SERVICE QUALITY AND COMPETIVENESS IN MOBILE MONEY FIRMS

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DECLARATIONS

I declare that this project is my original work and has not been submitted for an award of a degree of any other university for examination/academic purposes.

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This research project has been submitted for examination with my approval as the university supervisor.

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DR. OwinoOkwiri

DEDICATION

To my entire family and friends for their inspiration, encouragement and support.

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ABSTRACT

Since the entry of Mpesa in the year 2007, electronic mobile money transfer has immensely grown. The growth of this system is highly complex and thus it needs connections of agents to carry out transactions which give high service quality to its customer base. One important thing that is enhancing electronic money transfer is that user experience is simplified, reliability on mobile money transfers and a cheaper cost. This project research is interested in discussing three dimensions of service quality pertinent in operation management.

The literature review of this study explains the different service quality dimensions which are directly affecting the competitiveness of different mobile money firms and highlights which is more important in keeping the operations of mobile money agents to be competitive in the market. Research methodology covers the study of mobile money agents that were based in Nairobi region which made the study population and the questionnaire method was used to collect data while statistical methods was used to analyze and interpret data.

CHAPTER ONE: INTRODUCTION

1.1   Background of the Study

Quality is defined as the features of products or services which meets the expectations of customers and lead to customer satisfaction (Juran, 1988). Quality in products can easily be measured and controlled compared to quality in services. Unlike tangibles, service input and output are intertwined thus the presence of a customer is key important because it is produced and consumed at the same time. Customer presence during service delivery process highly increases the error on the people involved in exchange of service i.e. both the customer and employees of the organization. The heterogeneity is because of inseparable behavioral processes that are very difficult to manage (Bowen, 1986).

The management of quality in a service environment is different from that in a manufacturing; this because manufacturing processes is mostly using technology and that when there are defects the variables can be easily managed using internal actions. When things goes wrong during processing in the manufacturing industries they can be easily identified and manipulated in the correct way before they reach to the market where the customers can use or consume them. On the other hand the management of quality in service is often dependent on the behavior and attitudes of employees, customer service, trainings, and continuous improvement. Unlike manufacturing, service industry use technology which mostly is incorporated in the process of service delivery for example use of computerized reservation system, electronic point of sale machine and ATM

machines. An improvement in modern technology facilitates the exchange between customer and organizations and thus enhances employees more resources in servicing clients. (Dale et al. 2007)

As value creating activities, services have to achieve four core service objectives of speed, cost, flexibility and quality. Speed involves ensuring fast transformation processes; cost involves eliminating all waste; while flexibility entails adjusting to changes brought about by different customer tastes (Waters, 2006). The other core service objective is quality, which seeks to consistently meet or exceed customer's expectations.

1.1.1 Service quality

Service is defined as the consumer impression of relative inferiority or superiority of an organization, Bitner, Booms and Mohr (2004).Parasuraman, Zeithaml and Berry (1985) define service quality as a difference between expectation and performance while incorporating quality dimensions. The positive results from service quality such as customer satisfaction, less processing cost, profitability and customer loyalty has created interest in service quality Researchers(Lasser et al. 2000; Sylvester and Cross, 2000; Newman, 2001; Sureshchander et al.(2002; Guru, 2003). As perceived service quality portrays a general, overall appraisal of resulting from perceived service quality it is corresponding to attitude. Perception of service quality is a multidimensional aspect within organization resulting from service provider, core services and physical environment. (Boshoff& Gray, 2004)

People's evaluation of service are greatly influence by cultural factors than on their evaluation of products this is because the presence of customer involvement during service delivery (Matila, 2009).Feinburg and De Ruyter (2005) also supported that service quality in different cultures should be considered regarding to unique cultures . Ueltschy and Krampf (2001) argue that the cultural effect differences of quality in service sector, is culturally important and should be given more attention because may not work as expected.

Product quality is easier to measure than service quality (Abu, 2004). The presence of fewer intangibles, but higher experience and credence properties when clients consumes services during purchase make it difficult to measure service quality as compared to products (Parasuraman et al. 1985. during consumption process the customer involvement is required highly (Gronroos,1984).Authors have views that service quality can be derived from the gap that exists between performance of service and expectation of service (Hurley and Estalami, 2008). service quality dimensions can be used to measure service quality (Parasuraman,Zeithml and Berry, 1985). Feinburg and de Ruyter (2005) conquered with the results and supported that actually perceived service quality can be measured using service quality dimensions also the pointed out that service quality is a multidimensional.

Gronroos (1984) found that service quality has got three perspectives: technical standards of service quality; employee component and Information Technology component. The technical standard of service quality concerns the service specifications or the process metrics. It is more of what the consumers get than

how they get it. Employees are the internal equivalent of tangible products in manufacturing. They transmit their happiness or unhappiness with their jobs to the service perception of their customer. Information technology as a determinant in service quality reduces service time, improves accuracy and standardizes activities. It incorporates data processing, communication and computing. A well designed service system plays a vital role in increasing perceived service quality and the firm's performance (Nault and Dexter, 2005).

