

**THE ROLE OF CUSTOMER CARE ON THE PERFORMANCE OF THE
HOSPITALITY INDUSTRY**

CASE STUDY: LIDALEX APARTMENTS

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2011-B021-10267**

UGANDA MARTYRS UNIVERSITY

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HOSPITALITY INDUSTRY**

CASE STUDY: LIDALEX APARTMENTS

**A DISSERTATION SUBMITTED TO THE
FACULTY OF BUSINESS ADMINISTRATION AND MANAGEMENT IN PARTIAL
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UGANDA MARTYRS UNIVERSITY**

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2011-B021-10267

MAY, 2014

DECLARATION

I NALUSWATA CYNTHIA DOREEN do declare that this report is original and has not been submitted to any other university or institution of higher learning for the award of a degree or any other qualification.

Signed.....

Date.....

Naluswata Cynthia Doreen

APPROVAL

I certify that the dissertation entitled “The Role of Customer Service on the Performance of the Hospitality Industry: Case study of The Lidalex Apartments in Mpigi District” is a research that was carried out by Naluswata Cynthia Doreen under my supervision and it is her original work.

Supervisor: Mr. Sekatawa John

Signature.....

Date.....

DEDICATION

I dedicate this work to all the people who have stood with me on my academic journey to this day, your endless efforts are the reason I am here today.

ACKNOWLEDGEMENT

All my gratitude goes to those people who helped me in any way to make sure that this research is a success. May the Almighty bless you!

I appreciate the support given to me by the staff of the Lidalex Apartments by making sure that I am availed with the necessary information that subsequently led to the successful completion of the study.

In a special way I thank my supervisor Mr. Sekatawa John for his unceasing support and guidance throughout this study.

Regards to the Administration of the Faculty of Business Administration and Management of Uganda Martyrs University and the University Administration at large for making the place comfortable enough for me to able to come to the point of finishing the writing of this report.

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ABSTRACT

This study examined the role that customer service plays in the performance of the hospitality industry.

The objectives of the study were to investigate the role that employee competence plays on the performance of the hospitality industry, establishing the influence that service delivery modes have over the performance of the industry and the contribution that Customer Relationship Management makes to the industry's performance. The works of previous authors were used to develop literature on these objectives to find out what has already been discussed concerning them using textbooks, journal articles and the internet.

The methodologies employed to collect information included the use of well-designed and pre-tested questionnaires, personal interviews with the employees and some of the customers and also physical observation carried out by the researcher for any visible signs of customer service at the Lidalex Apartments location. These methodologies were employed because they would be efficient in providing sufficient information necessary in the drawing of conclusions on the study about Customer Service practices carried out at the Apartments and how they affect the customers' view of the service.

Information obtained from a sample of 52 respondents was analyzed qualitatively and quantitatively and it was found that customers placed a high value on the level on service they had received at the Apartments. This was measured basing on the different elements of customer service including employee competence, service delivery modes and Customer Relationship Management. There was a high positive relationship between these elements and the performance of the Lidalex Apartments.

For the recommendations, the researcher advised the business to make sure that specific attention and detail is paid to the customer service level by ensuring prompt service delivery since the customers have different agendas to attend to. The researcher also advised the managers of the business to employ only the personnel with the skills and ability to treat customers in a friendly and courteous way so that they are encouraged to keep coming back for the service and while also recommending other customers to get their service from there because of the personal way in which the services are offered. The business should carry out reorganization to make sure that customers have an experience they will not forget and one that will make them loyal to the business, since this is the way that the businesses are able to perform and obtain a competitive advantage as well as make profits.

The results were applied to the entire hospitality industry since the Lidalex Apartments were found representative enough of the industry and the same recommendations were addressed to other businesses in the same industry as it can be concluded that customer service affects them all in the same way as well.

LIST OF ABBREVIATIONS

CRM- Customer Relationship Management

CMR- Customer Managed Relations

CHAPTER ONE

GENERAL INTRODUCTION

1.0 Introduction

The hospitality industry today has been recognized as a global industry, with producers and consumers spread around the world. The use of hospitality facilities such as: room, restaurant or health club; is no longer considered a luxury. For many people these services have become an integral component of lifestyle. Today, businesses are facing an aggressive competition and they have to make efforts to survive in a competitive and uncertain market place.

This research is to establish the impact of customer service on the performance of the hospitality industry; their ability to attract, satisfy and retain customers. In this chapter the researcher will address the background of the study, the problem statement, the objectives of the study and research questions, the scope, the significance and justification of the study, the conceptual framework and the definition of key terms.

1.1 Background of the Study.

Throughout the past few years the European (Spain, Germany and England) hospitality industry has evolved into a highly competitive environment which now operates in a cultural diverse range of markets. In this hospitality industry the true measure of any company's success lies in the organization's ability to continuously satisfy customers and to gain a competitive edge by acknowledging and managing customers of different cultural backgrounds. (Voss, 2006)

According to the United States Bureau of Labor Statistics, customer service representatives accounted for more than two million jobs in 2008. Effective customer service representatives

resolve guest issues in a positive, efficient manner, which encourages positive brand perception and preserves a business' reputation. This number is expected to continue increasing reflecting an increasing importance for quality customer service in the hospitality industry to sustain this growth (bls.gov, 2013).

In East Africa, Rwanda was noted by the survey carried out by World Economic Forum to be making losses over \$40million because of poor customer care that has its roots in the poor pay of the hospitality business staff in a bid to increase the amount of profits made (Nyesiga, 2012). It can therefore be deduced that the quality of customer care in the hospitality business has an impact on its performance and also affects the general output of a country.

According to the Uganda Investment Authority Report (2013) the hospitality industry in Uganda has been growing with more people investing in it and putting it at an almost even level with that in its neighbouring countries, including Kenya and Tanzania.

1.2 Statement of the Problem

In the last two decades, demand for and supply of hospitality services has gone beyond that of the traditional services intended for travellers leading to the growth of the hospitality industry and intense competition in the market place and as such the consumers evaluate the quality of service not just in terms of output but also in terms of the process or manner in which the service is delivered. The ever growing volume and pace of competition remains one of the greatest challenges facing hospitality organizations today.

As the competition within the hospitality industry on the whole increases because of the increased demand for these services by the general public, there is also a desire by the business owners to gain and maintain a level of output and sales leading to desirable amounts

of profits hence making it important to recognize the need for quality customer care in the business as well as how to provide it. Due to the characteristics of services, ensuring quality of a service is not as easy as ensuring that of a tangible product. The study examined the role of customer service on performance.

1.3 Objectives of the Study

1.3.1 Major Objective

The study is intended to establish how customer service influences the performance of the hospitality industry in Uganda.

1.3.2 Specific Objectives

- 1 To establish the relationship between employee competence and the performance of the hospitality industry.
1. To investigate the contribution of service delivery modes on the performance of the hospitality industry.
2. To find out the influence that Customer Relationship Management has on the performance of the hospitality industry.

1.4 Research Questions or Hypothesis

1. How will employee competence affect performance in the hospitality business?
2. How are the service delivery modes affecting performance in the hospitality business?
3. How does Customer Relationship Management affect the performance of the hospitality business?

1.5 Scope of the Study

Content Scope

From the study, one can infer the present scenario of customer retention, customer satisfaction and in turn, leading to enhanced profits and brand image in the minds of customers.

Geographical Scope

The case study is the Lidalex Apartments, located at Kayabwe, approximately 80kilometres from Uganda's capital city, Kampala.

Time Scope

The research was carried on from 2013 to 2014 investigating the customer service practices at Lidalex during this time period.

1.6 Significance of the Study

The study will enlighten managers on methods of improving their customer service as a means of providing quality customer service.

The study will further stimulate awareness among organizations involved in the hospitality industry, of the necessity of quality customer service. It aims to reawaken managers, staff and the entire public to focus on quality customer service as the basis for increased profitability and growth.

They study will also help organizations in the hospitality industry to be able to measure and evaluate quality, provide it and consequently compete favourably.

1.7 Justification

The study is first of all an academic requirement for the award of a Bachelors Degree of Business Administration and Management in Uganda Martyrs University, Nkozi.

This study is intended to show the ways in which customer service has been upheld in the hospitality businesses today and the effects of that.

The role of customer service, satisfaction and retention on the performance of the hotel businesses will be investigated and the business owners will be challenged whether to take on a change in their modes of service delivery or not in relation to what will be shown by the study.

It is also intended to bring to attention the importance of taking customer as king and customer satisfaction in the hospitality businesses in Uganda.

