



ASSESSING CUSTOMER SERVICE IN THE MALAWIAN PUBLIC POSTAL SERVICE

By

Steven Kayambazinthu Msosa

Student number: 21451036

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Department of Marketing and Retail Management
Durban University of Technology
Durban, South Africa**

APPROVED FOR FINAL SUBMISSION

Supervisor: Prof J.P. Govender (PhD, M Com, B Com Hons, B Paed)

Date

DECLARATION

I, Steven Kayambazinthu Msosa, hereby declare that this dissertation is original and all the materials used are appropriately acknowledged and explicitly referenced. A bibliography is appended to the dissertation.

I also certify that the dissertation has not heretofore been submitted in any of its parts or entirety for a degree in any other institution of higher learning locally or internationally.

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ABSTRACT

Achieving customer satisfaction has been the goal of every organisation. In recent times, the postal business world over has experienced a sharp decline in the volume of mail due to more efficient alternative channels of communication. The dwindling volumes of mail have necessitated that public postal operators diversify into financial services as one way of generating more revenue. The Malawi Posts Corporation (MPC) is faced with challenges ranging from cash scarcity, increasing competition from banks and other financial services players like mobile phone companies. At the same time, the customer in the modern age is well informed and demanding high quality service. As such, the MPC needs to ensure that customers remain satisfied with the quality standards being delivered in its network. The importance of achieving service quality and satisfaction are enormous. High quality service and customer satisfaction are tools for competitiveness, productivity and profitability.

The aim of this study is to analyse service quality in the Malawian public postal service. A modified SERVPERF questionnaire was used to assess customers' perception of service quality, customer satisfaction and customer loyalty. The service quality dimensions of tangibles, reliability, empathy, assurance and responsiveness were used to evaluate customers' perception of service quality. The 400 respondents were selected using convenience sampling and the eight Post Offices where this research was conducted were selected using purposive or judgemental sampling. Descriptive and inferential statistics were used to analyse data. Spearman rho was used to ascertain the relationship between variables. Man-Whitney and Kruskal-Wallis tests were used to compare differences between two independent variables.

The findings of this study show that customers' perception of service quality was generally good across all the five service quality dimensions and that all the dimensions of service quality have a positive relationship with customer satisfaction. In addition, the relationship between customer satisfaction and customer loyalty was found to be positive and significant. Recommendations are made in respect of improving the service quality dimensions because they have a direct impact on customer satisfaction which in turn affects customer loyalty.

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LIST OF ACRONYMS

MPC	Malawi Posts Corporation
MSB	Malawi Savings Bank
TNM	Telekom Networks of Malawi

CHAPTER 1: INTRODUCTION

1.1 Introduction

This chapter presents the context of the study with emphasis on the research problem, aims and objectives, the rationale and research methodology used. Furthermore, the scope of this research and brief outline of the chapters are provided.

1.2 Contextualisation of the study

Achieving service quality and satisfying customers has been the target of many organisations over the past decade and this has propelled the Malawi Posts Corporation (MPC) to consider engaging the Malawi Bureau of Standards (MBS) to help the organisation institutionalise quality in its daily activities and be certified. The MPC has recently experienced growth in the numbers of customers patronising financial services. Their expectations of service quality are very high and have to be met if the organisation is to remain a key player in the financial services sector. Quality of service is crucial if organisations are to be competitive and be able to differentiate their offering from competition (Siddiqi, 2011:12).

The traditional core business of public postal operators in the world is to deliver mail and parcels. However, with the surge of technology, patronage of alternative efficient communication channels has led to the decline in mail volumes. As reported in the white paper (United States of America, 2014:9), financial services have replaced the mail business as the main revenue generator for the public postal sector. In a bid to increase their revenue streams, postal administrations in the world and Sub-Saharan Africa in particular have signed partnerships with financial services institutions such as Money Gram, Western Union and Money Express (Clotteau & Anson, 2011:3).

The government of Malawi is championing financial inclusion which is aimed at driving the financial services sector to open up access to financial services. However, the challenge has been to convince financial players such as banks to

invest in brick and mortar in rural areas. There is a perception that such investments will not recoup costs in the short term due to low economic activity and also the fact that cash generating activities in these areas are largely seasonal (Bill and Melinda Gates Foundation, 2010:2; Aggarwal & Klapper, 2013:12). The distribution of banking facilities in Malawi is one branch per 100,000 individuals (FinMark Trust, 2013:68). Currently most Malawians send and receive money through MPC because it has the largest retail network (Kumwenda, 2012).

The limited availability of financial services institutions in Malawi has left the Malawi Posts Corporation as the first point of call for money transfer solutions. As a result, the quality of service has been greatly compromised (Kumwenda, 2012) hence the study aims to examine how customer service can be enhanced in public postal services with particular reference to Malawi.

1.3 Problem Statement

The financial services industry in Malawi has seen several new entrants such as mobile phone companies who are technologically driven, customer centric and have come up with mobile money transfer solutions of superior quality. Banks have also moved out of their cocoons and started providing mobile banking facilities by sending mobile vans or pickup trucks to rural areas on designated days (Bill & Melinda Gates Foundation, 2010:2). This has raised customer expectations of quality in financial services.

The performance of Malawi Posts Corporation financial services such as fast cash and electronic money order (FinMark Trust, 2013:71) has been growing every month amidst a number of concerns from customers. Despite these concerns, little has been done to come up with strategies for achieving customer satisfaction. Ramachandran and Chidambaram (2012:71) have noted that successful businesses value quality of service and customer relationship to achieve competitiveness. They further observe that in financial services, customer satisfaction and business growth can only be achieved by offering impeccable quality service.

The delivery of services to customers at Malawi Posts Corporation is in decline and this has affected the quality of service and satisfaction of customers. Furthermore, there is no proper customer service strategy regarding what needs to be done to improve customer welfare. Kumwenda (2012) observes that customers of Malawi Posts Corporation complain of poor service quality such as waiting for several days to receive money due to unavailability of cash, delays to access services due to congestion, power and network outage. The Department for Business Innovation and Skill (2010:10) concurs with these sentiments and points out that customer patronage in Post Offices have been declining due to failure to respond to customers' changing needs who also complain of stagnant long queues.

This study was commissioned to examine how customer service can be enhanced in the Malawian public postal service.

1.4 Research aim and objectives

The aim of this research is to analyse the quality of service in the Malawian public postal service.

The following objectives are derived to realise the research aim:

- To measure the service quality dimensions (tangibles, responsiveness, assurance, empathy and reliability).
- To evaluate the relationship between service quality dimensions (tangibles, responsiveness, assurance, empathy and reliability) and customer satisfaction.
- To assess the relationship between customer satisfaction and customer loyalty.
- To examine the relationship between demographic data and perceptions of service quality predictors.

1.5 Rationale for the study

Customers' perception of the Post Office service quality standards were analysed in the Malawian context. The needs of customers are not static. As such, service providers need to regularly monitor and unravel their viewpoint of service quality. Siddiqi (2011:12) reiterates that what is construed as excellent quality service today

may not be consistent with subsequent service encounters in the future. It was therefore imperative to measure service quality so that the public postal business is able to re-engineer business processes to suit the preference and expectation of the customer. Furthermore, this research could help in the understanding of service quality dimensions and assist the public postal service in Malawi to address areas affecting customer satisfaction.

1.6 Research methodology

Self-administered questionnaires were used to collect data from 400 financial services customers in the designated Post Offices. A descriptive, quantitative and cross sectional study was undertaken because it facilitated the profiling of relationships between variables (Saunders, Lewis & Thornhill, 2009:140). Non-probability sampling technique was used to select the sample. Respondents were selected using convenience sampling. Descriptive and inferential statistics were used to analyse data by means of the SPSS statistical package.

1.7 Delimitation

The study took place in eight Post Offices in the three business regions of the MPC; as such the results cannot be generalised to all postal outlets. In addition, service quality evaluation was restricted to financial services because it is a growth area in the public postal business.

1.8 Chapter outline

This dissertation comprises five chapters and a brief outline is provided of each chapter.

Chapter 1: Introduction

In chapter 1, the context of the study, research problem, research aim and objectives, research methodology, rationale and delimitation of the research are provided.

Chapter 2: Literature review

Chapter 2 reviews the relevant literature and provides an overview of the financial services industry, service quality, customer service, customer satisfaction and customer loyalty.

Chapter 3: Research methodology

This chapter presents the research approach used, research design, sampling method, methods of collecting and analysing data. It further highlights validity and reliability of the study.

Chapter 4: Research findings and discussion

This chapter highlights the results of the survey as obtained from the data collected through questionnaires.

Chapter 5: Recommendations and conclusion

This chapter provides a summary of the main findings and implications of the research. Recommendations are proposed and an attempt is made to give direction for further research.

1.9 Conclusion

In this chapter the context of the study and the research problem were discussed to highlight some of the problems customers of the Post Office face in Malawi. The problems that affect customer access to quality financial services include cash scarcity, network problems, power outage and stagnant long queues. Furthermore, the need to conduct this study and measure service quality was justified if the MPC is to become competitive because the expectations of customers are always changing.

The next chapter reviews the relevant literature for this study.

CHAPTER 2 : THE FINANCIAL SERVICES INDUSTRY AND SERVICE QUALITY

2.1 Introduction

In this chapter, a number of theories and concepts are discussed to facilitate a better understanding of the study being conducted. The financial services industry is reviewed within the Malawian context in relation to regional and global perspectives. In order to assess customer service quality in the MPC, an attempt has been made to elaborate services and also lay a solid foundation of service quality by reviewing different schools of thought. Customer satisfaction and its drivers such as customer service is discussed with a particular emphasis on service encounter, service failures and service recovery strategies as they are relevant to the research problem.

The relationship between service quality dimensions and customer satisfaction is also established based on several findings of extant research. Lastly, customer loyalty is discussed with emphasis on behaviours or approaches customers demonstrate which impacts on customer loyalty and also strategies that can be used to develop and maintain customer loyalty. The chapter ends by establishing the relationship between customer satisfaction and customer loyalty.

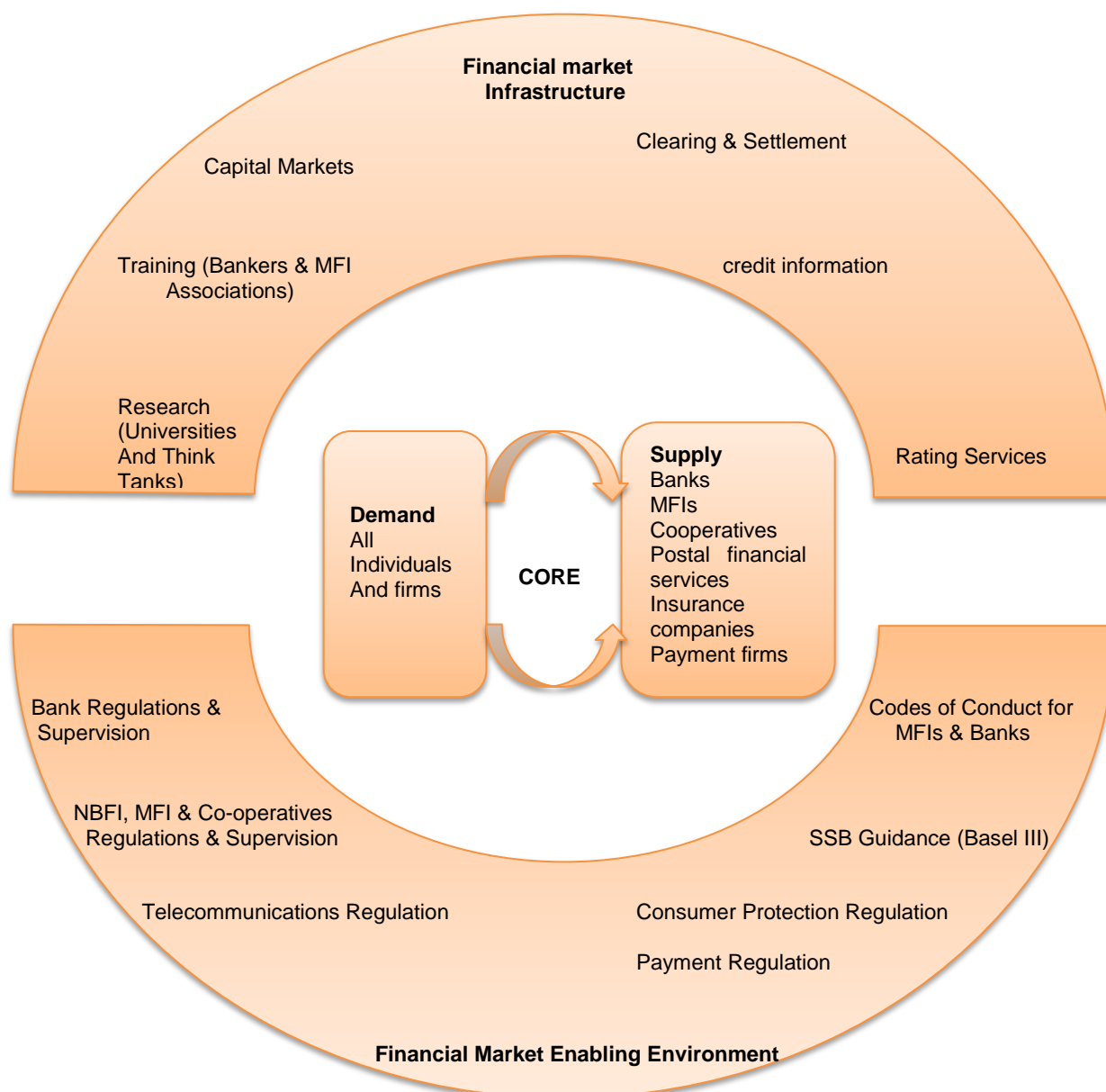
2.2 An overview of the financial service industry

This research is undertaken to analyse quality of service with respect to financial services. Dupas, Green, Keats and Robinson (2012:13) observe that the financial services industry is channelling its efforts into increasing accessibility while paying little attention to improving quality of the financial services. In this regard, it is imperative to analyse the financial services industry in general and then zero in on the substantive issues of quality in financial services.

The term financial service is associated with financial services institutions and is very broad and can mean different things to different individuals. Figure 2.1 reflects the supply and demand side of the financial services sector composition. The demand

side is made up of firms and individuals whereas the supply side has a host of players that will be explained in detail by stating what other researchers have found as a composition of that sector in the Malawian context.

Figure 2.1: Key players in the financial services industry



Source: El-zoghbi and Lauer (2013:3)

To illustrate Figure 2.1 further, a study on informal and non-formal financial services in rural areas (Lewis-Donaldson, Agar & Kalonga, 2012:8-11) reveal that in Malawi the financial services industry encompasses banks, insurance companies, pension and investment providers, money transfer institutions and agents, microfinance institutions (MFIs), parastatals such as the Malawi Posts Corporation and financial

cooperatives. Informal financial services include Katapila (loan where repayment is double the principal), village savings and loan associations and *chipereganyu* which means rotation of loans upon repayment from one person to another. Other players in the financial services sector include mobile money companies such as Airtel and Telekom Networks of Malawi Limited (TNM). Airtel and TNM are the two biggest mobile operators in Malawi whose mobile penetration stands at 24% (Finmark Trust, 2013:68-72).

The world has seen the revitalisation of Post Offices, viewed in most instances as viable financial delivery channels. The past twenty years has been characterised by the transformation and restructuring of postal corporations in many parts of the world. These changes have provided a conducive environment to integrate financial services and also extend postal operation to include retail banking. As a matter of fact, further developing postal financial services into banking helps more individuals and businesses which are unserved, given wider branch networks associated with the Post Office (Mukete, 2011:29-30).

The postal sector worldwide has more than 660,000 Post Offices, which makes it one of the largest distribution networks. This foot print is very essential for developing countries where the number of postal units and offices (500,000) is almost twice as high as the number of branches of commercial banks (275,000). Moreover, what is crucial is that extensive postal infrastructure allows the postal system to provide services to the whole population. This is what differentiates the postal financial system and the private banking sector which seeks to allocate their institutional resources and energy to the rich segments of the population, in order to obtain maximum profitability (Sarac, Markovic & Rogic, 2014:716).

The public postal business is a major player in the financial services industry and offers different services in various public postal administrations world-wide and these include money transfer products and the post savings bank. The growth of public postal business in financial services (Okibo & Shikanda, 2011:67). Moreover, the white paper (United States of America, 2014:16) reports that financial services is a lucrative business for postal corporations worldwide and contributes a large portion of postal revenues. In Malawi, the MPC is touted as a leader in remittance services

despite facing payment challenges to customers as a result of liquidity problems (Finmark Trust, 2012:14).

The MPC derives its mandate from the Malawi Parliament which establishes the functions of the institution (Malawi Communications Act No 41, 1998:38). The Act under section 76(1c) mandates the MPC to provide financial services in the network among other functions. The Post Office in Malawi enables the unbanked poor to have access to some form of financial services. However, the waiting period to access the service and poor service delivery in general affect the quality and effectiveness of the service (Finmark Trust, 2012:28).

The financial services industry in Malawi is small and not developed and the market is saturated with few dominant institutions. The problems in the sector and payment systems are due to loopholes in the regulatory and technological regime, high capital outlay requirements and inadequate computerised system (Stone, Grossman, Breul, Carpio & Cabelo, 2009:16). Malawi has 12 banks namely: Continental Discount House, Malawi Savings Bank (MSB), New Building Society, National Bank of Malawi, Opportunity International Bank, First Merchant Bank, First Discount House, Nedbank, Standard Bank, Ecobank and International Commercial Bank. They further observe that most of these banks patronise the urban market except Opportunity International Bank and MSB which have foot prints in the rural areas. The bank with the largest number of branches in Malawi, the MSB has 49 branches (Finmark Trust, 2012:11-15).

In Malawi, access to financial services is hampered by a number of factors as highlighted in subsequent discussions. The finscope study (Finmark Trust, 2013:68) shows that 19% adults use banking service, 7% use legal or licensed financial services, 19% are informally serviced and 55% of the adult population are financially excluded. In addition, the distribution of financial services infrastructure is as follows: 0.93 branches per 1000 km², 1 branch per 100,000 adults, 2.5 ATMs per 1000 km², 8.52 point of sales per 100,000 adults. In terms of regional comparison in the Southern Africa Development Community (SADC) comprising 14 member states, Malawi is ranked number 13 on banking penetration which stands at 1 branch per 100,000 individuals.

The financial service industry has a daunting task of meeting the needs of the people which are far from being met. The world economy is evolving and efforts are being channelled at creating an enabling environment where every individual should be financially included as one way of changing their livelihood, welfare, transformation and economic development. Financial services access can help to improve the livelihood of people in developing economies despite limited accessibility to the service (Berthaud & Davico, 2012:6). In developing countries, at least 2.7 billion people are financially excluded (Ondiege, 2010:1).

The problem of avoiding making investment in rural areas is a trait that is prevalent in developing economies. For instance, in sub-Saharan Africa banks shun the rural areas and operate in strategic spots where the level of economic activity is very high (Kablan, 2010:14). However, Ferguson (2011:15-19) observes that in Malawi the industry is trying hard to reach out to more Malawians by coming up with several initiatives such as mobile (van) banking. Furthermore, point of sales has been rolled out by some banks through the use of the retail outlet chain stores. Most banks are also offering cell phone banking facilities but the challenge has been that little attention is given to the lower end of the market because their earnings are low. Moreover, with high illiteracy levels, the uptake of modern technology banking remains a challenge leaving many Malawians financially excluded.

Kablan (2010:5) notes the strides that banks have been making in Africa such as coming up with new technology and embracing internet banking. It is however noted that these initiatives do not address the gap in access to financial services because internet usage is low due to high costs and that most people are illiterate and have not accepted internet as a means of communication. Stone, Grossman, Carpio and Cabelo (2009:20) argue that the financial services sector is affected by the information communication and technology (ICT) sector and that connectivity is very bad in Malawi because there is no infrastructure in place.

In the Southern Africa Development Community (SADC), financial services products are crafted to serve big businesses and the rich who comprise a small percentage of the population thereby widening further the gap on the financially excluded (Machila, Dykes, Zajc, Aithnard, Ncube & Nelvin, 2013:33). In addition, Beck and Cull (2013:3)

explain that most people are prevented or denied a chance to access financial services because most economies in Africa are very small and this hinders massive banking investment because the return on investment in such economies are very low and the ventures are deemed not to be cost-effective.

The problems of quality in the financial services sector are largely emanating from the failure of financial services institutions to foster financial inclusion. The dimensions of financial inclusion are critical to achieving service quality in the financial services industry. Amidzic, Massara and Mialou (2014:18) observe that the three dimension of financial inclusion are outreach, usage and quality of financial services. They further add that limited physical access points in rural and urban areas affect quality and access to financial services. Suarez and Gonzalez (2010:20) found that shortage of branches in rural areas is compounded by security concerns because financial services institutions do not want to operate in areas where they will be exposed to violent attacks.

The earlier analysis and reviews attempted to paint a general picture of the financial services sector and highlighted the composition of the sector and also the key issues affecting the industry both from the supply and demand side point of view. It is evident that quality access to financial services is compromised by a number of factors. According to Suarez and Gonzalez (2010:19), inferior customer service quality, long waiting to complete a transaction and absence of information about financial services are some of the challenges affecting individual access to quality financial services.

2.3 Services

Services' marketing is centred on the concept of service quality because it is believed to be a crucial aspect of the business if it is to succeed. However, quality of service is a complicated topic to discuss because it is not understood properly by many practitioners and scholars (Prakash & Mohanty, 2013:1051). Consequently, an elaborate discussion of services and its traits is presented in order to ground the study and create an understanding of postal financial services quality.

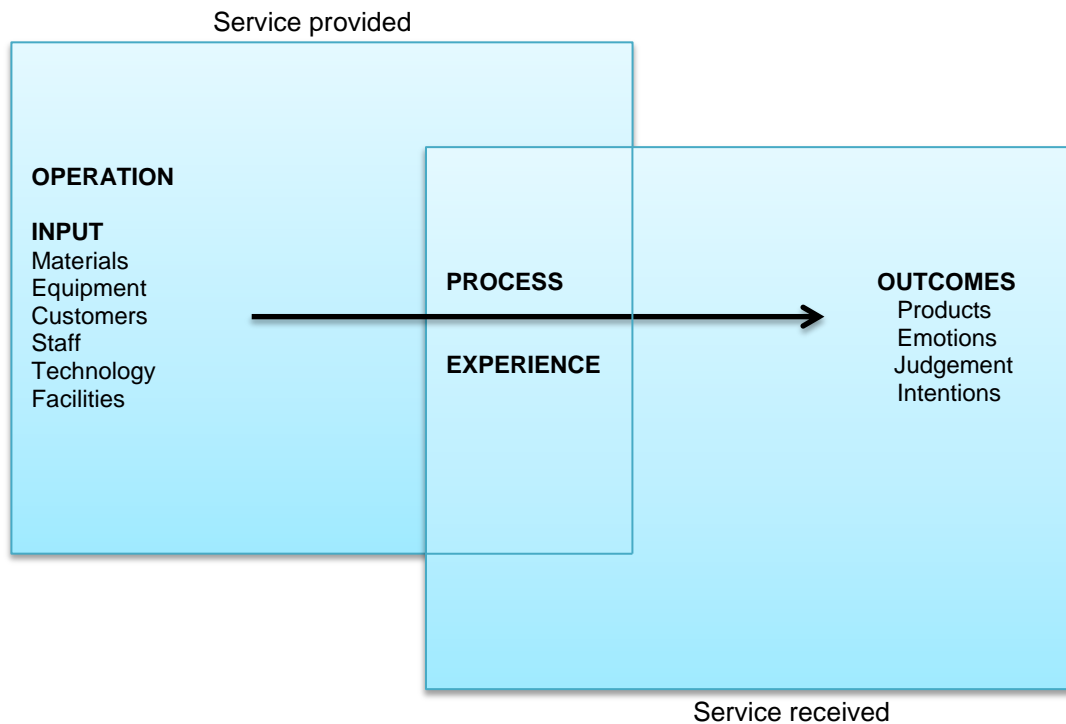
2.3.1 Meaning of service

The definition of services has been presented differently in literature by different scholars despite a consensus on its characteristics and attributes. Services are described as deeds, processes and performance. Furthermore, service represents trade undertakings whose outcome is an intangible product and is simultaneously produced and consumed (Wilson, Zeithaml, Bitner & Gremler, 2012:5).

Another school of thought put forward by Solomon, Marshal and Stuart (2012:302) explains that services are classified into four categories and caution organisations to properly examine these classifications because they sometimes overlap with service characteristics yet they have different implications. Firstly, a service cannot be delivered in the absence of the recipient and if certain conditions are not met hence it is the responsibility of employees to provide sufficient information to customers. Secondly, services are directed at people's tangible possessions and this implies that services can be executed in the absence of the customer although he or she has to be available at the beginning and completion of the transaction. The third classification refers to services as directed at people's minds so they can be stored using digital recording and the performance shown afterwards. Lastly, services are directed at people's intangible possessions and this means that a service can be executed with minimum involvement of parties to a transaction (Wirtz, Chew & Lovelock, 2012:15-18).

Another perspective of services is presented in Figure 2.2. The figure shows the definition of services by highlighting the inputs that facilitate the execution of services on the operational side showing the processes involved and the outcomes from the customer side reflecting the experience of the customer.

Figure 2.2: Perspectives of services



Source: Johnston, Clark and Shulver (2012:7)

As highlighted in Figure 2.2, Johnston, Clark and Shulver (2012:7) explain that the term “service” has different meanings. They came up with two perspectives of defining services which is from the operation and customer perspective. They add that from the operation perspective, service is defined in terms of service provided using inputs such as materials, customers, equipment and facilities while from the customer perspective, service is defined in terms of what is received using outcomes such as benefits, emotions, judgements and intentions. Furthermore, Kerin, Hartley and Rudelius (2013:296) state that service can be regarded as a benefit that is provided by a company aimed at addressing the requirements of customers and in return the organisation gets a consideration such as money or anything that is desirable.

