

**SERVICE QUALITY AND PERFORMANCE OF PAID TELEVISION SERVICES:
THE CASE STUDY OF ZUKU COMPANY LIMITED.**

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**A RESEARCH PROJECT SUBMITTED IN PARTIAL FULFILLMENT OF THE
REQUIREMENTS FOR THE AWARD OF THE DEGREE OF MASTER OF
BUSINESS ADMINISTRATION (MBA) SCHOOL OF BUSINESS UNIVERSITY OF
NAIROBI.**

OCTOBER 2013

DECLARATION

This research project is my original work and has not been presented for an award of a Degree in this or any other University.

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DEDICATION

I wish to dedicate this work to my family, friends and colleagues. They all inspired me to work hard.

God bless them all.

ACKNOWLEDGEMENT

I wish to express my sincere gratitude and appreciation to all those who in one way or another contributed to the success of preparation of this research proposal.

Special thanks go to my supervisor Kariuki C. Ngugi and Moderators Joel Lelei and Muthoni Margaret who guided me in the research project. My classmates at the Operations Management Class who have also encouraged me a lot, thanks to them all.

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ABSTRACT

Providing a high-quality service is a major issue for all businesses especially for pay TV industry. Customer satisfaction may establish the success or fail of a business. In order to be competitive in the pay TV industry, firms need to satisfy their customers. High quality of service provided would ensure a high market share and substantial return. The study's main objective is to investigate the effect of service quality on performance in pay TV sector.

The specific objectives are to: establish the levels of practice of service quality factors in the paid television services sector and to determine the effect of service quality on performance in paid television services sector. The research design used for the study was a case study. The study was done in Zuku Company limited, There were 853 employees working with the company as captured from the Human Resource Department staff registry. The study had a selection of 256 respondents on whom the study was conducted. The stratification was based on ranking including top management, heads of departments and other staff constituted the sample that was interviewed.

The study used questionnaires in collecting primary data. The data was analyzed using descriptive statistics to summarize the pattern of findings. This involved the use of frequencies, percentages and means. The analyzed data was presented in tables and graphs. The study found that both service quality and customer satisfaction have a positive effect on customer's re-patronage intentions. This study proved a close link between service quality and performance. The study also indicated that reliability and network quality (an additional factor) are the key factors in evaluating overall service quality. The study also highlighted that tangibles, empathy and assurance should not be neglected when evaluating perceived service quality and performance in Zuku Company limited.

The study recommends that paid television services providers have to improve performance on all the dimensions of service quality in order to increase customer satisfaction since consumers expect more than what they are offering. This will enable them maintain high level of competitiveness. Further a study should be carried out to investigate the factors influencing service quality and performance of paid television services in Kenya.

CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

Consumers all over the world have become more quality conscious, leading to increase customer's requirements for higher quality service (Mcdougall and Levesque, 2000). Service sector such as the telecom and media operator are obliged to provide excellent services to their customers in order to have sustainable competitive advantage. Despite the criticality of service quality to businesses, measuring service quality causes difficulties to service providers, due to the unique characteristics of services including: intangibility, heterogeneity, inseparability and perishability (Yu, Wu, Chiao and Tai, 2005).

Every organization strives for long term success. There are various factors that contribute to the success of organizations. Organizations with huge profits can't be considered as strong organizations as profit making is only one function of organizations. Keeping abreast with all the stakeholders is a requirement for every organization to be effective and successful. Out of all the stakeholders customers are considered to be the key. Retaining and attracting new customers is triumph card for present world businesses. Quality is considered to be main determinant of customers' satisfaction in both manufacturing and service quality (Iqbal et al., 2008).

1.1.1 Service Quality

Service Quality is defined as an assessment of how well a delivered service conforms to the client's expectations. Service business operators often assess the service quality provided to their customers in order to improve their service, to quickly identify problems, and to better assess client satisfaction (Patterson and Spreng,1997).

Information has become a commodity, which can be produced and sold for profit (Jones and Sasser, 2005). In this way, social information is drowning in the sea of commercial messages where its content is blurred or even lost and the process of commercialization has had a down-market effect on the overall TV programme supply. Commercial channels as well as Zuku broadcasting services stations are in search of high audience ratings for television viewing in Kenya has thus become an increasingly entertainment medium.

The content of television services provided by Zuku Ltd has changed resulting in less educational programming and more entertainment programmes, which seem to become more and more alike everywhere. The backbone of most media is still news, while the rest is more or less entertainment (Zuku, 2013).

However, according Siune and Hulten (2008), the public sector has a cornerstone role in communication, and fundamental interests to protect. Therefore, the management of Zuku Ltd have endeavored to ensure quality services to the public to boost their performance which is as a result of the growing commercialization of their products for its is known that high concentration in the market leads to several threats to the quality of information. The main perceived danger, is that excessive concentration of media ownership can lead to over representation of a certain political viewpoint, or values or certain forms of cultural output at the expense of others (Zuku, 2013). Similarly, as it has been experienced in Kenya broadcasting sector that big and highly concentrated enterprises tend to use material they own or the one that serves their economic purposes in order to have a guaranteed audience.

The dilemma of programme quality versus popular reach is always present Zuku Ltd has learned to adapt in commercial media markets where they have become more the exception rather than the rule, the pay TV which still has problems in realizing sufficient public support. Moreover, as a result of fierce competition they tend to abandon the domain of infotainment and reality programmes by leaving it to the commercial side of the market, which according to Wagner (2009), can potentially lead to the strategy of defeat. To sum up, all forms of media concentration are similar from the perspective that the supply of media is dominated by a few rather than by many different owners (McKinsey and Co., 2010). Therefore, the question of the impact of such big enterprises on competition arises. It can be assumed that such big companies have huge economic power as well. That is why Zuku Ltd, with its limited resources, faces some difficulties if it wants to compete successfully.

1.1.2 Performance

Brown (1996) maintains that performance should be described as the extent to which the organization is able to meet the needs of its stakeholders and its own needs for survival .The service industry plays an increasingly important role in the economy of many countries. In today's global competitive environment delivering quality service is considered as an essential strategy for success and survival (Bolton and Drew 2005). Even the innovative

communication and entertainment companies have come under increasing pressure to deliver quality services and improve efficiencies. Customer needs and expectations are changing when it comes to innovative communication and entertainment services and their quality requirements.

However, service quality practices in innovative communication and entertainment sector is slow and is further exacerbated by difficulties in measuring outcomes, greater scrutiny from the public and press, a lack of freedom to act in an arbitrary fashion and a requirement for decisions to be based in law (Kandampully, 2008).

The incoming of pay TV firms has been made possible due to the reforms and adjustment programmes instituted in the country in the 1990s. Nevertheless, the presence of these firms has introduced competition, efficiency and effectiveness in the pay TV market in the country. Unlike the previous monopolistic, highly regulated telecom and media market, the presence of the new firms introduced service quality, appropriate and reasonable pricing and social responsibility. In effect, the deregulation policy of the pay TV industry has aided in the current level of satisfaction enjoyed by its customers today (Jones and Sasser, 1995). The deregulation, competition and advancement in information communications technology seems to be exerting pressure on managers in this industry to demonstrate customer-focused and continuous service improvement than before, as a way to ensure customer satisfaction and brand supremacy. Service quality has been found to be a competitive tool for many companies. This is even much more pronounced in today's highly globalised, industrialised and competitive markets. The growth and survival of companies depend on their customers which pay TV sector is no exception (Reichheld and Sasser, 1990).

1.1.3 Zuku Company

Zuku Limited is the most dynamic and innovative communication and entertainment companies in Eastern Africa in recent times (Zuku, 2013). Zuku Limited, East Africa's leading provider of Pay-TV, broadband internet and VoIP services goal is to become the leading telecommunications and home entertainment company in the region. Through various platforms, the company offers customers internet, voice and pay TV services at an affordable price. Triple Play is a product that allows a customer to access high quality pay TV, superior broadband internet and voice in one package at affordable prices and the Zuku is the only company in the region offering the product (Zuku,2013).

Zuku limited notes that the pay TV market penetration is presently at less than 1% and thus need for affordable quality content which is suitable for the entire family. Zuku limited also recognize that customers' tastes and needs are evolving and there is greater pressure on companies to provide affordable quality products which offer value for money. Zuku limited aims at products that are affordable and accessible to a very wide market and give people a new home entertainment that will offer great value and extremely high quality and variety (Zuku,2013).

The backbone of most media is still news, while the rest is more or less entertainment. However, according to Siune and Hulten (2008), the public sector has a cornerstone role in communication, and fundamental interests to protect. Therefore, the management of Zuku Ltd have endeavored to ensure quality services to the public to boost their performance , which is as a result of the growing commercialization of their products for its is known that high concentration in the market leads to several threats to the quality of information. The main perceived danger is that excessive concentration of media ownership can lead to over representation of a certain political viewpoint, or values or certain forms of cultural output at the expense of others (Zuku, 2013).

1.1.4 Performance of Pay TV Sector

The service industry plays an increasingly important role in the economy of many countries. In today's global competitive environment delivering quality service is considered as an essential strategy for success and survival (Bolton and Drew 2005). Even the innovative communication and entertainment companies have come under increasing pressure to deliver quality services and improve efficiencies. Customer needs and expectations are changing when it comes to innovative communication and entertainment services and their quality requirements. However, service quality practices in innovative communication and entertainment sector is slow and is further exacerbated by difficulties in measuring outcomes, greater scrutiny from the public and press, a lack of freedom to act in an arbitrary fashion and a requirement for decisions to be based in law (Kandampully, 2008).

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The deregulation, competition and advancement in information communications technology seems to be exerting pressure on managers in the pay TV market to demonstrate customer-focused and continuous service improvement than before, as a way to ensure customer satisfaction and brand supremacy. Service quality has been found to be a competitive tool for many companies. This is even much more pronounced in today's highly globalised, industrialised and competitive markets. The growth and survival of companies depend on their customers which pay TV sector is no exception (Reichheld and Sasser, 1990).

