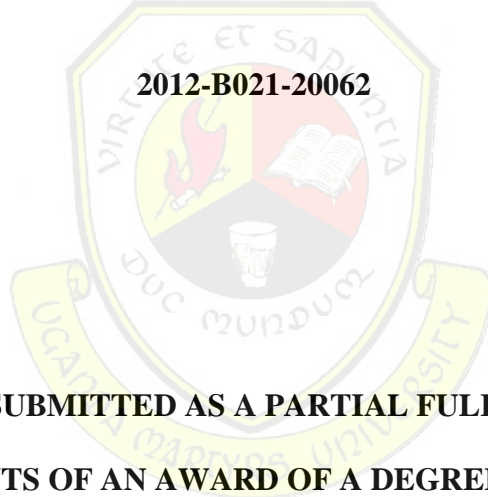# THE EFFECT OF SERVICE QUALITY ON THE PERFORMANCE OF A UTILITY COMPANY

CASE STUDY: UMEME

NALUZZE JOVIAN

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DESSERTATION SUBMITTED AS A PARTIAL FULFILMENT FOR THE REQUIREMENTS OF AN AWARD OF A DEGREE IN BUSINESSS ADMINISTRATION AND MANAGEMENT

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DEDICATION

This study is entirely dedicated to my dear aunt Mrs Lwanga Joyce. I am grateful to Mrs Lwanga

and her family who really used what they had to see that I complete this course especially

May the Lord reward you.

ACKNOWLEDGEMENT

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LIST OF ABBREVIATIONS

ERA: Electricity Regulatory Authority.

CEHURD: Center of Health Human Rights and Development.

SPSS: Statistical Package for Social Sciences

WECA: Water and Electricity Consumers Association

ABSTRACT

In a global environment of intense competition, companies need to focus on improving the quality of their services to achieve their goals and achieve long-term survival. The study examined the effects of service quality on the performance of utility companies: A case study of UMEME Limited. The study aimed at establishing the relationship between service quality dimensions such as reliability, accurate billing and responsiveness and organizational performance of UMEME Limited. The study followed a descriptive and analytical study research design. In this study both qualitative and quantitative methods were used. The study was carried out in Kampala district and the target population under this study included the staff of UMEME and its customers. A sample size of 150 respondents was picked. Data was collected using questionnaires and interview guide. Quantitative data was analyzed using Statistical Package for Social Scientists and results were presented using frequency, percentages, mean, standard deviation, and correlation techniques. The study findings revealed that there is a positive relationship between service quality and performance of UMEME especially in form of profitability, customer satisfaction and the level of expansion. The study concluded that UMEME was performing poorly financially due to failure to reduce losses caused by the poor billing and collection system. The poor performance was also reflected by low customer satisfaction due to unreliable service delivery and low levels of expansion as it was discovered that its customer base was only in urban areas. The study recommended that improvement in the reliability of services, accuracy in the billing system and increased response in to customer needs could improve the general organizational performance of UMEME.

CHAPTER ONE:

General Introduction

1.0 Introduction

Survival of modern organizations depends on their level of performance which is highly determined by their quality of service. The research therefore analyses the effects of service quality on the performance of the utility companies. This chapter includes a brief background of the utility companies and UMEME, the problem statement which clearly defines the problem that will be addressed in this research, purpose of the study, the objectives, scope, justifications and significance and lastly the conceptual frame work briefly discusses each of the variables and their implications on performance of UMEME.

1.1 Background

The utility industry is a dynamic around the globe with new business models and technologies emerging to improve power generation, transmission and distribution. An electric utility is an electric power company often public that engages in the generation, transmission and distribution of electricity for sale in a regulated market. If a state has regulated electricity, there is no competition which means the current provider is the only one that can provide electricity in the country however incentives for good quality as well as constraints on prices to be charge should be put on firms with monopoly power (Brighann 1990).Decrease of the service quality in the monopolistic activities is the result of regulatory agencies' switching from traditionally applied rate of return method of price regulation to the incentive-based price regulation methods.

Monopoly companies are always powerful because they can control both price and output and this is even bigger with power distribution due to the nature of it being a basic service which

characterizes low supply electricity with high demand therefore government intervention is required to avoid the harmful consequences of monopoly industry.

When UMEME limited took over the electricity sector in 2005, Uganda had witnessed unstable power tariffs and an unpredictable regulatory environment. The natural monopoly market structure did not guarantee social benefits to the ordinary Ugandans. Per capita electricity consumption was as low as 69.5Kwh due to low access and high power tariffs. UMEME customer base is 480,000 according to annual report 2011 which is surprisingly low compared to the population of over 30 million yet it's a monopoly.

Typically electric service provision is described as continuous (Babakas and Boller 1992) and distributors are expected to deliver power without interruption. As electricity is entailed with every aspect of day to day life, apart from the inconvenience experienced by consumers during prolonged periods without electricity service, a power outage can literally mean the difference between life and death for people on specialized care equipment, lost productivity and losses in thousands of dollars with studies showing that power interruptions cost the US economy about $150 billion each year (Galvin Electricity Initiative).

In Africa power outrages have become one of the biggest brakes to development because it only generates 4% of the global electricity three quarters of which is used by south Africa, Egypt and other countries along the north African littoral(ERA) and this is partly why it is called the dark continent. Uganda has the lowest penetration rate in the region with Kenya at 23% and Tanzania 16%.Uganda's electrification access of 9% according to the world energy outlook 2011 is the lowest in the sub Saharan Africa and the world. In rural areas the access drops to 2% with northern and north eastern Uganda registering the lowest rates. A large majority of Ugandans are not enjoying their right to access of electricity even among those who have access to the

electricity, the supply is neither reliable nor affordable. Electricity access is a major requirement for development and electricity demand in Uganda is high for both industrial and domestic use (ERA 2011).

1.2 Problem statement.

UMEME is one of the most performing companies in East Africa and second largest company on Uganda's security exchange. Electricity Regulatory Authority which monitors the performance targets regarding the maintenance, upgrade and expansion of the network by UMEME says one of the targets was to reduce commercial and technical power loss from the level of 35.7% in 2005 to 25% by 2011.Since commencement of operations in 2005, UMEME has invested over $ 134 million in the distribution system, increased customer base from 250000 to 460000 customers and reduced the energy losses from 38% to 27% (daily monitor of 16/July/ 2014). However research by Crested Stocks and Securities shows that UMEME's reputation as a reliable power distributor has been badly shaken by the phenomenon of load shedding when demand for electricity exceeds the supply. The company has tried to redeem the supply issues through commission of a new hydro power dam and improvement of the transmission structure but load shedding still occurs causing dissatisfaction among power consumers and the general public. UMEME also has significant energy distribution losses due to their billing and collection system which poses conflict of Interest between the bill collection teams, the consumer and UMEME and as they battle to fight illegal connections, electricity theft is a common act as citizens attach cables to electricity poles leading to their homes and businesses. Although the company has promised to rapidly expand the grid, cut losses, reduce power failures and stabilize the cost of power, wide spread complaints have persisted about the quality of service provided with high tariff, outrages and the faulty billing which led to a recommendation by a parliamentary

committee that government terminate its contract for power distribution with UMEME in November 2013 because of poor performance.

1.3 Purpose of the study

To examine the effects of service quality on the performance of UMEME

1.4 Specific objectives of the study

1) To establish the relationship between reliability of the service and the performance of UMEME

2) To determine how accurate billing of the utility affects the performance of UMEME.

3) To find out the ways in which responsiveness of the service affects the performance of UMEME.

1.5 Research questions

1) What is the relationship between service reliability and the performance of the company?

2) How does accurate billing affect the performance of a utility company?

3) In what ways does responsiveness affect the performance of the company?

1.7 Scope of the study

1.7.1 Content scope

The study was limited to finding out the effects of service quality on the performance of UMEME. Service quality included studying its reliability, timeliness and accurate billing of the service provided by UMEME and how it affects performance of the company in terms of customer satisfaction, profitability and infrastructural development that help in the access of the service to different parts of Uganda.

1.7.2 Geographical scope

The study was carried out in Uganda specifically Kampala district which includes branches like the main branch, Nankulabye, Natete, Wandegeya, Banda among others. This region was chosen because most of the UMEME customers are with in this region.

1.7.3 Time scope

The study is restricted to the period between 2006 and 2014 because its aim was to analyze UMEME's performance over the years.

1.8 Justification of the study

The study needed to be carried out because there were so many complaints about the quality of the service therefore the research was essential to access and improve service delivery in the UMEME and also provide management with data for improving company performance.

Similar studies had been carried out but not in this company so need arose due to the many legal proceedings the company is facing because of its poor quality.

1.9 Significance of the study

- The study is attempting to improve the performance of utility companies by ensuring that better quality of power is supplied by UMEME because Uganda like any other developing country will require large quantities of affordable and good quality power to sustain private investments and growth.
- The study will benefit management when making policies on improving the performance of the company as improved service quality will be one of the factors considered.
- Customers on the other hand will use the research as a basis for deciding on whether the service provided by the company is satisfactory or they need improvement because in

order to take full advantage of the choices on offer, customers need to be equipped with the necessary information about the price, quality and service features to empower them 1switch with confidence or make informed purchasing decisions.

- Quality power services will enable citizens enjoy their right to access of a reliable, adequate and affordable electricity supply.

1.10 Conceptual frame work

Figure 1: Showing the conceptual frame work

INDEPENDENT VARIABLE   DEPENDENT VARIABLE
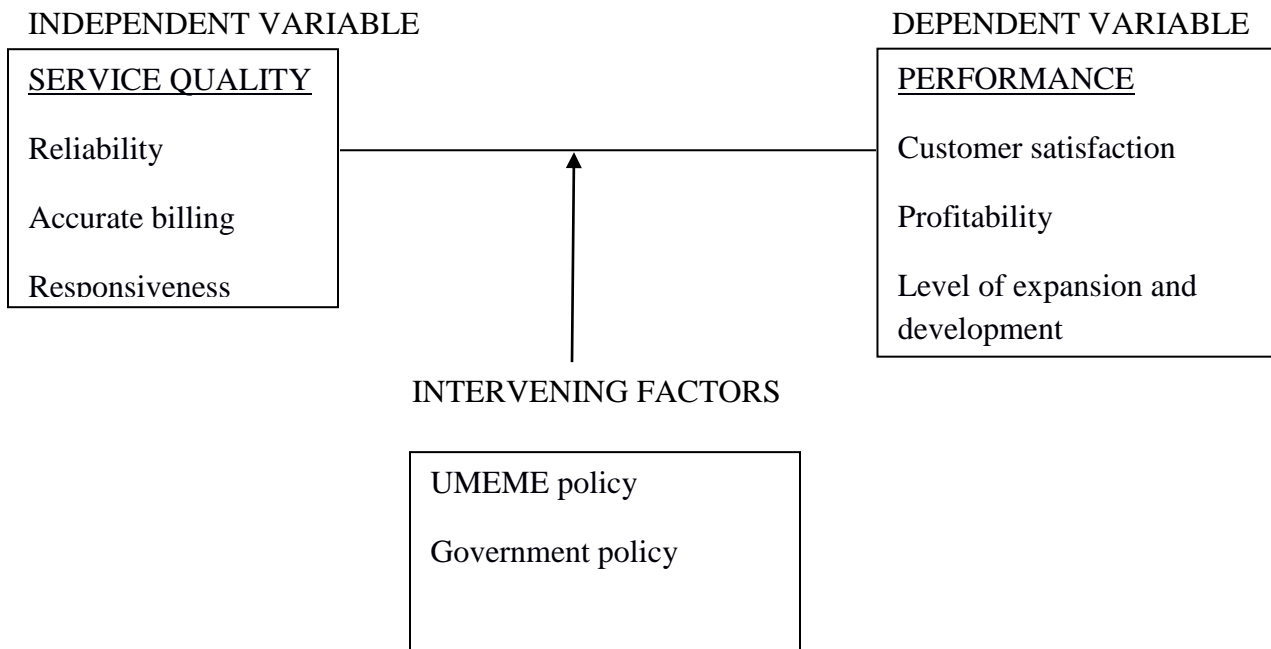
The conceptual frame work above was adopted from parasuraman et al (1985) SERVQUAL model and developed by the research

1.11 Definition of terms

Service quality is the assessment of how well a delivered service conforms to the consumer's expectations.