2.3.2 Service characteristics and attributes

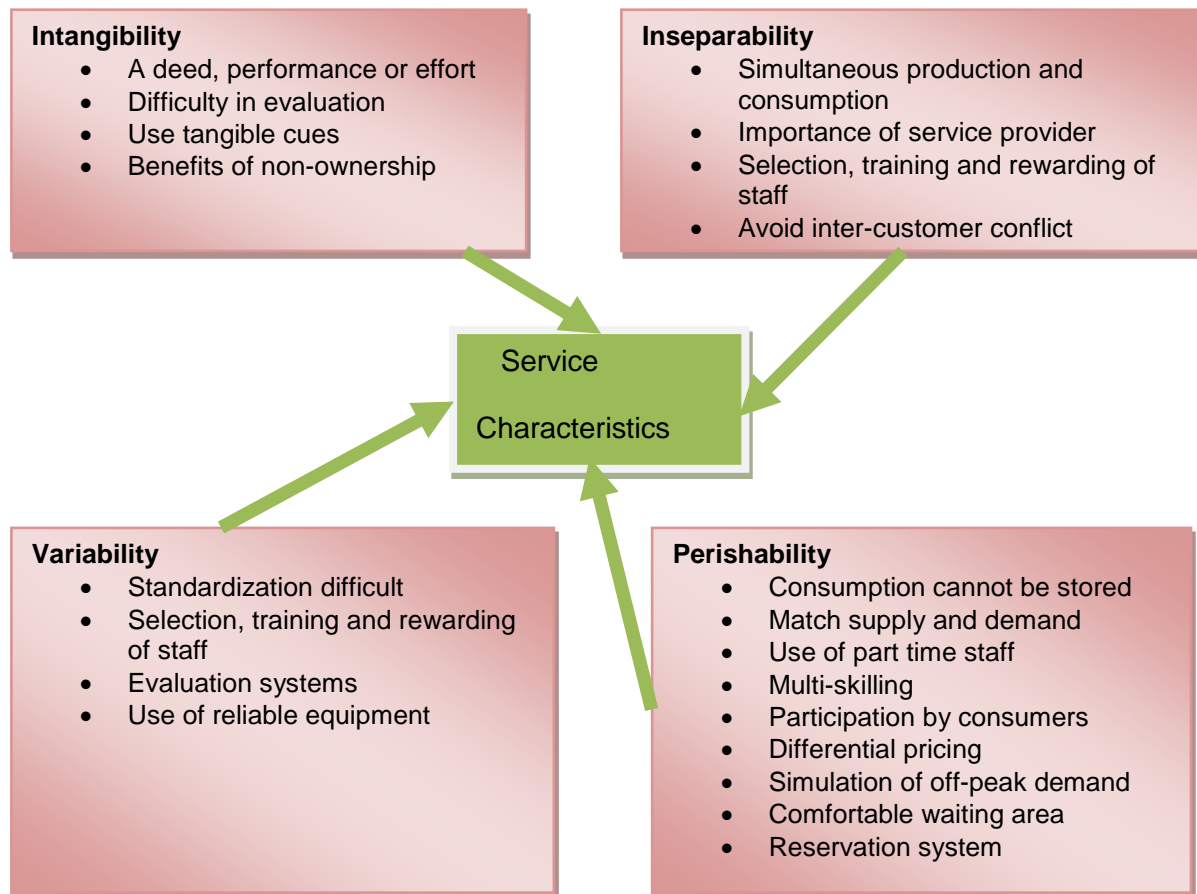
Unlike goods or products which have search traits, services have experience and credence attributes. The experience attributes means that certain elements that are prevalent in goods such as taste and pleasure can only be assessed after

consumption (Hult, Pride & Ferrell, 2012:350). This notion is consistent with postal financial services because it is not possible to assess service performance by just entering the Post Office trading hall or before a service is offered. It is only after a transaction is completed that a customer is able to reflect and assess quality in terms of the whole experience.

Credence attributes are very difficult to assess and need special skills or expert knowledge and most of the time such services are regulated by the industry. The regulator sets out certain specifications that are acceptable as quality service (Marshall & Johnston, 2010:365). For instance, the financial services industry is highly regulated and there are certain standards financial service providers must meet before a business licence can be issued. Furthermore, the evaluation of credence attributes of a service is very complex and relies on the integrity of the service provider (Hult et al., 2012:350).

The business environment is flooded with physical products and goods that fulfil the basic needs of humankind in everyday life hence it is very easy for customers to appreciate the characteristics of goods but not so easy for services. A number of scholars have attempted to dissect and elaborate the characteristics of services in order to deepen the understanding of services and also help marketers in crafting their marketing strategies. However, drawing a mark of distinction between goods and services is very difficult and any such attempt to do so misses the point (Jobber & Ellis-Chadwick, 2013:362). Services characteristics are presented in Figure 2.3.

Figure 2.3: Services characteristics



Source: Jobber and Ellis-Chadwick (2013:363)

As highlighted in Figure 2.3, intangibility means services are not physical products and therefore not possible to be felt, tasted or seen and this characteristic has proven to be a challenge for marketers to convince customers to patronise a service. Unlike goods where samples can be distributed to customers, marketing of services relies on image or symbols to illustrate functionalities (Grewal & Levy, 2012:361-362). Similarly, due to intangible nature of service, a service cannot be displayed for window shoppers hence the MPC should come up with support mechanisms like printing of brochures to illustrate financial services products (Zeithaml, Bitner & Gremler, 2013:21).

According to Armstrong and Kotler (2011:249), customers often search the presence of tangible cues such as appearance of employees, furniture, place, equipment and any form of communication to evaluate service quality. In the same vein, the MPC could borrow a leaf from high street banks by putting comfortable and luxurious

waiting chairs, modern equipment and proper queuing lines in the trading halls to give customers a good tangible impression and a better experience.

Inseparability is a very important feature in the financial services industry. Services can be described as performed other than produced and due to inseparability, customers expect service providers to maintain a certain level of standards because their image is built on delivering those standards consistently (Marshall & Johnston 2010:357; Boone & Kurtz, 2012: 343). In addition, the behaviour of members of staff in the Post Office towards customers is very critical to achieving service quality because they cannot separate themselves from the service. As such, their conduct determines whether customers will patronise the service in future or not (Armstrong & Kotler: 2011:250).

Inseparability creates problems for organisations that need to expand their market. The public postal service has the universal social obligation to open outlets in as many areas as possible to facilitate communication. These Post Offices are also used to offer retail financial services business in addition to the mail business. The implication of the concept of inseparability is that wherever a Post Office is operational or intends to expand its business operations, it must offer the same quality standards as any other outlet, otherwise the standards will be seen as compromised in the newly opened outlets and customer patronage will be affected (Rao, 2009:9).

Variability is another characteristic of services. Services vary from one service provider to another and are determined by a number of factors such as the service provider, time and place where the service was rendered (Kotler & Armstrong, 2014:260). Service consistency in terms of delivery or execution cannot be guaranteed. In addition, a service can be altered to suit a particular taste or need of a customer. It is, however, noted that one way of reducing service variability in an organisation is by offering machines in place of people to assist customers (Grewal & Levy, 2012:362-363). For instance, the MPC can embrace technology and reduce human interaction with customers in order to attain low variability and eliminate manual operations which are an integral part of running the business.

McDaniel, Lamb and Hair (2012:9) believe that use of machines or technology can help a commercial enterprise such as the MPC to create consistency. However, in the immediate term and considering financial challenges of the public postal service in Malawi which may prevent wholesale implementation of machines and technology, the MPC can invest in training and management of employees to attain low variability (Marshall & Johnston, 2010:358).

As reflected in Figure 2.3, services are perishable and the challenge for marketers in managing services lies in controlling supply and demand because it is not possible to store services for future usage (Perreault, Canon & McCarthy, 2010:196). Solomon et al., (2012:299-300) explain the perishability concept further by stating that when there is no demand to meet the available services, organisations should try to induce demand by cutting prices. There is a need to embrace the notion of capacity management which is the process of altering services to meet the available demand. This can be in form of discounts, price or transaction cost adjustments and any other incentive that may drive more traffic towards the service. For instance, the introduction of mobile money and mobile banking platforms is a force that postal financial services have to deal with in order to manage demand for postal financial services as they are competing for the same customers. Furthermore, in line with the notion of capacity management, the MPC can consider revising downwards their transaction costs if the presence of these competitors is affecting the demand for postal financial services and crippling their postal market share.

2.4 Service quality

Various personalities, societies and associations have been credited for defining service quality over the past decade and these are some of the views on the concept. A holistic approach to defining service quality is that it is the management of business processes that guarantee customer satisfaction and competitiveness on the market (Rahaman, Abdullah & Rahman, 2011:1). The concept of quality has different perspectives and researchers have used a set of attributes to describe and evaluate quality. Others believe it is difficult to evaluate quality because the customer has their own yardstick of what constitutes quality. However, the consensus is that

quality is measured by assessing the gap between perception and customer expectations (Parasuraman, Zeithaml & Berry, 1985:42).

On the other hand, the American Society of Quality (ASQ) believes that quality means different things to different individuals. They defined quality in terms of features that satisfy the customer and also a product with no defects or shortcomings. Furthermore, it is noted that quality can be defined based on three aspects. Quality of design: This signifies quality that addresses the specifications of a customer. Quality of conformance: This refers to the provision of quality based on the customer's perspective. Quality of performance: This means that the performance of the service must live up to the expectation of the customer (Summers, 2010:4).

The quest for quality service is undoubtedly a significant subject in the modern age because customers are looking for services and products of superior quality more than ever before. The competition for customers has led to many service providers finding ways of making profits and at the same time becoming competitive. As such, delivering superior service quality is an important business strategy if organisations are to be successful (Angelova & Zekiri, 2011:245). Furthermore, service quality contributes tremendously to productivity and profitability. Service providers should be aware that customers who are contented with quality stick to one service provider and they have no reason to defect to other service providers in search for better quality or service. In this regard, improving service quality is one of the techniques of enhancing productivity and profitability through increased customer satisfaction (Bhatt & Sunil, 2012:246).

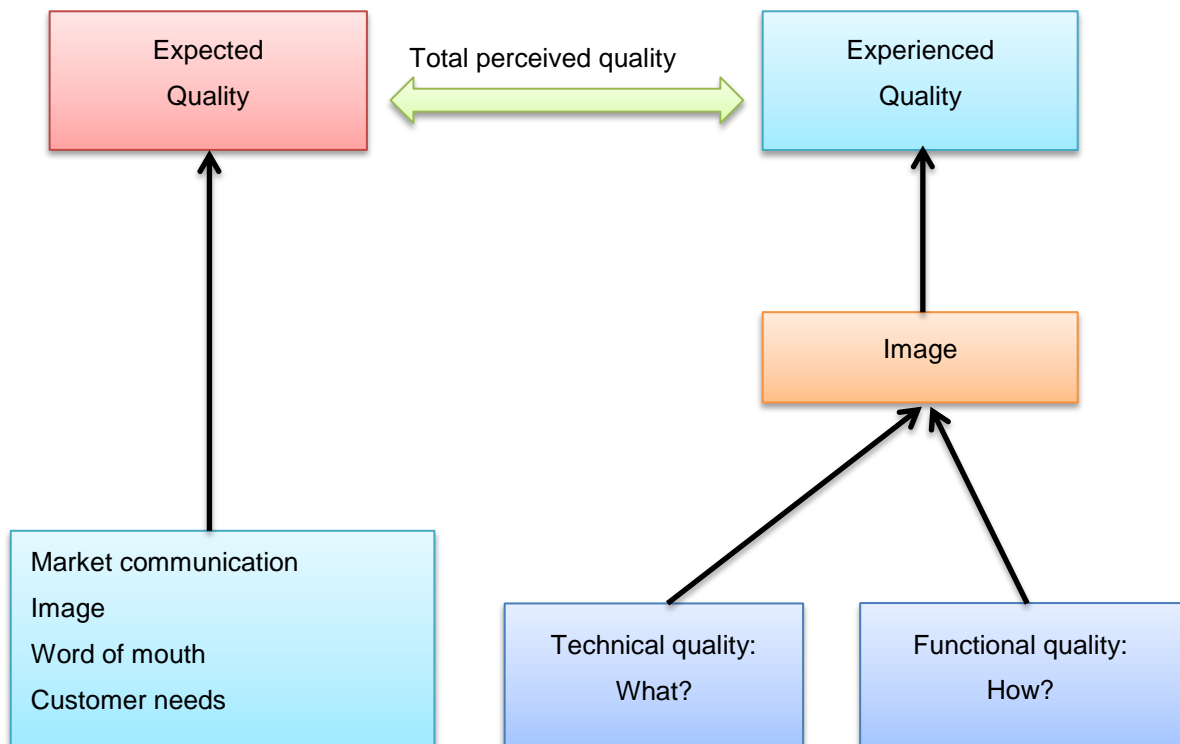
Organisations offering excellent service quality have won the hearts of customers. Service quality gives consumers a higher proportion of choices. In the world where organisations are offering similar or substitute services, establishing or entrenching service quality is the only way of differentiating a service from competition. Service quality is thus a perfect tool for achieving success in the face of competition (Kavitha, 2012:1). On the other hand, organisation promises on quality may sometimes influence customers to patronise a service. However, what is important is not the promise but the delivery of quality and this enables service providers to create a

sustainable bond with customers. Service quality therefore refers to consistency in the delivery of services that meets customer expectations and the overall excellence or edge in terms of service performance compared to other players offering similar services. It also means paying attention to the aspirations of customers, being abreast of the trends on the market and fulfilling their requirements (Berndt & Tait, 2012:48).

2.4.1 Perceived service quality

Perceived service quality is derived from service environment, conceptualisation and delivery. Service conceptualisation means that quality of a service can be assessed based on features or attributes whereas service environment means that there are several elements that affect quality. These environmental factors in a Post Office setting may include employees, cash availability, ambience, electricity, network and even other customers (Jolibert, Muhlbacher, Flores & Dubois, 2012:211). The physical environment is influential through shaping or undermining the service experience. The appearance of the business environment and its surroundings is crucial to service quality assessment (Wirtz, Chew & Lovelock, 2012:298). Service delivery means that the service experience or interaction between employees and customers or any other support mechanism has a bearing on perceived service quality (Jolibert et al., 2012:211).

Figure 2.4: Service quality based on six indicators



Source: Gronroos (1988:12)

Service quality hinges on perceived and expected service assessment. However, it is essential for firms to scrutinise the business environment in order to evaluate elements that are within and beyond the organisation jurisdiction or authority. As highlighted in Figure 2.4, a firm has control over advertising, word of mouth and any form of market communication and these contribute to customers' expectations. Furthermore, quality has two dimensions and these are technical and functional. Quality in technical terms is the outcome of a service interaction between the employee and the customer. Quality in functional terms is the approach or procedure used to render service by a service provider and encompasses things like conduct of employees both in terms of behaviour and job performance. However, these two attributes don't operate in isolation or independent of each other. As such, a good outcome is not a sufficient measure of good quality if the process has certain flaws (Gronroos, 1984:37-40).

A third dimension of quality is believed to exist and this is image. This view holds that service quality is assessed based on the image of the organisation. The image of a service provider depends on the organisation's communication and the needs of the customer. Customer expectation and image of the organisation is formed from the information they get from the company or based on previous encounter and performance (Winer & Dhar, 2011:440). Customers may sometimes forgive organisations that enjoy a favourable image in an event of a minor mistake but if mistakes are repetitive, there is a danger of a service provider spoiling its market image (Rao, 2009:149). For instance, if the image of the MPC is tainted by claims of unavailability of cash, partnerships with other organisations such as Western Union, Money Gram or banks will not erase completely the bad image that customers have.

2.4.2 Customer expectations

Expectations are formed from factors such as company advertising messages, information from friends and the customer's own personal requirements. For instance if a product just meets expectations, a customer is less satisfied than if a product exceed customer expectations. The reality is that any performance below expectation is a recipe for customer dissatisfaction (Berndt & Tait, 2012:42; Winer & Dhar, 2011:440). Furthermore, expectations can be positive or negative. Expectations are outcomes derived from customers' experience. Customers approach service encounters harbouring a variety of expectations. Sometimes, service providers erroneously believe that customer expectations are farfetched and cannot meet them. This notion usually emanates from the fact that service providers miscalculate the expectations of customers (Harris, 2013:16).

Customer expectations are desires or wants of the customer. Simply put, in the eyes of customers, expectations are regarded as what they anticipate to be offered by the organisation rather than what they are currently offering. In most cases, expectations are not met and customers do not get what they expect from the service provider. However, it is customers' perception that counts rather than the reality of performance (Brink & Berndt, 2009:60). In addition, service providers have themselves to blame if they create unrealistic expectations of their services and products. This is so because the factors that influence customer expectations are

within the control or jurisdiction of the organisation whereas the customer has control over past experience and information about competitors (Bateson & Hoffman, 2011:183).

In promoting and differentiating the service, companies should avoid raising the level of expectation above the level which service personnel or consultants can consistently perform. If the sales force, promotion activities, product launches, messages or any marketing intervention creates unreasonable expectations, the real service will upset customers. As such, the need to manage customer expectations is very critical (Zeithaml, Bitner & Gremler, 2013:416-417). Furthermore, service providers should be careful when making promises through advertising and media platforms because they create expectations. Customers understand and interpret promises differently and it is also not easy to stick to and live up to promises. With respect to promises, marketing creates expectations and has the responsibility to communicate to customers. However, meeting and living up to the promises is the task of every department. The drawback of absence of cross functionality between business units is that marketing efforts will be in vain and customer needs will not be met (Gronroos, 2009:353-356).

2.4.3 Levels of customer service expectations

Customers' expectations can be ideal or desired and customers in this category expect certain things to be done based on messages or pledges the organisation made. The customers assume that a certain level of service should be provided (Bateson & Hoffman, 2011:313). In other words, ideal or desired level of expectation reflects the hope and wishes of the customers (Nabi, 2012:176). On the other hand, customers may sometimes fail to get what they reasonably expect the organisation to provide such that there is a certain level of service that will be acceptable to them. Beyond this level of service, customers are not willing to compromise further to a service standard that is considered inferior or lower and this is referred to as adequate expectations (Berndt & Tait, 2012:46).

With respect to predicted expectations, customers foresee or speculate that a certain level of service will be offered. Predicted expectations are affected by both customer

experience and pledges the organisations make to its customer (Du Plessis, Strydom & Jooste, 2012:46). Wirtz et al., (2012:49) explain that predictive expectations have a great impact on customer buying decisions whereas adequate and desired expectation are used during evaluation of customer satisfaction. However, despite expectation being used to assess service quality as evident in service conceptualisation, this notion may be misleading and inconsistent because excellent service could be regarded poor or inferior if expectations are low. Furthermore, poor or inferior service could be regarded as excellent if expectations are high and satisfied customers may switch if competition can offer superior similar services (Johnston et al., 2012:104).

2.4.4 Strategies for exceeding customer expectations

Going an extra mile is what service providers should institutionalise in order to provide top notch service because it is noted by Johnston and Marshall (2010:235) that unmet expectations create a performance gap and more complaints. Harris (2013:20) believes the following strategies can be used to exceed customer expectations.

- **Become familiar with your customers:** service providers need to study the behaviour of their customers and understand why they are patronising their product and services. In addition, efforts should be made to know what they like and dislike.
- **Ask your customers what their expectations are:** service providers should establish the benefits customers are deriving from patronising their services and also ask them areas for improvement.
- **Tell your customers what they can expect:** service providers should always communicate their promises to customers as a way of building up their expectation.
- **Live up to their expectations:** service providers should ensure that they deliver their promises and also find a way of establishing if the promises are being met.
- **Maintain consistency.** Service providers should communicate to customers what they can deliver on a continuous basis and not once off.
- **Communicate with customers using the methods they want:** customers should be given a chance to dictate a platform they want to use in accessing a

service and it is the responsibility of the service provider to provide the preferred platforms (Harris, 2013:20).

2.4.5 Customer perception of service quality

Perception is one of the crucial components used in service quality evaluation and involves making judgement using the mind or senses, beliefs, culture, language, past experiences, values, interests and assumptions (Shanthakumari & Kannan, 2010:106).

Customer perceptions do not always depend on a reasonable judgement and can be affected by other forces such as depression, bitterness and dissatisfaction. As such, perception is a puzzle and it is imperative to anticipate customer resistance based on previous service encounters and also strive to provide excellent service all the time so that the current perception are positive. Customers cannot remember every detail of a previous experience but they only retain the overall feeling and such feeling combined with other experiences create their perception of the service provider (Harris, 2013:16).

2.4.6 The service quality dimensions

Several studies have used the service quality dimensions as a guide for quality evaluation. Reliability, responsiveness, assurance, empathy and tangible factors are the five notable service quality dimensions. Despite coming up with the five dimensions, the authors were quick to point out that the wording of the dimension can change depending on the industry without diluting the scale (Parasuraman et al., 1988).

Winer and Dhar (2011:349) highlight that perception is a salient feature in measuring quality. Service quality evaluation varies from one customer to another based on their perception of quality. As such, there are many aspects of service quality that form part of the evaluation process. Bick, Abratt and Moller (2010:22) suggest that culture is another important element in service quality evaluation and that different cultural groups view quality differently based on their cultural values. Previous

research on service quality also suggests that there is no one size fits all approach for assessing quality. Service quality can be measured based on several factors applicable to the situation or environment. Some customers judge quality based on the environment where the service was delivered. Others look at the timeliness, empathy, courtesy, listening skills of the service provider. These factors combined with other affect customer perception of overall service quality (Zeithaml, Bitner & Gremler, 2013:87).

Measuring service quality cannot be achieved from a single and narrow perspective. It is more of a laborious task than measuring the quality of physical products because the assessment does not only depend on the end result but also the process used to deliver the service (Pham & Nguyen, 2012:2). The following are the five dimensions of service quality and an attempt has been made to relate the dimensions to postal financial services:

2.4.6.1 Reliability: Delivering on promises

According to Bateson and Hoffman (2011:335), organisations need to maintain the same level of service performance in present and subsequent service encounters. They further observe that a lot of researchers have found reliability to be a very important element of the five dimensions. Zeithaml et al., (2013:89) indicate that customers prefer to transact with organisations that live up to promises on service performance and attributes. Promises differ and are driven by the nature of the business. With respect to the financial service sector, most of the financial institutions like the MPC have centred their promises on security because they know customers value security of their money.

2.4.6.2 Responsiveness: Being willing to help

Businesses should address service related issues from the customer's perspective other than protecting the interests of the organisation. This entails that internal processes must be designed to promote responsiveness and a friendly attitude to customer needs (Zeithaml et al., 2013:90). Bateson and Hoffman (2011:336) indicate that responsiveness is the ability of an organisation to respond to customer issues

on time. They observe that delays in responding to customer matters are sometimes compounded by service personnel bogged down by discussing personal issues rather than attending to customers.

2.4.6.3 Assurance: Inspiring trust

Bateson and Hoffman (2011:336-337) refer to the dimension of assurance as the organisation's competence to address the needs of customers and also how employees interact with customers. They observe that security is a very crucial element of the assurance dimension. In addition to this view, Zeithaml et al., (2013:90) highlight that businesses need to provide a reason why customers should trust them with their resources. As highlighted earlier on security, in financial services, customers expect the MPC to provide security for their money. They want to be assured that their money is in safe hands and will be received at the other end without problems or having to wait for days before a relative can redeem or cash the money. Furthermore, financial services transactions are trust oriented and need employees who have sound knowledge of the product or services that the organisation offers. Customers prefer to deal with employees who have sufficient knowledge of financial services and are adept in customer service (Witkowska, 2011:56).

2.4.6.4 Empathy: Treating customers as Individuals

Empathy is the organisation's ability to provide customers with personalised attention and at the same time understanding their varying demands (Bateson & Hoffman 2011:337). In order to address customer problems emphatically, service personnel need to view customer problems as their own. Businesses need to understand the needs of customers. Customers do not want to be victimised as a result of their predicament (Zeithaml et al., 2013:90-91). For instance, customers would like the MPC to understand the frustrations they have due to problems of cash availability, network and power outage which compels them to wait for the service for more hours than normal. Customers have different roles to play in society and they need to balance these roles. They cannot afford to be held to ransom by organisational challenges at the expense of their own equally important activities.

2.4.6.5 Tangibles: Representing the service physically.

Bateson and Hoffman (2011:334) observe that tangibles are multidimensional with a focus on facilities and equipment. Since a service is not a physical product, businesses must demonstrate the presence of these tangible aspects to assist the customer in service evaluation. They further observe that tangibles include product literature, office layout, equipment and the grooming of the service personnel. Zeithaml et al., (2013:91) advise that business need to provide facilities and product literature that are appealing to customers. In addition, the way employees present themselves is critical to evaluation of service quality.

2.4.7 Measuring service quality

The performance of customer service quality in an institution can be evaluated by assessing different aspects of quality. Numerous scholars have come up with models for measuring quality. Some of the models used are the critical incident technique, the Service Quality gap model (SERVQUAL) and the Service Performance model (SERVPERF).