1.2 Statement of the Problem

Providing a high-quality service is a major issue for all businesses especially for pay TV industry. Customer satisfaction may establish the success or fail of a business. In order to be competitive in the pay TV industry, firms need to satisfy their customers. High quality of service provided would ensure a high market share and substantial return. Therefore, the pay TV providers need to understand the attributes that customer use to judge service quality and enhance service quality.

Service quality in pay TV sector in Kenya has continued to decline overtime. There are persistent complaints such as unreliable and untimely service provision (Njoroge, 2010), lack of good customer relations, bad practices and attitudes of pay TV service providers towards customers (Olorunniwo et al., 2006). Zuku Ltd is not exception it has been faced with stiff competition from their competitors who offer low priced services and this has lead to customer shift. Besides the high service levels from the government have greatly influenced the offering of the desired quality to their clients.

Fornell (1992) in his study asserts that services quality is critical to the clients. Despite much previous research focusing on quality services, relatively little attention has focused on the effect of quality services on performance. Examination of previous research existing literature on assurance for quality has been conducted by Howcroft (2000). They reveal that no previous attempts have been made to review the existing literature on assurance usage for service quality. In order to enable quality practitioners to have a better understanding of the current status of assurance and quality management in supporting service quality they have to

organize and practice their skill. Patterson and Spreng (1997) explored the linkages between quality systems and service quality on service providers' perspectives. The results show that employee perceptions of service quality are related to operations performance. However, there is little empirical evidence to explore how client's perceives assurance in service quality.

Studies done on customer satisfaction by Miriti (2011), Mwaniki (2011), Njoroge (2010) and Thiong'o (2011), asserts that developing a much deeper insight into the marketing constructs such as service quality, customer perceived value, corporate image, and customer loyalty is of vital importance to the pay TV industry. A study conducted by Njoroge (2010) indicated that service quality has uncertain or even negative effects on customer satisfaction. Mwaniki (2011) indicated that achieving high service quality and pursuing successful customer satisfaction level are highly dependent on top management support. However, Miriti (2011) reported that there is no association between top management support for quality and customer perceived value achieved. Thiong'o (2011) indicated that a 90% improvement rate in customer relations, operating procedures and financial performance is achieved due to customer satisfaction.

Thus, conflicting research findings have been reported surrounding the effects of customer service quality on customer satisfaction. Previous studies on service quality and performance done did not address the context of pay TV hence the study will aim at bridging this gap by investigating the effect of service quality on performance in pay TV sector.

1.3 Objectives of the Study

The study's main objective is to investigate the effect of service quality on performance in pay TV sector. The specific objectives are to:

- i. Establish the levels of practice of service quality factors in the paid television services sector.
- ii. Determine the effect of service quality on performance in paid television services sector.

1.4 Importance of the Study

The study findings would benefit the management of the media industry, government agencies/departments and employers in general in various ways. These include; realization of the reasons for failure to attract and retain viewers due to service quality standards and ultimately take corrective actions, alter some of the policies that contribute to the cause of poor quality services hence improve their services leading to improved performance.

Zuku Company Limited will have better information on what makes customers satisfied or dissatisfied. With the information that will be gathered will enable them to create new competitive advantage and provide quality service to their customers. This may lead to reduction in costs and application of better strategies. This leads to satisfied customers yet the company is economically competitive.

Pay TV industry and its players-The study will help the players understand the importance of service quality and how it helps achieve quality customer satisfaction and also methods of improving service quality.

Finally, the study would benefit academicians and researchers who would like to pursue the subject further given the exceptional dearth of local data in that particular field. To give basic information for future possible research by other researchers in order to expand the growing research field of Television Broadcasting service quality and its several behavioral in Kenya.

CHAPTER TWO: LITERATURE REVIEW

2.1 Service Quality

Service Quality is defined as an assessment of how well a delivered service conforms to the client's expectations. Service business operators often assess the service quality provided to their customers in order to improve their service, to quickly identify problems, and to better assess client satisfaction (Patterson and Spreng, 1997).

Service quality is defined as the result of the comparison that customers make between expectations about a service and perception of the way the service was delivered (Bolton and Drew, 2005). The foundation of service quality theory has some connection with the product quality and customer satisfaction literature based on the disconfirmation paradigm identified in physical goods literature. The disconfirmation paradigm indicates the size and direction of a person's initial expectations in relation to the experience received. Therefore the disconfirmation is the size of the gap between prior expectation and the actual performance received. When a service is performed better than expectation, a positive disconfirmation occurs resulting in satisfaction and when a service is below the expectation a negative disconfirmation occurs resulting in dissatisfaction.

By building on this theory Fornell and Wernerfelt (1997) states that comparison on the service expected with the perception of service received evaluates the service quality. In an exploratory research of service quality Bolton and Drew (2005) states that the perceived service quality is the result of a comparison between what customers consider the service should be and their perceptions about the actual performance delivered by the service provider.

2.1.1 Service quality in the Paid Television Service Sector

Pay TV broadcasting is the distribution of audio and video signal which transmit program to an audience may be the general public or a relatively large sub-audience, such as children or young adults (Omachonu et al., 2008). There are different varieties of broadcasting system, all of which have different capabilities.

The largest broadcasting system are institutional public address system, which transmit non verbal message and music within a school or hospital and low powered broadcasting system which transmit radio station or television station to a small area. Television (TV) has become an important media to convey information and providing cheap entertainment for people. Through television, poor and rich people receive equal treatment in enjoying TV entertainment despite differences in the size of the TV sets or places of watching TV areas.

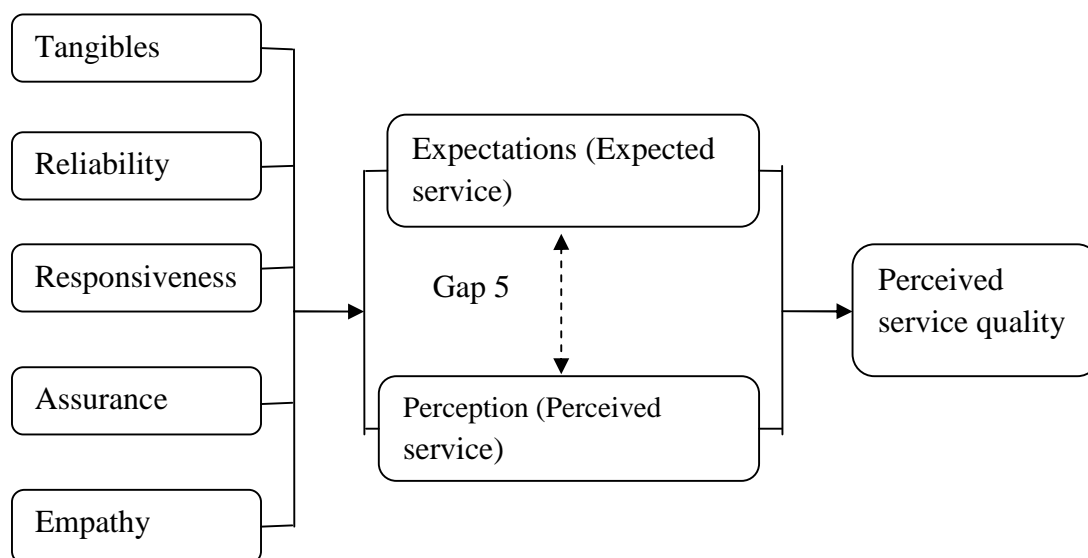
Viewer satisfaction is another important key for service organizations in Television Broadcasting and it is also highly related with service quality (Busterna, 1998). As service quality improves, the possibility of viewer satisfaction increases. Likewise, Hellman (2001) stated that satisfaction can be defined as an attitude-like judgment following a purchase act or series of consumer product interactions. It is a function of positively disconfirmed expectations, or better than expected, and positive affect. Many pay TV firms are orderly measuring viewer satisfaction and the factors which help shaping it. In relation with service quality, viewer satisfaction is another important key for service companies.

Krüger and Zapf-Schramm (2001) found in terms of viewer satisfaction, that a viewer will tend to be satisfied with the service and the service provider. If acceptable quality range is provided within a service Furthermore, the relation between viewer satisfaction and viewer loyalty is not proportional. For instance, if a viewer satisfaction is rated on a scale from one to five, at a very low level of viewer satisfaction (level one), viewers tend to abandon the company and spread bad comments on it. At level two up to four, viewers are fairly satisfied but still easy to switch to other brands in the future. On the contrary, at the highest level the viewers are very likely to repurchase and even spread a good word-of-mouth about the company (Omachonu et al., 2008). What is more important is the fact that satisfaction will also depend on product and service quality. As Van Cuilenburg (1999) affirmed the foundation for true loyalty lies in viewer satisfaction.

2.1.2 SERVQUAL Model

SERVQUAL represents service quality as the discrepancy between a customer's expectations for a service offering and the customer's perceptions of the service received, requiring respondents to answer questions about both their expectations and their perceptions Parasuraman et al., (1988). The use of perceived as opposed to actual service received makes the SERVQUAL measure an attitude measure that is related to, but not the same as, satisfaction (Parasuraman et. al., 1988). The difference between expectations and perceptions is called the gap which is the determinant of customers' perception of service quality. The expectations of customers are subject to external factors which are under the control of the service provider as shown on the diagram. The gap 5 on the diagram represents the difference between customers' expectations and customers' perceptions which is referred to as the perceived service quality (kumar et al., 2009). This study focuses on this gap, the difference between pay TV customers' expectations which is perceptions of service and performance.

Figure 2.1: Measuring service quality using SERVQUAL model



Source: Kumar et al., (2009).

2.2 Practice of Service Quality

Every company owner wants to get loyal customers which add to repeating purchases and of cause increasing their maximum revenue. But to get there they need to know about the 5 Service Quality Dimensions. Each of the Service Quality Dimensions makes an extra addition to the level and quality of service which the company offers their customers. It also

makes the service far more unique and satisfying. The Service quality dimensions are reliability, assurance, empathy, tangibility.