1.8 Definition of Key Terms

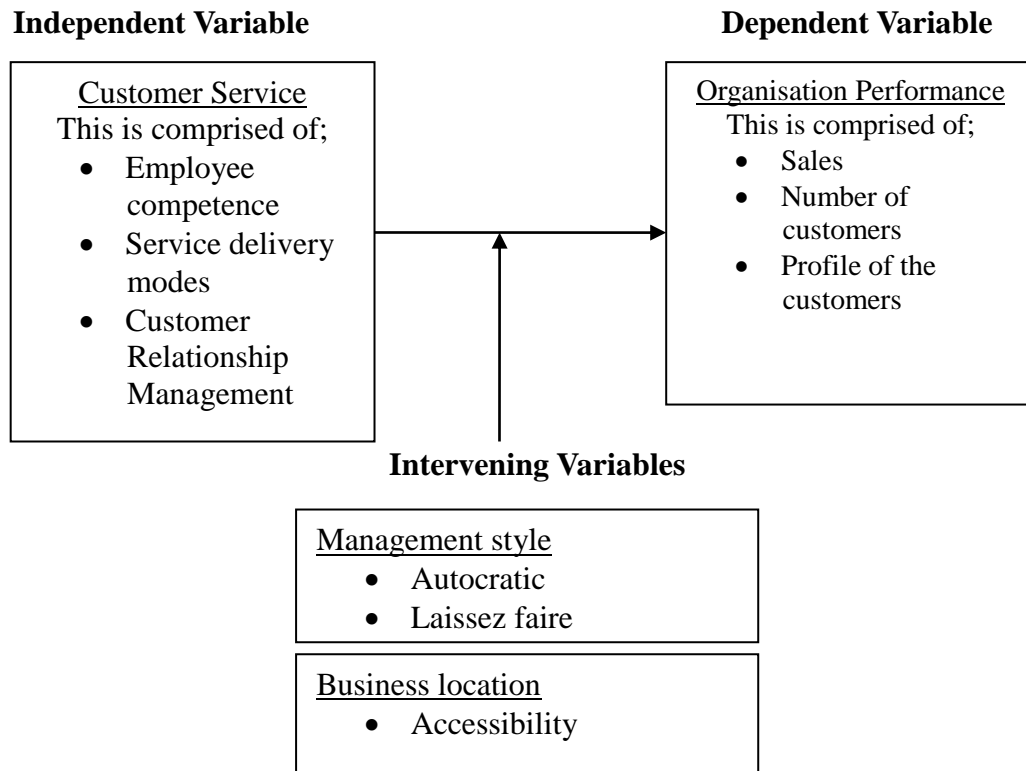
Customer service involves the interactions between a customer and a service provider at the time of sale and thereafter, an organization's ability to supply their customers' needs and wants in the way that they have been promised.

Customer satisfaction is the measure of how products and services supplied by a company meet or surpass customer expectation.

Performance is the extent to which expectations or objectives have been met. It is the act of doing something successfully using knowledge, the ability to deliver what is expected of an employee.

1.9 Conceptual Framework.

This defines a set of coherent ideas or concepts organized in a manner that makes it easy to communicate with other different variables. The study relates customer service and performance.



Source: Baron and Harris, 1995

The independent variable of the study was Customer Service broken down into the elements of employee competence, Service Delivery Modes and Customer Relationship Management. Each of the attributes under the independent variable is used to generate both positive and negative results on the dependent variable, since the results of the independent variable affect the performance. However, the performance of the dependent variable can be affected by the intervening variables of management type and business location.

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

This chapter is made up of the findings from different scholars about the effects of customer service on the performance of the hospitality industry, basing on the objectives of this research. Various sources have been consulted and among them are books and journal articles.

2.1 Customer Service and Performance.

Service is the manner in which a company and other employees treat your customers and each other as they deliver the company's objectives. All customer based organizations must provide excellence in service and an environment in which customer needs are identified and satisfied (Lucas, 2012).

Services are deeds, processes and performances provided or co-produced by one entity or person for another entity or person. 'All economic activities whose output is not a physical product or construction'

Customer service is defined as the ability of knowledgeable, capable, and enthusiastic employees to deliver products and services to their internal and external customers in a manner that satisfies identified and unidentified needs and ultimately results in positive word-of-mouth publicity and return business (Lucas, 2012).

Customer service can also be interpreted as any contact, whether active or passive, between a customer and a company that influences customer perceptions. Customers make their positive or negative judgments according to whether companies meet or exceed their expectations and meet their wants and needs (Williams and Curtis, 2007).

Customer service, concerns itself with the activities that take place between a service provider and a customer, for the delivery of a service. This entails very many elements like the kind of relationship that exists between the service provider and the customer, the mode and quality of delivery of service and the competence of employees to perform their respective tasks to ensure that the customers have an experience that cannot be compared to any other (Jobber, 2010).

The basis of customer service is first of all the service provider's knowledge about what the customers require or need of the service. Providing the service goes beyond giving what one deems necessary or good for the customer and actually finding out what the customer requires or expects. This could also be because customer needs vary from one person to another so the provider should not assume that what he has determined is what will automatically suffice the needs of their customers. This, in my point of view calls for research carried out by the service providers on what exactly the interests of the customers are. They can use creative means like leaving an evaluation form for every customer to fill after the service has been offered, use of simplistic questionnaires or plainly asking for their views about the service after it has been offered so as to meet their need and attain satisfaction from them, leading to loyalty that broods excellent profits for them in the future (Perreault and McCarthy, 2006).

The knowledge of this should, of course, require them to carry out the service to the very best that they can, creatively, to attract the customers more and also obtain a competitive advantage over the other businesses offering the same services.

Clemmet (1998) agrees that customer service is more than being pleasant, smiling well, and giving quick service. The needs of the customer must be identified and satisfied. The important issue is to drive customer concepts and values deeply into the organization and into

each individual's psyche that they understand it completely. It has to be ensured that workforce understands quality and service, is given the equipment, tools and skills to deliver it- and then leave them to get on with it, monitoring their performance all through. Managers must also show that what matters to them is what happens at the frontline. People care about so many small things like the exact date they get paid, the scheduling of breaks and if these are wrong, the organization ends up with a dissatisfied workforce which is most unlikely to deliver good customer service leading to the making of mistakes. Systems and procedures should try to minimize these, to recognize, improve and deal with them appropriately. Managers must be consistent in their commitment to, and support for, customer service as the rest of the employees follow after them. Everything they reward or penalize should reinforce commitment.

Clemmet further states that employees will act in ways that generate reward. Customer service cannot be an optional extra. It cannot be negotiable. It must be mandatory and managed. All must understand the clear goals, values and policies relating to the relationship of the organization to its customers- and their specific role within the overall process. Those who cannot or will not share in this mission must be counselled, retrained or ultimately, let go. It is important to consider all the factors that have an impact on the climate and culture of the organization, and on the satisfaction of the employees. Only satisfied employees will satisfy customers. How people feel about their own job and work quickly translates into how they deal with customers.

The Institute of Customer Service describes excellent customer service as delighting in the customer, satisfying all their needs and giving them something extra to remember the company by, making every customer feel special, giving them the impression that they are the organisation's number one priority.

Excellent customer service also involves giving every customer a memorable experience, ensuring they will be pleased to return to the company next time by putting them first, prioritizing their needs, anticipating and exceeding all their expectations (Bennett, 2010).

Treating every customer with respect, satisfying all their needs and exceeding their expectations are other elements of good customer service. Showing customers that the company cares about them; being professional at all times. Being available for the customers to provide a rapid, reliable and unbeatable service to them, also adding value to their lives through dedication, skills and professionalism in satisfying their needs and resolving any difficulties. Making a commitment to a customer and keeping it (McDonald and Neelankavil, 1999).

Satisfying the customers' needs in a way that shows they are genuinely cared about as individuals by showing the company cares enough to make the difference for every customer constitutes good service. Being personable, precise, proactive and professional at all times and in all dealings with customers. Welcoming and handling well a customer's enquiries or complaints so that the customer becomes an advocate. Making the difference for all customers so they will return through choice, empathy, and the company's ability to deliver promises every time (Cohen, 2010).

Some Benefits of Good Customer Service

Reduced costs of running the business. Resources associated with setting up the customer's details are reduced to only one over a long time period, compared to a constant stream of new customers coming in as others leave. Regular customers can be serviced more efficiently. Good service means lower complaint rates, and therefore less time and cost involved in dealing with such complaints. (Walker and Mullins, 2011).

Reduced marketing costs. It costs almost three to five times as much to attract a new customer to making the sale to an existing customer. Customers can take on part of the marketing function by making recommendations and referrals. Personal referrals are one of the strongest influences on service adoption, and hence the strongest form of marketing (Johansson, 2006).