2.4.7.1 Measuring service quality using the critical incident technique

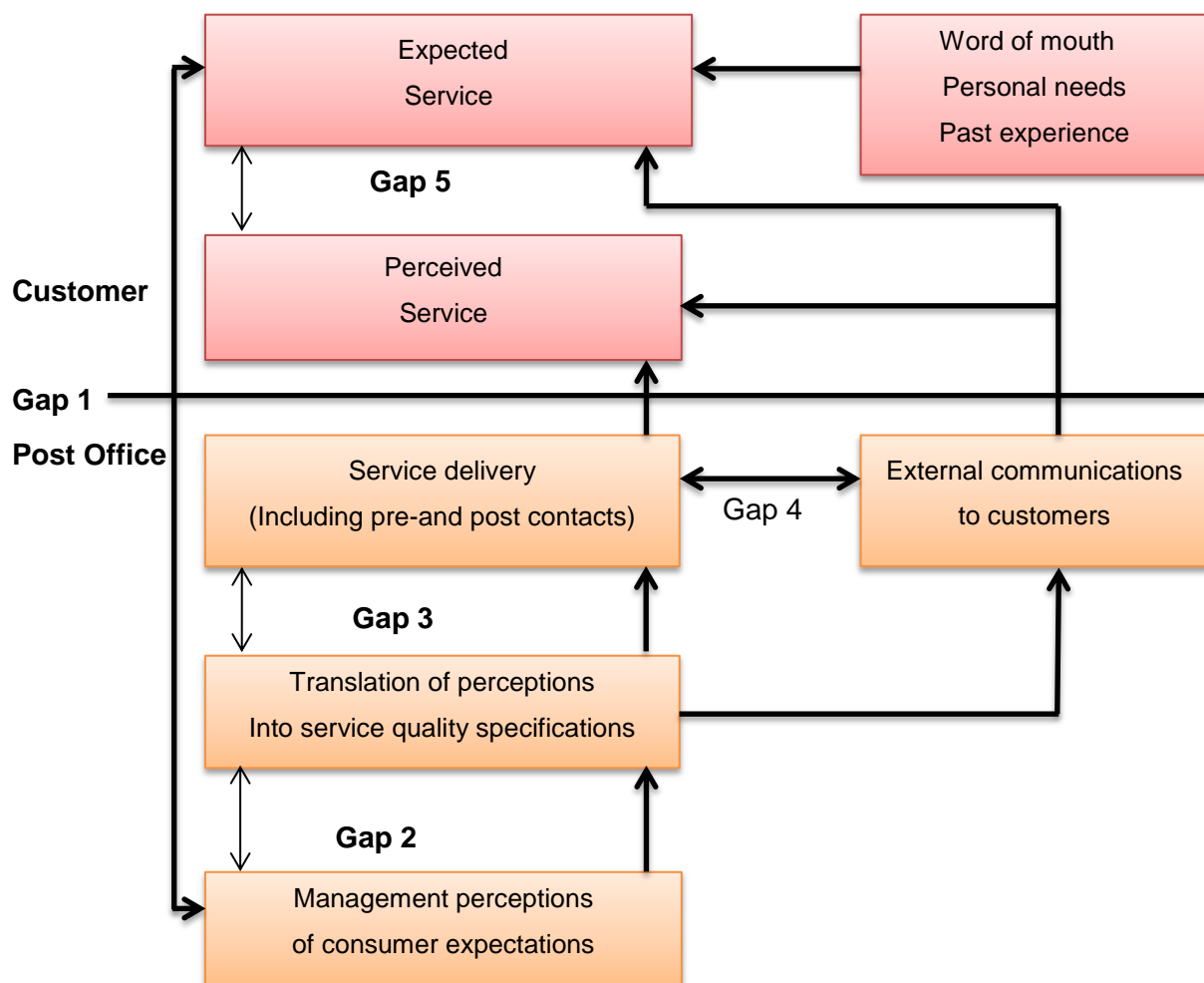
One of the methods used for measuring quality is the critical incident technique. This technique entails that organisations should assess service quality by scrutinising all service encounters where complaints were registered and come up with solutions. They further noted that sometimes customers' expectations are far-fetched and cannot be met but the organisation can prevent dissatisfaction by explaining to the customer why they are unable to meet his or her request. Customers sometimes retract their unreasonable demands when a proper explanation is given (Solomon, Marshall & Stuart, 2012:309).

2.4.7.2 Measuring service quality using SERVQUAL

Several models have been used to assess the quality of services but the main focus and discussions have been on the Service Quality model (SERVQUAL) and the Service Performance model (SERVPEF) (Franklin & Balaji, 2013:2987). However, the application of these models has been the subject of debate. While both models

agree on perception as the yardstick for evaluating quality, Parasuraman et al. (1985, 1988) included expectation as another important element for service quality evaluation. In their study, service quality is evaluated by the gap between perception and expectation. According to Ali, Ali and Radam (2010:88), the gap model posits that service quality is considered adequate when performance is similar or higher than expectations.

Figure 2.5: The gap model of measuring service quality



Source: Parasuraman et al. (1985:44)

Figure 2.5 highlights the five gaps of quality in services and the attributes that have an impact of customer perception and expectation, such as word of mouth, personal requirements, previous experience and outside communication. The detailed explanation and remedies in respect of the five quality gaps as indicated in Figure 2.5 are provided below.

➤ **Gap 1: Customer's expectations and management's perceptions gap.**

This situation can arise due to the absence of initiatives by management to get customer feedback. The importance of research should not be overlooked by management as it may help to understand customer expectations and other elements that are critical to service quality evaluation. The MPC can organise frequent customer satisfaction surveys and mystery shopping exercises to facilitate collection of information on performance of the service and customer expectations (Jobber & Ellis-Chadwick, 2013:371).

➤ **Gap 2: Management's perceptions and service quality specifications gap.**

To close this gap, any organisation such as the MPC should introduce effective service processes, specify quality standards and also ensure that employees understand the service standards and priorities. Furthermore, service providers can standardise work processes to foster consistency and reliability by using soft technology (Wirtz et al., 2012:436).

➤ **Gap 3: Service quality specifications and service delivered gap.**

This gap arises when there is an absence of management assistance or commitment to employee personal training and other resources that facilitate the execution of work. Without support, even the best performing employees can be demoralised if they are using faulty and outdated equipment. It therefore follows that when employees are not properly motivated and supported, there is low productivity, unsatisfied customers and the delivery gap increases (Bateson & Hoffman, 2011:332). Furthermore, failure to recruit high calibre staff and also to train existing members of staff affect provision of uniform or steady service and this may eventually result in poor service quality (Jobber & Ellis-Chadwick, 2013:371).

➤ **Gap 4: Actual service delivered and external communication gap.**

There is a need to close internal and external communication gaps by making sure that communication is realistic and universally understood by customers. This can be done by among other things involving frontline employees to contribute to the development of communication programs (Wirtz et al., 2012:347). The communication gap arises due to promises. Sometimes overpromising can facilitate a sale for the first time but there is likelihood that a dissatisfied customer will not do

business with your organisation again (Johnston & Marshall, 2010:90). It is therefore important for firms to come up with initiatives they will be able to maintain rather than promising what they may not reasonably deliver on a continuous basis (Ferrell & Hartline, 2011:374).

➤ **Gap 5: Consumers' expectation and perception of service gap.**

Parasuraman et al. (1985:46) explains that gap five is the total sum of all the four gaps and the decision on whether quality is low or high depends on the actual performance being consistent with initial expectations. In order to close this gap, firms should provide tangible proof of signs that can be seen in the service being delivered (Wirtz et al., 2012:437).

2.4.7.3 Criticisms of SERVQUAL

The application of SERVQUAL is not short of controversies as a number of researchers have criticised the instrument. Martinez and Martinez (2010:36) suggest that service quality is multidimensional and cannot operate independently from its dimensions. Furthermore, the dimensions of service quality are not universal and comprehensive such that they cannot be used to measure quality in various sectors or be implemented wholesale (Gupta & Dev, 2012:621). Similarly, the conceptualisation of the SERVQUAL model raises a lot of questions and according to Al-allak and Bekhet (2011:132), SERVQUAL has operational shortcomings and does not fit for all scenarios, countries and industries hence researchers should try to explore other tools for measuring quality that can be adapted to their study. In addition, the usage of the gap score in the model has also been questioned and some researchers believe its finding cannot be considered first hand or real (Ladhari, Ladhari & Morales, 2011:226).

It is not appropriate to measure expectation and perception together after a service experience. The intention of measuring expectations is to understand what a customer thinks of a service before usage and not after consumption. However, this seems to be the practice among scholars and practitioners when measuring service quality (Palmer, 2011:298-299). The use of post-hoc expectations makes SERVQUAL model unreliable and the application of functional and technical

attributes of quality is redundant. It is also cumbersome to ask participants to provide feedback on two questionnaires. Asking respondents to rate a service before and after consumption would effectively reduce their interest to participate in the study because the process is time consuming (Adil, Ghaswyneh & Albkour, 2013:71-72).

2.4.7.4 Measuring service quality using SERVPERF

Cronin and Taylor (1992:56) argue that there is little or no theory that backs the application of measuring service quality using expectations. They recommended the use of perception as a tool for measuring service quality. Kalidos and Ravikumar (2014:48) reinforce this view by observing that the use of expectations in measuring service quality affects the reliability of quality evaluation and adds that quality can also be measured based on service delivery or execution. Bucak (2014:5) has defended the use of perception of performance as an appropriate tool for measuring quality because expectations cannot be provided in every service encounter. There are times when customers have no clue as to what to expect from the service because they lack prior knowledge. As such, service evaluation can only be done after the experience.

SERVPERF is the easiest model or tool for measuring service quality because it only dwells on performance or the actual experience. This method is ideal because measuring expectations is a laborious task and is not followed in practice. Most organisations and researchers tend to evaluate customer expectations after a service experience or encounter has taken place although the reality is that expectations are supposed to be evaluated before a service is offered (Palmer, 2011:294).

SERVPERF is an excellent tool for evaluating quality of service. Vanpariya and Ganguly (2010:9) and Gica and Moisescu (2013:15) have noted that SERVPERF explains better the service quality variations than SERVQUAL. The validity and reliability of service quality is very high using SERVPERF and the instrument highlights variance in measuring service quality better than SERVQUAL does (Martinez & Martinez, 2010:32). The effectiveness of the usage of perception in measuring quality is substantiated by numerous scholars. It is noted that in

determining quality and customer satisfaction, customer perceptions are very critical because expectations are not static and can change (Zeithaml, Bitner & Gremler, 2013:78).

2.5 Customer satisfaction

In the world market of cut throat competition, several organisations have realised the importance of satisfying customers. Customer satisfaction is regarded as a tool for organisation viability, competitiveness and for developing a sustainable bond with customers (Hanif, Hafeez & Riaz, 2010:50; Gupta & Gupta, 2012:223). Despite these assertions which emphasise the importance of the concept, customer satisfaction is a complex theory and has been understood and explained differently by researchers as such it is deemed to be subjective (Santouridis & Trivellas, 2010:332). Another school of thought believes that customer satisfaction is an act of fulfilment. Angelova and Zekiri (2011:233) explain that customer satisfaction is a positive result emanating from the customer's experience with an organisation or product performance subject to the fulfilment of initial expectation. This view is reinforced by Cengiz (2010:79) who defines customer satisfaction as the extent to which an organisation fulfils the requirements of the customer.

Customer satisfaction is based on the disconfirmation experience. This notion looks at the overall judgement or rating of service performance compared with expectations formed before the service encounter. Consequently, a mismatch between perception and expectation will result in either dissatisfaction or satisfaction (Johnston et al., 2012:102). When customer expectation and perception meet, confirmation of initial expectation takes place whereas when the two do not meet, there is disconfirmation of expectations. Negative disconfirmation happens when perception is low compared to expectation and this scenario results in dissatisfaction and bad publicity. Positive disconfirmation takes place when perception is higher than expectation and this scenario results in contentment and favourable publicity (Bateson & Hoffman, 2011:295).

Customer satisfaction can be transaction specific or a cumulative experience. As such, it is essential for organisations to maintain consistency in every service

encounter to ensure that customer expectations do not fall. Oliver (1981:42) explains that customer satisfaction is an emotional response of a disconfirmation experience relative to attitude and is consumption or transaction specific. On the other hand, Ladhari et al., (2011:231) observe that satisfaction is based on the cumulative experience of the customers blanket experience with the service provider. The quality of service experienced today may be seen as mediocre because it is spoiled by previous service encounters which were not good (Solomon et al., 2012:305). Furthermore, expectations are sometimes based on perceptions and if the previous experience of a customer with the service provider was negative or bad, it is likely that this time around the customer may come armed with an expectation that he will be dissatisfied (Harris, 2013:16).

Customer satisfaction is an after purchase phenomena and is induced by the benefit derived from service performance. In order to maintain satisfaction, organisations should continuously scrutinise elements that contribute to satisfaction or dissatisfaction and work towards improving these elements so that they are able to address customer requirements (Dukic & Kijevcanin, 2012:315). The implication is that customers who are dissatisfied walk away to competition and when they have no choice they vent their anger or throw mud at your employees to express their dissatisfaction (Harris, 2013:7). Dissatisfied customers are bad messengers of the business and can affect the image of the organisation if not handled properly. The reality is that dissatisfied customers are mercenary customers and have “ripple effects” because they communicate to other customers about their poor service experience (Tim, 2011:7).

Customer satisfaction can be used as a tool for competitiveness and differentiating services from competition. Service providers with high satisfaction rating do not have competitive pressure in respect of price because customers are ready to pay more for a company that meets their needs than to defect to a company offering lower price because the risk of such action is not known (Bateson & Hoffman, 2011:296). It is therefore essential for financial services institutions to address areas and elements that affect customer satisfaction because the business environment is increasingly becoming competitive (Fararah & Al-Swid, 2013:18).

Customer satisfaction is linked to organisation profitability. Organisations that do not measure customer satisfaction risk losing customers who are a major source of revenue and thereby affecting profit margins. Furthermore, good performance should not lead to complacency and overlook customer satisfaction because sometimes dissatisfied customers do not quit and move to seek service from another provider immediately but they only reduce patronage of services. As such, organisations should also pay attention to fluctuation of sales (Best, 2009:40).

Any service provider who has not made customer satisfaction as an overriding objective or focal point of the business is operating on the sympathy of customers. If businesses are to operate without a base of loyal and satisfied customers, other service providers will move in quickly to meet their needs. Consequently, customer base will drop or shrink and customer attrition will rise. In today's highly competitive and increasingly considered world, offering personalised and differentiating services can be critical to an organisation such as the MPC's success (Gupta & Gupta, 2012:224).

2.5.1 Customer service as a driver of customer satisfaction

Customer service is evaluated by customer satisfaction. Witkowska (2011:600) notes that if the drive to satisfy customers and create a positive image of an organisation is to be realised, customer service should be taken seriously. However, despite the importance of customer service, most organisations are not putting great effort to differentiate their services using customer service. Consequently, organisations that are committed to delivering superior service are rare in the lens of the customer (Timm, 2011:95). Different perspectives of customer service have been presented by scholars. One school of thought believes customer service is everything that organisations do to create a remarkable customer experience when accessing products and services (Machado & Diggines, 2012:2). Similarly, customer service has been defined as the capacity of enlightened employees to be able to offer quality service in such a way that customers are satisfied and remain loyal (Lucas, 2012:7).

Customer service should be seen as a collective responsibility. Cockerell (2013:7) argues that customer service is not a department or a separate business unit but a

collective task for the organisation hence the responsibility to provide a good customer experience is the duty of every employee at all levels of the corporate ladder from the chief executive to the lowest ranking officer. The task that organisations have today is to convince members of staff not directly involved with customer interface to embrace customer service as a collective challenge. Furthermore, customer service excellence must be in everyone's job description. To support the notion that customer service is not a department, Harris (2013:6) explains that internal customers or co-workers have an important role to play with the external customer because if the internal customers do not value prompt execution of work and respect for others, provision of outstanding customer service becomes a challenge.

Organisations that provide good customer service are progressing whereas poor service providers fumble and collapse. Well informed organisations focus their energies on customer service and ways of improving it. The reality is that most organisations have strategies aimed at improving customer service. However, despite these strategies customer satisfaction levels remain persistently very low and with the surge of technology, frustrated customers share their poor service experience on the internet. This has a devastating impact on the business (Tim, 2011:3).

Customer service is not practiced well and consistently by most organisations despite slogans and advertising messages indicating that customer welfare is their number one priority. One is persuaded to think that such messages are just marketing gimmicks and tactics aimed at increasing customer patronage of services at the expense of customer satisfaction. This observation cements the belief that excellent customer service is so rare because both parties to a transaction be it the organisation or the customer are not willing to meet their obligation such as spending money and taking action. In addition, customer service is considered more of a lip service because people have no understanding of what constitutes outstanding customer service (Harris, 2013:3).

In an effort to improve customer service, organisations should offer seamless services that facilitate an efficient system to ensure that customers are not

inconvenienced in any way (Lucas, 2012:202). The danger of laxity in service provision is that customers can forgive service providers for a poor service but they may not forget unpleasant customer experience. They are fond of mentioning the incident and the ripple effects can be destructive to the business hence it is extremely important to provide excellent customer service all the time (O'Sullivan, 2010:42).

Customer service is not only about action, it is also about employee personality. Even with the best policies, procedures and training, organisations cannot provide great service if the people that provide the service don't have the right attitude and personality (Cockerell, 2013:9). With respect to attitude and personality, Harris (2013:4) explains that customer service is beyond a great attitude and what is critical is having the right attitude. It therefore makes no difference to provide excellent customer service if small things that matter to the customer are overlooked hence employees must be trained to anticipate changing customer needs and make right decisions.

Similarly, Tim (2011:21) stresses that the behaviour of employees can build or scatter relationships with customers and awareness of these behaviours can help to improve customer service. It is further noted that the problem is that many employees are clueless about the impact of their behaviour. Gronroos (2007:249) posits that unfriendly and negative behaviour by service oriented employees has a negative impact on service quality. Moreover, it has the potential of affecting the company's productivity and profitability.

The real test for service providers is to know that provision of excellent customer service is a continuous struggle and never ends. Performance by employees must be frequently examined to ensure that there is consistency in practices that constitute excellent customer service otherwise there is a danger that employees may return to old and bad practices that do not add value to service delivery. It is therefore the responsibility of management to frequently evaluate customer satisfaction because good analysis of the company's performance cannot be generated from the organisation's point of view. Customers must be given a chance to point out areas that need to improve (Harris, 2013:4).

2.5.2 The customer service encounter

Service encounter is key to the customer's service experience and relationship with the service provider. The quality of the experience during a service encounter determines customer satisfaction and their view of the service provider. Solomon et al., (2012:301) explain that the service encounter is the meeting between a service provider and a customer and is sometimes referred to as the "moment of truth". Furthermore, the service encounter is multidimensional and encompasses the social contact dimension and the physical dimension. The social contact dimension is the interaction between the service provider and the customer.

Physical dimension means that customers always consider the domain or environment in which the service will be provided. Organisations can prevent bad service encounters through disintermediation. Disintermediation is the process where the human element or contact is removed when providing a service and is replaced with technology such as machines or the internet (Solomon et al., 2012:301). For instance, the MPC can adopt technology whereby customers will be required to obtain and transact through electronic cards. Vanpariya and Ganguly (2010:10) believe that service providers can improve service delivery to customers by using technology to meet their needs.

During customer service encounters the conduct of employees is very crucial for effective interaction and service delivery. Customer facing employees are the brand of the organisation. As such, their appearance, demeanour, body language, facial expression, language and tone have an impact on the customer experience. Even with well trained employees customer service encounter can be a nightmare if these basics are not practiced and used correctly (Cockerell, 2013:10).

Ultimately, service encounters are evaluated based on a number of things. Customers rate their service encounters based on emotions, trust and control. Emotions reflect a recollection of sentiments about experiences and events whereas trust reflects the belief, faith or conviction to stay in touch with a relationship despite having some concerns or negative feelings. Control reflects the ability to take charge of changing needs. Customers sometimes get emotional when there is a deviation in

the expected end product or result. The end product or experience can either enhance the customer's condition or make it worse (Dasu & Chase, 2010:35)

2.5.3 Service failure

Service failure is a scenario where service delivery has gone bad and not been executed according to plan or standards. However, the seriousness of failure differs based on the nature of the industry and service being offered (Palmer, 2011:71). Service failure is inevitable and this view is shared by Choi and Choi (2014:108) who warn that despite every effort to provide quality service, which is crucial to competitiveness, things may go wrong resulting in service breakdown and sour relationships with customers. It is therefore imperative to accept the reality that service failures are bound to happen and can be experienced during service delivery or after usage (Komunda & Osarenkhoe, 2012:83).

Bateson and Hoffman (2011:363-365) categorised service failures into four groups: Core service delivery system failure is related to the thrust of the system. For instance, when service is not available, service is very slow and other important aspects of service failure such as policy or regulations related. The second is customer needs and request failure which encompasses requests to do with special needs, customer choices, customer induced problems, customer disturbing behaviour and hinges on employee ability to respond to queries. The third is unsolicited employee actions whereby actions of employees frustrate customers and result in service failure. These actions and behaviours range from poor attitude, rudeness, discrimination and boastful actions by employees. The last category is problematic customers and occurs when customer actions leads to service breakdown other than the organisation or its employees. Some of the behaviours exhibited are drunkenness, foul language and disregarding company policies. These customers are difficult to please (Poddar & Madupalli 2012:552).

Service failures should be seen both as a setback for the business and at the same time as an opportunity. Service failures affect customer satisfaction and draws customer emotions leading to churn, bad publicity and bitter relationships (Choi & Choi, 2014:109). Service failures also affect the company's reputation, image and

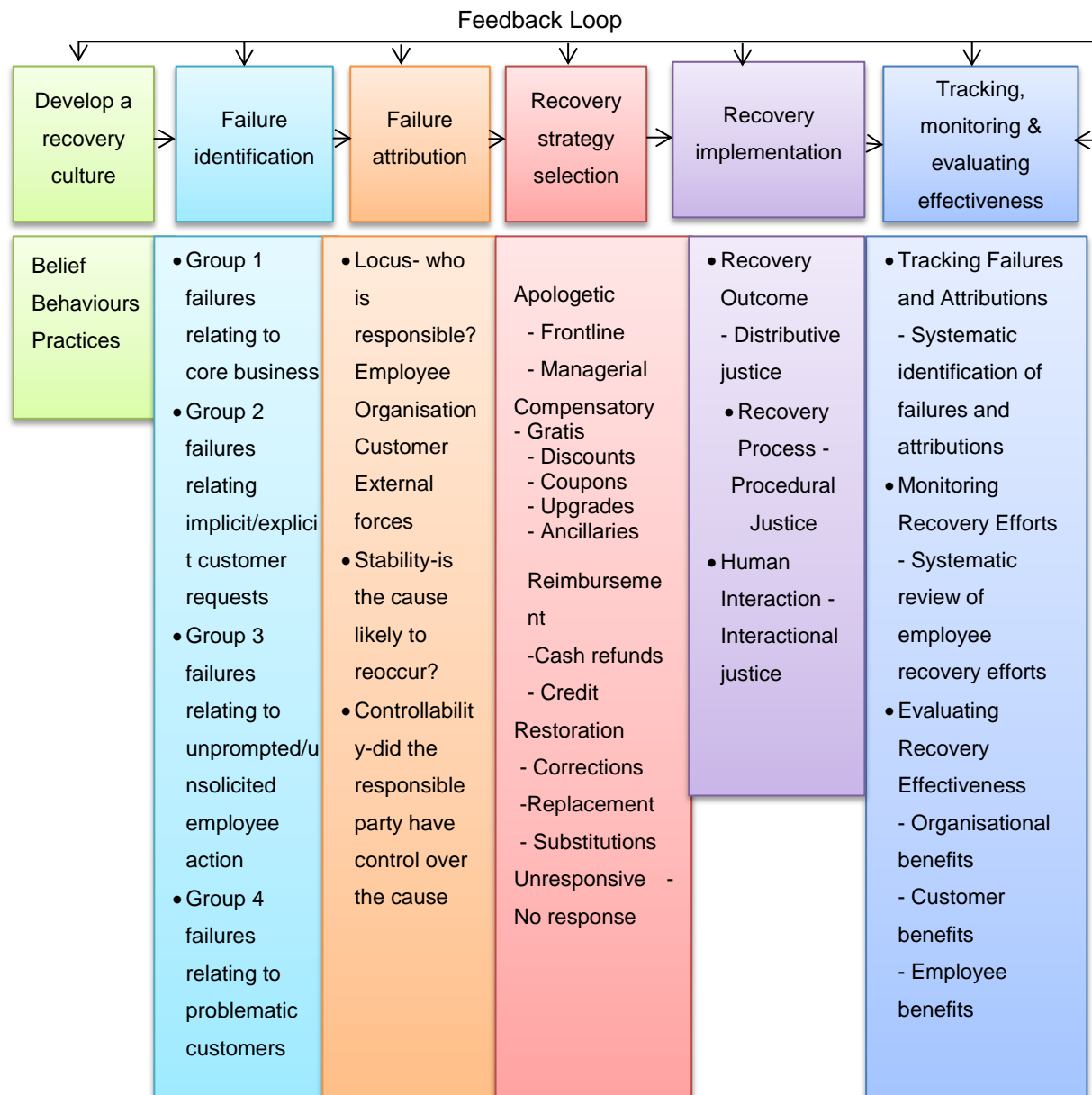
customer trust (Sajtos, Brodie & Whiltome, 2010:226). Some authors believe that service failures should not be a cause for alarm. Customer complaints or service failure do not imply the collapse of an organisation but a chance to build and strengthen customer loyalty. It is only when service breakdown occurs that the organisation is able to review its strategies (Timm, 2011:95).

Complaining customers should not be treated with contempt or be viewed as enemies of the business. It is easy for service providers to be defensive when customers register problems or frustrations. However, service providers such as the MPC should view criticisms as constructive contributions to management of service problems (Harris, 2013:31). Organisations should appreciate complaining customers because they provide the business with an opportunity to correct mistakes and they often speak for unhappy silent customers (Heppel, 2010:135).

2.5.4 Service recovery

Service recovery is one way of addressing customer service failure and mitigate against loss of customers and legal suites in extreme cases. As such, recovery management programs are very important (Wilson et al., 2012:340). Figure 2.6 shows a recovery management program that focusses on an organisation's strategic priorities in creating customer satisfaction in an event of a service failure.

Figure 2.6: Management recovery program of service failures



Source: Bateson and Hoffman (2011:362)

As highlighted in Figure 2.6, Bateson and Hoffman (2011:362) stress that developing a recovery culture is important to effectively address customer problems. The culture can be in respect of beliefs, behaviours and practices in an organisation. In order to entrench culture, there must be top management commitment and willingness to provide a conducive environment and not prevent service recovery efforts.