Performance is the accomplishment of a given task measured against present known standards or how well or bad a company does an activity or job.

Utility company means a company designated by a project company to provide utilities.

Reliability is the ability of a firm to deliver on promises in a dependable and accurate way or the availability of a service when required continuity and having a service that is uninterrupted and meeting the expectations of customers.

Customer satisfaction is the measure of how a product or service supplied meets the customers' expectations or the assessment of a service based on the comparison of their perception of service delivery with their prior expectations.

Accurate billing is when an invoice given to the customer from the service provider contains the exact amount of units they have used for a given service

Responsiveness is the willingness or readiness of employees to provide quick services to the customers especially in responding to emergencies and customer complaints or the speed with which customer requests are solved.

Profitability is the ability of a business to earn a profit or revenue after it pays all expenses directly related to the generation of the revenue.

CHAPTER TWO

Literature Review

2.0 Introduction

In the past few decades service quality has become a major area of attention owing to its impact on business performance. In this chapter the different theories on which the research is based are shown in theoretical review and what other authors say about the different objectives of service quality and performance.

2.1 Theoretical review

The research adopted the SERVQUAL model of measuring service quality. SERVQUAL is a multi-item scale developed to assess customer perceptions of service quality in service and retail businesses (Parasuraman et. al, 1988). The SERVQUAL instrument has been the predominant method used to measure consumers' perceptions of service quality through comparing customers' expectations before a service encounter and their perceptions of the actual service delivered (Parasuraman et a l, 1985) The SERVQUAL authors identified five Gaps that may cause customers to experience poor service quality

Gap 1: Consumer expectation – management perception gap. Management may have inaccurate perceptions of what consumers actually expect due to insufficient marketing and customer focus.

Gap 2: Service quality specification gap. There may be an inability on the part of the management to translate customer expectations into service quality specifications due to the service design.

Gap 3: Service delivery gap. Guidelines for service delivery do not guarantee high-quality service delivery or performance due to the deficiencies in the human resource policies.

Gap 4: External communication gap. Consumer expectations are fashioned by the external communications of an organization. A service organization must ensure that its marketing and promotion material accurately describes the service offering and the way it is delivered.

These four gaps cause the service quality gap (Gap 5), which is the difference between customer expectations and perceptions of the service actually received. Parasuraman et.al defined this difference as service quality

Parasuraman el al.'s research revealed 10 dimensions that may influence the appearance of a gap and these include.

RELIABILITY: consistency of performance and dependability, accuracy in billing, keeping records correctly, performing the service right at the designated time.

RESPONSIVENESS: willingness or readiness of employees to provide service, timeliness of service such as mailing a transaction slip immediately, calling the customer back quickly, giving prompt service.

COMPETENCE: possession of the required skills and knowledge to perform the service, knowledge and skill of the contact and support personnel, research capability of the organization. ACCESS: approachability and ease of contact, the service is easily accessible by telephone, waiting time to receive service is not extensive, convenient hours of operation, convenient location of service facility.

COURTESY: politeness, respect, consideration, friendliness of contact personnel, consideration for the consumer's property, clean and neat appearance of public contact personnel.

COMMUNICATION: keeping customers informed in language they can understand and listening to them, explaining the service itself and its cost, assuring the consumer that a problem will be handled.

CREDIBILITY: trustworthiness, believability, honesty, company reputation, having the customer's best interests at heart, personal characteristics of the contact personnel.

SECURITY: freedom from danger, risk, or doubt, physical safety, financial security, confidentiality.

UNDERSTANDING/KNOWING THE CUSTOMER: understanding customer needs, learning the customer's specific requirements, providing individualized attention, recognizing the regular customer.

TANGIBLES: physical evidence and representations of the service, other customers in service facility.

But in their 1988 work, these components were collapsed into five dimensions: Reliability, Assurance, Tangibles, Empathy and Responsiveness forming the RATER dimensions (Emel K 2014).

1) Reliability. Ability to perform the promised service dependably and accurately.

2) Assurance (including competence, courtesy, credibility and security). Knowledge and courtesy of employees and their ability to inspire trust and confidence.

3) Tangibles. Physical facilities, equipment and appearance of personnel.

4) Empathy (including access, communication, understanding the customer). Caring and individualized attention that the firm provides to its customers.

5) Responsiveness. Willingness to help customers and provide prompt service

Although SERVQUAL still remains a very popular approach in assessing service quality for researchers and practitioners (Schneider and White, 2004), which can be attributed to its practical diagnostic application for improving service quality, it has also received a lot of criticism. There have been numerous disagreements regarding the measurement of service quality. Many authors (Cronin and Taylor, 1992) have dis confirmed the 5-dimensional structure of service quality. The universality of the 5 dimensions has been questioned as the dimensions do not seem to be completely generic and largely depend on the type of industry being studied (Cronin and Taylor, 1992). Also the scale does not seem to be appropriate in every cultural context (Cui et al., 2003). This is why Cronin and Taylor (1992) developed SERVPERF which is a performance-only model for measuring service quality with empirical studies in banking, pest control, dry cleaning, and fast food sectors

In particular, there has been much dispute weather SERVQUAL or SERVPERF should be used for measuring service quality. Although both rely on the conceptual definition that service quality is an attitude toward the service offered, resulting from a comparison of expectations with perceptions, SERVQUAL directly measures expectations as well as perceptions (Carrillat et al., 2007), while in the SERVPERF model of Cronin and Taylor (1992) service quality is evaluated by perceptions of the service delivered only. SERVPERF assumes that respondents provide their ratings by automatically comparing performance perceptions with performance expectations and that measuring expectations directly is unnecessary.

Numerous authors have supported the view (Brown et al, 1993) that SERVPERF is a better alternative for measuring service quality. The service quality gaps models can be criticized on both methodological and conceptual grounds (Brown et al., 1993). Cronin and Taylor (1992) proposed that there is a lack of evidence supporting the expectation-performance gap as a

predictive measure of service quality. They believe that assessing customer perception is enough for evaluating service quality and it is unnecessary to measure customer expectations in service quality research. They oppose evaluating service quality by calculating the difference between customer perceptions and customer expectations (P-E).

Indeed, they define Service Quality as a customer Perception of Performance only without expectations. They proposed that the performance based measurement approach SERVPERF is more in conformance with the existing attitude and customer satisfaction literature and is superior to the perception-expectation gap approach. Teas (1993) questioned the validity of perception-expectation gap with conceptual and operational problem in the definition of the expectation. While perception is definable and measurable in a straightforward manner as the customer belief about service is experienced, expectation is subject to multiple interpretation by different authors (Dabholkar et al., 2000). They believe that expectation concept is doubtful and conceptualized owing to there are plenty definition for the term expectation in service quality literature where it is defined as 'normative expectation' with concern to organization constraints such as human resource or facilities and equipment's limitation or 'ideal expectation' without any concern to limitation and constraint, it means what the customer would expect from excellent service.

Initially, Parasuraman et al (1988) defined expectation as "desire or wants of customer"; what they feel a service provider should offer rather than would offer (Jain and Gupta, 2004).However Teas (1994) developed alternative models of perceived service quality based on evaluated performance and norm quality concluding that the evaluated performance model could overcome some of the problems associated with performance expectation gap conceptualization of service quality.

Because of this disagreement different authors have come up with different models for example Brady and Cronin (2001) developed a model for measuring service quality. According to the model; interaction quality that was formed by attitude, behavior, and expertise; physical service environment quality that was constituted by ambient conditions, design, and social factors; and outcome quality that was formed by waiting time, tangibles, and valence affect service quality

U.Lehtinem and J.R.Lehtinem (1991) also proposed that service quality can be viewed in as three dimensional that is physical quality which include the physical environment and instruments, interactive quality which determines whether the service provider's interaction style fits with in customer's participation style and finally corporate quality which is mainly the evaluation of the corporate image

Rust and Oliver (1994) proposed a three dimensional non-tested model that included service product, service delivery, and service environment

2.2 Conceptual Review

It's generally accepted that better service quality impacts on an organization performance and competitive positioning (Zeithml et al 1990). A utility company's quality of service applies to delivery of service to the end user. Delivery in this context includes activities preceding and following service delivery ads regards to customer and technical services for example timely installations, prompt responses to customer complaints, effective billing practices and network reliability.

2.2.1 Service quality

Service quality is a concept that has aroused considerable interest and debate in the research literature because of the difficulties in both defining it and measuring it with no overall

consensus emerging on either (Wisniewski, 2001). There are a number of different definitions as to what is meant by service quality. One that is commonly used defines service quality as the extent to which a service meets customers' needs or expectations (parasuraman et al 1990)

Service quality may be identified as consumer perception of how well a service meets or exceeds their expectation (Czepiel 1990). Service quality is as a result of comparison that customers make between their expectations about the service and perception of the way a service has been performed (Lintinen 1982.)

Service quality as an outcome of the evaluation process where consumers compare their expectation with the service they have received (Gronroos 1984). Parasuraman supports the same view defining the concept of service quality as a form of attitude related but not equivalent to satisfaction that results from a comparison of expectations with perceptions of performance.

Several conceptual models have been developed by different researchers for measuring service quality. It is envisaged that conceptual models in service quality enable management to identify quality problems and thus help in planning for the launch of a quality improvement program, thereby improving the efficiency, profitability and overall performance (Seth and Deshmukh, 2005)

Service quality has been documented as one of the key driving forces for business. Marketers of goods and services are increasingly implementing service quality and customer satisfaction surveys to measure business performance (Anderson et al 1994).service quality is an essential characteristic of a service that measures its excellence (Zikmund and D'Amico 1993).Services are growing faster in the world's economy making up a quarter of the world's trade (Kotler and Armstrong 2001).

Hanson (2000) suggested that service quality shows the organizations ability to meet the customers desires and needs therefore service quality has been proven relevant to help improve the overall performance of the organization (Julander 1996 p. 40) since customer satisfaction leads to customer loyalty (Wilson et al 2005), recommendation and repeated purchase. An organization that consistently satisfies its customers enjoys higher retention levels and greater profitability due to increase in customer loyalty (wicks and Roettlein 2009 p.83).

Service quality provided to the customers in transmission, distribution and supply of electricity is becoming an important issue. Policy and standards regulating service quality, as well as supporting measurement and monitoring systems are being introduced in order to stimulate companies to improve service quality in line with customers' requirements and affordability. Quality should be valued by the customers and should always be put in relation to their needs and expectations (Nagaprasad, and Yogesha, 2009). To focus on the customer means, therefore, that one tries to find out the customers' needs and values by conducting market analyses and then trying to fulfill the market expectations while systematically developing and manufacturing the product. Every employee has customers within the organization, internal customers, and in order to do a good job their needs also have to be fulfilled. (Nagaprasad, and Yogesha, B 2009).

Reliability

SERVQUAL describes reliability as "ability to perform the promised service dependably and accurately" (Parasuraman et al., 1988, p.23) it can also be defined as the probability that a system will perform satisfactorily for a given time when used under specified operating conditions. More generally, reliability is the capacity of parts, components, equipment, products and systems to perform their required functions for desired periods of time without failure, in specified

environments and with a desired confidence. And for an electricity distributor it means continuous supply of power at fault free rate.

Accurate billing.

