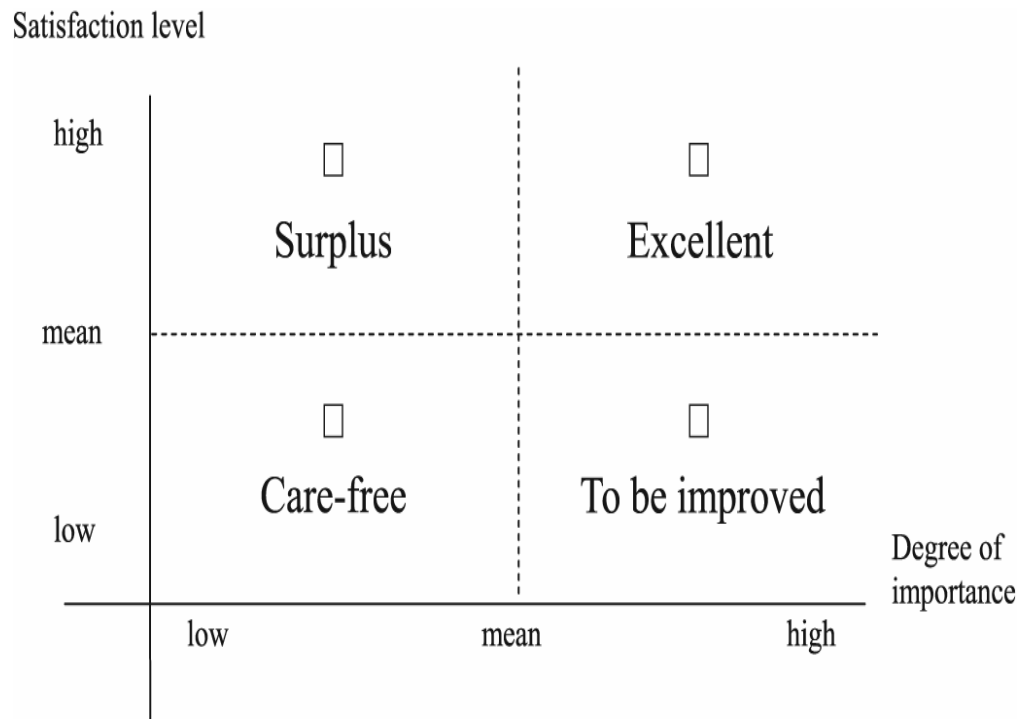
Yang (2003), introduced the IMSERVICE QUALITYM, going further from the traditional frameworks of SERVQUAL/SERVPERF. He proposed that the judgment of service quality is ‘not based solely’ on the service outcome but also on the process of service delivery. IMSERVICE QUALITYM is constituted from various logical steps which lead in suggestions of decision-making related to SERVICE QUALITY concerns- Figure 1.



**Figure 1: The integrated model of service quality measurement**

**Source: Adopted from Yang (2003)**

IMSERVICE QUALITYM proposes that critical service quality dimensions are determined from the beliefs of both key customers and front-line employees. The beliefs of these two groups are used to construct a questionnaire, administered to customers in order for their perceptions to be identified. In addition, the model suggests the incorporation of several methods such as the importance-satisfaction model (Figure 2.) in order for the analysis of the questionnaires to be achieved.



**Figure 2: The Importance-Satisfaction Model**

**Source: Adopted from: Yang (2003)**

The importance-satisfaction model, as proposed by Yang (2003), is used to map the areas for improvement, focusing on the attributes where an organization should locate its efforts related to the service quality improvements.



## Concept of Perception

Perception as a psychological concept defies a single definition. It may not only be dependent on the stimulus attributes of what is being perceived, but also determined by examining the individuals experience, intention and social needs. Again, the perceiver is not a passive and an indifferent organism but one who actively selects information and forms perceptual hypothesis in order to reduce uncertainty and decides what precisely is happening.

Similarly, perception is not only determined by physical stimulation, but rather it is an organized complex depending on a host of factors such as attention, constancy, motivation, organization set, learning, distortion and illusion. In their attempt to define perception, Wortman, Loftus and Marshal (1992) stated that perception is the process whereby the brain interprets sensations it receives by giving order and meaning. Thus, hearing sounds and seeing colour may be largely sensory processes, but hearing sounds and being able to interpret the sound is perceptual. Zimbardo (1992) defined perception as the overall process of apprehending objects and events in the external environment; to sense them, understand them, identify and label them and to prepare to react to them.

According to Collins school dictionary (2000) perception is your understanding of something or someone. Ibeh (2001) defined perception as the process of identifying, discriminating, recognizing and judging objects, qualities or relations to our environment by means of sensory information. This definition simply explains that an individual learns to understand his physical and social world through sense organs.

Okot-Uma (2002) however define perception as the image or feelings formed in one's mind about some perceived phenomenon or object. While Abul, (2010) defines perception as an individual's understanding of something or someone, Adekunle, Oguns, Shekwolo, Igbuku, and Ogunkoya (2012) terms perception as a way of regarding, understanding or interpreting something, a mental impression of a given phenomenon. Perception is a function of present, past and future experiences, incorporating motives, contexts, needs, expectations, goals and people and the necessity to communicate with them.

Allport (1954) and Bruner (1957) contend that the way things appear to us is a process of selective categorization and interpretation. Categorization involves placing or sorting stimulus inputs in certain ways based on our previous experience. According to Ibeh (2001), factors that influence perception are social, personality and cultural which together influence the production and utilization of locally available innovations. Other factors are interpersonal influence, values, beliefs, expectations and needs.

In conclusion, perception operates in accordance with the needs, goals and purposes of the experiencing individual and largely depends on the accumulation of past experiences. That means that individual perception of any object or event is a function of both the functional utility of the percept and past experience.

## **Customer satisfaction**

According to Hansemark and Albinson (2004), satisfaction is an overall customer attitude towards a service provider, or an emotional response to the difference between what customers anticipate and what they receive, regarding the completion of some need, goal or desire. According to Hoyer and McInnis (2001), customer retention is the practice of working by institutions to satisfy customers with the intention of developing long-term relationships with them. Several scholars have examined the significance of customer satisfaction in service industry. One among them is Kotler (2000) who defined satisfaction as a person's feelings of pleasure or disappointment resulting from comparing a product's perceived performance or outcome in relation to his or her expectations. Hoyer and McInnis (2001) also are of the view that satisfaction can be related to feelings of approval, cheerfulness, relief, enjoyment, and delight of the individual.

There are countless factors that affect customer satisfaction. According to Aryeetey (2001), these factors include friendly employees, courteous employees, knowledgeable employees, and helpful employees; accuracy of billing, billing timeliness, competitive pricing, service quality, good value, and advertising lucidity. Customer satisfaction means something more than a happy customer; it is generally used in commerce and business sector. Customer satisfaction is a word used in business organisations explaining about the quality of product and service that are being provided by companies to fulfill the need of their customers. For some, it is also a key performance indicator (KPI) of company (Jayaraman, Munusamy, Chelliah, & Mun, 2010). It is noted in some studies that satisfied

customers are the core element in long-term success of every business (McColl-Kennedy & Schneiderb, 2000). More so, companies' returns are seen to have a highly positive relationship with strong base of satisfied customers in the company (Yeung, Ging, & Ennew, 2002).

A customer is a person who executes transaction and competence of the institution relies on the quality of services delivered by that institution. To be able to sustain in such a competitive atmosphere, satisfied customers are the vital component which one can reach by unceasing innovation and upgrading in the quality of their services. To hold market share, it is crucial for the organization to beat/outperform its competitors which could be done by ensuring quality of products and services to appeal and retain customers by keeping them satisfied (Tsoukatos & Rand, 2006).

Customer satisfaction leads to improved customer trustworthiness (Yi, 1991; Anderson & Sullivan, 1993; Boulding et al., 1993) which in turn leads to advanced future income (Fornell, 1992; Bolton, 1998).

Interestingly, many scholars theorize customer satisfaction as an individual's sentiment of desire or dissatisfaction ensuing from equating the observed performance or outcome in relation to the anticipation (Brady & Robertson, 2001; Lovelock, Patterson & Walker, 2001). There are two broad conceptualizations of satisfaction here, that is, the transaction-specific satisfaction and the cumulative satisfaction (Boulding et al., 1993; Jones & Suh, 2000; Yi & La, 2004). Transaction-specific satisfaction is the customer's self-same assessment of his or her knowledge and response towards a certain service

encounter (Boshoff & Gray, 2004). Such a response is conveyed by the customer who encounters a product or service for the first time. In the interim, aggregate satisfaction refers to the customer's total assessment of the consumption experience to date (Johnson, Anderson, & Fornell, 1995); an individual build-up of contacts with services provided them from every day. It is from this addition that customers create a personal standard which is used to measure service quality. Nevertheless, in overall, it is established that customer satisfaction measurement is a post-consumption assessment by the user, about the products or services gained (Yuksel & Rimmington, 1998).

Satisfaction normally is theorized as an attitude like judgment following a purchase act or based on a series of consumer- product/service interaction (Yi, 1990). The general opinion is that the confirmation/disconfirmation of preconception product/service standards is the vital determinant of satisfaction (Erevelles & Leavitt, 1992; Oliver 1996). By far, the most common are predictive expectations of attribute performance, as incorporated in the expectations disconfirmation (ED) model of satisfaction response (Boulding, Richard, & Zeithaml, 1993; Oliver, 1996, Tse & Wilton, 1988). Desires based on features and benefits that are considered ideal or inspirational in the service quality domain have also been recommended (Westbrook & Reilly, 1983). Other models use equity expectations based on what the consumer believes reasonably should occur given the product/ service price (Oliver & Swan, 1989), and experience based norms derived from personal experiences or information received (Cadotte, Woodruff, & Jenkins, 1987). Although these four (4) types of comparison

standards reflect the four principal satisfaction models articulated within the Consumer Satisfaction (CS) paradigm. Previous scholars probably have overemphasized the importance of predictive expectations and the ED model (Cadotte, Woodruff, & Jekins, 1987).