2.2.1 Reliability

Reliability is the ability to perform services dependably and accurately in a consistent manner. It contains five elements to assess the accuracy and credibility of communication and entertainment services. This dimension of service quality evaluates the promises of communication and entertainment and its execution from clients' point of view. Reliability is very important determinant of product quality besides good personal service, staff attitude, knowledge and skills (Cronin et al., 2000). Atalik and Arslan (2009) reported that reliable service is the outcome of the continuous improvement. Similarly in another study, Busterna (1998) asserts that service reliability is the service “core” to most clients. So managers should use every opportunity to build a “do-it-right-first” attitude.

Service providers perceived service quality to be as a result of improved technology which is used to improve service delivery such as effectiveness of use, reliability of services and time management (ELTRUN, 2005). This ability to address client problem quickly may increase the service provider’s credibility in the clients’ mind. Moreover, this technology can increase efficiency for communication between service providers and clients. Adoption of technology has contributed to better understanding among service providers performance in that it saves time for them which in return boosts their performance (Drucker, 1993).

In a competitive world, Iqbal et al., (2008) points out that class market performance pushes the increasing role of technology usage providing substantial benefits for both firms and clients. Therefore, most businesses turn to their clients for quality assessment either directly or indirectly by using technology.

Many organizations are moving to assess technology and quality management systems to support clients’ preferences with effective operations management. However, it is sometimes difficult to separate technology from the relationship between the service providers and clients. For implementation of some technologies and quality management systems to dramatically enhance competitive edge, service providers must satisfy and clients must perceive it (Churchill and Gilbert, 1999).

The increasing of technology usage leads to improved product/ service quality that appeal to the needs and desires of a particular segment of clients. This effort is useless without the ability to efficiently design, produce, support, and manage the distribution and delivery process (Omachonu et al., 2008). However, technology implementation alone can increase high quality. It is equally essential to implement quality management systems into organizations while using resources. The integration of technology and quality management need to be explored more, especially in many service sectors, which rapidly adopting technologies, and any kind of quality management practice which might influence service quality. Therefore, while it is important for a firm to closely monitor and conform to the needs and preferences of its clients, it is equally essential to build a reliable quality system within the organization. The responsibility of delivering high-quality service ultimately rests on the service providers who should have the ability to keep service promise accurately and consistently. It includes correct service and accurate record and prompt reply to client (Shepherd, 1999).

2.2.2 Assurance

This dimension indicates the employees' knowledge, courtesy and their ability to convey trust and confidence. Service quality is also linked to the client satisfaction as how employees use their knowledge and courtesy and their ability to incorporate trust and confidence. Chau and Kao (2009) reported assurance as an essential dimension of service quality after reliability and responsiveness towards satisfaction. It is found that communication and entertainment companies can create client satisfaction by ensuring trustworthy behavior and reflection of genuine commitments to service provision. Fornell and Wernerfelt (1997) asserts that assurance dimension of service quality has the strongest impact on client satisfaction that leads to positive word of mouth outcome ensuring performance.

Service providers perceived that communication and entertainment firms not only can provide more accuracy of information and help manage regular contact but assurance aids them in demonstrating standards of service in the organizations. A study by Brown et al., (1992) in their study point out service providers ensured they adopted the new changes in technology usage provide assurance for clients. In additional, most of them perceived technology applications improve the access information for faster use in operation process and cost saving in their paper work particularly in enhancing client trust in their payment

after finish service. Moreover, most of service providers believe on accuracy of technology use and feel comfortable for the service.

As the home entertainment industry mature, the management has ensured competitive advantage through high quality service as an increasingly important weapon in business performance (Cavana et al., 2007). The communication and entertainment industry has certainly not been exempted from increased competition or rising consumer expectations of quality. In developing countries, the communication and entertainment industry has undergoing a dramatic transformation and experiencing heightened competition. Communication and entertainment companies are an important but often neglected area of study (Barnes, 1997). The fact is that 'restaurant business' is regarded as a low credence service and the quality of the services are difficult to prove until clients patronise the industry. Moreover, the quality of the service that clients encounter may be different each time they re-visit that particular service, thus influencing the level of satisfaction and eventually affecting their re-patronage intentions.

2.2.3 Empathy

This dimension shows the magnitude of caring and individual attention given to clients. In the communication and entertainment sector client care and individual attention is indispensable for better performance due to stiff competition. Communication and entertainment clients considered empathy as an important dimension of service quality (Spreng and MacKoy, 1996). It is suggested that employees' commitment to deliver quality services and efficient delivery of services resulted in satisfied clients for long term benefits. Reichheld and Sasser (1990) examined the difference in perceptions of service quality dimensions between developing and developed countries. They found that in developing countries like India and Philippines results were systematically and significantly different. Tahir and Abu Bakar (2007) found that empathy is least preferred dimension of service quality by the clients of communication and entertainment in Malaysia.

The service providers are the representative of the organization through the clients' eyes because of the influence of all dimensions of service quality: reliability, responsiveness, assurance, empathy and tangible as perceived by clients. In service business measures of unit productivity and administrative effectiveness, service quality on clients' perceptions is a critical performance indicator (Lai, 2004). Client's perceptions of service quality become

more important due to the role of market changing in competitive business. This issue is particularly relevant to the communication and entertainment industry, where the technology and quality management system is directly influenced by quality of service received by clients.

Empathy is a very important issue in every organization today. Companies competing across borders are required to bring efforts to ensure their products meet the highest quality of set standards. In order to implement a successful quality management system, there are certain factors in an organization that are of critical important. Organizational culture of each firm is characterized by their norm or value they operate with and could be effective in their operation performances (Bates et al., 1996, M. McDermott, 2001). The Incorporation of quality concepts into overall strategy becomes a necessity to support competitive advantages. In the past few years, many organizations implemented quality management systems to increase the quality of their product and services. According to Mcdougall and Levesque (2000), the philosophical elements of total quality management can be cultivated by an organizational learning empathy culture. In addition, quality management systems can be used to change their norm rather than change their environment. Therefore, quality management systems are not suitable for an organization that does not have a long term plan. However, they should be a part of the mission strategy to reach their organizations goals over a long term period (Kim et al., 2004).

2.2.4 Tangibility

This dimension shows the physical aspects of the services as physical facilities, appearance of personnel and tools used for the provision of services (Patterson and Spreng, 1997).

McKinney et al., (2002) studied the product/service quality and client relationship factors in Sweden. According to the findings communication and entertainment sector can create client relationships by delivering added tangible and intangible elements of the core products. Strong competitive positions are the outcome of product/service quality and differentiation.

Tangibility approach is very important for service in service provider's perspective (Atalik and Arslan, 2009). Communication and entertainment administrators usually pay more attention to the safety and effectiveness of services. Apart from good quality services, all resources have to be allocated with the highest financial benefit to the sector. In assessing

service tangibility, is essential to capture the essence of the quality of the technology in use and the extent to which it permeates key areas of most organization's life including the service industry. The excellence of technology usage includes as many as available aspects; in design, production and management control function (Keiningham et al., 2007). From this perspective, the technology usage is seen as the tool that enables phenomenal growth in the service delivery and also has increased speed and amount of processing of communication and entertainment usage.

In this sense, tangibility in services quality in the new business environment is more global, open, competitive and dynamic within a more open and volatile geopolitical order (Rust and Zahorik, 1993). To succeed in this environment, an organization needs to create new or improved benefits to the clients and providers alike. Currently, some service firms have introduced service activities to provide better service to their clients (Ishikawa, 1996). This highlights the importance of recognizing that the benefit of tangibility in service quality usage to improve quality. In a service business, along with measure of unit productivity and administrative effectiveness, service quality is a critical performance indicator to determine whether the quality management system and tangibility implementation is adequate (Kim, 2004). While many organizations consider quality of service quality on client's perceptions as good indicator of the quality of performance in organization, these are sometimes not precise enough for retaining clients. Enhancing the tangibility and quality management in a highly competitive market is difficult if service providers use service quality measures which contradicts the client's needs (Yu et al., 2005).

2.2.5 Responsiveness

This dimension reflects the willingness or readiness of employees to provide quick services to customers. Customers are very keen to employees' behavior in services industry especially in the pay TV industry. It was reported that customers are very sensitive to employees' working environment in service organizations (Brown and Mitchell, 1993). It was found that correct match between staff skills and customers' expectation resulted in better service quality towards customers. Service recovery and problem solving have been recognized as important parts of services quality (Hart *et al.*, 1990).

Tahir and Abu Bakar (2007) investigated service quality and customer satisfaction of pay TV by using SERVQUAL in Malaysia. They found that responsiveness is rated as the most

important dimension of service quality. It was found that accurate communication, proper service delivery and effective conflict handling results into overall customer satisfaction regarding pay TV services in Malaysia (Nelson, 2006). It is more probable for customers to be satisfied if the service performance meets (confirmation) or exceeds (positive disconfirmation) their expectations. On the contrary, customers are more likely to be dissatisfied if the service performance is less than what they expected (negative disconfirmation). Khalifa & Liu (2003) discussed that taking expectation disconfirmation as the only determinant of satisfaction; this theory does not cause the fact that if high expectations are confirmed, it would much more lead to satisfaction than confirmation of low expectations. To resolve this drawback perceived performance is included as an additional determinant of satisfaction. In other words the only way to ensure satisfaction is to empirically create disconfirmation by manipulating expectations and performance.

For a company to be responsive to customers they typically require more planning and effort, and involve higher cost and risk of failure. But they also frequently offer greater rewards and performance improvement if they succeed. The cultures of some companies are much more supportive of such responsiveness than are the cultures of others. A strategy that favors the development and introduction of responsiveness with these characteristics might be called proactive (Calantone, Vickery and Dröge, 2005).

According to Porter, (2000), companies with a reactive responsiveness strategy aim to hit many singles. These are easier to achieve than home runs, but each one by itself does not move a team as far.