In terms of failure identification an explanation of the categories of failure has been provided in section 2.5.3. However, it is imperative to mention that financial services business demands a lot of interaction with customers. As a consequence, service breakdowns are often experienced (Binh & Vi, 2013:1-2). Furthermore, service failure is both outcome and process related, therefore determining a correct type of failure that has occurred is crucial to effective management of customer problems and prevention of customers switching to other service providers (Chuang, Cheng, Chang & Yang, 2012:266-268).

Failure attribution is an important process towards resolving service failure because the needs of a customer and a service provider are always at a crossroads. In service recovery efforts, customers expect the organisation to be fair, be understanding and accountable for the service failure (Wilson et al., 2012:347). Service failure can be attributed to employees, the organisation and the customer. Some of the causes are rigid service policies on the part of the organisation, slow service, mistakes by employees and also customer behaviour (Machado & Diggins, 2012:51-52).

To illustrate Figure 2.6 further, with respect to recovery strategy selection and recovery implementation, Wirtz and McColl-Kennedy (2010:672) believe that organisations should adopt service recovery programs that ensure fairness if they are to achieve customer satisfaction. They add that compensations to customers should be adequate to avoid future claims and efforts should be made to interact with customers in order to manage their expectations of claims in an event of service failure. As part of a service recovery strategy, organisations should offer gifts and reimburse costs incurred. In addition, responsiveness and compensations could enhance service recovery in an event of service failure (Timm, 2011:135; Akbar, Som, Wadood and Alzaidiyeen, 2010:117). In the same vein, employees should be trained in resolution of customer problems and be empowered to use their discretion to offer compensation, discounts and refunds (Huang, 2011:514).

Post recovery customer satisfaction can be attained through recovery implementation methods such as distributive justice, procedural justice and interactional justice hence it is imperative for organisations to explore these

dimensions of justice to ensure that customer problems are properly addressed (Lin, Wang & Chang, 2011:526). As shown in Figure 2.6, distributive justice occurs when there is a need to compensate a customer for service failure whereas procedural justice takes place when the customer has concerns with the processes in order to get a recovery. Interaction justice occurs when the customer has a perception about the capacity of service recovery employees such as their empathy, courtesy and effort (Berndt & Tait, 2012:16). According to Nikbin, Ismail, Marimuthu and Jalalkamali (2010:51), distributive justice such as refunds and discounts are critical to achieving customer satisfaction. In addition, interactional justice in the form of apologies and empathy are encouraged as a strategy for satisfying customers and regaining their trust.

With respect to tracking, monitoring and evaluating effectiveness as reflected in Figure 2.6, the need to identify service failures systematically, review recovery attempts and also evaluating the effectiveness of the recovery system are key to the process. According to Ekiz and Kho-Lattimore (2011: 693-694), employees are the face of the organisation and should be given some authority over customer complaints and not refer everything to superiors. Organisations should put in place procedures, systems and policies for addressing customer problems. The organisational structure should be flexible and all obstacles removed to prevent long chains of command or authority before a customer problem is attended or given consideration. In addition, service recovery procedures should be communicated to all workers with clear lines of responsibility (Binh & Vi, 2013:14).

The fast moving pace of change and the ever increasing demand for better services and quality has left organisations with no choice but to embrace systematic change in the way they manage customer needs. Institutions are like steel beams, they tend to rust with passage of time and so too with new trends in technology; customer needs and added service features make existing processes inefficient and obsolete or irrelevant. As such, service processes should be frequently monitored and redesigned (Wirtz et al., 2012:243). Lucas (2012:54) believes that frontline employees need to be encouraged to play a part in service quality improvement by reviewing systems, policies and procedures and then recommend to management areas that need attention. The task to review processes and policies cannot be left to

frontline employees alone, there is a need for synergistic efforts in all layers of management and processes to create a better business climate and ensure that service quality and customer satisfaction is achieved (Soltani, Barnes, Syed & Liao, 2012:536).

There is no substitute for rendering good quality service as the cost of managing service failure recovery may be severe. Conversely, organisations can achieve customer satisfaction if service failures are properly resolved and this situation is known as service recovery paradox (Machado & Diggines, 2012:50). Zeithaml, Bitner and Gremler (2013:184) describe the service recovery paradox as a scenario where a dissatisfied customer is given good quality service recovery and is therefore more contented or satisfied with the current situation than before. Further to this, they argue that companies should try to get things right the first time because some customers prefer not to complain when they experience service problems but resort to withdrawal of their loyalty and purchase the service elsewhere. Similarly, Wirtz, Chew and Lovelock (2012:401) have noted that the service recovery paradox may not be applicable in all service failure situations and may be costly to a service provider hence it is essential to do things right the first time.

The importance of resolving service failures has been established. The realisation of good service quality depends on the organisation's ability to operationalise quality in all service processes and support systems and also to treat service failure as an opportunity to improve service quality and create a remarkable customer experience. In addition, quality should be managed from the source and not at the last mile where the service provider meets the customer (Soltani et al., 2012:528).

2.5.5 The Relationship between service quality and customer satisfaction

Quality and satisfaction are critical concepts that guarantee survival of the business and need to be given adequate attention if the business is to remain competitive. The sustainability of a business is at the mercy of the customer and the availability of substitute products has put business owners at the risk of going into extinction if customers are not satisfied with their offering. No wonder marketing gurus have touted the customer as being King. Satisfaction can be attained if service quality is

good or high and vice versa. This observation cements the fact that the two concepts are linked (Munusamy, Chellian & Mun, 2010:400).

There is a thin line of differentiation between the concepts of quality and satisfaction. Both expectation and perception are equally used in determining quality of services and satisfaction of customers (Bateson & Hoffman, 2011:325). Quality of service is measured by analysing customer expectations and perceptions (Ghani, Said & Yusuf, 2012:72). The assessment of expectations against perception is also the yardstick for measuring customer satisfaction. However, customer satisfaction is not a function of one department but needs concerted efforts from several departments. It is therefore imperative for marketing and operations departments to work together to improve service delivery (Zimmerman & Blythe, 2013:213).

Changes in quality can affect satisfaction of the customer regardless of the frequency the customer has patronised a service. As such, variations in service quality should be a matter of concern for businesses. When product or service quality meets the expectation of the customer, it reinforces the trust the customer has in the product and when service quality fails to meet customer expectation, the customer is dissatisfied and forced to try competing brands (Malik, Ghafor & Iqbal, 2012:124).

Research on quality and customer satisfaction in the financial services sector has largely been conducted in the main stream high street banking with very little on postal financial services. As such, there is a gap in the literature as far as postal financial services quality is concerned. However, similar studies conducted on financial services are numerous and will suffice to back up the present study. For instance, in India the banking industry was evaluated using SERVPERF to ascertain the effect of quality on satisfaction. It was found that the attributes of quality have a positive association with satisfaction (Anand & Selvaraj, 2012:162).

In Bangladesh, Siddiqi (2011:22-24) examined the association between service quality dimensions, satisfaction and loyalty in the banking industry. The study findings show that all five dimensions of quality (tangibles, responsiveness, assurance, empathy and reliability) have a positive association with satisfaction.

Furthermore, the banks performed very well on empathy and performed least well on tangibles. Similarly, an investigation in Bahawalpur, Pakistan on financial services noted that there is a positive association between quality and satisfaction towards financial services of banks. However, tangibility had a stronger impact compared to other dimensions whereas responsiveness ranked low in terms of association with customer satisfaction (Mukhtar, Iman, Ashiq, Amjad & Nasar, 2014:105).

A study on quality and satisfaction in the banking sector in Pakistan found a significant relationship between service quality dimensions and customer satisfaction. It was also noted that responsiveness has a stronger correlation with satisfaction. The study however, did not measure the assurance dimension (Khalid, Mahmood, Abbas & Hussain, 2011:169). To echo the sentiments, Ravichandran, Man, Kumar & Prabhakaran (2010:120) conducted research on quality and satisfaction in private banks of India and found a positive correlation of all the five service quality attributes (tangibles, responsiveness, assurance, empathy and reliability) on satisfaction. However, responsiveness had the strongest relationship with satisfaction among the dimensions.

Gupta and Dev (2012:631), Naik, Gantasala and Prabhakar (2010:240), Piason, Donnelie, Tough, Everisto and Tichaona (2013:258) have also found a positive association between service quality and customer satisfaction. Siddiquei, Awan and Bukhari (2012:803) contend that despite finding a positive association between the quality and satisfaction concept with respect to services, it is consistent execution of quality that leads to more satisfied customers. Offering quality service alone on a single encounter and failure to replicate the same in subsequent encounters is a recipe for customer dissatisfaction and business failure.

2.6 Customer loyalty

Nowadays, creating loyal customers is a strategic business goal for many organisations. The business environment has propelled the change of focus beyond the achievement of customer satisfaction as an overriding goal and organisations have realised that there is a need to create a lasting relationship with customers to ensure repeat purchases and competitiveness (Rai & Medha, 2013: 139). Saleem

and Raja (2014:706) reiterate that customer satisfaction alone is not a means to an end and does not guarantee customer retention while customer loyalty contributes to business success.

Numerous scholars have attempted to explain the concept of loyalty. Customer loyalty is an emotional bond that is founded on commitment and trust between the customer and the service provider which leads to a sustained relationship (Lucas, 2012:334). Furthermore, customer loyalty is viewed as a desire to patronise services or buy products on a continuous basis and also to recommend the service to would be customers (Wirtz, Chew & Lovelock, 2012:360). Another school of thought believe that loyalty is derived from a sustained favourable attitude towards a brand or service provider and is maintained through personalised attention and constant interaction with the customer (Jolibert et al., 2012:234).

The relationship between a service provider and a customer is evaluated based on certain traits and these determine the form of loyalty a customer exhibits in relationships. Du Plessis, Strydom and Jooste (2011:547-548) state that there are two types or dimensions of loyalty:

- **Behavioural loyalty:** This type of loyalty relates to the frequency of purchase by a customer and how the relationship is sustained with an organisation (Auka, Bosire & Matern, 2013:34). Organisations should assess the current sets of customers by reviewing the number of times they have patronised the service and also how recently they purchased a service or product. However, the shortcoming of behavioural loyalty is that it overlooks other important elements that drive the customer to repurchase a service or product (Du Plessis, Strydom & Jooste, 2011:547).
- **Attitudinal loyalty:** This means that positive attitude determines the customers' allegiance to an organisation or a service over a certain period of time. A positive attitude can be assessed through things like pride, ego, emotions, beliefs and goals of a customer (Du Plessis, Strydom & Jooste, 2011:548; Auka et al., 2013:34).

Despite several studies on customer loyalty, there is no absolute consensus on the dimensions of loyalty. Behavioural loyalty is viewed as the most important of the two loyalty types because revenue is generated from efforts and activity and not attitudes (Du Plessis, Strydom & Jooste, 2012:548). Santouridis and Trivellas (2010:332) explain that when assessing loyalty both attitudinal and behavioural aspects should be examined. Mosahab, Mahamad and Ramayah (2010:74) have noted that there are several factors that trigger repeat purchases such that to focus on behavioural and attitudinal aspects alone will be narrowing the understanding of loyalty. Furthermore, the cognitive approach is another dimension of customer loyalty and occurs when a customer purchases any product which comes to mind first in the buying decision making process. On the other hand, Goncalves and Sampaio (2012:511) posit that composed loyalty is another dimension of loyalty and it encompasses both behavioural and attitudinal attributes.

Another perspective shows that customer loyalty is assessed by measuring attitudes such as commitment, eagerness or desire to recommend the product or organisation to prospective customers, positive messages or communication about the service or organisation and re-patronage intentions of the service by the customer (Komunda & Osarenkhoe, 2012:89). In view of the different schools of thoughts on the concept of loyalty, it is important for service providers such as the MPC to concentrate on all dimensions of loyalty to avoid losing sight of certain aspects that are important.

Customer loyalty must be earned and not bought. As such, any response to an incentive is not loyalty. Behaviour measure of loyalty can be misleading because repeat purchase behaviour is sometimes induced by discounts or incentives. As a result, it is difficult to distinguish customers with allegiance to the organisation and those that are not committed (Tim, 2011:11-12). Similarly, it is highly irrational to believe in true loyalty because competitors are sometimes opportunistic and entice consumers with persuasive messages and incentives just to lure them from their preferred choice and these are some of the challenges organisations have to deal with (Oliver, 1999:36).

It is not every customer who buys products or uses services from a company that is loyal. Organisations and marketers need to be careful because not every repeat

business should be construed as loyalty. Customers may sometimes be forced to buy from one service provider because they lack other options due to the absence of multiple service providers in the locality or high prices charged by competition (Palmer, 2011:204). Furthermore, Timm (2011:11-12) argues that organisations should be wary of counterfeit loyalty because they may be persuaded to think they have built a large base of loyal customers while competition is seriously recruiting customers.

Several studies have shown that customer loyalty is a tool for company growth and a prerequisite for business success. Ganiyu, Uche and Elizabeth (2012:15) observe that loyal customers are the life blood of the business because among others, they are willing to patronise a service irrespective of the prevailing price. Furthermore, they provide the business with enormous opportunities for growth by recommending the company to potential customers. Molaei, Ansari and Teimuori (2013:3) agree that loyal customers spend their resources on the organisation and also market the products or services to other customers. On the other hand, Segoro (2013:306) stresses that significant downward change in customer loyalty should be a cause of concern among organisations as this change in loyalty can affect profitability and market share.

2.6.1 Customer approaches that influence customer satisfaction and loyalty

Customers are irrational and their decisions are subject to a number of things they encounter in life such as alternative products and services, fellow customers and even fear of the unknown. Consequently, their power of reasoning and decision making is affected. Homburg, Kuester and Krohmer (2013:601-615) explain how customers deal with and process information. They came up with three approaches of customer behaviour which have a bearing on customer satisfaction and loyalty.

- **Learning theory:** One type of learning triggered by behaviour is instrumental learning. This view holds that customers are likely to patronise a service which met their needs and were satisfied and shun unsatisfactory service. In other words, customers will be loyal where satisfaction was attained. Another aspect of behaviour is observation learning whereby customers will make decisions based on the experience of other customers (Homburg et al., 2013:607). For instance, if

postal financial service customers are satisfied, they will pass on information to other customers and on the basis of this information, decisions are made whether to patronise the service or not.

- **Cognitive dissonance theory:** Cognitive dissonance is the pressure or anxiety that customers have after buying a product or service (Kerin et al., 2013:113). Customer decisions are affected by conflicting experiences and these can either be favourable or unfavourable. In addition, good information about competing brands or bad features of a product may affect customer purchasing intentions. Organisation should prevent or minimise cognitive dissonance because it affects customer loyalty. Furthermore, cognitive dissonance can be addressed by compensating customers when they have complaints and also by providing consistent and positive information about the organisation (Homburg, Kuester & Krohmer, 2013:601-602). Cognitive dissonance is also a feeling of guilt or regret after purchasing a product or service. A customer begins to think that there may be an alternative brand or service which would have been a better choice than their current decision. Organisations should reduce cognitive dissonance by maintaining contact with the customer after purchase of a service (Solomon, Marshall & Stuart, 2012:161).
- **Risk theory:** Homburg, Kuester and Krohmer, (2013:615-616) have noted that customers are sometimes conservative and would like to avoid making a risky purchase. To avoid risk, some customers prefer to be loyal to a particular service provider or a particular product. This can be referred to as “better the devil you know attitude”. For instance, new payment platforms such as mobile money and mobile banking have been launched which are yet to be tested on the market and in view of lack of proper information about the reliability of the new payment systems, postal financial services customers may decide to stick with the MPC even if they are not happy with the service.

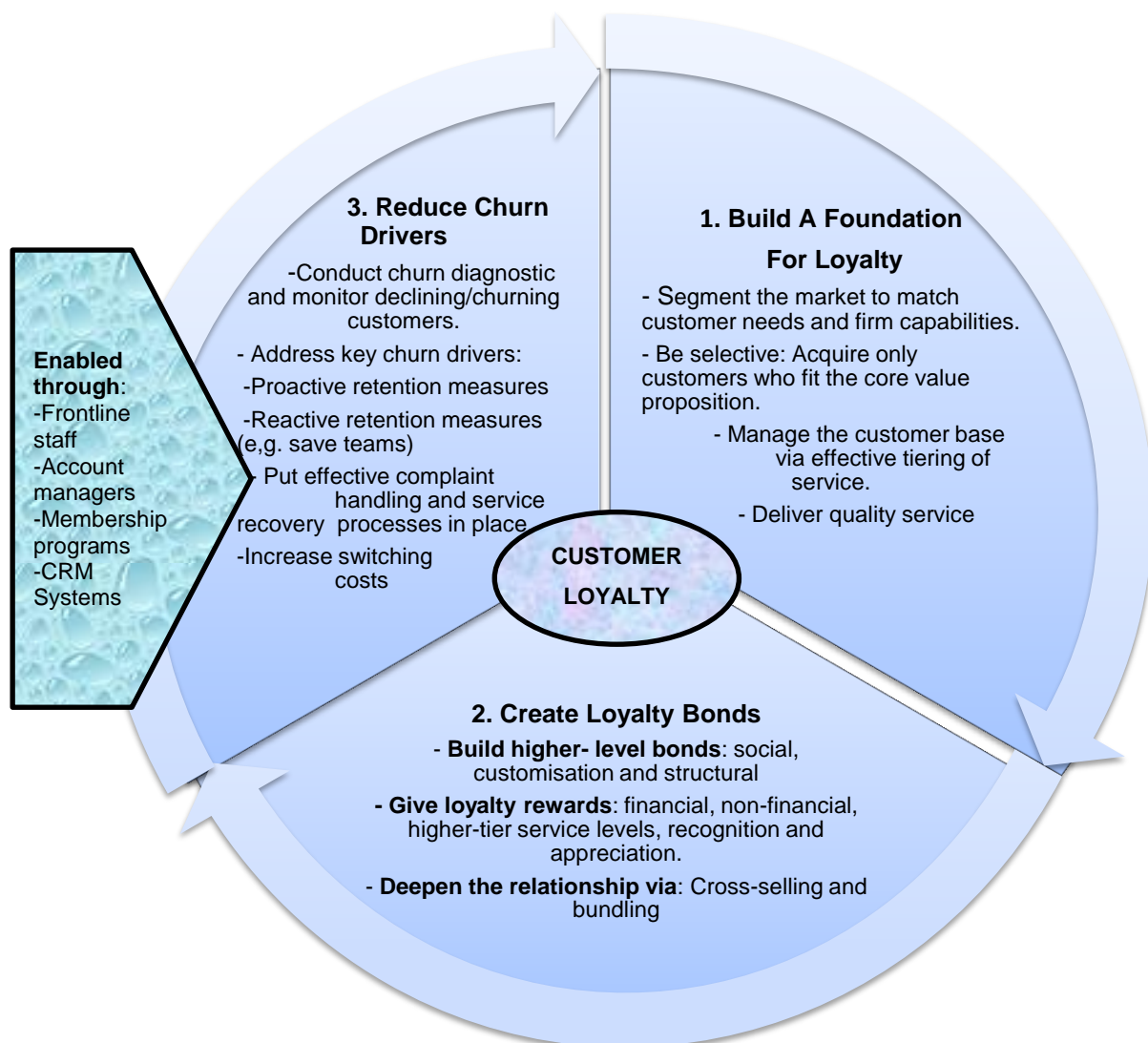
2.6.2 Developing and maintaining customer loyalty

Service providers can use different strategies to establish and maintain loyalty. One such strategy is the wheel of loyalty.

2.6.2.1 The wheel of loyalty

Customer loyalty is not a windfall strategy and does not happen by chance, it is a deliberate effort by service providers to create an environment where it is possible to build trust and do business with customers on a sustained basis. Wirtz, Chew and Lovelock (2012:365) propose the wheel of loyalty as a tool for establishing and maintaining customer loyalty. Figure 2.7 illustrates three strategies within the wheel of loyalty that can be implemented in an organisation such as the MPC in order to foster loyalty.

Figure 2.7: The wheel of loyalty



Source: Wirtz, Chew and Lovelock (2012:365)

2.6.2.2 Building a foundation for loyalty

As highlighted in Figure 2.7, Best (2009:56) explains that organisations should target and develop sustainable relationships with customers based on loyalty and profit potential and cut off customers that are not profitable. In addition, organisations should segment or separate their customers and apportion the right service befitting different categories. It is important for the businesses to rope in customers that fit a particular portfolio and at the same time deliver quality service and satisfaction (Wirtz, Chew & Lovelock, 2012:365).

2.6.2.3 Create loyalty bond

Organisations can also build social bonds or relationship through offering social activities and giving customers things like complementary cards and tickets to attend company events (Johnston et al., 2012:92). Furthermore, organisations should strive to create unbreakable relationships with customers through cross-selling or by providing gifts and awards to customers in different categories. For instance, the postal business can give discounts or adjust transaction costs to customers who transact in financial services and any additional service offered by the MPC during a single service encounter. Loyalty rewards can range from monetary rewards to just mere appreciation (Wirtz, Chew & Lovelock, 2012:365).

Loyalty programs are not just for every customer or service. Loyalty programs should be linked to customers based on volumes if they are to be effective otherwise organisations fall into the trap of rewarding repeat purchases instead of loyalty. In addition, technology is the best tool to implement loyalty programs. Special cards can be issued with a magnetic strip to detect behaviour and reward customers with points every time they transact hence providing the organisation with sufficient information to implement loyalty programs (Winer & Dhar, 2011:429).

2.6.2.4 Reduce churn drivers

With respect to Figure 2.7, Wirtz, Chew and Lovelock (2012:365) believe that in order to avoid losing customers, organisations should analyse the business environment and determine elements that affect customer satisfaction and lead to

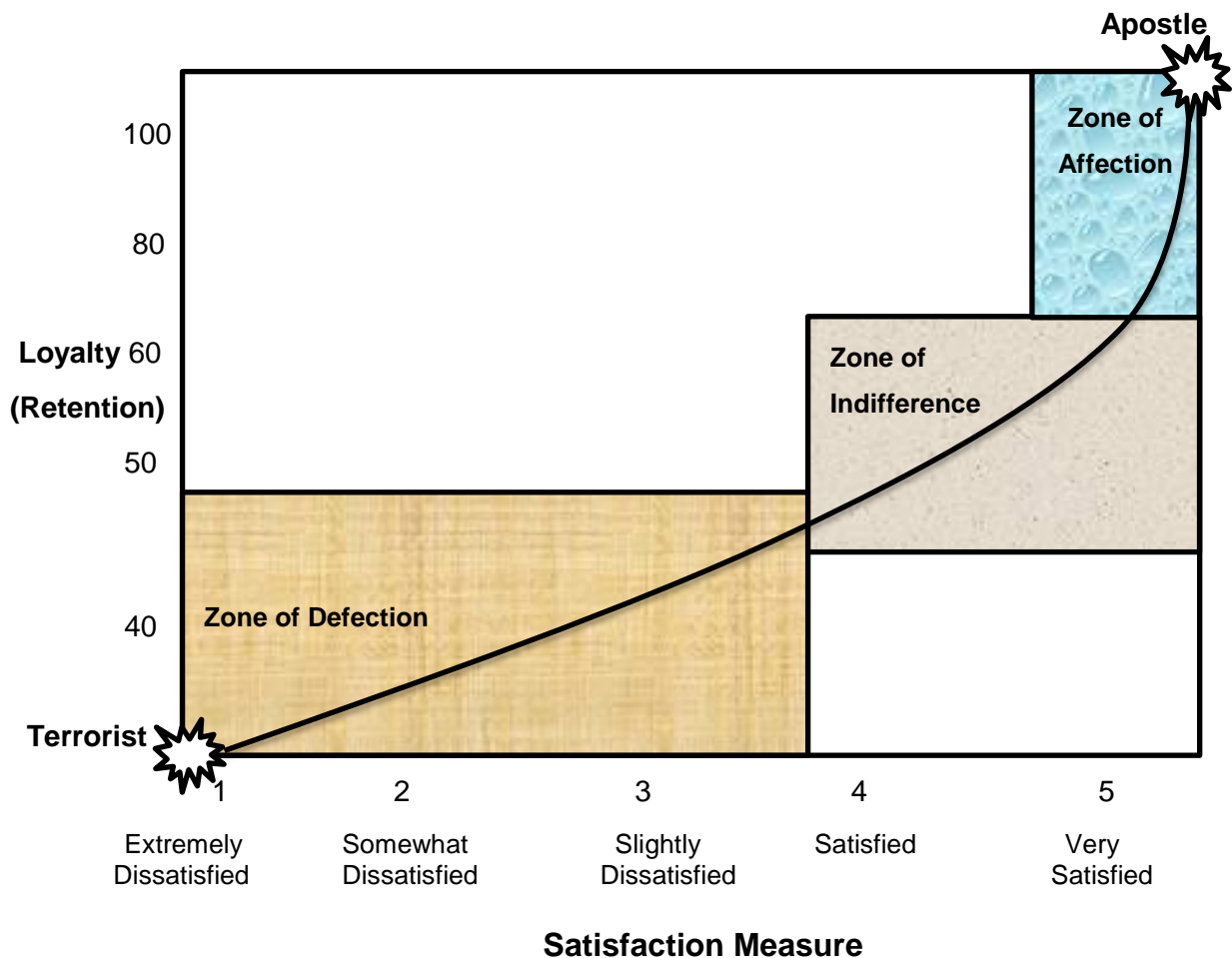
churn. Initiatives to manage and address customer problems should be undertaken through front office personnel, key accounts management and by adopting customer relationship management systems. Furthermore, effective service recovery can boost customer loyalty towards a service (Clow & Baack, 2010:381).

2.6.3 Relationship between customer satisfaction and loyalty

Customers react differently to service encounters – either they are satisfied or they are dissatisfied and whichever way the customer feels, this has a significant impact on repurchase intentions. There are four different customers who represent the relationship between satisfaction and loyalty. Loyalist or apostle is the first group and they represent extremely happy customers who continue to patronise a service and spread positive information about the organisation. The second group is defector or terrorist and these customers are dissatisfied with the service. They spread damaging information and are likely to switch to competing brands. Mercenary is the third group and represent happy customers but not dedicated to the service provider. They only patronise services when there are incentives or price cuts. The last group is known as hostage and represent customers who do not have another option they can easily defect to when they are dissatisfied. As such, they cling to the same service provider (Winer & Dhar, 2011:423).