Odindo and Delvin (2010) noted that increase customer satisfaction in organisation has the potential to enhance organisational performance. According to Hansemark and Albinson (2004), satisfaction is an overall customer attitude towards a service provider, or an emotional reaction to the difference between what customers anticipate and what they receive, regarding the fulfilment of some need, goal or desire. According to Hoyer and McInnis (2001), customer retention is the practice of working to satisfy customers with the intention of developing long-term relationships with them. Kotler (2000) defined satisfaction as a person's feelings of pleasure or disappointment resulting from comparing a product's perceived performance (or outcome) in relation to his or her expectations. Hoyer and McInnis (2001) said that satisfaction can be associated with feelings of acceptance, happiness, relief, excitement, and delight.

### **Concept of Service quality**

The effort an organization invests in providing services to meet and satisfy the expectations and requirements of its customers can be referred to as service quality. Edvardsson (1998), stated that, service quality is 'customer-oriented' despite the fact that this is not the rule. Loyalty and satisfaction are highly correlated means within the service quality concept. It is observed that the success of an organization largely depends on their ability to create a base for trust and

satisfied consumers thereby increasing revenue through sales and reducing costs. (Yavas & Shemwell, 1997; Yang, 2003). In a market of keen competition, service quality is a key determinant that guarantees the growth and also differentiates the product or service offerings from available substitutes in the market. (Yang, 2003).

According to Herson and Nitecki (2001), service quality has been defined from at least four perspectives: **Excellence**-is the mark of uncompromising and high achievement; exceeding or going beyond what is expected; **Value**-it incorporates multiple attributes, but quality and value are different constructs-one the perception of meeting or exceeding expectations and the other stressing benefit to the recipient; **Conformance to specifications**- it facilitates precise measurement, but users of a service may not know or care about internal specifications; **Meeting and/or exceeding expectations**- this definition is all-encompassing and applies across service industries, but expectations change and may be shaped by experiences with other service providers.

A service is an action or series of accomplishments of tangible or intangible type, which take place in relations to customer and employees and /or whole systems for the supply of services, which are given as explanations to problems of customer (Gounaris, Koritos, & Vassilikopoulou, 2010). Deprived of any uncertainty and reservation, service quality is a significant factor in any business related activity. This is particularly so, to marketer a customer's assessment of service quality and the consequential level of gratification are alleged to affect bottom line dealings of business success (Iacobucci et al., 1994).

Customer hopes are beliefs about a service that serve as criteria against which service performance is judged (Zeithaml et al., 1993); which customer considers a service provider should offer, rather than on what might be on offer (Parasuram et al., 1988).

Service quality is also seen as the variance between customer's expectations for the service meet and the perceptions of the service received. According to the service quality theory (Oliver, 1980), it is anticipated that customers will critic quality as 'low' if performance does not meet their expectations and quality as 'high' when performance exceed expectations. Narrowing this gap might require toning down the expectations or heightening the perception of what has actually been received by the customer (Parasuraman et al., 1985).

In the same vein, Gronroos (1982) is of the view that, perceived quality of a given service is the outcome of an appraisal process since consumers often make comparison between the services they expect with perceptions of the services that they receive. He established that the quality of service is reliant on two variables: Expected service and Perceived service. Quality spells superiority or excellence (Taylor & Baker, 1994; Zeithaml, 1988), or, as the consumer's overall impression of the relative inferiority/superiority of the organization and its services (Bitner & Hubbert, 1994; Keiningham et al., 1994-95). Consumer behavioural intentions are also influenced by the standards of service quality (Bitner, 1990; Cronin & Taylor, 1992, 1994; Choi, 2004).



Undoubtedly, there has been substantial argument regarding the nature of the relationship between the construct of satisfaction and quality. While much study suggests that service quality is a crucial antecedent to customer satisfaction Cronin and Taylor (1992), there is also a solid evidence to suggest that satisfaction may be a vital antecedent of service quality (Bitner, Booms, & Tetreault, 1990). Irrespective of which opinion is accepted, the relationship between satisfaction and service quality is strong when scrutinized from either direction. Satisfaction affects assessments of service quality, and assessments of service quality affect satisfaction (McAlexander, 1994). In turn, both are important in assisting consumers develop their future purchase targets. In one of the limited empirical studies of the relationship between quality and satisfaction, Iacobucci (2002) resolved that the main difference between the two concepts is that quality relays to decision-making delivery of the service while satisfaction echoes customers' experience with that service.

### **Managing Service quality**

Service quality is an approach to management of business processes in order to achieve total satisfaction to the customer on all levels (internal and external). It is a means that leads to an increase in competitiveness, effectiveness and flexibility of the entire company. Goetsch and Davis (2006) observed that, the measure of quality, people and processes within the organization is needed for service quality to be achieved. Hence, for the organization to be customer-focused and provide total quality, these three dimensions should be managed properly.

As indicated by Dale and Oakland (1994) quality has to be managed it will not just happen. Numerous frameworks have been introduced in order for quality to be managed properly. The two most well-known models are the Total Quality Management (TQM) and the International Standards Organisation (ISO) 9000 series. Total quality management is a framework which aims to provide advances in the fields of competitiveness, efficiency and flexibility within an enterprise (Oakland, 1993). It is regarded as a crucial path in the processes of scheduling, organizing and visualizing every quality step a company takes. In addition, TQM emphasizes continuous improvement (Oakland, 1993). ISO 9000 is an international quality standard for goods and services, (Goetsch & Davis, 2006). It is concerned with the standardization of internal processes employed by an organization, so as to manage and improve its service quality effectively (Dick, 2001). ISO 9000 demands accountability and documentation of the quality processes (Masternak & Kleiner, 1995) and service quality measurement as well (Singh, 2006).

### **Importance of Service Quality Assessment**

Regular service quality assessment enables organizations to align itself to the changing needs of customers (Dutka & Frankel, 1993). Service organizations realize the need for excellent service delivery to boost their competitive urge in the business market and the electricity industry is no exception. Improvement of product and service quality has been argued out as an appropriate competitive strategy for achieving sustainable competitive advantage (Morgan & Piercy, 1996). This requires management to continuously examine current processes

against the demands of customers in the marketplace and then update their operations in line with market requirements (Wilds & Parks, 2004).

Improving service quality will intensify customers' satisfaction (Kim, 2005), help to retain existing customers and attract new ones (Rahman, 2006). It will lead to both market expansion and gains in market share (Lee & Lin, 2005), improve profit (Mohsin, 2007) and reduce unnecessary costs associated with damage control. The importance of service quality to organizations is best concluded in this sound statement: Excellent service is a profit strategy because it results in new customers, more business with existing customers, fewer lost customers, more insulation from price competition, and fewer mistakes requiring re-performance of services (Shepherd, 1999).

To achieve improved quality, there must be an understanding of its competitive implications. This importance necessitates examining service quality in the context of strategic management of firms (Powell, 1995; Pruett & Thomas, 1996). Karatepe (2005) observed that organizations pursuing service quality as a way of segregating and/or differentiating themselves from their competitors gaining competitive advantage.

The value of high quality service is reflected in a more competitive positioning in the industry, and also in a better business performance. This statement can be measured by the increase of profitability and market share. The results of a research carried out in the USA on a sample of 2600 companies in the period between 1987 and 2002; show a direct connection between the level of quality of goods and services and their financial performances. As a matter of

fact, it was observed that all indicators of success of a company, like market share, return on investments and property turnover coefficient show significantly more value in companies with a higher level of quality goods and services (Gržinić, 2007): Quality is a complex term, made up of several elements and criteria. All quality elements or criteria are equally important in order to obtain one hundred percent superiority. If only one element of quality is missing, the complete quality of product or service is impossible to obtain (Gržinić, 2007).

Besides the general elements of quality, the product or service has to satisfy specific elements of quality, according to the demands of the profession in their pertaining activity. Today quality is the result of growing and increasingly diverse needs of the consumers, along with a highly increasing competition, market globalization and the development of modern technology (Gržinić, 2007).

As stated by Yang (2003), organizations are able to gain beneficial advantage if they use product measurement within the concept of service quality. They can receive real time responses and feedback from customers as to what quality attribute are held paramount by their customers. I agree with the concept that service quality is principally based on asking customers of their perception and expectation of service and what they actually received. There are a lot of methods that can be applied in the administering of service quality measurement and judging its performance based on that. Some of the methods are customer surveys, customer interviews and customer value workshops. One of the most valuable frameworks of measuring the service quality performance is Parasuraman et al's SERVQUAL.

## Dimensions of Quality

The state of quality can be perceived from a number of angles depending on how it is described. In all of the states described, it can be realized that no individual state can exist on its own without a reflection of the other. The states intersect each other no matter how one looks at it. These dimensions provide the structure for the service quality, a basic understanding of them is essential. After extensive research, Parasuraman et al., (1990) found five dimensions' customers use when evaluating service quality. Should providers get these dimensions right, customers will hand over the keys to their loyalty because they will have received service excellence according to what's important to them. All dimensions are important to customers, but some more than others.