2.3 Performance in the Paid Television Services Sector

The relevant professional literature contains several definitions of organizational performance. Brown (1996) maintains that performance should be described as the extent to which the organization is able to meet the needs of its stakeholders and its own needs for survival. Pay TV sector performance is influenced by several factors, and their different combinations may improve or reduce performance. Such factors are among others, service quality and viewer satisfaction (Lai, 2004). Krüger (1996) identified market home entertainment service performance with organizational efficiency; Atalik and Arslan (2009) describe home entertainment sector performance by performance indicators which are very useful for the empirical research profitability, purchasing propensity (consumer behavior),

rate of keeping viewer, rate of loyal viewers, rate of investment proportional return are easy to examine (although the generalization potential is restricted) thus the same may be used for measuring home entertainment service performance.

The literature by McQuail (1992) identifies two explanatory mechanisms relevant to the connection of quality and home entertainment sector performance. Market mechanism is primarily focused on the fact that quality improvement results in increasing revenues, and thus the company realizes higher profit. Viewers, in making purchase decisions compare the perceived quality of the products/services offered by the different companies competing with each other, and choose the one best suiting their needs. By improving quality the supplier/producer can acquire new buyers, can acquire or strengthen the loyalty of the existing viewers or can seduce the viewers of competing companies, who find that the product or the service of the competition is of lesser quality. Viewers are willing to pay more for better quality. Improving quality, thus increases revenues, market share and results in higher profit (Reichheld and Sasser, 1990).

The production mechanism holds that by improving the quality of the planning phase of home entertainment sector processes, losses are decreased and by refining internal procedures, the efficiency of the operations is enhanced. If quality is improved, the rate of switching to other service providers, complaints and reclamations drops, and thereby the company needs fewer customer cares who repair complains (Yoon and Zahedi, 2002). These tendencies will later appear in the financial performance of the company too, since costs are decreasing, reliability of the service is increasing, and finally the service will be a lot more attractive for the viewers as well.

2.4 Service Quality and Performance in the Paid Television Services Sector

The important effect of service quality on performance and the relevance of the research are supported by the results of the research conducted by Lai (2004) by enrolling Hungarian based and owned medium companies. Managers held that the most useful performance indicators are: product and service quality, as well as customer satisfaction. Fornell (1992) asserts that exploring the correlation between the performance of companies and the quality perceived by the customer is an issue of highest priority. They presumed that increasing service quality would result in growing customer satisfaction and loyalty, thus decreasing expenses and eventually a better financial situation. This premise, however, has not been

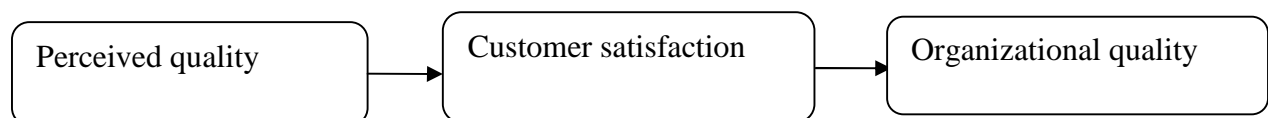
verified up to this day. The positive connection between service quality and performance in the m pay TV sector was supported by further researches as well Olorunniwo et al., (2006).

The inconsistent results of the researches conducted on exploring the connection between service quality and performance in the pay TV sector are mostly caused by the complexity of the quality satisfaction performance correlation and by the ambiguous interpretations of the definitions and their causal connections. Churchill and Gilbert (1999) points out that by applying the relative quality theory (the quality is judged by the customer) proved that quality and market share has a positive connection. Contrary to the above, Brown et al., (1992) defined quality as the degree of the product or the service` excellence, and proved that quality, due to higher production costs, has a negative impact on market share. Just like service quality, customer satisfaction was approached from different directions.

Fornell (1992) held that satisfaction may mean: a subjective comparison between the expectations and the experienced service, a shopping experience as a discrete service event and a connection with the supplier, an emotional condition.

The studies, conducted by Kalifa and Liu (2000), found that pursuant to the result-oriented and the process oriented aspects of satisfaction which leads to performance, there are approximately eleven different definitions. Pursuant to the result-oriented definitions (Churchill and Gilbert, 1999) satisfaction is originated by specific consumption related experiences, causing emotional reactions. The process-oriented theory rather emphasizes the service or production process as determined by perceptive, sensory and psychological phenomena. Shepherd (1999) set forth two major theoretical approaches relevant to the cause result relation between quality and satisfaction. Shepherd (1999) holds that satisfaction is the positive judgment of the viewer on the quality of the services, which may be effected by quality related management decisions. The connection is described by the following flow chart:

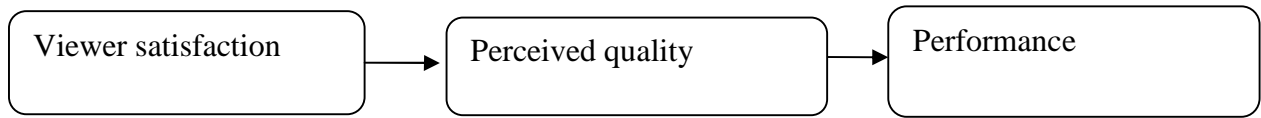
Figure 2.2 Viewer perceived quality



Source: Shepherd (1999)

The other theory is based on the premise, that the customer`s satisfaction/dissatisfaction experience determines the perceived quality of the service. This statement presumes that the Viewer`s emotional condition formed relevant to the supplier, affects his/her quality judgment. In other words, the perceived service quality is derived from emotional reactions, manifested as satisfaction or dissatisfaction. The viewers who had positive feelings while they the service was delivered, find the quality to be higher, while those, feeling dissatisfied find that quality is poorer (Kandampully,2008). Satisfied viewers accordingly give good ratings to quality. Based on this approach the correlation is:

Figure 2.3 Viewer satisfaction



Source: Kandampully (2008)

The majority of the researches conducted on correlation between service quality and performance were based on the market mechanisms, but the quality performance in the pay TV service relation can be accessed on the basis of the production procedure as well (Chen, 2008).

2.5 Conceptual Framework

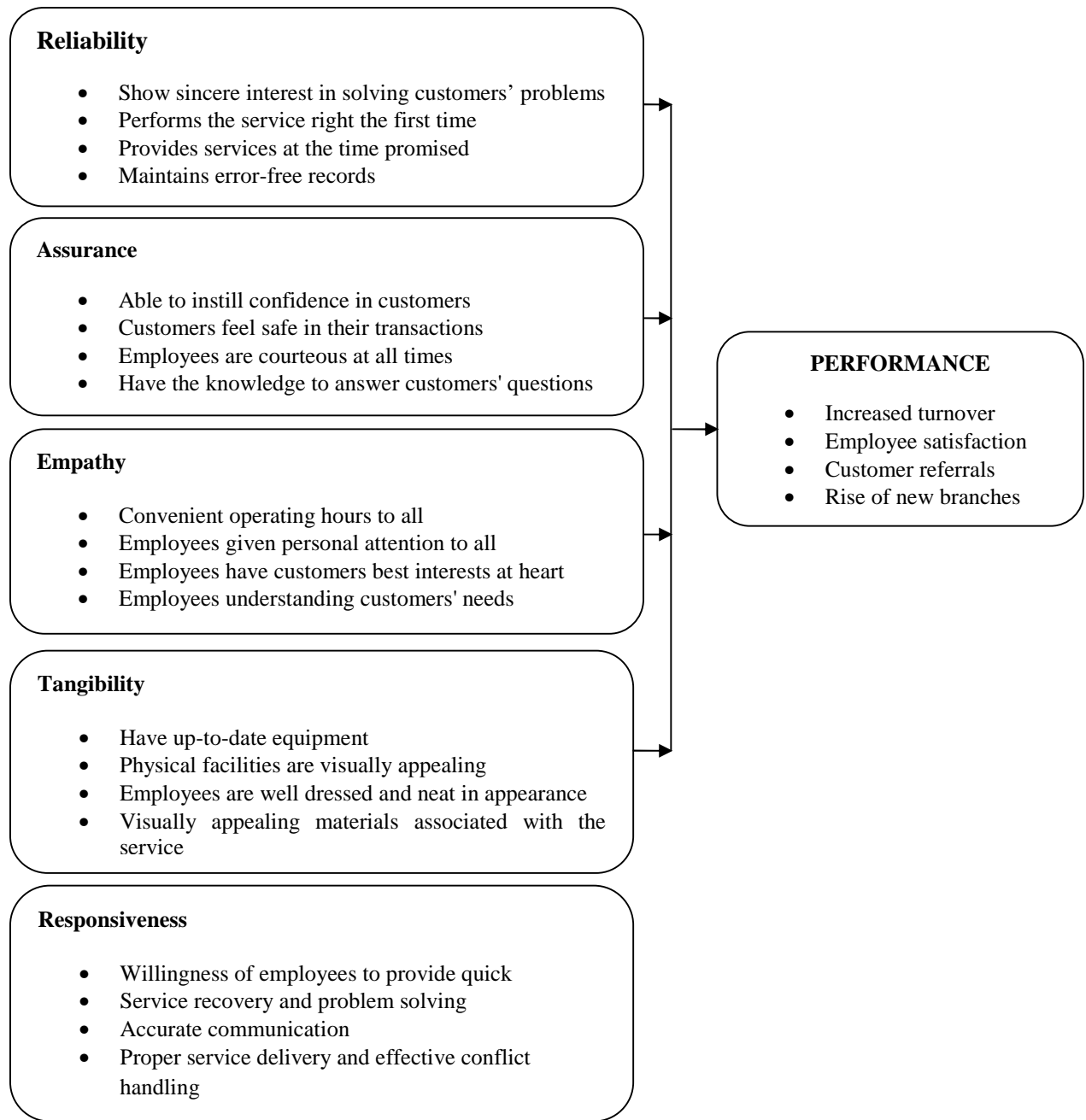
Reichheld and Sasser (1990) investigated performance by comparing economic and organizational factors. They concluded that organizational factors influenced the profitability more than that of the economic factors. Successful organizations realized the importance of ongoing performance measurement practices. Organizational performance could be linked with market orientation, organization learning, human resource productivity, quality improvement or any other component. Organizational performance reflects an organization's understanding and knowledge regarding customer needs and expectations. It is reported that an organization can maximize the customer satisfaction for better profitability, increased sales volume that ultimately improves its performance for long term benefit (Atalik and Arslan, 2009).

