

**IMPROVING CUSTOMER SERVICE THROUGH
EFFECTIVE SUPPLY CHAIN MANAGEMENT IN A
PHARMACEUTICAL COMPANY**

By

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DECLARATION:

In accordance with Rule G4.6.3, I hereby declare that the above-mentioned treatise/
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ABSTRACT

All organisations compete on the basis of service. In today's highly competitive world, organisations need to compete to retain their customers and to offer good customer service that will give them a competitive advantage. In the South African pharmaceutical market, the introduction of the Single Exit Price (SEP) and generic substitution have led to the price of equivalent medicines no longer being the differentiating factor in a customer deciding which manufacturer's product to purchase. The availability of generic medicines at the pharmacy or hospital has become the differentiating factor.

Two types of customers exist in any organisation, namely, external customers and internal customers. Much has been written about the external customer, but less about the internal customer. Many managers do not perceive internal customer service as a priority. Any organisation attempting to deliver quality service to their external customers must begin by serving the needs of their internal customers. Internal service quality is characterised by the attitudes that people have towards one another and in the way that employees serve one another inside the organisation. By improving customer service, the organisation can improve its profitability, sustainability and customer retention.

The aim of this study was to determine whether the levels of internal customer service between the three sections of Aspen Pharmacare are optimal. Determining the current performance levels between the staff of the sections will assist in highlighting the areas that require attention. The three sections of Aspen Pharmacare that are internal customers of one another and have been used in the study are:

- production;
- demand planning; and
- distribution.

The results of the study show that all three sections rate three service quality dimensions (communication, tangibles and reliability) as important. The results were used to develop an internal customer service model for Aspen Pharmacare.

DEDICATION

To my parents and partner, with love and in gratitude for their support and understanding.

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GLOSSARY/ABBREVIATIONS/ACRONYMS

HR Human Resources

SEP Single Exit Price: the price of medicines with the same active ingredient will be the same. The SEP is set by the South African Medicines Control Council.

TQM Total Quality Management

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1.0 CHAPTER ONE PROBLEM STATEMENT AND SCOPE OF STUDY

1.1 INTRODUCTION

A large number of generic pharmaceutical manufacturers compete for the pharmaceutical market in South Africa. Many of these are members of the National Association of Pharmaceutical Manufacturers (NAPM). Members are manufacturers and suppliers of drugs, most of which are generics. The members include: Aspen Pharmacare, Be-tabs Pharmaceuticals, Bodene, Cipla Medpro, Columbia Pharmaceuticals, Dr Reddy's Laboratories Pty. Ltd., Merck Generics, Omnimed Pty Ltd, Pharma Dynamics, PharmAfrica, Ranbaxy SA, Sandoz SA, Sekpharma and Thebe Medicare (NAPM, n.d.).

The pharmaceutical industry develops, produces and supplies pharmaceutical products that are required to save lives, prevent illness and to assist in improving the quality of life. The generics market remains a major growth area in the global healthcare market, due in large part to government seeking to promote the use of generic products over higher-priced originator products (PRLog, 2008). With the introduction of the Single Exit Price (SEP) and generic substitution becoming mandatory in South Africa (South Africa, 1997:26), the price of equivalent medicines will no longer be the differentiating factor in deciding which manufacturer's product to purchase. The availability of generic medicines at the pharmacy or hospital will become the differentiating factor.

All organisations compete to some degree on the basis of service, and it is difficult to name any industry in which service matters are not important. As manufacturing companies find it increasingly difficult to establish sustainable and technology-based competitive advantages, they will need to direct extra attention and resources to value-added service as a source of superiority (Zeithaml, Parasuraman & Berry, 1990:1-2).

In order for a pharmaceutical company, particularly a generic manufacturer to be successful, its customer service to both the external and internal customer is vital. Management, marketing, operations and human resource functions all need to be involved in building customer service. Hallowell, Schlesinger and Zornitsky (1996:21) believe that all organisations attempting to deliver service quality to their external customers must begin by serving the needs of their internal customers. According to McDermott and Emerson (1991:61), employees (internal customers) cannot satisfy external customers unless they are treated well by their own companies and suggest that developing performance standards can help to improve internal customer service.

This study will examine the internal customer service levels and expectations of various sections within Aspen Pharmacare. The information gathered during this study will be used to develop a model for improving internal customer service within the company. The proposed model will assist management to improve external customer service through the improvements in internal customer service and service quality.

1.2 PROBLEM STATEMENT

There is a need to determine whether the levels of internal customer service between the three sections of Aspen Pharmacare are being performed optimally. Determining the current performance levels of the service quality between the staff of the three sections will assist in highlighting the areas that require attention.

Developing a model for internal customer service at Aspen Pharmacare should result in better inter-departmental communication and customer service. By improving internal customer service, Aspen Pharmacare may improve their ability to get their products to the market at the right time, and this may decrease 'out of stock' situations. The decrease in 'out of stock' situations, in turn, will minimise

the threat posed by opposition generic manufacturers who may have stock of their particular generic product available when Aspen Pharmacare does not. This will minimise a loss of future sales of that generic product.

An additional benefit to improving internal customer service may be that Aspen Pharmacare could get their generic into the market first when the patent on an originator product expires. Aspen Pharmacare has more than 200 dossiers awaiting registration from the South African Medicines Authority (Aspen Pharmacare, n.d.). By Aspen Pharmacare being the first to market with their generics, doctors have the option of prescribing the Aspen Pharmacare generic product to first-time patients. This would result in repeat prescriptions for this product and guarantee future sales of the product.

Internal customers include every employee in the company. Internal service quality has received little attention in the empirical literature, although aspects have been discussed as far back as 1938 (Hallowell et al., 1996:20). Lawrence and Wiswell (1998:45) state that it is crucial to maintain customer satisfaction for an organisation's survival and success, and note that it is equally important to consider the customer satisfaction of internal customers. Exceptional customer service cannot be delivered to external customers unless all employees support each other (Swartzlander, 2004:38).

SERVQUAL has become a widely adopted technology for measuring and managing service quality since it was introduced in 1985 by innovators Parasuraman, Zeithaml and Berry (Buttle, 1996:8). SERVQUAL has been used in many studies and Rust and Zahorik (1993:200) have observed that "the general SERVQUAL dimensions...should probably be put on any first pass as a list of attributes of service". SERVQUAL has become a widely accepted model for measuring how well a company is meeting its customers' expectations (Homburg & Rudolph, 2001:15). The service quality dimensions of SERVQUAL are the most widely used dimensions in determining service quality levels and constructs

(Rosen & Karwan, 1994:40). Lings and Brooks (1998:326) comment that the SERVQUAL tool is easily modified to suit different service situations and has been widely used. Carman (1990:50) states that while the service quality dimensions of SERVQUAL are impressive, they are not generic to all service types.

Ten dimensions of service quality are identified and measured by the SERVQUAL technology, and these service quality dimensions will form the basis for analysis in this study. The service quality dimensions are:

- tangibles;
- reliability;
- responsiveness;
- competence;
- courtesy;
- credibility;
- security;
- access;
- communication; and
- understanding the customer (Zeithaml et al., 1990:23).

Pieterse, van der Merwe, Lourens and Murray (2010:97-99) comment that service quality is harder to measure than product quality and identify SERVQUAL and its dimensions as a way for a company to accurately assess what a customer wants and needs, in terms of service quality.

Longenecker and Meade (1995:78) describe customer service as having an impact on the operations of an organisation, but that managers do not generally perceive internal customer service as a priority. This may lead to a gap between external and internal customer service. Aspen Pharmacare manufactures generic medicines, and has three major sections which are internal customers of one another, namely:

- production;
- demand planning; and
- distribution.

Some studies have been performed regarding internal customer service, but these have not been done for a specific pharmaceutical company. The researcher could find no articles related to internal customer service in a pharmaceutical company despite searching a number of databases.

Michael (2003:2427) completed a dissertation on the implementation and evaluation of an internal customer service program for a public sector organisation and recommends that organisations identify, measure and manage their internal resources so that internal service quality and customer service are encouraged and supported. Chaston (1994a:380) conducted a study on internal customer management and service within the National Health Service in the United Kingdom by using a modified version of the SERVQUAL model. He concluded that many gaps in internal customer management existed. Some obstacles to increased future emphasis on internal customer management included insufficient resources to service internal customer needs and a lack of trust between sections of an organisation.

The difference in the emphasis between external and internal customer service was realised by Davis (1992:34): “In the Eighties, U.S. business learned new skills for identifying and satisfying external customers. Inevitably, this experience led to recognition that the needs of internal work processes and internal customers were critical to external service delivery”. Davis (1992:34) states that enhancements to internal customer service can support improved external customer service.

Conclusions drawn from this study may contribute to improving Aspen Pharmacare’s internal customer service. The study will assess the internal

customer service offered and received by the three sections of the Aspen Pharmacare supply chain in terms of the ten service quality dimensions. This will enable an internal customer service model for Aspen Pharmacare to be developed. An internal customer service model for each section will need to be proposed to create an overall internal customer service model. This model can be utilised by the Human Resources Department to improve internal customer service. Improved customer service that is provided by competent staff, who are aware of the principles of good customer service through training, would be a positive outcome.

1.3 RESEARCH OBJECTIVES

1.3.1 Research objective

The primary research objective of this study is to assess what the supply chain in Aspen Pharmacare needs to do to improve and formalise its internal customer service. The recognition of the needs of internal customers are critical to a company's external service delivery but are not treated with the same importance as external customer service. This may lead to a gap within the company's customer service. The proposed model should allow Aspen Pharmacare to improve overall customer service.

Five research questions have been developed in an attempt to identify the most important service quality dimensions of internal customer service for each section, to identify variances in the performance of the dimensions in each section and to identify areas in the current performance levels which can be improved.

The research questions are:

- What does the Production section of Aspen Pharmacare consider to be the important service quality dimensions of the internal customer service that they receive and offer?
- What does the Demand Planning section of Aspen Pharmacare consider to be the important service quality dimensions of the internal customer service that they receive and offer?
- What does the Distribution section of Aspen Pharmacare consider to be the important service quality dimensions of the internal customer service that they receive and offer?
- In which service quality dimensions are there the biggest variances in each section?
- What are the key service quality dimensions that will be most valuable in improving Aspen Pharmacare’s customer service?

Answering these research questions will allow the primary research objective to be met.

The relationship between the research questions is presented in figure 1.1.

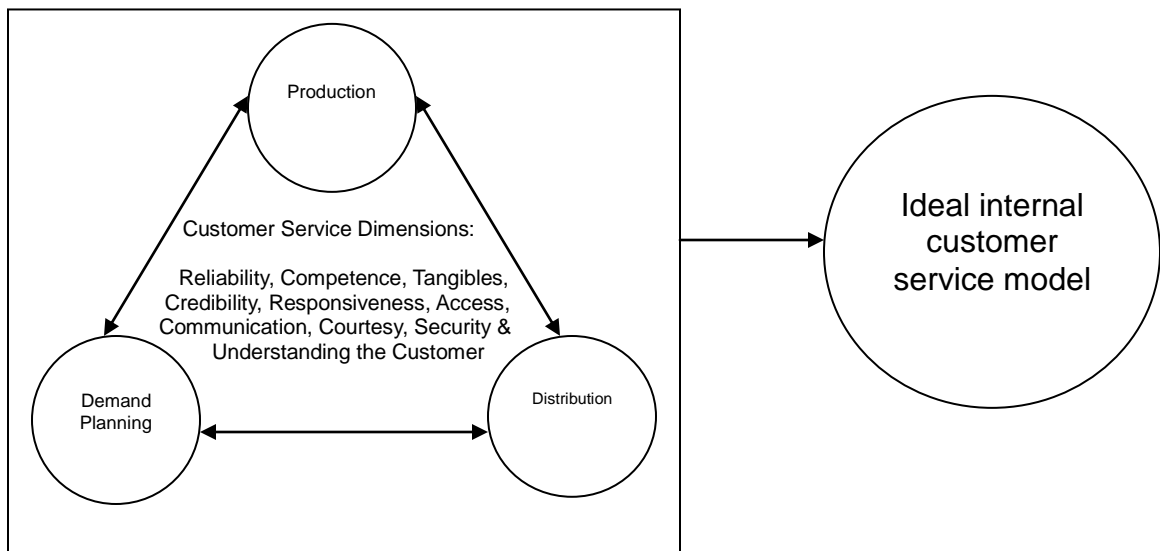


Figure 1.1 Internal customer service interactions of Aspen Pharmacare

1.3.2 Research design objectives

The following research design objectives will be pursued in this study:

- To conduct a literature review to assess the existing body of knowledge and research on internal and external customer service as well as related topics such as Total Quality Management and internal marketing.
- Based on the literature review, to construct a questionnaire which will be used to collect the primary data on the dimensions of internal customer service for the three sections of the supply chain at Aspen Pharmacare.
- To execute the empirical component of this study, the questionnaire will be emailed to the senior management of the three sections to achieve a judgemental sample of at least seventy-five respondents in the three sections.
- Data gathered relating to each section will be captured using the *Microsoft Excel* computer software program.
- Data will be analysed using the informal data analysis technique.
- The data will be interpreted and a model for each section of the supply chain and an overall model will be proposed.
- To provide recommendations to senior management of the Production, Demand Planning and Distribution sections of Aspen Pharmacare regarding their internal customer service.

1.4 RESEARCH METHODOLOGY

The research project will follow a qualitative approach because the study requires an analysis of the nature of the factors which impact on customer service within the supply chain. The relationships among variables will not be statistically tested, as this would have required a quantitative approach.

1.4.1 The sample

The ideal sample is twenty-five participants from each section of the supply chain as the judgemental sample group (N = 75) for this study. This minimal sample size (N= 75), together with the predetermined criteria, will allow for the sample group to be representative of the population. The sample size was determined after a discussion between the researcher and the Nelson Mandela Metropolitan University's Research Methodology lecturer, Professor Cecil Arnolds.

A structured questionnaire will be distributed by e-mail to the senior managers of each section. Anonymity and confidentiality will be strictly guaranteed.

1.4.2 The measuring instrument

The ten service quality dimension version of Zeithaml et al.'s (1990) SERVQUAL instrument will be used to measure the dimensions of service quality in this study. All ten original service quality dimensions will be assessed individually in this study.

The statements in the above-mentioned instrument will be anchored on a five-point Likert scale. Importance and performance ratings for internal customer services appear to work best when a five-point scale is used (Slack, 1994:73).

The questionnaire is divided into two sections. Section one consists of demographic data. Section two consists of the statements that the respondent is required to rate on the Likert scale relating to the individual's view of internal customer service between the three supply chain sections.

The levels of the ten service quality dimensions will be measured by calculating the scores for the responses to the individual statements on two factors, performance and importance. It has been found that for a given importance, the priority for importance increases as performance decreases; while for a given performance level, the priority for improvement increases as importance decreases (Slack, 1994:64). Rating both importance and performance is a useful method to get closer to understanding a customer's level of satisfaction with the way a function or service is performed as well as the importance of that function or service to the customer (Cook, 2002:100-1). Importance and performance act together to determine a priority for improvement for an organisation (Slack, 1994:64). The differences between the performance ratings of the responses per section will also be analysed for each statement and dimension.

1.5 OUTLINE OF THE STUDY

The study will be divided into five chapters.

The first chapter will outline the study, the problem statement, the objective of the study, the research questions and the research methodology.

Chapter two will discuss the nature of customer service and service quality, their importance and the benefits of internal and external customer service. Various models of customer service, internal marketing, Total Quality Management and the role of the Human Resources department in customer service will also be discussed.

The research methodology and design will be outlined in chapter three. The research approach that was followed in order to meet the primary objective of the study in order to answer the five research questions is explained. This chapter will also cover the sampling method and the criteria used to determine the

participants of the study, as well as the measuring instrument. The pilot study, the data analysis method and problems experienced will be detailed.

Chapter four will describe and discuss the empirical results of the study.

Finally, the empirical results of the study will be interpreted, summarised and the managerial, marketing, operations and human resource department implications discussed in the fifth chapter. The five research questions raised in this study will be answered. The chapter will also indicate the areas of importance that should be addressed to improve internal customer service between the three sections of the supply chain. Recommendations will be provided and conclusions will be drawn on the internal customer service offering of these sections. Limitations of the study and recommendations for future research arising from this study will also be presented.

1.6 SUMMARY

The problem statement of whether the levels of internal customer service between the three sections of Aspen Pharmacare are being performed as well as they could be was introduced. The main research objective, as well as the five research questions that will be addressed in order to solve the main objective, were presented. The research methodology to be used and the outline of the study were also described.

The next chapter will address the literature study of prior research performed regarding customer service and service quality. Various issues related to customer service and service quality such as Total Quality Management and internal marketing will be discussed in order to explore the relationships between customers, managers and workers and between total quality, marketing, service and the survival of a company.

2 CHAPTER TWO

CUSTOMER SERVICE AND QUALITY LITERATURE REVIEW

2.1 INTRODUCTION

The aim of chapter two is to discuss the nature of customer service and service quality, their importance and the benefits of internal and external customer service.

Customer service is an important mechanism through which an organisation can differentiate itself from its competitors. The relationship between customer service and marketing is explained.

Total Quality Management introduced the concept of an internal customer. The introduction and proper usage of Total Quality Management in the workplace helps to create connections between customers, managers and workers and makes everyone responsible for ensuring high levels of quality in their work. It also links productivity, quality and marketing and produces increased productivity and profitability as well as improved internal and external customer satisfaction.

The Human Resources department of an organisation play a key role in developing and implementing the processes to hire, train and retain quality staff. The responsibilities of the Human Resources department and of management in ensuring the best employees are hired and become customer-focussed are highlighted.

Various models of customer service exist. Some of these models are explored in this chapter as alternatives to the SERVQUAL model which was used as the basis of the questionnaire for this study.

The determinants of service quality of various authors are compared. The dimensions of the SERVQUAL model are expanded by using prior research regarding the dimensions and determinants.

All employees become both service providers and customers to the staff that they work with at various times. Internal customer service and quality is important to ensure that internal customers are serviced in a manner that will lead to improvements in external customer service. Internal marketing is a method that is used to bring marketing, human resources and management together to continuously improve the employees' service to both internal and external customers. Internal marketing is employee-focussed and aims to build relationships between the employees in an organisation.

The various elements of the literature review have been undertaken to develop an understanding that will help to predict which of these customer service and service quality factors have an impact at Aspen Pharmacare. It will also give leverage to Aspen Pharmacare to influence these factors, and in so doing to have a positive effect on the customer service provided in the interactions between the staff of the three sections of the Aspen Pharmacare supply chain.

2.2 CUSTOMER SERVICE AND ITS BENEFITS

Customer service can be defined as the behaviours and attitudes of the staff of an organisation towards customers during all interactions and communications with them. Customer service is considered to be exceptional when it consistently meets and exceeds a customer's needs and expectations (Swartzlander, 2004:1). All jobs in an organisation are a part of the chain that provides service to customers. An organisation consists of a number of stakeholders, including employees and customers, and building better relationships amongst all the stakeholders will assist the organisation in developing "intangible but valuable assets which can be sources of competitive advantage" (Zhang, 2010:112).

Over recent years organisations have been placing an increasing emphasis on customer service as a means of gaining a competitive advantage (Brown, Churchill & Peter, 1993:127; Brooks, 1997:1; Cardy, 2001:12). A “sustained competitive advantage is rooted in resources that are valuable and inimitable” (Rapp, Trainor & Agnihotri, 2010:1229-1230). The ability of an organisation to remain in business is a function of its competitiveness and its ability to win customers from its competitors. The customer is the foundation of the organisation and is the reason for its existence. Creating value for the customer should be the main focus of an organisation (Brooks, 1997:1). Employees need to understand their customer and become “customer conscious” in order to deliver good customer service (Hogg, Carter & Dunne, 1998:883).

Building a competitive advantage has become an important factor in the success and sustainability of an organisation. Organisations can no longer compete on price alone, and they are turning to developing strategies of superior customer care and service, for their customers, in order to differentiate themselves and their products and services from competitors, and through this to gain a lasting competitive advantage (Ghobadian, Speller & Jones, 1994:44; Cook, 2002:1). The employees are a critical resource in an organisation as they are the users of the technology in an organisation (Cardy, 2001:12).

Another enduring competitive advantage can be gained by building strong relationships with the customer, because, while products can be copied, good customer service takes a long time to develop and will be difficult for a competitor to imitate and reach the same level of customer service excellence (Cook & Verma, 2002:49; Rapp et al., 2010:1230-1231). Customer satisfaction, loyalty and acquisition can all result from an organisation’s capability in building and cementing external customer relationships (Rapp et al., 2010:1231). Johnson (2004:3199) comments that customer satisfaction has become an important business metric. He defines customer satisfaction as “a customer’s evaluation of

their purchase and consumption experience with a product, service, brand or company". Customer satisfaction is increased when performance exceeds the customer's expectation and it decreases when the performance is below expectation. Customer satisfaction can be increased or decreased by the interactions between customers and the front line staff of an organisation (Culbertson, 2009:76).

Another form of competitive advantage for an organisation, which is again difficult for the competitors to imitate, can be developed by having high quality products that are easily manufactured, in conjunction with a dependable process which emphasises the building of quality both in and out of the environment of continuous improvement (Flynn, Schroeder & Sakakibara, 1994:342). They comment, however, that achieving a competitive advantage at any specific time does not mean that the organisation will remain competitive in the future. The organisation must continuously improve its quality management and performance. The competitive advantage of an organisation that maintains continuous improvement throughout, is that it is difficult for the competitors to copy because the target they need to aim at is always moving (Flynn et al., 1994:344).

Every instance when a customer or a key buyer interacts with an organisation, its products, people, facilities and communications represents an important "moment of truth" because each instance can shape a customer's impression and judgement of the organisation (George, 1990:64; Joseph, 1996:55). Employees shape these important "moments of truth", not only by the tasks they perform, but also by the way they look, act, speak and interact with the customer and with their fellow workers. This implies that employee behaviour must be carefully orchestrated and managed.

Customer service is an important determinant of a customer's perception of product quality. The quality of products, relative to the competitor's products is

the most significant factor that affects customer perceptions of an organisation. Achieving quality leadership is not only a function of pioneering product attributes and image, but is also a function of superior customer service. Another facet of the relationship between service quality and product strategy concerns service support emerging as an important area in which firms seek to develop competitive advantage. Service orientation is defined as the disposition to be helpful, thoughtful, considerate and cooperative (Bowen, Siehl & Schneider, 1989:79; 85).

Service quality has also become an important topic because of its relationships to costs, profitability, customer satisfaction, customer retention and positive word of mouth. It is widely regarded as being a driver of corporate marketing and financial performance (Ballantyne, Christopher & Payne, 1995:8; Buttle, 1996:8). An empirical analysis of the Profit Impact of Marketing Strategy database has shown a positive relationship between perceived quality and the financial performance of an organisation (Ghobadian et al., 1994:43).

Rapp et al. (2010:1232) state that strong external customer relationships can lead to shorter sales cycles and lower service costs. They comment that when a customer has a strong relationship with an organisation, the customer is less likely to buy from rivals and is more receptive to the marketing efforts of the organisation. This results in a quicker acceptance of new products with accelerated cash flows, an increased shareholder value and a strengthening of the competitiveness of the organisation (Rapp et al., 2010:1232). The personal interaction between the customer and the front line staff has a large influence on customer satisfaction, brand loyalty and a strengthening of the bond between the organisation, their brand and the customer (Brexendorf, Muhlmeier, Tomczak & Eisand, 2010:1148).

Customer service and quality are key drivers in the exchange relationships between an organisation and their customers and this influences the third link,

the marketing section of the organisation (Christopher, 1991:3-4). This is illustrated in figure 2.1. The model in figure 2.1 illustrates that customer service levels of an organisation need to be determined by measurements of a customer's needs and of their competitor's performance. These customer service levels need to take the different marketing segments into account. Quality needs to be determined from a customer perspective. The Total Quality concept, which is discussed in more detail in section 2.3, must influence the process and people elements by correcting the weak points in the processes and by managing the customer encounters with the organisation. These three areas of marketing, customer service and quality need to work in union. The challenge is to bring these three critical areas into closer alignment as they have previously often been treated as separate and unrelated. The result of treating these areas as unrelated is that marketing management has had a difficult time implementing marketing strategies. Relationship marketing is the focal point for integrating customer service and quality with a market orientation.