Service providers need to know the right combinations to avoid majoring in minors. At the same time, they can't focus on only one dimension and let the others suffer. Generally, five distinct dimensions can be identified. These are: Tangibles, Reliability, Responsiveness, Assurance and Empathy that customers consider for evaluating the quality of products/services. These dimensions are described as follows:

- Tangibles: Appearance of physical facilities, equipment, personnel and communication materials. This includes organisation's physical facilities, their equipment, appearance of their personnel and appearance of communication materials used to promote their products and or services.

- Reliability: Ability of the organization to perform the promised service dependably and accurately. It means that the service organization performs the service right the first time and honours all its commitments.
- Responsiveness: Willingness of organisation's staff to help customers and provide them with prompt service. This refers to timeliness and promptness in providing the service.
- Assurance: Knowledge, competence and courtesy of employees and their ability to convey trust and confidence in the customer towards the service firm. Competency refers to the possession of required skills and knowledge to perform the service. Courtesy involves politeness, respect, friendliness, honesty and trustworthiness of contact personnel.
- Empathy: Caring, individualized attention the firm provided its customers. It includes the approachability, ease of contact of service providers and making of efforts to understand the customer needs.

### **Need for service quality**

Service quality will sustain the customers' confidence in a service provider's service delivery, attract more new customers, increase business with existing clients, reduce dissatisfied customers with fewer mistakes, maximize a company's profits and increase customer satisfaction (Berry *et al.*, 1994; Lee *et al.*, 2000). However, quality costs are expensive, usually about 30–50 per cent of sales revenues (Newman & Cowling, 1996), and time consuming to realize the benefits. Whoever implements them first will gain advantages before others.

Hence, service quality will be an important business catalyst driving the organisation's business and ultimately will reflect in corporate performance.

### **The Service Industry**

In the view of Solis *et al.*, (1998) and Rodie and Martin (2001), it was asserted that the global phenomenon of competition between organizations and the hostile environment they operate in is even more challenging and dynamic. The competitive landscapes have been strengthened by the impact of expanding Information Technology (IT) and increasing demand for complicated customer needs. Also, product life cycles have been shortened in addition to improvement of product capabilities. With respect to these challenges, organizations attempt to add value on their products and go beyond and above meeting customers' needs and expectations. In such a competitive environment, only those organizations which attempt to exceed their consumers increasing expectations will succeed.

As mentioned by Kotler (2000), it is not enough to satisfy customers. Organisations will succeed only by delivering valuable services to their customers (Zineldin, 2005). The superiority of providing valuable services is translated as quality in the eyes of customers (Zineldin, 2006). According to Brown *et al.* (2005), the 'moments-of truth' are critical for an organization. Thus, providing excellence and quality is considered to be of great concern in achieving success in a competitive industry.

In contemporary organizational conditions characterized by extreme volatility, uncertainty and dynamism, the survival, growth and development of a company is conditioned by focus on providing high level of customer satisfaction.

Customer satisfaction is the leading goal and measure of success of the modern organization, and its measurement is one of the most important tasks of management. Lack of knowledge on the level of customer satisfaction or dissatisfaction is causing the failure of many organizations. Customer satisfaction is the basis for creating customer loyalty, which in turn means their retention in the future. In the service market, a high rate of brands change is evident due to intense competition and demanding customers. Customer expectations regarding service quality and other components of the value (price, delivery, communication with customers), keep rising due to a higher level of customer knowledge, as well as superior offers of service organizations. Achieving loyalty in such conditions requires the creation of unique value for customers, which incorporates the wanted superior service quality, the appropriate associated products, security, personalized communication and benefits in payment.

From the early era of service management, researchers and practitioners traditionally had been focusing their attention on the notion of “moment of truth” which reflected the importance of handling each customer interaction with great care. It is emphasized that every interaction between the customer and service provider made an impact in building customer perceived quality (Edvardsson, & Strandvik, 2000). These interactions could be active or passive which necessarily may not directly involve the presence of the customer. Some perceptions about the service quality could be through word of mouth, observations, mediums such as telephone conversation and many more.



Before businesses begin to create tools to measure the level of satisfaction, it is important to develop a clear understanding of what exactly the customer wants. An organization needs to know what its customers expect from the products and services it provides. If expectations are exceeded, positive affirmation results, while a negative affirmation results when customer experience is poorer than expected. In today's world of intense competition, the key to sustainable competitive advantage lies in delivering high quality service that will in turn result in satisfied customers.

Kolter and Armstrong (1999) defended the customer satisfaction as the customer's perception that compares their pre-purchase expectations with post purchase perception. Oliver (1997) defines satisfaction as the consumer's fulfillment response, a post consumption judgment by the consumer that a service provides a pleasing level of consumption-related fulfillment, including under or over-fulfillment. Oliver (1981) point of view Customer satisfaction is the evaluation a customer makes to a certain exchange, which reflects the relation of the customer's expectation and their real perception to products and services they receive. Customer expectations are the customer-defined attributes of product or service a business must meet or exceed to achieve customer satisfaction. Two types can be identified here as - Expressed and Implied (Dutka, 1995).

### **What Constitutes Satisfaction**

An organization is in existence to meet a need of a customer. Meeting a need or exceeding the need of a customer creates some level of satisfaction if not delighted. An underperformance on the contrary will certainly create

dissatisfaction (Naumann & Giel, 1995). Major attributes of customer satisfaction can be summarized as: Product Quality; Product Packaging; Keeping delivery commitments; and Price.

### **Tools for measurements**

Customer expectations can be identified using various methods such as Periodic Contract Reviews, Market research, Telephonic Interviews, Personal visits, Warranty records, Informal discussions and Satisfaction Surveys. Depending upon the customer base and available resources, a business can choose a method that is most effective in measuring the customers' perceptions. The purpose of the exercise is to identify priorities for improvement. A business must develop a method or combination of methods that helps to continually improve service

Ensuring customer satisfaction and loyalty are the key issues of marketing theorists and practitioners. The ongoing challenge of retaining customers is particularly pronounced in the service market, which is characterized by intensive competition and demanding customers, who, due to specificity of services, show greater loyalty to the company rather than to a specific service (Kancir, 2007). The high rate of customers who are switching to the competing brands has caused a number of specific theoretical considerations and empirical research on the determinants of customer satisfaction and loyalty and their relation with organization success. Many of them have shown that servicing of existing customers reduces costs and increases profits, and a high correlation between retention of existing customers and the total company value has also been

confirmed. Numerous studies have shown that customers' value for an organization increases with extension of the period of their bonding, and that servicing the same customers increases the organization efficiency because of better understanding and gained experience.

Dynamism of customer's preference, expectations and differentiation based on purchasing power, life style and value system creates many challenges and issues in ensuring customer satisfaction. Their selectivity and diversity of choices affect the constant increase of expectations level for future purchases. Global competition increases customer requirements, and imposes the need for continuous research of their preferences and purchasing process. The information about customer behaviour and different influences on their purchase decisions are the backbone of service quality management and development of the customer loyalty strategies. The aim of those activities is to ensure a strong customer attitude toward the service, and particularly to create the necessary level of differentiation of attitude to a competitor's service. Issues in realization of this goal require continuous research of satisfaction and loyalty determinants and an understanding of their relationship. Through analysis of different authors' attitudes, it can be concluded that the quality of a delivered service is the key determinant of the achieved level of customer satisfaction. Studies dealing with the relationship between satisfaction and a service quality have shown that a higher level of service quality leads to a higher level of customer satisfaction (Pollack, 2008). On the other hand, some studies could not show a strong

relationship between the service quality and the customer satisfaction (Lovreta, 2010).

Those results lead to the conclusion that the quality of a delivered service is not the only determinant of customer satisfaction, therefore activities of the service companies are focused on creating superior value for customers. It incorporates a package of wanted elements/attributes such as: superior service quality and additional products, personalized communication, benefits in payment, unique experience, safety, etc. The focus on creating superior value for customers increases the level of their expectation in future purchase, and mutual exchange of information between users (Lovelock, Wirtz, 2007; Zeithaml et al., 2003). Transmission of messages through social networks has intensified communication with customers and changed the way customers accept and respond to some market information (Ramsev, 2006; Sing, 2008)

Creating customer satisfaction and loyalty in such conditions requires a company to develop confidence and affection, and treatment of customers as partners, not just as value users. The development and usage of customer competences, i.e. knowledge and skills in a process of shaping and delivering values, is not a question of choice for a company, but it is a question of its survival.

Quality has been defined as the consumer's overall impression of the relative inferiority or superiority of the organization and its services (Zeithaml, 1990; Taylor & Baker, 1994). It is the standard of something as measured against other things of similar kind or the degree of excellence of something. (Source:

Oxford Advanced Learners Dictionary). It is also defined as the degree to which a set of inherent characteristics fulfill requirement (PMBOK, 2008). Perceived service quality is an attitude of a consumer judgment on the overall service. It results from a comparison of consumers' expectations with their perceptions of the service actually delivered by supplier e.g. providing services which are not provided by others; positive word of mouth to others about the service. From literature relating to perception of service delivery in other related fields of hospitality, banking, airline and retailing etc, success and profitability is being attributed to the service quality being rendered to cherished customers.

The need for understanding the service dimension of product line of organizations is extremely essential as it forms the basis of evaluation of service itself. A good research into understanding the dynamics of customer taste and preference by an existing service provider or a potential service provider; suitable tailoring of products and services to serve an identified need, design service strategy and execution of delivery and enhanced efficiency level, results in customer's satisfaction. This is the ultimate objective of all the service providers. Getting new customers is time consuming and involves higher costs than retaining the existing customer.