1.1.2 Firm Competiveness

Competitiveness is ability of firm to sell and supply goods or services in given market. Competitiveness sometimes is viewed as a competency approach of a firm which emphasizes the role of internal factors to the firm such as organization strategy, structure, expertise, capacity to innovate,(Barlet and Ghoshal, 1989, Doz and Prahaland, 1987; Hamel and Prehald, 1989, 1990). Competitiveness can be achieved through developing and deploying capabilities and talents more efficiently and effectively than the competitors in the market (Smith, 2005).Competitiveness sometimes is referred as productivity, Porter defined competitiveness at organizational level as productivity growth that is reflected in either lower costs or differentiated products that command premium prices (Porter, 1990).

Organizations that have got high level of growth or productive are considered to be more competitive than their counterparts in the market (Mckee and Sessions-Robisson, 2009). In order to provide customers with high satisfaction organizations should be operationally be cost effective and efficient and also

taking into consideration on quality (Johnson, 2002; Hammer and Champy, 2003). Competitiveness can be similar to success in the organization. This is because the performances within organization are always attributed to successes which are in line with the objective of company. Thus, how an organization manages its success factors will determine measurement of organization performance (Ferguson and Dickenson, 2010). The indicators of organization performance in the current market are measured using non-financial variables such as quality, innovation, community social responsibility, employees' welfare among others.

1.1.3   Service Quality and Competitiveness

Service quality is very important in service organizations and this makes them to be strongly in a competitive environment (Parasuraman, et al. 1985, Shemwell, et al 1998, Mehta et al. 2000) and gives too an organization performance (Hurley and Estelami, 2008). Emphasis on the impact of service quality on influencing repeat loyal customers is based on behavioral intentions (Jones and Farquhar, 2003). Boston (1998) discuses service quality influence a customer's comparable behavior, perception and likes. When customer's expectations are exceeded by a service provider there is more likelihood that the customers will more likely repeat to purchase again and again from the service provider, Cronin and Taylor (1994) also found that services quality has a positive influence on purchase.

Research conducted in USA on general service hospital regarding the of service quality competitiveness, showed that CEOs feel that quality orientation have a particular strong impact on customer satisfaction and an overall organizational

image (Rapart et al. 2009). On pursuit of service quality, organizations expect quality to positively impact on their revenue on three financial aspects; market share, financial performance and a positive increase in net revenue. This suggests that service quality is so important for survival of any business. Some of the reasons that make quality essential for survival include: higher customer loyalty, higher returns to investment, greater market share, loyal internal customers (employees), lower cost and less vulnerability to price competition.

Service quality is so important for survival of any business. Some of the reasons that make quality so essential for survival include the following; higher customer loyalty, higher returns to investment, greater market share, loyal internal customers, lower costs and lesser vulnerability to price competition .Service quality is not something that everyone does well. Firms which highly embrace orientation of service quality do have both an intrinsic culture and an extrinsic reputation which is very difficult to imitate by other competitors in the market (Rapertet al.2009). Expertise resulting from skills are more sustainable and very had to copy (Barney, 2009).

1.2   Mobile money transfer in Kenya

Mobile money is mobile telephone based financial services offered by telecommunication service companies (Forden, 2015). This includes: Deposits to users' mobile money accounts, account balances and other user data are stored on users' mobile phone SIM cards and Cash transfers. Many organizations offering service find it very simple in making payments and clearance of debts, The substitute of mobile money offered by telecommunication firms are electronic

money offered by banks, which comes in form of prepaid card or on a personal computer for use over a computer network such as the Internet, (Latham et al. 2009).Direct deposit, electronic money in bank, electronic funds transfer, , payment processors, and digital currencies are good examples of the substitute of mobile money. The tradeoff between the two relies on accessibility, reliability and cost effectiveness.

Key issues in the sector are customer demand for ease of use, reliability and low cost. Other issues are availability of substitutes such as mobile banking money transfers and internet banking transfers in the convectional banking industries, which shifts bargaining power to the customers to be competitive in the long run and also make customers to be persuaded through perceived service quality that is set.

1.3   Research Problem

It can be argued that by improving on service quality, customer satisfaction can be improved and thus good competition to an organization. It can also be argued that improving service quality delivered does not necessarily improve firm competitiveness.Service quality is important for survival of any business, or competitiveness. Some of the reasons that make quality so essential for firm's competitiveness include the following; higher customer loyalty, higher returns to investment, higher market share, loyal employees, lower costs and lesser vulnerability to price competition,(Choi et al. 2004).

The demand for quality and cost provides conflicting demands for the environment. The environment in which the bargaining power is towards the buyer, and what it demands is actually responsiveness. Strength of industry rivalry, lower switching costs by buyers and buyer power influence managers' decisions on service delivery and cost of service (Gupta, 2008). The conflicting demands of whether to focus on lowering of costs or to focus on improving the quality of service delivery emerges as a dilemma to the decision makers.Managers must therefore find means to be profitable by balancing between achieving high quality of service and minimising costs associated with it.

