Customer Complaints Management Practices on Service Performance of the Public Sector in Ghana: The Case of Ghana Water Company Limited.

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Abstract

This study examines the impact of customer complaints management practices on satisfaction with service performance. Majority of the customers in the urban areas with direct access to pipe borne water from Ghana water company limited (GWCL) are concerned with the reliability and quality of the water supply. The inability of GWCL management to manage these concerns led to the reduction of revenue mobilization at GWCL. A survey was conducted and in all, four hundred and three (403) respondents were surveyed through questionnaires and interviewed for the study. The sample was selected by random sampling technique and data were collected using a structured questionnaire. The data collected was analyzed using frequencies and percentages with the use of SPSS 16.0.The study revealed that GWCL has a customer complaints managements practices stipulated by Public Utility Regulation Commission (PURC), of which the management staff of GWCL was oblivious of these standard set by PURC, led to many lapses in the management of customer complaints.

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Again, the inability of PURC and GWCL to collaborate resulted in many services gaps namely knowledge, communication and delivery gaps. Efficient and effective communication system should prevail between PURC and GWCL and the need for GWCL to ensure continuous improvements of knowledge and skills, training of staff and provision of operational equipment's to enhance performance.

Keywords: Customer Complaints; Service Performance; Management practices; Public Utility Regulation Commission; satisfaction.

1. Introduction

Intense competition in the business environment has made customers to demand more quality service, hence the need for companies to be more customers focused than ever (ibid). Accessibility, reliability; affordability and quality are some of the critical concerns of GWCL consumers [1]. The commission reports also revealed that, some customers interviewed complained of delays in complaints resolution by GWCL. Again the overbilling, burst pipes, payments not reflected on subsequent bills and lack of supply and the inability of GWCL management to manage these concerns led to the reduction of revenue mobilization at most GWCL Centre's [1], hence the need for this research to examine how GCWL manage these concerns in order to improve its service performance. The study seeks to ascertain the impact of customer complaints management practices on satisfaction with service performances in the public sector and to evaluate the performance of GWCL in its service delivery.

2. Literature Review

According to [2] companies should welcome complaints because they should be viewed as second chance to keep a dissatisfied customer loyal. Customer complaints can be explained as a formal expression of dissatisfaction with any aspect of service experience. Customer complaints are considered to be a waste of time and money by many companies. In some case the employees give the customer impression that they do not have the right to complain. Most of the companies today are viewing complaints as something negative. Regarding complaints behavior, the author in [3] argued that pleasing response from seller result in improved loyalty and repeated purchase.

According to [4] 96 percent of customers who do not complain can be described as dissatisfied customers and up to 63 percent of these silent complainers do not purchase from the company again. Researchers have identified dissatisfied customers to constitute an average of ten (10) people about the negative experience. .

2.1. Performance of GWCL and effect management of customer complaints

Performance management is important for an organization as it helps organizations in ensuring that employees are working hard to contribute to achieving the organization's mission and objectives. Performance management sets expectations for employee performance and motivates employees to work hard in ways that are expected by the organization. The authors in [5] defined performance management as a means of getting better results from the whole organization by understanding and managing within an agreed framework, performance of planned

goals, standards and competent requirements. Performance management is a process of designing and executing motivational strategies, interventions and drivers within an objective to transform the raw potential of human resource into performance. All human beings possess potentials in a few or more functional areas. However, utilization and conversion of these potentials into deliverable performances is often sub optimal due to a variety of reasons. Moreover, performance management system provides a completed and professional management process for organizations to assess the performance results of organizations and employees. Comprehensively, [6] defines performance management as an ongoing communication process, undertaken in partnership, between an employee and his or her immediate supervisor that involves establishing clear expectations and understanding about: the essential job functions of employee; how the employee's job contributes to the goals of the organization; what doing the work well means in concrete terms; how employee and supervisor will work together to sustain, improve, or build on existing employee performance; how performance management will be measured, and identifying barriers to performance and removing them.

The authors in [5] pointed that at its best, performance management is a tool to ensure that managers manage effectively. Therefore, performance management system should ensure that the manager of employees or teams knows and understands what is expected of them, and have the skills and abilities to deliver on these expectations and be supported by the organization to develop the capacity to meet these expectations; and have the opportunity to discuss and contribute to individual and team's aims and objectives. GWCL's performance indicators comprise water production rates, water sales, percentage of non-revenue water, bill collection ratio, production cost and total revenue among few others.

The level of non-revenue water (NRW) associated with a utility company is a proxy measure of its efficiency. In the Management Contract between the Ghana Water Company and Aqua Vitens Rand Limited, a target was set to reduce non-revenue water from 48% in 2005 to 25% by 2010. By the end of 2010, non-revenue water was still about 49.3%.