As mentioned afore, service quality is relative and subjective, hence, it is challenging for researchers to conclude on how it is conceptualized and actually measured. In view of this, it is necessary to internalize some definitions and characteristics of the nature of service and service quality.

### **Customer satisfaction and service quality**

Customer satisfaction and service quality are issues at global level that affect all organizations. The interest of institutions in their customers is mainly determined by the recognition that high quality services are related to customer satisfaction and commitment, more inclination to mention to others, reduction in criticisms and increase customer withholding (Buteele, 1996). Two terms are closely related one is customer satisfaction and other is service quality. Both are directly proportional. If one increases, other increases vice versa. Customer satisfaction is a term used to satisfy the customers by the service quality provided by banks. Customer complaints are related with the customer satisfaction. If customer complaints are less, then it means customers are more satisfied (Lee, 2009). Service quality can be described as the understanding power of the organization's performance, achievements and efficiency. If perceived service quality is good according to the customer behaviours and intentions, then customers are more satisfied and loyal with their products (Zeithamal, 2000; Yang, 2001). If service quality of product is not good, then sales and profits will be reduced and ultimately customers shift towards other competitor's product (Yang, 2001).

The impacts of service quality on consumer decision-making seem to be mostly unintended and interceded by value and satisfaction (Brady & Cronin, 2001). A criticism of works discloses that the terms quality and satisfaction are fairly often used interchangeably. Whereas both constructs are related and appear to be merging, there are still gaps in understanding them, their association to each

other and their precursors and significances (Gwynne, 1999). A difference has often been made between the two constructs. According to Cronin and Taylor (1992), this discrepancy is important to both managers and researchers alike, because service suppliers need to know whether their objective should be to have consumers who are satisfied with their performance or to deliver the determined level of supposed service quality.

Oliver (1997) is of the view that satisfaction is the expressive reaction following a disconfirmation experience. Getty and Thompson (1994) perceived satisfaction as a 'summary of psychological state experienced by the consumer when confirmed or disconfirmed expectations exist with respect to a specific service operation or practice. Rust and Oliver (1994) recommended that customer satisfaction or dissatisfaction, a cognitive or affective reaction, arises as a response to a distinct or protracted set of service encounters. Satisfaction is a post-consumption knowledge which likens perceived quality with expected quality, whereas service quality refers to universal estimation of a firm's service delivery system (Parasuraman, 1985). Anderson and Fornell (1994) on the other hand perceived quality as a universal attitudinal judgement associated with the dominance of the service experience over a period of time. For instance, it is active in nature and less transaction specific (Getty & Thompson, 1994).

Surprisingly, there has been substantial argument regarding the nature of the relationship between the construct of satisfaction and quality. Whereas much research suggests that service quality is a vibrant precursor to customer satisfaction (Cronin & Taylor, 1992), there is also a strong suggestion that

satisfaction may be a vital antecedent of service quality (Bitner, Booms, & Tetreault, 1990). Irrespective of which opinion is taken, the relationship between satisfaction and service quality is great when studied from either direction. Satisfaction affects assessments of service quality, and assessments of service quality affect satisfaction (McAlexander *et al.*, 1994). They are all important in aiding purchasers develop their future purchase intentions. In one of the little practical works of the relationship between quality and satisfaction, Iacobucci (2002) established that the major dissimilarity between the two constructs is that quality relates to managerial delivery of the service while satisfaction reflects customers' experience with that service. Both contended that quality expansions that are not based on customer needs will not lead to better customer satisfaction. There is also a recommendation that consumers are indifferent to levels of service that fall within their area of acceptance and are motivated by unexpectedly high levels of service quality that in turn produce delight.

Intellectual disagreement has revealed that the attainment of some standard, or upgrading in an element, will generate satisfaction, but its absence, or reduction, will not generate dissatisfaction. On the contrary, the failure to achieve a standard of another element may generate dissatisfaction in the customer; however, its presence will not necessarily produce satisfaction and repeat purchase. Traditional study methodologies are linear based that is, they assume dependable returns across all responses. There is however, some study evidence which indicates that the impact of poor performance may convey a greater result than the benefit of performance excellence. There is a proposal that word-of-



mouth effects from poor performance are many times greater than those ensuing from positive performance represent sign of a possible non-linear effect (Cronin, 2000). Swan and Comb (2001) are of the view that consumers judge products on a narrow set of traits, some of which are comparatively important in determining satisfaction, while others are not critical to consumer satisfaction but are related to dissatisfaction when performance on them is unsatisfactory.

### **Assurance of Customer Satisfaction in Service Organizations**

Ensuring customer satisfaction and their long term retention is one of the most important tasks of the service company management. A high level of customer satisfaction is the main tool for creating a long-term loyalty, business stability, growth and development of the organization. Customer satisfaction is a very important aim and instrument for managing a modern organization that is faced with new challenges in contemporary environment. Numerous empirical studies have confirmed that a satisfied customer will buy more and more often in comparison to those who identify themselves as dissatisfied. To determine customer behaviour after purchase, and to become a determinant of loyalty, satisfaction must be cumulative, in other words satisfaction must exist in each transaction.

Customer loyalty is the frequency of service purchase in the same company or organization; the level of willingness to patronize service in the same organization whenever a need arises (Kancir, 2007). In order to achieve customer loyalty, it is necessary to build customer behaviour loyalty and attitude loyalty which shows tendency to future behaviour (Kumar & Shah, 2004). That kind of

loyalty leads to the desired profit. Increasing the level of customer loyalty by 5% can increase profits as much as 100% if customers buy often and if they buy more (Rahman, 2004).

The preference of retention of the existing customers to winning new customers is conditioned first of all by intensive competition pressures and by high costs of acquisitions of new customers. A number of strategic alliances on a global scale have increased, as well as mergers and acquisitions. The resulting global competition significantly affects the creation of standards in service industry, and customers behavioural changes, since they are becoming more mobile, better educated, more IT literate, and with greater purchasing power.

Customer behaviour in the process of service purchase: before, during, and after the purchase is complex and involves much decision making (Kotler et al., 2007; Jen & Fesenmaier, 2002). People's behaviour generally observed is very complex and hard to understand. This is especially true for their behaviour in the purchasing process, because it is dynamic and involves a number of people and their interactions (Olson, 2002). Customer behaviour in the process of selecting, purchasing and consuming of services is a socio-psychological process that involves many individual influences and impacts of environment that researchers need to identify and elucidate. According to the general model of customer behaviour, the decision making process of a purchase consists of three phases: the phase before the purchase, the purchasing phase and the phase after the purchase (Lovelock & Wirtz, 2007; Kotler et al., 2007).

The emotional state of the customer is a significant determinant of his satisfaction (Oliver, 1997). Positive emotions, such as happiness, excitement and warmth, increase overall satisfaction, while opposite reduce it significantly. Their intensity, stability, and time period can significantly affect the overall response of customers in the evaluation process of the obtained value. They may arise in the process of service usage (happiness during the holidays, staying with certain people, economic status), which significantly affects the perception of its performance and overall experience. The emotional status of customers can be influenced by other people (customers and relations) and behaviour of employees who are in direct contact with the customer.

Potential unexpected situations that arise at the stage of service usage can significantly determine the evaluation of the relationship between delivered and expected value (pleasure, delight, dissatisfaction). That sense can be a surprise by obtained value, whether it is higher than expected, or vice versa. In both cases, customers may engage in the collection of additional information in order to identify the reasons for this situation (Zeithaml et al., 2003). There are often situations that customers take partial responsibility for their satisfaction (maintaining certain instructions, carry out the activities). Even when this is not the case, research shows that customer dissatisfaction will be less if he finds that the cause was out of the company's control or that such an error is rare and does not repeat often.

The role of employees in shaping the attitudes and perceptions of customers or in generating their satisfaction and loyalty is crucial. It is pointed out

that they are a critical factor in achieving customer satisfaction and organizational success due to the significant roles that they have in the process of serving (Stanković & Đukić, 2009). Employees in the service industry can be divided into two categories: supporting staff and personnel for contact with customers. The helpful staffs at the first service line have a role of bonding limit, because it operates on the border of the organization. The importance of employees in making a final decision on the purchase and management of customer behaviour in the evaluation process of a relevant choice has increased their importance in the company. Success in carrying out marketing activities is conditioned by the degree of compliance to organizational goals and goals of employees.

To achieve this agreement, it is necessary to develop the market culture and climate that favours good interpersonal relations and friendly atmosphere in the company. Traditionally low positioning staff that comes into direct contact with customers has been replaced in the hierarchical structure of the company by a new notion that employees are an important marketing tool and an integral part of the company bidding. A customer demands a fair relationship with the sales staff, which is why service companies reward their employees for fair and professional treatment of customers, positively resolved complaints that reduce the costs of a client and the organization.

Customer loyalty to a number of brands represents an additional problem in the management process of satisfaction and loyalty. The absence of true loyalty is the result of their desire to diversity in purchase and desire to experience different things. This behaviour in the consumption of services is more

pronounced in times of crisis especially due to the weakening of purchasing power of a significant number of customers. Therefore, service organizations devote considerable attention to the creation of satisfaction to all points of service contact with customers.