Accurate billing is where a service provider gives the consumer an invoice that contains the exact amount of units that they have consumed for a given service. An efficient billing system shows usage patterns of customers, promotes pricing programs to encourage reduced usage (Pitch 2002).This is the most important factor for the customer satisfaction and if billing system is not generating accurate bills, then it can lead to serious business issues from legality point of view as well as leaving a customer in unhappy. Sometimes the billing may be accurate but its integration with the payment system may also affect its integrity. This is because a number of payment systems lack a mechanism for automatically updating the billing system immediately for example mobile payment, instead, there is a delay between the transaction and the reconciliation of the billing system, which in some cases leads to erroneous disconnections for last-minute payers, an outcome that has obvious ramifications for customers' faith in the integrity of the mobile payment system (Hope and Foster 2012) which may affect company's performance.

Responsiveness

It's the company's ability to respond to customer requests wherever they are, and via whatever device they are using at the time (A Gaffney 2012). He adds that responsiveness has an increasingly significant impact on how effectively an organization connects with their customers. It's also the company's ability to attend to customer requests in a timely and satisfactory manner. Customer responsiveness is the ability of a business to recognize and respond to changing customer needs. This is why UMEME combined with telecommunication networks like MTN,

Airtel among others to allow customers pay their bills at any time of their convenience in a fast manner. A responsive company uses technology to learn more about customer needs and trains its people to deliver the highest standards of customer service however as an inherently paperless system, mobile bill payment transactions lack the physical receipts that have traditionally presented an unambiguous proof of payment and defense against disconnection. The unease associated with conducting a transaction that provides no physical proof undoubtedly hinders wider uptake. (Hope and Foster 2012)

2.2.2 Performance

Cokins 2006 defined performance as a frame work for managing the execution of an organization strategy. In other words describes the process of how an organization translates its plans into results. Thus business performance is related to success and excellence as proposed by peter and waterman in the 1980s. Cokins further defines performance management as the translation of plans into results. Business performance derives from the field of strategic management which is concerned with evaluating the efficiency and effectiveness of the business actions towards the attainment of organizational goals (Neely 1998)

Performance measurement has been used to measure the success of an organization and in meeting its own objectives and a management tool for improvement (Fitzgerald et al 1991). 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 (Venkatramanand, 1986).Several multinational frameworks have been developed which stress the interdependence of financial and non-financial performance measures (Fitzgerald et al 1991).Managers in the service sector are under increasing

pressure to demonstrate that their services are customer-focused and that continuous performance improvement is being delivered

Business performance management consists of a set of management and analytic processes, supported by technology, that enable businesses to define strategic goals and then measure and manage performance against those goals. Achieving operational excellence in today's utility environment is a challenge so one can find out how a company is performing by comparing the results of the initiative to the objectives and evaluating to what extent targets have been met says Bert Mark (2002). Core business performance management processes include financial planning, operational planning, business modeling, consolidation and reporting, analysis, and monitoring of key performance indicators linked to strategy.

Wheelen and Hunger (1998) argue that appropriate performance measures depend on the organizations and their objectives i.e. profitability, market share and cost reduction.

Financial indicator like return on investment (ROI), earning per share (EPS) and return on equity (ROE) etc. are used by number of organizations to measure their progress.

Over the decades, organizations have used a portfolio of financial variables to measure performance. Recent findings seem to reveal that organizations have opted for both financial and non-financial variables in the measuring process (Chenhall, 2003). There are some studies that reveal organizations merely adopting financial variables while discarding the non-financial variables in the measuring process due to managers constantly aim to maximize the shareholders' wealth.

Kaplan and Norton's (2001) recommends organizations to look beyond the financial perspective and include the customer number of complaints, percentage of repeated orders, internal business and innovation and leaning that is number of new products, investments perspectives in the

measuring processes. Quality-of-service standards are expressed in terms of performance measures related to percentage of work to be done or persons to be assisted within a specified time period. For example electricity companies, a requirement might be that service be restored following an outage for at least 80 percent of customers within three hours. For water companies, 95 percent of all meters might be required to be read over a two-year period to limit estimated usage (Lynne Holt 2004)

Profitability

Profitability is the primary goal of all business ventures. Without profitability the business will not survive in the long run. Profitability is the ability of a business to earn a profit. A profit is what is left of the revenue a business generates after it pays all expenses directly related to the generation of the revenue, such as producing a product, and other expenses related to the conduct of the business' activities. Reicheld and Sasser (1990) found a link between service quality and profitability through the activities of customer retention. Service quality as perceived by customers has made a major impact on a number of measures for cooperate success in most forms (Bozzel and Gale 1987)

Researchers generally demonstrate that better service quality increases the perceived service value and satisfaction, improves the service provider's customer retention and financial performance and also enhances the firm's corporate image. (Nguyen and Leblon 1998)

A growing number of organizations use quality management as a strategic foundation for generating a competitive advantage (Lemak, &Reed, 2000) and improving firm performance (Lemak& Reed, 1997) because quality practices have been shown to enhance organizational performance for both product and service organizations (Powell, 1995)

Customer satisfaction

Customer satisfaction is the post consumption evaluation of perceived quality relative to expected quality (Anderson and Fornell 1994). Oliver (1997) describes it as the judgment that a product or service provided a pleasurable level of consumption related fulfillment including levels of under or over fulfillment. Choi (2001) says it's the percentage of customers whose experience with the firm exceeds specified satisfaction goals. According to Teas (2001), the concept of customer satisfaction can be measured in terms of customers' expectations, perceived service quality and complaints.

Customer satisfaction is a cognitive appraisal of the degree to which a product or service performs relative to subjective standard (William 1999). He discovered that major gains in customer satisfaction were likely to come from the alleviation of complaints and similarly Fornell and Wernerfelt (1987) discovered that firms should encourage customers who are dissatisfied with services to complain and management should respond to complaints in order to retain customers. Communicate to the customers that their complaints are understood clearly and they are doing great for reporting the complaints which makes the company solve the problems and improve the service quality. (Dru 2000).

Organizational performance reflects an organization's understanding and knowledge regarding customer needs and expectations (Slater and Narver, 1995). 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 (Baker and Sinkula, 1999). Highly satisfied customers of a firm are likely to purchase more frequently in greater value and buy more goods and services offered by the same service provider (Gronholdt et al 2000).

For any organization to survive, even a government backed monopoly, it must satisfy its market. To achieve this goal the market must perceive that its needs have been met (Steward 2001).The services literature and research suggests that there is a direct link between service quality and business performance (Zeithaml et al 1990; Parasuraman 2002). The link is perceived to either be through offensive marketing by attracting new customers or defensive marketing by retaining existing customer base (Soteriou and Zenious, 2000) which has led to the popularity of service improvement programs and service quality becoming a strategic issue in services (Soteriou and Zenious 2000) especially with in the utility industry.

Level of expansion

According to O'sullivan (2003), expansion means enlarging the scale of a company. It is an increase in the level of economic activity, and the goods and services produced. This may include internal expansion and integration. Internal expansion means a company enlarging its scale through opening branches, inventing new products, or developing new businesses. Integration means a company enlarges its scale through taking over or merging with other companies. This is why UMEME is trying so hard to have branches in every region of Uganda although its customer base is still small compared to the demand for electricity.

2.3 Actual Review

2.3.1 Reliability and performance of UMEME

Reliability is one of the important factors in the design, operation and maintenance of electric power systems. Reliability means degree of performance of the elements of the bulky electricity system that results in electricity being delivered to customers with in accepted standards and in the amounts desired. It can be measured by the frequency, duration and maintenance. Baldwin and Cane (1999) say that reliability indicators measure the continuity of basic power delivery so electric utilities are expected to provide a continuous power supply at all times therefore interruption in power supply constitutes dilution of service quality.

Electric service provision is described as continuous (Babakus and Boller 1992) and distributors are expected to deliver power without interruptions. Scholars in the service management tradition argue that the co-production process that typifies services makes reliability the more important quality dimension (Zeithaml, et al, 1996). Thus, reliability should be relatively more important to maintain and improve. In their review of the SERVQUAL research, Zeithaml et al. (1990) noted that reliability is consistently the most important service quality dimension, or largest ''gap,'' to improve across service industries.

Reliability refers to the ability of a power system to provide an adequate supply electrical energy at any point of time. (Council of European Energy Regulators, 2005). Spencer 1975 says that there may be direct or indirect loss of revenue from degraded quality for example the breakdown in the distribution system means less product is delivered and paid for, where reliability is very poor an or very valuable, alternative suppliers may be ensured however with unregulated monopolists most consumers may not have alternatives when the network fails. Of gem (2000 p.16) argues that it's important to consider customer's willingness to pay for improvement to

quality of service. He adds that customers are interested in quality as well as price. Experience to date suggests that there is limited willingness among customers to pay extra for improvement in service quality. (Ofwat 1997 p.3). Palace (2012) said that while a reliable product may not dramatically affect satisfaction in a positive manner, but an unreliable one will negatively affect customer satisfaction severely thus high reliability is mandatory requirement for customer satisfaction.

Reliability of service needs to be given primary importance by electric utility providers. The consumer is least interested about the availability of power sources, grid conditions must be ensured of a power supply which is most reliable and qualitative. Reliability to a customer means that power is made available to him is fault free, the outrage or interruptions are tolerable and don't disturb normal life (shriV and Shri A)

The right to access a reliable, adequate and affordable electricity supply of sufficient quality for personal and house hold use is an international right. According to the international human rights frame work, electricity being reliable means regular dependent secure and continuous. Disconnection must be arbitrary, it's only permissible in certain defined circumstances (for example nonpayment, illegal use and risk to human health or safety) and must be exercised consistent to proper procedures for example through notification and opportunity to rectify.

Center of health human rights and development (CEHURD 2011) says that interrupting electricity supply through improper procedures like unannounced or unexpected load shedding poses a direct risk to the lives of patient who may be in intensive care or those undergoing lifesaving surgeries, water supply in electric pumps may go off and refrigerated medicines may go bad which interferes with the people right to life. Partly as a result of the insufficiency and

ineffectiveness of supply planning and regulation, load shedding is part and parcel of electricity supply in Uganda which has led to death of up to 150 patients in Jinja referral hospital alone.

Regulator 2005 says that in a perfect world, electricity supply would be available but in the real world electricity supply is not always available so the shorter the interruptions of power supply and the fewer the instances of interruptions the better the supply from the view of the customer hence the reliability of supply affects customer satisfaction.

When studying the continuity of supply its important to look at outrages and interruptions. Customers usually want to know at the very least how many unexpected interruption to supply might they face in a year and for how long in each case to improve satisfaction so the following terminologies are used in measuring the reliability of power (Baggini,2008 p43)

planned outrages: these occur when the provide needs to disconnect supply to undertake maintenance or consumption work which is announced to the customers unplanned outrages these occur when equipment failures cause the supply of electricity to be disconnected unexpectedly mainly caused by vandalism transformer failure, cables and human error.

Momentary interruptions: they occur momentary due to auto lose devices being installed on the network to restore supply. The alternative to experiencing monetary interruption would be an expected outrage requiring supply to be restored by and operator.

System average interruptions frequency index (SAIFI): Measures the number of interruptions customers experience in a given year relative to the total number of customers on the network. It includes planned and unplanned interruptions but not momentary ones.

Customer average interruption duration index (CAIDI): measures the time taken to restore supply relative to the total number of customer interruptions or the duration of interruptions per customer. It's simply measured by dividing SAIDI and SAIFI.

Momentary Average Interruption Frequency Index (MAIFI); This measures the number of momentary interruptions customers experience relative to the number of customers connected to the network or the number per customer

2.3.2Accurate billing of service and the performance of UMEME

Metering and billing indicators reflect the quality with which the utility measures and bills the consumers' power consumption. Quality in this area will be enhanced by timely and accurate meter reading and bill preparation (Baldwin and Cane 1999). In today's market the quest to achieve higher levels of customer service is an increasingly critical component of higher performance for utility providers. Utilities typically don't interact with customers except when sending a bill or responding to a bill and service issues. Alisa Mann (2012) says that better formatted bills reduce the number of customer calls at call centers and access to achieved bills makes the resolution process faster and easier.