Generally, organizational performance is assessed by the application of financial measures. There are a number of studies in the literature that used non-financial measures to evaluate the effectiveness and performance of organization. It is suggested that four models i.e. human relations; internal process; open system and rationale goal model could represent the organizational performance. Brown (1996) investigated the influence of key determinants of service quality on performance in financial institutions. They found a substantial impact of service quality on performance in financial institutions. They found a substantial impact of service problems on customer satisfaction and their intentions to switch. It is suggested that service quality is an essential determinant of customer satisfaction (Reichheld and Sasser, 1990).

A conceptual framework is a diagrammatical research tool intended to assist the researcher to develop awareness and understanding of the situation under scrutiny and to communicate this (Kandampully, 2008). A conceptual framework is used in research to outline possible courses of action or to present a preferred approach to an idea or thought. It can be defined as a set of broad ideas and principles taken from relevant fields of enquiry and used to structure a subsequent presentation.

A dependent variable is what is measured in the experiment and what is affected during the experiment, it responds to the independent variable. The dependent variable in the study will be performance. An independent variable is one that is presumed to affect or determine a dependent variable (Omachonu et al., 2008). It can be changed as required, and its values do not represent a problem requiring explanation in an analysis, but are taken simply as given. The independent variables in the study will be: empathy, assurance, reliability and tangibility.

Figure 2.4: Conceptual framework



Independent Variables

Dependent Variable

Source: Researcher (2013)

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter is a blue print of the methodology that is used to answer the research questions. It includes the research design, the population, sample size, data collection and data analysis of the research study.

3.2 Research Design

The research design used for the study was a case study. A case study is effective when an empirical study entails the detailed and intensive analysis of a single case which allows for in-depth exploration of issues in a phenomenon. The design was an exploratory research since the study involved clarifying and defining the nature of the problem.

This research design applied was the use of both suitable qualitative and quantitative data. The intention was to evaluate the effect of service quality on performance in paid television services sector.

3.3 Population

The study was done in Zuku Company limited, due to its expansive size and a rich menu of programmes and the location was close and appropriate making it cost and time effective. The population of this study was Zuku Company Ltd.

3.4 Sample Size

There were 853 employees working with the company as captured from the Human Resource Department staff registry (Zuku, 2013). The study had a selection of 256 respondents on whom the study was conducted.

The study used stratified random sampling because it was heterogenous in nature and needed to cover the population .The stratification was based on ranking including top management, heads of departments and other staffs constituted the sample of staff to be interviewed. This gave a total sample of 256 respondents on whom the study was conducted.

Table 3.1 Sample Distribution

Category	Accessible	Sample	% sample
----------	------------	--------	----------

	population	representation	representation
Top management	22	7	3%
Departmental heads	37	11	4%
Staff	794	238	93%
Total	853	256	100%

Source: Researcher (2013)

3.4 Data Collection

The study used primary data collection in order to establish how Zuku Company Ltd customer service situation was. The study used questionnaires in collecting primary data. Its main purpose was to communicate to the respondent what was intended and to elicit desired response. Questionnaires were free from any interviewer's bias and errors which may have undermined reliability and validity of the results emerging from the survey.

The questionnaires were structured to collect quantitative information from the 256 respondents. Questionnaires are commonly used to obtain important information about the population. Each item in the questionnaire was developed to address a specific objective, research question to fit the research problem best. The questionnaire had four sections where the first section gathered respondents bio data, second section had practices of service quality, third section had measures of performance and the fourth section gathered information on service quality and performance.

Questionnaires were found to be more convenient as respondents were busy persons and it was predicted that they had no time to give oral interviews. Enough copies were made and were distributed through a drop and pick later method to the respondents, besides copies were emailed to respondents to make sure the sample was maximised. Three days were given to the respondents to complete the questionnaire after which they were collected by the researcher.

3.5 Data Analysis

Once the completed questionnaires were received from the respondents, numerical codes were assigned to the various close ended responses and checked for any errors and omissions. The data was analyzed using descriptive statistics to summarize the pattern of findings. This involved the use of frequencies and percentages and means.

Descriptive statistics included frequencies distribution, percentages, and measure of central tendency such as means, mode and measure of dispersion which included standard deviations were derived. These analyzed data was used to summarize findings and described the population sample involved. The result of data analyzed was presented in form of tables that showed numerical values in rows and columns. A result from descriptive analysis was presented both in text and tabular form. Figures were drawn from the results in tables were also used to present the results.

Section A: contained respondent's demographic information was analysed using percentage and frequency distribution.

Section B: contained the level of service quality was analysed using frequencies distribution, percentages, and measure of central tendency such as means, mode and measure of dispersion which included standard deviations were derived.

Section C: measured service quality and performance was analysed using a multivariate regression model to determine the relative importance of each of the variables with respect to service quality and performance. Using correlation coefficients from regression results showed the effect (whether positive or negative) of the independent variables on the dependent variable.

The analyzed data was presented in tables and graphs. The SPSS (version 17) computer software aided the analysis as it was more users friendly and most appropriate for analysis of Management related attitudinal responses (Martin and Acuna, 2002).

CHAPTER FOUR: DATA ANALYSIS, FINDINGS AND INTERPRETATION

4.1 Introduction

This chapter presents an analysis of the research data using various statistical techniques and presents the research findings and an interpretation of the same. The study used questionnaires to collect data for analysis. The returned questionnaires were first edited for completeness and then coded before being subjected to statistical manipulation and evaluation using statistical tools. The data was analyzed and presented in the form of tables and figures.

4.2 Response Rate

A total of 193 respondents out of a sample size of 256 respondents filled in and returned the questionnaire implying a response rate of 75%. This response rate was favorable according to Mugenda and Mugenda (2003) who asserted that a 50% response rate is adequate and 75% rated as good.

Table 4.1: Response rate

Response	Frequency	Percentage
Responded	193	75
Not responded	63	25
Total	256	100

Source: Survey Data, (2013)

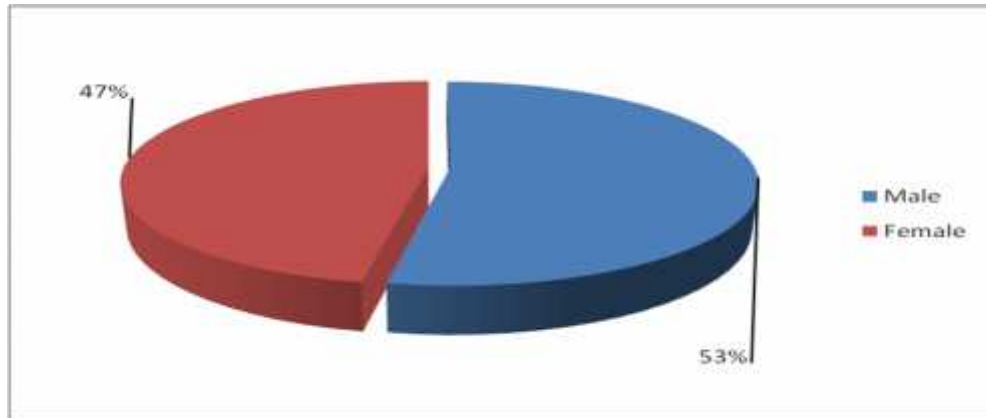
4.3 Demographic Information

This section presents the general analysis on the bio data of the respondents which included: age, gender, education level, respondents' department and work duration.

4.3.1 Respondents Gender

Figure 4.1 shows the gender distribution of the respondents

Figure 4.1: Respondents gender



Source: Survey Data, (2013)

Figure 4.1 shows that 53% who were the majority were male while 47% were female. The finding shows that the study had adequate gender representation.

4.3.2 Respondents Age

Table 4.2 shows that 43% who were the majority, were between the age of 26 to 35 years, 30% were between the age of 36 to 45 years, 18% were between the age of 18 to 25 years, 8% were between the age of 46 to 55 years while 2% were above 55 years.

Table 4.2: Respondents age

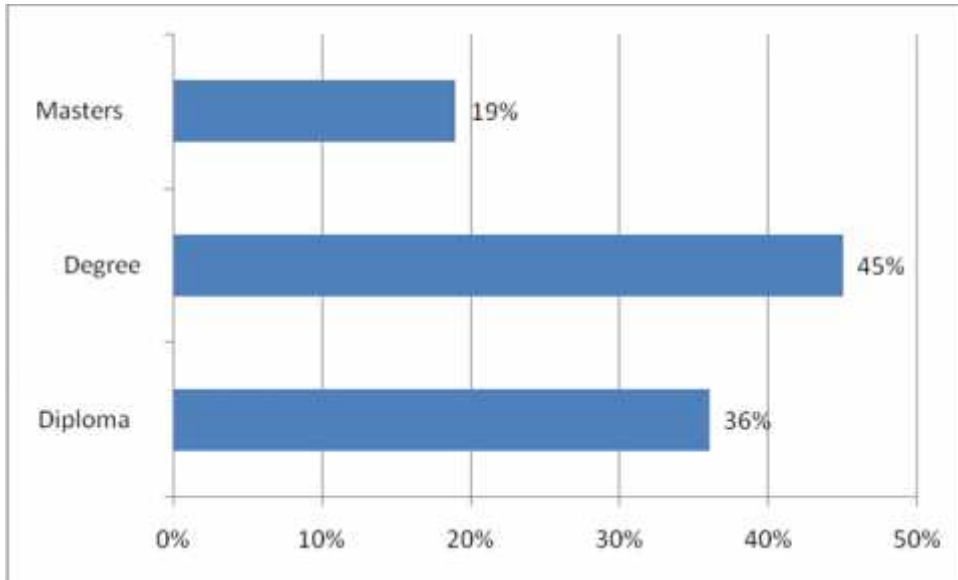
Age	Frequency	Percentage
18 to 25 years	34	18
26 to 35 years	83	43
36 to 45 years	58	30
46 to 55 years	15	8
55 years and above	3	2
Total	193	100

Source: Survey Data, (2013)

4.3.3 Level of Education

Figure 4.2 shows the respondent's level of education

Figure 4.2: Level of education



Source: Survey Data, (2013)

Figure 4.2 indicates (45%) who were the majority, were degree holders, 36% have diploma certificates while 19% were masters holders. This shows that the employees of Zuku Company limited are well educated which is vital for innovation and performance of the sector.