### **Relationship between Service quality and Customer Satisfaction**

Quality is an important element of value and it is a key strategic asset of organizations. Customer perception of quality is an important determinant of their purchase choice and the achieved customer satisfaction. Quality can be defined in different ways and from different perspectives. From the customers' perspective, quality is what a customer or a target segment considers it to be, i.e. the ability of a product or a service to meet or to exceed his expectations (Veljković, 2009). The final assessment of whether the required quality is delivered or not is by the acceptance or rejection in the market by customers. Therefore, quality is not viewed through the utility value and the costs of its creation, but through the achieved customer satisfaction and the profit that is created on this basis. Therefore, quality is most commonly defined as the totality of features/characteristics of the products or services that have the capacity to meet the expressed and implicit needs (Koter at al., 2002).

Evaluating the quality by customers is the result of benefits that they gain by using a product (service), and its image. However, the main problem that arises in the management of service quality, in service companies, is that quality cannot be easily identified and measured due to the specificity of services (Jain&Gupta, 2004). In relation to the quality of a product, it is more difficult for customers to

measure objectively the quality of service, due to the intangibility as one of the main characteristics. Therefore, the authors do not give consent regarding the definition of service quality. The dominant perception is that the quality of a service is its delivery that is in accordance with the expectations of customers, i.e. the result of customers' comparisons between expectations related to a certain service and their perception on how services should be provided (Caruna, et al., 2000).

Complete quality assessment depends on evaluation of benefits that it provides, and also the processes of its delivery, shows the complexity and multidimensionality of the quality of service concept. Service quality is observed as a multidimensional structure. There is a consensus in the opinion that service quality should have three basic elements (Pollack, 2008): the quality of results, the quality of interaction and the quality of service environment.

The quality of results is a real result of a service contact and it is an essential element of a quality service, given that the customer, through its decision to buy, assesses actual benefits that are expected from its use. A customer often measures this result in a fairly objective way. The quality of interaction refers to the assessment of the overall relationship between a customer and the service staff, which converts an input into an output. This element of quality is often perceived by a customer in a rather subjective way. The third dimension, which is the subject of a review by a customer, is the quality of the service environment, i.e. visible physical or information architecture that provides a visual stimulus about an organization, its functioning and services (service company facilities,

design, and equipment, interior). The importance of this dimension may vary depending on the nature of a service activity and the intensity of the interaction between the staff and service customers.

The following dimensions of service quality correspond to this understanding: technical quality of the service encounter actual result, functional quality of the interaction between service provider and the service customer and the company's image, which is the result of the previous two dimensions, but also the result of the cost of service, communication activities, company location, internet site accessibility, skills and behaviour of employees (Ghobadian, 1994).

Delivery of a higher service quality compared to a competition is a goal of every service organization. It is a requirement for getting a competitive advantage and achieving a stable profit. Profit is the result of exceeding the benefits in relation to the costs of creating quality. Greater benefits are a result of higher customer satisfaction, which leads to an increase in demand, repurchase, and retaining of customers. The main objective of a company is to exceed customer expectations about service quality (Kotler et al., 2007).

The delivery of such services includes: The focus on the market and customers. Problems related to service quality are higher in organizations that are not focused enough on the identification and action in order to meet the identified needs and expectations of customers; Competencies of the first service line, given that a service quality is estimated based on the total interaction with service customers, hence, they bind to the service and the organization; Shaping the behaviour of employees and their direction to meeting needs and demands of

customers. Empowerment of employees is a sign of confidence in their abilities to perform responsible tasks, which has been recently perceived as an important factor that reduces the tension between employees and managers; a clear vision of the service quality. One result of the interactive nature of services is the need to have a clear vision of the service quality at the organizational level. Without adequate vision, employees will be inclined to create their own interpretation of the service quality (Ghobadian et al., 1994).

Researching the connection between service quality and customer satisfaction is necessary for understanding the ways in which assessment is carried out, if the selected choice (service) has met expectations and to what degree. The assessment is subjective and depends on the particular customer (individual). It may be based on rational and emotional motives and is subject to changes. The analysis of satisfaction should include customer expectations and experience in the use of the services in a given time or in a shorter period of time. Customer expectations are formed on the basis of personal experience and information from other sources. Since customer expectations change over time, even while using the service, some vendors tend to underestimate the performance of services, so that customers could be delighted. Customer expectations are their beliefs about the level of services to be provided by a service company and they serve as the standard with which a service company compares its services. In order to understand customer satisfaction better, it is necessary to identify three levels of customer expectations in terms of service quality:



Level 1: This is the lowest level of customer expectations that are in the form of assumptions, i.e. something that is included by a specific service. For example, a tourist assumes that he will arrive safely at a certain destination, or a client of a bank expects that his transactions will be secure;

Level 2: Customer expectations in relation to the requested benefits are slightly higher in comparison to the previous level. For example, in addition to security, a tourist expects personnel on board to be friendly and intimate; a bank client expects that the seller will be focused on solving his problems;

Level 3: This level of expectations includes fulfillment of requirements, such as excitement and enjoyment when using a service e.g. obtaining additional values such as prizes, discounts, unique experiences and amenities in repayment of loans.

Fulfillment of the third level of expectations means that a total customer satisfaction is provided (TCS – *Total Consumer/Customer Satisfaction*), i.e. the wishes and needs are fully met. By continuously providing these elements, high exit barriers are created and the safest way to ensure long-term loyalty. Creation and delivery of greater value to customers is the best way to achieve total customer satisfaction. The mission of the modern organization has to be the creation and delivery of the value-added services to a customer.

Customer satisfaction is influenced by customers' perceptions of quality (Zeithaml & Bitner, 2000). Service quality is an antecedent of the broader concept of customer satisfaction (Gotlieb et al., 1994; Buttle, 1996; Zeithaml & Bitner, 1996; Lee et al., 2000) and the relationship between service quality and loyalty is

mediated by satisfaction (Caruana, 2002; Fullerton & Taylor, 2002). Customer satisfaction is the customers' evaluation of services after purchase as opposed to their expectation (Oliver, 1997; Zeithaml & Bitner, 2000).

Baker and Crompton (2000) defined satisfaction as a personal experience and mentality related the link between personal expectation and actual receive. Customer satisfaction is the overall evaluation to services. It is the reflection customers make to their previous purchase. If it always exceeds their expectation, their loyalty increases. Customer satisfaction should be highly valued in business (Ostrom & Iacobuci, 1995; Hou& Yao, 1995; McAlexander et al., 2003). FonVielle (1997) pointed out that improving customer satisfaction is the only way to business success.

The relationship among service quality and customer satisfaction has received considerable attention in the marketing literature (Brady et al., 2001; Cronin and Taylor, 1992; Meuter et al., 2000; Oliva et al., 1992; Olorunniwo et al., 2006; Zeithaml et al., 1996). Within this research area, numerous empirical studies have reported the positive relationship between customer satisfaction and service quality (Andaleeb & Conway, 2006). The European and American customer satisfaction indices models, however, suggest that service quality is a component of satisfaction (Fornell et al., 1996). Firms that provide superior service quality also have a more satisfied customer base (Gilbert et al., 2004; Gilbert & Veloutsou, 2006).

### **Empirical Review of other Service Sectors**

Behavioural theories such as the theory of motivation explain the important role of the human resource in achieving a competitive edge through quality production and distribution (Mathis & Jackson, 2004). Again, consumer behaviour and marketing theories have established a relationship between the service provider and the service consumer. Also, quality theories such as Total Quality Theory and Theory of Constraints link people (employees) to the nature of service provided by the service organisation such as the bank (Pryor, White & Tombs, 1998). In addition, several empirical studies such as the Parasuraman et al., (1988) have established a relationship between service quality and customer satisfaction with people playing a key role in almost all these findings in several sectors including the provision of financial services.

Parasuraman et al., (1988) in their work clearly distinguish the roles and positions of the service provider with the point of delivery influencing a great deal as to the quality of the offering. The consumer receiving such situations inevitably may depend on the skills and competences of the service provider who the consumer gets in contact with. But often than not, especially in the case of banks and financial intuitions in Ghana there has been several public outcry about the quality of service offered by them. In addition, Osei-Bonsu (2011) documented evidence of customer complaints and dissatisfaction within the financial sector including the banks.

In the study by Saghier and Nathan (2013) relationship between tangibles and customer satisfaction was not significant enough. They found that

infrastructure facilities are not important enough to say that they must provide good service, but it is need in delivering good quality service. In another study by Nabi (2012) it was found that a customer would prefer a bank with convenient location while a bank using modern technology for its operations and having well organized waiting cues will be of less importance comparatively. Convenient location is of more importance for customers than the other dimensions as proved in the study by (Munusamy, Chelliah, & Mun, 2010) that tangibles have significant relationship with customer satisfaction.

Although physical environment is not directly linked with the service being provided, it acts as visual stimulus for bank quality services. There is intense competition in providing service in a place well managed and equipped with modern technology as it is necessary for attracting and retaining customers (Molae, Ansari, & Teimuori, 2013). Scholars have examined the relationship existing between customer expectation, perceived service quality and customers' satisfaction and established that there is a strong positive correlation (Zeithaml et al., 1988; Parasuraman et al., 1985; 1988). Accordingly, a rise in service quality of the banks can fulfil and advance positive attitudinal loyalty of customers which eventually maintains valued customers (Nadiri, 2009), similarly, the greater the level of perceived service quality of customer the greater the customer satisfaction. When alleged service quality is lower than anticipated service quality, customers will be dissatisfied (Jain & Gupta, 2004). Earlier scholars have established that satisfaction of the customers can assist the brands to develop long and profitable relationships with their customers (Eshghi, Houghton & Topi,

2007). Although, it is expensive to create satisfied and loyal customers but, that would ascertain the level of profitability in a long run for a firm (Anderson, Fornell & Mazvancheryl, 2004). So, a firm should focus on the enhancement of service quality and charge fair price in order to satisfy their customers who would eventually assist the firm to maintain its customers (Gustafsson, Johnson & Roos, 2005).