A number of studies have examined service quality and competition; (Singh and Sirdeshmukh, 2000) and Olivares and Cachon (2009). A study done in Uganda focused on mobile money users (Balasubramanian and Drake, 2015). A study of similar issues done in India focused on the expectations of service quality to the mobile money agents. Many case studies have been done to explain the effect of mobile money on economy mainly in the developing countries like Kenya for instance (Ambundo, 2013) researched on the impact of external forces on strategy development by firms operating in the mobile money market in Kenya. However few statistical studies have been done in Kenya focusing on service quality and competition on mobile money in the telecommunication sector, most of the focuses only one telecommunication firm, for example (Jamaal, 2015) researched on service quality and customer satisfaction in Mpesa. Thus this research aims to fill this gap by analyzing the mobile money firms in Kenya.

The position in this paper is that a study that covers the sector as a whole could be useful. The proposed study aims to find the gap by getting the answer to the following question; what is the main effect of an agents' service quality on mobile money firm's competiveness?

1.4   Research Objectives

This study is conducted with following objective:

 i.   To determine competitiveness of mobile money firms in Kenya.

ii.   To determine the dimensions of service quality that affects competitiveness of mobile money firms in Kenya.

1.5   Value of the Study

The information from the study enables understanding of service quality and competition. This aims to give the mobile money aspect an insight on how different dimensions of service quality may affect competition in the banking industry. Managers can use the information to make strategic decisions. The findings adds value on literature in similar subject areas and also helpful in reference material on the study of effects of service quality on competition. The study is also helpful for future research from the recommendations that were derived.

This research helps as a basis in making decision in Telecommunication industries dealing with mobile money services in Kenya both the existing and

emerging ones. Furthermore, discussions are ongoing to extend agent referencing to sharing of positive information by mobile money firms to derive optimal benefits from the agent information sharing mechanism, therefore this research forms a strong ingredient towards a speedy adoption of this initiative.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

Literature is reviewed along three themes. First, literature on service quality is reviewed; secondly, literature on service quality dimension and third is the literature on relationship of service quality and firm competitiveness. Finally, literature is summarized and a conceptual framework is proposed.

2.2 Service Quality

Literature of service expectation and service quality are reviewed in two research models. One model service quality in terms of different gap between the customer expectation and service delivered (Parasuraman et al. 1985); another model is based on internal gap between the internal customers and internal suppliers, (Frost and Kumar, 2000).

Data obtained through focus group interviews of selected current users of four different service organizations indicates the interactions which involves different gaps that influence service quality from the customer. The findings of the study by Parasuraman et al. 1985 suggest there are five gaps that interacts each other to influence perception of service quality. These are: The first gap is between consumer expectation and management perception of those expectation have an influence on consumers investigation of service quality, the second gap is between management perception of consumer expectation and firms service quality specification influences service quality on the view point of customer, the third gap is between service quality specification and actual service delivery which influence service quality from consumer's side, the fourth gap is between

the actual service delivery and external communication about the service which influences service from consumer point, all these gap lead to the fifth gap which is the gap between expected service and perceived service (Pena, et al. 2013).

The model of Parasuraman et al. 1985, gap model, is supported further by another research done by Frost and Kumar,(2000) when developing an internal Service Quality model. Parasuraman et al.(1985) model is based on the external customer perspective, (Frost and Kumar, 2000) is based on internal customer perspectives. The two researches conquer on the description of gap three-the gap between the management perception and service delivery by employees- is a common theory between the two models, and that the gap is a major influence of service quality (Kavitha, 2012).

This study sought to develop a model for internal customers and internal suppliers' quality relationship. In a statistical study with data from large samples of employees of two organizations of Singapore Airlines, they explain that Internal Service Quality has got three different types of internal gaps, the first internal gap is the difference between support staff perceptions (internal supplier) and the front-line staff expectations (internal customers).The second internal gap is the difference between service quality specifications and the service actually being delivered resulting in an internal service performance gap. The third internal gap focuses on the front line staffs (internal customers) the gap is based on the difference between front line staffs expectation and perceptions of support staffs (internal supplier) service quality (Nitin, Deshmukh,andPret, 2005).

Conclusions from the study suggest that responsiveness influence internal service quality the most (Albert, 2002). Another conclusion is that the perception and expectation of internal suppliers plays a major role in recognizing the level of internal service quality which implies that a company which fills the internal gaps are able to get satisfied employees who are more likely to satisfy external customer of the organization, these findings builds and concur with the gaps model developed by Parasuraman et al. 1985 especially on the gap three that revealed that employees are key important in influencing good service quality perception to external customers and in the long run improves the performance of organization. What can be clarified from the two papers is that perceived quality is function of many elements which are expectation which can be influenced by word of mouth, culture and geographical

2.3   Service quality Dimensions

Yoo et al. (2000) examines the influence of dimensions of service quality vary across types of service industry, people based and equipment based industries. Lesser et al. (2000) examines SERVIQUAL models. These Literatures are reviewed in this section.