Stronger position in the competitive marketplace. Companies identified as being good service providers tend to have higher revenue growth compared with poor service competitors. Customers that stay with a company for a long time are more profitable. They are likely to make repeat purchases of the same goods and services, more likely to purchase other products or services, and often maintain higher balances or accounts (Futrell, 2009).

Improved internal communication, staff relations and morale. Employees who receive positive feedback from their interactions with customers and a reduction in the number of complaints are likely to feel more satisfied with their work than working in a hostile climate. In turn this contributes to better customer service, and a virtuous circle is set in train. Being part of a service that is recognized as poor is damaging to morale (Hair, et al, 2008).

2.2 Employee Competence Effect on Performance

Employee competence refers to the capacity (education, skills, experience, energy and attitudes) of employees to act in a wide variety of situations (Raub and Sthapit, 2001).

A complex combination of strategies is needed to ensure that service employees are willing and able to deliver quality services and that they stay motivated to perform in customer-oriented, service minded ways. By approaching human resource decisions and strategies from the point of view that the primary goal is to motivate and enable employees to deliver customer-oriented promises successfully, the organization will move toward delivering

service quality through its people. To build a customer-oriented, service minded workforce, an organization must hire the right people, develop people to deliver service quality, provide the needed support systems, and retrain the best employees (Porter and Tanner, 2004).

To effectively deliver service quality, considerable attention should be focused on recruiting and hiring service personnel. To get the best people, an organization needs to identify them and compete with other organizations to hire them. Such attention is contrary to traditional practices in many service industries, where service personnel are the lowest on the corporate ladder and work for minimum wage. Once potential employees have been identified, organizations need to be thorough in interviewing and screening to identify the best people from the pool of candidates. Service employees need two complementary capabilities: service competencies and service inclination (Perreault and McCarthy, 2002).

Given the multi-dimensional nature of service quality, service employees should be screened for more than service competencies. They should also be screened for service inclination. Service competencies include the skills and knowledge necessary to do the job whereas service inclination involves the employees' interest in doing service related work- which is reflected in their attitudes toward service and orientation toward serving customers and others on the job. Service effectiveness is correlated with service-oriented personality characteristics such as helpfulness, thoughtfulness, and sociability and the best service companies put a greater emphasis on hiring those with positive attitudes rather than a specific skill set. In many cases a component of the selection process will include a form of work simulation that allows employees to demonstrate how they would actually perform on the job. A simulation may take the form of role-playing or a series of exercises that parallel the demands of the actual job (Brassington and Pettitt, 2006).

In addition to being a good way to assess potential employee abilities, simulations can give the potential hire a better view of what the job is actually like. Those candidates who do not like what they experience can back out of the applicant pool before being hired and then finding out the job is not what they expected (Zeithaml, et al., 2009).

Regarding business performance in relation to competence as regards employee training and treatment, if there is one challenge that confounds the many organizations that depend on front line workers, it is how to engender their emotional energy. Frontline employees are often unskilled and are paid little. Their work can rather unexciting. They clean hotel bathrooms, answer call-center phones, and unload cargo loads. Because their work is monotonous and their chances for advancement are limited, most frontline employees work for a regular pay check and nothing more; they never emotional connect with their employers, let alone care about the company's long term objectives. Yet their impact on the customer's experience, not to mention the company's profits can be enormous (McDonald and Neelankavil, 1999).

Most business owners are not concerned about the training carried out for the new employees and this affects the business performance. Usually the employee under goes a brief introduction to company procedures and policies, usually conducted by instructors with little on-the-job experience. The new employee receives a manual that explains rules regarding vacation, maternity leave, to mention but a few. If the company's top management shows up, it is on very rare occasions. In general, the new employee experiences no emotions during this process except anxiety or boredom (Katzenbach and Santamaria, 2001).

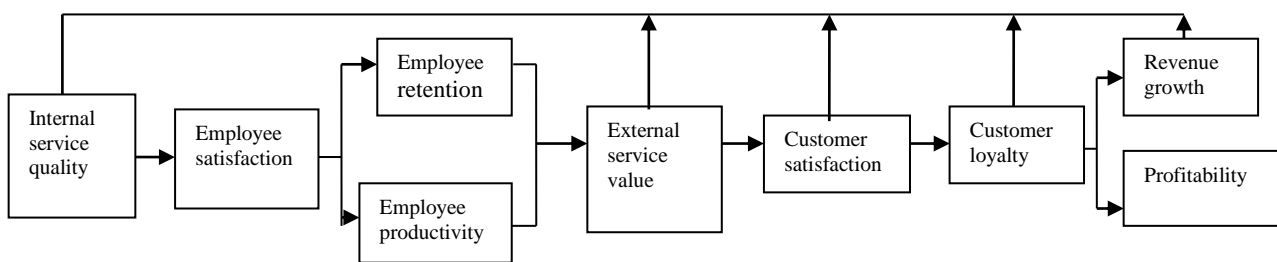
Lucas (2012) agrees that without motivated, competent workers, any planning, policy, and procedure change or systems adaptation will not make any difference in customer service.

Satisfied employees make for satisfied customers and satisfied customers can, in turn,

reinforce employees' sense of satisfaction in their jobs. Some researchers have even gone so far as to suggest that unless service employees are happy in their jobs, customer satisfaction will be difficult to achieve. Both service climate and human resource management experiences that employees have within their organizations are reflected in how customers experience the service. In a research carried out by Lucas (2012) it was discovered that customer service is strongly related to employee turnover. In stores with the highest customer satisfaction, employee turnover was 54%, whereas in stores with lowest customer satisfaction, turnover was 83%.

Other research carried out by Baron and Harris (1995) suggests that employees who feel they are treated fairly by their organizations will treat customers better, resulting in greater customer satisfaction. The underlying logic connecting employee satisfaction and loyalty to customer satisfaction and ultimately profits is illustrated by the service profit chain shown in the following figure;

Figure 1: The Service Profit Chain



Source: Baron and Harris, *Services Marketing* (1995)

The service profit researchers are however careful to point out that the model does not suggest causality. That is, employee satisfaction does not cause customer satisfaction; rather the two are interrelated and feed off each other. The model does not imply that companies that exhibit high levels of success on the elements of the model will be more successful and profitable than those that do not. This finding is borne out in the other research, which reports that companies that manage people right will outperform by 30% to 40% companies that do

not. Customers' perceptions of service quality will be affected by the customer-oriented behaviour of the employees and all the dimensions of service quality can in fact be influenced directly by service employees.

Kotler, et al., (2009) argue that customer involvement creates uncertainty and service personnel have to bear most of it. Kotler et al further stated that service personnel have to be competent in the task. They have to provide guidance and help throughout the process and act as advisers, for example when a waiter is asked to recommend a dish. Being able to do the job is not enough; they must also have behavioral skills, to be able to interact with the customers. Employee selection needs to focus on customer relationship skills. A service company needs to hire for service attitude and train for skills. Training in task only or in behavior only will not result in good service.

In the words of Shaw and Ivens (2002)

“... A lot of businesses say people are the greatest assets. Wrong. The right people are your greatest asset. The wrong people can totally ruin your customer experience...”

2.3 Effect of Service Delivery Modes on Performance

Service delivery has generally been defined as the process of making a product or service available for consumption.

Delivering the service as promised, the service reliability is often in total control of the frontline employees. When services fail or errors are made, employees are key in setting things right and using their judgment to determine the best course of action for service recovery. Frontline employees directly influence customer perceptions of responsiveness through their personal willingness to help and their promptness in serving customers.

Delivery systems include the methods used by an organization to provide services and products to its customers. In addressing the customer delivery modes, the organization has to put into consideration its industrial standards, how its competition is currently performing, whether its current organizational delivery standards are in line with those of the competitors, the customer expectations, whether the customers expect delivery to occur in a certain manner within a specified time frame, and whether alternatives are acceptable. The capabilities where the available systems within the organization and industry allow for a variety of delivery methods; the acceptable cost of providing a variety of techniques, does it add real or perceived value, if there are additional costs will the customers be willing to absorb them, are concerns that must be given much thought (Lucas, 2012).

Where service delivery and distribution are concerned, service providers take a variety of decisions in the areas of situational service delivery and time of service delivery as well as channels of service delivery. These decisions do impact on value. Such as;

Regarding service location there are three possibilities; a service delivery can take place at the provider's premises implying higher cost for maintaining the service location.

In terms of service timing, there are several timing decisions, such as the point of time when a service is delivered, also how long a customer has to wait for service delivery. Relevant value considerations include the more flexible a customer is in terms of choosing the service delivery time, the higher the cost for the provider. When a provider offers permanent service availability its cost is higher, but so is market availability and also value is influenced by the length of a service. In some cases, value to the customer and thus price increases by the length of a service while in other cases, value to the customer and price decrease (Johansson, 2006).