Customer satisfaction can be ascertained by either subjective factors (e.g. customer needs, emotions) or objective factors (such as product and service features). Relating to the banking industry, there have been several works that examined features that clients expect regarding customer satisfaction. Atkinson (1988) established in a study that cleanliness, security, value for money and courtesy of staff determine customer satisfaction. Knutson (1988) findings showed that good environment and comfort, convenience of location, prompt service, safety and security, and friendliness of employees are important. In the same vein, Barsky and Labagh (1992) indicated that employee attitude is likely to influence customers' satisfaction. Similarly, a study conducted by Akan (1995) revealed that the key elements of customer satisfaction are the behaviour of employees, cleanliness and timeliness. Choi and Chu (2001) supported these findings in their study and established that, staff quality, product qualities and value are the top three factors that determined customer' satisfaction.

Also, quality theories such as Total Quality Theory and Theory of Constraints link people (employees) to the nature of service provided by the service organisation such as the bank (Pryor, White & Tombs, 1998). In addition,

several empirical studies such as the Parasuraman, Ziethaml and Berry (1988) have established a relationship between service quality and customer satisfaction with people playing a key role in almost all these findings in several sectors including the provision of financial services.

Parasuraman, Ziethaml and Berry, (1988) in their work, clearly distinguished the roles and positions of the service provider with the point of delivery influencing a great deal as to the quality of the offering. The consumer receiving such situations inevitably may depend on the skills and competences of the service provider who the consumer gets in contact with. But often than not, especially in the case of banks and financial intuitions in Ghana, there has been several public outcry about the quality of service offered by them. Hanson, Dasah, and Owusu-Frimpong (2011) found weak relationship in the service quality knowledge among banks in Ghana. In addition, Osei-Bonsu, (2011) documented evidence of customer complaints and dissatisfaction within the financial sector including the banks.

### **Summary**

From the discussion in the literature, it is observed that much scholarly work has been done on relationship between service quality and customer satisfaction. Most of the studies employed behavioural theories such as the theory of motivation to explain the important role of the human resource in achieving a competitive edge through quality production and distribution. Again, consumer behaviour and marketing theories have also been used to establish a relationship between the service provider and the service consumer. Also, quality theories

such as Total Quality Theory and Theory of Constraints link people (employees) to the nature of service provided by the service organisation such as the bank.

## CHAPTER THREE

### METHODOLOGY

#### **Introduction**

This chapter covers the methods that were used in collecting the data to help achieve the objectives of the study. Specifically, the chapter presents approach for the research, study design, study area, population, sample and sampling procedures, data collection instruments, pretesting of the data collection instrument, data collection procedures, data preparation and data analysis procedures. The presentation of this chapter makes it easier for this study to be compared with other studies thereby deepening comprehension of the work plan while enhancing possible replication of the study in future (Pallant, 2007).

#### **Study area**

The Cape Coast Metropolitan Assembly is home to the regional capital of Central Region. The metropolitan forms part of the twenty (20) Metropolitan, Municipalities and Districts in the Central Region of Ghana. The Metropolitan is bounded on the south by the Gulf of Guinea, west by Komenda / Edina / Eguafo /Abrem Municipal, east by the Abura/Asebu/Kwamankese District and north by the Twifo/Hemang/Lower Denkyira Districts. The Metropolis covers an area of 122 square kilometers and is the smallest metropolis in the country. The administrative capital is Cape Coast.



### **Profile of study organization**

The Electricity Company of Ghana has 13 directorates at the Head office. It is however, broken down into ten (10) operational regions namely; Accra East, Accra West, Tema, Eastern, Central, Volta, Western, Ashanti West, Ashanti East and Sub-transmission that report to the director of operations. The regions are headed by General Managers. The 10 operational regions have been decentralized into districts. The company has seventy-nine (79) operational districts, which Cape Coast District is one.

The Electricity Company of Ghana is a limited liability company wholly owned by the Government of Ghana. The company was incorporated under the Companies Code, 1963 in February 1997. It began as the Electricity Department on 1st April 1947 and later became the Electricity Division in 1962. It was subsequently converted into Electricity Corporation of Ghana by National Liberation Council, NLC Decree 125 in 1967.

In July 1987, the Volta River Authority set-up the Northern Electricity Department (NED), which took over from ECG the responsibility for the management of electric power distribution in Brong Ahafo, Northern, Upper West and Upper East Regions. The company is therefore responsible for the distribution of electricity in the southern part of Ghana namely, Ashanti, Central, Eastern, Greater Accra, Volta and Western Regions.

## **Research Design**

A meaningful research work of this nature depends extensively on varied methods and techniques to be adopted by the researcher to arrive at satisfactory findings. The descriptive study design was used for this study. The descriptive study design was chosen because it is appropriate for finding answers to questions through assessing opinions or attitudes of individuals towards events of procedures (Cohen, Manon & Morrison, 1995). According to Befring (1994), descriptive analysis compromise principles, methods, and techniques to present questionnaires, compile and construe empirical data. This facilitates working with empirical data gathering, analysis and interpretation of information since it accommodates the use of tables and diagrams for better understanding.

## **Population**

The population for this study consists of all customers of Electricity Company of Ghana in the Cape Coast metropolis. Customers in the Cape Coast metropolis were chosen in order to reduce the confounding effects of any disparities in customer characteristics (Boohene, Sheridan & Kotey, 2008) and also for in-depth study and analysis (Fening, Pesakovic & Amaria, 2008).

## **Sample Size and Sampling procedure**

Convenience sampling approach was used to select the respondents due to the fact that it is fast, inexpensive and ease of access to volunteering customers who availed themselves. The sample size chosen for the study was 120 customers including both corporate and household customers of the Electricity Company of Ghana - Cape Coast District. The respondents were conveniently selected at

random to fill out the questionnaires because there is no sampling frame to draw the sampling units from. This, therefore, led to the adoption of the non-probability sampling technique by the researcher.

### **Data Collection Instruments**

The data was collected through the use of self-administered questionnaire. In the view of Neelankavil (2007) questionnaires guarantee greater uniformity, consistency and objectivity in data collected. Structured questionnaires containing close and open ended questions were used to obtain needed data from the respondents. These were questions designed for the corporate and household customers of Electricity Company of Ghana, Cape Coast District. The customers were asked to rate their perceptions and expectations in ‘a 7-Point-Likert-scale’ ranging from 1 (strongly disagree) to 7 (strongly agree) (Robinson, 1999).

### **Data Collection Procedure**

Data collection is an important aspect of any type of research study. As a result, self-administered questionnaires were used to collect primary data and was used to obtain information. The administration of the instrument preceded by a letter of introduction which was requested from the University of Cape Coast, School of Business, and intended to introduce the researcher to the respondents. The respondents were assured of confidentiality, anonymity of information given and guaranteed that information provided would only be used for academic purpose. The researcher also met one on one with respondents in their various departments and offices to agree on convenient time for administration of the instruments.

As regards to the distribution, administration and collection of the instruments, the researcher use a period of two weeks. The questionnaires were personally administered by the researcher to the respondents. Before the administration of the questionnaires, the rationale for the study was explained to the respondents. The data collection took two weeks and the instruments were received and used for the analysis. The questionnaires were administered to customers at the customer service centres as and when they walked in to transact one business or another while questionnaires were administered to staff in their offices during their break periods.

#### **Data Analysis Procedure**

After sorting out the questionnaires, the data was computed and analyzed using the Microsoft Office Excel Package version 2007. The program produced pie and bar charts for the responses of each variable. Instruments such as frequencies and percentages were used to analyze the data.

## CHAPTER FOUR

### RESULTS AND DISCUSSION

#### **Introduction**

This chapter is in two sections: the first section deals with the presentation and discussion of both preliminary and major findings that were drawn from the data collected in order to find answers to the research questions and the second section discusses the results in relation to the research question as well as the literature review.

#### **Background characteristics**

This section gives background information about respondents. It deals with the gender, age, and level of education of the respondents. Demographic characteristics of individuals are perceived to have influence on their perception of services delivered to them. The ability of a service provider to provide better and satisfactory services to customers, and retain them is the key to competitiveness in every business. Customer's satisfaction may only be dependent upon the customer's perception about the quality of service encountered. In view of this, the study sought to describe the demographic characteristics of the respondents and relate it to their perceptions about service delivery of the Electricity Company of Ghana in the Cape Coast district.

Table 1: *Background characteristics*

Description	Frequency	Percentage
<b>Gender</b>		
<i>Male</i>	102	85.0
<i>Female</i>	18	15.0
<i>Total</i>	120	100
<b>Age</b>		
<i>18-25</i>	15	12.5
<i>26-35</i>	54	45.0
<i>36-45</i>	43	35.8
<i>46 and above</i>	8	6.7
<i>Total</i>	120	100
<b>Level of education</b>		
<i>Primary</i>	0	0.0
<i>Middle school</i>	8	6.7
<i>JSS/JHS</i>	17	14.2
<i>SSS/SHS</i>	16	13.3
<i>Tertiary</i>	79	65.8
<i>Total</i>	120	100

Source: Field data 2015

The results from Table 1 indicated that the majority of the respondents were males representing 102 (85.0%) and 18 (15.0%) were females. This gender imbalance is due to the fact that most females refused to partake in the survey.