In a statistical study for the determinants service quality and its relationship with satisfaction, a group of consumers from three service industries were interviewed by Yoo et al. (2000), the findings suggest that service quality is a precedent of customer satisfaction and customer's satisfaction creates a positive influence of purchase intention than doe's service quality. This means that customers do not

necessarily purchase the highest quality services; the customers might buy services that give them high satisfaction. Factors such as simplicity, price or availability also influence customer satisfaction and the buying intention while not actually influencing customers' perception of service quality (Martin & Michael, 2013).

The findings of the study are supported by another study of Lassar et al. (2000) which found that service quality dimensions differentially determine the measurement of customer satisfaction. However these findings cannot be generalized to service industries in different geographical areas because the research only focused service industry in USA. The carried out a test of consumers from banking industry in USA and South America, the findings show that when the technical element of the service is stable, and levels of service failure are low, the customer is able to give attention to how the service is given. High-contact services have similar characteristics (Jackie, 2004).

The authors also found that functional quality is important but has got some complexities. When comparing other quality dimensions, the functional dimension positively affects each satisfaction measure even the technically-oriented. High-level service firms customers rely on functional quality to distinguish between alternative service providers (Jain and Garima, 2004).Conclusion from the study is that model of Functional/Technical quality is more reliable in determining customer satisfaction in banking service industry and not entire service industries than SERVQUAL model, thus SERVQUAL does not directly access the service being received by customers.

The above studies show that there are many dimensions of service quality that affect customer satisfaction in any organization but the authors appear to agree on the critical ones. The studies show that service quality is key to any organization and those who wish to excel by satisfying their customers must take these factors into consideration.

2.4 Service quality and firm competitiveness

Juan. A et al. (2005) discuses research model of the relationship exciting between service quality and business competitiveness in hospitality sector. In a thesis research (Mose, 2009), review literature on the influence of service quality practices on the competitiveness of firm. These two papers are reviewed here.

Juan.A et al. (2005) uses an equation model to analyze relationship existing between service quality and organization competitiveness. The data empirically verify model that was collected from national hotel company in Asia using questionnaires. The questionnaires were a basis of to create service quality indicators to establish its dimension while economic and financial data referring to the service organization was used to build competitiveness indicator.

The findings on research obtain relationship between service qualities a set of variables which includes; the existence significant effect between service quality and return per room, these variables were used to measure organization competitiveness.(Olorunniwo & Udo 2006). Another finding was indirect

significant effect of service quality on return rooms at an average cost. However quality had a negative effect on returns per room when the price of service was given a consideration, though service quality permit price increase by influencing differentiation levels the influence of price on sales income is negative. These results suggest that service quality does not only have a significant direct competitiveness but have an indirect influence on it through price as a variable (Jones and Haven, 2005).

These findings are supported by a research on literature review on the influence of service quality practices on firm competitiveness (Mose, 2009). In the literature review, the finding is that there is a significant relationship between pursuit of service quality and competitiveness of any service firm. Unless an organization gives a customized product or service, the competitive advantage is high service quality. Quality provides a repeat and additional purchase from loyal customers of the organization. Referral captures new customers. This increase in market share is the difference between success and failure, Darin et al. (2001).

(Mose, 2009) review some of the literatures ,Bharadwaj et al. (2003) suggests that quality and customer expertise as a crucial source of competitiveness, in their model of sustainable competitiveness, maintains that service quality can influence organization competitiveness in such away as cost synergy, organization skills and its branding. Quality is more crucial in strategic decision Mazzeo, (2003). Mose, suggest that quality has an important role in firm role; and that the linkages

between quality and firm performance have been minimal. qualityis considered as an important strategy of survival in competitive market environment Zeithaml et al.(1996).

The limitation of Juan.A et al. (2009) is less depth in the quantification and understanding of the relationship exciting between service quality and organization competitiveness, the organization can introduce more efficient management system. Another limitation of the research is that it was only based in hospitality sector only and therefore the research findings cannot be generalized to other industry sectors (Goldstein et al. 2002). On the other hand the research only reviews few researchers and authors on relationship of service quality and competitiveness.

2.5   Summary of Literature Review

The literature reviewed the concepts on service expectation and service quality gap model, service quality and its relationship on firm competitiveness. The literature reviews showed that the of service quality dimensions are multidimensional and the dimensions vary in importance. It further showed a positive relationship between service quality and organization competitiveness. These are summarized in table 2.1 in the next page;

Table 2.1: Summary on literature review

Study	Issues examined and findings	Gap	How the proposed study will fill the gap
Parasuraman et a.l (1985)	**Issues:** Service quality gap model. Explains the determinants of service quality in term of five distinct gaps at different decision points	Study was done in different geographical location. I.e. in USA	Application of the study in mobile money firms in Kenya.
Frost and Kamar (2000)	**Issues:** Internal service quality model. Explains three different internal gaps that interacts each other to influence internal service performance	Study was done in different geographical location. i.e. done in Singapore	Application of the study in mobile money firms in Kenya.
Yoo et al.2000	**Issues:** service quality and its relationship with satisfaction.	Only three service industries were studied and this cannot be generalized to all service industry	Study to be done in mobile money firm
Lesser et al. (2000)	**Issues:** effectiveness of the SERVQUAL and Technical/Functional Quality	study is limited on one organization in one service industry	By conducting the study in the telecommunication sector in the mobile money industry
Juan. A et al(2005)	**Issue:** Service quality and competitiveness	Study is focused in hospitality sector only in Asia	by conducting the study in Kenya and in Telecommunication sector
Mose (2009)	**Issue:** Literature review on service quality and competitive	Few researchers and authors reviewed	Expanding knowledge and information in understanding impact of service quality on service firm performance