According to Kawakatsu and Sandoh (2005) an appointed delivery date of a product or service is one of the important factors of supplier's services. From the supplier's point of view, they hope to make the period from the order date to the delivery date as short as possible to increase their customers' satisfaction, but at the same time they prefer to make this period as long as possible since the risk becomes higher that they cannot deliver the products to their customers by the appointed date under the short period appointed date. At the same time, however, customers tend to switch from a supplier to another seeking for better service from them. For this reason, it is necessary for suppliers to enclose their customers by means of various kinds of service delivery channels and strategy. Likewise in the delivery of services customers expect the best in the shortest time possible at an uncompromised quality. The modes have to be those the customers are comfortable with and those that deliver the service well.

Belch and Belch (2009) argue that service providers should pay attention to customer's convenience in the service process. They should design the service to provide most convenience for customers in each of the service consumption stages. This perspective presented by Belch and Belch advocates that in using a service, customers create their own value, which is termed as value-in-use, according to how they actually use that service. In other words, the service supplier is not the only one who creates value. Customers also actively participate in the creation of value, rather than passively receive the value offered by service providers.

According to Walker and Mullins (2011), the time spent on waiting or participating in a service often relates a significant opportunity cost that prevents customers from participating in other activities. Subjectively, emotional reactions to waiting may lead to consumer stress and uncomforted situations. Consequently, the less time spent to provide a service, the more

convenient it is for the consumer to use the service. In the service process, customers' perception of convenience is negatively associated with their perceptions of the cognitive, physical, and emotional effort being spent for the acquisition and use of the service. Thus, the more effort spent by a service customer, the more customer resources are committed, and the higher is the potential for frustration. Walker and Mullins also reveal that service providers, and customer perceptions of the service depend on how the service provider responds to their expectations. In this process, a highly convenient service requires lower level of customers' costs in terms of time and effort. Consequently, the customers are likely to perceive higher functional benefits from the service provider, thus higher perceived service quality.

Cohen (2010) argues that taking perceived service quality as a form of attitude relating to global judgment of the superiority of a supplier's resources being offered and value facilitation process, it is therefore related but not equivalent to customer satisfaction which is an emotional reaction based on the value-in-use being created by a specific transaction. Customers are likely to use their perception on how convenient the service process is as one of the inputs to judge the service quality. Cohen advocates that when customers can conveniently and easily experience the benefits of the services, they are more likely to be satisfied and use them again. Hence, increasing the convenience of services would lead to the increase in customer perceived value-in-use.

Finally, the channel offered by a firm for service delivery and distribution has a major impact on value. Typical channels are personal contact, telephone and internet channels, which first imply extreme cost differences. Also, the channels affect revenues by representing a quality dimension from the customer's view point and by a determinant of market availability (Alsem, 2007).

2.4 Effect of Customer Relationship Management (CRM) on Performance

According to Hooley et al (2012) Customer Relationship Management is the ability to acquire, retain, expand and (where necessary) delete customers.

McDonald and Wilson (2012) define Customer Relationship Management as a continuous performance initiative to increase a company's knowledge of its customers. It is an integrated, multiple delivery channel strategy that allows companies to capture profitable new customers and improve service. It is consistent high quality customer support across all communications channels and business functions, based on common information shared by employees, their customers and business partners. It comprises the organization, processes and systems through which an organization manages its relationships with its customers.

Richter and Cornford (2008) define Customer Relations Management(CRM) as a collection of techniques and technologies that help organizations manage their interaction with customers by providing the organization with a better knowledge, understanding of customer needs by providing the customer with a consistent interface to the organization- the authors further state that at the heart of CRM is the careful gathering and recording of information about customers, individually and collectively after which the information is used in three main ways: operationally, to support the front office interaction with the customer; analytically, to segment and classify customers and to model and predict future customer behavior; and collaboratively to provide self-service capabilities. The organization is then able to provide a consistent and responsive face to the customer regardless of where or by which channel the customer chooses to present him/herself.

CRM promises the prospect of generating organizational efficiencies of better managing customer interaction and a consistent interface to the customer, across various interactions with the organization. In the case study taken of a local authority setting, where individuals

may be expected to have multiple interactions with different departments and via different channels and media it is reported that this promise of consistency offers local authorities a route towards the goal of what is usually described as a seamless service to the customer. The most significant aspect of CRM is that it is an approach that places considerable value on ascertaining and responding to the needs and desires of an organisation's individual customers (Futrell, 2009).

The more an organization knows about a customer, the better placed it is to assess the profitability/service requirements of that individual and thereby seek to satisfy his/her needs. It is through processes of knowledge generation and segmentation that CRM technologies facilitate the ultimate objective of delivering personalized services through developing perfect knowledge of individual customers (Goldstein, 2007).

Claycomb and Martin (2001) state that the foundation of this rapidly emerging business philosophy is the belief that strengthening ties with existing customers heightens customer satisfaction and business' abilities to serve customers. Noting that the value of customer relationships is essentially noteworthy in the service sector particularly because services being intangible customers often have little to evaluate prior to making a purchase commitment, the authors also state that the service provider may be the most tangible aspect of the service and, in the eyes of customers, may be equated with the service itself. Therefore the perception of the quality of the relationship with the service provider may be equated with the service itself as customers do not purchase services but the promise of those services. In this case it becomes important that there exists a strong, healthy relationship between customers and service providers so that trust, necessary for customers to commit to the service, is built. This avoids the high costs both parties might otherwise experience in the search for new, acceptable exchange partners. Thus, one-time purchase transactions with

limited profitability are transformed into continuous strings of repeat purchases with potential for greater long term profitability. With results from research carried out on 205 marketing managers Claycomb and Martin found out that marketing managers expect relationship-building programs to improve customers' memory of the business, enhance customer service, increase likelihood of customers spreading positive word-of-mouth about the company, build customer trust in the company, and enhance customers' perceived value and enjoyment of conducting business with the firm.

The systems and processes involved in delivering the product or service to customers will not impact on the ability of staff to effectively serve customers, they will also affect how customers judge the level of service they have received. CRM covers all the methods and technologies used by companies to manage their relationships with customers and clients. Information held on existing customers such as recent purchases is analysed and used to create a stronger and hopefully mutually beneficial relationship. An effective CRM system helps organizations to acquire customers, build closer customer relationships with them, provide better customer services and hence retain valued customers. By tracking customer contacts through the CRM the organization is able to ensure appropriate levels of contact are maintained, and to monitor the requirements, as well as their buying habits. This information can be used to target customers selectively (Bennett, 2010).

The goal of CRM systems is to form and sustain valuable customer relationships. CRM encourages a focus on customer loyalty and retention, with the goal of winning a large share of the total lifetime value of each profitable customer. However, one of the primary conclusions of research concerning CRM performance is that achieving desired customer outcomes requires the alignment of the entire organization, and avoiding narrow and incomplete perspective of viewing CRM just as the technology of call centres and data warehousing (Hooley, et al., 2012).

Customer Relationship Management gains competitive advantage for a company when it delivers superior customer value by personalizing the interaction between the customer and the company, demonstrating the company's trustworthiness and reliability to the customer, tightens connections with the customer, achieves the coordination of complex organizational capabilities around the customer. (Day, 2000)

It is clear that successful CRM initiatives are guided by a carefully formulated organizational strategy. CRM offers service providers the opportunity to gather customer information rapidly, identify the most valuable customers over the relevant time period, and increase customer loyalty by providing customized products and services. (Cravens and Piercy, 2009)

However, Shaw and Ivens (2002) state that Customer Relationship Management is the buzz phrase that everyone is using today yet the central premise of CRM is that the organization owns the customer relationship and the company can manage it, an 'inside out' approach. This is incorrect: the customer owns the relationship and the company has to adjust itself to meet this dynamic, an 'outside in' approach. The acronym 'CRM' is simply the wrong way round. It should be customer managed relations, CMR not CRM, customer relationship management because customers determine who they have a relationship with, and how. There are many examples of markets where customers have determined that they do not want any form of relationship. They do not want to form a relationship and are happy to base their customer experience on a purely physical transitional activity. Customers determine the moments and technologies of contact they use and when they use them. While the company may have a preferred route, customers being customers will not always adhere to this, and they will choose. Another fundamental question companies need to ask is why they have the business model they do, as this will also affect the customer experience.

CHAPTER THREE

RESEARCH METHODOLOGY

3.0 Introduction

In this chapter, the researcher intends to discuss in detail the methodology employed in carrying out the research to include the research design, area of the study, study population, sampling procedures, data collection methods and instruments, quality control methods, data management and processing, data analysis, the ethical considerations and the limitations of the study.