Billing arises when a customer obtains services and pays later so an invoice is raised and this invoice will be the bill. Billing is therefore a collection of customers unit of utility over a given period of time as required by the organization. Van Horne (1995) defines billing as a data processing operation involving the tabulation and preparation of customer units in that period. Rodriguez P (2009) observed that electricity billing system is a data based driven application. It's a menu driven application that can edit delete and view records in the data base design and

programming using the code as primary language. However it should consist of a map to help electricity companies like UMEME find and identify customers.

Accurate billing for services is a critical element of a utility company. This component specifically focuses on billing integrity as the basis of revenue collection. According to Schuthes's and Summer (1995) they argue that a billing system like any other system, receives inputs of data and instructions, processes the data according to the instructions, processes the data according to the instructions provided and then generates the required output. The phrase "garbage in, garbage out" does apply in this instance. If the customer information and billing information is incorrect the service provider has no basis to effectively collect revenue. To facilitate revenue generation, the utility needs to bill its customers on a regular basis. It is imperative that the billing is done accurately, as invoices that do not reflect the true nature and quantity of services delivered will probably result in non-payment.

Accurate billing leads to faster receivables and customer satisfaction (Max Rudman 2009).Robert H et al (1960) recommended that a good billing system is one that produces accurate and realistic information. Customer bills delivered should reflect the exact number of units charged and what cost to be realistic. Customer expectations should not be misjudged by charging a different amount from the one expected during the month. The time table should be familiar with the customer taking into account the meter readings, bill generation and bill delivery which is not the case for UMEME leaving customers dissatisfied.

Effective billing and collection systems are a crucial component for ensuring the viability of a service provider. They are critical for ensuring financial sustainability and achieving cost recovery especially if a service provider is looking to expand services and improve the quality of

service provision. Improving billing and collecting activities has an immediate impact on revenue streams of a service provider that in turn encourage commercial and operational effectiveness for aiding the expansion and delivery of improved viable and sustainable services (Agrawal et al 2008).

He adds that poor billing and collection practices prevent utilities from recovering sufficient costs to properly operate and maintain facilities therefore provide adequate services to customers. Utilities fail to accurately bill due to inadequate customer records, inadequate processes and systems or unwilling customers who default on payment because they are dissatisfied with the services. Max Rudman (2009) says that human error accounts for 30% of all mistakes made in the work place. When quotes are manually configured, inaccuracies are inevitable and they follow the customer through invoices.

Pandey 1983 says there must be a collection policy because not all customers pay in time and some don't pay. Firms should institute a collection process to solve the problem of slow players and those who don't pay to reduce losses. He adds that steps like giving customers reminders about the grace period, a strong worded letter should follow a polite warning then disconnection should be followed however this does not apply to UMEME because once a bill has been delivered, it's the customers responsibility to pay within seven days and if this doesn't happen then revenue collectors are sent to the premises to disconnect the customer which leads to dissatisfaction of the customer and poor performance of the company.

Timely and accurate billing by electricity distributors is essential to customer's satisfaction because billing inefficiencies cause inaccurate bills to be delivered to customers, incorrect billing of customers, bills being delivered to the wrong address which result into unwillingness of the

customers to pay bills regularly due to their loss of faith in billing practice (Agrawal et al 2008). He adds that billing errors also incur additional costs since rectifying the error requires more time and resources not only for the provider but also in registering the complaints for an inaccurate bill which reduces the credibility of the service provider and weakening the accountability of the customers to the service provider and as a result its performance.

According to guideline software (2008), periodic bills are the only regular form of communication between the service providers and customers and the majority of customer calls a service provider receives are billing relate. Billing offers are opportunities to build satisfaction and loyalty by providing flexible accurate and prompt resolution of discrepancies. Billing enables service providers interact with subscribers leading to productivity and higher performance of the company. According to Sweetney (1992) a successful billing system will result in fewer customer complaints as regards to delayed bills or inaccurate billing.

A successful billing process is a function of both technology and accurate input. The technology (in the form of financial software) must have the required financial integrity to process transactions accurately. Most financial software available on the market has this financial integrity. Successful billing is therefore mostly a function of the accuracy of the data input into the system. For this reason, it is important that relevant controls are put into place that to ensure complete and accurate billing.

The key to successful billing relies on the software being able to provide reliable and accurate information. The design of an effective credit control and debt collection policy is an important part of debt management and revenue enhancement, and solutions to the various problems identified in the status quo assessments need to be found. From the communication point of

view, the following factors must be taken into account. A defaulter may or may not be able to pay. Consideration must be given to what action the utility company can take in the event of a defaulter due to, for example, genuine poverty or unemployment and being unable to react to the company request for payment (Agrawal et al, 2008).

D Bikweto in a press letter on September 29 /2005 claimed UMEME's billing system is getting worse since customers have meters but still get estimated bills which are used to disconnect customers. According to the report on electricity tariff reduction 2009, some of the electricity meters bought by UMEME in 2009 measured more energy than what is consumed by customers. Mr Robert Segonja chairman of Water and Electricity Consumers Association (WECA) in the daily monitor of 15/01/2010 said that more often bills take long to reach customers and some are produced with the wrong customer references and dresses as well as incorrect amounts. UMEME's head of communications adds that there many complaints on the customer service helpline on a monthly basis hence levels of dissatisfaction.

Debt collection and service delivery are the two greatest challenges facing utility companies in Uganda. The fact that not only household consumers but also businesses and the government itself are in arrears demonstrates that debt collection practices are inadequate and that the factors that underlie the reasons for and consequences of non-payment are not fully understood and have not been sufficiently addressed in a disciplined manner.

Due to poor billing and revenue collection utility are increasingly dependent on governmental subsidization to balance their budget so It is critical for the a company to understand its customer profile and to differentiate between those customers who can pay and who can't pay because the

billing function is the principal mechanism that drives all cash flow, the main source of customer information, and critically fundamental to the success of any company (Agrawal et al 2008).

An efficient billing system shows how usage patterns of customers, promotes pricing programs to encourage reduced usage (Pitch 2002).Smart meters have the potential to bring numerous benefits to business performance like an end to estimated billing, reduction in meter reading costs and change in consumer behaviors. This could further create market confidence since it helps customers understand their own consumption and view their carbon foot print (Agrawal et al 2008).

UMEME reaffirmed bringing down the losses with the investment in appropriate technology to improve service delivery by converting over 90800 customers to the prepaid metering system where customers will pay upfront for the power they will consume. This system guarantees 100% revenue collection and helps prevent wastage of energy because households will be disconnected whenever there is no upfront payment (CEO UMEME 2013). Prepay service can enhance the relationship between the utility and its customers by not only making the payment process more convenient, but by providing real-time information to the customer about their daily cost which is changing how they think about and manage their electricity. (Malama et al 2014).

The company has also tried different various strategies to reduce energy distribution losses with the communications manager threatening to execute thieves found stealing power. Reducing power losses is one of the key performance indicators in the concession agreement, along with increase power coverage and installation of per paid meters (ERA 2011). UMEME introduced the prepaid billing, also known as YAKA, which requires customers to pay for electricity before using it however customers claim that there is no difference between Prepaid and postpaid

because they are all plagued with the same problems which affects the company's performance in terms of customer satisfaction and profitability.

A cross-section of people using UMEME prepaid meters are unhappy with the billing system after it emerged that they pay more in terms of money and get less electricity units than they have paid for. Several users of the prepaid billing system told the Daily Monitor that even after paying for 30 days in advance, they end up running out of power seven or 14 days before the due date they have paid for. Consumer activists say that the national power distributor, UMEME should explain such variance before they seek legal redress in the courts of law.

However, some studies have shown that many consumers are very happy with the switch from the post paid to the prepayment system, citing ability to control usage of electricity as one of the main reasons (Malama et al 2014). He argued that the customer's ability to monitor the units of electricity being consumed gives one the opportunity to make adjustments which would ensure that available electricity units last longest since most prepayment metering systems have an in home display which gives regular feedback on the amount of energy being used, consumers are able to periodically monitor energy usage.

2.3.3 Responsiveness and the performance of UMEME

Responsiveness is found to be related to market performance (Homburg et al. 2007).Responsiveness is a firm's propensity to act on intelligence that is generated and disseminated (Hult et al. 2005). According to Himansu (2013), responsiveness emphasizes attentiveness and promptness in dealing with customer requests, questions and complaints. He adds that it's communicated through the length of time a customer has to wait for assistance, answers to questions or solutions to problems. Responsiveness is important capability of an

organization to cope with the change in customer demand (Sharifi& Zhang, 1999) and to enhance organizational performance (Stalk, 1988). Therefore, responsiveness is expected to affect organizational performance.

Responsiveness is adopting a can-do attitude, and a willingness to go the extra mile for the customer. A company's level of responsiveness in serving customers can be evaluated from three perspectives: speed of service, sensitivity to customer concerns and awareness of changes in the general needs of your target customers (Meehan and Dawson, 2002). Although good customer service is part of customer responsiveness, customer responsiveness takes customer service a step further. They add that customer responsiveness is accurately and insightfully giving customers what they need, want or don't yet know they want and doing so more quickly than anyone else.

This is the willingness to respond to customer needs by answering their phone or email requests quickly, by acknowledging them quickly in-person, and being willing to do what it takes to respond effectively to a service request. Call centers are changing the way companies communicate with customers and are a strategic asset in delivering exceptional service quality. Companies that focus on customer loyalty are increasingly using their centers to differentiate their product or service offering and drive customer satisfaction (T Jones 2010).

Customer responsiveness is about being fast and right. The value of being right is obvious customers get something that meets their needs. But the value also depends critically on the speed with which the response is produced. Maximizing performance across the two dimensions constitutes excellent customer responsiveness. (Meehan and Dawson 2004). Dabholkar et al (1996) suggests that in a retail situation, personalized interactions give employees a chance to instill confidence in customers that they have made the right choice. Therefor it seems

reasonable that this dimension would also play a role in determining the service quality of an electronic service provider.

Responsiveness is a firm's propensity to act on intelligence that is generated and disseminated (Hult et al. 2005).Responsiveness is found to be related to market performance (Homburg et al. 2007), new product success, and adaptive capacity. Indeed, responsiveness is so important that Kohli and Jaworski(1990) suggests that an organization can generate intelligence and disseminate it internally; however, unless it responds to market needs, very little accomplished.

Responsiveness is critical for achieving long-term success, as put by Teece et al., (1997), Winners in the global market place have been firms that can demonstrate timely responsiveness and rapid flexible product innovation, coupled with management capability to effectively coordinate and deploy internal and external competencies (Teece et al. 1997). Similarly, marketing scholars assert that responsiveness is the key to sustainable competitive advantage by allowing firms to go beyond identified needs to understand and satisfy customers 'latent needs (Slater &Narver, 1998). This is why meme has tried to reduce the number of electricity-related public fatalities which were once common through a combined approach of an extensive school safety program and the systematic replacement of over 90,000 deteriorated electrical pole

CHAPTER THREE

Research methodology

3.0 Introduction

This chapter presents the background against which the information was gathered, describes the methods used by the researcher to collect data, findings and conclusions of the study assessed with validity and reliability. It provides adscription of the research design, study population and area, sample size and sampling, data collection method, data collection instruments, data collection procedure, data analysis and limitations.

3.1 Research design

In order to collect as much data as possible, a combination of descriptive and case study research designs were used to allow both qualitative and quantitative data for a broader study to enhance the generalization of the results collected through questionnaires, observation and interviews.

Descriptive research design was used to obtain information concerning the current status of the phenomena. The descriptive design enabled the use of several techniques like survey and observation which allowed the collection data for detailed analysis and demonstration of relationships between service quality and performance important for recommendations in practice.