Ghana Water Company Limited (GWCL) is incapable to recuperate cost because consumers do not pay the economic price for water consumed. The author and his colleague in [7] asserted that if Water Company does not cover their operational costs, because consumers do not pay the economic price for water consumed, then it brings about the utility companies not being able to respond to consumers' preferences and therefore facilities are in recurrent poor condition because of lack of money to maintain them. As a result, the services are not dependable and hours of accessibility of utilities are restricted. Furthermore, the utility providers have little to fear from failing to improve. This leads to poor quality services and poor utilization of resources accessible and for that reason investors do not yield their potential returns. Again, when consumers do not pay for the economic price of utilities, part of the population remains unserved or underserved because a service provider has an insufficient resource to extend and improve systems. A study by [8] showed that the effective price charged for water forms only above 35 percent of average cost of supplying it, while utilities generated only 21 percent of the project total cost. If this is then related to the Ghanaian situation, it infers that for every cedi put into the production of water, only 35 pesewas is recovered and 65 pesewas is a debt to the 29 company. These will ultimately make the company not receptive and not being able to render good services to consumers.

Again, the economic success of an organization depends on its aptitude to gratify consumers 'needs at a reasonable cost and attaining this good exclusively depends on management's capacity to be effective, efficient and innovative in its operations [9]. Efficiency enhancement is undeniably, the finest assurance of making a company feasible and adds to the company such essential factors as high motivation, and equally job satisfaction and recognition. GWCL has the obligation to safeguard the health of their consumers and also ensure that sufficient potable drinking water with excellent quality and high standards is assured at all times at inexpensive prices. It seems, however, that this objective is not being realized as the company usually responds to crises only when they arise. Such adhoc crises management approach has a tendency to dissipate energy, time and resources.

According to [10], the organizational performance standards should embrace profitability, productivity, marketing effectiveness, customer satisfaction, and employee morale. In this perspective, marketing effectiveness, customer satisfaction and employee performance are tightly related to organizational performance.

Marketing has been given massive admiration in recent business era due to several factors which include fierce competition, customer awareness of their right, need for customer satisfaction and delight. According to the author in [11], marketing is the analysis, planning, implementation and control of programmes designed to create, build and maintain beneficiaries' exchanges with targeted buyers for the purpose of achieving organizational objectives.

The Chartered Institute of Marketing (CIM-UK) also defines marketing as —the management process responsible for identifying, anticipating and satisfying customer requirements profitably. This school of thought opines that customer satisfaction is dependent on meeting the needs of customers. The key to business performance is the aptitude to please and retain customers [12].

Customer satisfaction is important because it says something about the company's current condition. But even more importantly, customer satisfaction says something about the company's future. It brings about the revelation on the possibility of a customer to return to the company in the future [13]. It does not matter how productive a company is if their customers are not satisfied with their offerings. They will simply take their business elsewhere. Satisfied customers, on the other hand, are more likely to return in the future. Customer satisfaction and customer consumption are the center of business. All parts of business (employment, prices, profits, production, economic growth etc.) are dependent on customers consuming products [12, 13].

To generate long-term profit and shareholder value, companies have to think of customers as investors and an economic asset. It is the customers who bring financial revenue to companies. Hence, customers are companies' greatest asset.

If the supposed product surpasses the customers' hopes, the customer's satisfaction will be very high. If the product meets the customers' expectations, the customers will be satisfied. And finally, if the perceived product does not meet the customers' expectations, the result will be an unsatisfied customer [11, 12]. Hence, this brings

to the fore that if a customer has impractical high expectations, the customer will be dissatisfied even though the product was of good quality [15].

2.2. Customer complaints management practices on satisfaction with service performance

Quality practices are usually presented as a universal concept, applicable in all contexts and having a large impact on business performance. There is a substantial body of empirical research that provides support for the notion that quality management and practices improve firm performance [16]. The authors in [17] investigated the impact of quality practice on performance in organizations that had been committed to quality management for a 5-year period and found out that, market valuation increases significantly after its implementation of quality management. One consistent finding on the effect of complaints on service performance is that being market-oriented does improve organizational performance for large and small firms, as well as for both product and service organizations [18]. A review of the research on market orientation by [18] revealed that, even though this research has been conducted both in product and service environments, no thorough investigation has been made of how the effect differs between them.

