

**THE RELATIONSHIP BETWEEN SERVICE QUALITY AND  
OVERALL BUSINESS PERFORMANCE: A CASE STUDY OF  
THE NATIONAL COUNCIL FOR LAW REPORTING**

**ANDREW KIARIE NJERU**

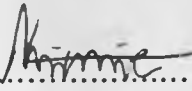
**D61/72704/2009**

**A Management Research Project Submitted in Partial Fulfillment of the Requirements for  
the award of Master of Business Administration Degree, School of Business, University of  
Nairobi**

**2010**

## DECLARATION

This Management Research Project is my original work and has not been submitted for a degree award in any other University.

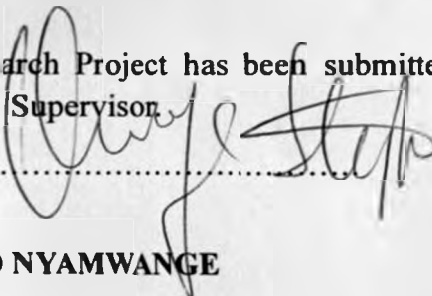
Signed:  .....

Date: 13/11/10 .....

**ANDREW KIARIE NJERU**

**D61/72704/2009**

This Research Project has been submitted for examination with my approval as the University Supervisor.

Signed:  .....

Date: 13/11/2010 .....

**ONSERIO NYAMWANGE**

**Department of Management Science,**

**School of Business,**

**University of Nairobi.**

## **DEDICATION**

**I would like to dedicate this study to my fiancé, Rehema Kagendo who assisted me throughout the entire research process as a personal research assistant as well as for the moral support that she offered me.**

## **ACKNOWLEDGEMENTS**

I would like to acknowledge my supervisor, Onserio Nyamwange for his unending effort to ensure that I came up with a research proposal that would guide me throughout the study as well as a final research report that reflected the outcome of the study. I would also like to acknowledge the staff of the National Council for Law Reporting for their assistance in terms of information gathering and data collection.

## ABSTRACT

This research study was carried out to determine whether there exists a relationship between service quality and overall business performance. The study adopted the use of a case study of the National Council for Law Reporting. Samples of 40 employees and 30 clients of the National Council for Law Reporting were selected using judgmental sampling so as to have a representation of the entire organization. The drop and pick later method was used to administer the questionnaire. Descriptive statistics as well as correlation analysis were used to analyze the data collected. In particular the study sought to establish the correlation between internal service quality and overall business performance as well as the correlation between external service quality and overall business performance. The study findings indicated that the relationship between internal service quality and overall business performance did not have a positive relationship i.e. -.270 and -.485 for the specific variables that were considered in relation to overall business performance. However the findings indicated a positive relationship between external service quality and overall business performance i.e. .430 for the variable that was considered in relation to overall business performance. The study has made a number of recommendations in regards to how service quality can be improved e.g. through putting in place flexible policies, focusing on customer care and increasing number of products offered. For the external researcher, the study recommends that this case study can be replicated in a business environment that has more competitors and also one that isn't as strictly governed by regulations.

## TABLE OF CONTENTS

<b>DECLARATION</b> .....	<b>ii</b>
<b>DEDICATION</b> .....	<b>iii</b>
<b>ACKNOWLEDGEMENTS</b> .....	<b>iv</b>
<b>ABSTRACT</b> .....	<b>1</b>
<b>LIST OF TABLES</b> .....	<b>5</b>
<b>CHAPTER I: INTRODUCTION</b> .....	<b>6</b>
<b>1.1 Background of the Study</b> .....	<b>6</b>
<b>1.2 Problem Statement</b> .....	<b>9</b>
<b>1.3 Research Objectives</b> .....	<b>11</b>
<b>1.4 Importance of the Study</b> .....	<b>11</b>
<b>CHAPTER II: LITERATURE REVIEW</b> .....	<b>12</b>
<b>2.1 The Concept of Quality</b> .....	<b>12</b>
<b>2.2 Service Quality</b> .....	<b>13</b>
<b>2.3 Overall Business Performance</b> .....	<b>17</b>
<b>2.4 Continuous Improvement of Service Quality</b> .....	<b>17</b>
<b>2.5 Challenge of Service Quality</b> .....	<b>18</b>
<b>CHAPTER III: RESEARCH METHODOLOGY</b> .....	<b>19</b>
<b>3.1 Overview of the Chapter</b> .....	<b>19</b>
<b>3.2 Research Design</b> .....	<b>19</b>
<b>3.3 Population</b> .....	<b>19</b>
<b>3.4 Sample</b> .....	<b>19</b>
<b>3.5 Data Collection</b> .....	<b>20</b>
<b>3.6 Data Analysis</b> .....	<b>21</b>
<b>CHAPTER IV: DATA ANALYSIS, RESULTS AND DISCUSSION</b> .....	<b>22</b>
<b>4.1 Overview of the Chapter</b> .....	<b>22</b>
<b>4.2 Internal Customer Results</b> .....	<b>22</b>
<b>4.3 External Customer Results</b> .....	<b>28</b>
<b>4.4 Correlation analysis for selected variables</b> .....	<b>32</b>

<b>4.5</b>	<b>Overall Business Performance Results .....</b>	<b>37</b>
	<b>CHAPTER V: SUMMARY, CONCLUSIONS AND RECOMMENDATIONS .....</b>	<b>39</b>
<b>5.1</b>	<b>Summary .....</b>	<b>39</b>
<b>5.2</b>	<b>Conclusions .....</b>	<b>39</b>
<b>5.3</b>	<b>Recommendations.....</b>	<b>40</b>
<b>5.4</b>	<b>Limitations and Assumptions of the Study .....</b>	<b>41</b>
<b>5.5</b>	<b>Suggestions for Further Research.....</b>	<b>42</b>
	<b>REFERENCES.....</b>	<b>43</b>
	<b>APPENDICES.....</b>	<b>47</b>
	<b>APPENDIX I: INTRODUCTION LETTER TO THE RESPONDENT .....</b>	<b>47</b>
	<b>APPENDIX II: QUESTIONNAIRE FOR THE INTERNAL CUSTOMERS.....</b>	<b>48</b>
	<b>APPENDIX III: QUESTIONNAIRE FOR THE EXTERNAL CUSTOMERS .....</b>	<b>52</b>

## **LIST OF FIGURES**

**Figure 1: The Customer Service Matrix 14**

**Figure 2: The Links in the Service-Profit Chain 15**

**Figure 3: Descriptive Statistics Relating to Department 23**

**Figure 4: Availability of Enough Information to Serve Customers 23**

**Figure 5: Satisfaction level of teamwork necessary to perform my duties 25**

**Figure 6: Opportunities Offered By the Organization for Career Development 27**

**Figure 7: Communication Regarding Important Changes in Products, Policies, Procedures and New Activities 27**

**Figure 8: Satisfaction level of rewards offered 28**

**Figure 9: Preference to the Packaging and Mode of Delivery 30**

**Figure 10: Satisfaction Level of the Customer Service Received 31**



## **LIST OF TABLES**

- Table 1: Descriptive Statistics Relating to Gender 22
- Table 2: Descriptive Statistics Relating to Policies and Flexibility within the Organization 24
- Table 3: The Internal Customers Being Involved in the Decision Making Process 24
- Table 4: Descriptive Statistics Relating to Supportiveness and Availability of the Supervisor 25
- Table 5: Relationship between Internal Customers and Their Immediate Supervisors 26
- Table 6: Level of Satisfaction with the Content and Output of One's Work 26
- Table 7: Frequent Purchase of the Organization's Products 28
- Table 8: Quality of Products from the National Council for Law Reporting 29
- Table 9: Preference to Product from the National Council For Law Reporting 30
- Table 10: Probability of Recommending the Kenya Law Reports to a Colleague 30
- Table 11: Advice to the Organization Regarding its Products and Customer Service 32
- Table 12: Correlation between Gender and the Level of Satisfaction with the Content and Work output 32
- Table 13: Correlation between Importance of One's Work to the Organization and the Level of One's Satisfaction with the Rewards 33
- Table 14: Correlation between the Department/Occupation and the Level of Teamwork in the Department 34
- Table 15: Correlation between Frequent Purchase of the National Council for Law Reporting's products and the Kind of Customer Service Received 34
- Table 16: Correlation between Preference to the Packaging, Mode of Delivery and the Quality of Products from the National Council for Law Reporting 35
- Table 17: Correlation between getting Informed of New Products and Kind of Customer Service Received 36
- Table 18: Statistics Indicating the Overall Business Performance (Financial Performance) 37
- Table 19: Statistics Indicating Staff Turnover Levels 37

## **CHAPTER I: INTRODUCTION**

### **1.1 Background of the Study**

Being in a position to deliver excellent service is a winning strategy. When an organization is able to deliver quality service, it is able to sustain customer confidence as well as provide an opportunity to enhance the organizations competitive advantage. Service scholars such as Berry et al (1994) have concluded that with excellent service, there are fewer mistakes requiring the re-performance of services. Managers need to understand that quality is a fundamental way of managing an organization. It improves the basic business, management and technical activities so as to simultaneously achieve customer satisfaction, human resource effectiveness and lower costs (Feigenbaum, 1991).

Overall business performance is essential to the survival of firms in a competitive and uncertain environment. Management is always eager to learn how the effort of service quality improvement is related to an organization's performance (Sousa and Voss, 2002). Financial performance ultimately reflects whether or not service quality is realized in a firm.

#### **1.1.1 Service Quality**

Service quality is a way to manage business processes in order to ensure total satisfaction to the customer on all levels (internal and external). It is an approach that leads to an increase of competitiveness, effectiveness and flexibility of the entire company.

Many organizations have mainly focused on the external customer. However, they don't have an established system for looking into the affairs of their internal customers. This is what is referred to as internal service quality and it has a direct influence on the quality of external products and overall business performance. Internal service quality might provide the critical edge needed to win in the marketplace wars of the future. This is because internal service has been identified as a key influencer of external services (Gremier et al, 1994). The internal customer can be anyone in an organization. It can be a co-worker, another department, or a distributor who depends upon an organization to provide products or services which will be utilized to create a deliverable product for the external customer. In general situations, internal customers don't have a choice.

For example, if the user departments of an organization's supplies don't like procurement department's selection policies, they can't fire that department or hire another. As such, there's a need to institute tools to measure, track and improve internal processes and customer satisfaction.