A case study was used to narrow down the field of research. The case study research design was useful for testing whether the theory and model actually applied to UMEME because it helped in understanding of a complex issue through detailed contextual analysis of conditions in UMEME using questionnaires to fully describe a phenomenon. The researcher also used the case study

design to analyze the impacts of service quality on performance of UMEME because they are not expensive, appropriate for the UMEME set up and they provided a great deal of information in detail and solutions to complex situation.

3.2 Study area

The study was carried out in Kampala district of Uganda which includes different branches of UMEME like the main branch, Nankulabye, Natete, Wandegeya, Banda among others.the area was chosen for research because that is where the potential customers who are a good source of information are.

3.3 Study population

The research was carried out in a heterogeneous population comprised of 600000 customers and 13000 active employees of UMEME.

3.4 Sampling procedures

3.4.1 Sample size

Sampling involved choosing a small group of participants that would represent a larger group because it was difficult or impractical to include all members of a customers and employees of UMEME. However the researcher ensured that enough participants were recruited to generate useful information that could be generalized or representative of the group represented that is why a sample size of 150 people was chosen conveniently

Table 1: Showing sample Size

Category of respondents	Sample size	Sampling methods
Management	10	Purposive sampling
Employees	14	Simple random sampling
Customers	126	Stratified sampling
Total	150	

Source: krejcie, R.V & Morgan, D.W (1970).

3.4.2 Sampling techniques

The probability sampling techniques chosen were purposive sampling, simple random sampling and stratified sampling. Because the population was scattered and there was limited time as the goal of the study was to understand the phenomenon rather than representing a population and therefore the depth of information took priority over breadth.

The researcher used a purposive sampling to select members in the management based on their knowledge to participate in the interview for the purpose of the study

Stratified sampling was used in the selection of customers because population was split into fairly homogeneous groups. The strata used were Nankulabye, Natete, Wandegeya and Banda.

3.5 Data collection methods

The research methods used included survey method that was the use of questionnaires which was the collection of question logically put together. Survey method was used to reach as many respondents as possible.

The interview method that involved a one on one interaction with participants was also used. Interview were very helpful in collection of extra information which was not provided for in the questionnaire because they provided for the flexibility of rephrasing questions for better perception relating to questionnaires and the respondent was allowed to express themselves since the language that was used could be softened hence room for more information to be collected.

In addition observation method was used to get closer to the situation through observing what was happening, what was being said by the people and to overcome researcher perspective or bias, the observations were compared to the documentary evidence and responses to the interview

3.6 Data collection instruments

The instruments included questionnaires which were administered personally to the respondents or by post for the different groups of respondents to increase responses. The questionnaires enabled gathering information from large number of participants because they are cheap and gave respondents adequate time to express what they feel.

Interview guides were used to enable the effective flow of the interview with the respondents and to allow deeper understanding of the phenomenon because respondents were able to express themselves freely.

An observation checklist was added to the data collection instruments to make a good comparison with the data collected using the different instruments.

3.7 Quality control methods

3.7.1 Validity

According to Amin, (2005) validity refers to the extent to which the instrument is relevant in measuring what it is supposed to be measured. The instrument used in this study was questionnaire and interview guide. These were discussed and adjusted accordingly. Validity also means the extent to which the results of a given study can be attributed or generalized to entire population. The sample was selected in accordance with guidelines for estimating the sample size to enable generalization.

3.7.2 Reliability

Reliability is dependability of a measuring instrument, it is the degree to which the instrument consistently measures whatever it is measuring (Amin, 2005).Reliability was further ensured by performing the Cronbach's Alpha coefficient tests calculated using SPSS.

Table 2: showing reliability research instruments

Reliability Statistics

Cronbach's Alpha	N of Items	variables
.776	20	Independent variable
.125	10	Dependent variable

Source: primary data (2015)

The table above shows that the instruments used was reliable since both the independent and dependent variable have values above 0.07.

3.8 Data analysis

In the field data was managed, analyzed, and presented using quantitative methods. Data analysis was primarily inductive with some deductive input because it involved qualitative and quantitative data. Quantitative data was first coded for easy interpretation. That is to say a number was assigned to each answer on the coding sheet. With the help of the SPSS software the data was presented inform of frequency table and graphs worked out basing on what was entered into excel and analysis was done using percentages to determine the relationship between the two variables.

QualitativeData. The data was sorted and categorized according to the different themes in the study to facilitate the identification of the relationships patters. It was presented descriptively.

3.9 Ethical consideration

During the research process, the researcher maintained a high level of moral conduct and treated respondents with respect and care.

This included ensuring that respondents participated voluntarily, they were given an honest reason as to why the research was being carried out, asked for their permission before proceeding with data collection plus keeping their identity confidential.

The research was based on Objectivity and independent of personal bias and opinions during data analysis, data interpretation, data presentation and the choice of respondents. Results were accurately presented according to what was heard and observed.

The researcher did not take advantage of the easy to access people but sought for informed respondents through purposive selection. For the quality and integrity of the research plagiarism was also avoided and credit was given were it was due.

3.10 Limitations

The study was limited by the lack of access to some respondents especially the customers and residents of the area whose homes were closed due to the working culture of the people in Kampala hence no response was got from some of the people who took the questionnaires.

Some of the top managers were not easily accessed due to their busy schedules and the employees and staff had engagements which called for rescheduling of the appointments that caused delays in the completion of the research.

Some of the respondents found the language used on the questionnaire barrier to them which created a need for personal interview.

The time constraint and limited funds were also a limit and therefore some respondents were not reached.

CHAPTER FOUR

Data presentation and discussion of findings

4.0 Introduction

This presents data collected from the survey and interview was used to analyze the data.

4.1 Response Rate.

The researcher issued one hundred and fifty (150) questionnaires to respondents in Nakulabye, Natete, Banda among others in kampala. However only, 112 out of the 150 questionnaires were returned. This formed the response rate of 75%.

4.2 Bio data

This part of the questionnaire aims at gathering background information of the respondents. This part consists of gender, age, marital status, length of using electricity and type of meter reading. All the figures charts are illustrated in percent

4.2.1 Age of the respondents

This question required respondents to give their age bracket.

Table 3: age of the respondents

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	20-29	55	49.1	49.1	49.1
	30-39	25	22.3	22.3	71.4
	40-49	24	21.4	21.4	92.9
	50-59	6	5.4	5.4	98.2
	above 60	2	1.8	1.8	100.0
	Total	112	100.0	100.0	

Source; primary data (2015)

Figure 2: age of respondents
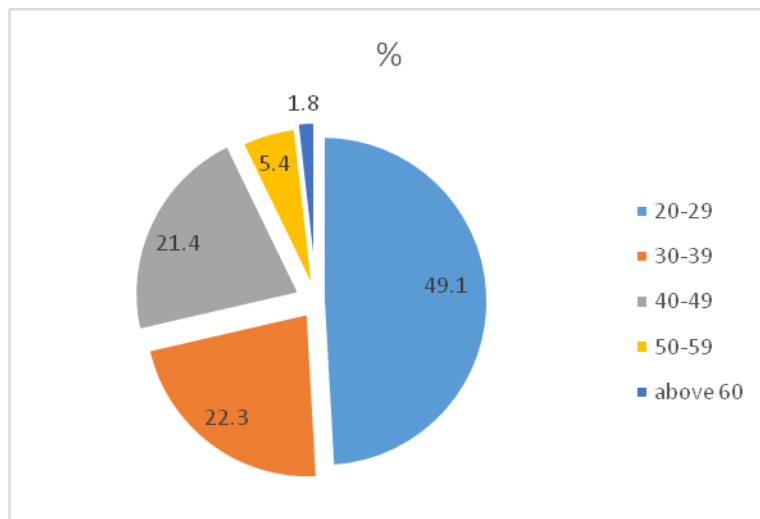
The graph above shows that most of the respondents were aged between 20 and 29 with the biggest percentage of 49.1%, followed by 22.3% of the respondents in their 30's, 21.4% of the respondents were aged between 40 and 49, 5.4% were in the 50's and only 1.8% were above 60 which means most of the electricity users in Kampala are of the active age which creates an expanding market for UMEME's services

4.2.2 Gender of the respondents

The question required the respondents tell the researcher whether they were male or female.

Table 4: Gender of respondents

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	45	40.2	40.2	40.2
	Female	67	59.8	59.8	100.0
	Total	112	100.0	100.0	

Source: primary data (2015)

Figure 3: showing gender of respondents.
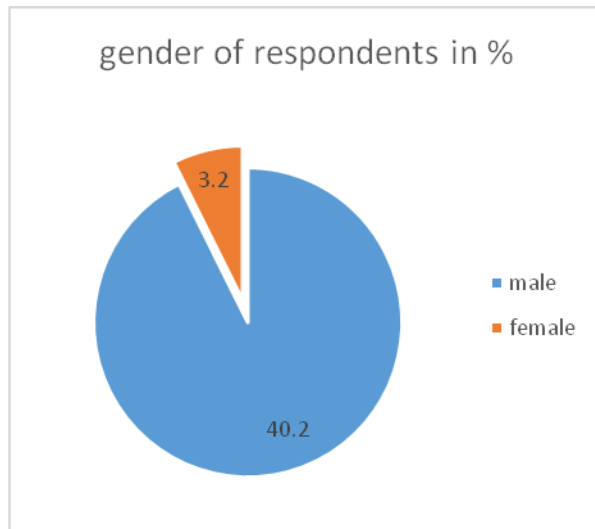
The graph above shows that they more females participated in the study than males. The females were represented by 59.8% and the males 40.2%.This means that the biggest percentage of UMEME's customers in Kampala is female.

4.2.3 Marital status of the respondents

This question required respondents to indicate whether they were single, married, widowed or divorced.

Table 5: status of respondents

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Single	53	47.3	47.3	47.3
	Married	48	42.9	42.9	90.2
	widower	5	4.5	4.5	94.6
	Widow	6	5.4	5.4	100.0
	Total	112	100.0	100.0	

Source: primary data (2015)

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Figure 4: Showing the marital status of respondents
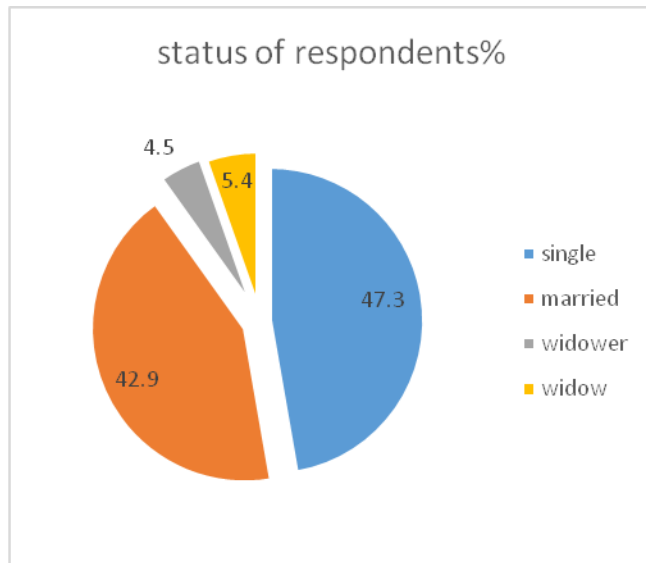
Source; primary data (2015)

According to the survey, most of the respondents were single as clearly shown by the graph above. 43.7% of the respondents were single, 42.9%, of them were married,4.5%were widowers and 5.4% widows.

4.2.4 For how long have you been using electricity?

The question required the respondents to choose from less than a year, less than five years, less than ten years and over ten years.