3.1 Research Design

The researcher used both qualitative and quantitative methods. Quantitative method involved collecting absolute data such as numerical data so that it can be examined as unbiased hence making it possible to come up with statistical results that are scientific. The qualitative method was used because it has the ability to make a research go beyond the statistical results that are reported in the quantitative research. The research designs that were used include the Descriptive design which involves classification, analysis, comparison and interpretation of data. It was administered through an interview and designing questionnaires.

3.2 Area of the Study

The study was carried out at the Lidalex Apartments, Kayabwe in Mpigi district. It was chosen as the study area because the research is concentrating on the performance of the local hospitality industry and it would give a good representation of the basis of the study.

3.3 Study Population

The research was carried out on the customers and employees because they are the best source of information about the impacts of customer service on the performance of Lidalex Apartments since all of them either get the customer service experience or are the ones responsible for providing it.

Table 1 Showing the Classification of respondents.

Category	Number of employees	Percentage
Employees	10	16.7%
Customers	50	83.3%
TOTAL	60	100%

Source: *Primary data 2014*

3.4 Sampling Procedures

According to Amin (2005), sampling refers to the process of selecting elements from a population in such a way that the sample elements selected represent the population.

3.4.1 Sample Size

The researcher used probability sampling. Under probability sampling, the researcher opted for Krejcie and Morgan table for determining sample size. It revealed a sample size of 52 for the given population of 60; 10 employees and 50 customers.

3.4.2 Sampling Techniques

The respondents were chosen using simple random sampling respondent were having an equal opportunity of being selected by the researcher in order to obtain representative sample. Purposive technique was also employed to get the information that was required.

3.5 Data Collection Methods and Instruments

The data collection methods that the researcher used include observation, questionnaire and interviews.

Questionnaire: This was the main data collection tool used. Questionnaires were given to the respondents to fill in the answers of their own choice which the researcher later analyzed. This was used because it is well known for obtaining first hand and accurate information is obtained. The method also works at the convenience of the respondents who are given enough time to fill in the required responses.

Interview: This was administered to those respondents who were not in a hurry and did not find it inconveniencing to respond to the few questions asked. This was used because of its high response rate and ability to obtain detailed information regarding the objectives of the study since it provides a platform to ask more questions for clarity. For this method an interview guide was used to gather the required information from the respondents.

Observation: This method was used to see some tangible indicators of customer service. It was used because it is cheap to obtain accurate information that may not be captured using the questionnaire method. The researcher got involved in both participant and non-participant observation as advised by Bell and Opie (2002) by listening to and getting involved in conversations and also asking for the services herself. The instruments employed for this method included pens, eyes, ears and paper to obtain the relevant information.

3.6 Quality Control Methods

Validity

To ensure validity, the researcher pre-tested the instruments to check the accuracy of perception. The instruments were also be subjected to expert review by first gaining approval of the supervisor and also checking with a few key employees before testing on the whole sample.

Reliability

To ensure reliability the researcher first tested the questionnaires with five employees and a few customers and checking whether the information was consistent with the rest of the sample size.

3.7 Data Management and Processing

Data management involved editing, summarizing and tabulation of the all the collected information. The findings were then interpreted to give meaning to the raw data.

3.8 Data Analysis

The researcher used quantitative methods during research and after which the data was collected, SPSS was used to analyze it. Through the use of SPSS, the data was reduced into tables and allocated into frequencies and percentages to put it into a meaningful form that could be easily understood by users and ease decision making. The qualitative data obtained from interviews and observation methods was edited to obtain precise statements which were presented to supplement the quantitative data.

3.9 Ethical Considerations

Before the research was carried out the respondents were briefed about the importance of the study and none of them was forced to volunteer the required information. It was all borne out of the respondents' willingness to avail it. During the research, no bribe was given to any respondent in order to obtain information. This was avoided because it could easily lead to gathering of false information. The respondents were also assured that the information that they provided would be treated with utmost confidentiality, no names mentioned throughout the reporting of findings. The work of other authors that was used in the writing of this research was acknowledged so as to avoid plagiarism.

3.10 Limitations of the Study

There was a problem of limited time to carry out the research but the researcher controlled it by making sure that adequate information was obtained when in the research field so she would not have to go there several time to obtain the necessary information.

CHAPTER FOUR

DATA PRESENTATION, ANALYSIS AND DISCUSSION OF FINDINGS

4.0 Introduction

This chapter investigated the effect of customer service on the performance of the hospitality industry. The findings obtained from the research are presented, analyzed and discussed according to the research objectives. The researcher used both qualitative and quantitative methods of data collection to come up with these findings.

The researcher used precisely designed questionnaires to collect information and these were supplied to the respondents comprising of employees and customers of the Lidalex Apartments. An interview was as well conducted by the researcher using the interview guide. The researcher also observed some tangible indicators of customer service and their impact on sales performance of the apartments. The researcher was thus provided with enough reliable information for the study.

4.1 Research findings

Table 2: Gender of the Respondents

	Frequency	Percent
Male	22	42.3
Female	30	57.7
Total	52	100.0

Source: Primary data

Findings from the research revealed that the percentage of the males that participated was 42.3% while that of the females was 57.7%. This shows that there were more females who took part in the practice and while the males were fewer, were also consulted for the study.

Table 3: Age of Respondents.

	Frequency	Percent
20-29	30	57.7
30-39	12	23.1
40-49	6	11.5
50-59	4	7.7
Total	52	100.0

Source: Primary data

Information from the table above indicates that the least number of people who enjoy the services of the apartments is that of those aged between 50 and 59 years (7.7%) followed by those between 40 and 49 years (11.5%), then those from 30 to 39 years (23.1%) and the majority are those aged between 20 and 29 years old (57.7%).

The large number of customers being aged between 20 and 29 years is because most of the customers that the apartments get are from the university nearby who go there for weekend leisure activities like swimming and food while some of the rest of the customer population goes also for the accommodation, especially the tourists involved in work around the Equator.

4.1.1 Employee Competence Effect on Performance

The competence of employees is the degree of capability that the employees have in fulfilling their work obligations, the education, skills, experience, energy and attitudes of employees to act in a wide variety of situations.

The researcher sought to find out the employee behavior, skills and capabilities that led to improved business performance and the findings are summarized through answers to the assertions.

Table 4: Employee Motivation

	Frequency	Percent
Disagree	3	5.8
Neutral	2	3.8
Agree	18	34.6
strongly agree	29	55.8
Total	52	100.0

Source: Primary data

The findings in the table above indicated that most of the respondents, making up a percentage of 55.8% strongly agree that motivation of employees plays a key role in organization performance and an additional 34.6% also agree to that fact. 3.8% of the respondents stand on the middle regarding the issue while 5.8% seem to disagree that motivated employees do affect the level of service delivered and they find employee motivation irrelevant to the case of business performance.

Table 5: Confidentiality of Staff Service

	Frequency	Percent
Neutral	2	3.8
Agree	30	57.7
strongly agree	20	38.5
Total	52	100.0

Source: Primary data

Table 5 findings showed that most respondents (96.2%) agree that staff confidentiality does have an impact on the performance of the business, yet another percentage of 3.8% were neutral about staff confidentiality having an impact on business performance.

Table 6: Employees' Knowledge of the Service.

	Frequency	Percent
Disagree	1	1.9
Agree	20	38.5
strongly agree	31	59.6
Total	52	100.0

Source: Primary data

Concerning the employees' knowledge of the services that the company was offering, a total percentage of 98.1% agreed that the employees' knowledge about the services available impacted on the performance of the business while another 1.9% disagreed about the influence that employees' knowledge would have on business performance.

Table 7: Employees' Adequate Knowledge of the Service

	Frequency	Percent
Neutral	3	5.8
Agree	20	38.5
strongly agree	29	55.8
Total	52	100.0

Source: Primary data

Findings in Table 7 revealed that the highest percentage of the respondents, a total of 94.3% agreed that the employees' knowledge of the service procedures affects the customer service level whereas another percentage of 5.8% of the respondents were impartial about the effect that knowledge of service procedures would have on customer service. However, no respondent disagreed that the employees' adequate knowledge of the service procedures did affect their view of customer service provided by the business.

Table 8: Employees' Adaptability to Service

	Frequency	Percent
Neutral	2	3.8
Agree	17	32.7
strongly agree	33	63.5
Total	52	100.0

Source: Primary data

From Table 8 about the employees' adaptability to service needs, it was found that a greater percentage of 96.2 agreed that the employees' adaptability of services to the customer needs did affect customer service, 3.8% were impartial to the idea whereas none disagreed that the employees' adaptability to the customer needs affected customer service.

Table 9: Treatment of Customers in a Friendly Manner.