External service quality relates to the external customer. The external customer is someone who signs a check, pays our employer, and ultimately makes the organizations paycheck possible. An important feature of the external customer is that he/she has choice and if they feel that they are not being served well in terms of the products, they can opt to take their business elsewhere. Many organizations have come to the realization that the external customer is the most important component of the organization. Zeithaml et al (1990) stated that external customers are the sole judges of product quality.

In light of this realization, companies are continuously searching for ways to enhance their performance and effectiveness in search of achieving differentiation in the market. The aim has been to convince their customers that their quality is superior to the competitors. However there is a great need to have an external-customer support system which is aligned to an internal customer support system so as to meet external customer expectations. According to Kotler and Armstrong (2008), they stated that a service firm's ability to hang onto its customers depends on how consistently it delivers value to them. From this perspective, the reasoning behind the relevance of measuring the quality of internal services is well set out.

External service quality has been the focus of attention in recent literature on service quality (Heskett, 1990). Certain aspects of it have been discussed theoretically but little attention has been given to it in the empirical literature. To many organizations it's not only about satisfying customers but delighting them in terms of service provision. Service quality researchers have identified the positive relation that exists between quality and a firm's long term success (Deming, 1986).

With these views in mind, organizations need to identify their internal customers and ensure their particular needs are met on a continuous basis before they embark on the external customer.

In conclusion, Hays (1996) stated that the quality of support from service departments such as information systems, marketing, human resources, accounting/finance, facilities, maintenance, legal, purchasing, research and development, and headquarters can either buoy up or sink front line efforts to meet the needs of the ultimate external customer and enhance overall business performance.

### **1.1.2 Overall Business Performance**

In today's fast-paced and increasingly competitive market, the bottom line of a firm's marketing strategies and tactics is to make profits and contribute to the growth of the company (Fen et al, 2007). This is what is referred to as overall business performance. Improved quality of products, increased efficiency and minimum errors are some of the factors that lead to improved business performance of an organization. According to Stupak and Leitner (2001), the government must become sophisticated enough to meet rapidly changing public needs, contextual realities and organizational power shifts. There is a growing need to increase efficiency, prevent errors, provide the taxpayers with more value for their taxes and where applicable generate more appropriations in aid.

A growing number of organizations use quality management as a strategic foundation for generating a competitive advantage and improving business performance. As many industry sectors mature, competitive advantage through high quality service is an increasingly important weapon in business survival.

Yi and La (2005) state that recent trends in public administration emphasize quality management, citizen orientation and overall performance results. In today's economic and political climate, government agencies must find ways to trim costs and manage cash-flows while continuing to deliver excellent customer products and service. Many government agencies are now being challenged to run their activities in a professional manner. Public administrators who have for long striven to make their organizations efficient and effective are now being challenged to make them leaner and more flexible. However, Feigenbaum (1991) also questions whether there is a desire to apply Total Quality Management in instances when competitors do not exist or where the organization is content to maintain its status quo.

### **1.1.3 National Council for Law Reporting**

The National Council for Law Reporting is a corporate body established by the National Council for Law Reporting Act, 1994 and it has the exclusive mandate of publishing the Kenya Law Reports which contain judgments, rulings and opinions of the Superior Courts of record and also undertake other publications related to preparation and publication of the Kenya Law Reports. It's situated at the Milimani Commercial Courts building and its flagship brand is the Kenya Law Reports. It is classified as a Service State Corporation (Code number PC3C). Public organizations are defined as all those organizations which do not have increased profit as their objective. The Kenya Law Reports are the official law reports of the Republic of Kenya which may be cited in proceedings in all courts of Kenya. Being a Semi-Autonomous Government Agency (SAGA), the National Council for Law Reporting doesn't have increasing profits as one of its objectives i.e. it's not a profit-oriented organization.

### **1.2 Problem Statement**

The aim of an organization should not only be to satisfy customers but to delight them. This gives rise to the idea of the service profit chain. According to the idea of the Service Profit Chain (Heskett, 1990), internal service quality has a direct impact on employee satisfaction and commitment. Once the employees are content, it leads to them being in a position to serve their external customer better which translates to service capability. Service capability positively influences external service quality.

It's important to note that based on the two-dimensional model (Grönroos, 1984), service quality consists of; technical quality which refers to the outcome of the service performance; functional quality which refers to the manner in which the service is delivered.

Based on this model, my study was based on both technical and functional quality. The study sought to establish how organizations can improve internal service quality systems so as to lead to improved product quality and ultimately improved external service quality and overall business performance. Apart from this, there is always a tendency by government agencies to

adhere to the minimum standards and many of them are not keen on making improvements to key business processes.

The study sought to identify how well the dimensions of internal service quality work towards improved service capability i.e. ability of employees to serve customers better which has a direct influence on an organization's external service quality and also has an impact on an organization's business performance. The study aimed at establishing and testing various components of internal service quality (Hallowell et al, 1996) within the organization. However, identification of all or most of the factors related to service capability remained elusive due to the complexity of service capability.

The model that tries to link internal service quality to external service quality and overall business performance has been tried and tested in the insurance and financial sectors (Zornitsky, 1996). However, although it was impossible to make specific service quality recommendations to managers in other fields, general prescriptions were made that apply to most organizations. The study aimed to replicate this particular study (Zornitsky, 1996) in a public agency that is charged with the mandate of law reporting. The dimensions of internal and external service quality are emphasized in the Philosophy of Total Quality Management. The study researched on these dimensions keeping in mind that implementation of the findings of the study would be done in an environment that was oriented towards cost reductions and adherence to legal requirements.

Previous research studies have concluded that while job satisfaction may not lead to improved external service quality directly, it is not easy for a service firm to satisfy its customers without having satisfied its employees first. It has been established that a positive correlation exists between internal service quality and external service quality (Reynoso and Moores, 1995).

The purpose of the study was to determine whether internal service quality has an impact on employee satisfaction, which would lead to improved external service quality. The overall aim was to investigate whether it would result in improved organization performance. The study sought to answer the following questions;

- i) Is there any relationship between internal service quality and overall business performance?

- ii) Is there any relationship between external service quality and overall business performance?

### **1.3 Research Objectives**

The specific objectives of the study were;

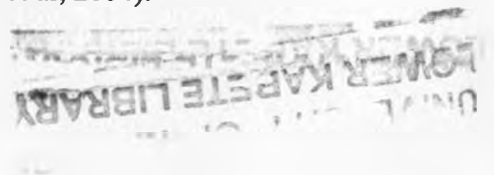
- i) To establish whether there is a link between internal service quality and overall business performance.
- ii) To establish whether there is a link between external service quality and overall business performance.

### **1.4 Importance of the Study**

The study derived its importance from the Internal Service Rule. According to Johnston and Clark (2005), the level of external customer service will never exceed the level of internal customer service. To add on to this, the importance of the study also stemmed from the fact that government agencies are obliged to make continual improvements primarily stemming from government regulations and contact with the general public that have ever increasing expectations regarding the products and services offered. This lay the basis for the study.

The study was of the view that internal service quality is important because it relates to both external service quality and overall business performance. The service-profit chain according to Heskett (1990) clearly shows the interrelationship between internal service quality, external service quality and an organizations performance.

The results of the study would enable the management of the council work from within the organization and come up with an improved internal service quality system, which eventually will lead to improved external customer service and improved business performance. This is due to the fact that since the National Council for Law Reporting has a higher personnel involvement as compared to the interactions with customers, the perceived quality might play a bigger role in improving business performance of the Council (Cauchick et al, 2004).



The management of the National Council for Law Reporting will be able to point out areas of weakness among the components of internal service quality identified. Through the recommendations made in the proposed study, they can continuously improve the internal and external service quality. This knowledge will enable the managers gain an understanding of service quality and thereafter they can take a proactive rather than a reactive approach to external customer satisfaction. The findings and recommendations can be generalized to Semi Autonomous Government Agencies (SAGAs) within the Public Sector.

Finally, as stated earlier, there is a need to come up with a way to ensure that the quality of the services offered to the internal customers is appropriate for them to be able to perform their functions. This is because the internal customers do not have a choice when it comes to the services rendered to them i.e. they simply take what is offered to them.



## CHAPTER II: LITERATURE REVIEW

### 2.1 The Concept of Quality

Quality is the ongoing process of building and sustaining relationships by assessing, anticipating, and fulfilling stated and implied needs. It incorporates strategic planning, systematic process analysis, leadership studies, group dynamics, and human motivation theories and practices (Stupak and Leitner, 2001). The concept of quality management has its origins in the manufacturing sectors through Quality Control (QC), Qualitative Analysis (QA), Statistical Process Control (SPC) and other disciplines.

When discussions arise regarding quality, many revolve around the quality of products. Many of the research studies have been conducted regarding product quality. Juran (1988, 1992) defines quality as fitness for use. Parasuraman et al (1985) define service quality in terms of customer satisfaction, that is, the degree of fit between customer's expectations and perceptions of service. To add on to these definitions of service quality, it's also defined as the extent of discrepancy between the customers' expectations or desires and their perceptions (Zeithaml et al, 1990).

Within the concept of quality, we have Total Quality Management (TQM). It is more than just assuring product or service quality, it's a business philosophy that describes a way of doing things. It describes ways to managing people and processes. TQM has been put in practice in all state corporations. The main objective was to try and find out which state corporations were not doing so well so that they can be phased out, and also rate the performance of CEOs of these institutions (Yabs, 2007). According to Dewhurst et al (1999), TQM implies an increase in quality performance with a decrease in costs and it has a considerable impact on a company's overall profitability.

In relation to internal service quality, TQM faces challenges in its implementation especially where an organization is initiating TQM for the first time. In a culture of continuous improvement, workforce views are invaluable. However, employee involvement faces resistance from middle level managers who feel that their authority is being challenged. The key to TQM is empowerment.

## 2.2 Service Quality

The economic activities that typically produce an intangible product such as education, entertainment, food and lodging, transportation, insurance, trade, government, financial, real estate, medical, repair and maintenance-like occupations are defined as services. Characteristics of services is that they are intangible; they are produced and consumed at the same time; they are often unique; involve high customer interaction; they are characterized by inconsistent product definition; they are often knowledge-based and they are frequently dispersed (Heizer and Render , 1998).