The literature has described concept at play, they include preserved service quality whose indicators are transparency, expertise and service reliability. Customer expectation indicated by the ideals created in the minds of customers, Parasuraman et al.(1985). Customer satisfaction is indicated by how a client is able to give more attention on how

service is delivered (functional dimension) lasser et al. (2000). And finally organization competiveness is indicated by the level of retained customer and new customer in the organization, Yoo et al.2000, Frost and Kumar, 2000.these are conceptualized in the figure 1 below

2.6   Conceptual framework

The conceptual framework represents two variables, independent variable being service quality dimensions with variables of tangibility, reliability, responsiveness and empathy while dependent variable is firm competitiveness, as shown in figure 2.1 in the next page.

INDEPEDENT VARIABLE

DEPEDENTVARIABLE

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┌─────────────────────────┐                    ┌─────────────────────────┐
│ SERVICE QUALITY         │                    │                         │
│ DIMENSIONS              │                    │ FIRM COMPETITIVENESS    │
│                         │                    │                         │
│   • Tangibles           │───────────────────▶│   • Market share        │
│   • Reliability         │                    │   • Profitability (return to │
│   • Responsiveness      │                    │     investors)          │
│   • Assurance           │                    │   • Lower cost          │
│   • Empathy             │                    │   • Customer loyalty    │
│                         │                    │                         │
└─────────────────────────┘                    └─────────────────────────┘
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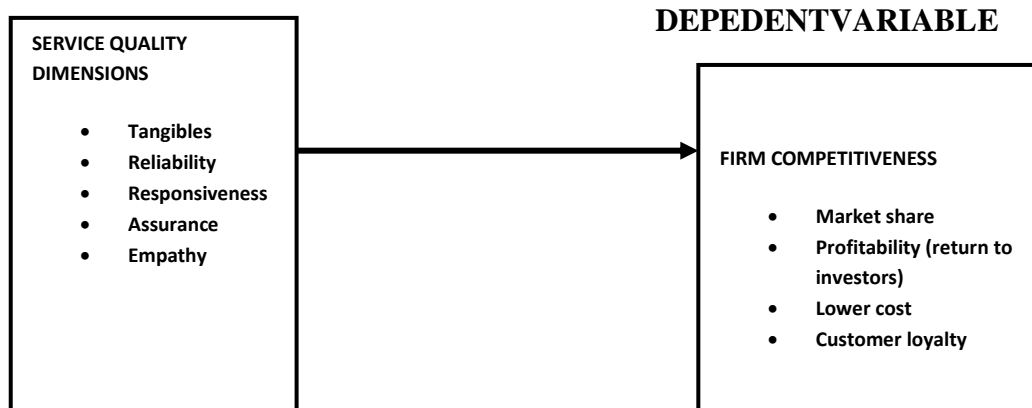
Figure 2.1 Conceptual framework diagram

Source: Researcher

The framework is examined by testing the following hypotheses;

H1: How service quality affects firm competitiveness

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

The main objective to achieve the study was to determine whether service quality has an effect on organizational competitiveness with reference to the mobile money transfer firms. These are to be investigated using empirical research. To achieve this, various decisions at different points are made.

3.2 Research Design

The problem in the proposed study is already refined into a research question. Information to answer the questions can be obtained at one fixed point in time; therefore formalized research using cross-sectional approach will be used. Large sample size (statistical study) is suitable in the study to achieve generalizability of the research (Yan, 2013). The findings from the sample are generalized to the wider mobile money agents. The drawback of using statistical study is that the depth of study was lost and the issues discussed were shallower since only a sample of the population will be investigated.

3.3 Target Population

The target population of the study was mobile money firms in Kenya who operates through money agents with total of 60,000 Nairobi areas (Central Bank News letter, 2014) which have been contracted by the six mobile money transfer companies, of these more than 50% are linked to one of the six mobile money transfer firm.

The population size is formed through operation of agents within the central business centre in the Nairobi which ranges from one person operated shop such as kiosks, to

those linked to big outlets such as supermarkets, hotels and etc. Population is a group of individuals being studied. Mugenda and Mugenda, (1999)

3.4   Sampling Design

To achieve the accuracy and representation of the population the minimum sample has been calculated as 81samples using the formula $n=\sqrt{pq}/\sigma_p$ as suggested in cooper and Schindler 2003

To calculate $n=\sqrt{pq}/\sigma_p$

n=sample size

Pq-measure of dispersion

σ_p – standard error of proportion

To calculate sample size we have to estimate the standard error of the proportion with a desired confidence level of 95% and if an acceptance a 10% margins of error (E=10%), = $(.5x.5)/ (.1/1.96)^2$

n =.25/0.0026, n=81

The sample from population was derived from sample frame using systematic sampling as a probability sampling method. (Cooper and Schindler, 2003).