Christopher (1991:4) feels that customer service decisions are a part of the marketing strategy. The delineation between production, distribution and marketing functions allows an overlap in responsibility between quality management and marketing, often to the detriment of the quality and service perceived by the customer. An important new responsibility for marketing is to take charge or collaborate in service quality management in terms of planning and organising improvements, as well as monitoring customer service requirements externally and internal service support processes.

Customers' high expectations of the service they receive translate into a need for courteous, helpful, respectful and knowledgeable customer service providers (Swartzlander, 2004:4). Consumers are likely to ignore brand or organisation loyalty and switch their purchasing power to organisations and products that provide "hassle-free" and above-average value and service (McDermott & Emerson, 1991:62). Marketing departments should not just please customers,



Figure 2.1: Linkages between Marketing, Customer Services and Quality
 Source: Christopher (1991:4).

but also cultivate profitable customer relationships through satisfaction with the product and service offerings related to the organisation (Scharitzer & Kollarits, 2000:967). The more technologically sophisticated a generic product is, the more dependent its sales are on the quality and availability of its accompanying services (Bowen et al., 1989:88). Staff should display a professional attitude when dealing with customers as this adds value to the interaction. “Judgement, advice, autonomy, diagnostic ability, self-motivation, knowledge and discretion are among the hallmarks of professionalism” (Haywood-Farmer, 1988:22). All employees should have elements of these characteristics. The greater the ability of an employee to act like a professional and to exercise their judgement, the higher the quality of the service they offer to the customer (Haywood-Farmer, 1988:22).

Shemwell, Yavas and Bilgin (1998:155) state that service quality and consumer satisfaction are both at the core of the marketing concept of an organisation. Their view is that delivering high quality service and having satisfied customers are indispensable for gaining a sustainable advantage in a highly competitive environment, especially with the understanding that keeping a loyal base of customers is far more profitable for an organisation than having to attract new customers. According to the Technical Assistance Research Project, it costs approximately four times more to attract new customers to an organisation than to keep the existing customers (Ghobadian et al., 1994:44). Six times the number of people will hear about a negative customer experience than will hear about a positive one (Ghobadian et al., 1994:44). A positive word of mouth can be a powerful tool to attract new customers, while a negative word of mouth can have a devastating impact on efforts to attract new customers and therefore on the credibility and effectiveness of an organisation's efforts to attract new customers. A positive word of mouth along with repeat sales and customer loyalty are determined largely by the customer's level of satisfaction (Homburg & Rudolph, 2001:15). A customer updates their expectations about the service or goods of an organisation each time they receive relevant information about the service or goods through word of mouth or other forms of communication from within the organisation or from other contacts (Boulding, Kalra, Staelin & Zeithaml, 1993:8).

Pharmaceutical manufacturers, especially generic manufacturers, face the challenge of retaining customers on a daily basis. If one of the manufacturer's products is unavailable to the dispenser at the time of purchase, it is very easy for the dispenser to switch the customer to an opposition product. This is especially true because generic substitution is mandated and that equivalent generics have an SEP. A competitor's generic product performs the same function as the original product, does not cost the customer more than the original product and if available when required may result in generic brand switching. Winning the customer back to the original Aspen Pharmacare generic

product will be a difficult task and results in lost sales of that generic for that customer.

Organisations that can adapt to the new marketplace and deliver on business performance will survive. The key business performance metrics that make a business sustainable are customer satisfaction and inventory turns. Customer satisfaction includes supplier capability and performance, manufacturing efficiency, sales performance, schedule accuracy and forecast accuracy. The inventory turns metric reflects the efficiency between the sales, planning, manufacturing and distribution systems (Chatterjee, n.d.). Proper alignment of its manufacturing processes to match their marketing section's intended markets will ensure that an organisation survives (Rosen & Karwan, 1994:43). The ability of the staff from different sections to work together across sections and functions will ensure that the correct information is available to the staff that require it. Working together to supply the correct product or information may minimise 'out-of-stock' situations, maximise sales, minimise generic brand switching and keep the customer satisfied and loyal.

Magidson and Polcha (1992:37) say that unresponsive internal sections make it difficult for an organisation to adjust to changing customer needs and to meet competitive challenges. They comment that many organisations studied their internal processes as a result of problems such as:

- inferior quality of internally produced products and services;
- a lack of cooperation between divisions and departments;
- rising headcounts in support departments;
- increasing overhead costs; and
- a widespread apathy amongst affiliated divisions and departments.

Lawrence and Wiswell (1998:45) agree with Magidson and Polcha (1992:37) and state that in most organisations many different sections rely heavily on each other's services on a daily basis. In the ever-changing business environment, an

organisation cannot afford to have sections that cannot work together. Internal service needs to be addressed to improve cooperation and the level of service between the internal sections to improve the responsiveness to the external market of that organisation.

Cook (2002:2) lists the following benefits that an organisation, amongst others, can gain by focusing on the customer:

- differentiate itself from the competitor;
- improve its image in the eyes of the customer;
- improve profitability;
- increase customer satisfaction and retention;
- achieve a maximum number of advocates for the organisation;
- enhance its reputation;
- ensure products and services are delivered 'right first time';
- improve staff morale;
- increase employee satisfaction and morale;
- increase productivity and reduce costs;
- encourage employee participation;
- foster internal customer/supplier relationships; and
- bring about continuous improvements to the operations of the organisation.

2.3 TOTAL QUALITY MANAGEMENT AND QUALITY IMPROVEMENTS

The quality movement introduced the concept of internal and external customers. Traditionally the focus was on external customers with very little thought given to how internal staff and sections interacted. Improving relationships with internal customers and suppliers assists in the delivery of better customer service to external customers through reduced lead times, increased quality and better communication (Swinton, n.d.). Organisations are implementing customer service

and total quality training programs in order to provide employees with the knowledge and skills to achieve customer satisfaction and loyalty (McDermott & Emerson, 1991:62; Homburg & Rudolph, 2001:15). Gaining the commitment and involvement of every employee is vital, and focus needs to be placed on developing and shaping the potential of every individual towards the development of the organisation (Lakhe & Mohanty, 1994:23). The TQM movement has also led to a greater focus being placed on the measurement of customer satisfaction (Homburg & Rudolph, 2001:15).

Total quality management (TQM) may be defined as “a continuous quest for excellence by creating the right skills and attitudes in people to make prevention of defects possible and to satisfy customers and product or service users completely at all times, and it is an organisation-wide activity that has to reach every individual within an organisation” (Lakhe & Mohanty, 1994:9). Another definition of TQM is given as “a comprehensive approach to improving competitiveness, effectiveness and flexibility through planning, organising and understanding each activity, and involving each individual at each level in all types of organisations” (Oakland, 2003:41).

Lakhe and Mohanty (1994:12-13) give the following ways in which a TQM approach differs from a traditional management approach:

- TQM focuses on customers absolutely. The customer focus brings competitive edge to an organisation.
- ‘Products conquer markets’ is the basic edifice of TQM.
- TQM takes the view that profits follow quality, not the other way around.
- TQM views total quality as having multi-dimensional attributes.
- TQM creates goal-directed connections between customers, managers and workers. Everyone is motivated to contribute towards quality. TQM empowers each and every employee, regardless of level, to find better ways to work. Traditional management, in contrast, is monolithic: workers work and managers manage the workers.

- TQM is process-orientated, as against the traditional results-orientated approach.
- TQM favours a long span of control, with authority pushed down almost to the lowest level, as against short spans and many layers of authority in traditional management cultures. Accountability is embedded at every level.
- TQM requires a multi-skilled workforce with job rotation, in contrast to division of labour.

In essence, TQM is collectively owned by the entire workforce of the organisation and it is everybody's concern to improve quality continuously (Lakhe & Mohanty, 1994:12-13). TQM promotes the collaboration of managers from different sections to improve quality and productivity with quality becoming the integrating concept between production and marketing (Ballantyne et al., 1995:8).

Figure 2.2 shows the link between productivity and TQM (Lakhe & Mohanty, 1994:21). They explain that TQM adopts a three-pronged approach: a commitment from management, teamwork and participation, and quality systems. Teamwork and participation assist in bringing about a cultural change that result in an enhanced work environment which then improves worker morale. An enhanced work environment and high worker morale are essential for creating better service and product quality. Improvements in organisational culture and internal communication also improve both internal and external customer satisfaction. These are vital for growth of market share and profitability. The quality system is fundamental to reducing waste, inventory and bottlenecks. The result is the continuous production of higher quality products with an improved service quality from the staff. TQM brings together the leadership and the workforce in an environment of teamwork and participation within quality

systems. This leads to improved customer satisfaction, increased market share, customer loyalty and profitability.

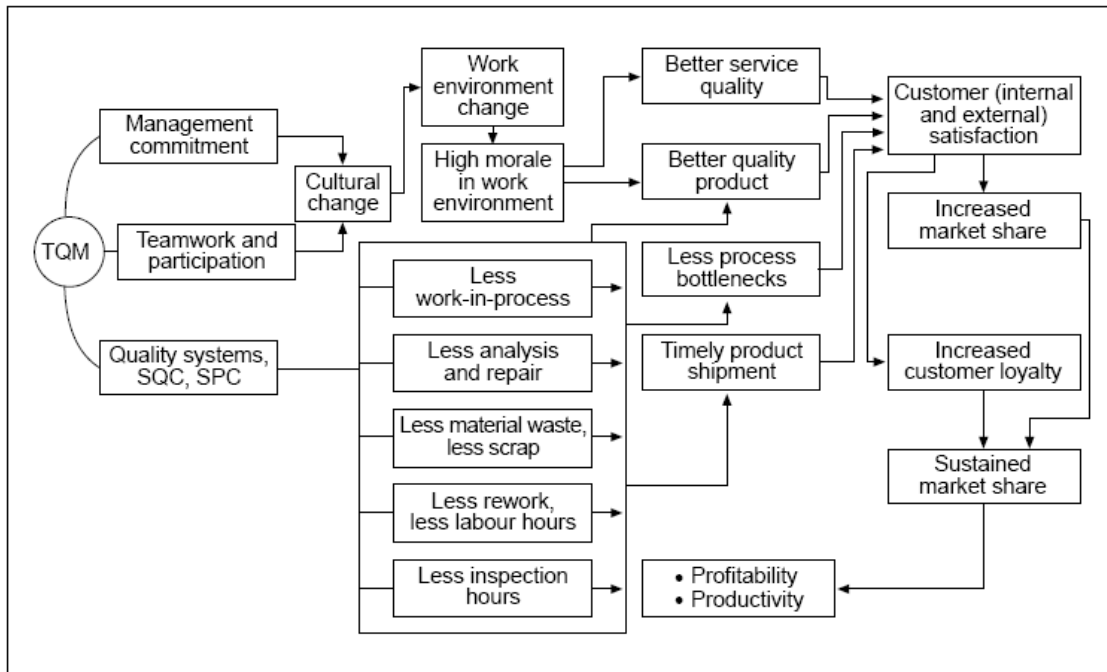


Figure 2.2: TQM and Productivity Linkage

Source: Lakhe and Mohanty (1994:21).

The relationship between quality, customer service and marketing is changing. In respect of quality, the traditional production based concept of a “conformance to specifications” is giving way to a market orientation of quality that is based on customer perceived quality. Customer service is now set in a broader context, as a cross-functional coordination issue, and it impacts on relationships with specific markets across a range of an organisation’s activities. The idea of total quality across all functions extends the scope of quality management to the total relationship between an organisation and its customers, supplier and other key markets on an ongoing basis (Christopher, 1991:2). The extensive failure of

marketing initiatives in meeting customer requirements and in meeting management and staff expectations is a matter of concern (Christopher, 1991:2).

Successful marketing initiatives offer a product-service package that appeals to the needs and desires of a particular segment of customers in an organisation, but the effort is pointless if the organisation does not have the ability or staff to design, produce, support and manage the distribution and delivery process (Cook & Verma, 2002:44). In response to increased global pressures, many firms have adopted practices such as TQM, reengineering, benchmarking and other improvement-orientated programs (Cook & Verma, 2002:44).

A conceptual framework which proposes that employees' perceptions of the organisations' quality system are linked to the determinants of service quality, which in turn are linked to both monetary and non-monetary performance measures, has been developed by Cook and Verma (2002:45). This is presented in figure 2.3. This framework again emphasises the link between a quality system, service quality and performance. The quality system should have a focus on the customer, the market and on the human resources of the organisation. Service quality should be determined by the service quality dimensions of tangibles, reliability, responsiveness, assurance and empathy (SERVQUAL dimensions). The overall performance of an organisation is defined in terms of its monetary and value gains.

Chaston (1994b:45) states that when an organisation is advised about implementing a TQM program, it is frequently stressed that quality should not be managed just as the interface between customer and supplier, but should instead be encompassing of all of the relationships within the organisation through the creation of an internal marketing program. Internal marketing has been used by organisations who wish to create a service-orientated and customer-orientated

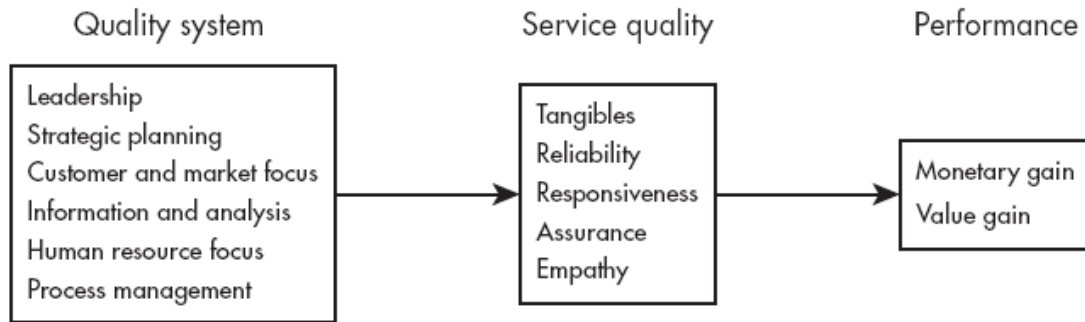


Figure 2.3 Conceptual Framework of Cook and Verma

Source: Cook and Verma (2002:45).

culture among their employees with the aim of improving the customer's perceptions of service quality and satisfaction (Hogg et al., 1998:881; Kang, James & Alexandris, 2002:278). Internal marketing will be discussed in more detail in section 2.8. Christopher, Payne and Ballantyne (cited in Chaston, 1994b:45) suggest that "quality has become the integrating concept between production and marketing...making operational the connection between what the customer wants and the activities of the firm".

Farner, Luthans and Sommer (2001:351) provide a process perspective with a theoretical underpinning for internal customer service. Two theoretical concepts are suggested: process management and continuous improvement. Process management refers to management practices that emphasise the processes of an operation and involves examining all organisational activities in the order in which they occur. Emphasis is placed on what precedes each activity (the inputs), what occurs within each activity and what follows it (the outputs). A flowchart is developed which allows all activities to be examined in sequence of occurrence and by pinpointing the trouble spots, quality can be improved. The other theoretical concept is continuous improvement where organisations continuously strive to improve their products and services.

Continuous improvement is a key philosophy in TQM to achieve both product and process excellence (Pieterse et al., 2010:101). Adopting a continuous improvement stance forces an organisation to recognise that future changes will be needed to ensure future competitiveness, regardless of current success. The term “internal customer” evolved from both the process and continuous improvement principles. Internal customer service serves as a useful framework for implementing a process approach to quality management on a continuous basis (Farner et al., 2001:351). When staff participate in the quality improvement process, the beneficiaries are the staff themselves as well as shareholders and customers (Christopher, 1991:12). Marshall, Baker and Finn (1998:382) comment that a successful internal customer service system is a key principle of most TQM initiatives, in which all organisation members are trained to view co-workers up and down the value-adding chain as important customers.

TQM can be seen as the integration of two functions: total quality control and quality management. Total quality control incorporates customer satisfaction, employee satisfaction and product quality assurance at all stages; along with continuous improvement and innovation. Quality management is a way of facilitating and integrating the capabilities of the employees of an organisation for continuous improvement through planning, organising and directing. Implementing TQM in an organisation brings the staff together to improve product and process quality, the work environment and the culture of the organisation. TQM can be seen as the mechanism for integrating processes and people in a quality conscious environment (Lahke and Mohanty, 1994:10).

Dick, Gallimore and Brown (2001:52) examined the relative importance attached by certain manufacturing organisations to internal and external dimensions of quality and analysed the relationship between these quality dimensions to the importance placed on the possession of a Quality Certificate. Only a small percentage of the organisations that achieved certification showed any gains. These benefits were largely internal rather than benefiting external dimensions

such as market share. Dick et al. (2001:54) found that when an organisation obtained a certificate purely as a means to improving quality rather than for show, they used the quality certificate as a means of improving the internal processes, and/or to help lower the quality costs and to increase customer focus within the organisation.

Lakhe and Mohanty (1994:13; 15) agree with Dick et al.'s (2001) findings regarding quality certification and also comment that many organisations use many of the popular quality management tools and techniques but that they use these techniques, procedures and systems in a superficial manner. They further contend that although industries had a traditional approach to quality matters, the adoption of programs such as ISO 9000 has given a new drive to the quality movement and is beginning to be reflected by a commitment of top management through better investments, rewards and equality. This will occur when TQM and ISO 9000, amongst others, are used to improve quality and not simply as window-dressing or a quick way to enter export markets that require certification.

2.4 THE ROLE OF HUMAN RESOURCES IN CUSTOMER SERVICE

People are responsible for customer service. The hiring, training and retaining of quality employees is the responsibility of both the Human Resources (HR) Department and of management. The recruitment of capable staff is the first step to ensuring that the staff are in the right positions and the level of customer service offered by these employees is satisfactory. The recruitment and selection of personnel with interpersonal competence is limited by human resource management's focus on cognitive ability and this may lead to an expansion of the criteria for determining performance to include factors such as effective customer-contact actions and implementing behaviourally based selection procedures (Bowen et al., 1989:83). People are hired based on having skills that match those that have been identified as part of the job profile (Cardy, 2001:12).

The traditional measures of the losses incurred as a result of employee turnover concentrated mainly on the cost of recruiting, hiring and training replacements, but the real cost of employee turnover is the resultant loss of productivity and decreased customer satisfaction (Heskett, Jones, Loveman, Sasser and Schlesinger, 1994:167). The HR Department of an organisation needs to keep this in mind in their attempts to minimise staff turnover in order to maintain a high level of customer satisfaction. Management should also try to reduce turnover amongst staff, especially the customer-contact staff and should assist in enhancing the employee's job skills and not leave this solely to the HR department (Heskett et al., 1994:169). Low turnover leads to employee retention which is strongly linked to improved service quality and customer service (Marshall, 2001:11). Providing a healthy environment for employees minimises stress and enhances satisfaction and commitment which in turn leads to trust between the employee and the organisation. This increased level of trust can lower labour costs as the employees are less likely to leave if they are satisfied (Zhang, 2010:113).

Employees need to learn how to serve their customers better as well as how to set customer-focussed performance goals and standards. Employees need the knowledge, skills, resources and the authority to take care of their customers and to offer them exceptional service (Swartzlander, 2004:56-7). Magidson and Polcha (1992:40) concur and add that improved internal relations require staff of the organisation to understand the other parts of the organisation's system and to receive direct and immediate feedback on their actions. Customer feedback is seen as an important tool whether the feedback is received from an external or an internal customer (Longenecker & Meade, 1995:78).

Sections should not be isolated from each other and each employee should know what each section and staff member does in order to understand how they fit into the organisation's role of satisfying the customer (Swartzlander, 2004:56-7). Any barriers of distrust which may exist between sections need to be removed. This

should be accompanied by actions geared towards developing a greater confidence in managing the change towards improving the quality of internal customer service. The benefits of increased organisational productivity through enhancing active cooperation between the sections of an organisation can also be demonstrated when the distrust between sections is removed (Chaston, 1994b:55). He further says that participation in these initiatives will lead to a greater awareness and understanding of why effective management of internal customers is an integral part of ensuring the survival of an organisation in an increasingly complex and competitive world.

It is important for employees to be provided with the necessary training and support so that they are both willing and able to provide excellent service to both internal and external customers. Another important aspect is to have service functions and processes in place that will allow the different sections to work together to support each other (Davis, 1992:37). Management and the HR department need to motivate and encourage the staff from different sections to connect and work together to gain commitment, improve understanding, explore solutions that incorporate the interests and recommendations of all staff, and to establish linked accountability. This will repair any damage to staff commitment that may have occurred when the sections were not connecting and working together (Davis, 2001:45-7).

Management needs to ensure that:

- employees are capable of performing their job;
- effective teams are created if necessary in the workplace or department;
- supervisor controls are established; and
- any occurrences of role conflict are minimised (Chaston, 1994b:54).

A climate of nurturing the service culture should be created through suitable staff training, staff benefits, and by providing incentives which will all encourage a sense of belonging (Cook & Verma, 2002:49). Management and HR need to

focus on the following six issues in order to create a quality service experience for their employees:

- Membership.
- Socialisation.
- Identity.
- Environmental.
- Structural.
- Interpersonal (George, 1990:66).

Motivation and sources of satisfaction vary amongst employees and using the correct motivational drivers for the various employee groups can assist in developing the right programs and rewards that will satisfy everyone (Joseph, 1996:57). An integration of the internal and external customer requirements and the development of effective communication through training and education should take place as part of the business plan of an organisation (Lakhe & Mohanty, 1994:29-30). Training programs that will help the employees to be more responsive to customers, training in data-handling systems, newsletters and upgraded facilities are good ways to improve employee skill levels. The costs of these training programs are worthwhile (Rust & Zahorik, 1993:211).

All staff members, especially the front line staff, need to be suitably trained, supported and motivated to allow them to perform their tasks effectively, and in order to be motivated staff require a suitable and clear career path and opportunities, remuneration and recognition systems, a measurement system and appraisal procedures (Ghobadian et al., 1994:47). Front line staff have a great impact on levels of customer satisfaction as a result of their interactions with the customer (Heskett, 1987:123; Homburg & Rudolph, 2001:30). This is an important reason for HR to ensure the correct staff are hired for front line positions. They need appropriate training on a continuous basis to allow them to interact positively with customers in order to increase customer satisfaction. Service-focussed behaviours should be recognised, communicated and

rewarded. This can be done effectively through including customer contact and customer service responsibilities into every job description and profile (George, 1990:68). Having good communication and coordination between the front line employees and the support employees assists in ensuring the delivery of effective service to the customer (Kang et al., 2002:278).

Christopher (1991:17; 19) feels that loosely coordinated systems result in high output inconsistency. To alleviate or minimise this, staff should work together across sections to allow the overall system to flow smoothly irrespective of the number of sections the system brings together. Staff selection and job training are important in an organisation to ensure that staff can work together (Christopher, 1991:17; 19). To achieve this, a generic framework for service quality management was proposed by Christopher (1991:19-20) and is shown in figure 2.4.

In this framework, the service quality management system begins with a customer service research-based benchmarking study and then moves to a diagnosis of the service issues. Implementation of improvements to the system on a continuous basis follows, with feedback measures to support further diagnostic and problem solving activities. These measures reveal the need for good staff selection and job training. Staff attitudes, behaviour and style are an intangible part of the value built into products and the services offered. The HR Department needs to work with management to ensure that the organisation becomes market focussed, with compartmentalisation of functions such as production, finance, marketing and purchasing falling away thus allowing for a smooth flow of information across the various functions (Christopher, 1991: 20).