4.3.4 Respondents Department

Table 4.3 shows respondents department 32% who were the majority, were from the marketing and sales department, 28% were from production department, 17% were from information technology department, 14% were from human resource department and 9% were from finance department. The findings show that the researcher sourced information from all departments in the institution.

Table 4.3: Respondents department

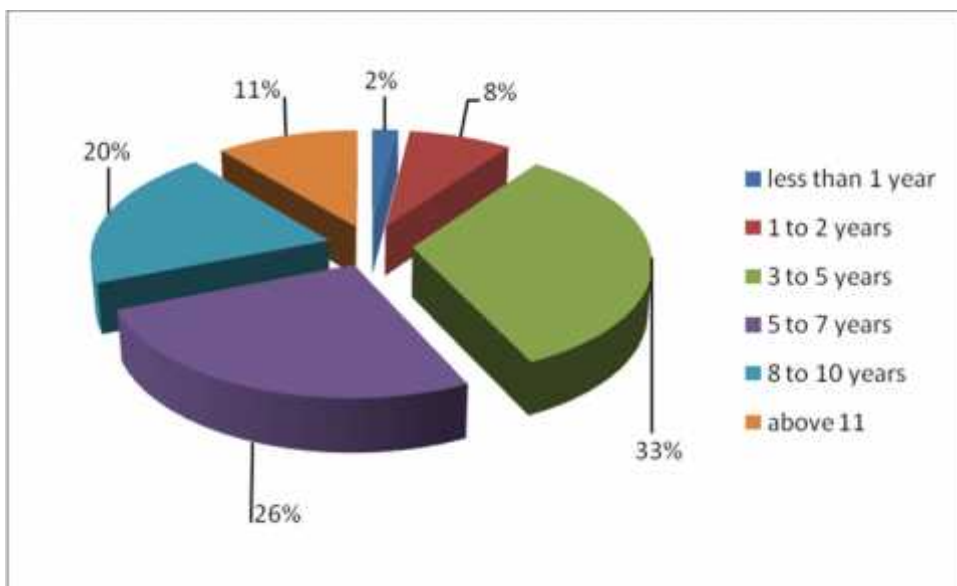
Department	Frequency	Percentage
Production	55	28
Marketing and Sales	61	32
Finance	17	9
Human resource	27	14
Information technology	33	17
Total	193	100

Source: Survey Data, (2013)

4.3.5 Number of Years in Paid Television Services Industry

Figure 4.3 shows the numbers of year's respondents were in paid television services industry

Figure 4.3: Number of years in Paid Television Services industry



Source: Survey Data, (2013)

Figure 4.3 indicates that 33% who were the majority, had worked for a period between 3 to 5 years, 26% had worked for a period between 5 to 7 years, 20% had worked in Paid Television Services Industry for a period between 8 to 10 years, 11% had worked for a period above 11 years, 8% had worked for a period between 1 to 2 years and 2% had worked for a period of less than 1 year. The findings show that respondents had worked in Paid Television Services

Industry for a considerable number of years and this was important for the study since they have much experience on the sector.

4.4 Level of Practice of Service Quality

This section aimed at ascertaining the level of practice of service quality of the respondents. A scale of 1-5 was used. Where 1 No extent, 2 Little extent, 3 Moderate extent, 4 Great extent, 5 Very great extent. The scores “very great extent” and “great extent” were represented by mean score equivalent to 3.6 to 5.0 on the continuous Likert scale (<very great extent < 5.0). The scores of ‘Neither agree nor disagree’ were equivalent to 2.6 to 3.5 on the Likert scale (2.6 < neither agree nor disagree < 3.5). The score of “No extent” and “Extremely no extent” were equivalent to 1.0 to 2.5 on the Likert Scale (1.0 < No extent < 2.5).

4.4.1 Practice of Ensuring High Service Quality

The study aimed at investigating the practice implemented by Zuku Company limited in ensuring high service quality to their clients. According to the respondents the company has set suggestion tabs in the TV displays which ask regular questions on quality rating of the service provided which are then worked upon. Zuku Company Limited has also adopted high technology to transmit high density signals by use of the satellite signals. The company has a hot line which is toll free for customer care services which is manned by qualified staffs who handle the clients to their satisfaction.

4.4.2 The Extent of Practice of Service Quality

Table 4.4 shows the extent of practice of service quality factors to the customers in ensuring service quality to their customers which was found to be to a great extent as shown by a mean score of 3.99385 in that; they have improved effectiveness of advertising to a great extent as shown by a mean score of 4.5600, Developed new technology in co-ordination with satisfied customers to a great extent as shown by a mean score of 4.4267, employee job fit issues were observed to a great extent as shown by a mean score of 4.4133, reduced the costs of failed marketing and of new customer creation to a great extent as shown by a mean score of 4.3600, enhanced business reputation to a great extent as shown by a mean score of 4.3200, heightening of customer loyalty to prevent customer churn to a great extent as shown by a mean score of 4.3067, reduced operating costs due to customer number increases to a great extent as shown by a mean score of 4.2400, created very strong switching barriers in business

relationships to a great extent as shown by a mean score of 4.1067, goal setting to a great extent as shown by a mean score of 3.9733, reception of feasibility performance to a great extent as shown by a mean score of 3.6400, lowering of customers' price sensitivity to a moderate extent as shown by a mean score of 3.3733, task standardization to a moderate extent as shown by a mean score of 3.1067 and team work issues to a moderate extent as shown by a mean score of 3.0933

Table 4.4: Extent of practice of service quality

Practice	Mean	Std. Deviation
Heightening of customer loyalty to prevent customer churn	4.3067	1.09017
Lowering of customers' price sensitivity	3.3733	.92668
Reducing the costs of failed marketing and of new customer creation	4.3600	.93923
Reducing operating costs due to customer number increases	4.2400	.89805
Improving the effectiveness of advertising	4.5600	.79253
Enhancing business reputation	4.3200	.90285
Creating very strong switching barriers in business relationships	4.1067	1.10983
Developing new technology in co-ordination with satisfied customers	4.4267	.85698
Goal setting	3.9733	1.11468
Task standardization	3.1067	1.09758
Reception of feasibility performance	3.6400	1.19277
Team work issues	3.0933	.93250
Employee job fit issues	4.4133	.91671
Total	51.92	12.77056
Average	3.993846	0.982351

Source: Survey Data, (2013)

4.5 Service Quality and Performance

This section aimed at establishing the extent of service quality and performance in Zuku Company limited

4.5.1 Company Performance Measure

Table 4.5 shows company performance measure 81% indicated there was company performance measures while 19% indicated there were no performance measures.

Table 4.5: Company performance measure

Response	Frequency	Percentage
Yes	157	81
No	36	19
Total	193	100

Source: Survey Data, (2013)

4.5.2 Performance Measure Review

Table 4.6 shows performance measure review 40% who were the majority indicated that they are reviewed half yearly, 31% indicated that they are reviewed quarterly, 20% indicated that they are reviewed annually, 7% indicated that they are reviewed monthly while 2% indicated that they are reviewed weekly.

Table 4.6: Performance measure execution

Response	Frequency	Percentage
Weekly reports	3	2
Monthly reports	11	7
Quarterly reports	49	31
Half yearly reports	63	40
Annually reports	31	20
Total	157	100

Source: Survey Data, (2013)

4.5.3 Performance Level

Table 4.7 indicates respondent's performance level which was found to be average, as shown by a mean score of 3.268 in that; service delivery to users was to a great extent as shown by a mean score of 4.24, marketing research orientation was to a moderate extent as shown by a mean score of 3.41, management communication to service was to a moderate extent as shown by a mean score of 3.28, levels of management was to a moderate extent as shown by

a mean score of 3.16 and upward communication was to a low extent as shown by a mean score of 2.25.

Table 4.7: Performance level

Statement	Mean	Std. Deviation
Marketing research orientation	3.41	.916
Upward communication	2.25	.973
Levels of management	3.16	1.12
Management communication to service	3.28	.923
Service delivery to users	4.24	.942
Total	16.34	4.874
Average	3.268	0.9748

Source: Survey Data, (2013)

4.5.4 Performance of the Firm

Table 4.8 shows performance of the firm which was found to impact to a great extent as shown by a mean score of 4.234 in that; modern Technology impact to performance of the firm positively and to a great extent as shown by a mean score of 4.49, customer response impact to performance of the firm positively and to a great extent as shown by a mean score of 4.44, working environment impact to performance of the firm positively and to a great extent as shown by a mean score of 4.36, swift Horizontal communication impact to performance of the firm positively and to a great extent as shown by a mean score of 4.12 and employee qualifications and interests impact to performance of the firm positively and to a great extent as shown by a mean score of 3.76.

Table 4.8: Performance of the firm

Factors	Mean	Std. Deviation
Modern Technology	4.49	.723
Customer response	4.44	.757
Working environment	4.36	.799
Employee qualifications and interests	3.76	1.07
Swift Horizontal communication	4.1200	1.02614
Total	21.17	4.37514
Average	4.234	0.875028

Source: Survey Data, (2013)

4.5.5 Improving Performance Standards at Zuku

Table 4.9 shows suggested ways of improving performance standards at Zuku Company limited, 52% who were the majority indicated that innovative products should be adopted while 48% indicated they should adopt reduced prices.