Service quality has been seen as one of the key components that is vital for an organization's sustainability and is crucial for a firms' success. Although the relationship between service quality and profit has been considered to be neither simple nor straight forward, a significant body of services literature has tried to establish the linkage between quality and different firm performance parameters (Mukherjee et al, 1994).The reason that drives businesses to continuously improve on their service quality is that in the long run, improvements in service quality will positively impact their bottom line.

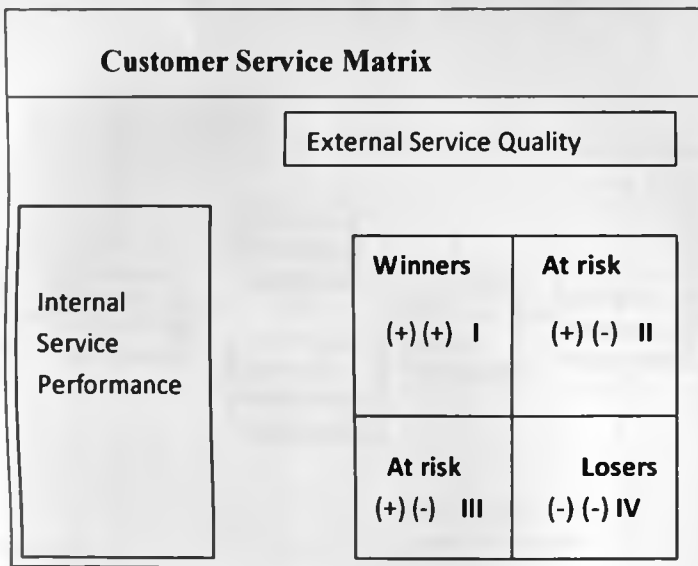
The translation of the importance of quality measures to the service sector did not gain momentum until the 1980's.The measurement of services was made difficult due to the intangibility of services and the unpredictable nature of customer-employee relationship.

Zeithaml et al (1990) define service quality as "the extent of discrepancy between the customer's expectations or desires and their perceptions". According to the service quality scholars they emphasize that service quality is critical to success of all organizations (Sinha and Ghoshal, 1999). Two forms of service quality exist, external service quality which relates to the external customer and internal service quality relating to the employees within an organization. It's important to note that it's more complex to evaluate service quality than goods quality. The customers evaluate it not just in terms of the final outcome of the service delivery process but the entire package. The organization needs to realize that customers have choice and if they don't like your product or service, they can take their business elsewhere.

### 2.2.1 The Customer Service Matrix

Azzolini and Shillaber (1993) have come up with a customer service matrix. Companies that focus on both internal and external customer service (quadrant I) tend to be winners. Companies with poor internal and external customer relationships (quadrant IV) tend to be losers. Companies with excellent internal but poor external customer relationships (quadrant II) are on the edge and risk falling off the chart. Similarly, companies with excellent external and poor internal customer service (quadrant III) are on the edge.

**Figure 1: The Customer Service Matrix**



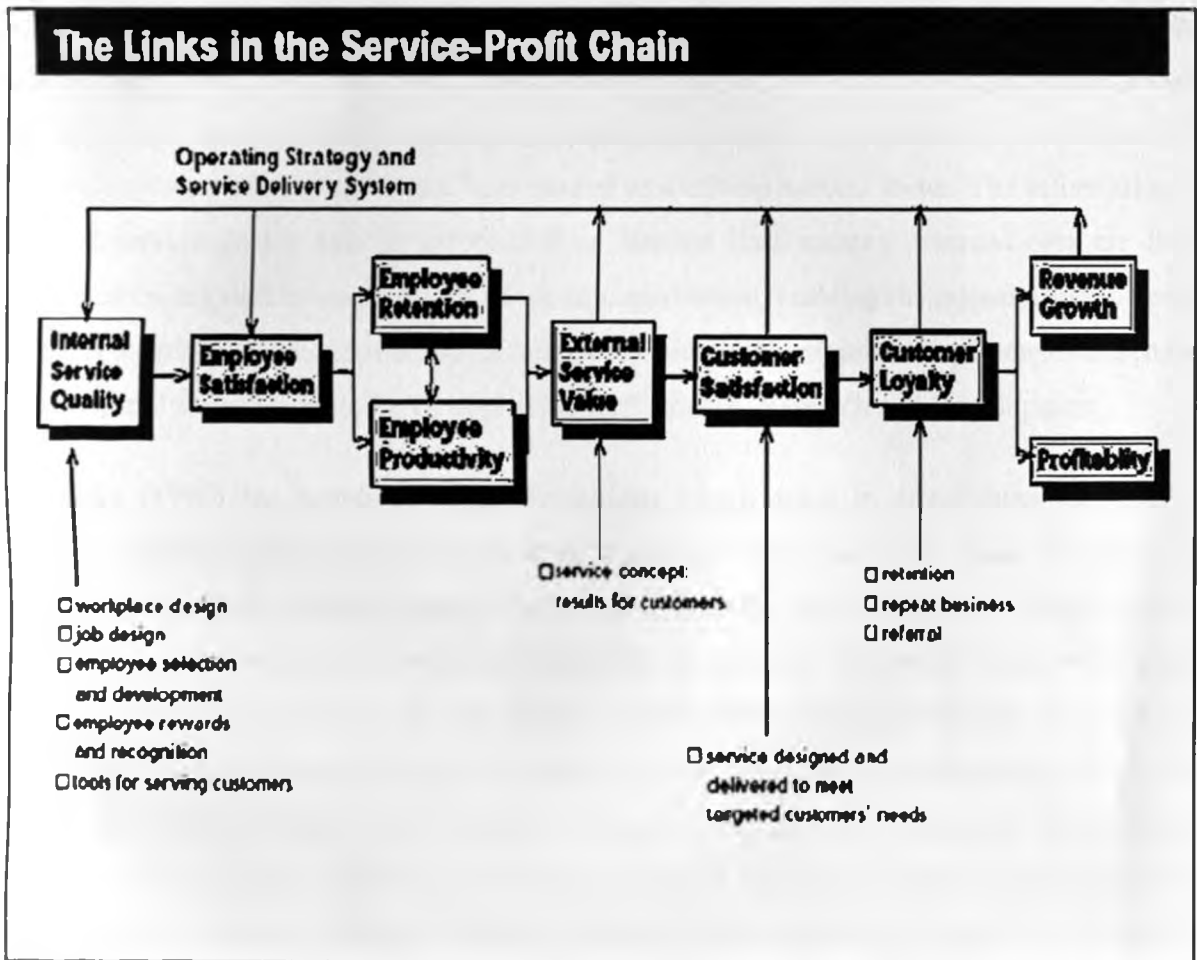
*Source: Azzolini and Shillaber (1993), Winning from the Inside out, Quality Progress, Pg 75*

### 2.2.2 Concept of the Service-Profit Chain

External Customer satisfaction depends upon teamwork and cooperation between internal service units and their internal customers. Quality service to internal customers converts to quality service to external customers. When departments within an organization think of their internal customers as part of a chain that ultimately reaches and affects external customers, they are well on their way to assisting the company win from the inside out. This concept has been referred to as the “service-profit chain,” an idea that clarifies the importance of internal service quality (Hays, 1996). The driving force behind any business lies on having satisfied customers. Heskett

et al (2001) state that there is a need to manage all aspects of your operations that affect customer satisfaction. Internal and external service quality affects the service-profit chain. Heskett's (1990) discussion is predicated on the Service Profit Chain. It is a causal model which gives the proposition that internal service quality drives employee satisfaction, which enables the delivery of high value service, resulting in customer satisfaction, leading to customer loyalty, which in turn produces profit and growth.

Figure 2: The Links in the Service-Profit Chain



Source: Heskett et al (1990), *Putting the Service Profit Chain to Work*, Harvard Business Review, pg 120.

In a simplified manner, the service profit chain works in the following way; by continuously improving on internal service quality, it leads to improved employee satisfaction. This has the ripple effect of enhancing employee retention, thereafter raising employee output rates leading to increased productivity. Higher productivity translates into improved external service value for customers, which leads to customer satisfaction and loyalty. The end result is increased revenue growth, profitability and improved overall business performance.

### **2.2.3 Internal Service Quality**

Internal services are defined as services provided by distinctive organizational units or people working in these departments to other units or to the employees within an organization (Stauss, 1995). Internal service quality is defined as employee satisfaction with the service received from internal service providers and it has been viewed as a critical success factor. The information on internal service quality can be gathered from internal data sources. Internal data are those generated by the staff or management inside an organization, enabling the organization to ensure that it is meeting its own internal specification of service quality (various departments dependent upon internal service quality, for example Human Resource, Research and Development).

Zornitsky (1996) has mentioned eight dimensions which assist in establishing the level of internal service quality in an organization, namely: Tools (the tools place emphasis on information and information systems.), Policies and procedures (refers to how operations of an organization are conducted in terms of flexibility or rigidity.), Teamwork (teamwork places emphasis on how employees of an organization conduct their activities.), Management (refers to the level of competence and general characteristics of the management of an organization.), Goal alignment (seeks to identify how the achievements of each individual employee are aligned to the overall goals of the organization.), Training (it dwells on the skills of the employee that are critical in performance of their individual activities.), Communication; focuses on the level of communication that is in play within an organization.), Rewards and recognition (this particular component focuses on remuneration and general rewards of the employees). These are the components of internal service quality that this study will be interested in establishing.

#### **2.2.4 External Service Quality**

External service quality corresponds to the satisfaction of clients. Achieving external service quality requires providing a product or service that meets client expectations in order to establish customer loyalty and therefore improve market share. The beneficiaries of external quality are a company's clients and external partners. It therefore requires listening to clients and taking into account implicit needs that are not expressed by clients but which should be taken into account. According to Spreng and Mckoy (1996), external service quality translates directly into increased profits.

#### **2.3 Overall Business Performance**

In today's harsh business climate, organizations need to maintain their revenue stream, stay competitive, as well as collaborate and share responsibilities. The marketing and logistics departments need to work together so as to increase customer satisfaction, reduce faults in delivery and provide efficiency in price and service policies (Emerson and Grimm, 1996). Organizations also need to study changes in customer behavior in order to predict and improve future business performance, increase customer retention, and maximize lifetime value.

Business performance of an enterprise is affected by many factors both internal and external. In terms of measurement of business performance, various components are involved, with the most obvious being financial performance. Another measure of business performance is the strength of customer relationships and how strong they are. The level of debt as well as existing liabilities also affects the overall business performance. It's not possible to talk about overall business performance without talking about the skills of the human resources. Finally, a key indicator of business performance is the growth potential of your products and services. What is the likelihood that your order book will always be engaged? These are just but some of the factors that will affect the overall business performance of an organization.