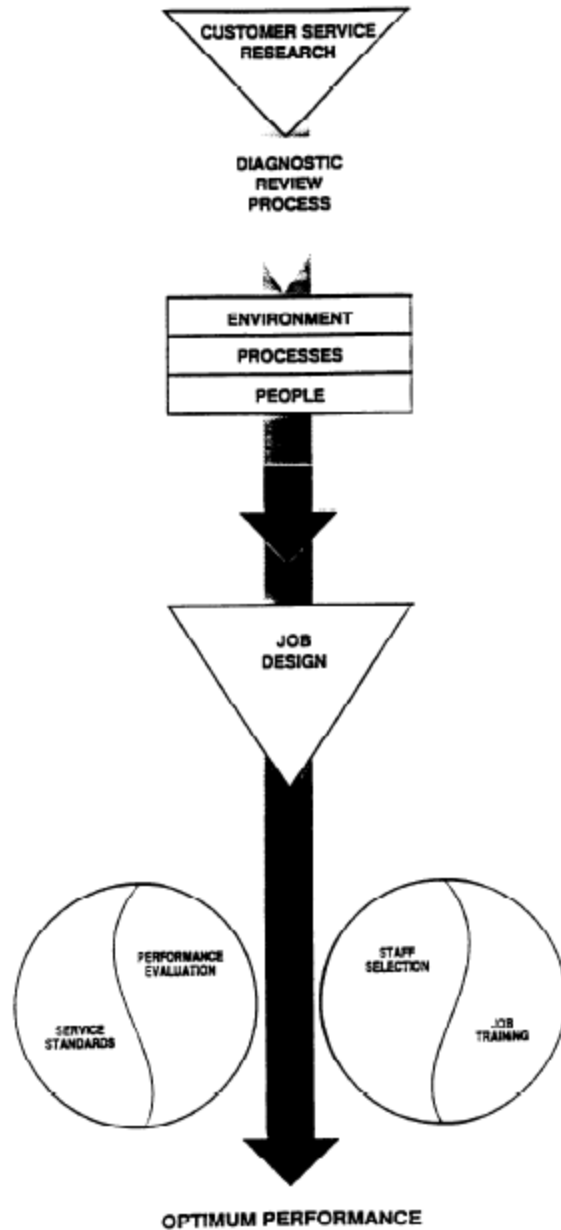


Figure 2.4: Framework for Service Quality Management

Source: Christopher (1991:20).

Personality plays a role in all employee interactions and HR should take this into account when recruiting and aim to retain the staff who are socialised to be sensitive and responsive in their dealings with others (George, 1990:66). Candidates who are applying for a position in the organisation should be screened to determine if they have any task-oriented skills, if they have the ability

to work as part of a team, how dedicated they are to maintaining high levels of quality, and their motivation and willingness to continuously improve (Flynn et al., 1994:348). This will result in the recruitment of staff who will fit into an organisation with a TQM system and a quality-conscious environment where continuous improvement is a way of life.

People issues in the workplace can be confusing, disagreeable and stressful to all staff concerned, and, because behaviour in organisations is multi-dimensional and complex, the dynamics around behaviour needs to be understood and examined (Cremona, n.d.). There are four levels of interaction in an organisation and each level shows that individuals are responsible for what happens at each of these levels (Cremona, n.d.). Levels one and two are the most common ways that people view people issues, but they are limited in that some of the more complex behavioural issues are not involved at these lower levels.

Cremona (n.d.) explains the levels as follows:

- Level one is the “individual or intrapersonal” level that views the source and solution to people problems or behaviour as residing in a person. This level emphasises a person’s skills, personality and competence with little emphasis being placed on others or on how a person relates to others.
- Level two is the “interpersonal” level and the focus is on the quality and types of relationships between people and takes factors such as communication style, listening skills and giving feedback into account.
- Level three is the “group-as-a-whole” level where the behaviour of groups or teams is seen as a social system made up of the sum of its parts. A person’s behaviour cannot be explained away by their personality or style but is viewed as a synthesis of, and interaction with, the group’s life and mentality.
- Level four is the “organisational” level that sees problems as paralleling or acting-out a wider organisational dynamic. A parallel process is when dynamics in one part of the organisation replicate sub-group, inter-group,

inter-organisational, societal or global contexts or dynamics and can be seen when a person treats others in the same way as their superiors have treated them.

Level three is often the level that will require some effort and HR assistance. The different tasks, technical, social, and environmental demands of working in an organisation can raise tension and anxiety of varying degrees in all staff members. Group members play various roles from the troublemaker (the outspoken person) to the scapegoat (the person that others deposit their unwanted emotions onto and then want to get rid of because they find them difficult to work with). Managers and the HR Department need to ensure that the troublemaker or scapegoat is in fact the person causing the problems. If the troublemaker is not the cause of the problem, but was simply the person brave enough to voice the general opinion, removing them from the group will not solve the underlying problem. The same issues arise when a new troublemaker fills the role left vacant, leaving the causative issues unresolved and unaddressed (Cremona, n.d.).

All employees' behaviour should be carefully orchestrated and managed by the organisation to ensure that the time that they spend interacting with the customers will shape a positive feeling and judgement about the organisation for the customer (Joseph, 1996:55-6). Positive employee behaviour will result in constructive actions for the employee, the organisation and the customer. Negative behaviour, however, can destroy a productive working environment and can lead to stress, minor illnesses and even cause depression in the employees (Kattara, Weheba & El-Said, 2008:310). Internal problems between employees do not stay internal for long and will often spread to various departments and cause product quality or increased costs for the customer and the organisation's bottom line (Hart, 1995:64).

Figure 2.5 shows the relationship between employee behaviour, customer perception of service quality and customer satisfaction. Positive employee behaviour has a positive impact on customer satisfaction, and negative behaviour has a negative effect. If a customer is satisfied with an employee, the customer will probably maintain a long term relationship with the organisation. Service quality, customer satisfaction and loyalty are all influenced by the actions of employees, and the provision of outstanding service will enhance the company's image and result in improved service quality (Kattara et al., 2008:312; 315). They comment that when customers are satisfied with their interactions with employees, they may forgive other problems that may occur (Kattara et al., 2008:321). Hagan (1997:20) states that employees are less likely to be dissatisfied with minor service problems from other employees if they feel that the employee will be able to address all their queries.

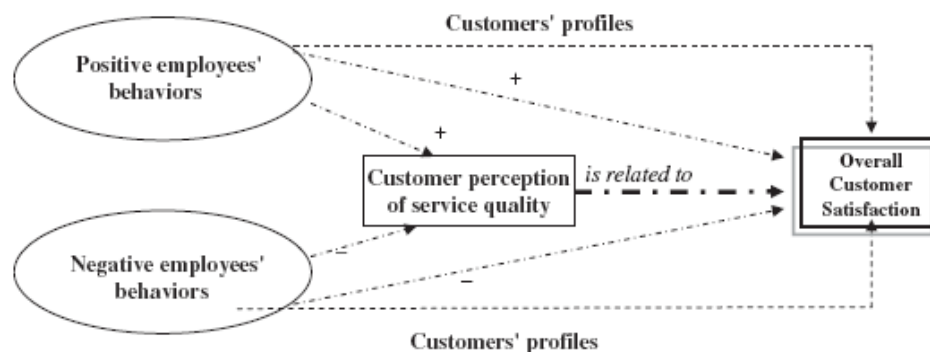


Figure 2.5: Relationship between employee behaviour and customer satisfaction

Source: Kattara, Weheba and El-Said, 2008:312.

Good planning and coordination, determining that the correct roles are carried out by all staff, and prior knowledge about customers can assist in ensuring a successful encounter with a customer. This can be done by an organisation ensuring that its staff are well-trained and dedicated. High employee turn-over, inexperienced new employees and low morale amongst professional employees can all undermine the performance of an organisation during each encounter with a customer (Joseph, 1996:56). Paying attention to the conditions that allow an

employee to perform their job well will result in loyal customers and a resultant increase in revenue and profits (Brooks, 2000:41).

The design of policies and performance measures by management and HR in an organisation should lead to improved internal customer service and increase the fulfilment of the customer's needs (Heskett, 1987:123). When employees have a positive view of the HR policies of an organisation, customers generally have a positive view of the quality of service that they receive from the organisation. If employees are satisfied, customers are satisfied. Employee satisfaction is the ability to consistently meet and even to exceed employees' needs, wants and expectations throughout the period of the employee relationship with an organisation. This results in employee motivation, loyalty to the employer, increased productivity and excellent service to the customer. Employee satisfaction also increases employee loyalty. Fairness in the management of the human resources of an organisation also contributes to employee commitment to that organisation. Commitment to an organisation is shown by employees being more willing to go the extra mile for their customers. If employees are satisfied and loyal, employee absenteeism, lack of productivity and turnover decrease while productivity and performance improve (Swartzlander, 2004:59).

Using customer satisfaction measures as an instrument for developing, controlling and measuring product and service offerings as well as in assessing, motivating and remunerating employees is used in many organisations (Scharitzer & Kollarits, 2000:957). Cook and Verma (2002:46) comment that employees should be seen as a valuable resource for competing successfully in the marketplace. There is much evidence that satisfied employees create satisfied customers. A climate for service and employee well-being are highly correlated with the employee's experiences with both the organisation's service climate and the HR department being reflected in the customer's experience during their interaction (Cook & Verma, 2002:46). Bowen and Lawler (cited in Cook & Verma, 2002:46) observed that motivated and empowered employees

who understand the importance of service quality to the organisation will provide superior service to their customers, and that this superior service should result in greater customer satisfaction.

Capability opens up new possibilities for employees and organisations. Throughout the learning process the capabilities of employees are shaped through a constant path-dependant feedback to the goals that were originally set for the employee. New or improved employee capabilities can open up the possibility of setting new goals for the employee. Actions that are taken with the intention of achieving the set goals could also assist in the appearance of new capabilities or even of modifications of previous capabilities (Canibano, Encinar & Munoz, 2006:317). Learning cannot occur without feedback that links an action to a result (Kaydos, 1991:9). The HR department and management need to be aware that employees may develop new capabilities through their work by problem-solving and by undergoing training. These new capabilities need to be utilised fully so that the employees will feel useful and satisfied. Core capabilities in an organisation can also be developed by the organisation creating a customer-orientated culture that allows for the building of strong customer relationships (Rapp et al., 2010:1231).

The traditional factors of hiring, compensating, training, empowerment, evaluation, recognition and rewards, advancement and retention are handled mainly by the HR department and the relevant line manager. Brewster, Carey, Grobler, Holland and Warnich (2008:128) state that talent management processes need to be more strategic, connected and broad-based than they were in the past and should include workforce planning, talent-gap analysis, recruitment, selection, education and development, retention, talent reviews, succession planning and evaluation.

Swanepoel, Erasmus, van Wyk and Schenk (2003:13) comment that all aspects relating to the interaction between the employees and the organisation must be

managed to ensure that there is a good fit between all the parties involved in the employment relationship. They state that because the human factor is central to operations and to the success of an organisation, it is essential for each organisation to formulate and implement processes, practices and systems that enhance the fit between the employees and the organisation. The ultimate aim is the creation of an employment relationship that is reciprocal and beneficial to both the employee as well as to all other organisational stakeholders.

2.5 MODELS OF CUSTOMER SERVICE

Numerous models of customer service and service quality have been developed. Some of these models will be discussed in this section in order to show the various ways that customer service and service quality interact with factors such as organisational systems, satisfaction, strategy and performance.

2.5.1 Service Quality Model according to Shemwell, Yavas and Bilgin

Shemwell et al. (1998:156) developed a model which shows the relationships between service quality, satisfaction and selected behavioural outcomes. The model was developed in order to explain the underlying processes through which improvements in service quality lead to higher levels of customer satisfaction and to desired outcomes such as lesser complaints, emotional bonding, and a commitment to continue existing relationships. This is shown in figure 2.6. Their study affirmed the relationships between the various factors. Service quality has a positive relationship with perceived satisfaction. Perceived satisfaction is negatively correlated to complaint behaviour and this relationship is significant but not very strong. Perceived satisfaction is positively linked to affective commitment. Perceived satisfaction has a direct positive relationship with continuous improvement. Affective commitment has a positive relationship with continuous improvement. This model shows that if an organisation improves its

service quality, improved customer satisfaction results. Increased customer satisfaction should see a decrease in complaints regarding the service the organisation offers. Commitment to the organisation also increases which should lead to loyal customers.

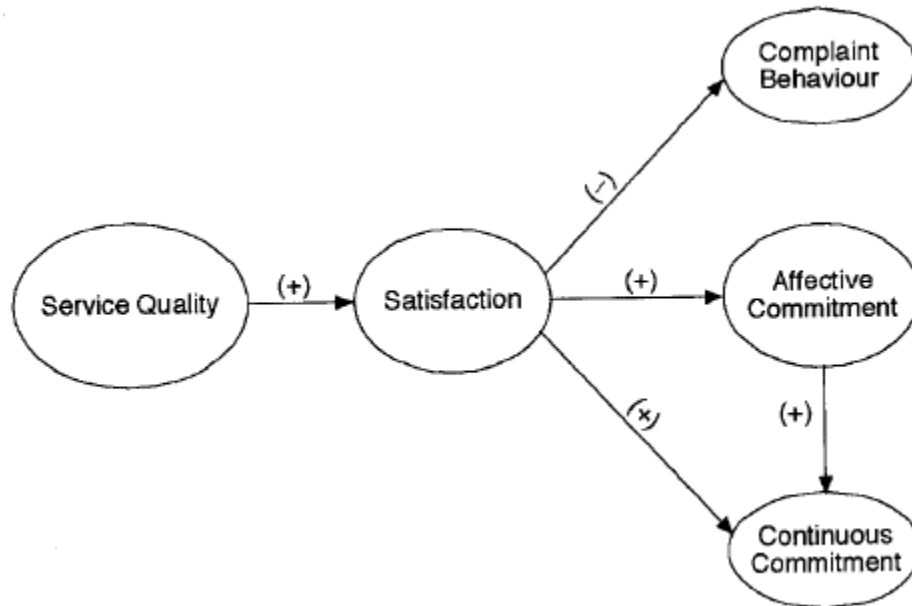


FIGURE 2.6: Conceptual Model of Shemwell, Yavas and Bilgin

Source: Shemwell, Yavas and Bilgin (1998:163).

2.5.2 Service Quality Model according to Haywood-Farmer

Figure 2.7 shows Haywood-Farmer's service quality model. Ghobadian et al. (1994:59) explain Haywood-Farmer's model as follows: The key element in attaining high quality is the identification of customer's service requirements and expectations. The attributes are then separated into groups. Haywood-Farmer (1988:23) provides three types of basic service attributes which are placed at the three apexes of the triangle: physical facilities, processes and procedures; people's behaviour and conviviality; and professional judgement. Management needs to determine where their organisation lies within the apexes, and this will enable them to provide a service whose elements are internally consistent and

are focused on meeting the needs of a specific segment of the target market. Three operational factors should be considered to determine the position of the

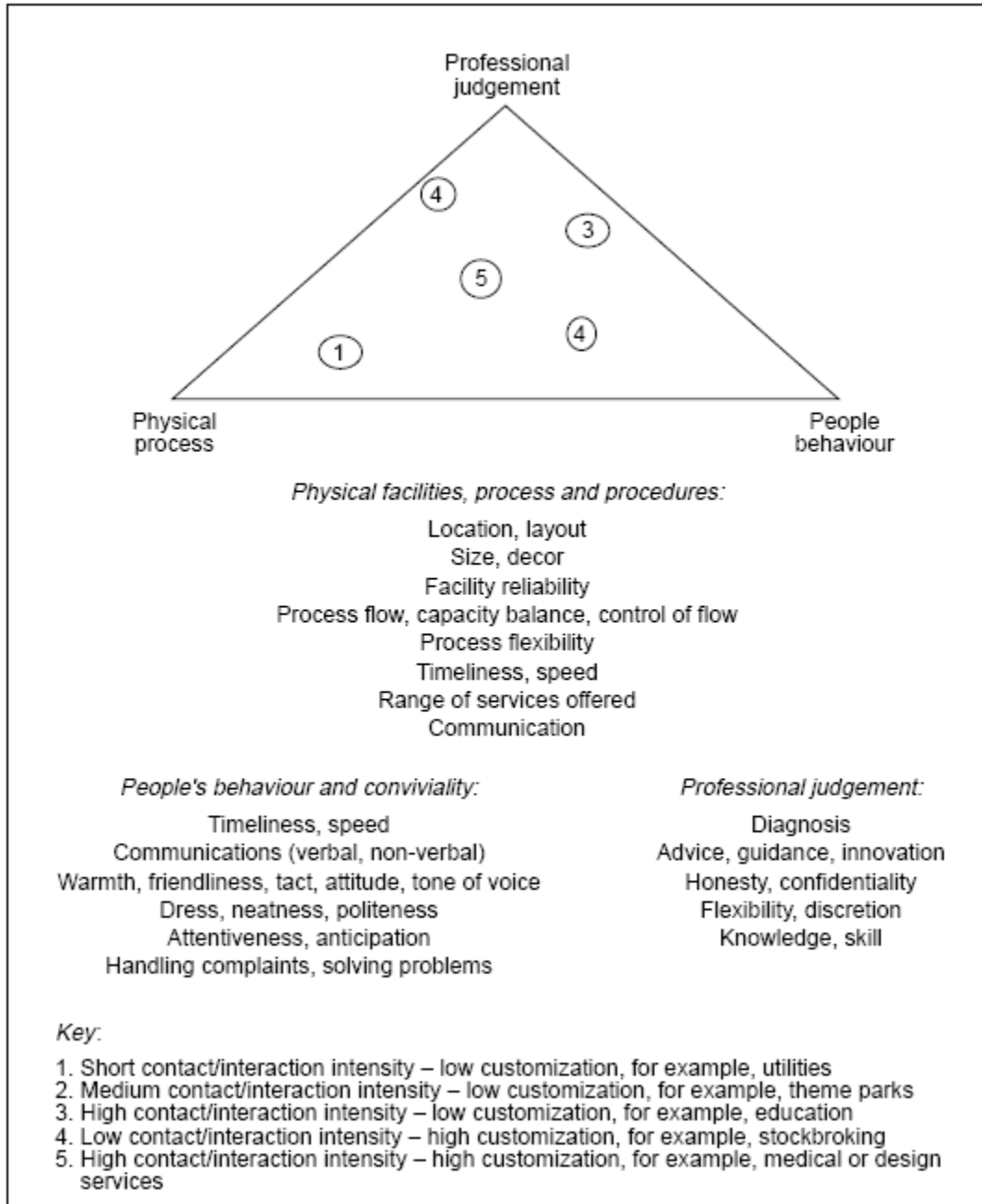


Figure 2.7: Service Quality Trade-off Continuum and Suggested Positions

Source: Ghobadian, Speller and Jones (1994:60).

service of an organisation: the degree of service customisation, the degree of labour intensity, and the degree of contact and interaction. The model is helpful in terms of identifying the quality trade-offs and the links between quality and operational factors. The model has the potential to enhance understanding but it does not offer a practical procedure to help management to identify service quality problems or a practical means of improving service quality (Ghobadian et al., 1994:59).

An appropriate balanced mix of the three service attributes is required to ensure good quality service. The appropriate mix is determined partly by the relative degrees of service process customisation, labour intensity and by the level of contact and interaction between the final customer and the service process (Haywood-Farmer, 1988:28).

The three dimensions of Haywood-Farmer (1988) correspond to three operations management concerns, namely: the labour content of the task, the standardisation of the task and the standardisation of output of the organisation (Rosen & Karwan, 1994:42). They further comment that in effective organisations, a relationship exists between the three operational dimensions and the service quality dimensions, which are based on the perceptions and expectations of the customer.

2.5.3 Customer Service Model according to Swartzlander

Swartzlander (2004:12-13; 18) provides a model of customer service (see figure 2.8) where the customer is the focus and is placed in the centre of the model. The other parts of the model are the customer service strategy, systems, and people. Each part affects and interacts with the other components. Customer service is built from and by the strategy of the organisation and its management through its mission, values and vision. The organisation needs to be committed

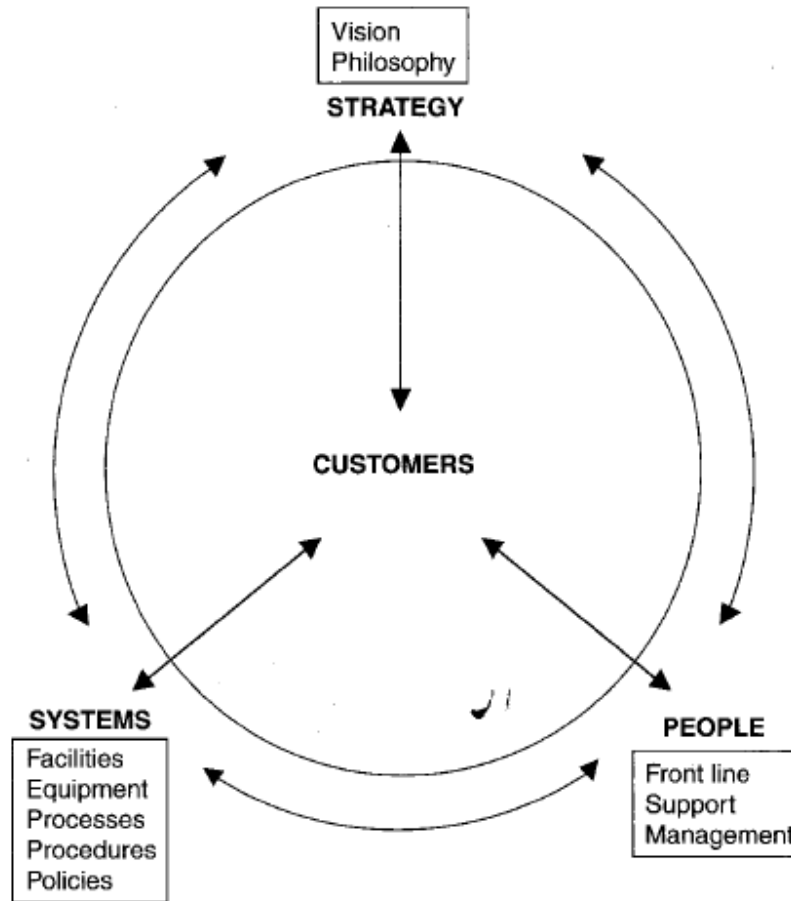


FIGURE 2.8: Customer Service Model of Swartzlander

Source: Swartzlander (2004:18).

to the customer and design its products and their delivery to fulfil the customer's needs and expectations in terms of quality of product and quality of customer service. An organisation needs quality products and needs to execute well in the other areas. Operation systems are based on the set of activities that create goods and services by transforming inputs into outputs. The operation systems are planned and managed with the customer in mind. The environment, including the equipment and physical appearance of the organisation, contribute to customer service. People are the final component and their behaviour, action and skills influence customer service. Attitude, work ethic, knowledge, and communication, teamwork and management skills influence customer

experience. Employees must be recruited, trained, motivated, evaluated and rewarded for excellent customer service.

2.5.4 Service-Profit Chain

The service-profit chain establishes relationships between profitability, customer loyalty, and employee satisfaction, employee loyalty and productivity (figure 2.9). Heskett et al. (1994:164-5) explain that the links in the chain should be regarded as propositions. The links are:

- Profit and growth are stimulated primarily by customer loyalty.
- Loyalty is a direct result of customer satisfaction.
- Satisfaction is largely influenced by the value of services provided to customers.
- Value is created by satisfied, loyal and productive employees.
- Employee satisfaction results primarily from high-quality support services and policies that enable employees to deliver results to customers.

Heskett et al. (1994:168) comment that leaders who understand the service-profit chain develop and maintain a corporate culture that centres on employee's service to customers and to fellow employees.