Table 6: length of using electricity

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Less than a year	0	0	0	0
	Less than five years	0	0	0	0
	less than ten years	12	10.7	10.7	10.7
	over ten years	100	89.3	89.3	100.0
	Total	112	100.0	100.0	

Source; primary data (2015)

Figure 5: showing length of electricity use
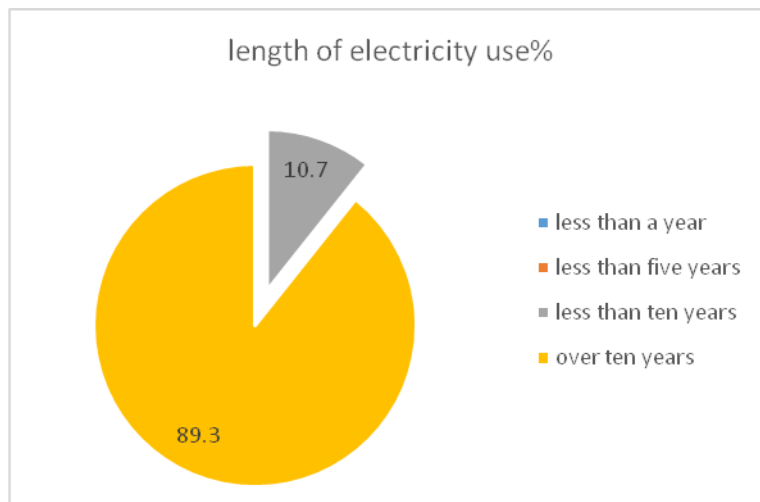
The graph above shows that the biggest percentage of the respondents that is 89.3% have used electricity for more than ten years and only 10.7% have used it for less than ten years. None of the respondents had used electricity for less than five years. This implies that electricity is almost a basic need therefore UMEME has a large market to serve.

4.2.5 What type of meter reading do you use?

The question required respondents to indicate whether they were still using the postpaid maters or they had adopted the prepaid maters also known as YAKA.

Table 7: Type of meter reading

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Prepaid	80	71.4	71.4	71.4
	post paid	32	28.6	28.6	100.0
	Total	112	100.0	100.0	

Source; primary data (2015)

Figure 6: showing type of meter reading
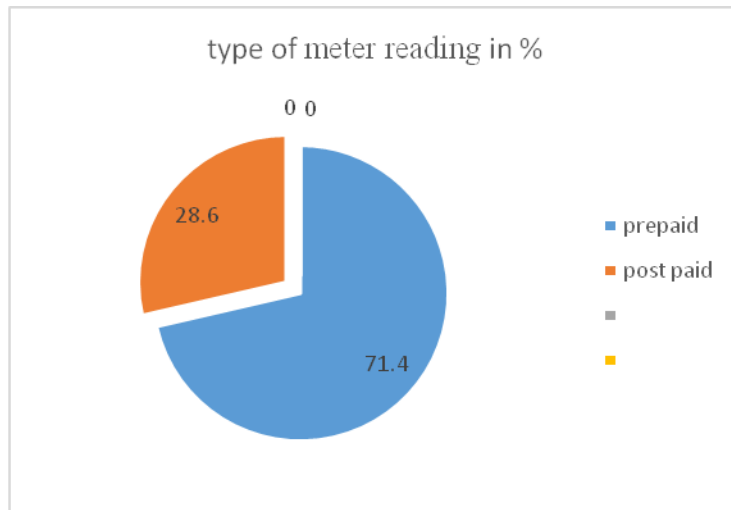
The graph above shows that most of the respondents had adopted the prepaid metering system. 71.4% of the respondents reported that they were using the prepaid meter commonly known as YAKA and 28.6% were still using the postpaid meters. This signifies that UMEME has tried to implement its objective of converting all its customers to the prepaid meters especially in Kampala

4.3 Discussion of findings by objectives.

4.3.0 Descriptive statistics of performance

The respondents were asked to give their opinions to the statements regarding the performance of UMEME and the findings are presented in the table below.

Table 8: Showing the performance of UMEME

Statements	N	Mean	Std. Deviation
UMEME services are being provided efficiently and equitably	110	2.53	.631
i am contended with UMEME's performance as a service provider	110	2.27	.505
services meet my expectations for quality and represent value for money	112	2.58	.624
I sometimes have to look to other sources because UMEME does not perform to meet my needs	112	4.70	.462
Even if I were provided with another service provider, would never shift from UMEME as a service provider.	112	2.26	.479
the length of time UMEME took to set up and install electric equipment like poles at my location was as planned	111	2.14	.745
I received enough information which helped me decide on whether i should take the prepaid metering system before it was installed in my premises	112	2.55	.919
the performance of equipment such as transformers, electric poles and wires should be improved	112	4.29	.454
i am sure that UMEME looks out for my interests and not their own	112	2.06	1.101
Valid N (list wise)	105		

Source: primary data (2015)

The statement on whether UMEME services are being provided efficiently and equitably got 110 responses that were highly varying as represented by a standard deviation of 0.631 and the mean of 2.53 shows that they disagreed which was supported by one of UMEME's managers who said in an interview that the customers are congested in urban areas but some of the places up country do not have connections.

According to the survey, the statement on whether respondents were contended with UMEME's performance as a service provider received 110 responses highly varying as shown by the standard deviation of 0.505. Most of the respondents disagreed with the statement with a mean of 2.27 because lack of satisfaction from the services provided which (Oliver 1997) explains that satisfaction is the judgement that a product or service provided a pleasurable level of consumption related fulfillment including levels of under or over fulfilment.

Respondents also reported that the Services do not meet their expectations for quality and do not represent value for money as represented by a mean of 2.58 which is an indicator of poor quality. This is in line with Lintinen (1982) who argues that service quality is a comparison that customers make between their expectations about the service and their perception of the way a service has been performed.

The statement on whether customers would recommend UMEME ltd to a friend or associate received 111 responses. Most of the respondents disagreed with a mean of 2.28 and a standard deviation of 0.451 which reflects poor performance in line with wicks and Roettlein (2009) who explained that an organization that consistently satisfies its customers enjoys higher retention levels and greater profitability due to increase in customer loyalty, recommendation and repeated purchase.

Respondents sometimes have to look to other sources because UMEME does not perform to meet their needs. This was reported with a mean of 4.70 and standard deviation of 0.462 with reasons like unreliable supply of power which is in line with spencer (1975) who argued that

where reliability is very poor and or very valuable, alternative suppliers may be ensured however with unregulated monopolists most customers may not have alternatives when the network fails. The need to find other sources of power means that UMEME is performing poorly.

The results indicate that respondents would shift from UMEME once provided with another service provider as they disagreed to the related statement with a mean of 2.26 and a standard deviation of 0.49 which is a sign of poor performance on UMEME's part because highly satisfied customers of a firm are likely to purchase more frequently in greater value and buy more goods and services offered by the same service provider (Gronholdt et al 2000)

The statement to determine whether length of time UMEME took to set up and install electric equipment like poles was as planned received 111 responses with a high variation represented by the standard deviation of 0.745. most of the respondents disagreed with a mean of 2.1which is an indicator of poor performance as Lynne (2004) says that quality of standards are expressed in terms of performance measures related to percentage of work to be done or persons to be assisted within a specified time period.

The respondents were asked whether they received enough information to help them decide on whether to take the prepaid metering system before it was installed their premises. The results indicate that responses varied from not sure especially by those with the postpaid meters, to strongly agree. These variations in responses were shown by the standard deviation of 0.919 although most of the respondents disagreed to the statement saying that the prepaid meters where installed because they were not given options which the SERVQUAL authors explain as the

external communication gap. They argue that a service organization must ensure that its marketing and promotion material accurately describes the service offering and the way it is delivered which UMEME did not do hence poor service delivery.

All the respondents agreed that the performance of equipment such as transformers, electric poles and wires should be improved as shown by the mean of 4.29. The standard deviation of 0.454 means that there was a high variation in responses. This means that UMEME should improve the performance of equipment to prevent electricity-related public fatalities which is in line with Manni (1992) argument that managers in the service sector are under increasing pressure to demonstrate that their services are customer focused and that continuous performance improvement is being delivered.

Respondents were asked whether they were sure that UMEME looks out for their interests and not its own and the responses got were from not sure to disagree (1-4) with low variations in response represented by the standard deviation of 1.101. This shows that the responses were closely related and the respondents disagreed with a mean of 2.06 due to customer's lack of faith in the integrity of the company. This is evidenced by a press release in May 2012 where 50000 customers where going to sue UMEME for over charging, using estimations and faulty meters and poor service delivery.

4.3.1 Service reliability and performance of UMEME

In order to establish a relationship between reliability of the service and performance, the respondents were asked questions about the reliability of the services provided by UMEME and the details of the findings are presented in the descriptive statistics shown by the values of the

representative mean and standard deviation. The results to each statement are explained under the corresponding sub headings.

Table 9: showing the relationship between reliability and the performance of UMEME

Statements on performance of UMEME	N	Mean	Std. Deviation
The services from UMEME ltd are continuous and consistently meet specifications and quality standards	112	2.49	.615
I can say that YAKA meters have been reliable	110	3.17	1.305
The power interruptions in my area have reduced in the last one year	109	3.14	.918
UMEME updates me whenever power will go off in my area	112	2.68	.633
Changes to promised installation dates are communicated to me earlier.	109	2.25	.669
UMEME's commitments to repairs in case of breakdowns are met	111	2.85	.974
Valid N (list wise)	101		

Source; primary data (2015)

Respondent reported that the services from UMEME ltd are not continuous and consistently do not meet specifications and quality standards which explains the mean of 2.49 with significant variations in responses shown by the standard deviation of 0.615. This is mainly because reliability indicators measure the continuity of basic power delivery so electric utilities are expected to provide a continuous power supply at all times and therefore interruption of power supply constitutes dilution of service quality (Baldwin and Cane 1999).

The statement on whether YAKA meters have been reliable was responded to with answers like not sure especially by those using the postpaid meters to strongly agree. Most of the respondents agreed that the YAKA meters were reliable with a mean of 3.17 and with low variation in responses shown by a standard deviation of 1.305 which means that the meters perform the required function satisfactorily without any failure in a specified period of time which has improved customers confidence in UMEME as explained by a staff member.

Respondents were asked to indicate whether the power interruptions in their area had reduced in the last one year. Most of the respondents agreed to the statement with a mean of 3.14 and very little variation in responses represented by a standard deviation of 0.918 which was explained by one of UMEME's staff in an interview saying that service delivery had improved due to increase in capital base with the construction of Bujagali dam which has increased supply and reduced on the load shedding, and advancement in technology.

Participants were asked whether UMEME updates them whenever power will go off in their area which they disagreed to with a mean of 2.68 and standard deviation of 0.633 showing high variations in responses which indicates poor service quality. This is in line with Baggini (2008) who argued that customers usually want to know at the very least how many unexpected interruptions to supply they might face in a year and for how long in each case to improve satisfaction which is an indicator of performance in an organization.

Participants were also asked to indicate whether the changes to promised installation dates are communicated to them earlier. Most of the respondents disagreed to this statement shown by the mean of 2.25 and a standard deviation 0.669 which means that changes to these dates are not

communicated to the customers and yet client retention and satisfaction are determined by the type of connection clients have with the company (crystal 2014). Therefore communication especially amidst a project is important for successful business relationships.

The statement on whether UMEME's commitments to repairs in case of breakdowns are met received 111 responses with a low variation shown by the standard deviation of 0.974.Most of the respondents disagreed to the statement with a mean of 2.85 which means UMEME is not a reliable service provider as explained by crystal (2014)that when clients feel they can rely on the company to come through for them as promised, they opt to doing more business with the company which creates loyalty and makes them recommend it to colleagues that is vital for the success of the company.