	Frequency	Percent
Agree	10	19.2
strongly agree	42	80.8
Total	52	100.0

Source: Primary data

Results from table 9 indicate that all the respondents agreed that the treatment of customers in a friendly and courteous manner did affect the service offered to customers, with 80.8% strongly agreeing that the treatment in a courteous and friendly way affected the service.

The first objective of the study was to investigate the effect that employee competence had on customer service and as the results in the preceding tables have shown, this component of customer service has a great impact on the level of service offered and that will affect the performance of the hospitality business.

The motivation of employees had a total of 90.4% agreement on the effect it has on the level of service offered to customers, 3.8% were impartial to the issue, leaving 5.8% of the respondents in disagreement with the effect that employee competence has on the service

level. This showed that many customers actually know that when the employees are motivated to work hard then they will serve them better leading to satisfaction of the customer hence increased service sales. This implies that employers and human resource managers should always make sure that the employees are well satisfied with the pay, bonuses, leave, and any other forms of motivation that can be employed so that the employees are at their very best to offer the services required by the customers.

In the same manner, the respondents also greatly agreed that these employees should have expert knowledge of the services available, and this was to a percentage of 98.1% agreement, that the employees should also adapt their services to customer needs so as to serve them well, this also to an extent of 96.2% agreement, and that the employees should to a certain extent maintain customer confidentiality (67.3% agreement). These are all issues that the customers greatly considered as elements to a great service and any hospitality business should adopt them to maintain a desirable level of customers.

All the respondents, in addition to the above, were in agreement with the fact that the customers need to be treated in a friendly and courteous manner for proper customer service to take place. This resonates with the notion that “Customer is King” and if this serves to the advantage of customers leading to an increase in their numbers and their satisfaction, then it is true that great customer service does thrive a business, always leading to better performance (Zeithaml, et al., 2009).

4.1.2 Service Delivery Modes Effect on Performance

Service delivery is defined as the process of making a product or service available for consumption. It involves factors such as where the service is being delivered from, the location or environment, the means and timeliness of the service being delivered.

Table 10: Neat and Tidy Environment Affects Performance

	Frequency	Percent
Neutral	5	9.6
Agree	26	50.0
strongly agree	21	40.4
Total	52	100.0

Source: Primary data

A percentage of 90% of the respondents agreed that a clean and tidy environment of the business has an impact on organization performance and 9.6% of them were neutral about the subject. There were none who disagreed, however, that a neat and tidy environment does affect the business performance.

Table 11: Availability of a Full Range of Services

	Frequency	Percent
Neutral	2	3.8
Agree	30	57.7
strongly agree	20	38.5
Total	52	100.0

Source: Primary data

A greater percentage of 96.2% agreed that where there is a full range of services it affected the performance of the organization as there was a variety for the customers to choose from. Only 3.8% remained impartial to the effect but none of the respondents disagreed that a full range of services affected the company performance.

Table 12: Time Taken for Service to be delivered

	Frequency	Percent
Agree	5	9.6
strongly agree	47	90.4
Total	52	100.0

Source: Primary data

All the respondents agreed that the time taken for the service to be delivered has an effect on the level of service provided. This may be due to the fact that customers have different timetables and they do not want to have time to spend waiting for a promised service to be delivered.

Table 13: Handling Customer Requests Promptly

	Frequency	Percent
Agree	12	23.1
strongly agree	40	76.9
Total	52	100.0

Source: Primary data

Information from Table 13 showed that all the respondents agreed that the handling of customer requests promptly has an effect on customer service and the organization performance, therefore if an organization is to perform well then a great deal of consideration should be put in making sure that those who need the services are worked on promptly.

Table 14: The Time Taken to Check In or Out

	Frequency	Percent
Neutral	2	3.8
Agree	20	38.5
strongly agree	30	57.7
Total	52	100.0

Source: Primary data

Results from Table 14 indicated that 96.2% of the respondents agreed that the time to check in or out affected customer service and 3.8% were neutral about its effect on the level of service offered.

Table 15: Speed and Efficiency of Service

	Frequency	Percent
Agree	7	13.5
strongly agree	45	86.5
Total	52	100.0

Source: Primary data

The entire number of the respondents agreed to the effect that speed and efficiency of service had on customer service and this is mainly because those who require the services also require them to be done well and in the necessary time.

The second objective of the study was to find out the effect that service delivery modes had on the performance of the hospitality industry. From the results obtained through the research as evidenced above it was indicated that most of the customers do like service offered promptly, with speed and efficiency and the more types of services available, the wider the scope of service hence more satisfaction drawn from them. Business managers and owners should therefore make sure that all elements of service are catered for, including a neat and tidy environment in order to attract and retain customers.

4.1.3 Customer Relationship Management Effect on Performance.

Customer Relationship Management is the ability to acquire, retain, and expand customers. It is a continuous performance initiative to increase a company's knowledge of its customers, an integrated, multiple delivery channel strategy that involves capturing new customers for profitable companies while improving service.

Table 16: Customer Requirements Being Communicated to Service Employees

	Frequency	Percent
Agree	27	51.9
strongly agree	25	48.1
Total	52	100.0

Source: Primary data

From Table 16, all the respondents agreed with the idea that customer requirements should be communicated to service employees, this is likely to be because the customers would like to be served with exactly what it is that they want and for this to happen their requirements must be communicated to, known and understood by the employees and this should be done to enhance satisfaction thus improving business performance.

Table 17: Company's Awareness of Immediate Customer Needs

	Frequency	Percent
Disagree	1	1.9
Neutral	2	3.8
Agree	30	57.7
strongly agree	19	36.5
Total	52	100.0

Source: Primary data

Findings from Table 17 showed that of the 52 respondents, a total of 49 respondents (94.2%) agreed with the suggestion that the company's awareness of immediate customer needs, did affect its performance, 2 of the respondents (3.8%) were impartial to the idea and only 1 respondent (1.9%) disagreed with it. The 2 respondents who were impartial and the 1 that disagreed with the idea most likely did not mind whether the company was aware of their immediate needs as long as they served them what they wanted to be served them, unaware that for that to be done, the company needs to know their immediate needs to have them

fulfilled.

Table 18: Anticipation of Customer Expectation

	Frequency	Percent
Neutral	2	3.8
Agree	20	38.5
strongly agree	30	57.7
Total	52	100.0

Source: Primary data

Table 18 reveals that all of 50 respondents (96.2%) agreed with the suggestion that the company anticipating customer expectation did have an effect on its performance, 3.8% of the respondents were neutral to it.

Table 19: Reorganization to Make Company Responsive To Customer Needs

	Frequency	Percent
strongly disagree	2	3.8
Disagree	3	5.8
Neutral	5	9.6
Agree	20	38.5
strongly agree	22	42.3
Total	52	100.0

Source: Primary data

From Table 19, of the 52 respondents, 22 respondents (42.3%) strongly agreed that reorganization to make company responsive to customers affects its performance, 20 respondents (38.5%) agreed with it, 5 respondents (9.6%) were neutral, 3 respondents (5.8%) disagreed with it while 2 (3.8%) strongly disagreed with the idea.

Table 20: Attention Paid to Personal Service

	Frequency	Percent
Agree	2	3.8
strongly agree	50	96.2
Total	52	100.0

Source: Primary data

Table 20 shows that 50 respondents (96.2%) strongly agreed that the company's attention paid to personal service shows in its performance, 2 respondents (3.8%) agreed with it. This is because of the fact that each customer is an individual and desires to be treated as such by paying attention to their individual need and this affects the level of service provided hence affecting the performance of the organization.

Table 21: Capturing the Changing Requirements of Customers

	Frequency	Percent
Agree	3	5.8
strongly agree	49	94.2
Total	52	100.0

Source: Primary data

Table 21 discloses that 49 respondents (94.2%) strongly agreed that capturing the changing requirements of customers affects performance, 3 respondents (5.8%) agreed with it. This means that all of the respondents agreed with none disagreeing that when the requirements of the customers are captured it has an effect on the level of service provided hence affecting the performance of the organization.

Table 22: Providing Necessary Feedback to Customer Complaints

	Frequency	Percent
Agree	22	42.3
strongly agree	30	57.7
Total	52	100.0

Source: Primary data

From Table 22, 30 respondents (57.7%) strongly agreed that providing necessary feedback to customer complaints affects business performance by affecting the level of service , 22 respondents (42.3%) agreed with it, and none disagreed that when customers make complaints about the company’s service and feedback to it is presented quickly it affects service and company performance. This is because customers would like to freely express themselves about the service, where they have not found satisfaction to be provided with a proper explanation.