Samuel (2005:11) provides additional insight into some of the links. He states that a customer must be satisfied (feel positive emotions) long enough and consistently enough to become loyal and that the customer's perception of value they have received largely determines their level of satisfaction. He proceeds to say that employee productivity is the primary driver of value and loyalty is the major determinant of productivity, therefore, loyal employees will go the extra mile for customers and their managers. Employees are loyal to an organisation when they feel satisfied. A satisfied worker is more loyal and productive than their unmotivated, dissatisfied counterparts. Employee satisfaction is largely driven by

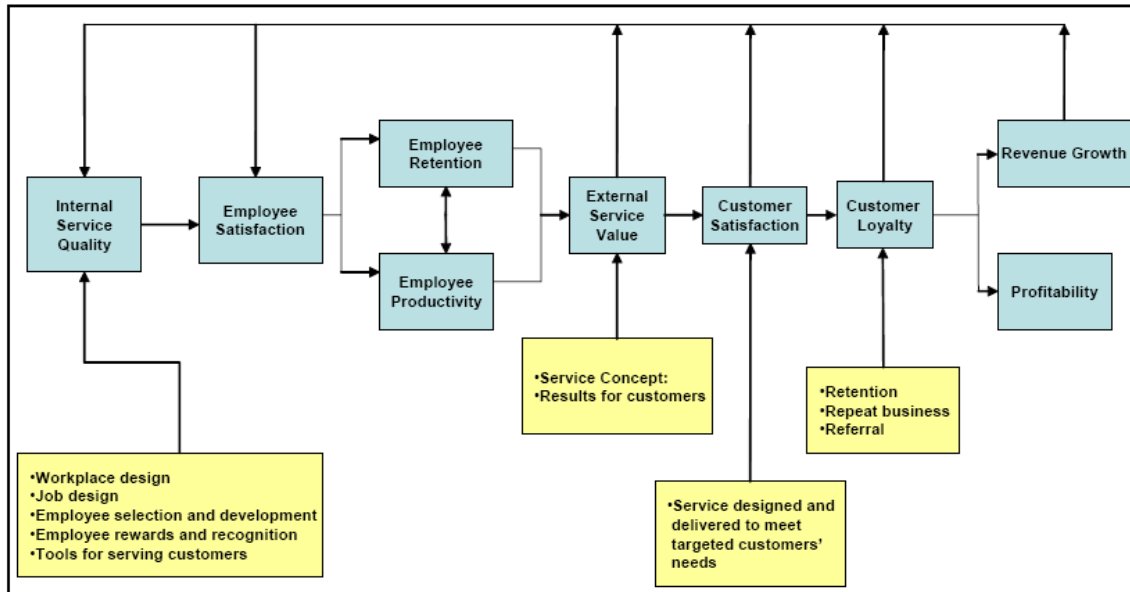


FIGURE 2.9: Service Profit Chain

Source: Samuel (2005:10).

the internal quality (the feelings that employees have toward their jobs, co-workers and the organisation) of the working environment. Cronin and Taylor (1992:55) also noted that service quality has an effect on customer satisfaction, and that customer satisfaction increases buying from the organisation.

Farner et al. (2001:351) mention that the concepts of process management and continuous improvement (refer to section 2.3) are operationalised in the service-profit chain. This model is based on the premise that internal service quality drives or predicts employee satisfaction, which in turn, enables the organisation to deliver high value service, resulting in customer satisfaction and loyalty. This ultimately leads to increased profits (Farner et al., 2001:351; Homburg & Rudolph, 2001:15). This is in agreement with the service quality model proposed by Shemwell et al. (1998:163) which was discussed in section 2.5.1.

The Service-Profit Chain perspective highlights the fact that service quality should be integrated along the entire supplier-customer chain, reflecting “a basic business strategy that provides goods and services that completely satisfy both

internal and external customers by meeting their explicit and implicit demands” (Tenner & DeToro cited in Marshall et al., 1998:381).

Cook and Verma (2002:53) demonstrate that the employee’s perception of service delivery quality (tangible, reliability, responsiveness and empathy) impact the performance of an organisation as measured by both monetary and value gain which is consistent with the service-profit chain. The elements in the service profit chain are “interdependent and complex; the strength and size of their influence varies by industry, market segment and even by organizational function” (Brooks, 2000:40). The connections in the service profit chain can be measured in order to determine what is important to both customers and employees in relation to increasing revenues and profits. Figure 2.10 shows the linkages in the service profit chain that are most valuable in linking employees to customers and finally to the revenue and profits that an organisation can realise.

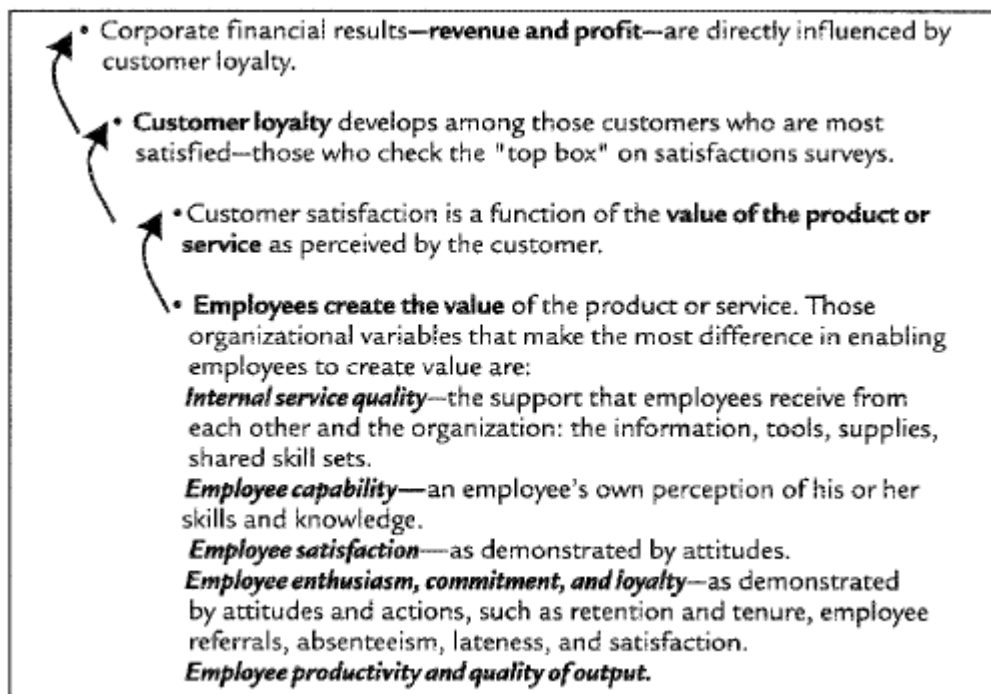


Figure 2.10: The employee-customer-bottom line linkages.

Source: Brooks, 2000:41.

2.6 THE DIMENSIONS OF SERVICE QUALITY

Ghobadian et al. (1994:52-55) provide a table, as seen in table 2.1, that depicts the determinants of quality identified by Parasuraman, Zeithaml and Berry (1985:47) and Haywood-Farmer (1988:21) for profit-making services, as well as three sets of determinants for non-profit making services, and one set of determinants for products. Ghobadian et al.'s (1994:55) comparison of the determinants of quality shows:

- “the commonality of reliability, responsiveness and access;
- the degree of correspondence between the determinants of private and public service’s quality; and
- the extent of similarity between service and product determinants of quality.”

This approach attempts to develop a theoretical bridge to the customer’s vantage point. The importance and the effectiveness value of each determinant of quality is dependant on the nature of the service offered.

Parasuraman, Zeithaml and Berry (1991:445-6) clarify that their SERVQUAL technology is a useful starting point, but not the final answer, for organisations wishing to assess and improve their service quality. Its standard dimensional structure provides a meaningful framework for monitoring an organisation’s service quality performance over time. The service quality performance of one organisation can also be compared against the performance of competitors through the administration of SERVQUAL.

SERVQUAL is most valuable when it is used to track service quality trends and when it is used in conjunction with other forms of service quality measurement (Parasuraman, Zeithaml and Berry, 1988:31). The service quality dimensions that are important to an external customer will not necessarily be the same as the service quality dimensions that are important to internal customers (Kang et al., 2002:281).

Table 2.1: Comparison between Determinants of Service Quality

Parasuraman <i>et al.</i> Determinants of service quality[26]	Garvin Dimensions[30]	Stewart and Walsh Dimensions[27]	Gaster Aspects of quality[29]	Haywood-Farmer Quality attributes[10]	Mattsson Dimensions[37]	NCC Criteria[28]
Reliability	Reliability	Reliability	Reliability	Facility reliability	Reliability	Reliability
Consistency	Performance	Accuracy	Accuracy		Promptness	Comprehensiveness
Dependability	Conformance	Freedom from mistakes	Comprehensiveness		Relevance	Performance
Accuracy	Durability				Appropriateness	
Correctness						
Responsiveness	Serviceability	Speed of delivery	Speed of service	Timeliness	Timeliness	Speed
Willingness				Speed	Responsiveness	
Timeliness				Attentiveness		
Promptness				Anticipation		
				Process flexibility		
Competence	Serviceability	Competence		Knowledge		
Knowledge		Accuracy of information		Skill		
Skills		Knowledge				
Access	Access	Access	Access/equitable	Location	Accessible	Access
Approachable				Layout	Available	Availability
Ease of contact					Convenient	Provision of information
Convenience					Approachable	
					Convenience	
Courtesy	Serviceability	Helpfulness		Warmth	Humane	Staff contact
Politeness		Courtesy		Friendliness	(pleasant to use)	pleasantness
Respect				Tact		
Consideration				Attitude		
Friendliness				Tone of voice		
				Politeness		

(continued)

Table 2.1: Comparison between Determinants of Service Quality cont

Parasuraman <i>et al.</i> Determinants of service quality[26]	Garvin Dimensions[30]	Stewart and Walsh Dimensions[27]	Gaster Aspects of quality[23]	Haywood-Farmer Quality attributes[10]	Mattsson Dimensions[37]	NCC Criteria[28]
Communication		Knowledge		Communication (written, verbal and non-verbal)		Provision of information Channels to communicate
Informed Understanding Attentiveness						Redress
Credibility	Perceived quality	Credibility Redress	Acceptability	Honesty		
Trustworthiness						
Believability						
Honesty						
Reputation						
Security		Security		Confidentiality		Safety
Free from danger, risk						
Safety						
Financial security						
Confidentiality						
Understanding the customer	Serviceability	Understanding user needs Courtesy	Acceptability	Attentiveness Handling complaints Solving problems Flexibility Discretion		Humane (pleasant to use)
Individualized attention						
Recognition of regular customer						
Tangibles	Aesthetics	Effective use of technology Surroundings	Ambiance	Neatness Dress Location size Decor		
Facilities and equipment						
Appearance						
Other customers in service facility		Capacity for choice		Equitable		Choice, Cost
NB Not in PZB list						

Source: Ghobadian, Speller and Jones (1994:53-4).

Garvin (1987:104) states that high quality means pleasing customers, not just shielding them from problems. He proposes eight dimensions or categories of quality which are specific to products. The eight product quality dimensions are:

- performance;
- features;
- reliability;
- conformance;
- durability;
- serviceability;
- aesthetics; and
- perceived quality.

These product quality dimensions can serve as a framework for strategic analysis in an organisation because a product or service can rank high on one dimension of quality and low on another. Strategic quality management takes into account the fact that sometimes an improvement in one dimension may be achieved only at the expense of another. Managers in operations and marketing need to learn to compete on the selected dimensions that make strategic sense (Garvin, 1987:104). Kaydos (1991:18-19) gives the same product quality dimensions. Marketing and operations need to work together to ensure that the organisation is moving in the same direction as the customer (Rosen & Karwan, 1994:39).

The most traditional dimensions, namely, conformance and reliability, remain important but only form part of a larger strategic framework. An organisation need not pursue all eight of the product quality dimensions concurrently as this may result in having to charge higher prices for their products than the price of the opposition products. An organisation should bring in the product quality dimensions that are important to customers, ignore those that are unimportant, and should give attention to the dimensions that the customers consider critical (Garvin, 1987:108-9). Determining which product quality dimensions are

important to customers and are most cost effective to an organisation will require interaction between the marketing and operational staff. By creating products with a design and quality that meet the customers' expectations better than the competitors' products will result in an increased market share for an organisation (Flynn et al., 1994:347).

Swartzlander (2004:62-3) feels that important work ethic characteristics are reliability, responsibility and adaptability. These correspond with some of the service quality dimensions of the SERVQUAL model.

Customers prefer to deal with people they can trust, and who are knowledgeable, technically able, and are friendly and polite (Cook, 2002:15). Customers expect reliability in their dealing with staff as they would like their services to be performed in a similar manner every time they are served by the service provider (McDermott & Emerson, 1991:63).

McDermott and Emerson (1991:63) give the following as the basic expectations of the quality of service they expect from internal staff:

- “that the departments have adequate resources available to meet commitments;
- the departments respond quickly to requests for information;
- the departments have few errors in written reports;
- that the departments provide adequately prepared staff members to satisfy their needs; and
- that the departments have a willingness to fix problems when they occur by doing everything possible to correct the problem.”

These expectations correspond closely with SERVQUAL's service quality dimensions and will be addressed in the study questionnaire and results.

Staff that experience internal customer service identify the following as indicators of good quality service: responsiveness, other staff trying to meet deadlines set by circumstances beyond their control, and simply meeting a deadline that has been set for them (Lawrence & Wiswell, 1998:46).

In their study on the applicability of internal service quality dimensions to internal supplier-customer interactions, Brooks, Lings and Botschen (1999:58) found that eight of the ten SERVQUAL service quality dimensions were important to internal customers. They found that the tangibles dimension was not important to internal customers, and that the security dimension, although important to external customers, was also unimportant to internal customers.

Information services in all industries, including the pharmaceutical industry, are important as information provision is a significant element in the core activities of an organisation. Ensuring that information services are serving the needs of the organisation and the customer base stimulates quality assurance within a quality-orientated organisation. Relevance, accuracy and timeliness of information appear to be key indicators of quality in the information services of organisations (Kinnell, 1997:3-4).

Bowen et al. (1989:83) discuss the SERVQUAL technology's service quality dimensions and group all of the service quality dimensions, except tangibles, together as intangibles. They further state that manufacturing firms that pursue goals which are service-related and have high levels of customer contact and interaction, need to ensure that the intangible service quality dimensions (reliability, responsiveness, competence, access, courtesy, communication, credibility, security and understanding the customer) are as important in their product design as the tangible dimensions (such as product styling) are (Bowen et al., 1989:83). The intangibles that an organisation provides may be the most important source of value added in the new business economy (Bowen et al., 1989:92).

Chaston (1994b:47) completed a study of certain United Kingdom manufacturing organisations and these organisations identified the accuracy and dependability with which tasks were carried out as being the most important service quality dimensions and factors in their performance evaluation. This result was obtained using a modified version of the SERVQUAL research tool.

In their study regarding the relative importance attached to internal and external dimensions of quality, Dick et al. (2001:52; 55) found that the reliability dimension (the ability to perform the promised service dependably and accurately) was the most critical driver of customer service quality, and they felt that the reliability dimension equated to the conformance dimension of Garvin (1987:104).

Reliability was demonstrated as being the most important service quality dimension with empathy, a composite of understanding the customer and access, being the most unimportant across a variety of service types (Rosen & Karwan, 1994:41). They also note that the tangibles dimension was often unimportant in studies using a variation of SERVQUAL. The tangibles and security dimensions were found to be unimportant to internal customers (Kang et al., 2002:281-283).

Kang et al. (2002:288) comment that the reliability and responsiveness dimensions are critical to both the perceptions of internal service quality and to providing external customers with a quality service. They also noted that in their study the reliability and responsiveness dimensions influenced overall service quality perception. This implies that “employees perceive some quality aspects to be more important than others for determining the quality of the service they receive from other internal providers” (Kang et al., 2002:287). An organisation needs to determine which service quality dimensions are the most important and therefore require the most attention. These influential service quality dimensions should be monitored to ensure that employees receive a continuously high level of internal service (Kang et al., 2002:288).

Cook and Verma (2002:44; 47) used the SERVQUAL model in their study which explored the linkages between quality systems, employee service-quality culture, and performance excellence. They found that customers considered the following five service quality dimensions in their assessment of service quality: reliability, responsiveness, assurance, empathy and tangibles. They say that these dimensions represent how the customer organises information about service quality in their minds. Customers can sometimes use all of the service quality dimensions to determine service quality and at other times they may only consider a limited subset of these service quality dimensions (Cook & Verma, 2002:47).

Kattara et al. (2008:318-319) also used the SERVQUAL dimensions as part of their study. They found that the reliability dimension rated the highest, followed by responsiveness, tangibles, assurance and, lastly, assurance. They comment that employees should ensure that they improve on the reliability and responsiveness dimensions by minimising negative behaviour and increasing positive behaviour at the time of customer contact.

2.7 INTERNAL CUSTOMER SERVICE AND QUALITY

Customer service is found at every point of contact between customers and employees. All of an organisation's employees, supervisors and support sections including organisation executives, need to support staff in meeting the customer needs and expectations. All employees then become customer service providers for either external or internal customers through all communication channels such as personal contact, by telephone, via email or over the internet. Exceptional customer service cannot be delivered to external customers unless all employees provide support to each other (McDermott & Emerson, 1991:62; Kang et al., 2002:278-9; Swartzlander, 2004:2; 38). "There is a direct link between internal market outcomes (e.g. satisfied employees) and external

market outcomes (e.g. customer favourable perception of service quality or customer satisfaction)” (Brooks et al., 1999:49).

Internal service can be seen as the sum of an organisation’s systems, processes, and relationships between employees. “Internal service is a product of the organization’s tools, information systems, policies and procedures, collaboration among departments, management support, goal alignment, training, communication, and appropriate recognition and reward for delivering value” (Brooks, 2000:40).

Many employees are support personnel and they do not have contact with external customers, but they indirectly influence the service received by the customer (George, 1990:67). These support personnel can be seen as “part-time marketers” as they need to recognise the front line employees as their internal customers. The support personnel should perform marketing-type activities for the front line employees, (their internal customers), as a means of assisting the front line employees in servicing the external customer (George, 1990:67).

An organisation consists of an interdependent chain of individuals and functional units, with each taking inputs from one another and turning them into external customer service. The basic assumption is that if everybody strives to provide their internal customer with better service, then the end customer will receive higher quality service (Rafiq & Ahmed, 1993:221; Farner et al., 2001:350). Internal guarantees are a method that has been used successfully to ensure the delivery of promised goods or services to internal customers on time and in a satisfactory way. If the service is not satisfactory or completed on time, a penalty is imposed (Hart, 1995:64). An internal guarantee creates a “virtuous circle: internal processes are debugged so employee morale and commitment rise, internal and external customers are better satisfied, further boosting employee morale and performance, and so on” (Hart, 1995:73). In line with the service profit chain concept, improvements in internal service quality should also lead to

improved external service quality (Lings & Brooks, 1998:330; Marshall et al., 1998:381-2). Kang et al. (2002:288) agree that both internal and external service quality are important to an organisation in order to be more competitive.

While there are similarities between an external and an internal customer, a large difference between the two is that external customers consume both services and goods, while internal customers mainly consume services offered by the other sections of the organisation (Marshall et al., 1998:383). Internal service quality is characterised by the attitudes that people have towards one another and in the way that employees serve one another inside the organisation (Marshall et al., 1998:381-2).

It is very difficult for an internal customer to go elsewhere for the service they require should it not be forthcoming in the required timeframe, as the service has to be supplied internally. Internal customers have little or no choice about where to do business, in contrast an external customer has a choice about where they want to do business and can change their supplier (Rafiq & Ahmed, 1993:221; Marshall et al., 1998:383; Farner et al., 2001:352).

Farner et al. (2001:352) states that in free market situations an external customer has the option of exiting relationships with their suppliers, but for internal operations, the opportunity does not traditionally exist for their internal customers to exit the relationship unless the service is outsourced to an outside supplier. Internal customers are also viewed as having been paid for their services by the organisation and are trained consumers of the services they use. As such the internal customer is more familiar and knowledgeable regarding the services that are provided to them than most external customers would be about the same services (Rafiq & Ahmed, 1993:221; Marshall et al., 1998:383).

Organisational sections should provide a high level of service quality to their internal customers for the same reasons that they provide it to their external

customers, namely, more effective performance, lower waste and lower costs (Marshall et al., 1998:381).

Each employee serves two interchangeable service roles with fellow staff, as a giver and as a receiver, but not at the same time and all employees participate in a customer/supplier relationship (McDermott & Emerson, 1991:62; Lawrence & Wiswell, 1998:46; Marshall et al., 1998:382; Farner et al., 2001:350-1). The tasks and employees of an organisation will determine which internal services are important and also how important the quality of the internal services are (Hallowell et al., 1996:20).

Internal customers need high-quality suppliers to be effective, yet internal suppliers are frequently insensitive to customer needs (Longenecker & Meade, 1995:81-2). They feel that managers and executive-level personnel must address the following critical questions as a way of incorporating customer service thinking in their management style and to become willing to adapt their style to internal procedures at every level:

- Why does my department exist? What value-added function do we serve?
- Who are my customers and what do they need from this department to function?
- Are my people clear about their roles and responsibilities in serving internal customers?
- How do we know when we are doing a good job of satisfying our internal customers?
- What policies, procedures and practices prevent us from effectively servicing our internal customers?
- Are we encouraging internal customer dialogue to continuously improve delivery systems and solve service problems?
- If I encourage my department to become customer-orientated, can I avoid being taken hostage to a misunderstanding of frivolous wants and drop-dead, have-to-have needs?

Employee relationships can be improved in many ways, including establishing an internal customer service strategy, creating an internal marketing plan, providing interpersonal relations training, developing performance standards and by conducting brainstorming meetings (McDermott & Emerson, 1991:61). Farner et al. (2001:352) comment that periodic evaluations of each department are necessary for accurate feedback in cases where the internal sections are treated as customers. Marshall et al. (1998:383) state that in order to deliver high levels of service quality, the providers of internal service functions need to understand the service requirements of their customers and to ask these customers to evaluate their department against their requirements.

Groups of internal users can be visualised as segments with different needs. In order to adopt an internal customer segmentation approach to internal customer service delivery, the internal sections are required to improve customisation of their service offerings to fit the unique needs of the different user groups (Marshall et al., 1998:390-1). This customisation can take the form of:

- using different ways of communicating service offerings within the organisation such as face-to-face or the intranet web page;
- varying product forms such as using different report styles and content for different users;
- using variable cost structures for different service level requirements such as charging a premium rate for a service delivery which is required sooner than normal; and
- using alternative means of service delivery such as telephone or fax.

This approach contributes to the value-adding capability of that department's position in the service profit chain of the organisation, which results in greater organisational efficiencies as well as more satisfied internal and external customers (Marshall et al., 1998:390-1).

Internal service quality is defined as “employee satisfaction with the service received from internal service providers” (Davis, 1992:34). Satisfied employees are a prerequisite to the satisfaction of external customers (Kang et al., 2002:279).

Internal service quality is important as it links to both customer satisfaction and job satisfaction. An organisation should devote as much time to evaluating internal employee satisfaction as it does to external customer satisfaction (Davis, 1992:34). Employee opinion surveys are important for tracking the relationship between internal employee satisfaction and external customer satisfaction (Davis, 1992:35). Internal employee satisfaction should be evaluated and treated with importance. The basic needs of internal customers should be satisfied in a similar manner to how the external customer needs are satisfied. The satisfaction of internal customers is necessary before an organisation will be able to provide quality service to their external customers (Farner et al., 2001:352-3). This is known as internal marketing and will be discussed in section 2.8.

Assessing internal service quality and by having an understanding of how the service quality dimensions impact on the organisations’ overall service quality should allow the organisation to design an appropriate service delivery process. Allocation of internal resources to provide improved internal customer service and thereby better external customer service can be determined by identifying the internal strengths and weaknesses linked to the service quality dimensions. Feldman (1991:58) states that internal customer relations are needed to ensure that employees understand the importance of what they do and how it affects others in the chain if they do not complete their work correctly or on time.