Table 4.9: Improving Performance Standards at Zuku

Response	Frequency	Percentage
Reduced prices	75	48
Innovative products	82	52
Total	157	100

Source: Survey Data, (2013)

4.5.6 Company Analysis

Table 4.10 shows the Company Analysis, on increased turnover in respondents company 55% who were the majority indicated no while 45% cited yes as their response, on whether there was increased employee satisfaction 71% indicated yes while 29 cited no, on whether the company was experiencing increased customer referrals 78% of the respondents indicated yes while 22% cited no and on whether there was an increase of new branches 65% of the respondents indicated no while 35% cited yes as their response.

Table 4.10: Company analysis

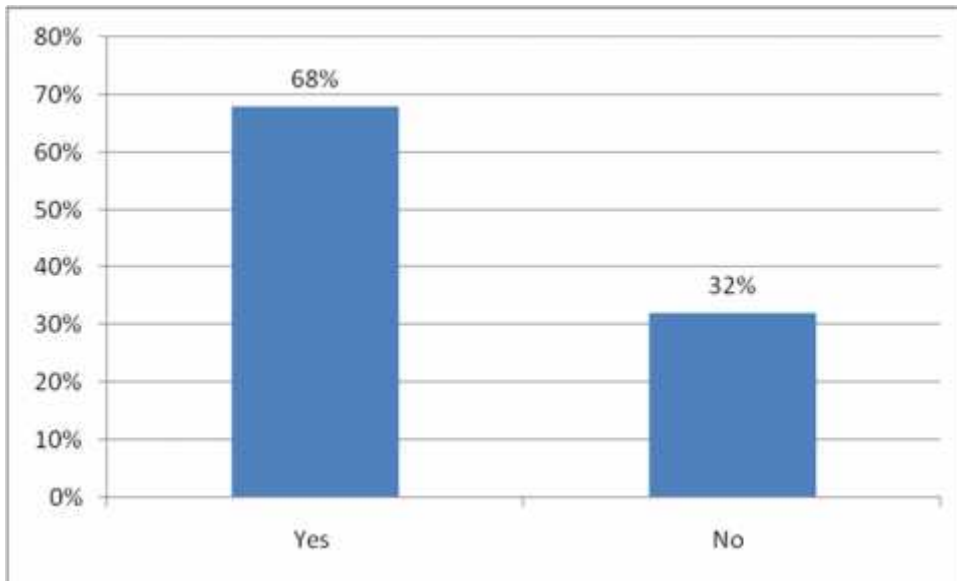
Response	Yes		No	
	F	%	F	%
There is increased turnover in our company	87	45	106	55
There is increased employee satisfaction	137	71	56	29
We are experiencing increased customer referrals	151	78	42	22
There is an increase of new branches	67	35	126	65

Source: Survey Data, (2013)

4.5.7 Consumer Satisfaction Surveys

Figure 4.4 shows whether there were Consumer Satisfaction Surveys

Figure 4.4: Consumer satisfaction surveys



Source: Survey Data, (2013)

The study aimed at ascertaining whether the company conduct consumer satisfaction surveys, 68% who were the majority indicated yes while 32% cited no, the findings show that Zuku Company limited as a paid television service provider understands their market well.

4.5.8 Service Quality and Service Delivery

Table 4.12 shows respondent's level of agreement on statement relating to service quality and service delivery which was found to be to a great extent as shown by a mean score of 4.3905 in that; respondents strongly agreed that the service provider staff tells the customer exactly when services will be performed 4.7067 in that; respondents strongly agreed that attracting new consumers was expensive than keeping old ones as shown by a mean score of 4.7067, respondents strongly agreed that they provide prompt service to their clients as shown by a mean score of 4.5867, respondents strongly agreed that consumer satisfaction was a good indicator for a firm's future profits as shown by a mean score of 4.3467, respondents strongly agreed that customer satisfaction had a significant impact on profitability as shown by a mean score of 4.2133, respondents strongly agreed that their customer care was active on receiving clients suggestions as shown by a mean score of 4.2000 and respondents strongly agreed that consumer satisfaction was a criterion for diagnosing product performance as shown by a mean score of 3.9733.

Table 4.12: Service quality and service delivery

Statement	Mean	Std. Deviation
The service provider staff tells the customer exactly when services will be performed	4.7067	.63189
We provide prompt service to our clients	4.5867	.65951
Our customer care is active on receiving clients suggestions	4.2000	1.12706
Consumer satisfaction is a good indicator for a firm's future profits	4.3467	.84619
Is attracting new consumers expensive than keeping old ones	4.7067	.63189
Customer satisfaction has a significant impact on profitability	4.2133	.82680
Consumer satisfaction is a criterion for diagnosing product performance	3.9733	.92959
Total	30.7334	5.65293
Average	4.390486	0.807561

Source: Survey Data, (2013)

4.6 Regression Analysis of the Findings

The study conducted a multiple linear regression analysis to determine the relationship between practice of service quality and performance. The five independent factors of practice of service quality are: reliability, assurance, empathy, tangibility and responsiveness.

The regression equation was

$$Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \beta_5X_5 + \varepsilon$$

Whereby Y =. Performance

X₁ = Reliability

X₂ = Assurance

X₃ = Empathy

X₄ = Tangibility

X₅ = Responsiveness

Table 4.13 Model Summary

Model	R	R Square	Adjusted R Square	Standard Error of the Estimate
1	0.843	0.742	0.724	0.4216

a) Predictors: (Constant), reliability, assurance, empathy, tangibility and responsiveness.

b) Dependent variable: Performance

The R Square, called the coefficient of determination, tells us how the Performance varied with reliability, assurance, empathy, tangibility and responsiveness. The five independent variables explain 74.2% of the factors affecting performance as represented by R Squared (Coefficient of determinant). This therefore means that other factors not included in this study contribute 25.8% of the variation in performance of paid television services.

Table 4.14: ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	11.72	9	1.302	44.231	.000(a)
	Residual	3.432	52	0.066		
	Total	15.152	61			

The study used ANOVA to establish the significance of the regression model from which an f-significance value of p less than 0.05 was established. The model is statistically significant in predicting how reliability, assurance, empathy, tangibility and responsiveness affect performance management in Zuku Company limited. This shows that the regression model has a less than 0.05 likelihood (probability) of giving a wrong prediction. This therefore means that the regression model has a confidence level of above 95% hence high reliability of the results.

Table 4.15 Coefficients Results

	Un standardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	0.116	.186		0.623	.535
Assurance	0.577	.068	.559	8.478	.000
Reliability	0.157	.043	.257	3.676	.036
Empathy	0.082	.042	.301	2.252	.020
Tangibility	0.021	.002	.245	6.906	.001
Responsiveness	0.071	.027	.176	5.071	.011

Source: Survey Data, (2013)

The established regression equation was

$$Y = 0.116 + 0.577X_1 + 0.157X_2 + 0.082X_3 + 0.021X_4 + 0.071X_5$$

The regression equation has established that holding all factors (reliability, assurance, empathy, tangibility and responsiveness) constant, factors affecting performance will be 0.116. The findings also show that taking all other independent variables constant, a unit increase in reliability will lead to a 0.577 increase in the scores of the performance. A unit increase in assurance will lead to a 0.157 increase in performance. On the other hand, a unit increase in empathy will lead to a 0.082 increase in the scores of the performance; a unit increase in tangibility will lead to a 0.021 increase in the scores of the performance and a unit increase in responsiveness will lead to a 0.071 increase in the scores of the performance. This implies that reliability influences the performance highest followed by empathy, responsiveness, assurance and then tangibility.

4.7 Non-parametric correlation

A Spearman correlation is used when one or both of the variables are not assumed to be normally distributed. The values of the variables were converted to ranks and then correlated. The study correlated reliability, assurance, empathy, tangibility and

responsiveness under the assumption that both of these variables are normal and interval.

Table 4.16 Correlations

			Reliability	Assurance	Empathy	Tangibility
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Spearman's rho	Reliability	Correlation Coefficient Sig. (2-tailed) N	1.000 .617 61	.617 .000 61	.547 .000 61	.667 .000 61
	Assurance	Correlation Coefficient Sig. (2-tailed) N	.617 .000 61	1.000 .437 61	.437 .000 61	.235 .001 61
	Empathy	Correlation Coefficient Sig. (2-tailed) N	.547 .000 61	.437 .000 61	1.000 .441 61	.441 .002 61
	Tangibility	Correlation Coefficient Sig. (2-tailed) N	.667 .000 61	.235 .000 61	.441 .000 61	1.000 .617 61
	Responsiveness	Correlation Coefficient Sig. (2-tailed) N	1.021 .527 61	.527 .000 61	.397 .000 61	.509 .000 61

Source: Survey Data, (2013)

The results suggest that the relationship between reliability and assurance ($\rho = 0.617$, $p = 0.000$) is statistically significant. Reliability and empathy had a rho of 0.547 and a p value of 0.000 indicating statistical significance. Similarly, the reliability and tangibility posted a rho of 0.667 with a p value of 0.000 implying a statistical significance. Assurance and empathy had a rho of 0.437, $p=0.000$ further pointing to a statistical significance. On the same note, the assurance and the tangibility correlated at $\rho=0.235$ and $p=0.001$. Finally assurance and the responsiveness correlated at $\rho=0.527$ and $p=0.000$. This therefore is statistically significant. Finally, the empathy and tangibility stood at a correlation of $\rho=0.441$ and $p=0.002$ revealing statistical significance

4.8 Discussion of Results

The findings of the study show that both service quality and customer satisfaction have a positive effect on customer's re-patronage intentions, showing that both service quality and customer satisfaction have a crucial role to play in the performance and survival of any business in the competitive market. These findings are in line with Busterna (1998) who asserts that service reliability is the service "core" to most clients. So managers should use every opportunity to build a "do-it-right-first" attitude.