Table 23: Employees’ Pleasant Interactions with Customers

	Frequency	Percent
Agree	2	3.8
strongly agree	50	96.2
Total	52	100.0

Source: Primary data

Findings displayed in Table 23 showed that 50 respondents (96.2%) strongly agreed that pleasant interactions between employees and customers affect the performance of an organization and 2 respondents (3.8%) agreed with it.

The third objective of the study was to find out the effect that Customer Relationship Management has on the performance of the hospitality industry. Findings from the research

carried out using the questionnaires revealed that all the respondents agreed that there need to be pleasant interactions between the employees and the customers, customer complaints must be taken and necessary feedback provided to them, being provided quickly, the changing requirements of customers must be recorded, employees must be aware of customer requirements and attention must be paid to personal service. Having 100% agreement in these areas indicates that all these elements are a very important consideration for customers and management should pay attention to these details of service so that the customers have a pleasant experience and are willing to return. To the customer, the service must get as personal as can be to be qualified as a good service which will make them want to return and in so doing the sales of the company are increasing thereby increasing its revenue also.

The findings above were also affirmed by the interviews that were carried out on a few sampled respondents who agreed that the general performance of the organization, to include the number of sales and number of customers that the company has is affected by the customer service level maintained by the organization. In treating the customers well by paying attention to personal service through anticipating customer expectation, being aware of immediate customer needs and communicating their requirements to service employees so that they are delivered in the right means ensuring that the interactions between the customers and the employees are pleasant, all contribute to the level of service offered.

Table 24: Effect of Location on Business Performance

	Frequenc y	Percent
strongly disagree	5	9.6
Disagree	7	13.5
Neutral	5	9.6
Agree	19	36.5
strongly agree	16	30.8
Total	52	100.0

Source: Primary data.

Findings in table 24 indicated that a higher degree of the respondents agreed with the notion that the location of the business affects its performance, a total percentage of 67.3%, 9.6% were impartial about the idea, while 13.5% disagreed and 9.6% strongly disagreed with it.

Business location may affect its performance in a way that if it is found in a place that is not easily accessible probably because of the terrain or the road network or its location in a remote area, then it will ultimately receive fewer customers in comparison to a place that is much more easily accessible and also having a large population surrounding it. This, however does not stand alone as the only factor regarding the location of business that affects its performance because a business may be found in a remote area but having a tourist destination that brings in customers and is well advertised and these are some of the reasons stated by those who disagreed with the fact that location of business may have an impact on its performance.

Table 25: Management Style affects Employee Performance

	Frequency	Percent	Valid Percent	Cumulative Percent
strongly disagree	2	3.8	3.8	3.8
Disagree	3	5.8	5.8	9.6
Neutral	5	9.6	9.6	19.2
Agree	21	40.4	40.4	59.6
strongly agree	21	40.4	40.4	100.0
Total	52	100.0	100.0	

Source: Primary data

Results from Table 25 indicated that a percentage of 80.8 of the respondents agreed that the style of management affects business performance, 9.6% were neutral, while 9.6% disagreed that business performance does depend on the management style.

The style of management affects business performance in a way that it affects the way in which business is run and the results of performance therefore. An organization's employees will deliver service depending on the style that management employs in the running of the business. The management always has the upper hand in the performance of organizations since they bear the vision and mission of the business and it is their role to make sure that the employees also understand the organization's objectives and carry them on in their day-to-day operations so as to get the organization to the desired level of operation and obtain the results that are required. Without proper management, the organization's mission and objectives will not be well implemented leading to a level of performance that is short of the required one.

4.1.4 Conceptual framework: the Relationship Between Customer Service and Performance.

The conceptual framework helped the researcher to measure the effect of customer service on the performance of the Lidalex Apartments. The intervening variables were also measured and the findings are presented below.

The findings on the respondent's opinion about the effect of customer service on the performance of Lidalex Apartments revealed that majority of the respondents 59.6% strongly agreed that to a very large extent customer service affects the performance of Lidalex Apartments, 38.5% agreed that to a large extent customer service affects the performance of the Lidalex Apartments and 1.9% argued that to a moderate extent customer service affects the performance of the Lidalex Apartments. No respondent was found to disagree that customer service affected the performance of the Lidalex Apartments.

Table 26 Showing the Correlation Between Customer Service and Performance

		Customer service affects company performance	Anticipation of customer expectation
Customer service affects company performance	Pearson Correlation	1	.942**
	Sig. (2-tailed)		.000
	N	52	52
Anticipation of customer expectation	Pearson Correlation	.942**	1
	Sig. (2-tailed)	.000	
	N	52	52

Source: Primary data.

The results in the table 26 revealed that there is a significant correlation between Customer service and performance of the industry since the sig (2 tailed) value is .000 which is less than .05. Furthermore the findings in Table 25 revealed that there is a very strong positive correlation between customer service and the performance of the hospitality industry ($r=.942$) which is possibly because when the customers are handled properly they are encouraged to keep demanding the services since their needs are met. This implies that improvements or declines in the level of service offered improve or lead to a decline in the performance of the Lidalex Apartments.

Table 27 Showing Pearson Correlation Between Business Location, Customer Service and Performance.

		Customer service affects company performance	Business location has an effect on the performance of the business
Customer service affects company performance	Pearson Correlation	1	.818**
	Sig. (2-tailed)		.000
	N	52	52
Business location has an effect on the performance of the business	Pearson Correlation	.818**	1
	Sig. (2-tailed)	.000	
	N	52	52

Source: Primary data.

The researcher established the impact of business location on the performance of the Lidalex Apartments and the statistical relationship between the variables revealed that there is a significant correlation between business location and the performance of the Lidalex Apartments since the sig 2 tailed value is .000. The findings revealed that there is a strong positive correlation between the Lidalex location and its performance ($r=.818$) implying that those who find the location favourable contribute positively to the performance of the Apartments while those who do not find the location appealing contribute negatively to the performance of the Apartments since they would not easily access the business services.

Table 28 Showing Pearson Correlation Between Management Style, Customer Service and Performance

		Customer service affects company performance	Management style affects employee performance hence the business performance too
Customer service affects company performance	Pearson Correlation	1	.758**
	Sig. (2-tailed)		.000
	N	52	52
Management style affects employee performance hence the business performance too	Pearson Correlation	.758**	1
	Sig. (2-tailed)	.000	
	N	52	52

Source: Primary data

The researcher also established a statistical relationship between the management style and the performance of the Lidalex Apartments basing on the results obtained in Table 25. The findings revealed that there is a statistical significant correlation between the management style at Lidalex and its performance (sig value .000). This means that the management style has a significant impact on the performance of the Apartments as it affects the service level maintained at the Apartments. The findings also revealed a strong positive correlation between management style and customer service at the Lidalex Apartments ($r=.758$). This implies that as the management style at the Apartments is improved, the performance also improves and if the management style is inadequate, the performance of the Apartments will be poor.

4.5 Conclusion

It can thus be concluded that through involvement in proper customer service techniques, such as making sure that the employees are well fitting for the job in skill and knowledge, delivering the service in the most customer-friendly way and handling the customer in the most appropriate way the Lidalex Apartments and the hospitality industry as a whole come a long way in delivering the kind of service that affects business performance positively.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.0 Introduction

This chapter brings out the summary, conclusions and recommendations basing on the topic the role of customer service on the performance of the hospitality industry and these can be used as guidelines for further research in future especially on this topic. It also points out areas in the organizations where improvement has to be made.

5.1 Summary of the findings

The performance of the hospitality industry depends on so many factors including the level and quality of customer service offered by the organization. Findings from the research revealed that customer service makes a relatively large contribution to the sales increases and the number of customers that a hospitality organization will have.

The findings showed that there are elements of employee competence, service delivery modes and customer relationship management that an organization can consider while dealing with customers to ensure their satisfaction and also enable them to make a choice to return to them whenever there is need for a service.

5.1.1 The Effect of Employee Competence on Performance

The study revealed that employee competence positively impacts on the level of service that an organization offers. Employee versatility through acquisition of proper customer service skills and knowledge like how to welcome customers, learning the customer service language, also having expert knowledge of services available, having adequate knowledge of

the service procedures and adaptation of these services to suit customer needs, also the ability to treat customers in a friendly and courteous manner generally affects the level of service through attracting customers and ensuring their loyalty if they are pleased with the service, as the highest percentage of the respondents agreed to the influence that these have on their satisfaction. Employee competence is especially important for the service industry because the clients' first impression of the service is how the service providers treat and present it to them.

5.1.2 The Influence of Service Delivery Modes on Performance.

It was found that service delivery modes also had a huge positive impact on the level of service delivered by the organization. The various ways through which the organization makes available its services through the timeliness of service, making sure that not only is the required service delivered, but also that it is delivered in the shortest time possible, that there do not have to be long periods of time between the time of making an order to the actual delivery time, that the time for checking in and out is brought to the minimum most possible state. The organization should have a full range of services and provide them in a neat and tidy environment. These were some of the factors considered by the customers as the most important to the service and they would be pleased to have them present to ensure a fulfilling experience.