2.8 INTERNAL MARKETING

Joseph (1996:55) gives the following definition of internal marketing: “Internal marketing is the application of marketing, human resources management, and

allied theories, techniques and principles to motivate, mobilise, co-opt and manage employees at all levels of the organisation to continuously improve the way they serve external customers and each other. Effective internal marketing responds to employee needs as it advances the organisation's mission and goals". This definition suggests that the term "customer orientation" should be broadened to include external as well as internal customers, with internal customers being any section that is serviced by another section within the same organisation (Joseph, 1996:55).

Internal marketing programmes should be aimed at the internal sections of an organisation in order to complement the external marketing programme. These internal sections are made up of a variety of employees who fulfil a number of functions and jobs. This relates to the internal customer and supplier concept in which an organisation is divided into different sections each with different wants and needs (Lings & Brooks, 1998:327-328). Internal marketing affects how the employee sees their role in the organisation and how their role is related to the wider organisational environment (Hogg et al., 1998:893).

Gremler, Bitner and Evans (cited in Joseph, 1996:55) report that an employee's satisfaction with their organisation can be influenced appreciably by the service encounters they experience from the internal service providers. Internal marketing should focus on achieving effective internal exchanges between the organisation and its employees as a qualification for having a successful relationship with the external customer (George, 1990:50). Successful internal marketing is employee-focussed with the ultimate goal of building effective service strategies that serve external customers (Joseph, 1996:57). The recognition that the quality of relationships within the organisation is critical to the success of the marketing plans forms an important tenet of internal marketing (Christopher, 1991:7). Marketing, HR and management need to work together to set service levels, as internal marketing is the responsibility of all sections not the sole responsibility of a single section (Rafiq & Ahmed, 1993:228).

An organisation should have a “strategic service vision”, which helps the marketing and operations staff to work together, and an “inner-directed vision” (George, 1990:64). This “inner-directed vision” should include the following elements:

- targeting important employee segments;
- development of a service concept designed with the needs of the employees in mind;
- codification of an operating strategy to support the service concept; and
- design of a service delivery system to support the operating strategy.

If the service concept is developed correctly, it should lead to low staff turnover, low training costs and the chance to develop shared goals and values which will allow management to create a healthy organisation (George, 1990:64).

Christopher (1991:7; 9) explains two aspects of internal marketing. The first aspect involves the idea of the internal customer (every person working in an organisation is both a supplier and customer) and what can be done to improve customer service and quality at the individual level in an organisation. The second aspect is concerned with how staff work together across functional boundaries so that work is aligned to the organisation’s mission, value, strategy and goals. “The internal market...is the subject of all change processes as well as the author of them. The task is to work more cross-functionally, more participatively, more politically in the common interest of customers, staff and shareholders, building a platform from which to grow” (Christopher, 1991:21).

Gronroos (cited in Chaston, 1994b:45-6) states that the importance of sustaining customer loyalty by emphasising the capability of employees to deliver consistent service quality requires the adoption of an internal marketing strategy to develop quality conscious employees. Internal marketing should be seen as a process of integrating the multiple functions of an organisation by ensuring that employees

understand all aspects of the business operations and that they are motivated to act in a service-orientated manner (Rafiq & Ahmed, 1993:220; Chaston, 1994b:45-6). The conclusion reached is that attention to the integration of processes which provide service processes across an entire organisation must precede the organisation attempting to build stronger relationships with external customers (Chaston, 1994b:46; Kang et al., 2002:281).

Hayes and Hill (cited in Cook & Verma, 2002:46) investigated the effects of employee motivation, vision and organisational learning on the perceived service quality in a service organisation. They found that employee motivation, vision, and organisational learning all positively affected the perceived service quality. Internal marketing has been seen as a strategic weapon in achieving high quality service delivery which results in greater customer satisfaction (George, 1990:50).

It is worthwhile for organisations to identify, measure and manage their internal resources so that internal service quality and service may be encouraged and supported. Internal customer service and service quality need to be addressed and managed to ensure a strong organisation which understands that their employee's service to each other leads to a higher level and quality of service to external customers (Michael, 2003:2427). Many organisations are "filled with unresolved conflict, turf wars, rumours, folklore and frustration over the fact that many sections are insensitive to the needs of their internal customers...and not only do internal systems fail to anticipate customer needs, they frequently allow internal suppliers to ignore, antagonize, and even tyrannize internal customers" (Longenecker & Meade, 1995:77). Chason (1994a:380) goes further by saying that there is often a lack of trust between sections leading to low levels of confidence about the abilities of an organisation to manage its internal service system.

Irrespective of what performance criteria an employee is rated against, achieving any performance standard cannot occur unless the organisation has established

appropriate working conditions. Barriers to effective performance, including inadequate information or lack of training in the delivery of internal services, may still occur (Chaston, 1994b:50). Delivering the highest possible quality of service can only be achieved in organisations where organisational behaviour elements are reinforced by the importance which management assigns to meeting the needs of the external customer (Chaston, 1994b:53). Positive service indicators of a service quality culture are: a commitment of resources, programs to continuously improve quality, rewarding staff who place service above efficiency, the setting of performance goals and formal systems for setting of these performance goals. The same attributes are necessary to achieve internal customer service goals (Chaston, 1994b:53). He states that for all employees to be willing and able to deliver service quality, management must ensure that they are capable of fulfilling their job role through activities such as creating effective teams, establishing supervisory controls and minimising the occurrence of conflict.

Service features relating to both performance and empathy are based on tangible and intangible factors such as performance, quality, reliability and cost as well as on courtesy, willingness to help and the ability to solve problems (Cook, 2002:7). These factors relate strongly to the service quality dimensions of the SERVQUAL model and its ten service quality dimensions. These factors and dimensions are not only important to external customers, but are just as important to the internal customers that each staff member interacts with. Having reliable reports both for and from the internal customer/supplier, along with their ability to solve problems and their willingness to improve internal functioning in an organisation will improve external customer service.

While operating an organisation as groups of internal customers may shift the focus and the organisation's goals in an undesirable direction, the purpose of developing the concept of internal customer service is to utilise the concepts of process management, continuous improvement and forcing individual sub-units

to demonstrate the value that they add to the process. These concepts are necessary for organisations that wish to improve quality and to remain competitive in the global economy. The internal customer concept should assist these organisations to operationalise and implement quality concepts and improvements (Farner et al., 2001:357).

2.9 CONCLUSION

Customer service and quality were discussed in this chapter along with the role of the HR department. Some of the models of customer service and quality along with various dimensions used to rate and determine customer service and quality were explained. The role of TQM within an organisation wanting to improve service quality was also discussed.

Chapter three will cover the research methodology used in this study. The questionnaire, its method of administration, the pilot study and problems encountered will be discussed.

3 CHAPTER THREE

DESCRIPTION OF THE RESEARCH METHODOLOGY, STRUCTURE OF THE QUESTIONNAIRE AND THE METHOD BY WHICH IT WAS ADMINISTERED

3.1 INTRODUCTION

In chapter three the research methodology and design will be discussed. The research approach that was followed in order to meet the primary objective of the study and to answer the five research questions will be explained. In order to achieve this, a questionnaire was compiled and administered to the sample group of employees of Aspen Pharmacare. The questionnaire, which covers the service quality dimensions of customer service and quality as identified from the literature, allows the dimensions to be assessed from the point of view of each section and will determine the importance of the service quality dimensions to the three sections of Aspen Pharmacare. This chapter will also cover the sampling method and the criteria used to determine the participants of the study, as well as the measuring instrument.

3.2 RESEARCH DESIGN

Research methodology is also known as the research paradigm. A paradigm is a mindset, a philosophy or a way of thinking. A paradigm can be used at three levels: to reflect basic beliefs about the world, to provide guidelines about how the researcher should conduct his or her endeavours, and to specify the methods and techniques which should ideally be adopted when conducting the research (Collis & Hussey, 2003:47). As a result, it is important to recognise and understand the paradigm used in the research, as it determines the way in which the research is designed, how the data is collected and analysed, and the way

the thesis is written. Two types of paradigms have been identified, namely the positivistic and phenomenological paradigms (Collis & Hussey, 2003:47).

In a phenomenological paradigm, also known as a qualitative paradigm, a smaller sample is examined with the understanding of human behaviour from the participant's own frame of reference being the main concern. A case study may consist of as little as one participant. Interviews and open-ended questions are often used to gather the information needed in the study. Reliability is normally low and validity high in this paradigm. This paradigm is concerned with generating theories and generally produces qualitative data. The phenomenological paradigm generalises from one setting to another. The nature and importance of the variables are assessed by the qualitative paradigm (Collis & Hussey, 2003:53-55).

In a positivistic paradigm, also known as a quantitative paradigm, a larger sample size is utilised in comparison with the phenomenological paradigm. The data generated tends to be quantitative, and involves working with numbers, and is highly specific and precise. This paradigm is used when testing relationships between variables and uses hypothesis testing to assist in determining these relationships. Reliability is high and validity low in this paradigm. This paradigm generalises from the sample to the population (Collis & Hussey, 2003:52-53; 55).

The research project will follow a qualitative paradigm approach because the study requires an analysis of the nature of the factors which impact on customer service within the supply chain of a pharmaceutical company. The relationships among variables will not be statistically tested, which would have required a quantitative approach.

In order to resolve the research objective, five research questions were developed:

Research question 1: What does the Production section of Aspen Pharmacare consider to be the important service quality dimensions of the internal customer service that they receive and offer?

Research question 2: What does the Demand Planning section of Aspen Pharmacare consider to be the important service quality dimensions of the internal customer service that they receive and offer?

Research question 3: What does the Distribution section of Aspen Pharmacare consider to be the important service quality dimensions of the internal customer service that they receive and offer?

Research question 4: In which service quality dimensions are there the biggest variances in each section?

Research question 5: What are the key service quality dimensions that will be most valuable in improving Aspen Pharmacare's customer service?

The procedure used to meet the research objective and to answer the research questions was as follows:

- A comprehensive literature study was undertaken to meet the research objective.
- The empirical study is presented in chapters four and five and the results analysed in order to answer the five research questions. A questionnaire was constructed and administered to the staff of the three sections of the supply chain of Aspen Pharmacare being analysed in this study.

3.3 DESIGN AND STRUCTURE OF THE QUESTIONNAIRE

The questionnaire was developed based on the dimensions of service quality identified in the literature review (see Appendix A). The statements used in the questionnaire were selected to address each of the ten dimensions of service quality on two factors, namely performance and importance. The questionnaire will assist in determining the levels of performance and importance within the three sections of Aspen Pharmacare. The questionnaire will also help to determine which dimensions are the most important to each section, as well as to determine in which dimensions the largest variation in performance is evident.

The questionnaire consisted of a number of statements related to each of the dimensions of service quality. The service quality dimensions addressed were:

- Tangibles: referring to physical facilities, equipment, personnel and communication material.
- Reliability: referring to the ability of the staff of the other two sections to perform the promised service dependably and accurately.
- Responsiveness: referring to the willingness of the other section's staff to help and provide prompt service.
- Competence: referring to the possession of the other section's staff of the required knowledge and skills to perform the required service.
- Courtesy: referring to politeness, respect, consideration and friendliness;
- Credibility: referring to the trustworthiness, believability and honesty of the staff providing the service.
- Security: referring to record-keeping.
- Access: referring to the approachability and ease of contact with the other sections.
- Communication: referring to use of language that is clearly and easily understandable.
- Understanding the customer: referring to making an effort to know your customer (the other section's staff) and their needs.

The definitions of each dimension are those used by Zeithaml et al. (1990:21-2).

A five point Likert scale was used to anchor both factors of the statements in section two of the questionnaire. This is in line with Slack's (1994:73) recommendation of using a five-point scale to rate internal services in an organisation.

Scoring for the performance factor of the questionnaire was as follows:

- 1 = very poor;
- 2 = poor;
- 3 = neutral;
- 4 = good; and
- 5 = excellent.

The scoring for the importance factor of the questionnaire was as follows:

- 1 = very unimportant;
- 2 = unimportant;
- 3 = neutral;
- 4 = important; and
- 5 = very important.

The questionnaire was divided into two sections, namely:

- section one: this section covers the demographic data of the respondents;
and
- section two: this section covers the individual view of internal customer service relating to each of the ten service quality dimensions.

3.3.1 The sample

Non-probability sampling which is arbitrary and subjective was used. Judgemental sampling was used as this allowed sample members to be selected who conformed to the predetermined criteria. The decision of the sample group was made, and no other contacts were pursued during the course of the study.

The predetermined criteria for the judgemental sampling were that the:

- Participant be a permanent staff member;
- Participant be in lower to middle management or have a job with a high level of responsibility; and
- Participant must have regular direct dealings with internal customers of the other section/s of the supply chain.

3.3.2 Sample size

A judgemental sample group (N = 75) was used for this study and it was anticipated that at least twenty-five participants from each section of the supply chain. This minimal sample size (N= 75), together with the predetermined criteria, would allow for the sample group to be representative of the population.

3.3.3 Pilot Study

It is essential to pilot the questionnaire as fully as possible before distributing it to the respondents to allow for errors to be noted before the final draft is sent out (Collis & Hussey, 2003:175). This allows for corrections to be made which otherwise may have resulted in actual respondents finding difficulty in completing or in understanding the questions posed to them in the questionnaire (Schnetler as cited by Leedy, 1997:143). A pilot group of four employees within the distribution section were selected owing to their close proximity to the researcher.

This allowed for easy direct contact with the selected employees for the delivering and collection of the pilot study questionnaires, as well as receiving face-to-face feedback and suggestions.

The pilot questionnaire was printed and given by hand to the selected employees with the request to make any corrections and suggestions on the print-out. The employees then returned the questionnaire with their comments added. The selected employees made suggestions to improve and clarify certain statements, as well as correcting any spelling and grammar mistakes. The questionnaire was amended to address the suggestions and comments of the selected employees. This resulted in improved readability of the questionnaire.

The updated questionnaire was printed and again given by hand to the four selected employees with the request to assist in making the statements specific to Aspen Pharmacare and these suggestions were also incorporated into the questionnaire.

The final version of the questionnaire was then printed and taken to two other employees to complete as though they were respondents and they were asked to comment accordingly. Both employees responded that they found the questionnaire to be easy to understand with clear instructions on how to complete the questionnaire. The employees commented positively about the fact that anonymity of respondents would be maintained as no names were required on the questionnaire, and felt that this would encourage others to be honest in their rating of the statements. This final version of the questionnaire was sent to the senior managers of the various sections.

3.3.4 Administration of the questionnaire

Due to the wide geographical distribution of the sample group, the structured questionnaire was distributed by e-mail survey to the senior managers of the

sections of Aspen Pharmacare that were relevant to the study. Staff from the Johannesburg, Port Elizabeth and East London sites participated. Anonymity and confidentiality were strictly guaranteed. Follow-ups were conducted to the senior managers to ensure a good response rate.

The confidentiality of the respondents was guaranteed by not requiring them to fill in their names or job titles as part of the questionnaire. A covering letter (see Appendix B) was also sent to the senior managers along with the questionnaire in which confidentiality was guaranteed. The covering letter also explained the purpose of the questionnaire. The questionnaires were administered and returned over a two-and-a-half week period.

3.4 DATA ANALYSIS METHOD

The researcher analysed the data using *Microsoft Excel*. The data was captured and analysed per statement and per service dimension. This is explained in more detail in chapter four and five.

3.5 PROBLEMS EXPERIENCED

No problems were experienced in the administration of the questionnaires. Problems were, however, experienced in the collection of the questionnaires. Managers were requested to return the questionnaires within a specific time frame, but in some cases, no responses were received. A follow-up email was sent to the managers who had not responded. Most managers sent their completed questionnaires through within a few days of receiving the reminder email. Another problem encountered was caused by a manager going out of town on business, and forgetting to send the questionnaires through before he left. The manager sent the questionnaires through to the researcher upon his return to the office a week later.

Despite numerous emails to the senior managers of the Demand Planning section, the response was poor. Only eighteen completed questionnaires were received from the possible respondents in this section. For the purposes of this study, the Outsource Departments were included in the Demand Planning section as although they are involved with production, they place the demand on a third party supplier and are not directly involved with production at the Aspen Pharmacare manufacturing facilities. The Demand Planning sample will be the least representative of its population. Only eighteen responses were received from the staff of this section and the ideal of twenty-five responses per section was not achieved for the Demand Planning section.

The privacy of the respondents was maintained, and the few questionnaires that were returned incomplete, were discarded. In the majority of these cases, the respondent failed to complete half of the questionnaire, in that the rating of the statements linked to importance were not filled in.

3.6 SUMMARY

The results of the performance responses received from the empirical survey will be analysed and interpreted in chapter four. This will be done in order to calculate the gaps in each dimensions' performance and will allow a model of internal customer service to be developed. This model will serve as the basis for the improvement of internal customer service between the three sections of Aspen Pharmacare.

The importance ratings will be used in chapter five to answer some of the research questions. There will not be a need to analyse the importance results of each dimension or section if the majority of the respondents' responses rate the statements as being important or very important to them in their current position.

4 CHAPTER FOUR RESULTS AND DISCUSSION OF THE EMPIRICAL STUDY

4.1 INTRODUCTION

Chapter four covers the analysis of the responses received through the administration of the Internal Customer Service questionnaire. The analyses of the responses are required to answer the five research questions posed in the study. The results will be presented in the form of tables and graphs in order to provide a visual and unambiguous understanding of the analysis of the responses.

4.2 QUESTIONNAIRE RESULTS ANALYSIS

The classification question analysis will follow and thereafter the results and analysis will be completed for each dimension for the production, demand planning and distribution sections from section two of the questionnaire.

The importance ratings are not addressed in chapter four as the majority of the respondents rated all of the statements as being important or very important. This was expected as all ten dimensions are important in service quality and customer service (Zeithaml et al., 1990). The importance ratings will be addressed in chapter five when the research questions are answered.

4.2.1 Classification Question Data Analysis

Number of questionnaires returned:	97
Number of questionnaires used:	94
Number of incomplete questionnaires:	3

The respondents' gender classification data is presented in table 4.1.

Table 4.1: Respondents' personal statistics: Gender

GENDER	PRODUCTION	DEMAND PLANNING	DISTRIBUTION	COMBINED TOTAL BY GENDER
TOTAL NUMBER OF RESPONDENTS	39	18	37	94
MALE	13	5	26	44
PERCENTAGE (%)	33	28	70	47
FEMALE	26	13	72	50
PERCENTAGE (%)	67	72	30	53

Table 4.1 shows that the overall percentage of female respondents (53 per cent) was six percent higher than the percentage of male respondents (47 per cent). Examination of each section reveals that the highest percentage of male respondents in a section was in Distribution (70 per cent) and of females was in Demand Planning (72 per cent). As per the senior managers of the three sections, this is a representative sample of the population.

Table 4.2: Respondents' personal statistics: Age Group

AGE (YEARS)	PRODUCTION	DEMAND PLANNING	DISTRIBUTION	COMBINED TOTAL BY AGE GROUP
TOTAL/SECTION	39	18	37	94
UNDER 21	0	0	1	1
PERCENTAGE (%)	0	0	2	1
21 -30	19	4	11	34
PERCENTAGE (%)	49	22	30	36
31 – 40	12	10	10	32
PERCENTAGE (%)	31	56	27	34
41 - 50	6	2	5	13
PERCENTAGE (%)	15	11	14	14
51 – 60	2	2	8	12
PERCENTAGE (%)	5	11	22	13
61 AND OVER	0	0	2	2
PERCENTAGE (%)	0	0	5	2

The respondents' classification data with regard to age is presented in table 4.2. The majority of the respondents are aged between twenty-one and forty years old, with thirty-six per cent of respondents being in the age group of twenty-one to thirty and a further thirty-four per cent in the age group of thirty-one to forty years old. Only one respondent was under twenty-one and two were over sixty, with all three of these respondents working in the Distribution section. Of the three sections, the Distribution section has the widest range of ages. Twenty-seven per cent of respondents were between the ages of forty-one and sixty. The range of ages is representative of the population, as per the senior managers of the sections.

The respondents' language classification data is presented in table 4.3.

Table 4.3: Respondents' personal statistics: Language

LANGUAGE	PRODUCTION	DEMAND PLANNING	DISTRIBUTION	COMBINED TOTAL BY LANGUAGE
TOTAL/SECTION	39	18	37	94
ENGLISH	18	12	15	45
PERCENTAGE (%)	46	67	41	48
AFRIKAANS	12	4	13	29
PERCENTAGE (%)	31	22	35	31
XHOSA	8	0	7	15
PERCENTAGE (%)	21	0	19	16
ZULU	0	1	2	3
PERCENTAGE (%)	0	5.5	5	3
OTHER	1	1	0	2
PERCENTAGE (%)	2	5.5	0	2

A total of forty-five respondents (48 per cent) spoke English as their home language, with a further twenty-nine (31 per cent) responding that Afrikaans was their home language. Fifteen respondents (16 per cent) were Xhosa-speaking. Xhosa was expected to be the highest percentage of the African languages reported by the respondents, as the Eastern Cape's black population is

predominantly Xhosa-speaking and many respondents were from Port Elizabeth and East London. The Zulu and other home language respondents were most likely respondents from the Johannesburg office, as many Durban workers were transferred to Johannesburg and Zulu is predominantly spoken in the Kwazulu-Natal area.

English was the most spoken home language and Afrikaans the second most spoken language across all three sections. Demand Planning had the highest percentage of English speaking respondents (67 per cent). Distribution had the highest percentage of Afrikaans speaking respondents (35 per cent), with Production having the highest percentage of Xhosa speaking respondents (21 per cent).

The respondents' classification data with regard to years of working for Aspen Pharmacare is presented in table 4.4.

Table 4.4: Respondents' personal statistics: Years of working for Aspen Pharmacare

NO OF YEARS SERVICE TO ASPEN	PRODUCTION	DEMAND PLANNING	DISTRIBUTION	COMBINED TOTAL BY YEARS
TOTAL/SECTION	39	18	37	94
0 -5	22	9	21	52
PERCENTAGE (%)	56	50	57	55
6 – 10	8	7	6	21
PERCENTAGE (%)	21	39	16	22
11 – 15	5	1	2	8
PERCENTAGE (%)	13	5.5	5.5	9
16 – 20	1	0	4	5
PERCENTAGE (%)	2.5	0	10.5	6
21 – 25	2	0	0	2
PERCENTAGE (%)	5	0	0	2
26 – 30	0	1	2	3
PERCENTAGE (%)	0	5.5	5.5	3
30 AND OVER	1	0	2	3
PERCENTAGE (%)	2.5	0	5.5	3

The majority of the respondents had been working for Aspen Pharmacare for less than ten years, with fifty-two respondents (55 per cent) having worked at Aspen Pharmacare for five years or less, and a further twenty-two per cent working for between six and ten years.

Eight respondents had been working for Aspen Pharmacare for over twenty-one years, with four of these being in the Distribution section, and one each from the Production and Demand Planning sections. The small number of long service respondents corresponds with the low percentage of respondents who were aged fifty-one and over as seen in table 4.2. Demand Planning respondents showed the lowest long service numbers, with only one respondent having worked at Aspen Pharmacare for more than fifteen years.

The range of service periods show that the sample is representative of the population with all lengths of service addressed in the questionnaire being represented. This was confirmed by the senior managers in each section.

The respondents' classification data with regard to which section of Aspen Pharmacare they work in is presented in table 4.5.

Table 4.5: Respondents' personal statistics: Section worked in

SECTION	NUMBER OF RESPONDENTS	PERCENTAGE (%)
PRODUCTION	39	42
DEMAND PLANNING	18	19
DISTRIBUTION	37	39
TOTAL	94	100

4.2.2 Tangibles Dimension

Analysis of the performance ratings of the tangibles dimension by the three sections of Aspen Pharmacare are examined in this section. Tables 4.6 to 4.8 show the rating of the tangibles dimension statements as compiled from the empirical data from the Production, Demand Planning and Distribution sections respectively.