The researcher developed correlations using Pearson's correlation analysis to determine whether there was a relationship between service reliability and the performance of UMEME

Table 10: showing the correlation between reliability and performance

		reliability	Performance
Reliability	Pearson Correlation	1	.016
	Sig. (2-tailed)		.864
	N	112	112
Performance	Pearson Correlation	.016	1
	Sig. (2-tailed)	.864	
	N	112	112

Source: primary data (2015)

The table above shows that there is a significantly high positive relationship between reliability and performance shown by r=0.16 and p≥0.05 because p=0.864 is bigger than 0.05 by a big difference. Therefore increase in reliability highly increases the performance of UMEME and

decrease in reliability also leads to a big decline in performance which is in line with Spencer (1975) who explained that there may be direct or indirect loss of revenue for example the breakdown in the distribution system means less product is delivered and paid for and where reliability is very poor and or very valuable, alternative suppliers may be ensured. Shri A (2010) continues to say that reliability of service needs to be given primary importance since the consumer is least interested in the power sources but a power supply which is most reliable and qualitative.

4.3.2 Accurate billing and the performance of UMEME.

One of the objectives for the research was to determine how accurate billing of services affects the performance of UMEME so respondents were asked questions related to accurate billing. The results are presented in table 9 in terms of their representative mean and standard deviation. These results are discussed below the table under the subheading of the corresponding statements to further establish the relationship between accurate billing and performance of UMEME.

Table 11: showing how accurate billing affects the performance of UMEME

	N	Mean	Std. Deviation
I am sure that the bill i pay to UMEME is equivalent to the power i use.	112	3.20	1.021
Meter readers always access my meter and its read	112	2.75	1.000
The bills sent by UMEME ltd are always complete and accurate	111	2.63	.830
I prefer prepaid metering to post paid	110	3.00	1.100
Billing issues are fairly and satisfactorily resolved	112	2.63	.838
When there is an issue with the bill especially those paid by mobile money, UMEME personnel are understanding.	112	2.39	.787
I am satisfied with UMEME's billing system	111	2.81	.958
Valid N (list wise)	108		

Source: primary data (2015)

The statement to determine whether customers are sure that the bill they pay to UMEME is equivalent to the power they use received full response with low variation in responses as shown by the standard deviation of 1.021. The respondents unanimously agreed that the bill they pay to UMEME is equivalent to the power they use. This can be explained by the improvement in technology and introduction of the prepaid metering system as one of the staff members

explained in an interview that ''with YAKA meters customers are convinced that they pay for what they use.'' According to the survey, more than 70% of respondents were using the prepaid meter which explains the mean of 3.20 in the table above.

Participants were asked to indicate whether Meter readers always access their meter and its read. With a variation in responses as shown by the standard deviation of 1.000. Most of the respondents disagreed to the statement with a mean of 2.75 in line with Bikweto (2005) who claimed UMEME's billing system is getting worse since customers have meters but still get estimated bills used to disconnect them. This was supported by the employees of UMEME who explained that in cases where the customers meter is inaccessible it's estimated based on historical consumption.

Participants to the study were asked whether the bills sent by UMEME ltd are always complete and accurate and they disagreed shown by the mean of 2.63 and a standard deviation of 0.830. This is mainly caused by the delay between the transaction and the reconciliation of the billing system, which in some cases is done manually and this has led to erroneous disconnections for last-minute payers for example those using mobile money, an outcome that has obvious ramifications for customers' faith in the integrity of the payment system (Hope and Foster 2011) which is an indicator of poor performance because Robert (1960) says that a good billing system is one that produces accurate and realistic information. Therefore customers' bills delivered should reflect the exact number of units charged and at what cost to be realistic.

The respondents reported that they preferred the prepaid meter to the postpaid as shown by the mean of 3.00 and standard deviation of 1.100 because prepaid meters give the customer's ability to manage their consumption as one of the managers explained during an interview that YAKA meters give regular feedback of the amount of energy being consumed in units which gives the consumer an opportunity to make adjustments in consumption to ensure that the units last longer

The statement on whether billing issues are fairly and satisfactorily resolved received full response close variation shown by the standard deviation of 0.838. The respondents disagreed to the statement with a mean of 2.63 which means that customers were not satisfied with the way billing issues were resolved. This affects the company because providing flexible, accurate and prompt resolution to billing discrepancies offers an opportunity to the service provider to build satisfaction and loyalty among its customers.

Participants were also tasked to indicate whether whenever there is an issue with the bill especially those paid by mobile money, UMEME personnel are understanding. The responses to the statement largely varied with standard deviation of 0.787. Respondents disagreed to the statement as shown by the mean of 2.39 saying UMEME personnel are not understanding yet mobile money is an inherently paperless system so mobile bill payment transactions lack the physical receipts that have traditionally presented an unambiguous proof of payment and defense against disconnection (Hope and Foster 2011) which makes customers lose faith in the payment system of UMEME hence poor performance because an organization performance reflects its understanding and knowledge regarding customer needs and expectations (Slater and Narver 1995)

The respondents reported that they were not satisfied with UMEME's billing system as shown by the mean of 2.81 and standard deviation of 0.958 which means that timely and accurate billing of electricity distributors is essential to customers satisfaction because billing inefficiencies cause inaccurate bills to be delivered to customers, incorrect billing of customers, bills being delivered to wrong addresses which results into the unwillingness of customers to pay regularly due to the loss of faith in the billing system (Agrawal et al 2008)

In order to find out whether there was a relationship between the two variables, a correlation was established using the Pearson's correlation analysis as shown by the table below.

Table 12: showing Correlations of accurate billing and performance.

Correlations

		performance	Billing
performance	Pearson Correlation	1	.163
	Sig. (2-tailed)		.087
	N	112	112
billing	Pearson Correlation	.163	1
	Sig. (2-tailed)	.087	
	N	112	112

Source: primary data (2015)
The table above shows that there is a significantly positive relationship between accurate billing and performance as shown by r=0.163 and p≥0.05 which means that improvement in accurate billing leads to increase in the level of performance. This is in line with Agrawal et al (2008) who discovered that effective billing and collection systems are a critical component for ensuring the viability and financial sustainability especially if a service provider is looking to expand

services and improve the equity of service provision therefore improving billing and collection activities has an immediate impact on the revenue streams of a service provider. He continues to say that poor billing and collection practices may result in to huge commercial losses and operating inefficiencies which hurt the performance of service providers.

4.3.3 Responsiveness of the service and performance of UMEME

In the table below the researcher used the following statement to investigate the ways in which responsiveness of UMEME affects its performance. The results presented in the table are expressed as mean and standard deviation which are discussed below the table under the various subheadings

Table 13: showing the ways in which responsiveness of the service affects the performance of UMEME

	N	Mean	Std. Deviation
I can always count on UMEME"s personnel to follow up my problems and make sure they have been resolved.	112	2.96	.995
When dealing with any of the employees at UMEME, i am always treated with consideration and respect.	111	3.23	.979
I find it easy to access "My Account" information or place orders via the UMEME websites.	105	2.64	1.331
Service technicians respond to emergencies and equipment breakdowns promptly	107	2.92	1.038
Once am connected to the right person in UMEME, any questions or problems i have are quickly resolved.	110	3.21	1.059
The service technicians are always available and willing to help customers any time	111	2.92	.983
UMEME ltd responds to telephone inquiries and customer complaints effectively.	108	2.72	1.075
Valid N (list wise)	95		

Source: primary data (2015)

Respondents were asked whether they can always count on UMEME's personnel to follow up their problems and make sure they have been resolved and they disagreed indicated by the mean of 2.96 and the standard deviation of 0.995 showing low variation in responses. This implies that UMEME is not responsive to customer needs because responsiveness means adopting a can do attitude and a willingness to go an extra mile for the customer (Meehan and Dawson 2002)

Respondents agreed that they were being treated with consideration and respect when dealing with UMEME personnel with a mean of 3.23 and standard deviation of 0.979 to show low variation in responses. This is in line with Dabholkar et al (1996) who explained that personalized interactions give employees a chance to instill confidence in the customer that they have made the right choice therefore responsiveness plays a role in determining the service quality of an electronic service provider.

Participants were asked to state whether they find it easy to access "My Account" information or place orders via the UMEME websites. Most of the respondents disagreed to the statement with a mean of 2.64 and a small variation in the responses as shown by a standard deviation of 1.331. This lack of access to one's information leads to dissatisfaction and complaints as the head of communications explained in an interview that their many complaints on the service helpline on a monthly basis however Alisa Mann (2012) argues that access to achieved bills makes the resolution process faster and easier.

It's reported that service technicians do not respond to emergencies and equipment breakdowns promptly. The mean of 2.92 shows disagreement to the statement in question with low variation

in responses shown by the standard deviation of 1.038.This shows lack of responsiveness in service delivery because Customer responsiveness emphasizes attentiveness and promptness in dealing with customers' requests questions and complaints (Mahapatra 2013) and its communicated through the length of time a customer has to wait for assistance or solutions to problems.

The respondents reported that once they were connected to the right person in UMEME, any questions or problems they have are quickly resolved as they agreed to the corresponding statement with the mean of 3.21 and a low variation in the responses as the results indicate a standard deviation of 1.059 which means that UMEME acknowledges the importance of responsiveness which is in line with Meehan and Dawson (2002)who say that a company's level of responsiveness is evaluated from the speed of service and sensitivity to customer concerns.

Participants were asked whether the service technicians are always available and willing to help customers any time and they disagreed indicated by the mean of 2.92 with a slight variation in responses shown by the standard deviation of 0.983 which indicates low levels of responsiveness because a company's ability to respond to customer wherever they are, and via whatever device they are using at the time, will have an increasingly significant impact on how effectively an organization connects with their customers (A Gaffney 2012).

Participants were asked whether UMEME ltd responds to telephone inquiries and customer complaints effectively and the responses to the statement were from not sure to strongly agree (1-5) with a low variation in the responses as shown by the standard deviation of 1.075. Most of

the respondents disagreed to the statement with a mean of 2.72 which implies lack of responsiveness as Fornell and Wernerfelt (1987) explained that firms should encourage customers who are dissatisfied with the services to complain and management should respond to complaints in order to retain customers. This is because responsiveness involves willingness to respond to customers' needs by answering their phone calls or email requests quickly.

The researcher wanted to find out ways in which responsiveness of UMEME towards its customers affects its performance and a Pearson's correlation was established to find out whether a relationship existed between these two variables as shown in the table below.

Table 14: showing Correlations of responsiveness and performance.

		performance	Responsiveness
Performance	Pearson Correlation	1	-.161
	Sig. (2-tailed)		.090
	N	112	112
Responsiveness	Pearson Correlation	-.161	1
	Sig. (2-tailed)	.090	
	N	112	112

 Source: primary data(2015)

According to the table above there is significantly negative relationship between responsiveness and performance shown by r=-0.161 and p≥0.05 therefore responsiveness and performance of UMEME are related negatively to small extent since the p=0.090 higher than 0.05 by a small figure that means increase in one leads to the small decrease in another.

CHAPTER FIVE

Summary, conclusion and recommendation

5.0 Introduction

In this chapter, the researcher summarized findings of the study drew conclusions from the findings and made recommendations for further research

5.1 Summary of findings

The summary of the findings were guided by the objectives of the study and presented under the corresponding subheadings.

5.1.1 Findings on service reliability and the performance of UMEME

The findings indicated that there is a significant positive relationship between reliability and performance as shown by the correlation between the two variables however their complaints about the reliability of services were reported by customers with many saying they always have to look to other sources like use of generators, bio gas among others to ensure that their operations are not affected by the cut off in supply. Because of this unreliable supply many of the customers said they can never recommend UMEME to an associate and they would shift from UMEME given another service provider.

5.1.2 Findings on accurate billing and performance of UMEME

The case study indicated that any efficient billing system must ensure that bills raised are accurate such that customers pay for what they consume. Service providers must realize that an accurate billing and collection system that rides on these principles can bring about immediate improvements in revenue streams which improves the liquidity levels hence better service delivery and expansion.