5.1.3 The Contribution of Customer Relationship Management on Performance.

Findings revealed that Customer Relationship Management practices contributed positively to the performance of the Lidalex Apartments. Paying attention to personal service implies that the customers get exactly what they would prefer to have and by allowing customers to express their complaints and immediately responding to them leaves them satisfied with the service, even if it may have gone wrong the first time it was provided and this makes them

appreciate the service more than providing a flawless service every time because it shows the customers that the service providers are working for their best interests and that the customers can reliably trust them. Pleasant interactions between the customers and the service providers and the possibility of developing personal relationships with the service employees was found to make customers loyal to the business since they will have a reason to return each time. The proper treatment of customers leads them to refer others to the business leading to more customers hence better business performance.

5.2 Conclusions

The findings from the study on employee competence revealed that the competence of service employees had a positive contribution to the performance of the hospitality industry and therefore the business managers should make sure that the people who are employed are found with the skills relevant to keep the customers satisfied with the service offered to them, and they are trained to continue instilling these skills into them so that they offer services that will encourage customers to keep coming for the service thereby improving the performance of the business.

The study on the service delivery modes revealed that the modes of delivery also largely affected the level of service positively. Businesses should make sure that services are provided in a neat and tidy environment, that the time between ordering for the service and receiving it is as little as possible and the customer requests are handled promptly with speed and efficiency in service.

Findings from the study also revealed that Customer Relationship Management makes a positive contribution to the performance of the hospitality industry. The businesses should always make sure that they anticipate customer expectation, are aware of the customer needs,

and have them communicated to the service employees, while taking notice of the changing requirements of the customers and accepting their complaints and providing necessary feedback as soon as is necessary. These elements make the customers more comfortable with the service being provided by the business thereby building a good customer-service relationship that leads to good business performance.

Generally, customer service does make a positive contribution to the performance of the hospitality industry as a pleasant customer experience can lead to higher demand for the service and customer recommendations to other customers who will also demand for the service leading to better performance of the business.

5.3 Recommendations

From the findings on the first objective which was to find out whether employee competence influences the performance of the hospitality industry, the Lidalex Apartments should continue carrying out the practice of making sure that the employees are competent with the skills and behavior that is required for a good service experience as this increases the demand for the services and ensures that the customers get the most out of the service.

Basing on the second objective which was to investigate the influence that service delivery modes have on the performance of the hospitality industry, the researcher encourages the Lidalex Apartments to ensure that the modes of delivery are always improved at the Apartments, with particular improvement and emphasis placed on the time taken to handle customer requests as this was greatly considered by the customers who were contacted as a major determinant of the quality of service they have.

Regarding the last objective of determining the contribution that Customer Relationship Management makes to the performance of the hospitality industry, the researcher

recommends that Lidalex Apartments should continue with the good relationship building with customers but also widen their customer base by signing memoranda of understanding with possible customers the in the widening market around the Equator, for example with Tour Agencies who provide touring services to Equator tourists.

5.4 Areas For Further Research

The researcher recommends that research should be carried out on the effect that customer service has on the performance of businesses in more remote areas.

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APPENDICES

Appendix 1: Questionnaire.

Dear respondent,

I am Naluswata Cynthia Doreen, a student of Uganda Martyrs University, Nkozi pursuing a course that will lead to the award of a Bachelors Degree in Business Administration and Management. I am humbly requesting you to assist in answering the following questions for my research topic about **“the effect of customer service on the performance of the hospitality industry”**. The information you give will be used purely for academic purposes and treated with utmost confidentiality.

In this section, tick the box that applies to you.

A. Gender:

1. Male

2. Female

B. Age:

1. 20-29 2. 30-39 3. 40-49 4. 50-59 5. Above 60

Under these sections, tick the appropriate box to indicate the extent of your level of agreement with the following statements in relation to **the effect that Employee Competence has on the Performance of the Hospitality Industry.**

1. Strongly disagree 2. Disagree 3. Neutral 4. Agree 5. Strongly agree

		1	2	3	4	5
1	Motivated employees greatly affect the level of service offered to customers					
2	Confidentiality of staff service					
3	Employees' expert knowledge of the services available					
4	Employees' adequate knowledge of the service procedures					
5	Treatment of customers in a friendly and courteous manner					
6	Employees' adaptability of services to customer needs					
7	Management style affects employee performance hence the business performance too					

Under these sections, tick the appropriate box to indicate the extent of your level of agreement with the following statements in relation to **the effect that Service Delivery Modes have on the Performance of the Hospitality Industry.**

1. Strongly disagree 2. Disagree 3. Neutral 4. Agree 5. Strongly agree

		1	2	3	4	5
8	Neat and tidy environment					
9	Speed and efficiency of service					
10	Availability of a full range of services					
11	Time taken for service to be delivered					
12	Handling customer requests promptly					
13	The time it takes to check in or out					
14	Business location has an effect on the performance of the business					

Under these sections, tick the appropriate box to indicate the extent of your level of agreement with the following statements in relation to **the effect that Customer**

Relationship Management has on the Performance of the Hospitality Industry

1. Strongly disagree 2. Disagree 3. Neutral 4. Agree 5. Strongly agree

		1	2	3	4	5
15	Customer requirements being communicated to service employees					
16	Company's awareness of immediate customer needs					
17	Anticipation of customer expectation					
18	Reorganization to make company responsive to customers					
19	Attention paid to personal service					
20	Capturing the changing requirements of the customers					
21	Providing necessary feedback to customer complaints and doing so quickly					
22	Employees' pleasant interaction with customers					
23	Customer Service affects company performance					

Thank you for your co-operation

Appendix II: Interview Guide

1. Is Lidalex Apartments involved in customer service?
2. What are some of the customer service practices that Lidalex has been involved in?
3. How do you think involvement in such practices affects the performance of the company?
4. Have you personally benefited from such customer service practices of Lidalex?
5. Would such activities influence your decision to demand for Lidalex services?
6. What other information would you wish share about the topic, Customer service and performance?

Appendix III: Krejcie and Morgan Table for Determining Sample Size from a Given

Population

N	S	N	S	N	S	N	S	N	S
10	10	100	80	280	162	800	260	2800	338
15	14	110	86	290	165	850	265	3000	341
20	19	120	92	300	169	900	269	3500	246
25	24	130	97	320	175	950	274	4000	351
30	28	140	103	340	181	1000	278	4500	351
35	32	150	108	360	186	1100	285	5000	357
40	36	160	113	380	181	1200	291	6000	361
45	40	180	118	400	196	1300	297	7000	364
50	44	190	123	420	201	1400	302	8000	367
55	48	200	127	440	205	1500	306	9000	368
60	52	210	132	460	210	1600	310	10000	373
65	56	220	136	480	214	1700	313	15000	375
70	59	230	140	500	217	1800	317	20000	377
75	63	240	144	550	225	1900	320	30000	379
80	66	250	148	600	234	2000	322	40000	380
85	70	260	152	650	242	2200	327	50000	381
90	73	270	155	700	248	2400	331	75000	382
95	76	270	159	750	256	2600	335	100000	384

Note: "N" is population size
 "S" is sample size.

Appendix IV: Work plan.

Activity	Time frame	Place	Responsibility	Remarks
Writing a proposal	1 month	UMU library	Researcher	Used text books, internet and journals.
Identifying and preparing data collection methods and tools.	2 weeks	UMU library	Researcher	To ensure collection of accurate data.
Questionnaire pretesting	4 days	UMU BAM department	-Researcher	Determine whether questions are free from errors
Distribution and collection of questionnaires	1 week	Kayabwe	Researcher	To allow respondents enough time
Interviewing respondents	1 week	Kayabwe	Researcher	The selected respondents were approached
Data analysis	1 week	UMU Nkozi	-Researcher -SPSS Expert	Use of SPSS package
Typing and editing of report	3 weeks	UMU Nkozi	Researcher	Use of laptop and proof reading.
Submission of the dissertation	May 2014	Faculty of Business Administration and Management	-Researcher -BAM faculty Dean	

Appendix V: Researcher Budget

No.	Details	Quantity	Cost per unit	Amount in UG shs
1	Transport			100,000/=
3	Printing	500 pages(total)	200/=	100,000/=
4	Photocopying	100 pages	100/=	10,000/=
5	Binding	2 booklets	5000/=	10,000/=
6	Food and drinks			100,000/=
7	Air time			30,000/=
8	Miscellaneous			100,000/=
	Total			450,000/=