Table 4.6: Tangibles Dimension: Production Performance ratings

STATEMENT	EXCELLENT	GOOD	NEUTRAL	POOR	VERY POOR
I work in a pleasant environment.	10.3%	48.7%	41.0%	0%	0%
Written materials I use are easy to understand.	10.3%	66.7%	23.0%	0%	0%
The technology I use is up to date.	15.5%	48.7%	23.0%	12.8%	0%
The tools used to perform my job are adequate.	7.7%	51.3%	35.9%	5.1%	0%
AVERAGE	10.95%	53.85%	30.73%	4.48%	0%

Table 4.7: Tangibles Dimension: Demand Planning Performance ratings

STATEMENT	EXCELLENT	GOOD	NEUTRAL	POOR	VERY POOR
I work in a pleasant environment.	11.1%	72.2%	5.6%	11.1%	0%
Written materials I use are easy to understand.	16.7%	55.6%	27.7%	0%	0%
The technology I use is up to date.	16.7%	61.0%	16.7%	5.6%	0%
The tools used to perform my job are adequate.	16.7%	61.0%	16.7%	5.6%	0%
AVERAGE	15.3%	62.45%	16.68%	5.58%	0%

No respondents rated the performance of the tangibles statements by the other sections as very poor. The Production section gave the highest percentages of neutral ratings for their dealings with the Demand Planning and Distribution sections. The Demand Planning section gave the highest percentage of poor

ratings of their dealings with the other two sections. The Distribution section gave the lowest ratings for the performance of the tangibles statements. This indicates that all three sections need to improve their tangible elements to allow their staff to be more satisfied with their physical surroundings. Overall job satisfaction could be increased, which should result in more satisfied employees and better customer service (Kang et al., 2002:279). Upgraded facilities is a way to make employees more responsive to their customers (Rust & Zahorik, 1993:211). The environment, including equipment and physical appearance, can contribute to customer service (Swartzlander, 2004:18). Improving the tangible environment may lead to an improvement in performance.

Table 4.8: Tangibles Dimension: Distribution Performance ratings

STATEMENT	EXCELLENT	GOOD	NEUTRAL	POOR	VERY POOR
I work in a pleasant environment.	10.8%	70.3%	16.2%	2.7%	0%
Written materials I use are easy to understand.	21.6%	70.3%	8.1%	0%	0%
The technology I use is up to date.	29.7%	45.9%	24.3%	0%	0%
The tools used to perform my job are adequate.	18.9%	67.6%	13.5%	0%	0%
AVERAGE	20.25%	63.53%	15.53%	0.68%	0%

Figure 4.1 shows the average ratings of the tangibles statements by each section. Overall, nearly 60 per cent of the respondents from all the sections rated the performance of the tangibles dimension by the other staff as good with a further 21 per cent rating the performance as neutral.

The largest variance in the tangibles dimension was shown for the ratings given by the Distribution section. Their ratings varied from less than one per cent (poor) to nearly 64 per cent (good) whereas the ratings by the other sections were more evenly spread with percentages between 4 and 62 per cent.

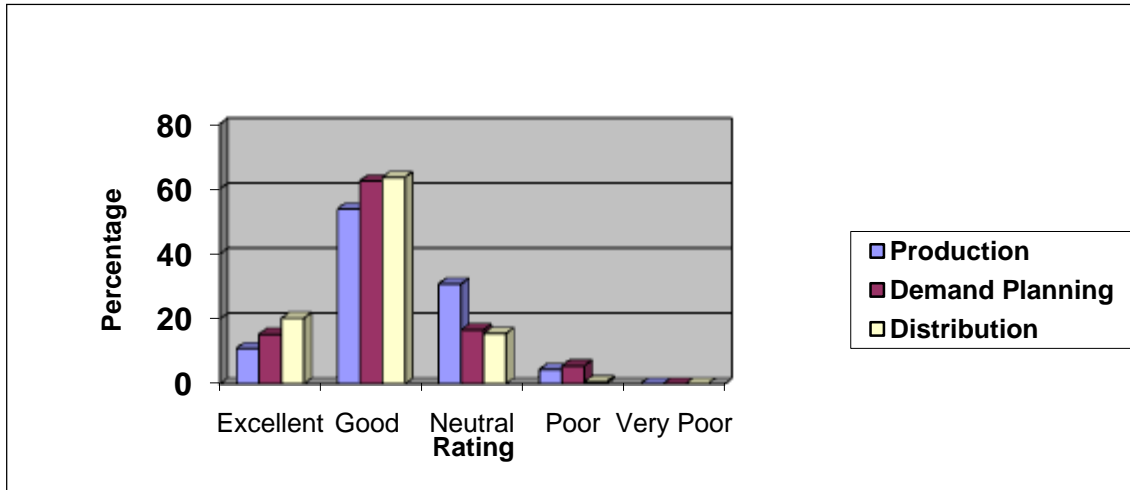


Figure 4.1: Average percentages of the tangibles dimension ratings

4.2.3 Reliability Dimension

Four statements were linked to the reliability service quality dimension of the study. The performance ratings of these statements by the Production, Demand Planning and Distribution sections are presented in tables 4.9, 4.10 and 4.11 respectively.

A small percentage of the Production section respondents rated the reliability of the other sections as very poor. They also gave the highest percentage of neutral responses, namely 48 per cent. The Demand Planning section gave the highest percentage of good responses. There were only a small percentage of excellent responses across all three sections. There is a need for an overall improvement in the reliability of responses of all staff, in terms of both report accuracy and timeliness.

The performance ratings of each statement show that 22.2 per cent of the Demand Planning section rated the timely receipt of responses from the other two sections as being poor. This statement showed the highest percentages of neutral and poor responses of all four statements. Although the Demand Planning section had the highest percentage of poor ratings for statement one,

they showed the highest percentage of good ratings for all statements when compared to the other sections' responses.

Table 4.9: Reliability Dimension: Production Performance ratings

STATEMENT	EXCELLENT	GOOD	NEUTRAL	POOR	VERY POOR
Responses received are timely.	2.6%	38.4%	48.7%	7.7%	2.6%
Staff do what I request of them.	2.6%	48.7%	43.6%	5.1%	0%
Reports given are error free.	5.1%	43.6%	43.6%	7.7%	0%
Responses are correct the first time.	2.6%	33.3%	56.4%	7.7%	0%
AVERAGE	3.23%	41.0%	48.01%	7.05%	0.65%

Table 4.10: Reliability Dimension: Demand Planning Performance ratings

STATEMENT	EXCELLENT	GOOD	NEUTRAL	POOR	VERY POOR
Responses received are timely.	5.6%	50.0%	22.2%	22.2%	0%
Staff do what I request of them.	11.1%	55.6%	33.3%	0%	0%
Reports given are error free.	0%	72.2%	27.8%	0%	0%
Responses are correct the first time.	11.1%	66.7%	22.2%	0%	0%
AVERAGE	6.95%	61.13%	26.38%	5.55%	0%

Table 4.11: Reliability Dimension: Distribution Performance ratings

STATEMENT	EXCELLENT	GOOD	NEUTRAL	POOR	VERY POOR
Responses received are timely.	8.1%	45.9%	35.2%	10.8%	0%
Staff do what I request of them.	13.5%	48.6%	35.2%	2.7%	0%
Reports given are error free.	2.7%	51.4%	43.2%	2.7%	0%
Responses are correct the first time.	5.5%	48.6%	45.9%	0%	0%
AVERAGE	7.45%	48.63%	39.88%	4.05%	0%

Figure 4.2 depicts the average percentages of the reliability dimension ratings.

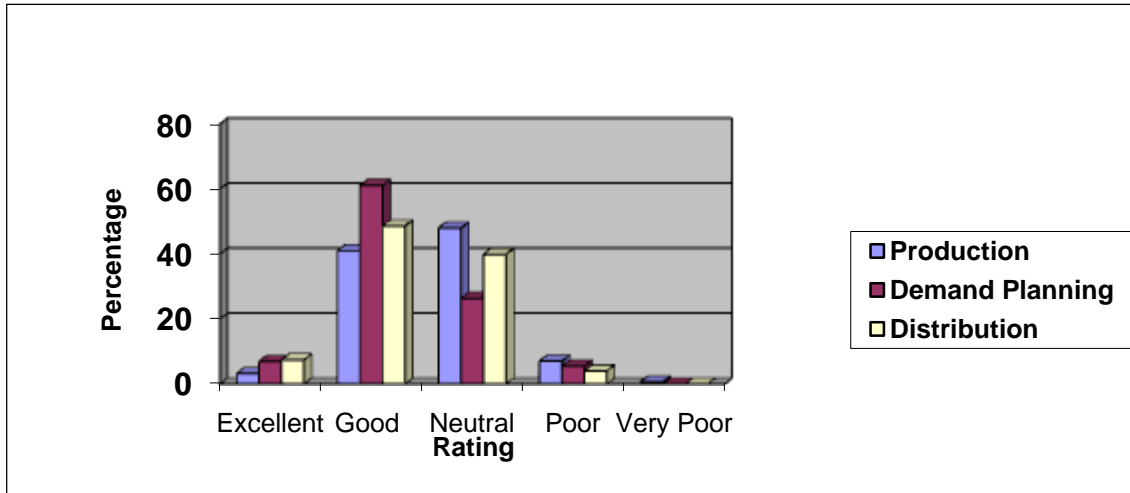


Figure 4.2: Average percentages of the reliability dimension ratings

The majority of the respondents rated the performance of the reliability dimensions as good. The Demand Planning section had the highest percentage (61 per cent) of good ratings. When examining the overall average of all three sections, 50 per cent of statements were rated as good with a further 38 per cent rated as neutral.

The Demand Planning section showed the largest variance of ratings for the reliability dimension as they gave more good responses and less neutral responses than the other sections. The average percentages of the other two sections were much closer to each other.

4.2.4 Responsiveness Dimension

The responsiveness dimension performance ratings are presented in tables 4.12 to 4.14. A total of three statements were linked to this dimension. Both the Production and Demand Planning sections gave poor ratings totalling more than ten per cent for the performance of the responsiveness dimension. The Distribution rating of poor was only slightly lower with an average of nearly nine

per cent. The Demand Planning section awarded the highest average percentage of good ratings (63 per cent), while Distribution gave the highest average of excellent ratings (9 per cent).

Two sections, Production and Distribution, awarded ratings of poor to the performance statement related to a quick response time. This highlights the fact that a poor response time to problems does occur in the interactions between the three sections. This needs to be improved. Unresponsive internal sections make it difficult for the organisation to meet competitive challenges (Magidson & Polcha, 1992:37). Training programs will help the employees to become more responsive to their customers (Rust & Zahorik, 1993:211).

Table 4.12: Responsiveness Dimension: Production Performance ratings

STATEMENT	EXCELLENT	GOOD	NEUTRAL	POOR	VERY POOR
Other section's staff are willing to assist with my problems.	5.1%	51.3%	35.9%	7.7%	0%
Other section's staff adhere to my timeframes.	2.6%	33.3%	48.7%	15.4%	0%
Response time in dealing with a problem is quick.	5.1%	28.2%	56.4%	7.7%	2.6%
AVERAGE	4.27%	37.6%	47%	10.27%	0.87%

Table 4.13: Responsiveness Dimension: Demand Planning Performance ratings

STATEMENT	EXCELLENT	GOOD	NEUTRAL	POOR	VERY POOR
Other section's staff are willing to assist with my problems.	22.2%	55.55%	16.65%	5.6%	0%
Other section's staff adhere to my timeframes.	0%	66.7%	22.2%	11.1%	0%
Response time in dealing with a problem is quick.	0%	66.7%	16.65%	16.65%	0%
AVERAGE	7.40%	62.98%	18.50%	11.12%	0%

Table 4.14: Responsiveness Dimension: Distribution Performance ratings

STATEMENT	EXCELLENT	GOOD	NEUTRAL	POOR	VERY POOR
Other section's staff are willing to assist with my problems.	10.8%	48.6%	35.2%	5.4%	0%
Other section's staff adhere to my timeframes.	2.7%	29.7%	59.5%	5.4%	2.7%
Response time in dealing with a problem is quick.	13.6%	29.7%	48.6%	5.4%	2.7%
AVERAGE	9.03%	36.00%	47.77%	5.4%	1.8%

The average percentages of the ratings of the responsiveness dimensions are presented in figure 4.3. An overall average percentage of 45 of respondents across the three sections rated responsiveness as good and a further 38 per cent as neutral. Improving cooperation between the three internal sections will lead to improved responsiveness between the sections as well as to external customer (Laurence & Wiswell, 1998:45).

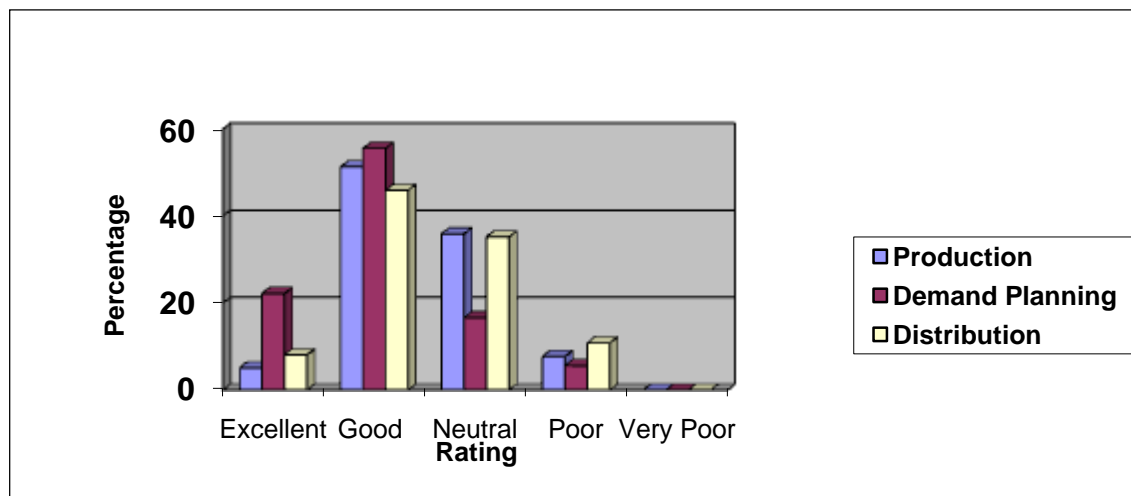


Figure 4.3: Average percentages of the responsiveness dimension ratings

The Demand Planning section's ratings showed the largest variance for the responsiveness dimension. They gave far fewer neutral responses (18.5 per cent) than the other sections (47 and 47.7 per cent respectively) and a higher

percentage of good ratings (nearly 63 per cent) when compared to 38 and 45.5 per cent for Production and Distribution respectively.

4.2.5 Competence Dimension

The empirical data of the competence dimension ratings by the respondents of the Production, Demand Planning and Distribution sections is presented in tables 4.15, 4.16 and 4.17 respectively. There were no ratings of “very poor” by any respondents. A small percentage of each section rated the performance of the other sections as being “poor”. This implies that the data provided by each section is not always up to date or appropriate. Staff may not know how to use software, such as *Baan* (internal system software) skilfully. Training programs in software should improve employees’ skill levels (Rust & Zahorik, 1993:211) and allow the employees to extract the appropriate data for their internal and external customers.

Table 4.15: Competence Dimension: Production Performance ratings

STATEMENT	EXCELLENT	GOOD	NEUTRAL	POOR	VERY POOR
Data provided to me is appropriate.	12.8%	71.8%	12.8%	2.6%	0%
Data provided to me is up to date.	15.4%	61.5%	20.5%	2.6%	0%
Other section’s staff are able to use computer software, such as Baan, skilfully.	15.4%	56.4%	23.1%	5.1%	0%
AVERAGE	14.53%	63.23%	18.80%	3.43%	0%

Table 4.16: Competence Dimension: Demand Planning Performance ratings

STATEMENT	EXCELLENT	GOOD	NEUTRAL	POOR	VERY POOR
Data provided to me is appropriate.	16.7%	61.0%	16.7%	5.6%	0%
Data provided to me is up to date.	16.7%	55.5%	22.2%	5.6%	0%
Other section's staff are able to use computer software, such as Baan, skilfully.	27.8%	50.0%	22.2%	0%	0%
AVERAGE	20.40%	55.50%	20.37%	3.73%	0%

Table 4.17: Competence Dimension: Distribution Performance ratings

STATEMENT	EXCELLENT	GOOD	NEUTRAL	POOR	VERY POOR
Data provided to me is appropriate.	10.8%	59.5%	27.0%	2.7%	0%
Data provided to me is up to date.	27.0%	48.6%	21.7%	2.7%	0%
Other section's staff are able to use computer software, such as Baan, skilfully.	24.3%	29.8%	40.5%	5.4%	0%
AVERAGE	45.90%	45.97%	29.73%	3.6%	0%

The average percentages of the ratings of the competence dimension are depicted in figure 4.4. The largest percentage of responses were rated as good with neutral and excellent ratings forming the majority of the balance of the responses.

For the competence dimension, the Production section showed the biggest variance in ratings. They awarded more good ratings (63 per cent), less neutral (18.8 per cent) and excellent ratings (14.5 per cent) than the other sections.

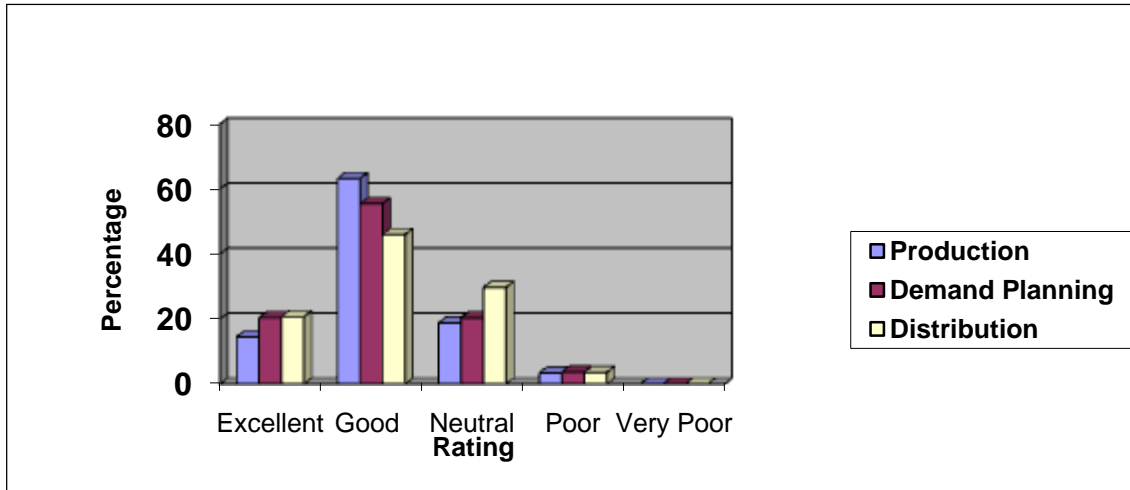


Figure 4.4: Average percentages of the competence dimension ratings

4.2.6 Courtesy Dimension

This dimension consisted of three statements. Tables 4.18 to 4.20 show the rating of the courtesy related statements. Only a small percentage of the Production respondents gave a very poor rating to the performance by the Demand Planning and Distribution sections for the courtesy dimension. This dimension had the third highest overall percentage rating (24 per cent) of excellent of all ten of the service quality dimensions.

Table 4.18: Courtesy Dimension: Production Performance ratings

STATEMENT	EXCELLENT	GOOD	NEUTRAL	POOR	VERY POOR
Other section's staff...					
..have a pleasant manner when dealing with me in person.	20.5%	53.8%	20.5%	2.6%	2.6%
..are not rude when I ask them questions.	17.9%	51.3%	25.6%	2.6%	2.6%
..are consistently polite when talking to me on the phone.	15.4%	56.4%	23.1%	5.1%	0%
AVERAGE	17.93%	53.83%	23.07%	3.43%	1.73%

Table 4.19: Courtesy Dimension: Demand Planning Performance ratings

STATEMENT	EXCELLENT	GOOD	NEUTRAL	POOR	VERY POOR
Other section's staff...					
..have a pleasant manner when dealing with me in person.	27.7%	55.6%	16.7%	0%	0%
..are not rude when I ask them questions.	22.2%	61.1%	11.1%	5.6%	0%
..are consistently polite when talking to me on the phone.	22.2%	50.0%	16.7%	11.1%	0%
AVERAGE	24.03%	55.57%	14.83%	5.57%	0%

Table 4.20: Courtesy Dimension: Distribution Performance ratings

STATEMENT	EXCELLENT	GOOD	NEUTRAL	POOR	VERY POOR
Other section's staff...					
..have a pleasant manner when dealing with me in person.	29.7%	62.2%	5.4%	2.7%	0%
..are not rude when I ask them questions.	35.1%	51.4%	13.5%	0%	0%
..are consistently polite when talking to me on the phone.	24.3%	51.4%	24.3%	0%	0%
AVERAGE	29.7%	55.0%	14.4%	0.9%	0%

The average percentages of the performance ratings of the courtesy dimension are shown in figure 4.5. More than 50 per cent of respondents rated the performance as good. Bowen et al. (1989:83) comment that courtesy, as one of the intangible service quality dimensions, is important when there are high levels of customer contact. Internal customers often deal with each other on a daily basis, and courtesy is always an added source of value.

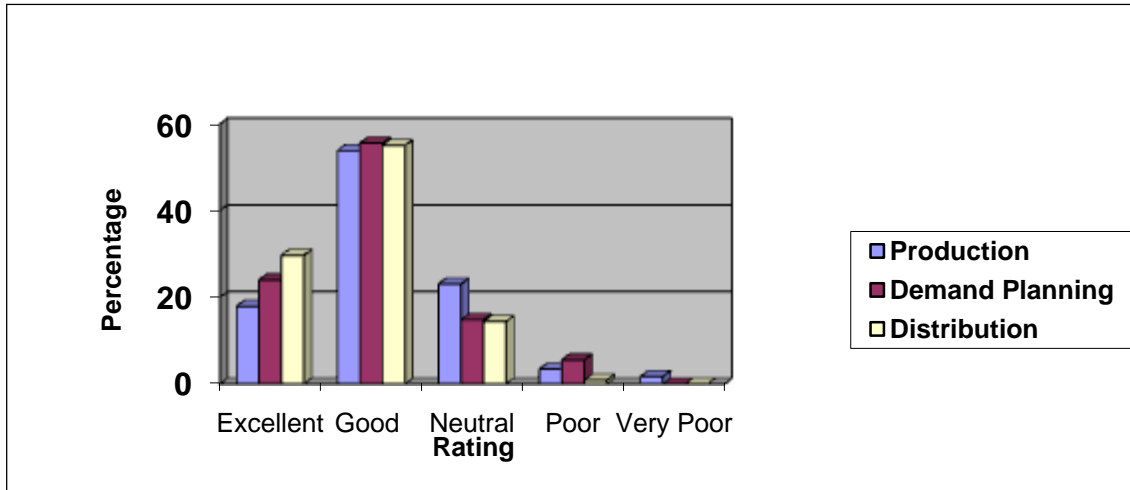


Figure 4.5: Average percentages of the courtesy dimension ratings

The Distribution section showed the largest variances in the percentages of the ratings. They have the largest differences in their average percentages for each of the ratings when compared to the other sections.

4.2.7 Credibility Dimension

The ratings of the three statements linked to the credibility dimension are shown in tables 4.21 to 4.23.

Table 4.21: Credibility Dimension: Production Performance ratings

STATEMENT	EXCELLENT	GOOD	NEUTRAL	POOR	VERY POOR
The staff in the other sections I work with have a good professional reputation.	10.3%	64.0%	23.1%	2.6%	0%
The responses given by each section are as trustworthy as the others.	10.3%	46.1%	41.0%	2.6%	0%
The other section's staff give honest answers to my questions.	10.3%	41.0%	48.7%	0%	0%
AVERAGE	10.3%	50.37%	37.6%	1.73%	0%

No respondents rated the performance by the other sections as “very poor”. The only “poor” ratings were given by the Production section. Over 50 per cent of the respondents from each section rate the performance of the other section’s staff as “good”. There is a big difference between the percentages of the neutral responses between Demand Planning and the other two sections (15 per cent compared to over 35 per cent).