Customers' expectations are not static and their level of satisfaction tends to fluctuate over time despite being loyal to an organisation. The fluctuation in satisfaction can either be positive or negative. Positive fluctuation implies that the service provider is exceeding customer expectations whereas negative fluctuation implies that the service provider is failing to match customer expectations so satisfaction starts declining. The relationship between satisfaction and loyalty is devised into three zones which are zone of defection, zone of indifference and zone of affection (Wirtz, Chew & Lovelock, 2012:370-372). Figure 2.8 shows the three zones in the satisfaction-loyalty relationship.

Figure 2.8: The customer satisfaction-loyalty relationship



Source: Marshall and Johnston (2012:362)

With respect to Figure 2.8, customers in the zone of defection are extremely dissatisfied and the probability of changing to another service provider is very high. In this category, customers talk bad about the service and the organisation hence they are known as terrorists (Wirtz, Chew and Lovelock, 2012:370). Customers in the zone of indifference have a reasonable satisfaction and can only change allegiance if there is a good service provider offering similar services (Marshall & Johnston, 2012:363). Customers can be tempted to move out of the zone of indifference if the service provider can exceed the expectations and also reduce people turnoffs by improving communication (Timm, 2011:96). In the zone of affection, customers are extremely satisfied and committed to the brand and have no reason to switch to competing service providers. Customers in this category talk good of the product and are advocates of the organisation hence they are known as apostles (Marshall & Johnston, 2012:363).

Satisfied customers have nothing to do with competing brands and messages from advertisers, they remain loyal and talk positive things about their service providers whereas dissatisfied customers damage the reputation of the service provider to prospective customers (Kotler & Armstrong, 2010:179-180). Boone and Kurtz (2012:315) concur with these sentiments and asserts that dissatisfied customers find greater pleasure in narrating their bad experience to other customers than satisfied or happy customers. A number of other researchers have also found a significant relationship between satisfaction and customer loyalty (Kim, 2011:631; Keisidou, Sarigiannidis, Maditinos & Thalassinou, 2013:278; Hafeez & Muhammad, 2012:206; Hassan, Malik, Imran, Hasnain & Abbas, 2013:1027).

Generally, customer satisfaction or dissatisfaction has an impact on customer loyalty. Satisfied customers often purchase from one service provider when a purchase opportunity arrives or occurs (Kerin, Hartley & Rudelius, 2013:112). Organisations should therefore create more satisfied customers if customer loyalty is to be achieved (Segoro, 2013:309). The culture of satisfying customers is very important as observed by Spalton (2010:90) who believes that businesses should strive to delight their customers without expecting anything in return and if the customers derive satisfaction from the quality offered, they will be loyal and recommend the business to prospective customers.

2.7 Conclusion

The literature review provides different perspective on services and quality. Central to this discussion is an overview of the financial services industry in general, services and its characteristics, customer satisfaction, service quality and its dimension, customer service, service encounter, service failure, service recovery and customer loyalty. Service quality models were reviewed with a focus on evaluating quality using the gaps model and curative measures. The service quality analysis shows that much as the customer has a final say on quality, most of the key determinants or aspects of quality are under the control of the service provider and these factors help in creating customer expectations. The SERVQUAL and SERVPERF models were also discussed to provide the basis of the direction which this study will undertake.

Customer satisfaction was explained with its drivers such as customer service. However, it is noted that service failure may occur during a service encounter or after usage and such situations call for service recovery in order to maintain customer satisfaction. Different service recovery strategies have been highlighted with the view of arming the MPC with a pool of ideas to adopt in an event of service failure. Last but not least, several studies on the association between quality and customer satisfaction in the financial services sector were reviewed and it has been established that the dimensions of quality have a positive association with customer satisfaction. The importance of achieving customer loyalty is also emphasised if the MPC is to achieve repeat business. Research by a number of scholars suggests the existence of the relationship between satisfaction and loyalty.

Chapter three highlights the research methodology adopted for this study.

CHAPTER 3 : RESEARCH METHODOLOGY

3.1 Introduction

In chapter two, an overview of the financial services industry was highlighted in the Malawian context. The literature review focused on service quality, customer satisfaction and customer loyalty. Other concepts such as customer service, service failure and service recovery were highlighted to explain how they affect customer satisfaction. A relationship between service quality and customer satisfaction plus customer satisfaction and loyalty was established based on several findings of previous research. In this chapter, detailed explanations of the research methodology are provided with a focus on the research design, quantitative study, population, sampling method, questionnaire design, data collection methods, data analysis techniques, reliability and validity.

3.2 Research design

A research design is a roadmap for managing the research process. Furthermore, it is noted that the three dimensions of research design are exploratory, descriptive and causal research (Churchill, Brown & Suter, 2010:78-79). The choice of research design for this study is descriptive because the objective is to measure and ascertain the relationships between variables (Hair, Celsi, Ortinau & Bush, 2013:108). The importance of descriptive research is that it underlines the magnitude of general problems and helps to trigger action that provides the foundation for policy intervention (De Vaus, 2014:18-19). Descriptive studies can either be cross-sectional or longitudinal (Churchill, Brown & Suter, 2010:109). In this research, a cross-sectional, quantitative and descriptive study was undertaken because data was collected once (Babie, 2011:82).

For the purpose of this study, a positivistic and deductive approach was used because the theoretical framework created was based on known theory and models (Zikmund, Babin, Carr & Griffin, 2010:44) such as SERVPERF to evaluate service quality and satisfaction. Positivists create knowledge and draw their research strategy based on existing theory (Saunders, Lewis & Thornhill, 2009:108).

Deductive theory or reasoning helps researchers to ascertain if certain beliefs or what is considered logic can be empirically proven. The crux of this school of thought is that logic is not sufficient if it cannot be proven (Babie, 2011:56). Hence, it was imperative for the purposes of the current study to measure the relationships among service quality, customer satisfaction and loyalty.

The survey approach was undertaken as a means of collecting data from respondents by administering the SERVPERF questionnaire. According to Clow and James (2014:35), the survey is the main method of conducting descriptive research. In addition, most surveys are viewed as fundamentally positivistic and quantitative (De Vaus, 2014:6-7). According to Hair et al. (2013:109), quantitative studies are descriptive because numbers and statistics are often used to condense demographics, attitudes and behaviours. Quantitative survey research is sometimes viewed as ineffective and mundane but it is suitable in providing accurate, reliable facts and descriptive information unlike qualitative research which provides a substantial amount of data about behaviours of variables but the results are very subjective, not widely accepted and difficult to replicate in subsequent scenarios (De Vaus, 2014:6).

3.3 Target population

The target population for this research were all customers seeking financial services in the designated Post Offices. In addition, other criteria such as age, geographic location, education, gender were used to describe the population because the researcher wanted to examine the influence of these demographic variables on the study. Walliman (2011:185) states that a population refers to the total number of elements that are subject of an investigation. It is further noted that researchers should be clear when defining a population (Churchill, Brown & Suter, 2010:327) hence the inclusion of demographics so that the characteristics of the population are known.

3.4 Sampling

This research used a non-probability sampling technique to come up with a sample because probability sampling methods cannot be used in the absence of a list of the

target population (Krishnaswami & Satyaprasad, 2010:80). The MPC has a large base of financial services customers as such non-probability sampling technique was a viable option. Non-probability sampling is also known as “haphazard sampling” because it is susceptible to individual errors and bias (Burns & Bush, 2014:242).

In view of the sampling procedure that was adopted, two non-probability sampling techniques were used and these are convenience sampling and judgemental or purposive sampling. Convenience sampling was used as the basis for selecting research participants in the Post Offices because it is a quick, easy and cheap method of sampling (Denscombe, 2010:38). Judgemental or purposeful sampling facilitated the selection of the Post Offices where the research was conducted based on revenue generation and the span or stretch of the territory (region) in terms of the number of postal outlets. The study took place in eight Post Offices which were grouped per region, the north (Luwinga and Mzuzu Post Office), centre (Lilongwe, Capital City and Kanengo Post Office) and south (Blantyre, Limbe and Zomba Post Office), because the Post Office in Malawi has three operational regions. The south has the largest number of postal outlets followed by central region and then northern region. Hair et al. (2013:145) have noted that judgemental sampling gives the researcher discretion to take into account specific issues when selecting a sample such as revenue generation and span of the region in this study.

3.5 Sample size

A total of 400 financial services customers were engaged as participants in this study based on Sekaran and Bougie (2013:268) who state that a sample of 384 is adequate for a population in excess of one million. The sample size comprised 95 postal financial services customers from the northern region, 115 postal financial services customers from the central region and 190 postal financial services customers from the southern region.

3.6 Questionnaire design

Babbie (2011:243) explains that a questionnaire is one of the survey strategy used to collect data for analysis. Questionnaire development is a crucial stage of the

research process because the quality of the data collected depends on the superiority of the questionnaire. Furthermore, questionnaires should be able to achieve clarity and be relevant by diagnosing specific deficiencies affecting the business (Zikmund et al., 2010:336-337).

In this study, the questionnaire used to solicit responses from the study sample was adapted from the SERVPERF instrument developed by Cronin and Taylor (1992). Parasuraman et al., (1985, 1988) developed the service quality model (SERVQUAL) which is an instrument for assessing quality based on five dimensions, viz., tangibles, responsiveness, assurance, reliability and empathy. The SERVQUAL model was modified by Cronin and Taylor (1992) into a performance instrument known as SERVPERF. Several studies have used the 22 item instrument (SERVPERF) to evaluate service quality (Culiberg & Rojsek, 2010:156; Mwatsika, 2014:222; Ushantha, Wijerante & Samantha, 2014:79).

SERVPERF uses a Likert scale (Cronin & Taylor, 1992). In the current research, the five point Likert scale was used to measure quality of services, customer satisfaction and loyalty. The questionnaire responses were coded on a scale from 1 to 5 where 1= strongly disagree, 2= disagree, 3= uncertain, 4= agree, 5= strongly agree. According to Sekeran and Bougie (2013:211), the Likert scale assesses how research participants agree with a question and also helps to uncover differences from one customer to another based on their attitude towards a given statement. Saunders, Lewis and Thornhill, (2009:379) observe that in the absence of open ended questions, the Likert scale can be used to gauge customer feelings towards a positive statement.

Figure 3.1: Structure of the questionnaire

	Corresponding question
Gender	Question 1
Age	Question 2
Qualification	Question 3
Occupation	Question 3
Region	Question 4
Service quality dimensions	Corresponding statement

Tangibles	Statement 6-9
Reliability	Statement 10-14
Empathy	Statement 15-19
Assurance	Statement 20-23
Responsiveness	Statement 24-27
Other criteria	Corresponding statement
Overall service quality	Statement 28
Customer satisfaction	Statement 29
Customer loyalty	Statement 30-33

In addition to service quality dimensions, the SERVPERF questionnaire was modified to include other aspects of the study such as overall service quality, customer satisfaction and customer loyalty. As indicated in Table 3.1, the questionnaire also contained demographic questions because they act as key drivers and pointers of behavioural patterns. It is necessary to collect demographic data because they help to describe sample characteristics in the final report once data analysis is finalised (Sekaran & Bougie, 2013:153).

A design of the questionnaire is incomplete without a letter of introduction. Despite not being a component of the actual questionnaire, letters of introduction are important because they are used to get the cooperation of respondents and guide them on the nature of the research they are participating in (Clow & James, 2014:343). In this study, a letter of introduction was presented to participants before the survey.

3.7 Data collection method

One of the important processes during data collection is the administration of questionnaires and once all the relevant steps of questionnaire development are concluded such as designing, pilot testing and amendment, the questionnaire can be deployed for data collection (Suanders et al., 2009:395). In this study, mall intercept was the method used to gather data from respondents by means of a questionnaire. According to Clow and James (2014:175), a mall intercept is a person administered survey conducted in shopping malls which have a similar setting to Post Offices. The advantage of person administered survey is that it accords the researcher an

opportunity for clarification on any issues relating to the questionnaire. In this study, respondents were intercepted inside the Post Office premises and personally presented with a questionnaire for feedback regarding the financial service they had just used (Sekaran & Bougie, 2013:147). A letter of introduction and consent were also presented together with the questionnaire seeking their cooperation and assuring respondents of their anonymity and confidentiality.

3.8 Data analysis

Data analysis is the process of explaining datasets by computing a small number of statistics that is associated with certain aspects of the data. In addition, data analysis helps researchers to extract information that is meaningful and properly describes inherent characteristics of the phenomena (Burns & Bush, 2014:317). Furthermore, data analysis is important because unprocessed data provides little explanation and meaning to researchers. Quantitative data analysis techniques were used to help the researcher clarify and interpret the relationships between variables (Saunders, Lewis & Thornhill, 2009:414-416). In this study, both Excel and SPSS were used. Data entry was done through Excel and then exported to SPSS version 22 where data was analysed using descriptive and inferential statistics. A professional statistician was engaged to analyse data.

3.8.1 Descriptive statistics

Tabular, graphical and statistical are three ways of conducting descriptive statistics analysis. This entails that the outcome of the analysis are respectively highlighted with the use of tables, graphs and a single number that has no other information attached to it but able to provide meaning (De Vaus, 2014:207). Descriptive statistics explain the pattern of responses on a variable, including measures of central tendency such as mean, median, mode and standard deviation. Other measures of the shape of distribution such as skewness and kurtosis are also described using descriptive statistics (Churchil et al., 2010:429). In addition, frequency and percentage distributions can be used to summarise and describe data (Zikmund et al., 2010:413).

3.8.2 Inferential statistics

Inferential statistics are two fold, interval estimates and tests of statistical significance and help to draw conclusions from a sample to the entire population. Interval estimates help to draw a margin of error with respect to the sample figures on the likely position of the true population enabling one to make inference or conclusions of regarding the entire population from a given sample. Test of statistical significance measure the likelihood of existence of sample findings in the population (De Vaus, 2014:2007). Inferential statistics are predictive based on inferences made from analysed data. The predictive element is made on the basis that certain traits prevalent in a sample will manifest in the entire population (Walliman, 2011:213).

3.9 Factor Analysis

Factor analysis is a procedure which is conducted on each dimension of a construct such as service quality. The main goal of factor analysis is to certify if the dimensions used to evaluate a construct are reliable benchmarks of the construct. Factor loadings are the main outputs of factor analysis and are deemed to measure the same construct if they load on a single factor. The implication of this analysis is that individual dimensions are consolidated and treated as a single entity (Tiku & Petch, 2010:943-944).

3.10 Pilot study

A pilot study consisting 20 respondents was conducted at Blantyre Post Office. The questionnaire was tested to establish whether the content and sequencing were correct. The final questionnaire was modified by refining ambiguous questions before being used to conduct the study. Pilot studies are very important because they provide a researcher with an opportunity to examine if the adopted methods will work for a larger study and also mitigate the risk of getting the study wrong by refining questions (Zikmund et al, 2010:65). In addition, pilot studies helps the researcher to anticipate challenges and other areas of ambiguity (Walliman, 2011:191).

3.11 Validity and reliability

3.11.1 Validity

Sekaran and Bougie (2013:225) have pointed out that validity is the fitness of a data collection instrument to measure the concept of the study. In this study, both content and face validity were used to ensure that the questionnaire addresses the objectives of the study (Alnaggar & Aldowaisa, 2012:1). Content validity measures the adequate inclusion of elements of the concept of the study and assumes that the more the representation of the elements of the concept in a study, the higher the content validity. In addition, it is noted that face validity is viewed as part of content validity (Sekaran & Bougie, 2013:226).

The questionnaire was presented to two practitioners and the supervisor for review as one way of addressing validity. A pilot study was also commissioned to facilitate the detection of flaws in the data collection instrument. A final questionnaire was developed taking into account the feedback from customers, the supervisor and practitioners. Saunders, Lewis and Thornhill, (2009:394) explain that experts should be asked to check the suitability of the questionnaire and be allowed to make contributions on the structure. This practice enables the researcher to achieve content validity and also make the necessary changes before the final questionnaire is deployed for data collection. In addition, factor analysis was used to explain variations in the study and also to ascertain if the individual dimensions are measuring the same construct.

3.11.2 Reliability

Reliability assesses the level of consistency in a measuring instrument (Hair et al., 2013:165). Babie (2011:129) notes that reliability is a technique used to check if a research instrument can produce similar results when used more than once. In this study, a SERVPERF questionnaire was used. Cronin and Taylor (1992:61) found that the dimensions of SERVPERF registered high reliability scores when the Cronbach Alpha was used. In addition, the reliability of the SERVPERF instrument has been proven and used in several industries including financial services

(Ushantha, Wijerante & Samantha, 2014:79; Liao, 2012:89; Vanpariya & Ganguly, 2010:9).

Tavakol and Dennick (2011:53-54) agree that in order to test reliability of the study, a Cronbach's alpha can be used. In addition, the values of alpha above 0.70 are considered adequate and acceptable. In the current research, Cronbach's alpha was used to calculate reliability scores of tangibles, responsiveness, empathy, assurance, reliability, overall service quality, customer satisfaction and customer loyalty. According to James and Clow (2014:269), the advantage of using Cronbach's alpha is that correlation with other variables will be low for items that are not a good measure of a model. Similarly, Tavakol and Dennick (2011:54) explains that items with a lower score close to zero should be deleted or revised.

Reliability and validity are complementary processes and their importance has been overstated by many scholars. Reliability of an instrument does not entail that the data collected is valid hence validity must be conducted in order to measure accuracy of the research measuring instrument (Hair et al., 2013:166). On the other hand, Clow and James (2014:272) assert that a measuring instrument can not be regarded as valid if it is not reliable and these school of thoughts attest to the observation that validity and reliability are the most important ingredients of the research evaluation process (Tavakol & Dennick, 2011:53).

3.12 Conclusion

In Chapter three, the discussion explains the relevant methodologies that were used to conduct this study. The research design highlights that a cross sectional descriptive and quantitative study was undertaken. The population and appropriate non-probability sampling methods such as convenience and purposive sampling were discussed. Questionnaire design, data analysis techniques and factor analysis were reviewed. Finally, the chapter discussed the methods of measuring validity and reliability of the study.

The following chapter presents data analysis and discussion of the findings.

CHAPTER 4 : DATA ANALYSIS AND DISCUSSION OF FINDINGS

4.1 Introduction

The previous chapter described the research methodology used in this study. This chapter presents a detailed analysis of the data collected through the quantitative survey and the findings of the study which are represented in numerical, tabular and graphical terms. The data for this study was obtained using the SERVPERF questionnaire and analysed using descriptive and inferential statistics. SPSS version 22 was used to analyse the data. A p value ≤ 0.05 was considered as being statistically significant.

4.2 SERVPERF measurement instrument

A modified version of the SERVQUAL questionnaire which only focuses on perception, the SERVPERF model was used for this research. It is composed of five dimensions and 22 items. The SERVPERF model was modified to include other aspects of the study, namely: overall service quality, customer satisfaction and customer loyalty. In addition, five demographic questions were used to identify sample characteristics of the data. Therefore, the questionnaire had 33 items.

4.3 Descriptive statistics

Descriptive statistics using frequencies and percentages were used to describe the characteristics of the sample as well as responses to the study dimensions. The means and standard deviations were employed to describe the overall response and variation in the responses to the study dimensions.

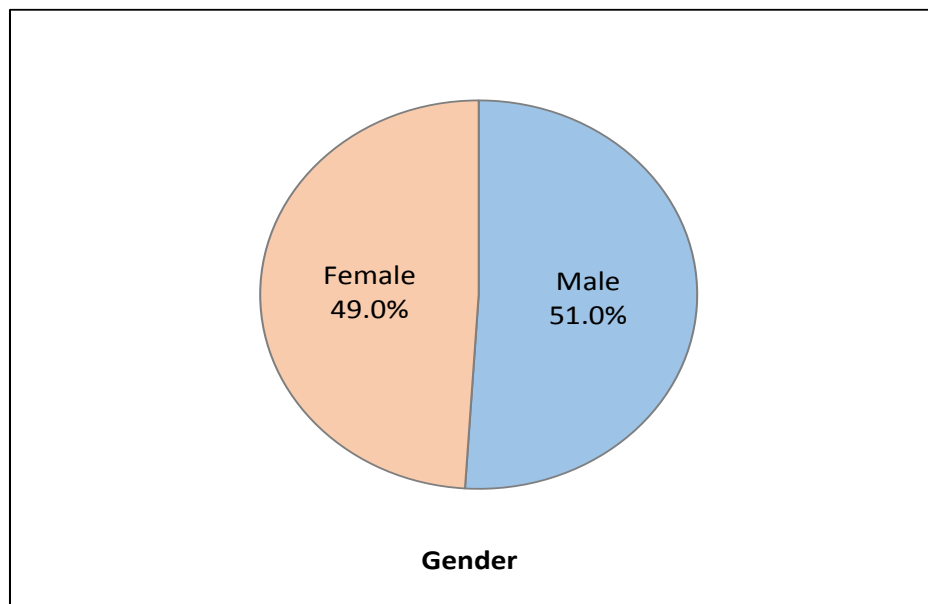
4.3.1 Demographic characteristics of the sample

The profile of the respondents which include gender, age, qualifications, occupation, and region are discussed in detail to reveal the characteristics of the sample used in this study.

4.3.1.1 Gender

The results as depicted in Figure 4.1 show that males comprised 51% (204) of the sample and females 49% (196). There is almost an equal percentage of the gender groups.

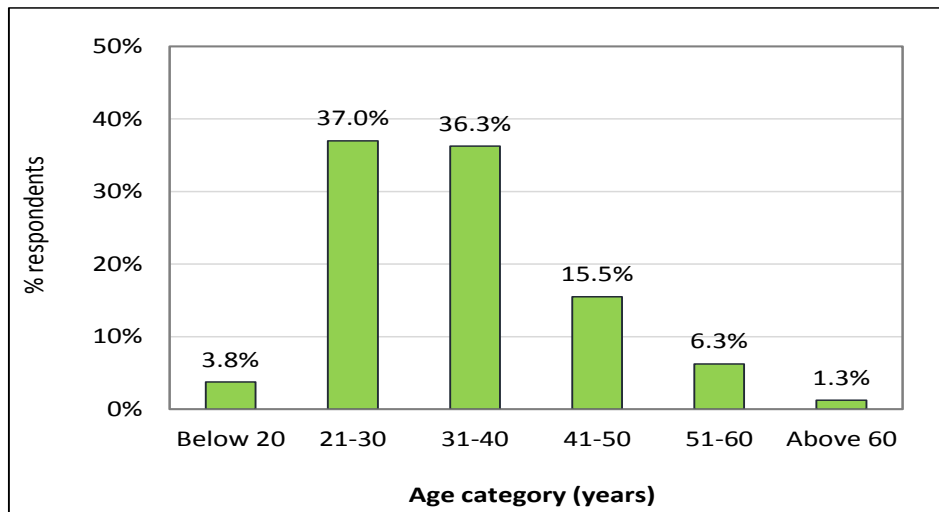
Figure 4.1: Frequency distribution – Gender



4.3.1.2 Age group

Figure 4.2 reflects the age distribution of the respondents. In terms of age groups, 3.8% (15) of the respondents were below the age of 20, 37% (148) between the ages of 21 and 30, 36.3% (145) between the ages of 31 and 40, 15.5% (62) between the ages of 41 and 50, 6.3% (25) between the ages of 51 and 60, and 1.3% (5) above the age of 60. The results show that at least two thirds of the respondents patronising the service were below the age of 40.

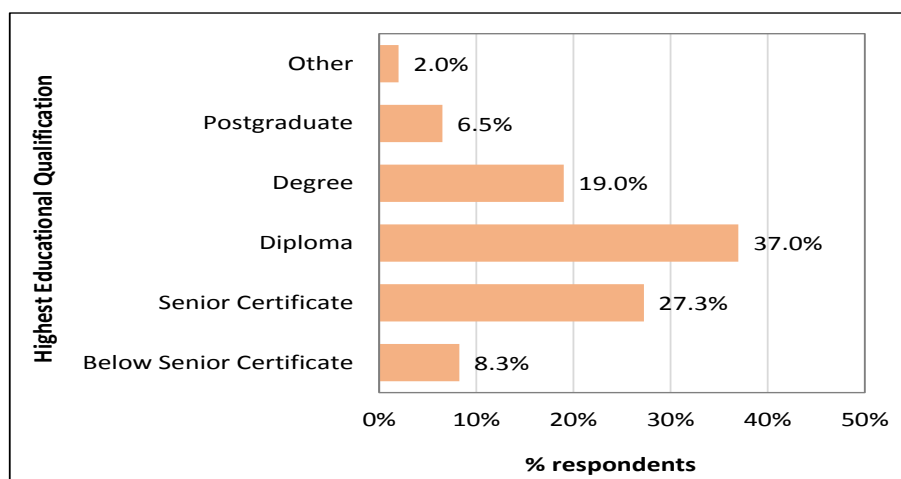
Figure 4.2: Frequency distribution – Age



4.3.1.3 Education qualification level

Figure 4.3 shows that 8.3% (33) of the respondents have a qualification below Senior Certificate, 27.3% (109) have a Senior Certificate, 37% (148) have a Diploma, 19% (76) have a Degree, 6.5% (26) have a postgraduate qualification, and 2% (8) of the respondents had other qualifications. One third of the respondents were Diploma holders and going by the picture of overall qualifications, the majority of customers are knowledgeable and hence must be treated with care in terms of how marketing communication and promises are made.