With regard to age of the respondents, the results revealed that the majority, 54 (45.0%) of the respondents fell between the ages of 26-35 years, 43 (35.8%) being between the ages of 36-45 years, 15 (12.5%) between 18-25 years, and 8 (6.7%) were 46 and above years. The results suggest that, most of the respondents in this study were in their youthful ages.

With respect to the level of education, the findings indicated that most of the respondents 79 (65.8%) had tertiary education. Whereas 17 (14.2%) of the respondents had JSS/JHS, 16 (13.3%) had SSS/SHS and 8 (6.7%) had Middle school. This implies that most of the respondents used for this study had tertiary education. The results of this study indicated that the respondents had adequate knowledge on the issue under investigation.

### **Service Quality Dimensions of ECG in the Cape Coast Metropolis**

The study sought to find out from the respondents their perception of service quality dimensions of ECG in the Cape Coast Metropolis in the Central Region of Ghana. The responses of the respondents as collated from the self-administered questionnaires are presented in Table 2.

Table 2 : *Service quality*

Service quality	Mean	Standard Deviation
I always receive excellent service from ECG	2.44	1.21
My complaints are resolved promptly by ECG	2.19	0.97
ECG performs the promised services dependably and on time	2.12	1.02
I am satisfied with reliability of service delivery	2.18	1.03
Overall Mean = 2.233		

Source: Field data 2015

The results from Table 2 showed that, the majority of the customers of the ECG in the Cape Coast Metropolis had low level of satisfaction about the quality of services delivery of the ECG in the Cape Cost Metropolis ( $\bar{X} = 2.233$ ). The mean values indicate the satisfaction level of respondents which is below average as per the scale given. Service quality is a significant factor in any business related activity. The quality of service delivered to customers determines the level of satisfaction of the customers and the employees in an organisation.

### **Customer satisfaction**

This study sought further to find out the level of customer satisfaction about service delivery by ECG in the Cape Coast metropolis in the Central Region of Ghana. Table 3 presents the results.



Table 3: *Level of customer satisfaction*

Customer satisfaction	Mean	Standard deviation
ECG staff deal with customers in a caring way	2.76	1.32
Staff offer individualized and personalized attention to customers	2.37	1.25
ECG put customers at the centre of everything they do	2.70	1.38
ECG has adequate staff to serve customers	2.83	1.43
Staff welcome complaints from customers	3.00	1.14
Staff give customers prompt service delivery	2.26	0.92
Complaints are acknowledged and resolved promptly	2.25	1.00
Customers are warmly welcomed on entering ECG premises	2.93	1.27
Staff tell customers exactly when services will be rendered	3.30	1.40
Request by customers are authorized promptly	2.80	1.10
Overall Mean= 2.72		

Source: Field data 2015

With respect to customer satisfaction of service delivery by ECG, the results revealed that customers of ECG in the Cape Coast metropolis were not satisfied with the service delivery by ECG ( $\bar{X} = 2.72$ ). From the results, it can be deduced that most of the customers were not satisfied with the services delivered to them by the staff of ECG. Thus, the findings of the study clearly indicated that customer satisfaction of service delivery was at a low level.

This confirms what has been said in the literature by Komal (2009) who established in a study that cleanliness, security, value for money and courtesy of staff determine customer satisfaction the absence of which lead to customer dissatisfaction. Also, the findings of Odindo and Delvin (2010) showed that good environment and comfort, convenience of location, prompt service, safety and security, and friendliness of employees are important, but when absent can lead to customer dissatisfaction. In the same vein, Ogutu and Oloko (2012) indicated that employee attitude is likely to influence customers' satisfaction.

Similarly, a study conducted by Kotler and Keller (2006) revealed that the key elements of customer satisfaction are the behaviour of employees, cleanliness and timeliness. Choi and Chu (2001) supported these findings in their study and established that, staff quality, product qualities and value are the top three factors that determined customer' satisfaction.

### **Relationship between quality of services offered and customer satisfaction**

Another aim of the study was to determine the relationship between quality of service offered and customer satisfaction in the ECG in the Cape Coast metropolis. The results are presented in Table 4.

Table 4: *Correlation matrix between service quality and customer satisfaction*

	Service quality	Customer satisfaction
Service quality	1	
Customer satisfaction	0.657**	1

Source: Field data 2015

\*\* . Correlation was significant at ( $p < 0.01$ ) (2- tailed)

Pearson product-moment correlation coefficient was employed to determine the relationship that existed between the study variables. The correlation was significant at  $p < 0.01$  probability level. Correlation coefficient ( $r$ ) was interpreted according to the guidelines recommend by Cohen (1988), that is, small ( $r = .10 - .29$ ), medium/moderate ( $r = .30 - .49$ ) and large ( $r = .50 - 1.0$ ). The results revealed high positive association between service quality and customer satisfaction ( $r = .657$ ,  $n = 102$ ,  $p < 0.01$ ).

This result suggested that, when service quality is good it will lead to customer satisfaction. The result is consistent with the findings of scholars who have examined the relationship existing between customer expectation, perceived service quality and customers' satisfaction and established that, there is a strong positive correlation (Zeithaml et al., 1988, Parasuraman et al., 1985; 1988).

Accordingly, a rise in service quality of the institution can fulfil and advance positive attitudinal loyalty of customers which eventually maintains valued customers (Nadiri et al., 2009). Similarly, the greater the level of perceived service quality of customer the greater the customer satisfaction. When alleged

service quality is lower than anticipated service quality customer will be dissatisfied (Jain & Gupta, 2004). Other scholars such as Eshghi, Haughton and Topi (2007) have established that satisfaction of the customers can assist the brands to develop long and profitable relationships with their customers.

The results of a number of researches revealed that there is a clear relation between service quality and customer satisfaction. The study of Pollack (2008) supported the results and concluded that there is relationship between satisfaction

### **Role ECG employees play in enhancing service delivery**

The study sought to examine role ECG employees' in the Cape Coast metropolis play in enhancing service delivery to customers. Service delivery indicators are mostly used to assess roles of employees in an organisation.

Table 5: *Role ECG employees play in enhancing service delivery*

Role	Frequency	Percentage	Mean
Provision of reliable service	25	20.8	2.19
Having empathy for customers	24	20.0	2.26
Prompt response to customers	20	16.7	2.64
Give assurance to customers	16	13.3	2.58
Provision of tangible services	20	16.7	2.62
Provision of customer satisfaction	15	12.5	2.74
Total	120	100	Overall Mean=2.505

Source: Field data 2015

The statistics from Table 5 revealed that, the majority of the respondents in the Cape Coast metropolis had poor perception about the role ECG employees' in enhancing service delivery to customers, because the overall mean value is ( $\bar{X} = 2.505$ ). The overall mean value revealed that the respondents had bad perceptions about the role ECG employees' in the Cape Coast metropolis in enhancing service delivery to customers.

The findings of Parasuraman, Ziethaml and Barry (1988) supported the results of this study that perception of customers about service quality inevitably may depend on the skills and competences of the service provider who the consumer gets in contact with. But often than not, especially in the case of some service delivery intuitions such as ECG, there has been several public outcry about the quality of service offered by them. In addition, Osei-Bonsu (2011) findings support the results of this study when he documented evidence of customer complaints and dissatisfaction within the service institution banks.

The result is in line with that of Stanković and Đukić (2009) that the role of employees in shaping the attitudes and perceptions of customers or in generating their satisfaction and loyalty is crucial. It is pointed out that they are critical factors in achieving customer satisfaction and organizational success due to the significant roles that they have in the process of serving. Employees in the service industry can be divided into two categories: supporting staff and personnel for contact with customers.

## **Perception of customers about the quality of service delivery of ECG in Cape Coast Metropolis**

Delivery of a higher service quality is said to be a goal of every service organization. It is a requirement for getting a competitive advantage and achieving a stable profit. Profit is the result of exceeding the benefits in relation to the costs of creating quality. Greater benefits are a result of higher customer satisfaction, which leads to an increase in demand, repurchase, and retaining of customers. The main objective of a company is to exceed customer expectations about service quality. This can be obtained by examining perception of customers about the quality of service delivered to them.

This study sought to find out customers' perception about the quality of service delivery of ECG in the Cape Coast Metropolis. The responses of the respondents are presented in table 6.

Table 6 : *Perception of customers about the quality of service delivery of ECG in Cape Coast metropolis*

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*Reliability*

Perception of customers about service quality	Mean	Standard Deviation
I always receive excellent service from ECG	2.44	1.21
My complaints are resolved promptly by ECG	2.19	0.97
ECG performs the promised services dependably and on time	2.12	1.02
I am satisfied with reliability of service delivery	2.18	1.03
Overall mean = 2.233		

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Source: Field data 2015

*Empathy*

Perception of customers about service quality	Mean	Standard Deviation
ECG staff deals with customers in a caring way	2.76	1.32
Staff offer individualized and personalized attention to customers	2.37	1.25
ECG services are customer centered	2.70	1.38
ECG has adequate staff to serve customers	2.83	1.43
Staff welcome complaints from customers	3.00	1.14
Overall Mean=2.732		

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Source: Field data 2015

*Responsiveness*

Perception of customers about service quality	Mean	Standard Deviation
Staff give customers prompt service delivery	2.26	0.92
Complaints are acknowledged and resolved promptly	2.25	1.00
Customers are warmly welcomed on entering ECG premises	2.93	1.27
Staff tell customers exactly when services will be rendered	3.30	1.40
Customer requests are authorized promptly	2.80	1.10
Overall mean = 2.708		

Source: Field data 2015

*Assurance*

Perception of customers about service quality	Mean	Standard Deviation
ECG staff exhibits a lot of confidence	3.30	1.28
The staff treat customers as individuals	2.93	1.22
The staff are courteous and friendly	3.08	1.22
The staff have requisite knowledge about the services rendered	3.72	1.11
I will recommend this office to others	3.00	1.10
Staff address customers only by their names	2.93	1.12
Overall mean = 3.738		

Source: Field data 2015



*Tangibles*

Perception of customers about service quality	Mean	Standard Deviation
ECG has modern facilities and equipment	3.46	1.19
ECG facilities are virtually appealing	2.68	1.52
ECG services are visible on its premises	2.85	1.33
Staff of ECG appear in professional attire	2.92	1.44
ECG facilities are customer and disability friendly	2.66	1.49
Overall mean = 2.914		

Source: Field data 2015

The results from Table 6 showed that, the customers of the ECG in the Cape Coast metropolis had low perception about the quality of services delivery of the ECG in terms of reliability, empathy, responsiveness, and tangibility respectively ( $\bar{X} = 2.233$ ), ( $\bar{X} = 2.708$ ), ( $\bar{X} = 2.233$ ), and ( $\bar{X} = 2.914$ ).