Table 4.22: Credibility Dimension: Demand Planning Performance ratings

STATEMENT	EXCELLENT	GOOD	NEUTRAL	POOR	VERY POOR
The staff in the other sections I work with have a good professional reputation.	27.7%	55.6%	16.7%	0%	0%
The responses given by each section are as trustworthy as the others.	22.3%	66.6%	11.1%	0%	0%
The other section’s staff give honest answers to my questions.	16.7%	66.6%	16.7%	0%	0%
AVERAGE	22.23%	62.93%	14.83%	0%	0%

Table 4.23: Credibility Dimension: Distribution Performance ratings

STATEMENT	EXCELLENT	GOOD	NEUTRAL	POOR	VERY POOR
The staff in the other sections I work with have a good professional reputation.	19.0%	54.0%	27.0%	0%	0%
The responses given by each section are as trustworthy as the others.	13.5%	45.9%	40.6%	0%	0%
The other section’s staff give honest answers to my questions.	19.0%	45.9%	35.3%	0%	0%
AVERAGE	17.17%	48.6%	35.3%	0%	0%

Figure 4.6 presents the average percentages of the performance rating of the credibility dimension. Credibility of employees can be diminished if they do not

have a good reputation or if they do not provide honest answers to questions. A negative word of mouth can have a devastating impact on an employee or section (Homburg & Rudolph, 2001:15).

The credibility dimension had the largest variance in the Demand Planning section. The Demand Planning sections had a lower average percentage of neutral ratings than the other two sections, and a higher “good” and “excellent” rating. The rating percentages of the other two sections were very similar to each other.

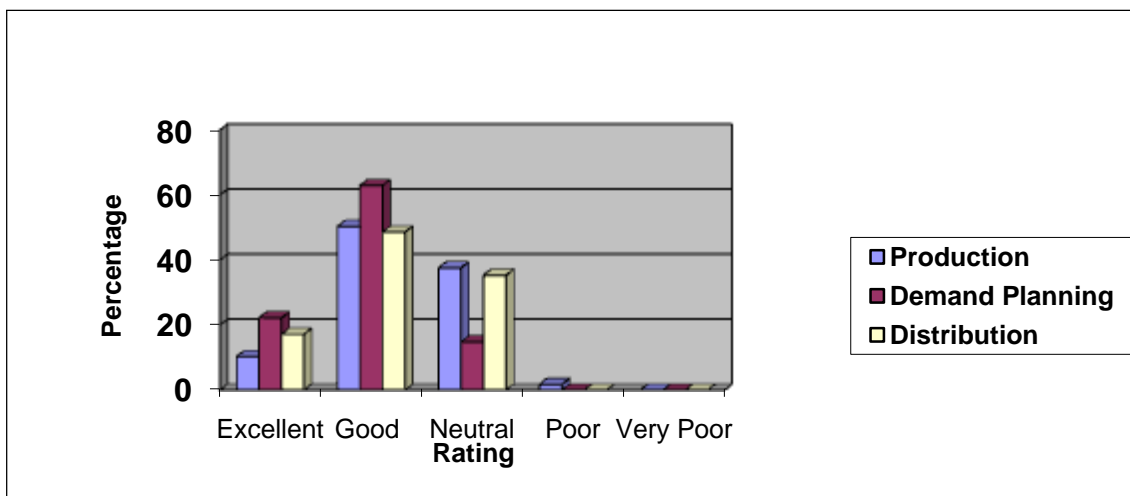


Figure 4.6: Average percentages of the credibility dimension ratings

4.2.8 Security Dimension

There were three statements linked to the security dimension and the ratings are depicted in tables 4.24, 4.25 and 4.26. The Production respondents gave the only “very poor” ratings for the performance of this dimension. All three sections had “poor” ratings for the statement linked to other staff knowing where the staff keep their records. Not knowing where records are stored could delay a report or response if the staff member normally responsible for the records is not available. The safety of equipment used to perform their jobs was not rated as “poor” or “very poor” by any respondents.

Table 4.24: Security Dimension: Production Performance ratings

STATEMENT	EXCELLENT	GOOD	NEUTRAL	POOR	VERY POOR
Other staff know where my records are kept.	5.1%	35.9%	46.2%	7.7%	5.1%
Records are protected from unauthorised use.	35.9%	41.0%	20.5%	0%	2.6%
It is safe to use the equipment I use to perform my job.	30.7%	46.2%	23.1%	0%	0%
AVERAGE	23.90%	41.03%	29.93%	2.57%	2.57%

Table 4.25: Security Dimension: Demand Planning Performance ratings

STATEMENT	EXCELLENT	GOOD	NEUTRAL	POOR	VERY POOR
Other staff know where my records are kept.	11.1%	33.3%	44.5%	11.1%	0%
Records are protected from unauthorised use.	22.2%	38.9%	33.3%	5.6%	0%
It is safe to use the equipment I use to perform my job.	27.7%	66.7%	5.6%	0%	0%
AVERAGE	20.33%	46.30%	27.80%	5.57%	0%

Table 4.26: Security Dimension: Distribution Performance ratings

STATEMENT	EXCELLENT	GOOD	NEUTRAL	POOR	VERY POOR
Other staff know where my records are kept.	21.7%	37.8%	37.8%	2.7%	0%
Records are protected from unauthorised use.	37.8%	51.4%	10.8%	0%	0%
It is safe to use the equipment I use to perform my job.	37.8%	54.1%	8.1%	0%	0%
AVERAGE	29.1%	47.77%	18.9%	0.9%	0%

The average percentages of the security dimension is presented in figure 4.7. Bowen et al. (1989:83) comment that security, as one of the intangible service quality dimensions, is important when there are high levels of customer contact.

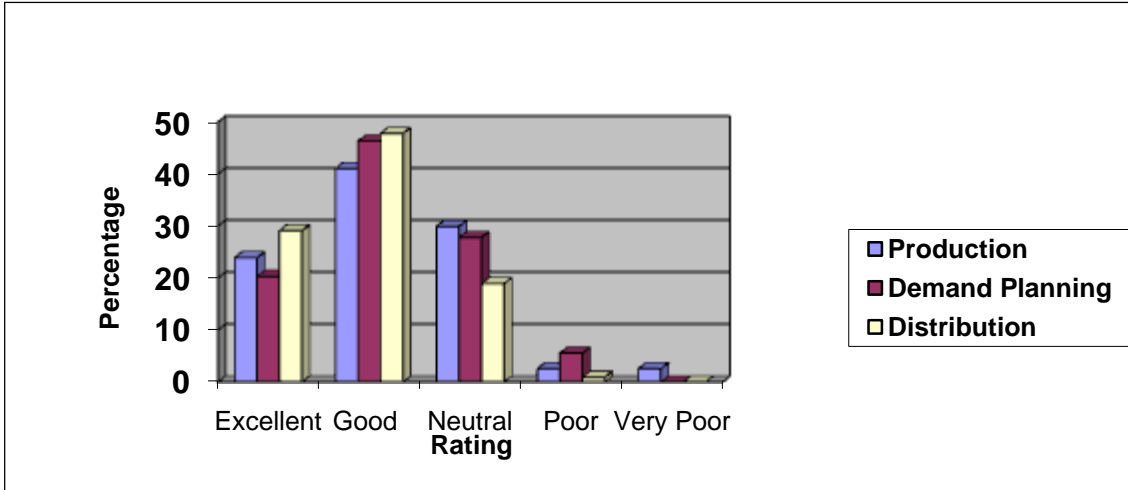


Figure 4.7: Average percentages of the security dimension ratings

Distribution showed the greatest variance in the security dimension. Their average percentage of neutral ratings was lower than the other sections and the excellent ratings were higher. The average percentages of the ratings of the other two sections were more similar.

4.2.9 Access Dimension

Tables 4.27 to 4.29 present the performance ratings of the access dimension. Only a small percentage of Production respondents rated the performance as “very poor”. All three sections gave some poor ratings to the statement that the appropriate staff member could be reached by telephone. The Production and Distribution sections both gave ratings of “poor” to the statement that an alternate staff member is available if the normal staff member is unavailable. With most staff being accessible to other staff via both telephone and email, performance of the access related statements should be higher. The appropriate staff should be available to others through one of the two media, or by having an alternate staff member available if they are not available.

Table 4.27: Access Dimension: Production Performance ratings

STATEMENT	EXCELLENT	GOOD	NEUTRAL	POOR	VERY POOR
It is easy...					
..to reach the appropriate staff member by telephone.	25.6%	43.6%	20.5%	7.7%	2.6%
..to reach the appropriate staff member by email.	41.0%	41.0%	15.4%	2.6%	0%
An alternate staff member is available if the normal staff member I deal with is unavailable.	10.2%	38.5%	33.3%	15.4%	2.6%
AVERAGE	25.60%	41.03%	23.07%	8.57%	1.73%

Table 4.28: Access Dimension: Demand Planning Performance ratings

STATEMENT	EXCELLENT	GOOD	NEUTRAL	POOR	VERY POOR
It is easy...					
..to reach the appropriate staff member by telephone.	33.3%	44.4%	5.6%	16.7%	0%
..to reach the appropriate staff member by email.	50.0%	38.9%	11.1%	0%	0%
An alternate staff member is available if the normal staff member I deal with is unavailable.	33.3%	44.4%	22.3%	0%	0%
AVERAGE	38.87%	42.57%	13.00%	5.57%	0%

Table 4.29: Access Dimension: Distribution Performance ratings

STATEMENT	EXCELLENT	GOOD	NEUTRAL	POOR	VERY POOR
It is easy...					
..to reach the appropriate staff member by telephone.	16.2%	48.7%	24.3%	10.8%	0%
..to reach the appropriate staff member by email.	29.8%	45.9%	18.9%	5.4%	0%
An alternate staff member is available if the normal staff member I deal with is unavailable.	18.9%	32.5%	37.8%	10.8%	0%
AVERAGE	21.63%	42.37%	27.0%	9.0%	0%

The average percentages of the access dimension ratings are presented in figure 4.8. Demand Planning awarded the highest percentage of “excellent” ratings to the performance of the access dimension by the other sections. Although many respondents rated the performance as “excellent”, all staff need to ensure that they notify internal customers of who should be contacted if they are unavailable.

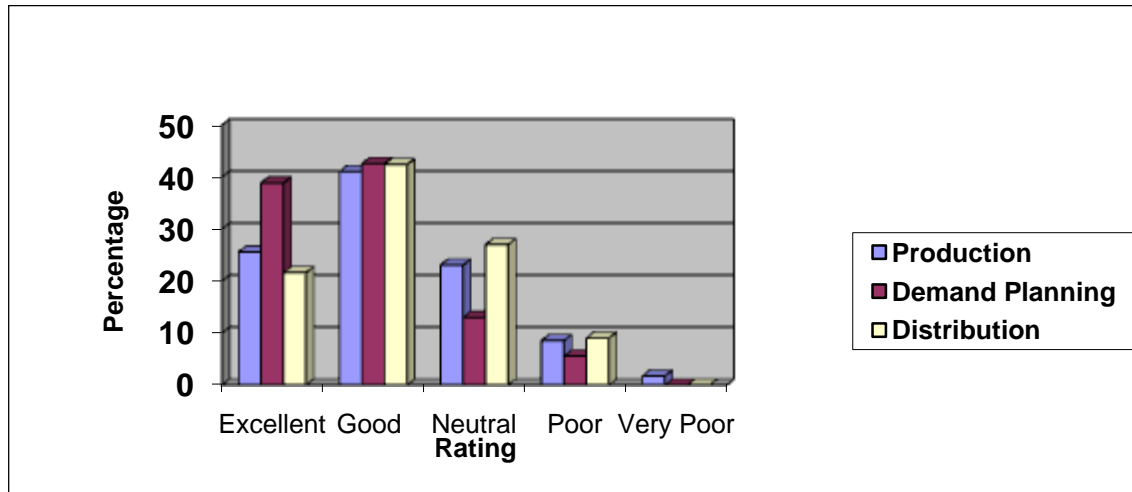


Figure 4.8: Average percentages of the access dimension ratings

The access variable shows the greatest variance in the Demand Planning section when compared to the other two sections. The neutral ratings had a lower average percentage when compared to the other two sections while the excellent rating had a higher average percentage. The other two sections’ average percentages for each rating showed less variability.

4.2.10 Communication Dimension

There were three statements for this dimension. Tables 4.30 to 4.32 show the performance ratings per section. A small percentage of Production staff gave ratings of very poor to the statement regarding whether the other staff communicate if they cannot meet a deadline. This same statement received poor ratings from all three sections. Trying to meet a set deadline is mentioned by

Lawrence and Wiswell (1998:46) as being identified with by those staff that experience good internal customer service.

Table 4.30: Communication Dimension: Production Performance ratings

STATEMENT	EXCELLENT	GOOD	NEUTRAL	POOR	VERY POOR
Other section's staff...					
..demonstrate understanding of my query when I contact them.	10.3%	61.5%	25.6%	2.6%	0%
..communicate the solutions to my query clearly.	7.7%	53.8%	35.9%	2.6%	0%
..communicate if they cannot meet a deadline on a task.	10.3%	38.5%	33.3%	15.3%	2.6%
AVERAGE	9.43%	51.27%	31.6%	6.83%	0.87%

Table 4.31: Communication Dimension: Demand Planning Performance ratings

STATEMENT	EXCELLENT	GOOD	NEUTRAL	POOR	VERY POOR
Other section's staff...					
..demonstrate understanding of my query when I contact them.	22.2%	55.6%	22.2%	0%	0%
..communicate the solutions to my query clearly.	11.1%	66.7%	22.2%	0%	0%
..communicate if they cannot meet a deadline on a task.	5.55%	66.7%	22.2%	5.55%	0%
AVERAGE	12.95%	64.0%	22.2%	1.85%	0%

Figure 4.9 presents the average percentages of each section of the communication dimension. An overall average of the three sections gave a performance rating of over 56 percent. This leaves room for an improvement in the performance of this dimension.

Table 4.32: Communication Dimension: Distribution Performance ratings

STATEMENT	EXCELLENT	GOOD	NEUTRAL	POOR	VERY POOR
Other section's staff...					
..demonstrate understanding of my query when I contact them.	13.5%	70.3%	16.2%	0%	0%
..communicate the solutions to my query clearly.	13.5%	59.5%	27.0%	0%	0%
..communicate if they cannot meet a deadline on a task.	10.8%	32.5%	48.6%	8.1%	0%
AVERAGE	12.6%	54.1%	30.6%	2.7%	0%

The Demand Planning sections showed the largest variance in average percentages in this dimension. The ratings of the other two sections are similar to each other.

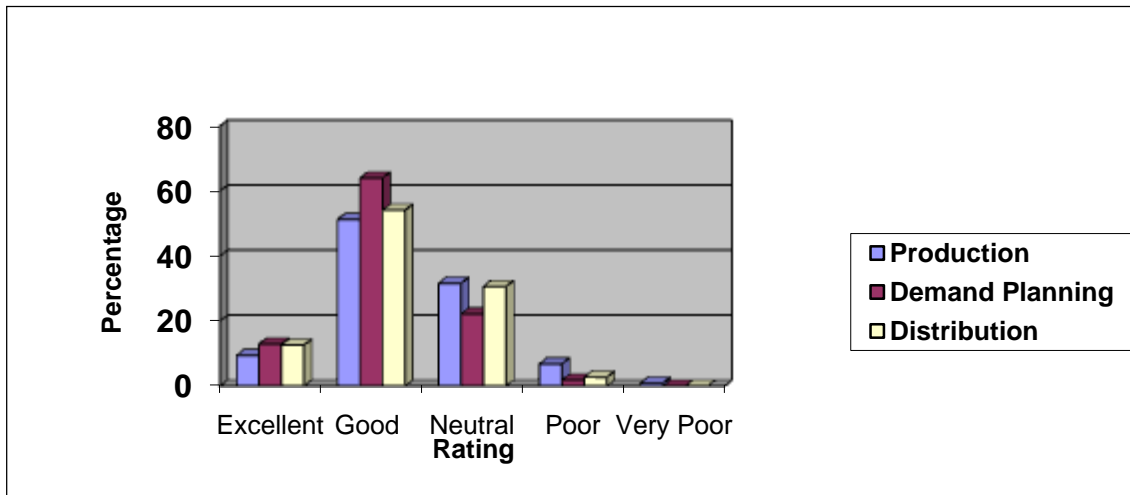


Figure 4.9: Average percentages of the communication dimension ratings

4.2.11 Understanding The Customer Dimension

There were four statements for this dimension. Over 50 percent of the respondents for each section awarded ratings of good to the performance of this

dimension. A small percentage rated the statement dealing with the consistency of service as being performed very poorly.

Table 4.33: Understanding the Customer Dimension: Production Performance ratings

STATEMENT	EXCELLENT	GOOD	NEUTRAL	POOR	VERY POOR
Other section's staff...					
..recognise me at work once I have dealt with them.	15.4%	64.1%	20.5%	0%	0%
..determine what my specific requirements are.	2.6%	53.8%	38.5%	5.1%	0%
..understand the level of service I require of them.	0%	58.9%	38.5%	2.6%	0%
..understand that the level of service they offer must be consistently good.	5.1%	56.4%	35.9%	0%	2.6%
AVERAGE	5.78%	58.30%	33.35%	1.93%	0.65%

Table 4.34: Understanding the Customer Dimension: Demand Planning Performance ratings

STATEMENT	EXCELLENT	GOOD	NEUTRAL	POOR	VERY POOR
Other section's staff...					
..recognise me at work once I have dealt with them.	33.3%	39.0%	27.7%	0%	0%
..determine what my specific requirements are.	16.7%	55.6%	27.7%	0%	0%
..understand the level of service I require of them.	16.7%	61.0%	16.7%	5.6%	0%
..understand that the level of service they offer must be consistently good.	22.3%	61.0%	11.1%	5.6%	0%
AVERAGE	22.25%	54.15%	20.80%	2.80%	0%

Table 4.35: Understanding the Customer Dimension: Distribution Performance ratings

STATEMENT	EXCELLENT	GOOD	NEUTRAL	POOR	VERY POOR
Other section's staff...					
..recognise me at work once I have dealt with them.	16.2%	64.9%	18.9%	0%	0%
..determine what my specific requirements are.	10.8%	51.3%	35.2%	2.7%	0%
..understand the level of service I require of them.	16.2%	45.9%	35.2%	2.7%	0%
..understand that the level of service they offer must be consistently good.	18.9%	40.6%	37.8%	2.7%	0%
AVERAGE	15.53%	50.68%	31.78%	2.03%	0%

Figure 4.10 depicts the average percentages of the understanding your customer dimension. Management and the HR department need to motivate and encourage the staff from different sections to connect with each other, work together and improve understanding of what is required of them (Davis, 2001: 45-7). Employees need to understand their customer and become “customer conscious” in order to deliver good customer service (Hogg et al., 1998:883). Marshall et al. (1998:383) state that in order to deliver high levels of service quality, the providers of internal service functions need to understand the service requirements of their customers.

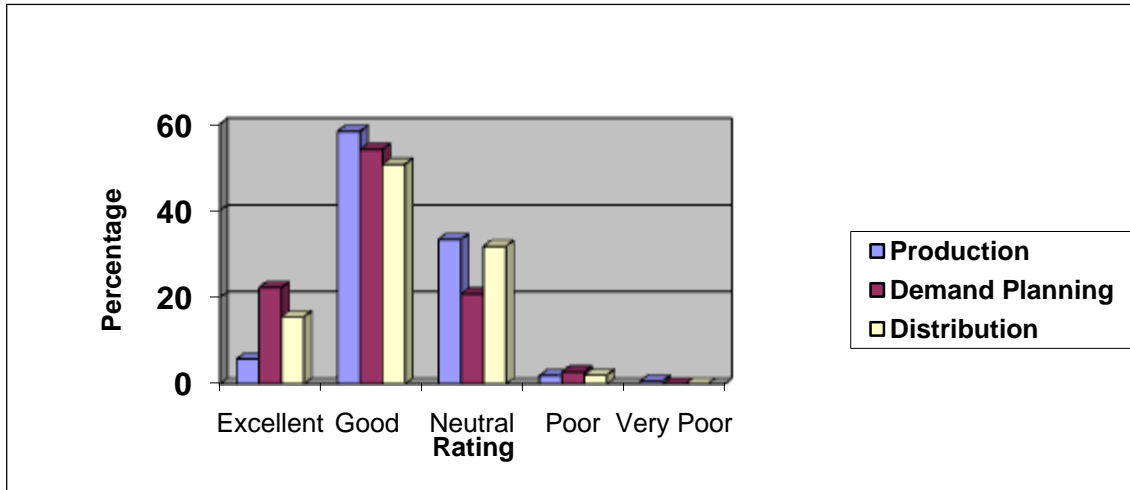


Figure 4.10: Average percentages of the understanding the customer dimension ratings

The performance of this dimension can be improved by getting the staff from the different sections to work together. This will allow the understanding of what is required to be improved and the neutral and poor ratings can be improved upon.

The Production section shows the biggest variance in the “understanding your customer” dimension. Their neutral rating was higher than the other sections and their excellent rating much lower.

4.3 SUMMARY

The analysis of results obtained from the empirical study was covered in this chapter. The study consisted of a questionnaire which was administered to staff of the Production, Demand Planning and Distribution sections of Aspen Pharmacare. The aim of the questionnaire was to assess the level of internal customer service between the three sections based on ten dimensions of service quality, with the statements being rated on two factors, namely, performance and importance.

The performance ratings of each dimension were compared across the three sections. The largest variances per dimension were also identified. These results will assist in answering the five research questions that were developed.

The last chapter will conclude the study by answering the research questions, presenting recommendations to improve internal customer service and quality. Final conclusions will also be made.

5 CHAPTER FIVE DISCUSSION OF RESULTS, RECOMMENDATIONS AND CONCLUSIONS

5.1 INTRODUCTION

The five research questions raised by this study will be answered in this chapter. The chapter will also indicate the areas of importance that should be addressed in order to improve internal customer service between the three sections. The empirical results of the study will be interpreted, summarised and the managerial, marketing, operations and human resource department implications discussed. The researcher will provide recommendations and draw conclusions about the internal customer service between the Production, Demand Planning and Distribution sections of Aspen Pharmacare.

The study will close by presenting the limitations of the study as well as by making recommendations for future research arising from this study.

5.2 RESEARCH QUESTIONS ANSWERED

An organisation needs to determine which service quality dimensions are the most important and therefore require the most attention. These influential service quality dimensions should be monitored to ensure that employees receive a continuously high level of internal service (Kang et al., 2002:288). Research questions one to three address the service quality dimension importance.

The question, what does the Production section of Aspen Pharmacare consider to be the important dimensions of the internal customer service that they receive and offer, was posed as research question one.

As part of the questionnaire, respondents were asked to rate statements regarding ten service quality dimensions on a Likert scale of one (very unimportant) to five (very important). By summing the totals of the responses to the statements related to each dimension and calculating the percentage, the most important dimensions per section were determined.

Communication (90.6 per cent) was the highest rated service quality dimension in relation to importance. Access was rated second (89.9 per cent), tangibles third (89.1 per cent), competence fourth (87.7 per cent) and reliability fifth (87.2 per cent). Courtesy (83.9 per cent) was rated as the least important of the service quality dimensions by the Production section.

The importance results for the Production section are presented in table 5.1 with the five most important dimensions highlighted in bold.

Table 5.1: Production Section: Importance percentages

DIMENSION	PERCENTAGE	RANKING
Tangibles	89.1	3
Reliability	87.2	5
Responsiveness	86.3	6
Competence	87.7	4
Courtesy	83.9	10
Credibility	86.0	7
Security	85.3	9
Access	89.9	2
Communication	90.6	1
Understanding the Customer	85.6	8

Research question two posed the question: what does the Demand Planning section of Aspen Pharmacare consider to be the important dimensions of the internal customer service that they receive and offer?

As with the Production section, the totals of the responses to the statements related to each service quality dimension were totalled and the percentage was calculated, to determine the most important dimensions for the Demand Planning section.