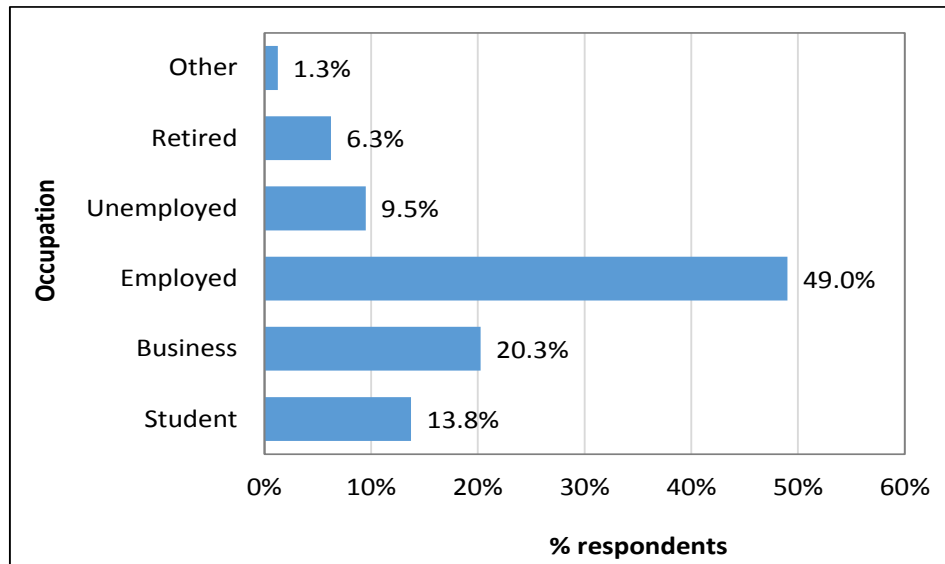
Figure 4.3: Frequency distribution – Education qualification



4.3.1.4 Occupation

As indicated in Figure 4.4, 20.3% (81) of the respondents were students, 20.3 % (81) had their own business, 49% (196) were employed, 9.5% (38) were unemployed, 6.3% (25) of the respondents were retired, and 1.3 % (5) of the respondents were doing other things. The majority of the respondents were employed.

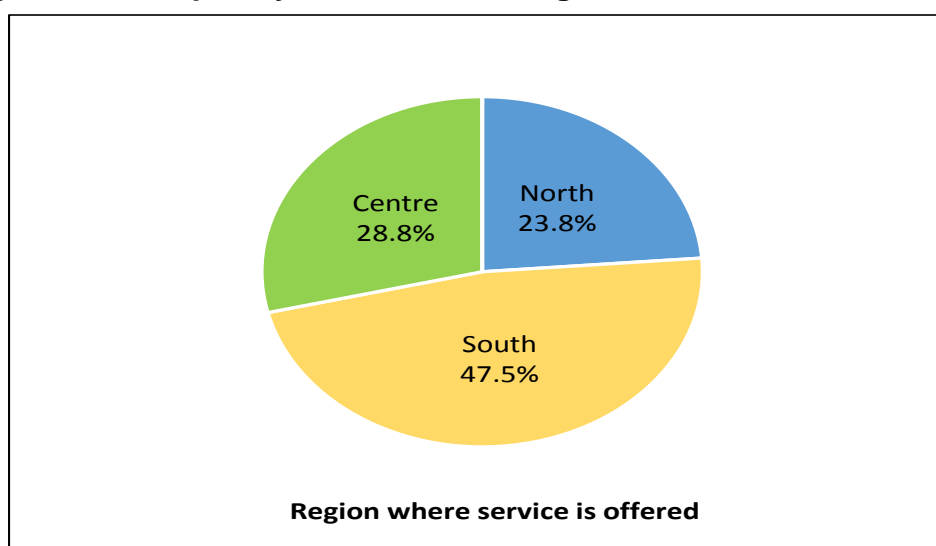
Figure 4.4: Frequency distribution – Occupation



4.3.1.5 Region

As shown in Figure 4.5, 23.8% (95) of the respondents were from the northern region, 47.5% (190) of the respondents were from southern region and 28.8% (115) of the respondents were from the central region. The majority of the respondents were from the southern region.

Figure 4.5: Frequency distribution – Region



4.4 Goodness of the data

The Goodness of the data was tested by determining the validity and reliability of the questionnaire. Factor analysis was used to establish the validity of the questionnaire. Before factor analysis can be performed, the Kaiser–Meyer–Olkin (KMO) measure of sampling adequacy and Bartlett’s test of sphericity (BTS) must be computed. According to Hair, Anderson, Tatham, and Black (1995), the KMO measure of sampling adequacy must be 0.50 or higher and Bartlett’s test of sphericity must be significant ($p < 0.05$). In this study, the KMO measure of sampling adequacy was 0.974 and Bartlett’s test of sphericity was significant (Chi-square=12621.055, $df=378$, $p < .000$). This indicates that the data was suitable for factor analysis. Principal component analysis with a varimax rotation was conducted which revealed five components (factors) with eigen values greater than 1.00. Five factors were generated comprising tangibles with an explained variance of 9.572%, reliability with an explained variance of 9.154%, assurance with an explained variance of 28.806%, empathy with an explained variance of 19.949% and responsiveness with an explained variance of 6.435%. Based on the results of the factor analysis, the questionnaire was valid with an explained cumulative total variance of 73.916%. This can be attributed to differences in opinion held by respondents.

Cronbach’s Alpha was used to establish inter-item consistency and reliability. The Cronbach’s Alpha coefficients as reflected in Table 4.1 range from 0.830 to 0.953.

The overall reliability score for the 28 items is 0.979 and this reflects a very high degree of inter-item consistency. According to Sekaran and Bougie (2013: 293), “reliability scores less than 0.60 are considered poor, those in the 0.70 range acceptable, and those over 0.80 good”.

Table 4.1: Reliability Statistics

Dimension	Cronbach's Alpha
Tangibles	0.830
Reliability	0.940
Empathy	0.938
Assurance	0.916
Responsiveness	0.932
Loyalty (Variable)	0.953
Overall	0.979

4.5 Responses to perception of the service quality dimensions

This section provides the responses to the service quality dimensions. Frequency distribution of all the elements under the five dimensions of service quality (tangibles, reliability, responsiveness, empathy and assurance) will be analysed in detail to understand the perception of respondents of the service quality standards of the public Post Office in Malawi.

4.5.1 Tangibles

Tangibles encompass equipment, physical facilities, frontline employees and product literature. Table 4.2 illustrates responses pertaining to each question of the tangible dimension.

➤ The Post Office has modern looking equipment.

The responses show that 58.1% (232) of the respondents agree/strongly agree that the Post Office has modern looking equipment followed by 23.6% (94) who disagree/strongly disagree and 18.5% (74) who are uncertain. The respondents are

largely satisfied with the equipment in the Post Office. Equipment and machinery are very important component of the service environment. As such, it is the responsibility of managers to ensure that the equipment is working with minimal interruptions due to breakdowns or defects. Generally, equipment has an impact on service quality evaluation (Hooper, Coughlan & Mullen, 2013:277). Furthermore, it is imperative to know that organisations that are performing better in terms of offering high quality service to customers have up-to-date equipment and tools. This enables them to compete favourably and satisfy the needs of their customers (Ongori, Iravo & Munene, 2013:928).

➤ **The Post Office's physical facilities are visually appealing.**

The results indicate that 64% (256) of the respondents agree/strongly agree that the Post Office physical facilities are visually appealing followed by 18.3% (73) who are uncertain and 17.5% (71) who disagree/strongly disagree. The majority of respondents are satisfied with the physical facilities. The physical environment is a visual impetus for service quality despite not being directly related to the provision of financial services. Intense competition in business calls for beautiful and well equipped business environments as they are key determinants of satisfaction (Molaei et al., 2013:8).

➤ **The Post Office's frontline personnel are neat and professionally dressed.**

The findings show that 70.5% (282) of the respondents agree/strongly agree that the Post Office employees are professionally dressed followed by 16.3% (65) who are uncertain and 13.3% (53) who disagree/strongly disagree. The majority of respondents are satisfied with the appearance of members of staff. Karl, Hall and Pelluchete (2013:464) suggest that casual attire, funny hair styles and colour, facial make up and see through clothing can adversely affect customer perception of quality. The authors state that public sector employee policies should include a dress code that encompasses the standards for dressing, hair styles and other aspects of appearance such as body art (tattoos) because they reduce customers respect for members of staff and subsequently affect service quality.

➤ **The Post Office product literature, statements and invoices are visually appealing.**

The results show that 58.6% (234) of the respondents agree/strongly agree that the Post Office product literature, statements, receipts and invoices are visually appealing followed by 22.1% (88) who disagree/strongly disagree and 19.5% (78) who are uncertain. Most of the respondents are happy with the product literature (brochures) and invoices or receipts. Culiberg and Rojsek (2010:159) suggest that visual images are very important because they assist customers to create an impression of the service rendered.

Table 4.2: Frequency distribution of the tangibles dimension

	Strongly disagree		Disagree		Uncertain		Agree		Strongly agree		Total	
	n	%	n	%	n	%	n	%	n	%	n	%
Modern looking equipment	37	9.3%	57	14.3%	74	18.5%	151	37.8%	81	20.3%	400	100.0%
Physical facilities are appealing	15	3.8%	56	14.0%	73	18.3%	170	42.5%	86	21.5%	400	100.0%
Frontline personnel are neat	19	4.8%	34	8.5%	65	16.3%	164	41.0%	118	29.5%	400	100.0%
Product literature is visually appealing	19	4.8%	69	17.3%	78	19.5%	187	46.8%	47	11.8%	400	100.0%

4.5.2 Reliability

Reliability encompasses promises with regard to customer expectations and delivery time. It also means assistance in resolving problems and performing transactions correctly. The responses regarding the reliability dimension are shown in Table 4.3.

➤ **The Post Office promises on what they can deliver.**

The results show that 55.1% (220) of the respondents agree/strongly agree that the Post Office promises that they can deliver followed by 26.3% (105) who disagree/strongly disagree and 18.8% (75) who are uncertain. Most of the respondents are of the view that the MPC delivers what it promises. Parasuraman, Berry and Zeithaml (1991:45) suggest that chances of meeting customer expectation are high when promises match the actual service delivered other than the idealised model of the service.

➤ **The Post Office assists in resolving customer problems.**

The responses show that 57.8% (231) of the respondents agree/strongly agree that the Post Office assist in resolving customer problems relating to financial services followed by 25.3% (99) who disagree/strongly disagree and 17% (68) who are uncertain. Most of the respondents are satisfied with the Post Office's ability to resolve customer problems. Employees are advised to handle customer problems properly by providing solutions to the problems reported or encountered because this can help the service provider to achieve customer satisfaction (Singh, 2013:94).

➤ **The Post Office performs transactions correct on first attempt.**

The findings reveal that 59.8% (239) of the respondents agree/strongly agree that the Post Office performs transactions correctly on first attempt followed by 26% (104) who disagree/strongly disagree and 14.3% (57) who are uncertain. The majority of respondents are happy with the Post Office's ability to provide correct transactions. There is a need to provide the service correctly the first time and also set up reliability standards to avoid service failures and engaging the business in service recovery processes (Parasuraman et al., 1991:45).

➤ **The Post Office provides service within the promised time.**

The results show that 57.3% (229) of the respondents agree/strongly agree that the Post Office provides service within the promised time followed by 25.8% (105) who disagree and 17% (68) who are uncertain. The majority of respondents are satisfied with the Post Office delivery of service within the promised time. Gronroos (2007:277) suggests that sticking to promises is crucial to achieving customer satisfaction and profitability. Service providers should endeavour to fulfil all promises and action must be taken to make sure that resources are sufficient and people have knowledge, skill and motivation to adhere to promises.

➤ **The Post Office transactions do not have errors**

The responses show that 56.5% (226) of the respondents agree/strongly agree that the Post Office transactions do not have errors followed by 26.3% (105) who disagree/strongly disagree and 17.3% (69) who are uncertain. A large proportion of respondents are satisfied with the quality of transactions although there is room for improvement. Culiberg and Rojsek (2010:159) contend that customers do not want

to experience problems with regard to financial matters; they expect a service free of errors, executed to the highest standards, correctly, promptly and timely.

Table 4.3: Frequency distribution of the reliability dimension

	Strongly disagree		Disagree		Uncertain		Agree		Strongly agree		Total	
	n	%	n	%	N	%	n	%	n	%	n	%
Post Office promises on what they can deliver	31	7.8%	74	18.5%	75	18.8%	139	34.8%	81	20.3%	400	100.0%
Post Office assist in resolving problems	31	7.8%	70	17.5%	68	17.0%	165	41.3%	66	16.5%	400	100.0%
Performs transactions correct on first attempt	36	9.0%	68	17.0%	57	14.3%	139	34.8%	100	25.0%	400	100.0%
Post Office provides service within the promised time	41	10.3%	62	15.5%	68	17.0%	165	41.3%	64	16.0%	400	100.0%
Provide transaction with no errors	30	7.5%	75	18.8%	69	17.3%	140	35.0%	86	21.5%	400	100.0%

4.5.3 Empathy

Empathy encompasses the Post Office's commitment on the time the service will be rendered, the ability of employees to provide quick service, the willingness of employees to assist customers, never busy attitude displayed by employees and the conduct of employees that give customers confidence to transact with the Post Office. Table 4.4 shows responses pertaining to each question of the empathy dimension.

➤ **The Post Office employees give an indication of the timing when the service will be rendered.**

The results show that 58.3% (233) of the respondents agree/strongly agree that the Post Office give an indication of the time when the service will be rendered followed by 25.8% (103) who disagree/strongly disagree and 16% (64) who are uncertain. The majority of respondents are satisfied with the Post Office in terms of giving an indication of the timing when the service will be rendered. Ramachandran and Chidambaram (2012:73) posit that waiting for service delivery can be frustrating to

customers. They add that it is necessary for service providers to implement a waiting line strategy in order to achieve customer satisfaction.

➤ **The Post Office employees provide quick service.**

The findings reveal that 58.8% (235) of the respondents agree/strongly agree that the Post Office employees provide quick service followed by 28.1% (112) who disagree/strongly disagree and 13.3% (53) who are uncertain. A large number of the respondents are satisfied with the Post Office's ability to respond quickly to issues. Customers prefer to deal with organisations or employees that respond quickly to their needs because it demonstrates the employees concern and sense of urgency to help customers (Berry, Parasuraman & Zeithaml, 1994:39).

➤ **The Post Office employees are willing to help.**

The responses indicate that 65.3% (261) of the respondents agree/strongly agree that the Post Office employees are willing to help customers followed by 25% (100) who disagree/strongly disagree and 9.8% (39) who are uncertain. The majority of respondents are satisfied with the Post Office employees willingness to address customer issues. Munusamy et al., (2010:402) are of the view that personal contact between customers and employees is crucial for the business and direct marketing. In addition, the nature of customers as human beings is that they expect empathy and respect from service providers.

➤ **The Post Office employees are never too busy.**

The results show that 55.8% (223) of the respondents agree/ strongly agree that the Post Office employees are never too busy to assist customers followed 29% (116) who disagree/ strongly disagree and 15.3% (61) who are uncertain. Most of the respondents perceive that Post Office employees are never too busy to render assistance. Belayneh and Lalisho (2015:703) suggest that timely reaction to customer issues is very crucial to achieving service quality. In addition, employees should be motivated and show interest to deal with customers and try to resolve the issues affecting them in an effective manner.

➤ **The conduct of Post Office employees gives confidence to customers.**

The findings reveal that 62.5% (240) of the respondents agree/ strongly agree that the conduct of Post Office employees gives confidence to customers followed by 25% (104) who disagree/ strongly disagree and 11.5% (46) who are uncertain. The majority of respondents have confidence in the conduct of Post Office employees. Customers would like to deal with employees who can be trusted and give them confidence that they are competent to provide a credible service. In the absence of assurance in terms of employees' competence, customers' confidence is eroded and eventually, they are dissatisfied (Auka et al., 2013:41).

Table 4.4: Frequency distribution of the empathy dimension

	Strongly disagree		Disagree		Uncertain		Agree		Strongly agree		Total	
	n	%	n	%	n	%	N	%	n	%	n	%
Employees Indicate the timing when service will be rendered	32	8.0%	71	17.8%	64	16.0%	166	41.5%	67	16.8%	400	100.0%
Employees provide quick service	47	11.8%	65	16.3%	53	13.3%	137	34.3%	98	24.5%	400	100.0%
Employees are willing to help customers	34	8.5%	66	16.5%	39	9.8%	172	43.0%	89	22.3%	400	100.0%
Employees are never busy to address customer requests	52	13.0%	64	16.0%	61	15.3%	124	31.0%	99	24.8%	400	100.0%
Employees conduct gives confidence to customers	38	9.5%	66	16.5%	46	11.5%	168	42.0%	82	20.5%	400	100.0%

4.5.4 Assurance

Assurance encompasses the feeling of safety, courteousness by employees, sufficient knowledge to respond to customer queries and providing individual attention to customers. Table 4.5 shows the responses to questions relating to the assurance dimension.

➤ **The Post Office customers feel safe to transact or send money.**

The findings show that 69.5% (278) of the respondents agree/strongly agree that they feel safe to transact or send money through the Post Office followed by 22%

(88) who disagree/strongly disagree and 8.5% (34) who are uncertain. The majority of respondents feel safe to transact with the Post Office. Customers have high expectations and are interested in the security and safety of their transactions because financial transactions are prone or susceptible to fraud (Auka et al., 2013:41).

➤ **The Post Office employees are courteous.**

The results reveal that 51% (204) of the respondents agree/strongly agree that the Post Office employees are courteous with customers followed by 32.3% (129) who disagree/strongly disagree and 16.8% (67) who are uncertain. A large proportion of respondents are satisfied with the courtesy of Post Office employees however there is room for improvement. Banerjee and Sah (2012:37) have noted that employees are a vital component of the customer service process and their interaction with customers helps to build customer satisfaction. Lucas (2012:69) believes that there is no place for rude behaviour in customer service and that customers deserve to be treated with respect even though they may not always be right.

➤ **The Post Office employees have knowledge to respond to customer queries.**

The responses show that 54% (216) of the respondents agree/strongly agree that the Post Office employees have knowledge to respond to customer queries followed by 29.8% (119) who disagree/strongly disagree and 16.3% (65) who are uncertain. The majority of respondents are satisfied with the Post Office employees knowledge to respond to customers. Appropriate feedback to the needs of customers is vital because financial service business depends on a good relationship between employees and customers (Molaei et al., 2013:8).

➤ **The Post Office employees give individual attention.**

The findings show that 52.6% (210) of the respondents agree/strongly agree that the Post Office employees give customers individual attention followed by 29% (116) who disagree/strongly disagree and 18.5% (74) who are uncertain. The majority of customers are satisfied with the attention given by the employees. Organisations or employees that provide individualised attention to customers enhance customers' perception of service quality. Services vary and are intangible in nature and due to

these attributes, interaction with customers plays a crucial role in improving service delivery. Furthermore, employees must have the right skills to determine the most critical needs of customers to improve service quality (Auka et al., 2013, 42-43).

Table 4.5: Frequency distribution of the assurance dimension

	Strongly disagree		Disagree		Uncertain		Agree		Strongly agree		Total	
	n	%	n	%	n	%	N	%	n	%	n	%
Post Office customers feel safe to send or receive money	24	6.0%	64	16.0%	34	8.5%	140	35.0%	138	34.5%	400	100.0%
Post Office employees are always courteous	54	13.5%	75	18.8%	67	16.8%	138	34.5%	66	16.5%	400	100.0%
Employees have knowledge to respond to customer queries	37	9.3%	82	20.5%	65	16.3%	127	31.8%	89	22.3%	400	100.0%
Employees give Individual attention	36	9.0%	80	20.0%	74	18.5%	149	37.3%	61	15.3%	400	100.0%

4.5.5 Responsiveness

Responsiveness encompasses convenience of operating hours, personalised service or attention, having customer welfare at heart and employees ability to understand customer specific needs. Table 4.6 reflects the responses to the questions relating to the responsiveness dimension.

➤ The Post Office operating hours are convenient.

The findings show that 61.8% (247) of the respondents agree/strongly agree that the Post Office operating hours are convenient to customers followed by 27.6% (110) who disagree/strongly disagree and 10.8% (43) who are uncertain. The majority of respondents are satisfied and feel that the Post Office operating hours are convenient. Nowadays, increased competition is forcing many service providers to alter the way they conduct business because the customer in the modern age demands flexible operating hours and convenience (Ramachandran & Chidambaram, 2012:72).

➤ **The Post Office employees give personalised service or attention.**

The results indicate that 54.8% (219) of the respondents agree/strongly agree that the Post Office employees give customers personalised service or attention followed by 30.5% (122) who disagree and 14.8% (59) who are uncertain. The majority of the respondents are satisfied with the Post Office employees' ability to provide personalised service or attention. Fararah and Al-Swid (2013:22) underline the significance of personalised service by stating that customers prefer a flexible and tailor-made service to address their special needs. Agarwal (2012:12) adds that the process of meeting customer needs requires provision of tailor-made services based on what the customer demands rather than what the service provider can conveniently offer. Customers are exposed to several quality and delivery standards on the market and are willing to patronise financial services from organisations that are prepared to match or exceed their expectations. Failure to do so can lead to the loss of the market share to competitors.

➤ **The Post Office has your welfare at heart.**

The findings show that 53% (212) of the respondents agree/strongly agree that the Post Office has customer welfare at heart followed by 30.5% who disagree/strongly disagree and 14.8% (59) who are uncertain. A large number of respondents are satisfied with customer welfare at the Post Office. Customer service employees should be friendly, approachable, helpful and have a positive attitude in order to improve delivery of quality service (Lepkova & Zukaite-Jefimoviene, 2012:5).

➤ **The Post Office employees understand your specific needs.**

The results indicate that 57% (228) of the respondents agree/strongly agree that the Post Office employees understand customer specific needs followed by 27.3% (109) who disagree/strongly disagree and 15.8% (63) who are uncertain. The majority of customers are satisfied with the Post Office employees' ability to address customers' specific needs. Customers may sometimes understand the non-responsiveness of machines because they break down but they may not accept or take lightly the non-responsiveness of employees (Munusamy et al., 2010:401); hence, it is imperative to give customers their needs and the attention they deserve.

Table 4.6: Frequency distribution of the responsiveness dimension

	Strongly disagree		Disagree		Uncertain		Agree		Strongly agree		Total	
	n	%	n	%	n	%	N	%	n	%	n	%
Post Office operating hours are convenient	37	9.3%	73	18.3%	43	10.8%	138	34.5%	109	27.3%	400	100.0%
Post Office employees give personalised service	40	10.0%	82	20.5%	59	14.8%	145	36.3%	74	18.5%	400	100.0%
Post Office has customer welfare at heart	42	10.5%	80	20.0%	66	16.5%	124	31.0%	88	22.0%	400	100.0%
Employees understand specific needs of customers	38	9.5%	71	17.8%	63	15.8%	148	37.0%	80	20.0%	400	100.0%

4.6 Responses to overall service quality and customer satisfaction

In addition to service quality dimensions, the questionnaire had other aspects of the study relating to overall service quality and customer satisfaction as shown in Table 4.7.

➤ **The overall service quality of Post Office financial service is excellent.**

The findings show that 58.3% (233) of the respondents agree/strongly agree that the overall service quality of the Post Office is excellent followed by 27.8% (111) who disagree/strongly disagree and 14% (56) who are uncertain. Generally, the majority of respondents are satisfied with Post Office overall service quality. Malhotra, Mavondo, Mukherjee and Hooley (2013:1343) have pointed that in order to achieve excellent service quality, management needs to pay attention to the calibre of front desk employees dealing with customers because significant variations in service quality depends on staff commitment and their demographic profile. Moreover, in face to face encounters delivering excellent service quality is a discretionary effort and is associated with workers who have the right profile and commitment. Bhat and Khan (2014:18) argue that understanding how different service quality dimensions affect overall service quality is crucial to developing an effective service quality strategy and also help service providers to enhance service quality and customer satisfaction.

➤ **Customers are satisfied with Post Office financial services.**

The results show that 59.8% (239) of the respondents agree/strongly agree that the customers are satisfied with the Post Office financial services followed by 26% (104) who disagree/strongly disagree and 14.3% (57) who are uncertain. The majority of customers are satisfied with the service quality offered by the Post Office but it will be careless to overlook customers who disagree and are uncertain of their satisfaction levels and this is the reason why attention should be focused on improving attributes affecting satisfaction. Customer satisfaction is sometimes viewed as a highly personal concept. The challenge is that the average satisfaction of the entire society or respondents does not give a blanket picture for evaluating effectiveness. At a minimum, some customers are more satisfied than others. Simply put, although efforts of measuring customer satisfaction are essential, the process of evaluation of the concept is largely subjective (Berndt & Tait, 2012:53).

Table 4.7: Frequency distribution of overall service quality and customer satisfaction

	Strongly disagree		Disagree		Uncertain		Agree		Strongly agree		Total	
	n	%	n	%	n	%	n	%	n	%	n	%
Overall service quality	31	7.8%	80	20.0%	56	14.0%	126	31.5%	107	26.8%	400	100.0%
Customer satisfaction	40	10.0%	64	16.0%	57	14.3%	142	35.5%	97	24.3%	400	100.0%

4.7 Responses to customer loyalty

Customer loyalty reflects the willingness of customers to tell positive stories, recommend the service and the organisation to other customers and show willingness to continue doing business with the organisation. The responses to customer loyalty are shown in Table 4.8.

➤ **Customers tell positive stories about the Post Office to other people.**

As shown in Table 4.8, 58.8% (235) of the respondents agree/strongly agree that they tell positive stories about the Post Office to other people followed by 29.3% (117) who disagree/strongly disagree and 12% (48) who are uncertain. The majority of the respondents are loyal and they tell positive stories about the Post Office to

other people. Normally, loyalty fosters stable relationships, tolerance and commitment by shunning competitor activities. Loyal customers are also motivated and engage other customers by being advocates of the service provider and telling prospective customers the service value they can derive from patronage (Dukic & kijevecanin, 2013:323).

➤ **Customers recommend friends and relatives to use Post Office financial services.**

The findings show that 62.8% (251) of the respondents agree/strongly agree that they recommend friends and relatives to use Post Office financial services followed by 28% (112) who disagree/strongly disagree and 9.3% (37) who are uncertain. The majority of respondents are satisfied with the Post Office hence they are willing to recommend the organisation financial services to other friends and relatives. Customers who are satisfied with a service offer a free advertisement platform by recommending the service or organisation to prospective customers. As such, the service provider is able to cut the costs on advertising and at the same time build sustainable business relationships with customers (Hassan et al., 2013:1027).