#### **2.4 Continuous Improvement of Service Quality**

Improving service quality is an ongoing process. The needs of the internal customers are constantly changing as the various departments within an organization anticipate and react to the

changing needs of external customers. If the service improvement efforts do not keep pace with this dynamic environment, a department could become extinct. According to Azzolini and Shillaber (1993), there are four key important notes regarding continuous improvement. First, it needs to be planned. Secondly, it has to be measured; the measurement of the current levels of performance and comparing the results to the baseline measures brings validity to the service improvement effort. Thirdly, we need to evaluate continuous improvement; interim progress reviews provide an opportunity to revise action plans, which keeps the plans realistic and sustains improvement. Finally the effort should lead to satisfied external customers; the customer satisfaction indices must be evaluated before and after the effort to ensure that improvement continues to be achieved in the customers' eyes.

## **2.5 Challenge of Service Quality**

Many firms fail to commit the same level of resource and development attention to internal service units as they do to those servicing the external customer. This results into poor internal service quality leading to high costs. Many of the firms usually resort to outsourcing as a way of taking care of these problems. But this doesn't add value to the organization and it's also not possible to outsource all the departments. In addition, the quality of external services might be compromised if outsourced which may result in loss of customers.

Challenges of Internal Service Quality arise internally. They include; the employees' mindset; coordination and communication issues; Quality of the organization's systems and processes; recruitment, training and behavior of employees and managers; superiority issues in relation to which department delivers superior services.

It has taken many organizations quite some time to realize the impact of internal service quality to an organization's overall performance. However, some quality experts and practitioners have recently considered internal service quality as a potential source of sustainable competitive advantage (Pfau et al, 1991) and (Albrecht, 1993). The increased competition among firms dealing with similar products or services has resulted in quality becoming an important competitive priority.

## **CHAPTER III: RESEARCH METHODOLOGY**

### **3.1 Overview of the Chapter**

This chapter discusses how the study was conducted and it aims at defining the population and the research and sampling design that was used by the researcher in order to meet the objectives of the study.

### **3.2 Research Design**

The research was conducted through a case study design. A case study is a description of an actual administrative situation involving a decision to be made or a problem to be solved. Another definition of a case study according to Mugenda and Mugenda (2003) is that it is an in-depth investigation of an individual, group, institution or phenomenon. The primary purpose of the case study is to determine factors and relationships among the factors that have resulted in the behavior under study. Case study research has the capability of uncovering causal paths and mechanisms and through richness of detail, identifying causal influences and interaction effects which might not be treated as operationalized variables in other studies for example a statistical study. However, it's important to point out that cases studies are not representative of entire populations, nor do they claim to be. The case study enabled the researcher gain an in-depth understanding of the internal service quality systems that exists within the National Council for Law Reporting.

### **3.3 Population**

The study comprised two populations. The first population included all the employees of the National Council for Law Reporting. The second population comprised of all the clients of the National Council for Law Reporting.

### **3.4 Sample**

A sample of 40 employees working at the Council's headquarters was used. The sample was selected based on the employees who frequently interact with multiple departments. A sample of



30 of the most frequent clients of the National Council for Law Reporting who had made multiple purchases was selected. The aforementioned samples were selected while taking into consideration time and resource constraints. The sampling design involved the use of judgmental sampling, whereby the researcher uses his own judgment to select an appropriate sample. The sample was representative of the National Council for Law Reporting's operating network because sample units had been selected from each branch of the organization's operations.

### **3.5 Data Collection**

The study involved the use of primary data. This is data that is generated first time for purpose of research at hand. Secondary data was also used, whereby necessary data was obtained from existing records.

Important data was collected from the middle level employees as well as top management at the Council's Secretariat. In addition, data was also collected from the National Council for Law Reporting's major clients. Information regarding overall business performance was collected by observing the organization's financial and managerial records. The study was carried out at The Secretariat of the National Council for Law Reporting offices in Milimani and the target was respondent based. The employees who regularly and directly interacted with each other as well as with the organization's clients were sampled. Data regarding financial performance of the organization was collected through direct observation of the records of the company.

The study involved use of the questionnaire for data collection. Questionnaires are used to obtain important information about the population Mugenda and Mugenda (2003). The likert scale and category scales were used in construction of the questionnaire. The questionnaire was administered through the drop and pick method. To enhance the response level, a follow up was done by the researcher to remind the respondents. The questions used in the questionnaire were closed-ended as well as open-ended. The former are easier to analyze since they are in immediate usable form while the latter which are also referred to as unstructured questions gave the respondent complete freedom of response Mugenda and Mugenda (2003).

### **3.6 Data Analysis**

Quantitative analysis of data was applied for the likert type questionnaires. In addition, qualitative analysis of data which is also referred to as non-empirical analysis was used (Gay, 1983) for the open-ended questions.

In relation to the first objective which sought to establish the relationship between internal service quality and overall business performance, correlation analysis was used to determine whether there was a relationship between gender and level of satisfaction with the content and work output (related to overall business performance) as well as the correlation between importance of ones work to the entire organization and satisfaction level with the rewards offered (related to overall business performance).

In relation to the second objective which sought to establish the relationship between external service quality and overall business performance, correlation analysis was used to determine the relationship between getting informed of new products and kind of customer service received since the level of customer service received is related to overall business performance.

The questionnaires were edited for completeness and consistency and coded to classify responses into meaningful categories. The data was checked for representativeness. In addition, any bias on the data was also checked. Descriptive statistics and frequencies were used on the data that was collected. Correlation analysis was carried out on the data. Data was represented in the form of bar graphs and pie charts. Statistical Package for Social Sciences (SPSS) was used in the analysis of the data.

## CHAPTER IV: DATA ANALYSIS, RESULTS AND DISCUSSION

### 4.1 Overview of the Chapter

This chapter seeks to highlight the results of the data analysis that was carried out. The results of the analysis were divided into two parts; results for the internal customers and results for the external customers. A discussion on what was inferred from the analysis was done for each of the questions that were covered in the questionnaires.

### 4.2 Internal Customer Results

**Table 1: Descriptive Statistics Relating to Gender**

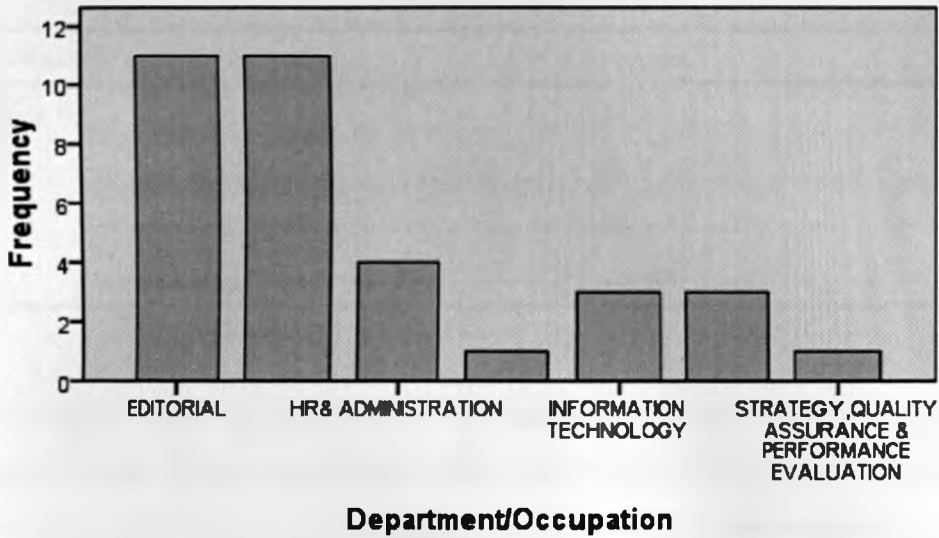
Response Categories	Frequency	Percent
Male	10	29.4
Female	24	70.6
Total	34	100.0

Respondents were asked to indicate their gender. From the analysis that was carried out according to Table 1 above, 29.4% of the respondents were male while 70.6% of the respondents were female. Considering that the organization is involved in the production of law reports much of the work involved relates to publishing and editing, which is favored more by females compared to males. As such, the ratio of females to males is higher in this particular organization.

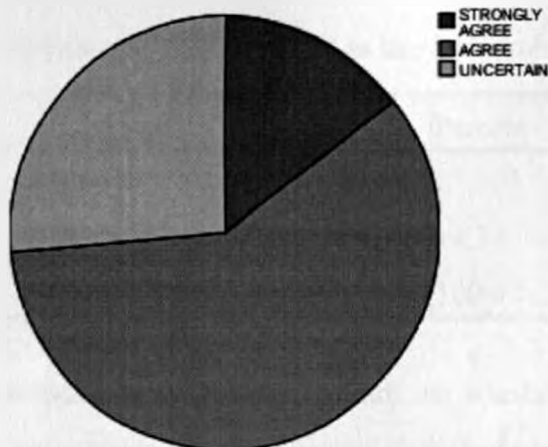
As indicated by Figure 3 below, the respondents were asked to indicate the department that they work in and majority of the respondents worked in departments that were related to production of law reports and legal information i.e. the editorial department with 32.4% of employees, Laws of Kenya department with 32.4% of employees and Research and Development department with 2.9% of the employees. This is compared to 2.9% of the respondents who worked in the strategy, quality assurance and performance evaluation departments and 8.8% in the finance department. Surprisingly, there was no defined sales and marketing department. This implies that the organization dwells too much on their core activity of producing law reports while ignoring those

simple activities that could improve their overall business performance for example sales and marketing.

**Figure 3: Descriptive Statistics Relating to Department**



**Figure 4: Availability of Enough Information to Serve Customers**



According to Figure 4 above, the respondents were asked to indicate whether the organization offered them enough tools to serve their customers. In terms of tools 85.3% of the respondents

stated that they received adequate information to serve their customers. The reasoning behind this finding is that there is a well established information communication system within the organization that ensures the efficient dissemination of information throughout the entire organization. Thus, the internal customers are able to perform their duties.