3.5   Data Collection

The proposed study collected primary data using self-administered structured questionnaires. The information was obtained from mobile money users who were reached at points of sales. The questionnaires were be divided into three parts; Part A will give measures on service quality, Part B will give perceptual measure questions on customer satisfaction and Part C was concerned by questions of organization competitiveness. Questionnaires were issued to 81 respondents that was selected from the

population. The Central Limit Theorem holds that when random samples are drawn from the population, the means will be normally distributed even if population measures were not (Cooper & Schindler, 2003).

The tool for data collection in this research was based on Parasuraman et al. (1990). The questions format was based on dimensions of service quality and used the Likert scale from 1 for strongly disagree at all to 5 for strongly agree. The questionnaires were issued using survey method and respondents were selected through random sampling. These two aspects were indicated by the following dimensions. On the other hand organizational competitiveness was indicated by self reporting perceptual measures, these measures was expressed in terms of single statement to determine the opinion of the mobile money respondents

CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSION

4.1   Introduction

This chapter explains the findings of the research. The findings are presented based on response from questionnaires on service quality at mobile money firms, organization competitiveness at the mobile firms and how service quality affect competitiveness in mobile firms in Kenya.

4.1.1   Results on response

At each of the agencies between 10-15 customers were supplied with questionnaire, the responses were as per table 4.1 below and indicated a response rate of 69%. At every agency questionnaire returned completed and by agencies customers ranged from 55% - 87%. There was nothing unique in terms of characteristic for agent 6 since it shows a lower response rate.

Table 4.1 Response Rate

Agent operation	Response	% response
Agent 1	13	87
Agent 2	10	67
Agent 3	11	73
Agent 4	7	70
Agent 5	9	60
Agent 6	6	55
Totals	56	69

 (Source: researcher 2016)

4.1.2   Results for Service quality dimensions and competitiveness

Table 4.2 indicates a descriptive frequency statistics of service quality dimensions and competitiveness, the mean and the standard deviation were calculated by averaging the

means of means of the overall questionnaires of N= 56 for each service dimensions from the mobile firm operating agents and competitiveness. The table also shows the dimensions in which the agent are performing best and worst using the lower bound values, the higher the figure in the lower bound the better the general quality level.

The lower bound has been calculated at 95% confidence interval level and the means of means $(\bar{\bar{X}})$ used together with means of standard deviation for different measurement service dimensions and competitiveness in mobile money firms. Standard deviation (α) gives an implication of how far the individual feedbacks to a question vary or "deviate" from the mean. Standard deviation (α) actually tells that the respondents rated the questionnaire variedly. The distribution of the answers is considered significant since the α gives good descriptive measures of the spread.

Table 4.2 Mean and Standard deviation of service quality dimension and competition

	RELIABILITY		RESPONSIVENESS		TANGIBLES		ASSURANCE		EMPATHY		COMPETITION	
AGENCIES	$\bar{x}$	α	$\bar{x}$	α	$\bar{x}$	α	$\bar{x}$	α	$\bar{x}$	α	$\bar{x}$	α
AGENCY 1	2.91	1.28	3.37	1.01	3.2	1.1	3.48	1.02	3.08	1.05	3.16	1.24
AGENCY 2	3.25	1.08	3.56	0.73	3.44	0.93	3.6	0.8	3.16	0.89	3.78	1.67
AGENCY 3	3.44	1.23	3.73	0.84	3.55	0.99	3.82	0.68	3.4	0.91	3.5	1.17
AGENCY 4	2.89	1.23	3.34	0.72	3.06	0.95	3.39	0.83	2.95	0.82	2.96	1.3
AGENCY 5	3.44	1.16	3.73	0.73	3.5	0.86	3.89	0.58	3.44	0.77	3.61	1.01
AGENCY 6	2.7	1.19	3.23	0.83	3.03	1.03	3.29	0.99	2.89	0.89	2.95	1.28
$\bar{\bar{X}}$	3.10	1.20	3.49	0.81	3.30	0.98	3.58	0.82	3.15	0.89	3.33	1.28
Lower bound $\bar{\bar{X}}$ **- (1.96 x $\bar{\alpha}$)**	0.76		1.91		1.38		1.98		1.42		0.82	

(Source: researcher 2016)

From the table it is evidence that tangibility has the highest figure of 1.98 in the lower bound measurement, this means that tangibility has the highest significance quality dimension level in affecting competitiveness in mobile money firms, responsiveness is next significant in affecting quality level and competitiveness with a lower bound of 1.80, however empathy has the least lower bound with a value of 0.3, this implies it is less significant in service dimensions that affects service quality and competitiveness in mobile money firms. Competitiveness is not so much significant because it has got a negative value in the lower bound this simply means that mobile money firms in the study are less competitive in their market of operation.

4.1.3   Findings on objectives

i.   Competitiveness levels of mobile money firms in Kenya.