Research that links customer satisfaction to other business measures usually defines satisfaction as a customer's overall evaluation of the consumption experience. Customer satisfaction research demonstrates a positive impact of satisfaction on both market value and accounting returns when complaints are managed [19]. Perceived service failures experienced by customers are a major concern for the service provider because of the potential influence of the service outcome. A complaint allows the service provider to obtain customer feedback that is useful in making improvements to increase customer satisfaction, loyalty, long-term sales and profits [20]. The author in [21] argued that providers recognize the extent of customer dissatisfaction in the marketplace and the handling of service recovery as key indicators of customer loyalty, discontent and welfare. The author and his colleagues in [22] demonstrated that effective resolution of customer problems can have a positive impact on customers' trust and commitment. The complaint handling, therefore, is a critical "moment of truth" in maintaining and developing the customer relationships [23].

Complaints management is essential and it has been estimated that by decreasing customer defections among dissatisfied customers by just 5 percent, a company can achieve a profit improvement of 25-85 percent [20]. Complaint handling can be a significantly superior investment for a service company and can generate 30-150 percent return on investment.

If complaints are managed well, it has direct negative effect on the company's financial future, the unfavorable service experience may also have an indirect effect. A customer who has experienced a negative critical incident or experienced an unfavorable service may spread negative word-of-mouth communication. By understanding the complaint process and the customer complaint behavior, the service company can learn how to reduce the impact of an unfavorable service experience or complaint. Customers who are not happy with service encounter often voice their displeasure in the form of negative word-of-mouth to other current and potential customers [24]. When a negative critical incident occurs, a company may make the customer into a —terrorist and engage in protest activities. On the other hand, if the complaint is properly handled the customer may engage in positive

word of- mouth which helps bringing more customers closer to the company [25]

3. Research Design / Data Collection Procedure / Sampling Method

The research design comprised the general plan of how the research questions were answered. The study assessed management of customer complaints in the utility sector in Ghana. The research adopted exploratory as well descriptive study to have an in-depth understanding of complaints management practices at GWCL. The study also adopted explanatory approach to assess the effects of customer complaints management practices on service performance. The survey was conducted in Kumasi. In all four hundred and three (403) respondents were surveyed through questionnaires and interviewed for the study. The sample was selected by random sampling technique and data were collected using a structured questionnaire. The data collected was analyzed using frequencies and percentages. The survey approach was also used in order to collect quantitative data which was analyzed quantitatively. The quantitative data method was used to discuss and assessed the data collected in order to draw logical conclusions and recommendations. Statistical Package for Social Scientist (SPSS 16.0) software was used to run regression and Pearson correlation analysis as well as descriptive statistics. The regression equation is specified as:

$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \alpha_i$; where Y is Satisfaction with service performance. X_1, X_2, X_3, and X4 are Knowledge and Skills, Staff training, Working Environment and Rate of Response respectively.

4. Discussion of Results.

4.1. Regression coefficients

In consonance with [20], table 1 reveals that the co-efficient value for Knowledge and Skills is 0.427 which is a positive relationship. This means that, all things being equal, when the other independent variables (Staff training, working environment and rate of response) are held constant, satisfaction with service performance would increase by 42.7% if there a 100% increase in Knowledge and Skills of Ghana Water Company Limited. This was statistically significance (0.001<0.05) since the variable is making a significant unique contribution to the prediction of satisfaction with service performance.

As shown in table 1 below, the co-efficient value for Staff training is 0.258 which is an also a positive relationship. This means that, Ceteris Paribus, when the other independent variables (knowledge and Skills, working environment and rate of response) are held constant, satisfaction with service performance would increase by 25.8% if there a 100% increase in Staff training of Ghana Water Company Limited employee. This was statistically significance (0.003 < 0.05) since the variable is making a significant unique contribution to the prediction of satisfaction with service performance. This agrees with the findings of [16].

It is also vivid from the regression model that the co-efficient value for serene working environment is 0.338 which is also a positive relationship. This means that, when the other independent variables (knowledge and Skills, staff training and rate of response) are held constant, satisfaction with service performance would increase by 33.8% if there a 100% improvement in working environment of Ghana Water Company Limited. This was statistically significance (0.019 < 0.05) since the variable is making a significant unique contribution

to the prediction of satisfaction with service performance.

Table 1: Regression analysis to establish the effects of customer complaints management practice on satisfaction with service performance.

Explanatory Variable	B	Std. Error	T value	Sig.
Constant	0.196	0.277	0.706	0.487
Knowledge and Skills	0.427	0.111	3.841	0.001
Staff training	0.258	0.080	3.232	0.003
Working Environment	0.338	0.135	2.499	0.019
Rate of Response	-0.131	0.050	-2.592	0.016

a.   B represents the coefficients of the independent variables.

b.   Beta compares the contribution of each independent variable to the dependent variable (ignoring any negative signs)

c.   Sig. represents the statistical significance level of the model (the acceptable level of significance for this research was 0.05).