➤ **Customers recommend the Post Office to anyone seeking financial services.**

The findings show that 61.8% (247) of the respondents agree/strongly agree that they recommend the Post Office to anyone seeking financial services followed by 27.3% (109) who disagree/strongly disagree and 11% (44) who are uncertain. The majority of the respondents are willing to recommend the Post Office to anyone seeking financial services. The ultimate of loyalty is that loyal customers show commitment to conduct business with a particular service provider by patronising their services repeatedly and recommending the organisation's products or services to other customers (Auka et al., 2013:35).

➤ **Customers will to continue using Post Office and its financial services.**

Table 4.9 shows that 63.3% (253) of the respondents agree/strongly agree that they will continue to use the Post Office and its financial services followed by 26.5% (106) who disagree/strongly disagree and 10.3% (41) who are uncertain. A large number of respondents are willing to continue using the Post Office and its services. Ganiyu

Uche and Elizabeth (2012:18) assert that it is irrational to believe an individual is loyal because he/she continues to buy from one service provider. However, loyalty is sticking to one service provider even in the face of problems because the customer believes that in the past the organisation has been trustworthy, reliable and able to resolve issues as they occur. Loyal customers do not seek services from competition and are not interested when approached. In addition, both the service provider and the customer are always in constant touch to build on previous successes and address weaknesses.

Table 4.8: Frequency distribution of customer loyalty

	Strongly disagree		Disagree		Uncertain		Agree		Strongly agree		Total	
	n	%	n	%	n	%	n	%	n	%	n	%
Tell positive stories	35	8.8%	82	20.5%	48	12.0%	133	33.3%	102	25.5%	400	100.0%
Recommend friends	48	12.0%	64	16.0%	37	9.3%	143	35.8%	108	27.0%	400	100.0%
Recommend Post Office	36	9.0%	73	18.3%	44	11.0%	127	31.8%	120	30.0%	400	100.0%
Continue to use the Post Office	37	9.3%	69	17.3%	41	10.3%	83	20.8%	170	42.5%	400	100.0%

4.8 Measure of central tendency and dispersion

Measure of central tendency such as mean are often used in research to indicate the suitability of responses to a question but also to compare variables whereas measures of dispersion such as standard deviation highlight how data is spread around measures of central tendency (Wiid & Diggines, 2013:248). As indicated in Table 4.9, the mean scores for the service quality dimensions are 3.588 for tangibles. The mean for tangibles was the highest and this means that customers of the Post Office rated this particular dimension highly and were satisfied with the physical facilities, dressing of employees and the materials were visually appealing. Armstrong and Kotler (2011:250) identify evidence management as critical to service quality. Service providers must give customers organised and honest evidence of their capabilities. Empathy was ranked second highest with a mean score of 3.450 and this entails that customers were adequately assisted, given the necessary attention and have confidence in the public postal service.

Reliability was ranked third with a mean score of 3.428. Customers of the MPC ranked this particular dimension as satisfactory and were impressed with the delivery of services as per the company's promises. Customers expect service providers to stick to their promises because if the organisation does not provide the core service customers think they are buying, it will be seen as failing them (Berndt & Tait (2012:49).

The assurance dimension was ranked fourth with a mean score of 3.412. Customers rated this dimension as satisfactory and it therefore means customers of the Post Office are satisfied with employee competence and understanding of the business. The conduct of employees should instil confidence and trust among customers. This can enhance customers' perception of service quality but also lead to a positive image of the Post Office (Bose & Gupta, 2013:63).

Responsiveness was the lowest ranked dimension with a mean score of 3.398. The customers of the Post Office rated this dimension lowly in comparison to other dimensions and they perceive that the Post Office should do more in terms of understanding their specific needs and also giving them personalised service or attention. All mean scores for the five service quality dimensions were satisfactory. However, it is important for the Post Office to foster the spirit of continuous improvements in all aspects of the business. The mere fact that a dimension has been rated highly in the current study does not guarantee future satisfaction if efforts are not made to improve the service quality dimensions. As such, improvements and monitoring of the dimensions should be ongoing. Similarly, a study on service quality in Vietnam banking sector revealed that service quality dimensions mean scores were satisfactory. In addition, the responsiveness dimension registered the lowest mean score (Dinh & Pickler, 2012:206).

The standard deviations of the service quality dimensions range from 0.907 to 1.170. In terms of responses, variability was significant as demonstrated by the lowest response (minimum) which was 1 and the highest response (maximum) which was 5 thereby signifying that the whole range of the scale was used by participants (Burns & Bush, 2014:327).

Table 4.9: Mean and standard deviation of service quality dimensions

	N	Minimum	Maximum	Mean	Std. Deviation
Tangibles	400	1.00	5.00	3.588	.907
Reliability	400	1.00	5.00	3.428	1.100
Empathy	400	1.00	5.00	3.450	1.141
Assurance	400	1.00	5.00	3.411	1.127
Responsiveness	400	1.00	5.00	3.398	1.170

4.9 Test for normality

The test for normality was conducted as shown in Table 4.10 to ascertain if the data follows a normal distribution and whether parametric tests can be done. The findings reveal that the dimensions do not follow a normal distribution. Zikmund et al., (2010:517) suggest that non-parametric statistics are suitable if the dimensions or data do not follow a known or normal distribution.

Table 4.10: One-Sample Kolmogorov-Smirnov Test

	N	Test Statistic	p
Tangibles	400	.150	.000 ^c
Reliability	400	.148	.000 ^c
Empathy	400	.170	.000 ^c
Assurance	400	.162	.000 ^c
Responsiveness	400	.174	.000 ^c
Customer Loyalty	400	.211	.000 ^c

4.10 Inferential Statistics

Inferential statistics are used to draw inferences or make conclusions on the sample. In this study non parametric methods such as t-test and correlation analysis of variation were used to make inferences.

4.10.1 Correlation between service quality dimensions

Spearman rho is a non-parametric test that was used to ascertain the relationship or association between variables. Wegner (2000:617) suggests that in order to determine correlation between two ordinal scale (ranked) random variables,

spearman's rank correlations can be used. Correlation is used to ascertain the strength of a relationship. According to Burns and Bush (2014:395), a statistically significant correlation coefficient close to 0 indicates no systematic association between variables whereas coefficients close to +1 or -1 ($-1 \leq r \leq +1$) indicate that there is a systematic association or relationship between variables. The results show that all the service quality dimensions have varying degrees of correlation. The correlation coefficients range from 0.528 to 0.844. As shown in Table 4.11, the correlation between the dimensions of service quality among each other is significant at the 0.01 level (2-tailed). There is a significant correlation between tangibles and reliability ($r = .634$; $p < 0.01$), empathy ($r = .528$; $p < 0.01$), assurance ($r = .560$; $p < 0.01$) and responsiveness ($r = .554$; $p < 0.01$). In summary, tangibles has the lowest correlation of all the dimensions, the highest being reliability and the least being empathy.

The results also indicate that reliability has a positive and significant correlation with empathy ($r=0.772$, $p<0.01$), assurance ($r=0.740$, $p<0.01$), responsiveness ($r=0.737$, $p<0.01$) and tangibles ($r=0.634$, $p<0.01$). In a nutshell, reliability has the highest correlation with empathy and the least with tangibles. Table 4.11 unveils that empathy has a positive and significant correlation with, assurance ($r=0.737$, $p<0.01$), responsiveness ($r=0.728$, $p<0.01$), reliability ($r=0.772$, $p<0.01$) and tangibles ($r=0.528$; $p<0.01$). In terms of association, the highest correlation is between empathy and reliability and the least is with tangibles. In addition, the assurance dimension has a positive and significant correlation with, responsiveness ($r=0.844$, $p<0.01$), reliability ($r=0.740$, $p<0.01$), empathy ($r=0.737$, $p<0.01$) and tangibles ($r=0.560$, $p<0.01$). The results show that assurance has the highest correlation with responsiveness and the lowest with tangibles.

The findings as reflected in Table 4.11 illustrate that responsiveness has a positive and significant correlation with tangibles ($r=0.554$, $p<0.01$), reliability ($r=0.737$, $p<0.01$), empathy ($r=0.728$, $p<0.01$) and assurance ($r=0.844$, $p<0.01$). The correlation between responsiveness and assurance dimension and vice versa is the highest among the relationship between all the dimensions whereas the correlation between tangibles and empathy and vice versa is the lowest ranked correlation between the dimensions of service quality. This study confirms the findings of a

study in the Vietnam banking sector which found that there is a significant and positive correlation between service quality dimensions (Dinh & Pickler, 2012:207).

Table 4.11: Correlation between service quality dimensions

		Spearman's rho (r)		
		Correlation Coefficient	p	N
Tangibles	Tangibles	1.000	.	400
	Reliability	.634 ^{**}	.000	400
	Empathy	.528 ^{**}	.000	400
	Assurance	.560 ^{**}	.000	400
	Responsiveness	.554 ^{**}	.000	400
	Overall service quality	.474 ^{**}	.000	400
	Customer satisfaction	.444 ^{**}	.000	400
	Customer Loyalty	.453 ^{**}	.000	400
Reliability	Tangibles	.634 ^{**}	.000	400
	Reliability	1.000	.	400
	Empathy	.772 ^{**}	.000	400
	Assurance	.740 ^{**}	.000	400
	Responsiveness	.737 ^{**}	.000	400
	Overall service quality	.689 ^{**}	.000	400
	Customer satisfaction	.645 ^{**}	.000	400
	Customer Loyalty	.657 ^{**}	.000	400
Empathy	Tangibles	.528 ^{**}	.000	400
	Reliability	.772 ^{**}	.000	400
	Empathy	1.000	.	400
	Assurance	.737 ^{**}	.000	400
	Responsiveness	.728 ^{**}	.000	400
	Overall service quality	.712 ^{**}	.000	400
	Customer satisfaction	.679 ^{**}	.000	400
	Customer Loyalty	.688 ^{**}	.000	400
Assurance	Tangibles	.560 ^{**}	.000	400
	Reliability	.740 ^{**}	.000	400
	Empathy	.737 ^{**}	.000	400
	Assurance	1.000	.	400
	Responsiveness	.844 ^{**}	.000	400
	Overall service quality	.745 ^{**}	.000	400
	Customer satisfaction	.739 ^{**}	.000	400
	Customer Loyalty	.761 ^{**}	.000	400

		Spearman's rho (r)		
		Correlation Coefficient	p	N
Responsiveness	Tangibles	.554**	.000	400
	Reliability	.737**	.000	400
	Empathy	.728**	.000	400
	Assurance	.844**	.000	400
	Responsiveness	1.000	.	400
	Overall service quality	.804**	.000	400
	Customer satisfaction	.786**	.000	400
	Customer Loyalty	.782**	.000	400
Overall service quality	Tangibles	.474**	.000	400
	Reliability	.689**	.000	400
	Empathy	.712**	.000	400
	Assurance	.745**	.000	400
	Responsiveness	.804**	.000	400
	Overall service quality	1.000	.	400
	Customer satisfaction	.780**	.000	400
	Customer Loyalty	.789**	.000	400

** . Correlation is significant at the 0.01 level (2-tailed).

4.11 Correlation between service quality dimensions and customer satisfaction

The relationship between service quality dimensions (tangibles, responsiveness, reliability, empathy and assurance) and customer satisfaction is reflected in Table 4.12.

➤ The responsiveness dimension and customer satisfaction

Responsiveness refers to the willingness and prompt reaction of a service provider to the demands of the customers (El Saghier & Nathan, 2013:10). The results of this study show a positive significant correlation between responsiveness and customer satisfaction ($r=0.786$, $p<0.01$). The responsiveness dimension is ranked first and this implies that customers of the MPC prefer the public institution to understand their specific needs, give them personalised attention and have their welfare at heart if they are to be satisfied. In addition, one can also deduce that financial services institutions that are doing well on customer satisfaction have higher rating on

responsiveness hence the MPC should put in place measures to address problems related to this dimension. The findings of this study are consistent with a study on the public and private sector banks of Pakistan. The authors found that responsiveness has a significant correlation with customer satisfaction (Malik, Mushtaq, Naseem & Malik, 2012:374).

➤ **The assurance dimension and customer satisfaction**

Assurance relates to knowledge, understanding, courtesy of employees and their ability to instil trust and confidence through friendly attitude, good advice and product knowledge (Bick, Abratt & Moller, 2010:20). According to the results as highlighted in Table 4.12, assurance has a positive and significant correlation with customer satisfaction ($r= 0.739$, $p<0.01$). In this study, the assurance dimension is ranked second in terms of its relationship with customer satisfaction. This means that customers value a Post Office that is competent and able to instil confidence in their dealings. The results confirm the findings of a similar study on service quality and customer satisfaction conducted in the Vietnam banking sector using the SERVPERF model. It was found that assurance has a positive and significant correlation with customer satisfaction (Dinh & Pickler, 2012:208).

➤ **The empathy dimension and customer satisfaction**

Empathy refers to the capacity of a service provider to understand issues from the customer's perspective. Empathy ranks third in terms of its association with customer satisfaction. The findings reveal a positive and significant correlation with customer satisfaction ($r=0.679$, $p<0.01$). The service encounter is demonstrated in the empathy dimension and customers of the public postal service would want to interact with employees who are willing to provide a quick service and not too busy to address their request. Ultimately, this is satisfaction from the customer's perspective. Similarly, in examining perception of customers on service quality in state owned banks in Sri Lanka, Ushantha, Wijerante and Samantha (2014:76) found a positive significant correlation between empathy and customer satisfaction.

➤ **The reliability dimension and customer satisfaction**

The reliability concept entails that service providers have to offer customer service as promised and free of defects (Ladhari, Ladhari & Morales, 2011:240). Customers

are the reason that organisations exist and should not be taken for granted. In this study, reliability ranks fourth in terms of its relationship with customer satisfaction. The results of this research reveal that reliability has a moderate positive and significant relationship with customer satisfaction ($r=0.645$, $p<0.01$). This means that customers expect the MPC to live up to its promises and provide correct and up-to-date transactions if satisfaction is to be attained. The burden to provide a reliable service is in the hands of the MPC and failure to do so will be arming customers to trash the service and look for alternative financial services platforms. The findings of this research agree with another study on customer satisfaction in the banking sector of Malawi. It was found that reliability has significant correlation with customer satisfaction (Mwatsika, 2014:265).

➤ **The tangibles dimension and customer satisfaction**

Tangibles include physical facilities, appearance of employees, equipment used to provide the service and physical representation of the service (Rao, 2009:152). In this study, tangibles is the least ranked dimension in terms of its relationship with customer satisfaction. The findings in Table 4.12 show that there is a positive and significant correlation between tangibles and customer satisfaction ($r=0.444$, $p<0.01$). Post Office customers want to transact in an environment where the members of staff are neat, equipment is modern and the facilities are not dilapidated. Zafar, Zafar, Hunjra and Ahman (2012:163) also found a positive and significant correlation between tangibles and customer satisfaction in the banking sector of Pakistan.

Table 4.12: Correlation between service quality dimensions and customer satisfaction

	Spearman's rho (r)		
	Customer satisfaction		
	Correlation Coefficient	p	N
Tangibles	.444*	.000	400
Reliability	.645*	.000	400
Empathy	.679*	.000	400
Assurance	.739*	.000	400
Responsiveness	.786*	.000	400
Customer satisfaction	1.000	.	400

** . Correlation is significant at the 0.01 level (2-tailed).

4.12 Correlation between customer satisfaction and customer loyalty

The empirical findings as presented in Table 4.13 show that there is a positive and significant correlation between customer satisfaction and customer loyalty ($r = 0.812$, $p < 0.01$). This clearly means that the MPC should put more resources to enhance customer satisfaction if the customers are to be loyal. Furthermore, all aspects that have a bearing on customer satisfaction such as service quality must be analysed and corrected. It is evident from the findings that high customer satisfaction leads to customer loyalty. This study confirms the findings of a study on customer satisfaction and loyalty in the Ethiopian banking sector using the SERVPERF model. The author notes that customer satisfaction is statistically significant and has positive correlation with customer loyalty (Shanka, 2012:006).

Table 4.13: Correlation between customer satisfaction and customer loyalty

	Spearman's rho (r)		
	Customer loyalty		
	Correlation Coefficient	p	N
Customer satisfaction	.812*	.000	400
Customer loyalty	1.000	.	400

** . Correlation is significant at the 0.01 level (2-tailed).

4.13 Correlation between service quality dimensions and customer loyalty

The results as reflected in Table 4.14 show that customer loyalty has a positive and significant correlation with tangibles ($r=0.453$, $p<0.01$), reliability ($r=0.657$, $p<0.01$), empathy ($r=0.688$, $p<0.01$), responsiveness ($r=0.782$, $p<0.01$) and assurance ($r=0.761$, $p<0.01$). Similarly in the Pakistan banking sector, Hassan et al. (2013, 1026-1027) found that tangibles, reliability, empathy, assurance and responsiveness have a positive and significant relationship with customer loyalty. As highlighted in the findings, responsiveness has the highest correlation with customer loyalty. This means that the higher the responsiveness, the more the customers will be loyal to the MPC. Tangibles dimension is the least ranked but has a positive and significant correlation with customer loyalty. The findings further reveal that overall service quality has a positive and significant relationship with customer loyalty ($r=0.789$, $p<0.01$). The implication of the relationships between customer loyalty and service quality dimensions means that adequate measures should be put in place by the MPC to enhance service quality because loyal customers cannot be generated by providing mediocre service quality but high service quality. This study concurs with Anand and Selvaraj (2012:159) who also found a positive and significant relationship between service quality dimensions and customer loyalty.

Table 4.14: Correlation between the service quality dimensions and customer loyalty

	Spearman's rho (r)		
	Customer loyalty		
	Correlation Coefficient	p	N
Tangibles	.453**	.000	400
Reliability	.657**	.000	400
Empathy	.688**	.000	400
Assurance	.761**	.000	400
Responsiveness	.782**	.000	400
Overall service quality	.789**	.000	400
Customer satisfaction	.812**	.000	400
Customer Loyalty	1.000	.	400

** . Correlation is significant at the 0.01 level (2-tailed).

4.14 Perception of the service quality dimensions by gender

Table 4.15 illustrates the perception by gender with respect to the service quality dimension, overall service quality, customer satisfaction and customer loyalty. The results show that there are no statistically significant differences in the perception of service quality dimensions, overall service quality, customer satisfaction and customer loyalty between males and females at the 95% level of significance ($p>0.05$).

Table 4.15: Mann-Whitney test - Perceptions of service quality dimensions by gender

Service quality dimension	Gender	Mean	N	Std. Deviation	Mann-Whitney u	z	p
Tangibles	Male	3.581	204	.942	19760.500	-.201	.841
	Female	3.594	196	.872			
	Total	3.588	400	.907			
Reliability	Male	3.490	204	1.063	18775.000	-1.056	.291
	Female	3.362	196	1.135			
	Total	3.428	400	1.099			
Empathy	Male	3.528	204	1.101	18524.500	-1.274	.203
	Female	3.367	196	1.177			
	Total	3.449	400	1.140			
Assurance	Male	3.447	204	1.085	19776.500	-.187	.852
	Female	3.375	196	1.170			
	Total	3.412	400	1.127			
Responsiveness	Male	3.444	204	1.103	19684.000	-.268	.789
	Female	3.351	196	1.237			
	Total	3.398	400	1.170			
Other criteria							
Customer Loyalty	Male	3.630	204	1.264	18764.000	-1.067	.286
	Female	3.485	196	1.258			
	Total	3.554	400	1.261			
Overall service quality	Male	3.540	204	1.261	19227.000	-.683	.494
	Female	3.440	196	1.313			
	Total	3.490	400	1.286			
Customer satisfaction	Male	3.550	204	1.212	19059.000	-.835	.404
	Female	3.400	196	1.361			
	Total	3.480	400	1.288			

4.15 Perception of the service quality dimensions by age groups

Table 4.16 reflects the perception of service quality dimensions, overall service quality, customer satisfaction and customer loyalty between age groups. The results show no statistically significant differences in the perception of service quality dimensions between age groups. In addition, there are no significant differences in the perception of other criteria such as overall service quality, customer satisfaction and customer loyalty between age groups at the 95% level of significance ($p > 0.05$).

Table 4.16: Kruskal-Wallis Test- Perception of service quality dimension by age

Service quality dimensions	Age	Mean	N	Std. Deviation	Chi-Square	df	p
Tangibles	Below 20	3.483	15	1.1552	6.326	5	.276
	21-30	3.547	148	.880			
	31-40	3.535	145	.955			
	41-50	3.879	62	.702			
	51-60	3.410	25	1.065			
	Above 60	3.900	5	.137			
	Total	3.588	400	.907			
Reliability	Below 20	3.533	15	.976	4.630	5	.463
	21-30	3.380	148	1.116			
	31-40	3.350	145	1.129			
	41-50	3.671	62	1.016			
	51-60	3.568	25	1.029			
	Above 60	3.040	5	1.410			
	Total	3.428	400	1.100			
Empathy	Below 20	3.560	15	1.132	4.051	5	.542
	21-30	3.364	148	1.167			
	31-40	3.410	145	1.162			
	41-50	3.687	62	1.062			
	51-60	3.592	25	1.007			
	Above 60	3.160	5	1.381			
	Total	3.450	400	1.141			
Assurance	Below 20	3.450	15	1.166			
	21-30	3.329	148	1.157			
	31-40	3.429	145	1.162			
	41-50	3.548	62	1.003			
	51-60	3.460	25	1.060			
	Above 60	3.300	5	1.191			

Total		3.412	400	1.127	1.215	5	.943
Service quality dimensions	Age	Mean	N	Std. Deviation	Chi-Square	df	p
Responsiveness	Below 20	3.383	15	1.026			
	21-30	3.270	148	1.245			
	31-40	3.459	145	1.185			
	41-50	3.548	62	1.038			
	51-60	3.570	25	.959			
	Above 60	2.750	5	1.275			
	Total	3.398	400	1.170	4.840	5	.436
Other criteria							
Customer Loyalty	Below 20	3.667	15	1.234			
	21-30	3.458	148	1.316			
	31-40	3.538	145	1.257			
	41-50	3.794	62	1.156			
	51-60	3.590	25	1.161			
	Above 60	3.350	5	1.728			
	Total	3.554	400	1.261	2.504	5	.776
Overall service quality	Below 20	3.470	15	1.302			
	21-30	3.380	148	1.311			
	31-40	3.550	145	1.291			
	41-50	3.600	62	1.260			
	51-60	3.680	25	1.145			
	Above 60	3.200	5	1.643			
	Total	3.490	400	1.286	2.329	5	.802
Customer satisfaction	Below 20	3.670	15	1.234			
	21-30	3.360	148	1.335			
	31-40	3.490	145	1.286			
	41-50	3.740	62	1.186			
	51-60	3.480	25	1.229			
	Above 60	3.000	5	1.581			
	Total	3.480	400	1.288	4.478	5	.483

*significant at 95% level

4.16 Perception of the service quality dimensions by the highest education qualification

Table 4.17 illustrates perception with respect to service quality dimensions, overall service quality, customer satisfaction and customer loyalty between categories of the highest education qualification. With respect to service quality dimensions, the results show that there is a statistically significant difference with tangibles (Chi-Square=16.399; df = 5; $p < 0.05$) and reliability (Chi-Square = 11.249; df = 5; $p < 0.05$). On the other hand, there are no significant differences in the perception of overall service quality, customer satisfaction and customer loyalty between the levels of qualification at the 95% level of significance ($p > 0.05$).

Table 4.17: Kruskal-Wallis test- Perception of service quality dimensions between categories of the highest qualification

Service quality dimensions	Highest Qualification	Mean	N	Std. Deviation	Chi-square	df	p
Tangibles	Below Senior Certificate	3.568	33	.818	16.399	5	.006
	Senior Certificate	3.454	109	1.022			
	Diploma	3.481	148	.870			
	Degree	3.826	76	.855			
	Postgraduate	3.952	26	.735			
	Other	4.000	8	.518			
	Total	3.588	400	.907			
Reliability	Below Senior Certificate	3.388	33	1.002	11.249	5	.047*
	Senior Certificate	3.347	109	1.125			
	Diploma	3.360	148	1.106			
	Degree	3.429	76	1.191			
	Postgraduate	3.946	26	.639			
	Other	4.225	8	.759			
	Total	3.428	400	1.100			
Empathy	Below Senior Certificate	3.455	33	1.070	6.344	5	.274
	Senior Certificate	3.327	109	1.259			
	Diploma	3.426	148	1.121			
	Degree	3.421	76	1.184			
	Postgraduate	3.939	26	.573			
	Other	4.225	8	.225			
	Total	3.450	400	1.141			

Service quality dimensions	Highest qualification	Mean	N	Std deviation	Chi-square	df	p
Assurance	Below Senior Certificate	3.265	33	1.199	5.859	5	.320
	Senior Certificate	3.296	109	1.176			
	Diploma	3.390	148	1.123			
	Degree	3.490	76	1.124			
	Postgraduate	3.856	26	.843			
	Other	3.812	8	.776			
	Total	3.412	400	1.127			
Responsiveness	Below Senior Certificate	3.242	33	1.158	8.369	5	.137
	Senior Certificate	3.264	109	1.210			
	Diploma	3.368	148	1.176			
	Degree	3.477	76	1.188			
	Postgraduate	3.894	26	.909			
	Other	4.063	8	.530			
	Total	3.398	400	1.170			
Other criteria							
Customer Loyalty	Below Senior Certificate	3.356	33	1.446	5.432	5	.365
	Senior Certificate	3.466	109	1.289			
	Diploma	3.520	148	1.247			
	Degree	3.586	76	1.282			
	Postgraduate	4.096	26	.930			
	Other	4.125	8	.598			
	Total	3.554	400	1.261			
Overall service quality	Below Senior Certificate	3.550	33	1.481	9.946	5	.077
	Senior Certificate	3.420	109	1.300			
	Diploma	3.390	148	1.265			
	Degree	3.500	76	1.322			
	Postgraduate	4.120	26	.909			
	Other	4.250	8	.707			
	Total	3.490	400	1.286			

Other criteria	Highest qualification	Mean	N	Std deviation	Chi-square	df	p
Customer satisfaction	Below Senior Certificate	3.480	33	1.482	7.895	5	.162
	Senior Certificate	3.420	109	1.293			
	Diploma	3.390	148	1.296			
	Degree	3.470	76	1.301			
	Postgraduate	4.120	26	.864			
	Other	4.000	8	.756			
	Total	3.480	400	1.288			

*Significant at 95% level

4.17 Perception of the service quality dimensions by occupation

The perception of the service quality dimensions, overall service quality, customer satisfaction and customer loyalty between categories of occupation is reflected in Table 4.18. The results indicate that there are no statistically significant differences in the perception of service quality dimensions, overall service quality, customer satisfaction and customer loyalty between categories of occupation at the 95% level of significance ($p>0.05$).