Determining the competitiveness in mobile money firms a null hypothesis test states that there is no significance level on competitiveness in mobile money firms. To test the hypothesis Table 4.2 helped in determining the significant level using lower bound calculated value using 95% confidence interval. The value of the lower bound on competitiveness as shown in Table 4.2 is a positive value of 0.82 which means that there is less significant level in competitiveness in the mobile money firms in the study thus we accept the null hypothesis and conclude that there is no significance level on competitiveness in mobile money firms

ii. *Dimensions of service quality that affects competitiveness of mobile money firms in Kenya.*

Table 4.5 shows regression coefficients, the intercept in the model. We can see that linear regression analysis approximates the linear regression of $Y = C + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5$ Where; Y = Firm Competitiveness X_1 = Service Quality dimensions (Reliability, Responsiveness, Tangibility, Assurance and Empathy)C = Constant and ε= the error term, will be $Y = -.466 + .207 + .551 + .696 + .20 - .257$

Table 4.3 Coefficients

Coefficients					
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	-.466	.523		-.890	.178
Reliability	.207	.250	.156	.828	.012
Responsiveness	.551	.294	.363	1.870	.007
1 Tangibles	.659	.219	.562	3.005	.004
Assurance	.020	.294	.013	.069	.045
Empathy	-.257	.278	-.196	-.924	.060

(source: researcher 2016)

To test the hypothesis of each service dimension the significant level values at confidence level of 95%indicated in Table 4.3 shows how each dimension is significant in quality dimension that affects competitiveness. Testing the hypothesis in the order of how dimensions has been listed in the table it is evident that reliability is significantly important with a significant value of 0.12 which is below the 0.05 (95%) significant level, this implicate that the null hypothesis is rejected and alternative hypothesis is accepted which will say that there is a significant relationship between reliability and competitiveness.

The relationship between responsiveness and firm competitiveness is significant at 0.07 thus the null hypothesis is rejected, hence there is a positive relationship between responsiveness and competitiveness, the relationship between tangible and organization competitiveness is highly significant with a beta of 0.659 thus we reject the null hypothesis that there is no relationship between tangibles and organization competitiveness The Beta explains the importance of each independent variable in the standardized terms, this means, mobile money firms competitiveness is determined by tangible dimension of service quality. At significant level of 95% tangibles is highly significant at a value of 0.04. Service assurance at a beta of 0.20 with a significant level of 0.45 is less significant to mobile firm competitiveness thus rejectthenull hypothesis, finally on Empathy the bête is at negative of -2.57 meaning it has no any influence on organization competitiveness this is supported by its high significant level of 0.060 which is above the test significant level of 95% thus we accept null hypothesis that there is no relationship between service empathy and mobile firm competitiveness.

Table 4.4 in the next page is the F-test, the linear regression's F-test has the null hypothesis that there is no linear relationship between service quality and competitiveness between two variables (in other words $R^2 = 0$).

Table 4.4 ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
ANOVA[a]						
1	Regression	77.488	5	15.498	33.159	.000[b]
	Residual	23.369	50	.467		
	Total	100.857	55			
a. Dependent Variable: Organization competitiveness						
b. Predictors: (Constant), Service Reliability, Service Responsiveness, Service Tangibles, Service Assurance, Service Empathy						

 (source: researcher 2016)

With F = 33.159 and 50 and 55 as degree of freedom the test is highly significant, thus we can assume there is a linear relationship between the variables in the model. Hence we reject the null hypothesis and accept alternative hypothesis, thus we can conclude that there is relationship between service quality and organization competitiveness.

4.2   Data analysis on Service quality on mobile money competitiveness

The output in the table 4.3 indicates the summary and overall statistics. It shows that the adjusted R^2 of the model is 0.745 with R^2 = 0.746 that implies that linear regression explains 74.6% of the variance of the data and this model is significant at less than 0.0001.

Table 4.3 Model summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.877[a]	.768	.745	.68365	.768	33.159	55	50	.000
a. Predictors: (Constant), Service Reliability, Service Responsiveness, Service Tangibles, Service Assurance, Service Empathy									

(Source Researcher, 2016)

4.3   Discussion on Results

The results find that the competitiveness in mobile money firms was found to be less significant which implies that mobile money firms in the market have less competitive advantages toward each others because the service they offer on money transfer is universal, so it become very difficult in differentiating themselves in the market that they operate in , this results are consistent with literature of (Mose, 2010) in which the results of the study concluded that the competitiveness between service firms has got less differentiations more so the ones offering universal services.

The relationship between service quality dimensions and organization competitiveness was evidence by different type of dimensions in particular tangibility was more significant in determining competitiveness in mobile money firms. These results conquer with a research study conducted by (Balasubramanian and Drake, 2015) their results show positive relationships between pricing transparency (tangibility aspect of service quality in mobile firms) mobile money firms competitiveness.

On the other hand empathy was found to be less significant, this implies that mobile firm organization should draw less attention to Empathy as service quality dimension when competing to offer quality service to their customers, these results are consistent with Lasser et al .(2000) on the study of component of service quality in which empathy was found to be least significant in influencing the competitiveness in service firms, these results can be somehow be compared to the mobile firm organization. The findings from the data analysis suggest that service empathy in a less statistically significant way with competitiveness of mobile money firms. This suggests that service empathy as a dimension of service quality has a very minimum potential in customer base in mobile money services thus it offers less or no competitiveness in mobile money firms.

CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This part of study presents an upshot of findings from the study conducted. Secondly, the section presents a conclusion that discusses the implication of the findings. The third part provides recommendations based on the research finds. Besides the limitation, suggestions for further studies are also discussed in this part.

5.2 Summary on Findings

The findings show that both mobile money agents from the six mobile money firms have got high positive relationship with the dependant variable of service quality. The results of the study also indicates the perspectives of mobile money agents' services quality that meets the customer's needs and their expectations which in the long run creates a potential mobile money firm competitiveness. The results also indicate that generally mobile money customers are satisfied with the service quality dimensions offered by the mobile money agents.

The findings indicate a strong relationship in service quality and competitiveness in mobile money firms. This is seen by strong relationship from the variable of service quality affecting the organization competitiveness; it is evidence that tangibility and responsiveness are the key determinant in mobile firm competitiveness. Mobile money firms thus should build market positive perception to their customers while giving them the services with an aim of exceeding their expectations.

5.3   Conclusions

Service quality offered within Mobile money firms is very important in improving the performance of mobile firm, thus creating a competitive level to offer the services such as efficient cash transfers. This research has explored service quality dimensions that directly affect the services being offered by mobile firms. We can conclude that agents who are offering more tangibility service quality dimension (transaction pricing experience) are highly competitive and also agents who are relatively more responsive (responsiveness service quality dimensions) seem to reap benefits from this expertise in the face of competition. Finally Empathy is less regarded as a competitive aspect of service quality thus organization in mobile money market should focus less on it.

5.4   Limitation of the study

This research was conducted in metropolitan town (Nairobi) and so the research might be limited to conclude that findings apply in other in other parts of the country, thus research done in those neglected areas would be more objective enough to draw conclusions from the findings.

5.5   Recommendations fu

The mobile money firms should ensure that their agents are given enough training so that the agents are knowledgeable of the product or services they are offering and also provide well documentation entailing price lists (tangibility aspect of service quality) of the each services being offered, this will ensure the customers to be aware of the price and thus will make them certain enough know the prices of the products and thus more likely to transact with the best mobile money firm offering these services.

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Dear sir/madam

My name is Maurice Otieno a student at the University of Nairobi. I am conducting a research to establish the effect of service quality on competition in mobile money agencies. You have the knowledge and experience in services which will be very helpful. Kindly spare a few minutes to provide the information below.

The data you give will be confidential and only summarized information will be made available.

I would be very happy to provide you with the summarized report as relevant to your specific interest.

Service Quality

Please indicate the extend you agree or disagree with following by ticking in the column relevant

Service Reliability	Strongly	Agree	Neither	Agree	Strongly
1. I am always being provided services at the promised time					
2. I can always reach the agent any time I want					
3. Ialways use one mobile money agent for mobile money transaction services					
4. The system for mobile money is always efficient (doesn't hang up)					
5. I always get enough cash that I need from the mobile money agent					

Service Responsiveness	Strongly	Agree	Neither	Agree	Strongly
1. The agent take action immediately when I complain					
2. The agent tell me exactly when service will be performed					
3. The agent is never too busy to respond to my request					
4. the agent is always willing to help me if I have problem with the service					
5. Theagentgive me prompt service					

Tangibility	Strongly	Agree	Neither	Agree	Strongly
1. The agent has identification of which mobile Telco is operating with for mobile money service					
2. The agent has all the posted tariff sheet and documents required to give customers information on pricing and operator policies regarding mobile money transactions					
3. The agent is located in clean and serene environment					
4. The agent has got modern equipment for mobile money transactions such as smart phones and Point Of Sale (POS) gadgets					
5. The agent is neat in appearance					

Assurance	Strongly	Agree	Neither	Agree	Strongly
1. The agent is knowledgeable about the mobile money he/she is providing					
2. The agent has got experience and expertise to perform mobile money transaction services					
3. The agents is willing to help when I have difficult challenge for mobile money transactions					
4. The agent is warmly and always greet with smile					

Empathy	Strongly	Agree	Neither	Agree	Strongly
1. The agent listen carefully to my needs					
2. The agent gives me individual attention I need					
3. The operating hours for the agent is convenient to all customers					

Customer Satisfaction

Please indicate the extend you agree or disagree with following by ticking in the column relevant

	Strongly	Disagree	Neither	Agree	Strongly
22 I am satisfied using the service provided by this agent					
23 I will continue using the mobile money services with the agent					
24 I will recommend other people to use this agent for mobile money traction services					

25	in overall this agent for this Telco company provide good mobile money transaction service quality to its customers				

Organization Competitiveness

Please state your opinion to the following

	Much worse than others	Somewhat worse than other	Just about the same as others	Somewhat Better as others	Much Better as others
Price of mobile money transfer from this agency					
No of clients					
Commission payments to agents					
Retention of customers					

THANK YOU FOR YOUR CO-OPERATION AND TIME