**Table 2: Descriptive Statistics Relating to Policies and Flexibility within the Organization**

Response Categories	Frequency	Percent
Strongly Agree	5	14.7
Agree	20	58.8
Uncertain	9	26.5
Total	34	100.0

As shown in Table 2 above, the respondents were asked to indicate whether the policies and procedures enabled them perform their duties effectively. 58.8% of the responds agreed that the policies gave them flexibility to perform their duties while 26.5% were uncertain. Taking into consideration that this is a public organization, there exist various mechanisms that are put in place for purposes of accountability and these lead to excessive red tape that may hinder flexibility in decision making.

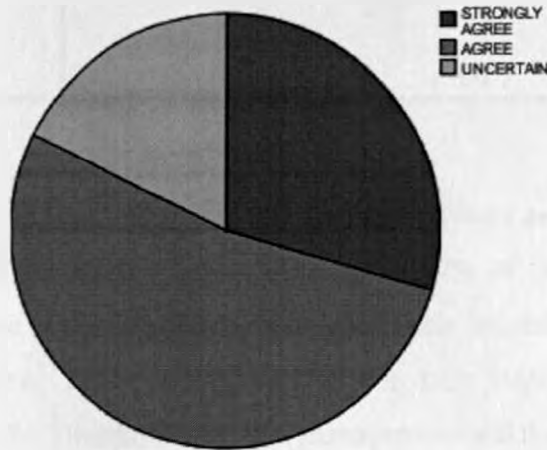
**Table 3: The Internal Customers Being Involved in the Decision Making Process**

Response Categories	Frequency	Percent
Yes	29	85.3
No	5	14.7
Total	34	100.0

From Table 3 above, the respondents were asked to indicate whether the organization involved them in the decision making process. 85.3% indicated that they were involved in the decision making process, while 14.7% indicated that they were not involved in the decision making process. There exists a strong relationship between the internal customers and their supervisors

and this is the reason behind the involvement of the internal customers in the decision making process.

**Figure 5: Satisfaction level of teamwork necessary to perform my duties**



The employees were asked to indicate whether the level of teamwork was satisfactory for them to perform their duties. As indicated in Fig 5 above, 29.4% of the respondents strongly agreed that there exists adequate teamwork that enables them perform their duties while 52.9% agreed that the level of teamwork was satisfactory. The findings came about due to the fact that within the organization, there is a lot of interaction between the departments.

**Table 4: Descriptive Statistics Relating to Supportiveness and Availability of the Supervisor**

Response Categories	Frequency	Percent
Strongly Agree	34	100.0

The respondents were asked to indicate whether their immediate supervisor was supportive and available when needed. As indicated in Table 4 above, all the respondents gave an affirmative answer, with 100% strongly agreeing that their immediate supervisor was available when needed. This shows that management is actively involved in the operations of the organization.

**Table 5: Relationship between Internal Customers and Their Immediate Supervisors**

Response Categories	Frequency	Percent
Yes	30	88.2
No	4	11.8
Total	34	100.0

According to the Results in Table 5 above, the respondents were asked whether they enjoyed a cordial relationship with their immediate supervisor; 88.2% of the respondents were of the opinion that they enjoyed a cordial relationship with their immediate superiors while 11.8% responded in the negative. The National Council for Law Reporting is a relatively small organization and as such the interaction between management and the rest of the staff is closer.

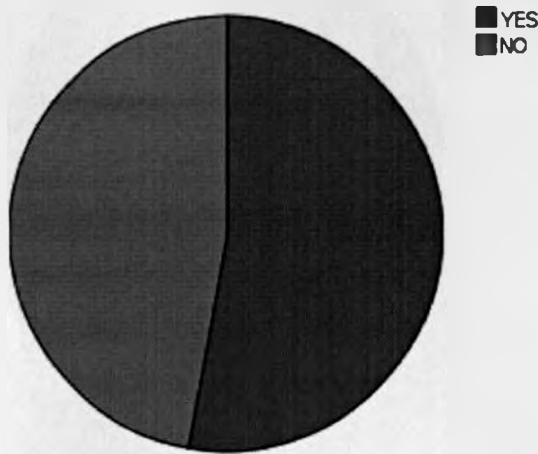
**Table 6: Level of Satisfaction with the Content and Output of One's Work**

Response Categories	Frequency	Percent
Yes	33	97.1
No	1	2.9
Total	34	100.0

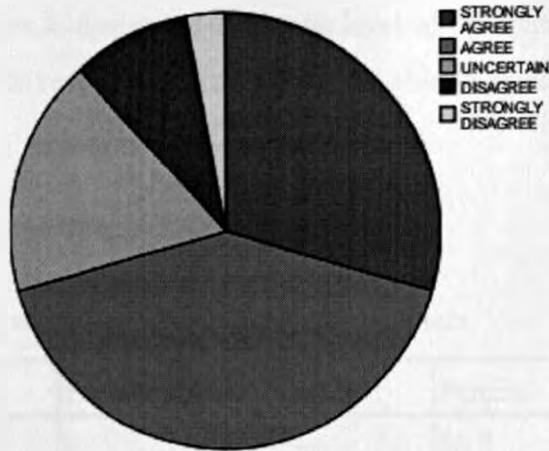
In terms of job content and goal alignment, 82.4% of the respondents strongly agreed that their work was important to the entire organization. In addition, 97.1% of the respondents were satisfied with the content and output of their work as indicated in Table 6 above while 2.9% of respondents indicated that they were not satisfied with the content and output of their work. This is as a result of the top management being appreciative of the work of their employees.

For the component of personal development, 52.9% of the respondents were of the opinion that they were given opportunities for career development as shown in Figure 6 below. But 47.9% of the respondents did not have the same opinion. This is as a result of the organization developing certain departments while ignoring others for example, the finance department.

**Figure 6: Opportunities Offered By the Organization for Career Development**



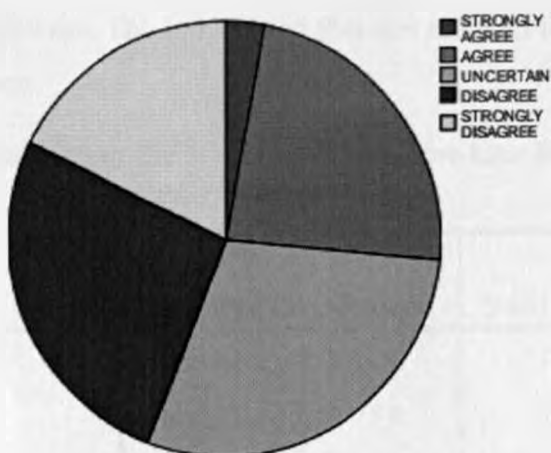
**Figure 7: Communication Regarding Important Changes in Products, Policies, Procedures and New Activities**



When respondents were asked to indicate whether changes in products, policies and procedures were communicated to them, only 41.2% agreed that changes in various issues were communicated to them as shown in Figure 7 above, while 29.4% strongly agreed. On the other hand, only 8.8% disagreed while 2.9% strongly disagreed. This is due to the fact that the final decision making process only involved the top management while disregarding the lower level employees.



**Figure 8: Satisfaction level of rewards offered**



Finally, for motivation, incentives, rewards and recognition, 29.4% of the respondents strongly agreed while 17.6% of the respondents were uncertain if the rewards offered for their work were satisfactory. This is as illustrated in Figure 8 above and the uncertainty in the respondents is as a result of failure of measures to determine the output level of the employees, i.e. lack of a defined system of pegging output to rewards, thus they were not able to determine how much their output level was worth.

### 4.3 External Customer Results

**Table 7: Frequent Purchase of the Organization's Products**

Response Categories	Frequency	Percent
Yes	9	56.2
No	7	43.8
Total	16	100.0

For the external customers, data collected was meant to establish the level of external customer service that existed. The respondents were asked to indicate whether they frequently purchased

products from the organization. According to table 7 above, 56.2% of the respondents indicated that they frequently purchased products from the National Council for Law reporting, while 43.8% indicated that they did not. The only reason that was cited for the infrequent purchase was the lack of frequent products.

**Table 8: Quality of Products from the National Council for Law Reporting**

Response Categories	Frequency	Percent	Valid Percent	Cumulative Percent
Very Satisfactory	3	18.8	18.8	18.8
Satisfactory	12	75.0	75.0	93.8
Unsatisfactory	1	6.2	6.2	100.0
Total	16	100.0	100.0	

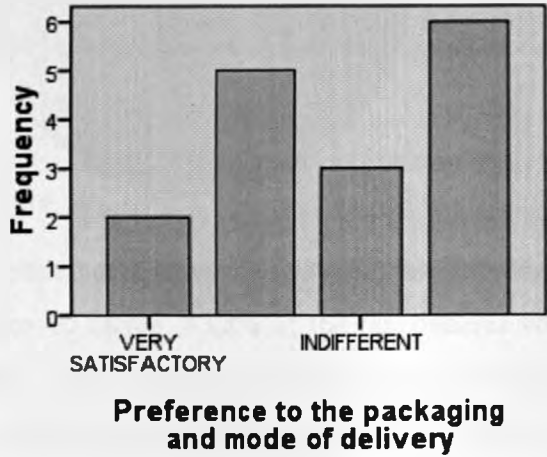
The respondents were asked to rate the quality of products from the organization. According to Table 8 above, 75% of the respondents were satisfied with the quality of products from the organization, while only 6.2% were unsatisfied. The large number of respondents who indicated they were satisfied was because there were no related products to benchmark against those from the organization.

The most popular product was the Kenya Law Reports as illustrated by Table 9 below, with 50% of respondents indicating their preference for this product. The least popular product was Research Service. This is because the flagship brands of the organization are the Kenya Law Reports and these reports contain most of the information that the clients are looking for.

Response Categories	Frequency	Percent
Grey Book	7	43.8
Kenya Law Reports	8	50.0
Research Services	1	6.2
Total	16	100.0

**Table 9: Preference to Product from the National Council For Law Reporting**

**Figure 9: Preference to the Packaging and Mode of Delivery**



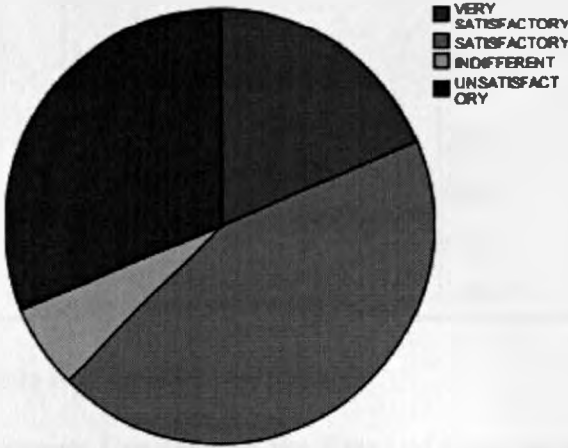
The respondents were asked to indicate their preference to packaging and mode of delivery and the results are as shown in Figure 9 above with 31.2% indicated that they were satisfied with the packaging, while 12.5% were very satisfied. The response level indicates that the quality of packaging might not be a determinant in terms of whether the clients will purchase the products or not.