Table 4.18: Kruskal-Wallis test- Perception of service quality dimensions between categories of occupation

Service quality dimensions	Occupation	Mean	N	Std. Deviation	Chi-square	df	p
Tangibles	Student	3.655	55	.8396	3.204	5	.669
	Business	3.534	81	.975			
	Employed	3.614	196	.929			
	Unemployed	3.401	38	.859			
	Retired	3.630	25	.817			
	Other	3.900	5	.285			
	Total	3.588	400	.907			

	Occupation	Mean	N	Std deviation	Chi-square	df	P
Reliability	Student	3.618	55	1.003	6.792	5	.237
	Business	3.363	81	1.145			
	Employed	3.403	196	1.129			
	Unemployed	3.295	38	.970			
	Retired	3.432	25	1.150			
	Other	4.320	5	.502			
	Total	3.428	400	1.100			
Empathy	Student	3.567	55	1.116	4.783	5	.443
	Business	3.422	81	1.149			
	Employed	3.361	196	1.163			
	Unemployed	3.653	38	1.094			
	Retired	3.528	25	1.139			
	Other	4.120	5	.335			
	Total	3.450	400	1.141			
Assurance	Student	3.500	55	1.141	3.747	5	.586
	Business	3.349	81	1.203			
	Employed	3.358	196	1.111			
	Unemployed	3.638	38	1.065			
	Retired	3.400	25	1.146			
	Other	3.900	5	.628			
	Total	3.412	400	1.127			
Responsiveness	Student	3.396	55	1.204	1.359	5	.929
	Business	3.392	81	1.190			
	Employed	3.378	196	1.172			
	Unemployed	3.447	38	1.148			
	Retired	3.380	25	1.191			
	Other	4.050	5	.623			
	Total	3.398	400	1.170			
Other criteria Customer Loyalty	Student	3.632	55	1.274	3.127	5	.680
	Business	3.525	81	1.223			
	Employed	3.478	196	1.297			
	Unemployed	3.770	38	1.128			
	Retired	3.590	25	1.379			
	Other	4.300	5	.481			
	Total	3.554	400	1.261			

Other criteria	Occupation	Mean	N	Std deviation	Chi-square	df	P
Overall service quality	Student	3.580	55	1.272	3.957	5	.556
	Business	3.490	81	1.305			
	Employed	3.420	196	1.300			
	Unemployed	3.660	38	1.258			
	Retired	3.480	25	1.295			
	Other	4.400	5	.548			
	Total	3.490	400	1.286			
Customer satisfaction	Student	3.650	55	1.322	4.309	5	.506
	Business	3.400	81	1.366			
	Employed	3.410	196	1.264			
	Unemployed	3.630	38	1.261			
	Retired	3.520	25	1.262			
	Other	4.200	5	.837			
	Total	3.480	400	1.288			

*significant at 95% level

4.18 Perception of the service quality dimensions by region

Table 4.19 illustrates the perception of service quality dimensions, overall service quality, customer satisfaction and customer loyalty between service regions. With respect to service quality dimensions, the results indicate that there is a statistically significant difference only with tangibles (Chi-Square = 7.774; df = 2; $p < 0.05$). However, using other criteria measures, it shows there is no significant differences in the perception of overall service quality, customer satisfaction and customer loyalty at the 95% level of significance ($p > 0.05$).

Table 4.19: Kruskal-Wallis test- Perception of service quality by region

Service quality dimensions	Region	Mean	N	Std. Deviation	Chi-square	df	P
Tangibles	North	3.782	95	.894	7.774	2	.021*
	South	3.561	190	.852			
	Centre	3.472	115	.986			
	Total	3.588	400	.907			
Reliability	North	3.400	95	1.210	1.786	2	.409
	South	3.502	190	1.052			
	Centre	3.327	115	1.082			
	Total	3.428	400	1.100			
Empathy	North	3.330	95	1.232	1.151	2	.562
	South	3.554	190	1.056			
	Centre	3.376	115	1.190			
	Total	3.450	400	1.141			
Assurance	North	3.321	95	1.248	2.519	2	.284
	South	3.529	190	1.048			
	Centre	3.294	115	1.137			
	Total	3.412	400	1.127			
Responsiveness	North	3.313	95	1.347	.152	2	.927
	South	3.480	190	1.053			
	Centre	3.333	115	1.198			
	Total	3.398	400	1.170			
Other criteria							
Customer Loyalty	North	3.445	95	1.390	.079	2	.961
	South	3.630	190	1.162			
	Centre	3.517	115	1.310			
	Total	3.554	400	1.261			
Overall service quality	North	3.430	95	1.456	.644	2	.725
	South	3.570	190	1.174			
	Centre	3.420	115	1.318			
	Total	3.490	400	1.286			
Customer satisfaction	North	3.330	95	1.402	1.174	2	.556
	South	3.570	190	1.201			
	Centre	3.460	115	1.326			
	Total	3.408	400	1.288			

*Significant at 95% level

4.19 Conclusion

In chapter four, data was analysed and results presented both in graphical and tabular form. The study revealed a high degree of consistency with an overall reliability score of 0.979. Service quality dimensions were analysed and the results were satisfactory. The mean scores were almost similar. However, tangibles was rated highest whereas responsiveness was rated lowest. This implies that customers had reservations with regard to the responsiveness dimension and therefore calls for more effort to address customer concerns.

The results further show that there is a positive significant correlation between service quality dimensions and customer satisfaction. Responsiveness had a higher correlation with customer satisfaction whereas tangibles had the lowest correlation among all the service quality dimensions. Furthermore, customer satisfaction had a positive significant correlation with customer loyalty. The findings of this study also revealed that gender, age and occupation have no significant influence on the service quality dimensions. On the other hand, education has significant influence on the tangibles and reliability dimensions whereas region has significant influence on the tangibles dimension.

The next chapter will focus on the conclusions and recommendations of the study.

CHAPTER 5 : CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

In chapter four data was analysed and the findings discussed. This chapter will provide a discussion of the findings and the extent to which the research aim and set objectives were achieved. Recommendations have been proposed to improve service quality and also the direction which further research should take is provided.

5.2 Summary of the study

The aim of this study was to analyse the quality of service in the Malawian public postal service. The perception of customers with regard to the five service quality dimensions, customer satisfaction and loyalty were evaluated. It is envisaged that the results of this study could enhance customer service quality and also assist the postal operator to understand areas affecting customer satisfaction.

Chapter 2 of the study presented an overview of the financial services industry in Malawi in relation to the regional and global perspectives. In addition, services and its characteristics were analysed. Service quality models were highlighted and prominence was given to SERVQUAL and SERVPERF models. The importance of customer satisfaction was emphasised. The literature review points out that customer satisfaction and service quality are related constructs such that any variation in service quality affects the satisfaction of customers. The need to provide excellent customer service was underlined as one way of mitigating against service failures. However, it was noted that service failures are unavoidable. As such, service recovery efforts must be put in place to address service breakdowns. Furthermore, service recovery implementation strategies such as distributive justice, procedural justice and interactional justice were analysed as some of the interventions that can be adopted in an event of a service breakdown.

The quest to remain viable, be competitive on the market and have happy customers goes beyond customer satisfaction. It was evident from the literature review that

customer loyalty is critical to the survival of the business. Loyal customers are the life blood of the business because they patronise services from a particular organisation when a purchase opportunity occurs and don't seek services from competition. The importance of loyalty programs was discussed. However, service providers are advised to introduce loyalty programs with a certain amount of caution because there is a danger of rewarding counterfeit loyalty whereby customers only patronise a service when an incentive is dangled.

The findings of this study were presented and discussed in chapter 4. The results show that customers' perception of service quality dimensions is satisfactory. Furthermore, the five service quality dimensions (tangibles, reliability, assurance, empathy and responsiveness) were found to have a positive relationship with customer satisfaction. Responsiveness dimension had the highest positive and significant correlation with customer satisfaction whereas tangibles had the lowest correlation. The findings demonstrated the need for improvement of all service quality dimensions and overall service quality because they affect the satisfaction of customers. Lastly, a relationship between customer satisfaction and customer loyalty was established. This implies that the MPC should come up with strategies of achieving customer satisfaction in order to create and maintain a base of loyal customers.

5.3 Attainment of study objectives

The study focused on investigating customer perceptions with respect to the five service quality dimensions, customer satisfaction and customer loyalty. The SERVPERF model was used to elicit the responses from 400 participants. The results of the study and discussion were presented in Chapter 4. The following discussion relates to the study objectives and the extent to which the objectives have been met.

Objective 1: To measure the service quality dimensions (tangibles, responsiveness, assurance, empathy and reliability.)

Chapter two provided insights on the five service quality dimension (tangibles, reliability, empathy, assurance and responsiveness). Customers' perception of the

five quality dimensions was measured and discussed in chapter 4. The measurements of the service quality dimensions were obtained through mean scores. The results showed that customers' perception of service quality was high on the tangible dimension with a mean score of 3.588 as compared to other dimensions thereby implying that customers were highly satisfied with the quality of this dimension as compared to the rest. Empathy was rated second best on quality with a mean score of 3.450 followed by reliability which was ranked third on quality with a mean score of 3.428 whereas assurance was ranked fourth on quality with a mean score of 3.412. Respondents were not particularly happy with service quality regarding the responsiveness dimension and this is evident in the lowest mean score of 3.398.

It is however important to mention that the mean scores were almost similar despite tangibles being ranked first and responsiveness being ranked last. The implication of the findings is that the MPC needs to pay attention to the improvement on all service quality dimensions to ensure that customers' perception of service quality do not fall.

Objective 2: To evaluate the relationship between service quality dimensions (tangibles, responsiveness, assurance, empathy and reliability) and customer satisfaction

Customer satisfaction is critical in any business and has to be evaluated regularly to find out if customers are satisfied with the service quality being offered. In view of the different attributes of service quality, customers may find satisfaction in one dimension and dissatisfaction in another hence it is imperative to assess the five dimensions to check the impact of each dimension on satisfaction. The discussion in Chapter 2 presented different schools of thought on customer satisfaction and also highlighted the relationship between service quality dimensions and customer satisfaction. Customers' perception of service quality dimensions and customer satisfaction were measured and analysed in chapter four. The findings on the relationship between service quality dimensions and customer satisfaction indicate that all the five service quality dimensions have a significant and positive correlation with customer satisfaction at the 0.01 level of significance (2-tailed).

The results revealed the strongest relationship between responsiveness and customer satisfaction with a correlation coefficient of 0.786, followed by assurance with a correlation coefficient of 0.739. Empathy ranked third with a correlation coefficient of 0.679 whereas reliability ranked fourth with a correlation coefficient of 0.645. Tangibles was the least ranked with a correlation coefficient of 0.444. The results imply that improvement should be made across all the dimensions of service quality because they have a direct impact on customer satisfaction. However, there is a need to pay more attention to improving the responsiveness dimension.

Objective 3: To assess the relationship between customer satisfaction and customer loyalty.

Customer loyalty gives confidence to service providers and assures them that they have another day to do business differently and better. Without loyal customers, the foundation and survival of a business is shaken. The discussion in chapter 2 underlines the importance of customer loyalty on the business. Furthermore, numerous studies were reviewed to back up the relationship between customer satisfaction and customer loyalty. Loyalty is established and attained through delivery of service quality consistently. However, the challenge for service providers is that sometimes customer service is not competent enough to deliver the much desired quality hence the need to implement strategies for establishing loyalty such as building a foundation for loyalty, creating loyalty bond and reduce churn drivers.

In chapter 4, customer perception of customer loyalty was measured. Furthermore, the relationship between customer loyalty and customer satisfaction was ascertained. The findings revealed that customer satisfaction has a positive relationship with customer loyalty. The correlation coefficient is 0.812. The results imply that matters relating to quality in general should be given prominence in the MPC if the financial services customers are to be satisfied with the level of service execution and in turn be loyal.

Object 4: To examine the relationship between demographic data and perceptions of service quality predictors.

Demographic variables act as pointers of behavioural patterns among customers. In chapter 4, the findings revealed that there is no statistically significant difference in

the perception of service quality dimensions by gender, age and occupation at the 95% level ($p > 0.05$). On the other hand, the results showed that there is a statistically significant difference with tangibles (Chi-Square = 16.399; $df = 5$; $p < 0.05$) and reliability (Chi-Square = 11.249; $df = 5$; $p < 0.05$) between categories of the highest qualification. Perception of service quality with respect to regions revealed that there is a statistically significant difference only with tangibles (Chi-Square = 7.774; $df = 2$; $p < 0.05$). The implication of the findings is that gender, age and occupation have no significant influence in the evaluation of service quality dimension whereas education qualification have significant influence in the evaluation of tangibles and reliability. In addition, the region where the service was provided had significant influence on the tangible dimension. This calls for improvements particularly the dimensions that are affected by the demographic variables viz. reliability and tangibles.

5.4 Recommendations

Based on the findings of this study, the following recommendations are presented for consideration.

- In order to achieve customer satisfaction fully, the management of the MPC should inculcate a service quality culture in all aspects of the business and promote the spirit of continuous improvement among its members of staff. The service quality objective should be explicit and communicated to every employee and not leave the responsibility to achieve quality to the front desk alone.
- Management of the MPC should come up with mechanisms of enhancing quality such as training members of staff in customer service and communication. In addition, a skills audit should precede this exercise in order to close the skills shortage gap. This will provide management with insights of the sort of interventions needed to improve the performance of all employees. It is also recommended for management to hire competent and skilled staff in customer interface designations because training alone cannot be sufficient if the people employed don't have proper basic skills.

- Management should encourage members of staff to be responsive to the needs of customers. It is important for customer facing employees to give customers personalised service or attention and also take time to understand their varying needs. The customer is king hence management should develop techniques or offer training to assist members of staff to perform according to the expected standards and ensure that customers are understood and adequately assisted.
- The employees at MPC should ensure that they instil trust and confidence in their dealings with customers. Employees must also show respect to customers regardless of their status or how they look. It is further recommended for employees to be properly oriented in the aspects of the business to better their understanding of the MPC. This can be supplemented with training on product knowledge. In this regard, management should champion the creation of product manuals. Customers enjoy dealing with employees who are knowledgeable and have ready answers to their needs and requests other than dealing with members of staff who are clueless about the business.
- Management should encourage members of staff to ensure that the service is reliable and customers are handled empathetically. Employees must stick to expected delivery standards in terms of adhering to promises, solving customer problems and providing services free of errors. It is recommended for management to devise key performance indicators and communicate them to all members of staff. These standards should serve as a reminder to members of staff of the minimum tolerable deviations and the framework within which they are expected to deliver service quality to customers.
- Management should develop mechanisms of collecting customers' feedback on their perception of service quality and other aspects of the business. Initiatives such as customer satisfaction surveys and mystery shopping exercises can be adopted and implemented to gauge feedback on a regular basis. These initiatives can assist the MPC to uncover areas affecting quality and customer satisfaction. In addition, it will facilitate the creation of strategies to respond to problems identified.

- The MPC should benchmark its performance by comparing their service quality delivery standard with some of the Post Offices in the region and beyond. This will help the organisation to learn best practices on service quality delivery standards and find ways of integrating the best ideas in the business to improve certain aspects that needs attention.
- Management of the MPC should come up with a service recovery management program to address service failures or breakdowns. Customer problems should be handled professionally when there is a service breakdown. As such, steps to recovery should be put in place and communicated to all workers with clear lines of responsibility on what should be done when customers register problems or complaints. Management of the MPC may wish to embrace distributive, procedural and interactive justice approaches as one way of managing service failures.
- Management should come up with strategies of establishing and maintaining loyalty. These include encouraging members of staff to deliver high service quality consistently, reduce customer defections through effective complaints handling and service recovery. In addition, loyalty programs such as rewards, recognition and appreciation can be introduced to enhance relationship with customers.

5.5 Limitations

The sample size of the study was 400 customers and limited to 8 Post Offices. The number of respondents was small considering that Post Office has millions of customers who patronise their services, as such, the results cannot be generalised as the views of all Post Office customers. Furthermore, the use of a structured questionnaire limited the respondents in terms of expressing their feelings on issues regarding service quality at the Post Office. As such, the findings were limited to what the researcher wanted to achieve.

5.6 Scope for future research

This study focussed on assessing customers' perception of service quality in selected postal outlets. It is suggested that future research on the MPC should be undertaken to understand customers' perception of service quality, customer satisfaction and customer loyalty in all postal outlets across the country. This can help the MPC to implement wholesale rather than piece meal service quality interventions. In addition, research can be conducted to ascertain customer reactions with respect to service failures and recovery in the Post Office. This could help the MPC to evaluate if service recovery initiatives are effective and serving the interest of customers.

5.7 Conclusion

This study has analysed customers' perception of service quality, customer satisfaction and customer loyalty in the Malawian public postal service. Theories relating to service quality, customer satisfaction and customer loyalty were discussed. The importance of delivering high service quality in the MPC is critical for competitiveness, productivity and profitability. The public postal service finds itself in a battle for survival as the core business of mail is not generating enough revenues because it has been overtaken by technology such as email and mobile phones. Despite the diversification in financial services, the large number of financial services players on the market has made the business environment very tough for organisations that are not quality conscious. As such, there is no alternative survival strategy to offering superior service quality for MPC.

Recommendations that were discussed and put forward for consideration offer the MPC insights and strategies that can be adopted to improve service quality delivery in its outlets. It is envisaged that this study will contribute positively to the improvement and delivery of quality service, which will in turn assist the MPC to achieve customer satisfaction and loyalty. In addition, the assessment of service quality dimensions and their impact on customer satisfaction gives the MPC an opportunity to review its business strategy and channel resources prudently to areas that needs immediate intervention particularly the responsiveness dimension.

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ANNEXURES

ANNEXURE 1: Participant letter of information

Faculty of Management Sciences
Department of Marketing, Retail and Public Relations
P.O Box 1334
Durban, 4000.

28 May, 2014

Dear Participant

I am pursuing a Master's Degree in Marketing at the Durban University of Technology. I am conducting a research project on "Assessing customer service in the Malawian public postal service" as part of the requirement towards completion of the programme. I would like to request your support in completing this questionnaire.

Please take time to read and understand the questionnaire which will take you not more than 15 minutes to complete. You are also requested to provide honest and accurate responses as this information could help the Post Office to improve its services and serve you better. You may wish to know that details regarding your questionnaire will be kept anonymous and confidential. Your participation in this research is voluntary and if necessary you are obliged to withdraw without providing reasons for such action.

Please contact me for any questions relating to the study. If you require further clarification or would like to share concerns regarding the research, please contact my supervisor, Professor J.P Govender.

Thank you for your time and participation.

Yours Sincerely,
Steven Kayambazinthu Msosa
Contact number: +27-748761266

Prof J.P Govender
Supervisor
Contact number: +27-313735396

ANNEXURE 2: Consent

Statement of Agreement to Participate in the Research Study:

- I hereby confirm that I have been informed by the researcher, Steven Kayambazinthu Msosa about the nature, conduct, benefits and risks of this study - Research Ethics Clearance Number: _____
- I have also received, read and understood the participant Letter of Information regarding the study.
- I am aware that the results of the study, including personal details regarding my sex, age, date of birth, initials and diagnosis will be anonymously processed into a study report.
- In view of the requirements of research, I agree that the data collected during this study can be processed in a computerised system by the researcher.
- I may, at any stage, without prejudice, withdraw my consent and participation in the study.
- I have had sufficient opportunity to ask questions and declare myself prepared to participate in the study.
- I understand that significant new findings developed during the course of this research which may relate to my participation will be made available to me.

_____	_____	_____	_____
Full Name of Participant	Date	Time	Signature

I, Steven Kayambazinthu Msosa herewith confirm that the above participant has been fully informed about the nature, conduct and risks of the above study.

<u>Steven Kayambazinthu Msosa</u>	_____	_____
Full Name of Researcher	Date	Signature

_____	_____	_____
Full Name of Witness (If applicable)	Date	Signature

_____	_____	_____
Full Name of Legal Guardian (If applicable)	Date	Signature

ANNEXURE 3: Letter of approval from Malawi Posts Corporation (MPC)



MALAWI POSTS CORPORATION

HEAD OFFICE
Glyn Jones Road
P. O. Box 602
BLANTYRE

Telephone: +265 1 822 144
Telefax : +265 1 820 188
Email : pmg@malawiposts.com

21 May 2014

Mr Steve Kayambazinthu Msosa,
The Department of Marketing, Retail and Public Relations,
Durban University of Technology,
P. O. Box 1334,
Durban, 4000
South Africa.

Dear Mr Msosa,

**RE: PERMISSION TO CONDUCT RESEARCH – MR STEVEN
KAYAMBAZINTHU MSOSA**

I write in respect to the above subject in reference to the letter of 19th May 2014 requesting for permission to conduct a research project on Malawi Posts Corporation titled 'Assessing Customer Service in the Malawian Public Postal Service'.

I am pleased to inform you that permission has been granted on your proposed research project. It is our hope that results of your research project will be shared with the organisation.

I would like to wish you success in your academic endeavours.

Yours sincerely,

J. M. Chiusiwa
For Postmaster General

ANNEXURE 4: Study questionnaire

Please tick the relevant block for each question

1. Please indicate your gender	male	female
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2. Please indicate your age category	Below 20	21-30	31-40	41-50	51-60	Above 60
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3. What is your highest education qualification	Below Senior Certificate	Senior Certificate	Diploma	Degree	Postgraduate	Other
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4. Please indicate your occupation	Student	Business	Employed	Unemployed	Retired	Other
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5. Please indicate the region where this service is offered.	North	South	Centre
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Please relate your feelings about the Post Office with regard to financial services and highlight the extent to which you consider this Post Office has the attribute mentioned in the statement. Tick the numbers 1 to 5 to demonstrate your perception about the Post Office.

Statement	Strongly Disagree	Disagree	Uncertain	Agree	Strongly Agree
6. The Post Office has modern looking equipment.	1	2	3	4	5
7. The Post Office's physical facilities are visually appealing.	1	2	3	4	5
8. The Post Office front line personnel dress professionally and are neat.	1	2	3	4	5
9. Post Office product literature	1	2	3	4	5

associated with financial services (fast cash) such as posters, brochures and also invoices are visually appealing					
10. The Post Office promises what they can deliver and they do it on time.	1	2	3	4	5
11. The Post Office assist in resolving customer problems relating to financial services (fast cash)	1	2	3	4	5
12. The Post Office performs fast cash service transaction correct on first attempt.	1	2	3	4	5
13. The Post Office provides services within the promised time.	1	2	3	4	5
14. The Post Office transactions and records do not have errors	1	2	3	4	5
15. The Post Office employees gives an indication to you on the timing when the service will be rendered or completed	1	2	3	4	5
16. Post Office employees provide quick service.	1	2	3	4	5
17. Post Office employees are willing to help you.	1	2	3	4	5
18. Post Office employees are never busy to address your	1	2	3	4	5

request.					
19. The conduct of Post Office employees gives you confidence to deal with them.	1	2	3	4	5
20. You feel safe to send or receive money through the Post Office	1	2	3	4	5
21. Post Office employees are always courteous with you.	1	2	3	4	5
22. Post Office employees have sufficient knowledge to respond to your questions on financial services (fast cash)	1	2	3	4	5
23. Post Office gives you individual attention.	1	2	3	4	5
24. Post Office operating hours are convenient to you.	1	2	3	4	5
25. Post Office has employees who give you personalised service or attention.	1	2	3	4	5
26. Post Office has your welfare at heart.	1	2	3	4	5
27. Post Office employees understand your specific needs.	1	2	3	4	5
28. Overall, the service quality of financial service is excellent	1	2	3	4	5

29. Overall, I am satisfied with Post Office service on financial service	1	2	3	4	5
30. I often tell positive stories about Post Office financial services(fast cash) to other people	1	2	3	4	5
31. I recommend my friends and relatives to send and receive money through the Post Office	1	2	3	4	5
32. I recommend Post Office financial services to anyone seeking money transfer solution	1	2	3	4	5
33. I will continue to use Post Office financial services to send and receive money	1	2	3	4	5

ANNEXURE 5: Editing certificate

DR RICHARD STEELE

BA, HDE, MTech(Hom)

HOMEOPATH and EDUCATOR

Registration No. A07309 HM

Practice No. 0807524

Part-time lecturer, Dept of Homeopathy, DUT

Freelance academic editor

110 Cato Road

Glenwood, Durban 4001

031-201-6508/082-928-6208

Fax 031-201-4989

Postal: P.O. Box 30043, Mayville 4058

Email: rsteele@telkomsa.net

EDITING CERTIFICATE

Re: **Steven Msosa**

ASSESSING CUSTOMER SERVICE IN THE MALAWIAN PUBLIC POSTAL SERVICE

I confirm that I have edited this dissertation and the references for clarity, language and layout. I am a freelance editor specialising in proofreading and editing academic documents. My original tertiary degree which I obtained at UCT was a B.A. with English as a major and I went on to complete an H.D.E. (P.G.) Sec. with English as my teaching subject. I obtained a distinction for my M.Tech. dissertation in the Department of Homeopathy at Technikon Natal in 1999 (now the Durban University of Technology). In my capacity as a part-time lecturer in the Department of Homoeopathy I have supervised numerous Master's degree dissertations.

Dr Richard Steele

21 April 2015

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