This agreed with the view of Ibeh (2001) that, factors that influence perception are social, personality and cultural which together influence the production and utilization of locally available innovations. Other factors are interpersonal influence, values, beliefs, expectations and needs. In conclusion, perception operates in accordance with the needs, goals and purposes of the experiencing individual and largely depends on the accumulation of past experiences. This means that individual perception of any object or event is a function of both the functional utility of the percept and past experience.

Contrary, in terms of assurance, the majority of the respondents in the Cape Coast metropolis had good perception ( $\bar{X} = 2.738$ ) about the quality of service delivery by ECG.

### **Conclusion**

This section explained how the data collected was analysed and discussed in relation to the research questions. The presentation of the results and the findings were divided into preliminary and main findings. The preliminary section dealt with the background information of respondents, whereas the second section discussed the main findings. The research questions were analysed and discussed in relation to the literature review. The next chapter presents a summary of the findings, draws conclusions and recommendations as well as areas for future research.

## CHAPTER FIVE

### SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

#### Introduction

This chapter presents a summary of the research process as well as the key findings that emerged from the research. The chapter also contains the conclusions and recommendations that were made based on the findings of the study.

#### Summary

The main objective of the study was to examine the level of customer's perception about the quality of service delivery of the Electricity Company of Ghana (ECG) in the Cape Coast metropolis. Specifically, the study sought to:

1. Determine the levels of service quality dimensions of ECG in the Cape Coast metropolis;
2. Determine the relationship between quality of services offered and customer satisfaction;
3. Assess customers' perception about quality of service delivery of ECG in the Cape Coast metropolis.

The descriptive design was adopted to carry out the study. The accessible population for the study comprised all customers of Electricity Company of Ghana in the Cape Coast metropolis in the Central Region of Ghana. A representative sample size of 120 was selected for the study using convenience sampling technique. Self-developed questionnaire was used for data collection. The descriptive statistics was used to analyse the data including means, standard

deviations, frequencies and percentages. Correlational analysis was conducted to identify the relationship between service quality and customer satisfaction.

### **Key Findings**

The findings of the study revealed that:

1. The majority of the customers had low level of satisfaction about the quality of services delivery of ECG in the Cape Coast metropolis in the Central Region of Ghana ( $\bar{X} = 2.233$ ). The results therefore suggest that the levels quality of services delivery of ECG in the Cape Coast metropolis was low.
2. The results revealed that the majority of the customers of ECG in the Cape Coast metropolis in the Central Region of Ghana were not satisfied with the service delivery by ECG ( $\bar{X} = 2.72$ ). From the results, it can be deduced that most of the customers were not satisfied with the services delivered to them by the staff of ECG. Thus, the findings of the study clearly indicated that customer satisfaction of service delivery was at a low level.
3. The results revealed high positive association between service quality and customer satisfaction ( $r = .657$ ,  $n = 102$ ,  $p < 0.01$ ). This result suggested that, when service quality is good it will lead to customer satisfaction.
4. The study revealed that, the majority of the respondents in the Cape Coast metropolis in the Central Region of Ghana had bad perception about the role ECG employees in the Cape Coast metropolis play in enhancing service delivery to customers, because the overall mean value is ( $\bar{X} =$

2.505). The overall mean value revealed that the respondents had bad perceptions about the role ECG employees' in the Cape Coast metropolis play in enhancing service delivery to customers.

### **Conclusions**

From the findings of this study, the following conclusions were made. First, since majority of the customers had low level of satisfaction about the quality of service it was therefore concluded that the level of the levels quality of services delivery of the ECG in the Cape Coast metropolis was low. Also, the customers were not satisfied with the quality of service delivery.

Again, it was realized that there was a positive high association between service quality and customer satisfaction. This result suggested that, when service quality is good, it will lead to customer satisfaction. It was therefore concluded that provision of quality service to customers lead to customer satisfaction. The results revealed that respondents had bad perceptions about the role of ECG employees in enhancing service delivery to customers. It was therefore concluded that the staff of ECG in Cape Coast district had poor customer relations.

### **Recommendations**

Based on the findings of the study and the conclusions that have been drawn, the following recommendations were made:

Firstly, ECG as a service provider should inculcate customer service orientation in their employee recruitment and selection process and continue to train and equip employees with customer relationship and quality service

provision skills. This will help to develop and maintain good organizational culture at the work place; improve service quality and customer satisfaction.

Secondly, management of ECG in the Cape Coast metropolis should encourage employees to behave well towards customers. Management should champion the crusade of delivering individualised services to customers and pay attention to their particular needs.

Also, management of ECG, Cape Coast district should focus on going beyond delivering good quality service by employing the ‘wow’ effect that brings about customer satisfaction.

Lastly, the Cape Coast District of ECG should emphasis on customer education and sensitisation on the various roles staff play in enhancing quality service delivery via various outlets such as media to reach out to all categories of customers as per the demography of the Metropolis.

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## Appendix



**UNIVERSITY OF CAPE COAST**  
**COLLEGE OF HUMANITIES AND LEGAL SERVICES**  
**SCHOOL OF BUSINESS**  
**DEPARTMENT OF ACCOUNT AND FINANCE**

### QUESTIONNAIRE

I, a student of the above named institution, seek to solicit views from the public on the topic **‘Customer perception of service delivery of the Electricity Company of Ghana (ECG) in the Cape Coast district’**. The information I receive from you will be strictly confidential and will be used only for the research I am undertaking for my postgraduate program. This exercise will take approximately ten (10) minutes of your time. Thank you for your cooperation and willingness to take part. This questionnaire is designed to solicit information from **CUSTOMERS** of ECG. Please indicate how the following service dimensions apply to your recent visit to ECG office.

**Please select the most appropriate answer by ticking (√) in the box provided.**

1. (a). Please indicate your level of education.

Primary  Middle School  JSS/JHS  SSS/SHS

Tertiary

(b). Gender: Male  Female





ECG puts customers at the centre of everything they do (Customer oriented).					
ECG has adequate staff to serve customers.					
Staffs welcome complaints from customers					

#### 4. Responsiveness

<b>RESPONSIVENESS</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
Staffs give customers prompt service delivery.					
Complaints are acknowledged and resolved promptly					
Customers are warmly acknowledged/welcome on entering ECG premises					
Staffs tell customers exactly when services will be rendered.					
Requests by customers are authorized promptly					
Any new policy is immediately communicated to customers.					
Staffs handle customers professionally.					

**5. Assurance**

<b>ASSURANCE</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
ECG's staffs exhibit a lot of confidence.					
The staffs treat customers as individuals.					
The staffs exhibit the necessary courtesies and are friendly to customers.					
The staffs have requisite knowledge about their services.					
I will recommend this office to friends and relatives					
Staffs address customers only by their name.					

**6. Tangibles**

<b>TANGIBLES</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
ECG has modern facilities and equipment.					
ECG facilities are visually appealing					
ECG's products (services) are visible on its premises and elsewhere in the form of advertisements					
Staffs of ECG appear in professional attire					
ECG's business hours are convenient for me as a customer.					
ECG has enough and accommodative seats for					

customers.					
ECG has enough space to prevent overcrowding.					
ECG's facilities are customer and disability friendly.					

**SECTION B: CUSTOMER SATISFACTION**

7. How long do you normally stay in ECG premise before getting served?

- a) Under 10 minutes       b) 0 – 20 minutes       c) 20 - 30 minutes   
 d) 30 - 40 minutes       e) Other, please specify .....

ii. How does the time spent at the premise of ECG affect your output at work in your work place?

.....  
 .....

8. Have you ever had any issues regarding the services rendered by ECG? YES   
 NO

If YES, what made you feel so?

.....  
 .....

9. You patronize the services rendered by the office because..... (*Pick as many as applicable*)

- (a). It is nearer to you.
- (b). You have no choice.
- (c).The district office has good customer service.
- (d).The district offers advice and technical assistance.
- (e).There is no competitor.

**Indicate if any other reason**.....

10. Please, indicate reasons why you initially became a customer of ECG.

- (a). You needed a meter
- (b). Easy access.
- (c). Payment of bills.
- (d). Technical assistance.
- (e) Reporting of faults.

**Others (specify)**.....

11. Please, indicate any of the above options (a – e) that need(s) improvement.

- i. ....
- ii.....
- iii.....
- iv. ....

*Thank you for participating in this research.*