Findings demonstrate that using improved technology, like prepaid meters in billing, increases customer satisfaction because customers manage their consumption and are convinced they pay for want they consume which eases the billing function, reduces collection costs thus improving collection efficiencies and eventually revenue streams.

5.1.3 Findings on responsiveness and the performance of UMEME

Although the study demonstrated that there is no significant relationship between responsiveness and performance many of the respondents considered UMEME as a poor performer due to their low levels of responsiveness towards customer needs. They complained that the company takes a lot of time responding to their requests and complaints. This reduced on their levels of satisfaction with the service provider.

5.2 Conclusion

The study concluded that service quality affects performance of a service provider financially, in form of customer satisfaction and their ability to expand as a company. The research also suggested that when a billing and collection system functions well, it not only generates increased revenues that can help improve services, it also capacitates the generation of reliable data that can inform the strategic planning process of the service provider for ensuring that

5.3 Recommendations

According to the study UMEME takes a lot of time before connecting a person to power or to resolve a fault and the process of ordering for their services is also complicated. Therefore the study recommended that the period of time taken for a person to be connected to power and resolution of complaints should be reduced to increase the coverage and allow expansion of UMEME services to other areas of the country.

Respondents complained about reliability of power supply saying it affects their business so UMEME should improve communication with its clients so that they are aware when the power supply will be cut to prevent the inconveniences caused by unexpected outrages

The study recognized that it is absolutely essential for UMEME to have updated computerized customer databases such that the billing function quickly reconciles customers' accounts so that the company always has the right balances to prevent unnecessary disconnections and measures should be put to show payment time to reduce the double charge on reconnection fee.

UMEME also needs to create incentives and disincentives so that consumers make payments on time. Customers could be encouraged to pay on time through the use of discounts and rebates for early payments or easy options for payments of bills for example through options like mobile money payments, online payment facilities, through Internet banking facilities. Imposition of fines, partial disconnection, and a complete cutoff of the connection can be put in place as credible threats for defaulters and illegal connections.

UMEME should encourage efficiency in billing by having a system in place that incentivizes meter readers to concentrate on effective billing practices. This could prevent the risk of meter readers engaging in malpractices, such as colluding with customers and fudging consumption details, helping customers in self reconnections and electricity theft in the areas that they are operating.

Meter reader remunerations should be based on how many bills have been delivered in the month and whether this is close to the actual number of bills that are to be delivered for the area that they are responsible for.

Constant rotation of the meter readers and other service technicians from time to time to is recommended to reduce on conflict of interest and other malpractices.

The company needs to eliminate all the faulty meters to reduce overcharging of customers and estimation of bills because it reduces on its credibility as a service provider.

UMEME should outsource or put certain essential processes like billing and collection, in the hands of companies that have proven expertise in such fields, which in turn will enable the company to focus on more important functions and core activities for improving quality of services.

Lastly UMEME should educate people not to give cash to the disconnection team

5.4 Areas for further research

The topic was good but because of its limitations and outcomes, there is a need for further research. Because the study did not consider employees who provide the services to customers, further research could be to study relationship between employee satisfaction and the performance of UMEME. This will determine whether the satisfaction level of employees affects service delivery and the general performance of the company.

Another further study could be carried out to test the dimensions in manufacturing industries.

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APPENDIX I: QUESTIONNAIRE

Dear respondents;

My name is **Naluzze Jovian,** a student of Uganda Martyrs University carrying out an academic research on the topic **the effects service quality on the performance of utility companies** a case study UMEME as part of the requirement for partial fulfilment of the award **Bachelor's degree in business administration and management**. I therefore humbly request you to spare a few minutes of your time to fill this questionnaire. Please note that whatever information you will provide her will be strictly for academic purposes and be treated with confidentiality.

SECTION A

Respondent's background information

In this section tick in the box or fill in your response in the space provided as appropriate

1.   Age of respondent

20-29	30-39	40-49	50-59	Above 60

2. Gender

1) Male ☐   2) Female ☐

3. Marital status.

1) Single ☐   2) Married ☐   3) widow ☐   4)widower ☐

5) Divorced ☐

4. For how long have you been using electricity?

1) Less than a year ☐   3) less than ten years ☐

2) Less than five year ☐   4) over 10years ☐

5. What type of meter reading do you use?

1. Prepaid meter/ YAKA ☐   2. Post-paid meter ☐

SECTION B tick under

5) Strongly Agree (SA)   4) Agree (A)   3)   Disagree (D)

2) Strongly Disagree (SD)   1) Not sure (N)

PERFORMANCE

QUESTIONS	SA	A	D	SD	N
Services are being provided efficiently and equitably					
I am contented with UMEME's performance as a service provider.					
Services meet my expectations for quality and represent value for money					
I would recommend UMEME ltd to a friend or associate					
I sometimes have to look to other sources because UMEME does not perform to meet my needs					
Even if I were provided with another electricity provider, I would never shift from UMEME as a service provider.					
The length of time it took for UMEME to set up and install electric equipment like poles at my location was as planned.					
The performance of the equipment such as transformers, electric poles and wires should be improved.					
I received enough information which helped me decide on whether I should take the prepaid metering system before it was installed in my premises					
I am sure that UMEME Ltd looks out for my interests, not just their own.					

SERVICE RELIABILITY AND THE PERFORMANCE OF UMEME

QUESTIONS	SA	A	D	SD	N
The services from UMEME Ltd are continuous and consistently meet specifications and quality standards.					
I can say that the YAKA meters have been very reliable.					
The power interruptions in my area have reduced in the last one year					
UMEME updates me whenever power will go off in my area					
Changes to promised installation dates are communicated to me earlier.					
UMEME'S Commitments to repairs in case of break downs are met.					

ACCURATE BILLING OF A SERVICE AND THE PERFORMANCE OF UMEME

QUESTIONS	SA	A	D	SD	N
I am sure that the bill I pay to UMEME is equivalent to the power I use.					
Meter readers access my meter and it's read					
The bills sent by UMEME ltd are always complete and accurate.					
I prefer prepaid metering to post paid					
Billing issues are fairly and satisfactorily resolved					
When there is an issue with the bill for example when it was paid by mobile money, UMEME personnel are understanding and helpful.					
I am satisfied with UMEMES billing system					

RESPONSIVENESS AND THE PERFORMANCE OF UMEME LTD

QUESTIONS	SA	A	D	SD	N
The service technicians at UMEME are always available and willing to help customers any time.					
I can always count UMEME'S personnel to follow up on problems to make sure they have been resolved					
When dealing with any of the employees at UMEME, I am always treated with consideration and respect.					
I find it easy to access 'My Account' information or place orders via your website					
Service technicians respond to emergencies and equipment breakdowns promptly.					
UMEME ltd responds to telephone inquiries and customer complaints effectively					
Once I am connected to the right person, any questions or problems I have are quickly resolved.					

What do you think UMEME should do to improve its service delivery and general performance?

……………………………………………………………………………………………………

……………………………………………………………………………………………………

……………………………………………………………………………………………………..

APPENDIX II :INTERVIEW GUIDE FOR UMEME STAFF

Dear respondents;

My name is **Naluzze Jovian,** a student of Uganda Martyrs University carrying out an academic research on the topic **the effects service quality on the performance of utility companies** a case study UMEME as part of the requirement for partial fulfilment of the award **Bachelor's degree in business administration and management**. I therefore humbly request you to spare a few minutes of your time to fill this questionnaire. Please note that whatever information you will provide her will be strictly for academic purposes and be treated with confidentiality.

SECTION A

1. Gender   a) Male ☐   b) Female ☐

2. Marital status

   a) Single ☐   b) married ☐   c) widow ☐   d) ☐
   widower

   e) Divorced ☐

3. Age group

   a) Under 20 ☐   d) 40-49 ☐

   b) 20-29 years ☐   e) 50-59 ☐

   c) 30-39 years ☐   f) above 60 years ☐

4. For how long have you been in the organization?

a) Less than a year ☐   d) Over 10 years ☐

b) 1-5 years ☐

c) 5-10 years ☐

5. What is your highest level of education?

   a) Ordinary level ☐   d) Bachelors' degree ☐

   ☐   ☐

b) Advanced level　　　　　　e) Master's Degree

c) Diploma　　　□　　　　f) others (specify)………………………………..

6. What is your current position in the Organization? ....

SECTION B

7. Do you think UMEME'S customer base reflects effective performance being a monopoly?

Give reasons for your answer.

……………………………………………………………………………………………

8. What are the factors influencing service delivery and performance in UMEME?

……………………………………………………………………………………………

9. Is there a change in the financial performance of UMEME in the last five years?

……………………………………………………………………………………………

10. What are the causes of the above change in financial performance?

……………………………………………………………………………………………

11. How has the introduction of pre-paid metering system (YAKA) impacted the performance of

UMEME in terms of?

Customer satisfaction.

……………………………………………………………………………………………

Financial performance

……………………………………………………………………………………………

12. What is the likelihood that customers will stick to using power supplied by UMEME given

another service provider? Give reasons for your answer.

……………………………………………………………………………………………

13. If a customer's meter is inaccessible, how do you record meter reading?

……………………………………………………………………………………………………

14. How is the company managing its relationship with customers?

……………………………………………………………………………………………………

15. How does the company ensure that customers are treated fairly and their property respected.

…………………………………………………………………………………………………

16. What do you think UMEME should do to improve its service delivery and general performance?

…………………………………………………………………………………………………

APPENDIX III: KREJICE AND MORGAN'S TABLE OF DETERMINING

POPULATION AND SAMPLE SIZE

N	S	N	S	N	S
10	10	220	140	1200	291
15	14	230	144	1300	297
20	19	240	148	1400	302
25	24	250	152	1500	306
30	28	260	155	1600	310
35	32	270	159	1700	313
40	36	280	162	1800	317
45	40	290	165	1900	320
50	44	300	169	2000	322
55	48	320	175	2200	327
60	52	340	181	2400	331
65	56	360	186	2600	335
70	59	380	191	2800	338
75	63	400	196	3000	341
80	66	420	201	3500	346
85	70	440	205	4000	351
90	73	460	210	4500	354
95	76	480	214	5000	357
100	80	500	217	6000	361
110	86	550	226	7000	364
120	92	600	234	8000	367
130	97	650	242	9000	368
140	103	700	248	10000	370
150	108	750	254	15000	375
160	113	800	260	20000	377
170	118	850	265	30000	379
180	123	900	269	40000	380
190	127	950	274	50000	381
200	132	1000	278	75000	382
210	136	1100	285	1000000	384

Note.—N is population size. S is sample size.

Source: Krejcie & Morgan, 1970

APPENDIX: IV INTRODUCTORY LETTER

Uganda
Martyrs
University

making a difference

Office of the Dean
Faculty of Business Administration and Management

Your ref.:
Our ref.:

Nkozi, 24th February, 2015

To Whom it may Concern

Dear Sir/Madam,

Re: Assistance for Research:

Greetings and best wishes from Uganda Martyrs University.

This is to introduce to you_____ who is a student of Uganda Martyrs University. As part of the requirements for the award of the Degree of Bachelor of Business Administration and Management of the University, the student is required to submit a dissertation which involves a field research on a selected case study such as a firm, governmental or non governmental organization, financial or other institutions.

The purpose of this letter is to request you permit and facilitate the student in this survey. Your support will be greatly appreciated.

Thank you in advance.

Yours Sincerely,

Moses Kibrai
Dean

UGANDA MARTYRS
UNIVERSITY
OFFICE OF THE DEAN
☆ 25 FEB 2015 ☆
FACULTY OF BUSINESS
ADMINISTRATION & MANAGEMENT
SIGN:...

Uganda Martyrs University P.O. Box 5498 - Kampala - Uganda
Tel: (+256)038-410603 Fax: (+256) 038-410100 E-mail: bam@umu.ac.ug

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