This study indicated a close link between service quality and performance tallying with Fornell and Wernerfelt (1997) study where assurance dimension of service quality has the strongest impact on client satisfaction that leads to positive word of mouth outcome ensuring performance. The study also indicated that reliability and network quality (an additional factor) are the key factors in evaluating overall service quality but also highlighted that tangibles, empathy and assurance should not be neglected when evaluating perceived service quality and performance in Zuku Company limited.

The study findings indicated that that service quality is an antecedent of customer satisfaction. The findings are similar to Chau and Kao (2009) who asserts that Service quality is also linked to the client satisfaction as how employees use their knowledge and courtesy and their ability to incorporate trust and confidence. According to Chau and Kao (2009) assurance is an essential dimension of service quality after reliability and responsiveness towards satisfaction.

According to Khalifa and Liu (2003), customers are more likely to be dissatisfied if the quality of service performance is lower than the expectations (negative disconfirmation). The expectation disconfirmation theory states that the only determinant of satisfaction is customers expectation. This would therefore mean one should determine customer expectations to ensure satisfaction. Poor interaction between the customer and service provider or because the consumer is becoming more and more demanding and does not tolerate any shortfalls in the quality of services offered by the paid television service provider.

CHAPTER FIVE: CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter provides the summary of the findings from chapter four, and also it gives the conclusions and recommendations of the study based on the objectives of the study. The objectives of this study were to establish extent of the level of practice of service quality factors in the Zuku Company limited and to determine how service quality affects performance paid television services sector.

5.2 Conclusions

The study found that both service quality and customer satisfaction have a positive effect on customer's re-patronage intentions, showing that both service quality and customer satisfaction have a crucial role to play in the performance and survival of any business in the competitive market. This study proved a close link between service quality and performance. The study also indicated that reliability and network quality (an additional factor) are the key factors in evaluating overall service quality but also highlighted that tangibles, empathy and assurance should not be neglected when evaluating perceived service quality and performance in Zuku Company limited.

The study also indicated that that service quality is an antecedent of customer satisfaction. Lack of increase in the company branches means that consumers may perceive service quality as low or poor, and therefore implies that consumers are not satisfied with services offered by Zuku Company limited. This customer satisfaction which comes as a result of the interaction between the consumer and service provider shows that consumers are not satisfied. This could be because of poor interaction between the customer and service provider or because the consumer is becoming more and more demanding and does not tolerate any shortfalls in the quality of services offered by the paid television service provider.

The study indicates concludes that there exist a great dependency between both quality and performance and that an increase in one is likely to lead to an increase in another. The study also shows service quality is more abstract than customer satisfaction because, customer satisfaction reflects the customer's feelings about many encounters and experiences with

service firm while service quality may be affected by perceptions of value (benefit relative to cost) or by the experiences of others that may not be as good.

5.3 Recommendations

The study recommends that paid television services providers have to improve performance on all the dimensions of service quality in order to increase customer satisfaction since consumers expect more than what they are offering. This will enable them maintain high level of competitiveness.

General implication to management of paid television services providers is that they should focus on all dimensions of service quality and make efforts to improve them in order to have better performance that would lead to higher perceived service quality and customer satisfaction.

Further the study recommends that, knowing how consumers perceive service quality and being able to measure service quality can benefit management of service organisations. Measuring service quality can help management provide reliable data that can be used to monitor and maintain improved service quality. Using the SERVQUAL model to assess service quality enables management to better understand the various dimensions and how they affect service quality and customer satisfaction. This will help them to identify their strengths and weaknesses and thereby make necessary improvements.

5.4 Limitations of the Study

The study was limited on the time frame given for the project submission. More time may have led to a higher response rate.

There was reluctance of some respondents to complete the questionnaires promptly and others even failed to complete them at all. This thus limited the number of respondents involved in the study although the researcher geared up efforts and approaches to them explaining the potential benefits of the study.

5.5 Suggestions for Further Research

The study has explored service quality and performance of paid television services. The paid television services providers in Kenya however comprise of various other television service

providers located in other areas in Kenya. They may differ in their way of management and have different settings all together. This warrants the need for another study which would ensure generalization of the study findings for all the paid television services in Kenya and hence pave way for new policies. The study therefore recommends another study be done with an aim to investigate service quality and performance of paid television services in Kenya.

Further a study should also be carried out to investigate the factors influencing service quality and performance of paid television services in Kenya.

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APPENDICES

Appendix I: Letter of Introduction



UNIVERSITY OF NAIROBI
SCHOOL OF BUSINESS
MBA PROGRAMME

Telephone: 020-2059162
Telegrams: "Varsity", Nairobi
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P.O. Box 30197
Nairobi, Kenya

DATE... 20.08.2013

TO WHOM IT MAY CONCERN

The bearer of this letter... NGIGI... UMRAN... UMNIRU

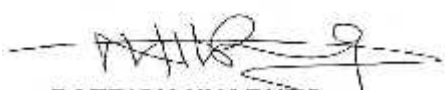
Registration No... 061/62052/2010

is a bona fide continuing student in the Master of Business Administration (MBA) degree program in this University.

He/she is required to submit as part of his/her coursework assessment a research project report on a management problem. We would like the students to do their projects on real problems affecting firms in Kenya. We would, therefore, appreciate your assistance to enable him/her collect data in your organization.

The results of the report will be used solely for academic purposes and a copy of the same will be availed to the interviewed organizations on request.

Thank you.


PATRICK NYABUTO
MBA ADMINISTRATOR
SCHOOL OF BUSINESS



Appendix II: Questionnaire

This questionnaire is designed to obtain information for an academic research as part of the effect of service quality on performance in pay TV sector- a case of Zuku Limited. The accuracy of the information you provide will be crucial to attaining the objective of the study. The questionnaire has four (4) sections. Kindly respond to each of the items in the questionnaire. There is no right or wrong answer to the questions. We are interested in your general impression. The information you provide will be used for this academic purpose only and will be treated with utmost confidentiality.

SECTION A: Demographic Information

Instructions: Tick where appropriate

1. Gender:

Male Female

2. Age:

18 -25 years 26 -35 years 36-45 years

46-55years 55 and above

3. Education level

Diploma Degree

Masters Others (please specify).....

4. Department.....

5. How long have you been in home entertainment industry?

Less than 1 year 1 – 2 Years 3 – 5 Years

5 – 7 Years 8 – 10 Years above 11

SECTION B: Level of Practice of Service Quality

6. Which are some of the practice implemented by your firm in ensuring high service quality to your clients?

.....

7. To what extent does your company implement the given practices in ensuring service quality to your customers?

5= strongly agree, 4= agree, 3= moderately 2=disagree and 1= strongly disagree

Practice	1	2	3	4	5
Heightening of customer loyalty to prevent customer churn					
Lowering of customers' price sensitivity					
Reducing the costs of failed marketing and of new customer creation					
Reducing operating costs due to customer number increases					
Improving the effectiveness of advertising					
Enhancing business reputation					
Creating very strong switching barriers in business relationships					
Developing new technology in co-ordination with satisfied customers					
Goal setting					
Task standardization					
Reception of feasibility performance					
Team work issues					
Employee job fit issues					

SECTION D: Service Quality and Performance

8. Does your company have performance Measure?

Yes [] No []

b) If yes how often are they carried out?

Weekly [] Monthly [] Quarterly []

Half yearly [] Annually []

9. How can you rate the level of performance in the given options? Use a scale of 1 No extent, 2 Little extent, 3 Moderate extent, 4 Great extent, 5 Very great extent

	1	2	3	4	5
Marketing research orientation					
Upward communication					
Levels of management					
Management communication to service					
Service delivery to users					

10. On the given kindly rate how they impact to performance of the firm positively , Use a scale of 1 No extent, 2 Little extent, 3 Moderate extent, 4 Great extent, 5 Very great extent

Factors	1	2	3	4	5
Modern Technology					
Customer response					
Working environment					
Employee qualifications and interests					
Swift Horizontal communication					

11. Briefly suggest how performance standards at Zuku should be improved

.....

12. Kindly indicate whether the following is true

There is increased turnover in our company Yes [] No []

There is increased employee satisfaction Yes [] No []

We are experiencing increased customer referrals Yes [] No []

There is an increase of new branches

Yes []

No []

13. Do companies conduct consumer satisfaction surveys?

Yes [] No []

14. To what extent do you agree with the following statement relating to service quality and performance?

5= strongly agree, 4= agree, 3= moderately, 2=disagree and1= strongly disagree

Statement	1	2	3	4	5
The service provider staff tells the customer exactly when services will be performed					
We provide prompt service to our clients					
Our customer care is active on receiving clients suggestions					
Consumer satisfaction is a good indicator for a firm's future profits					
Is attracting new consumers expensive than keeping old ones					
Customer satisfaction has a significant impact on profitability					
Consumer satisfaction is a criterion for diagnosing product performance					

Appendix III: Work Plan

The table below shows the schedule of all the events, it indicates the month each particular activity will take place.

ACTIVITY	PERIOD				
	May	Jun	Jul	Aug	Sep
Preliminary literature review					
Consultations with supervisor					
Thesis proposal writing					
Developing instruments					
Thesis proposal defense					

Appendix IV: Budget

The table below provides the budget for all the expenses that the researcher will incur.

Activity	Amount in Ksh.
Transport	18,000
Writing Materials	4,000
Typing, Photocopying and Binding	16,500
Internet	5,000
Laptop	51,000
Miscellaneous ₅	5,000
Total	99,500

Source: Author (2013)

Notes:

- 1 Travelling expenses
- 2 Payment for the purchase of writing materials such as foolscaps and pens
- 3 Printing and binding the final copies of the thesis proposal report.
- 4 Payment of internet service since much of the secondary data will be gathered from the internet.
- 5 Amount set aside for any uncertainties that are unforeseen at the point of planning.