**Table 10: Probability of Recommending the Kenya Law Reports to a Colleague**

Response Categories	Frequency	Percent
Yes	16	100.0

An overwhelming 100% indicated that they would recommend the Kenya Law Reports to their colleagues as shown in Table 10 above. This is because the organization has a monopoly in publication of the law reports coupled with the ever increasing importance of law reporting in the country.

**Figure 10: Satisfaction Level of the Customer Service Received**



The respondents were also polled on the level of satisfaction with the kind of customer service received. As shown in Figure 10 above, 43.8% of the respondents who represented the largest proportion indicated that they were satisfied with the kind of customer service received, while 31.2% were unsatisfied. From the results, the organization has a fairly well established system of providing efficient customer service.

In terms of advice to the National Council for Law Reporting, 25% indicated that they would like the organization to give information regarding its products while another 25% wanted the organization to offer a wide range of products. This is as illustrated in Table 11 below. The above response arose due to a limited number of products being offered by the National Council for Law Reporting as well as lack of advertisement by the organization regarding its products and services.

**Table 11: Advice to the Organization Regarding its Products and Customer Service**

Response Categories	Frequency	Percent
Cater For Clients Needs	2	12.5
No Advice	2	12.5
Embrace E-Commerce	3	18.8
Information Regarding Products	4	25.0
Wide Range Of Products	4	25.0
Total	15	93.8
System	1	6.2
	16	100.0

**4.4 Correlation analysis for selected variables**

**Table 12: Correlation between Gender and the Level of Satisfaction with the Content and Work output**

Response Categories	Tests	Gender	Are you satisfied with the content and output of your work?
Gender	Pearson Correlation	1.000	-.270
	Sig. (2-tailed)		.123
	N	34.000	34
Are you satisfied with the content and output of your work?	Pearson Correlation	-.270	1.000
	Sig. (2-tailed)	.123	
	N	34	34.000

The above analysis sought to identify the correlation between gender and level of satisfaction with the content and work output as shown in Table 12 above. This is because as earlier pointed out, the ratio of female to male internal customers was higher and there fore it was possible that

this type of work was well suited for the females than males. However, there exists a negative correlation between gender and the level of satisfaction with the content and work output i.e. Pearson's correlation coefficient is-.270. It shows that there is absolutely no relationship between gender and level of satisfaction with the content and work output.

**Table 13: Correlation between Importance of One's Work to the Organization and the Level of One's Satisfaction with the Rewards**

Response Categories	Tests	My work is important to the entire organization	Rewards offered for my work are satisfactory
My work is important to the organization	Pearson Correlation Sig. (2-tailed) N	1.000  34.000	-.485** .004 34
Rewards offered for my work are satisfactory	Pearson Correlation Sig. (2-tailed) N	-.485** .004 34	1.000  34.000

This analysis wanted to identify the correlation between importance of one's work and the satisfaction with the rewards. According to Table 13 above, a negative Pearson's coefficient of -.485 was obtained, indicating that there was no relationship between importance of one's work and the rewards offered. This means that management did not take into consideration importance of one's work when determining the rewards to offer to the internal customers.

**Table 14: Correlation between the Department/Occupation and the Level of Teamwork in the Department**

Response Categories	Tests	Department/Occupation	The level of teamwork in my department is satisfactory for me to perform my duties
Department/Occupation	Pearson Correlation	1.000	-.235
	Sig. (2-tailed)		.181
	N	34.000	34
The level of teamwork in my department is satisfactory for me to perform my duties	Pearson Correlation	-.235	1.000
	Sig. (2-tailed)	.181	
	N	34	34.000

This analysis was carried out to determine the correlation between the department/occupation and satisfaction with the level of teamwork as indicated in Table 14 above. From the results, Pearson’s correlation coefficient was  $-.235$  indicating that the department in which an individual worked in, did not determine the level of teamwork.

**Table 15: Correlation between Frequent Purchase of the National Council for Law Reporting’s products and the Kind of Customer Service Received**

Response Categories	Tests	Frequent purchase of NCLR products	kind of customer service received
Frequent purchase of NCLR products	Pearson Correlation	1.000	.056
	Sig. (2-tailed)		.836
	N	16.000	16

kind of customer service received	Pearson Correlation	.056	1.000
	Sig. (2-tailed)	.836	
	N	16	16.000

In regards to the external customer, this analysis was carried out to determine the relationship between frequent purchase of the organization's products to the kind of customer service received. Based on Table 15 above, there exists positive correlation of .056 between frequent purchase of the organization's products and kind of customer service received. It goes to show that if the organization improves on its level of customer service, it is bound to have an increase in the number of people who purchase its products leading to improved overall business performance.

**Table 16: Correlation between Preference to the Packaging, Mode of Delivery and the Quality of Products from the National Council for Law Reporting**

Response Categories	Tests	Preference to the packaging and mode of delivery	Quality of products from NCLR
Preference to the packaging and mode of delivery	Pearson Correlation	1.000	-.017
	Sig. (2-tailed)		.951
	N	16.000	16
Quality of products from NCLR	Pearson Correlation	-.017	1.000
	Sig. (2-tailed)	.951	
	N	16	16.000



This analysis was meant to determine whether there was a relationship between preference to the packaging, mode of delivery and the quality of products from the organization. As shown in Table 16 above, there exists a negative correlation, of -.017, between preference to mode of packaging and delivery in relation to the perception of quality of products. It shows that the external customers will not be concerned about the mode of packaging and delivery as part of the overall quality of the products. This implies that the clients are simply interested in the contents of the products.

**Table 17: Correlation between getting Informed of New Products and Kind of Customer Service Received**

Response Categories	Tests	NCLR informs me of any new products that are available for sale	kind of customer service received
NCLR informs me of any new products that are available for sale	Pearson Correlation	1.000	.430
	Sig. (2-tailed)		.096
	N	16.000	16
kind of customer service received	Pearson Correlation	.430	1.000
	Sig. (2-tailed)	.096	
	N	16	16.000

This analysis wanted to determine whether there was a relationship between being informed of new products and the perception of the kind of customer service received. According to Table 17 above, there was a positive correlation of .430, between kind of customer service received and the external customer being informed of new products. This further goes to show that customer service is an important ingredient in ensuring that the external customer is satisfied.

#### 4.5 Overall Business Performance Results

**Table 18: Statistics Indicating the Overall Business Performance (Financial Performance)**

YEAR	2006/2007	2007/2008	2009/2010
	Kshs'million'	Kshs'million'	Kshs'million'
SALES OF LAW REPORTS	9.4	9.2	5.6

*Source: National Council for Law Reporting, Strategic Plan 2009-2012, pg 96*

For overall business performance, as illustrated by the results for the financial years in Table 18 above, the organization had a decline in appropriations in the year 2009/2010. This is possibly because it did not have any new products to offer its clients, considering that the last publication that it made was in the year 2005.

**Table 19: Statistics Indicating Staff Turnover Levels**

YEAR	2006/2007	2007/2008	2009/2010
STAFF TURNOVER	4 staff members joined the organization  15 staff members left the organization	8 staff members joined the organization  3 staff members left the organization	15 staff members joined the organization  11 staff members left the organization

*Source: Staff records of the Human Resource Department of the National Council for Law Reporting*

In terms of the internal staff as shown in Table 19 above, the National Council for Law Reporting has 10 employees being holders of a Master's degree, 45 employees hold a bachelors degree, while the remaining 5 hold diplomas in various disciplines. As such, in regards to skills of human

resources which are an indicator of overall business performance, the council is well endowed. However from the records observed, the organization has a high level of staff turnover, possibly due to rewards and recognition not being adequate.

## **CHAPTER V: SUMMARY, CONCLUSIONS AND RECOMMENDATIONS**

### **5.1 Summary**

The data collected from the questionnaires was summarized using descriptive statistics involving frequencies as well as correlation analysis. For the external customers, 16 questionnaires were received while from the internal customers, the response rate was 34 questionnaires. The sample was representative of the entire operating network of the National Council for Law Reporting since it covered all its areas of operation.

The aim of analyzing the data was to identify the level of internal and external service quality as well as identify any relationships arising from the various components of internal and external service quality through the use of frequencies and pie charts as well any existing correlation. Data regarding financial performance of the organization was collected through observation from the annual financial records of the organization.

The key findings from the analysis indicate that there exists a well established Internal Service Quality system in place within the organization although it does not translate to improved overall business performance. As compared to external service quality, although the case study indicated that the External Service Quality system had major flaws, there was a positive relationship between external service quality and Overall Business Performance.

### **5.2 Conclusions**

Based on the first research objective which sought to establish whether there was a link between internal service quality and overall business performance, the study indicates that there exists no relationship between internal service quality and overall Business Performance.

For the second research objective which wanted to identify whether there was a link between external service quality and overall business performance, the analysis indicates that there is a positive link between external service quality and overall business performance.

In conclusion, the National Council for Law Reporting has a well established internal service quality system in place although it doesn't directly translate to improved overall business performance. This could be because the organization is not a profit making entity and as such, it's not keen on aligning internal service quality to overall business performance.

For external service quality, the organization does not exhibit a strong external service quality system in place, therefore leading to the dismal performance. It could be that the organization has to implement quality measures within its budget and as such it's not able to make needed improvements. From the data analysis, there exists a relationship between external service quality and overall business performance.

### **5.3 Recommendations**

To the National Council for Law Reporting, in terms of policies, it should establish policies that are flexible so as to enable its employees perform their duties, while at the same time adhering to statutory obligations.

The organization, having a high level of employee interaction should reinforce the level of teamwork among its employees since this will ensure the quick performance of duties.

The National Council for Law Reporting exhibits a strong relationship between the management and its staff, which should be reinforced and the synergy from the two harnessed towards a common goal of improving overall business performance.

For the rewards offered by the National Council for Law Reporting, the rewards are well distributed although a large number of respondents are uncertain about the rewards. The recommendation would be to have output measures put in place so that the internal customers can match their rewards with their output levels.