Finally, the analysis from the regression model revealed a co-efficient value of -0.131 for response rate which is an inverse relationship. This means that when the other independent variables (knowledge and Skills, staff training and working environment) are held constant, satisfaction with service performance would decrease by 13.1% if there a 100% improvement in response rate of Ghana Water Company Limited. This was statistically significance ($0.016 < 0.05$) since the variable is making a significant unique contribution to the prediction of satisfaction with service performance.

However, in comparing the contribution of each independent variable influence on satisfaction with service performance, the beta values are used ignoring the negative sign. Knowledge and skills, staff training, working environment and rate of response have beta values of 0.471, 0.394, 0.307 and 0.319 respectively. In this case, the largest beta value is 0.471 which was the knowledge and skills of employees. This variable makes the strongest contribution to explaining the dependent variable (satisfaction with service performance) when the variance explained all other variables in the model is controlled for.

4.2. R and R^2

From the analysis above it was realized that customer complaints management practices had a strong relationship with satisfaction with service performance. The relationship value was 0.835 indicating a strong relationship (when the correlations value fall between 0.7 and above it is considered a strong relationship). The value is also positive indicating that, all things been equal; an improvement in customer complaints management practices (Independent variables) will results in an increase in satisfaction with service performance and vice versa. The R^2 value indicates that 69.8% (0.698) of satisfaction with service performance could be explained customer complaints management practices.

4.3. Correlation analysis to establish the relationship between customer complaints management practice on satisfaction with service performance

From the correlation below, it can be ascertained that the correlation between Satisfaction with service performance and knowledge and skill is significance because it has two tailed and indicates how much confidence we should have with the results. The significance value is 0.000. Knowledge and skills have a positive correlation satisfaction with service performance and has large strength 0.643 relationship whiles satisfaction with service performance and Staff training is not significance because it does not have two tailed. The significance value is 0.129. Staff training has a positive correlation with satisfaction with service performance and has small strength 0.283 relationship.

Table 2: Pearson Correlation analysis

Explanatory Variable	Satisfaction with service performance	Knowledge and skills	Staff training	Working environment	Rate of Response
Satisfaction with service performance Sig. (2-tailed)	1				
Knowledge and skills Sig. (2-tailed)	.643** .000	1			
Staff training Sig. (2-tailed)	.283 .129	-.060 .752	1		
Working environment Sig. (2-tailed)	.594** .001	.404* .027	.134 .481	1	
Rate of Response Sig. (2-tailed)	-.316 .089	-.226 .230	.386* .035	-.137 .471	1

**. Correlation is significant at the 0.01 level (2-tailed).

*. Correlation is significant at the 0.05 level (2-tailed).

Again, it can be ascertained that the correlation between Satisfaction with service performance and working environment is significance because it has two tailed and indicates how much confidence we should have with the results. The significance value is 0.001. Working environment has a positive correlation with satisfaction with service performance and has large strength 0.594 relationships and also the correlation between Satisfaction with service performance and response rate is not significance because it does not have two tailed. The significance value is 0.089. Response rate has an inverse correlation with satisfaction with service performance and has medium strength 0.316 relationship.

5. Summary of Results, Conclusion and Recommendation. Results

5.1. Summary of Results

The study revealed the efficient management of the customer has a major impact on the performance of GWCL, to create long-term profit and shareholder value, companies need to think of customers as investors and an economic asset. It is the customers who bring financial revenue to companies. Hence, customers are companies' greatest asset, this demand a lot of investment in the management of customer information system and customer complaints management system. Hence ensuring GWCL protecting the health of their consumers and also to ensure that sufficient potable drinking water with excellent quality and high standards is guaranteed at all times at affordable prices.

5.2. Conclusion

Conflict and finding solutions if they occur should be seen as proactive and reactive. This gives clear indications that the management of customer complaints cannot be seen as unimportant in any public and private sector organizations such as GWCL. From the study it can be concluded that any serious organizations will not underestimate the relevance of efficient system of customer complaint management of which Ghana Water Company Limited is firm believer of this fact.

5.3. Recommendation

Managers must be proactive in their strategies in order to outweigh competitors. In order to have loyal customers, companies need to focus on relationship marketing which has four foundations of a buyer-seller relationships. ie. Trust, Commitment, Communication and Conflict handling. Again management staff should be efficient in giving critical attention in order to ensure prompt handling of customer complaints and customer information management should be giving critical attention at GWCL in order to avoid most of the complaints made by customers which be easily avoided. It is also suggested that other forms of communications like written, telephones, mobile text messages, social media should be encourage by management to be used by staff and customers to avoid over reliance on oral communication as a major tool in managing customer compliant.

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