For the external customers, it's quite evident that the National Council for Law Reporting has a monopoly in the provision of law reports. This could serve both as a strategic advantage and a demerit. As a strategic advantage, the National Council for Law Reporting can charge premium

prices for its products. As a demerit, the National Council for Law Reporting might be content with its output and may not want to improve on it.

For the correlation analysis involving the internal service quality, there exists very low correlation between gender and level of satisfaction with the content and output of work. This shows that gender does not determine the level of satisfaction with the content and output of one's work. For the external service quality, there is a positive correlation between frequent purchase of the organization's products and kind of customer service received. This implies that increasing the level of customer service given will increase the frequent purchase of the organization's products. However, with a negative correlation between preference to mode of packaging and delivery in relation to perception of quality of products, it implies that the clients are not influenced by packaging in terms of assessing the quality of the organizations products.

By improving on the external customer service, the National Council could improve its overall business performance.

#### **5.4 Limitations and Assumptions of the Study**

According to Mugenda and Mugenda (2003), a limitation is some aspect of the study that may negatively affect generalizability of the results, but over which he/she has no control. Due to time constraints, a sample of thirty respondents for both the internal and external customers was used. In addition, generalizability of the results to the entire public sector could be a challenge considering that the National Council for Law Reporting is a Semi-Autonomous Government Agency (SAGA). We also need to consider the fact that applying the findings to the private sector will require further research because the motivation systems in a public organization have to facilitate quality improvements within the budget. However, with modification, the results can be applied to other service sectors.

An assumption is any important fact presumed to be true but not actually verifiable. The assumption regarding the study is that the management of The National Council for Law Reporting was aware of the importance of internal and external service quality and a quality

system was in place within the organization. This would enable them align the findings and recommendations in this study towards the improvement of internal service quality.

### **5.5 Suggestions for Further Research**

The suggestion for further research would be to replicate the study in a competitive business environment whereby multiple players exist as opposed to the research at hand. In addition, future research could focus on establishing whether a relationship exists between internal and external service quality.

## REFERENCES

- Albrecht, K (1993), "Service within: middle managers as service leaders", in Scheuing, E. (Eds), *Service Quality Handbook*, Anacom, NY pg 77-87
- Alford, J (2002), "Defining the Client in the Public sector: A Social-Exchange Perspective," *Public Administration Review*, 62(3):337-346
- Azzolini, M., Shillaber, J., (1993) "Winning from the Inside Out." *Quality Progress* 26:75-78
- Berry, L.L., Parasuraman, A., Zeithaml, V.A., (1994) "Improving Service Quality in America: Lessons learned." *Academy of Management Executive*, 8(2).
- Cauchick Miguel, P.A., and Salomi, G.E. (2004). "A review of models for assessing service quality." *Produção*, 14 (1) 12-30.
- Deming, E. W. (1986) *Out of the Crisis*. Cambridge, MA: MIT Press. 23-24
- Dewhurst, F., Martinez-Lorente, A.R. and Dale, B.G. (1999). "TQM in Public Organizations: an examination of the issues." *Managing Service Quality*, 9(4):265-273.
- Emerson, C.J. And Grimm, C.M. (1996), "Logistics and marketing components of customer service: an empirical test of the Mentzer, Gomes and Krapfel model", *International Journal of Physical Distribution & Logistics Management*, 26:29-42.
- Evans, J.R., Lindsay, W.M. (1996), *The Management and Control of Quality*, 3<sup>rd</sup> Edition, West Publishing Company: St Paul MN
- Fen, Y.S., Lian, K.M. (2007) "Service Quality and Customer Satisfaction. Antecedents of customer re-patronage intentions." *Sunway Academic Journal* 4:59-73
- Feigenbaum, A.V. (1991) *Total Quality Control*. 3<sup>rd</sup> edition New York, USA: McGraw Hill.
- Gay, L.R. (1981). *Education Research: Competencies for analysis and application*. 2<sup>nd</sup> Edition, Columbus: Charles E. Merrill Publishing Company



Gremler, D.D., Bitner, M.J, and Evans, K.R. (1994), "The Internal Service Encounter," *International Journal of Service Industry Management*, 5 (2):34-56.

Gronroos, C. (1984), "A service quality model and its marketing implication," *European journal of marketing*, 18(4):36-44

Hallowell, R. 1996. "The relationships of customer satisfaction, customer loyalty, and profitability: an empirical study." *International Journal of Service Industry Management*, 7 (1), 27-42.

Hayes, B.E (1992), *Measuring Customer Satisfaction-survey design, use, and statistical analysis methods*. Milwaukee, WI: ASQC Quality Press.

Hays, R.D (1996), *Internal Service Excellence: A manager's guide to building world class internal service unit performance*, USA, Sarasota: Summit Executive Press.

Heizer J and Render B (1996), *Operations Management*. Upper Saddle River, N.J: Prentice Hall Inc.

Heskett, J.L., Jones, T.O., Loveman, G.W., Sasser, W.E Jr., and Schlesinger, L.A.(1990)"Putting the Service-Profit Chain to Work," *Harvard Business Review*, 126-129.

Johnston, R., Clark, G. (2005), *Service Operations Management: Improving Service Delivery*.2<sup>nd</sup> edition. Harlow, England: Financial Times/Prentice Hall.

Juran, J.M. (1988), *Juran's Quality Control Handbook*, McGraw-Hill, New York, NY.

Juran, J.M. (1992), *Juran on Quality by design*, The Free Press, New York, NY.

Juran, J.M. (1993), "Made in USA: a renaissance in quality", *Harvard Business Review*, 71(4), 42-50.

Kotler, P. and Armstrong, G. (2008) *Principles of Marketing*,12<sup>th</sup> edition,(March 9,2007),USA New Jersey: Prentice Hall

Krippendorff, K. (1980). *Content analysis. An Introduction to its Methodology*. Beverly Hills: Sage.

Kuei, C.H., (1999) "Internal Service Quality-An empirical Assessment." *International Journal of Quality & Reliability Management*, 16(8), 783-791.

Mukherjee, P. N. (2003). "Resource, Service Quality and Performance Triad: A framework for measuring efficiency of Banking Services." *The Journal of the Operational Research Society*, Vol. 54, 7: 723-735.

Parasuraman, A., Zeithaml, V.A., Berry, L.L. (1985), "A conceptual model of service quality and its implications for future research", *Journal of Marketing*, 49:41-50.

Parasuraman, A., Zeithaml, V.A., Berry, L.L. (1988)"SERVQUAL:A multiple-item scale for measuring customer perceptions of service quality," *Journal of retailing*, 64(1):12-40

Pfau, B., Detzel, D., Geller, A. (1991), "Satisfy your internal customers", *Journal of Business Strategy*, pp.9-13.

Reichheld, F. F., and Sasser, W. E. (1990). Zero Defections: Quality Comes to Services. *Harvard Business Review*, 68(5), 105–112.

Reynoso, J. and Moores, B. (1995)" Towards the measurement of internal service quality." *International Journal of Service Industry Management*, 6(3), 64-83

Sinha, G., and Ghoshal, T. (1999) "Quality customer service:strategic advantage for the Indian steel industry." *Managing SQ*, 9 (1), 32-39.

Sousa, R. and Voss, C. (2002), "Quality management revisited: a reflective review and agenda for future research", *Journal of Operations Management*, 20( 1), 91-109.

Spreng, R.A and Mckoy, R.D. (1996),"An empirical examination of a model of perceived service quality and satisfaction," *Journal of Retailing*, 72(2): 201-214

Stauss B., (1995)"Internal services: classification and quality management. " *International*

*Journal of Service Industry Management*, 6(2), 62-78

Stupak and Leitner, (2001) *Handbook of Public Quality Management*, USA, NY: Marcel Dekker, Inc 1-2

Yabs, J. (2007). *Strategic Management Practices In Kenya*.1<sup>st</sup> edition, Nairobi, Kenya: Lelax Global Ltd

Yi, Y. and La, S. (2005). "Service Quality in the Public Sector: Seoul Service Index." *Asia Pacific Advances in Consumer Research*, 6, 180-187

Yin, R.K. (1984). *Case study research, design and methods*.3<sup>rd</sup> edition, Thousand Oaks, CA: Sage Publications.

Wisniewski, M. (2001), "Using SERVQUAL to Assess Customer Satisfaction with Public Sector Services," *Managing Service Quality*, 11 (6), 380-388

Zomitsky, J. (1996), "Internal Service Quality, customer and job satisfaction: linkages and implications for management." *Human Resource Planning*.

## **APPENDICES**

### **APPENDIX I: INTRODUCTION LETTER TO THE RESPONDENT**

**University of Nairobi**

**School of Business**

**P.O Box 30197**

**Nairobi**

**Dear Respondent**

I am a postgraduate student in the School of Business, University of Nairobi; I am conducting a management research project titled **“The relationship between service quality and overall business performance. A case study of the National Council for Law Reporting”** in partial fulfillment of the requirement for the award of the Master of Business Administration degree.

Kindly fill the attached questionnaire. The information you give is for purely academic research and will be treated with utmost confidentiality. A copy of the final report can be made available to you on request.

Your assistance will be highly appreciated.

Andrew Kiarie Njeru.

Onserio Nyamwange

MBA Student

University Supervisor

## APPENDIX II: QUESTIONNAIRE FOR THE INTERNAL CUSTOMERS

Tick as Appropriate

### A. General Information

1. Gender

Male  Female

2. Department/Occupation.....

### B. Tools

3. Does the NCLR (National Council for Law Reporting) furnish you with enough information to serve your customers?

Yes  No

4. The National Council for Law Reporting provides me with necessary equipment and facilities to perform my duties.

Strongly Agree    Agree    Uncertain    Disagree    Strongly Disagree

### C. Policies and Procedures

5. The policies within the National Council for Law Reporting give me the ability and flexibility to perform my duties and responsibilities well

Strongly Agree    Agree    Uncertain    Disagree    Strongly Disagree

6. Briefly, in your own words how would you describe the ease/flexibility with which decisions are made within your department?

7. Does your department involve you in the decision making process regarding issues that affect the performance of your duties?

Yes

No

#### D. Teamwork

8. The level of teamwork in my department is satisfactory for me to perform my duties.

Strongly Agree

Agree

Uncertain

Disagree

Strongly Disagree

9. There exists cooperation between my department and other functions/departments within the NCLR.

Strongly Agree

Agree

Uncertain

Disagree

Strongly Disagree

#### E. Management

10. My immediate supervisor is supportive and available when needed

Yes

No

11. My immediate supervisor is well versed with the workflow processes and tasks necessary for me to carry out my functions in my department.

Strongly Agree

Agree

Uncertain

Disagree

Strongly Disagree

12. Do you enjoy a cordial relationship with your immediate superiors?

Yes

No

#### F. Job Content and Goal Alignment

13. My work is important to the entire organization

Strongly Agree

Agree

Uncertain

Disagree

Strongly Disagree

14. Are you satisfied with the content and output of your work?

Yes

No

#### G. Personal Development and Training

15. When crucial changes take place, I receive adequate training

Yes

No

16. a) Does the organization offer you opportunities for career advancement?

Yes

No

16. b) If the answer is yes, please describe the nature of the opportunity offered.

#### H. Communication

17. How satisfied are you with the communication between departments that affect your duties?

Very Satisfied              Satisfied                      Indifferent              Unsatisfied                      Very Unsatisfied

18. Important changes in products, policies, procedures and new activities are communicated clearly to my work group.

Strongly Agree              Agree                      Uncertain                      Disagree                      Strongly Disagree

**I. Motivation, Incentives, Rewards and Recognition**

19. My immediate superiors recognize my efforts when I deliver superior services

Strongly Agree              Agree                      Uncertain                      Disagree                      Strongly Disagree

20. The rewards (both monetary and non-monetary) offered by the National Council for Law Reporting for my work are satisfactory.

Strongly Agree              Agree                      Uncertain                      Disagree                      Strongly Disagree



### APPENDIX III: QUESTIONNAIRE FOR THE EXTERNAL CUSTOMERS

Tick as appropriate to indicate your preference and where required, please state briefly

#### BACKGROUND INFORMATION

1. Please indicate the name of your organization.....

2. My organization frequently purchases products offered by the National Council for Law Reporting i.e. the Kenya Law Reports or other related products.

Yes  No

3. If your organization does not frequently purchase the Kenya Law Reports or any other related products of the National Council for Law Reporting, please briefly indicate in your own words the reasons for the infrequent purchase.

4. Please indicate the quality of any of the products you have purchased from the National Council for Law Reporting i.e. either the Kenya Law Reports or the Laws of Kenya Grey Book

Very Satisfactory      Satisfactory      Uncertain      Unsatisfactory      Very Unsatisfactory

5. Among the Products that you have purchased from the National Council for Law Reporting, please indicate the product that has met all your needs or your favourite product

6. Is the mode of payment that the National Council for Law Reporting dictates favourable and convenient

Yes  No

7. If it is not favourable, briefly state the reason why and also indicate a mode of payment that suits you

8. Please indicate your preference to the packaging and mode of delivery that accompanies the products you purchase from the National Council for Law Reporting

Very Satisfactory

Satisfactory

Indifferent

Unsatisfactory

Very Unsatisfactory

9. Would you recommend the Kenya Law Reports to a colleague?

Yes

No

10. If the answer to the above question is no, briefly explain why you would not recommend the Kenya Law Reports to a colleague?

11. Is there a particular new product(s) that you would like the National Council for Law Reporting to offer as part of its products other than the Kenya Law Reports

Yes

No

12. If your answer is yes, please indicate below the product(s) you would like offered

13. For prior purchases that you made from the National Council for Law Reporting, what kind of customer service did you receive?

Very Satisfactory

Satisfactory

Uncertain

Unsatisfactory

Very Unsatisfactory

14. The products from the National Council for Law Reporting i.e. the Kenya Law Reports have made an impact in my organization

Strongly Agree

Agree

Uncertain

Disagree

Strongly Disagree

15. As a valued customer, the National Council for Law Reporting informs me of any new products that are available for sale

Strongly Agree

Agree

Uncertain

Disagree

Strongly Disagree

16. In a brief statement, what advice would you give to the National Council for Law Reporting regarding its products and Customer Service?

**CODING FOR DATA COLLECTED FROM EXTERNAL CUSTOMERS**

<b>Column1</b>	<b>Q2</b>	<b>Q3</b>	<b>Q4</b>	<b>Q5</b>	<b>Q6</b>	<b>Q7</b>	<b>Q8</b>	<b>Q9</b>	<b>Q10</b>	<b>Q11</b>	<b>Q12</b>	<b>Q13</b>	<b>Q14</b>	<b>Q15</b>	<b>Q16</b>
1	2	1	1	2	1	1	1	1	1	1	2	1	1	1	1
2	1		2	1	1		2	1		2		2	2	1	3
3	2		2	2	2	2	4	1		2		4	2	2	3
4	2	1	2	1	1		4	1		2		2	1	4	3
5	2	1	2	1	1		4	1		2		2	1	5	
6	1		2	1	1		3	1		2		4	1	4	4
7	1		2	1	1		3	1		1	1	2	2	4	4
8	1		2	2	1		2	1		2		2	1	4	5
9	1		1	2	2	3	4	1		1	1	4	2	4	4
10	2	1	2	2	1		2	1		1	3	2	1	4	5
11	2	1	2	1	1		4	1		1	3	3	2	4	5
12	1		2	2	1		3	1		2		4	2	4	1
13	1		2	2	1		1	1		2		1	2	1	2
14	1		1	1	1		2	1		2		2	2	4	4
15	2	1	2	2	1		4	1		1	4	4	1	4	5
16	1		4	3	1		2	1		2		1	1	2	2

**CODING FOR DATA COLLECTED FROM INTERNAL CUSTOMERS**

<b>RESPONDENTS</b>	<b>Q1</b>	<b>Q2</b>	<b>Q3</b>	<b>Q4</b>	<b>Q5</b>	<b>Q6</b>	<b>Q7</b>	<b>Q8</b>
1	2	2	1	2	3	1	1	2
2	1	2	1	2	2	2	1	1
3	2	1	1	1	2	2	1	2
4	2	4	2	4	2	2	1	2
5	1	5	1	2	2	2	1	2
6	2	1	1	2	2	1	2	2
7	2	1	1	1	2	2	1	2
8	2	2	1	2	2	3	1	2
9	1	5	1	2	3	2	1	2
10	2	2	1	1	1	2	1	3
11	1	6	1	2	2	2	1	2
12	2	1	2	2	2	1	1	2
13	1	5	1	2	2	2	1	1
14	2	1	2	2	2	2	1	1
15	2	2	2	5	3	3	1	3
16	2	2	1	2	3	3	1	3
17	2	7	1	1	1	1	1	1
18	1	1	1	2	2	3	2	3
19	2	2	1	2	2	1	1	1
20	2	1	1	2	3	1	2	3
21	2	2	2	2	3	2	1	1
22	1	6	1	1	2	1	1	2
23	2	1	1	2	2	2	1	2
24	2	2	1	1	3	3	1	2
25	2	1	1	2	3	2	1	1
26	2	2	1	2	2	3	1	2
27	2	1	1	1	1	2	1	1
28	2	2	1	4	3	1	1	3
29	2	6	1	1	1	2	1	1
30	2	3	1	2	2	2	2	2
31	1	3	1	1	1	2	2	1
32	1	1	1	2	2	2	1	2
33	1	3	1	2	2	3	1	2
34	2	3	1	2	2	1	1	2

**CODING FOR DATA COLLECTED FROM INTERNAL CUSTOMERS**

<b>RESPONDENTS2</b>	<b>Q9</b>	<b>Q10</b>	<b>Q11</b>	<b>Q12</b>	<b>Q13</b>	<b>Q14</b>	<b>Q15</b>	<b>Q16</b>
1	2	1	4	1	1	1	2	2
2	2	1	2	1	1	1	1	1
3	2	1	2	2	1	1	1	1
4	1	1	1	1	1	1	2	2
5	1	1	1	1	2	2	1	2
6	2	1	2	1	2	1	1	1
7	2	1	1	1	1	1	1	1
8	3	1	1	1	1	1	1	2
9	1	1	2	1	2	1	1	1
10	3	1	2	1	1	1	1	2
11	2	1	1	1	1	1	1	1
12	5	1	1	1	1	1	1	1
13	1	1	1	1	1	1	1	1
14	3	1	1	1	1	1	2	2
15	4	1	2	2	1	1	1	2
16	2	1	1	2	1	1	1	2
17	1	1	1	1	1	1	1	1
18	2	1	2	1	1	1	2	2
19	2	1	1	2	1	1	1	1
20	2	1	2	1	1	1	2	1
21	2	1	1	1	1	1	2	2
22	2	1	2	1	2	1	1	2
23	2	1	2	1	1	1	1	1
24	2	1	2	1	1	1	2	1
25	3	1	1	1	1	1	1	2
26	2	1	2	1	1	1	1	2
27	1	1	1	1	1	1	1	1
28	1	1	3	1	1	1	1	2
29	1	1	1	1	1	1	2	2
30	2	1	2	1	1	1	2	2
31	1	1	1	1	1	1	1	1
32	2	1	1	1	1	1	1	1
33	2	1	2	1	2	1	1	1
34	2	1	2	1	2	1	1	1

**CODING FOR DATA COLLECTED FROM INTERNAL CUSTOMERS**

<b>RESPONDENTS</b>	<b>Q17</b>	<b>Q18</b>	<b>Q19</b>	<b>Q20</b>	<b>Q21</b>
1	3	4	3	4	4
2	3	2	1	4	4
3	1	2	2	3	3
4	2	1	1	1	5
5	2	2	2	2	2
6	4	2	2	2	2
7	4	2	2	3	4
8	2	1	1	1	2
9	3	2	2	2	2
10	2	2	2	2	5
11	3	2	2	2	4
12	4	4	1	3	5
13	4	2	1	2	3
14	3	3	3	2	3
15	3	5	5	5	5
16	3	3	1	2	4
17	4	1	1	1	2
18	3	4	4	4	4
19	5	1	1	2	3
20	3	2	3	3	3
21	3	2	3	2	5
22	2	2	2	3	3
23	4	3	3	2	3
24	3	3	2	2	4
25	2	4	3	4	4
26	2	2	2	3	5
27	3	2	1	2	2
28	2	4	4	4	4
29	2	2	2	1	3
30	2	2	4	2	3
31	5	1	1	1	1
32	4	2	2	3	3
33	3	2	2	2	2
34	4	2	2	2	2