Tangibles (92.2 per cent) was the highest rated service quality dimension in terms of importance. Responsiveness and communication were both rated second (91.5 per cent each), credibility was rated fourth (90.4 per cent), and reliability fifth (89.7 per cent). Understanding the customer was rated as the least important of the service quality dimensions by the Demand Planning section with a score of 85.3 per cent.

The importance results for the Demand Planning section are depicted in table 5.2 with the five most important dimensions highlighted in bold.

Table 5.2: Demand Planning Section: Importance percentages

DIMENSION	PERCENTAGE	RANKING
Tangibles	92.2	1
Reliability	89.7	5
Responsiveness	91.5	2
Competence	89.6	6
Courtesy	87.0	8
Credibility	90.4	4
Security	86.7	9
Access	88.1	7
Communication	91.5	2
Understanding the Customer	85.3	10

The question: what does the Distribution section in Aspen Pharmacare consider to be the important dimensions of the internal customer service that they receive and offer, was posed as research question three.

The totals of the responses to the statements related to each service quality dimension were totalled and the percentage of importance was calculated, to determine the most important dimensions for the Distribution section.

Communication (87.7 per cent) was the highest rated service quality dimension in respect to importance. Competence and security were both rated second (87.4 per cent), and tangibles and reliability were both rated fourth (87.3 per cent). Courtesy was rated as the least important of the service quality dimensions by the Distribution section with a score of 83.8 per cent.

The importance results for the Distribution section is presented in table 5.3 with the five most important dimensions highlighted in bold.

Table 5.3: Distribution Section: Importance percentages

DIMENSION	PERCENTAGE	RANKING
Tangibles	87.3	4
Reliability	87.3	4
Responsiveness	86.3	6
Competence	87.4	2
Courtesy	83.8	10
Credibility	85.9	7
Security	87.4	2
Access	85.9	7
Communication	87.7	1
Understanding the Customer	85.1	9

The ratings of the importance of the service quality dimensions of each section are presented in figure 5.1. The ratings are shown from least important (1) to most important (10).

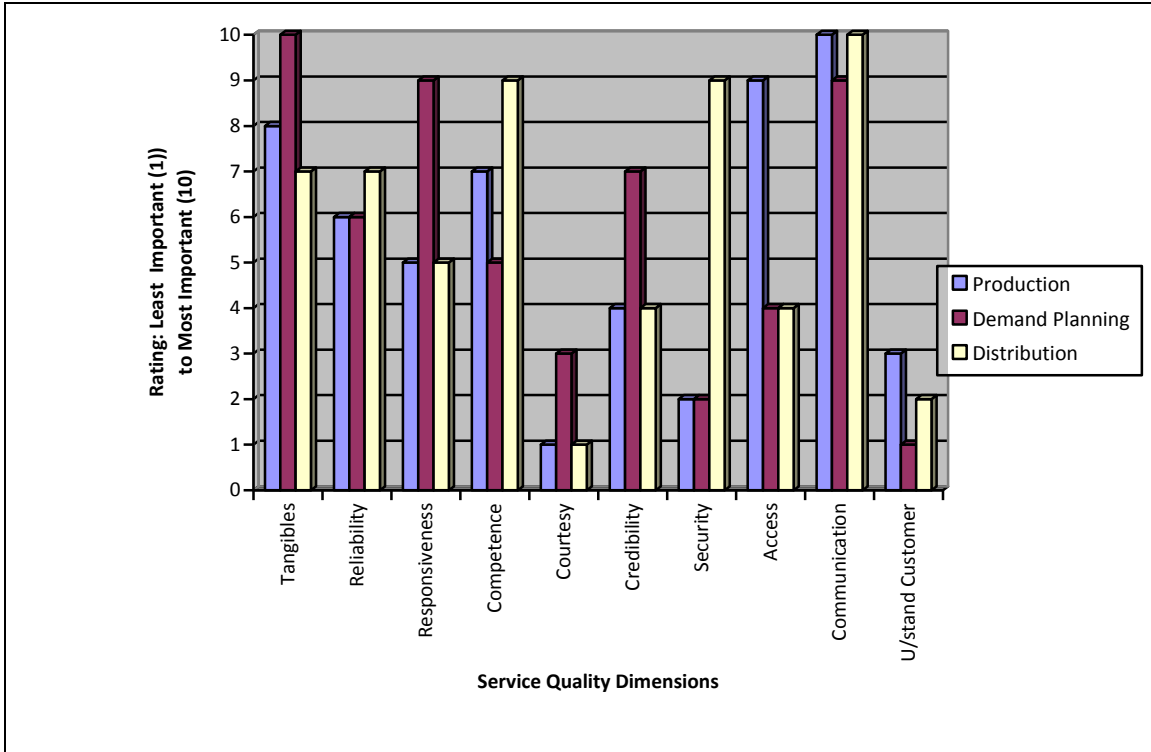


Figure 5.1: Importance ratings of each dimension

Research question four posed the question: in which service quality dimensions are there the biggest variances in each section?

The method used to determine the variances was to study the average percentages of the performance ratings of each service quality dimension for each section. The sections which showed the biggest variance between highest and lowest percentages or the biggest variance when compared to the other two sections' percentages was classified as having the biggest variance. The staff of one section are rating the other section's staff differently to how they are rated in order for these large variances to be apparent.

The Production section showed the largest variance in the competence and understanding the customer dimensions.

The Demand Planning section showed the largest variance in the reliability, responsiveness, credibility, access and communication dimensions. The fact that this section had a smaller number of respondents could be the reason why they show the largest variances in their ratings when compared to the other two sections.

The Distribution section showed the largest variance in the tangibles, courtesy and security dimensions.

Research question five posed the question: what are the key dimensions that will be most valuable in improving Aspen Pharmacare's customer service and quality?

The most important service quality dimensions need to be addressed as part of an internal customer strategy and form part of an internal marketing plan (McDermott & Emerson, 1991:61). The following dimensions are the most important to the sections: communication, tangibles and reliability (in the top five for all three sections) and competence (in the top five importance ratings for two sections).

The overall performance percentages of each section and dimension are presented in figure 5.2. The totals of the responses to the statements related to each service quality dimension of each section were totalled and the percentage of performance was calculated. This determined the best performed dimensions of each section. Competence was rated as the best performed dimension by the Production section; access was rated as the best performed by the Demand Planning section; and courtesy by the Distribution section. Reliability and communication were rated in the bottom four of performance by all three sections.

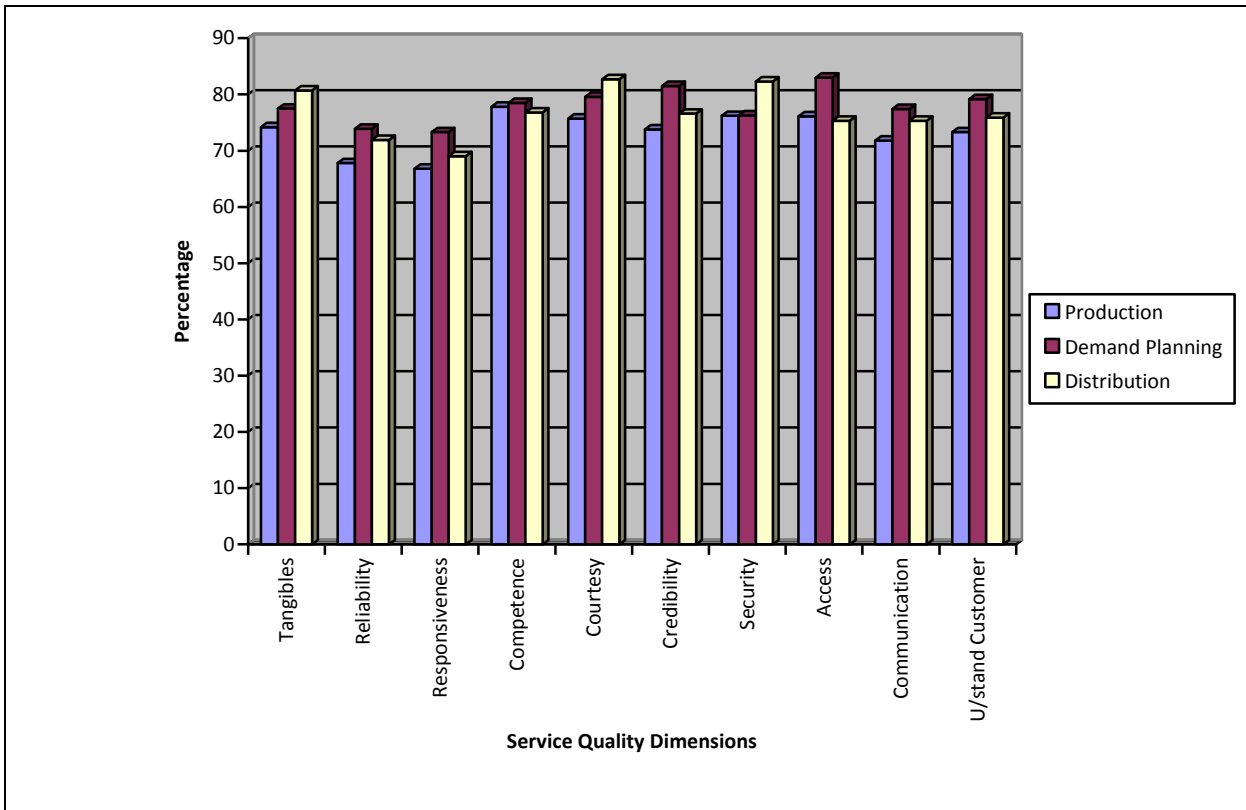


Figure 5.2: Overall Performance percentages

The key dimensions that will be most valuable in improving Aspen Pharmacare’s customer service and quality are communication, tangibles, reliability, competence and responsiveness. These dimensions were determined to be key because three of the dimensions (communication, tangibles and reliability) were considered to be most important for internal service quality by all three sections and yet two of these, communication and reliability, were rated in the bottom of the performance ratings. The performance of these dimensions should be improved as they have been rated to be of importance to employees when dealing with their fellow staff. Improvements in internal communication improve both internal and external customer satisfaction (Lakhe & Mohanty, 1994:21).

The finding that the tangibles dimension was important to the internal customers at Aspen Pharmacare is contradictory to the finding of Brooks et al. (1999:58), which showed that the tangibles dimension was not important to internal customers. The finding that the security dimension is unimportant to internal

customers (Brooks et al., 1999:58) matches the security importance ratings of the Production and Demand Planning sections, but was not proven in the Distribution section. The findings of Kang et al. (2002:281-2) agree with the findings of Brooks et al. who showed that tangibles and security were unimportant but reliability and responsiveness were important as they influence overall service quality. The findings in this study support the findings of Kang et al. (2002:288) regarding reliability and responsiveness.

Competence was added as the fourth service quality dimension as it was rated in the importance top five service quality dimensions by two sections (Production and Distribution). Various authors (Lawrence & Wiswell, 1998:46; Swartzlander, 2004:62-3; Kattara et al., 2008:318-319) found that responsiveness was an important service quality dimension and hence responsiveness was included as the last key dimension. Responsiveness was rated the lowest on the performance ratings by all three sections.

Assessing internal service quality and having an understanding of how the service quality dimensions impact on overall service quality will allow Aspen Pharmacare to design an appropriate service delivery process. Better external customer service can be achieved by identifying the internal strengths and weaknesses linked to the service quality dimensions, and by then allocating internal resources to provide improved internal customer service (Kang et al., 2002:28).

The model of internal customer service that was developed is shown in figure 5.3. The dimensions next to each section show which dimension that section rates as their most important service quality dimensions. The most important service quality dimensions for each section led to the model of the key service quality dimensions which will be most valuable to the three sections of the Aspen Pharmacare supply chain. The most valuable dimensions should be incorporated into all future staff appointments and should be addressed with all current staff to

improve internal customer service. These five dimensions will require the most effort and training to improve their performance and allow the staff to offer improved service to each other and indirectly to the external customer.

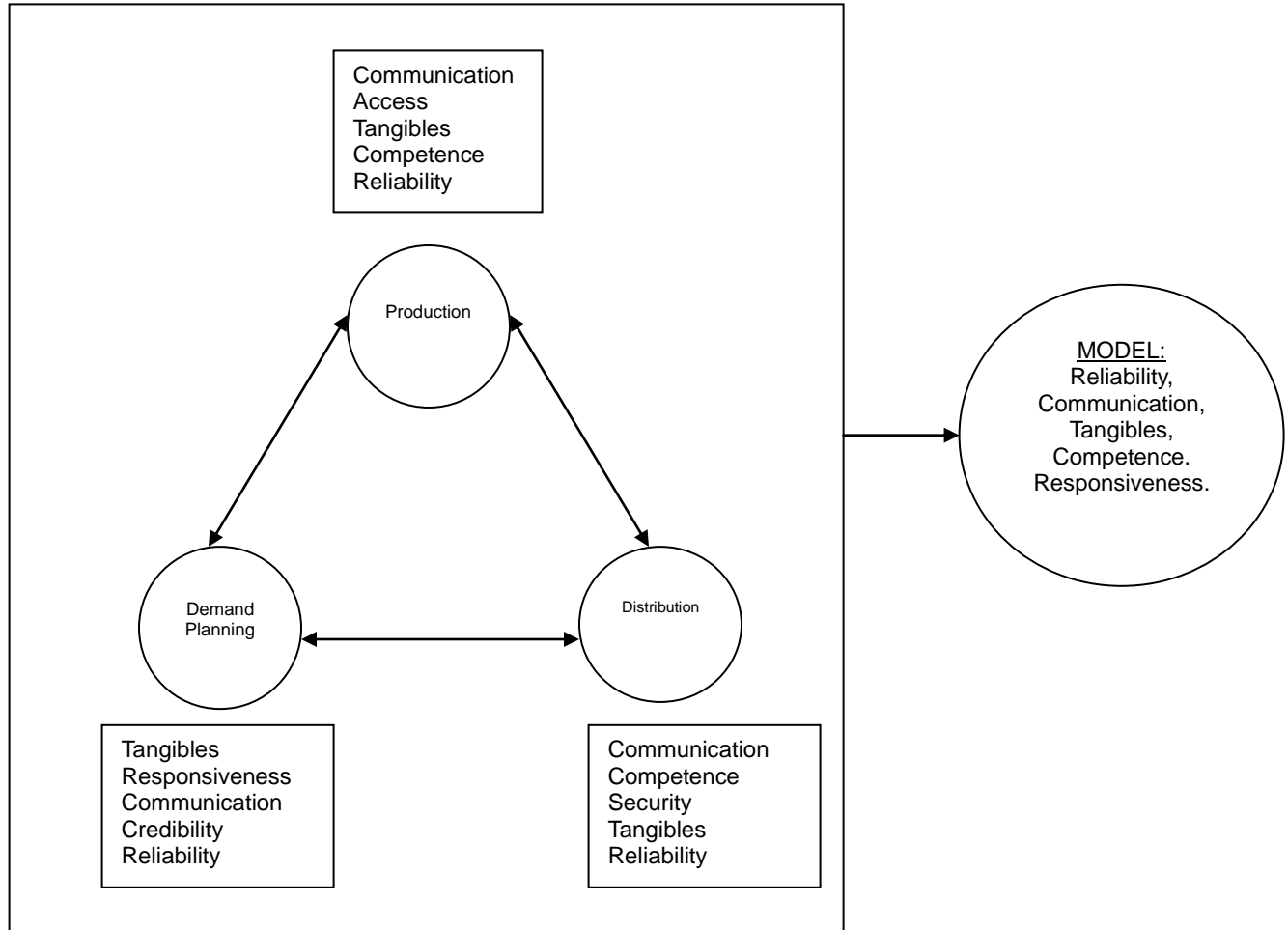


Figure 5.3: Ideal Customer Service Model for Aspen Pharmacare

5.3 RECOMMENDATIONS FOR THE PHARMACEUTICAL COMPANY

Having unresponsive internal sections makes it difficult for any organisation to adjust to changing customer needs and to meet competitive challenges (Magidson & Polcha, 1992:37). Teamwork and participation between the three sections will result in an enhanced work environment which then improves worker morale (Lakhe & Mohanty, 1994:21).

Generic pharmaceutical manufacturers, like Aspen Pharmacare, face the challenge of retaining customers on a daily basis. If sales are lost through an 'out of stock' situation, winning the customer back to the original product will be a difficult task and may result in lost sales of that generic for that customer. The communication and understanding between the marketing department and the operational management of the three sections of Aspen Pharmacare's supply chain, namely, Production, Demand Planning and Distribution, is critical. This is important to ensure that the products that are required for the market are produced so as to minimise out of stocks and lost sales.

Aspen Pharmacare should develop a flowchart of each activity, including what precedes the activity (inputs) and what follows it (outputs), so that all activities can be examined in sequence. This will allow problem areas to be identified (Farner et al., 2001:351). Improved internal relations require the staff to understand the other aspects of the organisational system in order to offer good quality service, to lower barriers of distrust and to improve productivity by enhancing cooperation (Magidson & Polcha, 1992:40; Chaston, 1994b:55; Swartzlander, 2001:56-7). Management and the HR department need to motivate and encourage the staff from the different sections to connect with each other and to work together to gain commitment, improve understanding, and explore solutions that incorporate the interests and recommendations of all staff (Davis, 2001:45-7).

Proper alignment of manufacturing processes with the marketing section's intended markets will ensure that an organisation survives (Rosen & Karwan, 1994:43). High inventory turn-over is a sign of a healthy company and the inventory turns metric reflects the efficiency of the sales, planning, manufacturing and distribution systems (Chatterjee, n.d.). If the sections of Aspen Pharmacare work together and align manufacturing and marketing, a high inventory turn-over would result as the right items would be produced in the right quantity. This would

assist in minimising 'out of stock' situations as well as high inventory carrying costs due to over-production.

The failure of marketing initiatives in meeting customer requirements and in meeting management and staff expectations is a matter of concern that Aspen Pharmacare should address (Christopher, 1991:2). An important new responsibility for marketing is to take charge or collaborate in service quality management in terms of planning and organising improvements, as well as to monitor both customer service requirements externally and internal service support processes (Christopher, 1991:4). Quality has become the integrating concept between production and marketing (Chaston, 1994b:45).

The reliability dimension related to the responses that the staff receive from the other sections being received on time, that these responses are correct the first time and are received without errors. The last statement was related to the staff receiving what they request of the other sections staff. In order to improve the performance of this dimension, the Human Resources Department could draw up a standard set of requirements that all staff who deal with other staff should adhere to. The fact that this dimension was shown to be important to the three sections in this study is in agreement with the findings that reliability is a critical driver of service quality (Dick et al., 2001:55).

The communication dimension related to other staff understanding the query put to them, whether they communicated the solutions clearly and whether they let the staff member who requested the task know if they could not meet the deadline. To improve this dimension, staff should be made aware of the importance of informing other staff if they need more time to complete a report or seek more clarity if they are not sure what is required of them. This could be addressed by the managers of the sections. By seeking clarity of the nature of the task and what is required of them, the recipient should be able to provide clear and correct solutions to the queries requested of them.

Improving communication will assist in improving internal relationships between the three sections and should also lead to improved external customer service (Swinton, n.d.). Improvements in internal communication also improve both internal and external customer satisfaction which are both vital for growing market share and profitability (Lakhe & Mohanty, 1994:21).

The tangibles dimension included statements that related to working in a pleasant environment, easy to understand written materials, technology used being up to date and that the tools used to perform their job are adequate. To improve on this dimension the managers can ensure that the staff have facilities with functional and comfortable furniture and equipment. The IT department need to ensure that all staff have the latest versions of programs used to ensure that technology is up to date and the tools that the staff use are adequate and are the best available.

The competence dimension incorporated statements related to the data provided by the other sections being appropriate and up to date, and that the other staff are able to use computer software, such as *Baan*, skilfully. This could be improved by offering training on the software used by external training providers for programs such as *Microsoft Word* and *Excel* or internal training by the IT department for programs such as *Baan* which are job specific. Staff members should receive the necessary *Baan* training before they begin their job, and receive refresher courses as necessary, or when a need is highlighted. Minimising staff turn-over would also allow for staff to develop competencies which results in high levels of customer satisfaction (Heskett et al., 1994:169).

The responsiveness dimension related to the staff of the other sections being willing to assist with problems and adhering to the timeframes given to them. The response time on a query was also addressed. Adhering to a timeframe in terms of responsiveness links strongly to the communication dimension where

statements also addressed whether the staff member communicates the fact that they will not be able to meet a deadline. Internal service needs to be addressed in order to improve cooperation and the level of service between the sections to improve an organisation's responsiveness to the external market (Lawrence & Wiswell, 1998:45).

The managers of each section should compile guidelines for their staff on how to respond to queries. If the query requires some time to resolve, the staff member should acknowledge the request. If an answer cannot be found within a pre-determined timeframe, a second email should be sent to confirm that the request is being worked on, and finally a response should be sent. This would assist in improving performance of both the communication and responsiveness dimensions.

The access dimension included statements relating to whether other staff are available by telephone or by email, and whether an alternate staff member is available if the normal contact is unavailable. This dimension can be improved by ensuring that emails sent while the staff member is not at their desk are acknowledged as soon as possible when the staff member is back at their desk. Messages left on the telephone should also be followed up with the caller. If a staff member goes on leave, they should leave an out of office message on their telephone and email to provide the dates that they are unavailable and who will be assisting in their absence. This would greatly improve access to staff and to information and would improve the performance of this dimension.

Although the dimension of understanding the customer did not rate as an important dimension, it would be a worthwhile exercise for each section to develop an understanding of what the service requirements of the other sections that they work with are and to ask the sections to evaluate the service provider against these requirements (Marshall et al., 1998:383).

Aspen Pharmacare can confirm that they possess the basic expectations of the quality of service they expect from internal staff by asking the following questions:

- Do the sections have adequate resources available to meet their commitments?
 - Do the sections respond quickly to requests for information?
 - Do the sections have few errors in written reports?
 - Are all the sections staffed by adequately trained staff members to satisfy other sections' needs?
 - Do the staff of the three sections exhibit a willingness to correct problems when they occur by doing everything possible to correct the problem?
- (adapted from McDermott & Emerson, 1991:63).

Answering the above questions will assist Aspen Pharmacare managers in operations (Production, Demand Planning and Distribution) and marketing to learn how to compete on the selected service quality dimensions that are strategically important (Garvin, 1987:104). Further, answering these questions will allow the organisation to move in the same direction as the external customer (Rosen & Karwan, 1994:39). The managers need to understand the organisation's products and services and have enough seniority to influence the strategy of the organisation (Slack, 1994:62).

Employee relationships can be improved in many ways, including establishing an internal customer service strategy, creating an internal marketing plan, providing interpersonal relations training, developing performance standards and by conducting brainstorming meetings (McDermott & Emerson, 1991:61).

An internal marketing plan should be developed for the three sections of the Aspen Pharmacare supply chain covered in this study. The plan could be expanded to include the support sections. The recognition that the quality of relationships within the organisation is critical to the success of the marketing plans forms an important tenet of internal marketing (Christopher, 1991:7). The

marketing, HR, operations and management departments should work together to establish service levels because internal marketing is the responsibility of all sections, not the sole responsibility of a single section (Rafiq & Ahmed, 1993:228).

The HR department can minimise employee turnover by hiring and retaining the best employees and through implementing correct rewards and remuneration strategies (Heskett et al., 1994:169). HR and management need to motivate and encourage staff from the different sections to work together to gain commitment, improve understanding of the internal customer's needs and to incorporate accountability across the organisation (Davis, 2001:45-47).

5.4 LIMITATIONS OF THE STUDY

A number of limitations of the study were noted retrospectively. These included the exclusion of the support departments (discussed in section 5.4.1) and the questionnaire design (discussed in section 5.4.2).

A variable which could not be controlled may also have affected the responses. The variable is the fact that the responses are based on an individual's perception of the service they are receiving from the other sections. If the respondent had a good or bad experience during the time preceding their completion of the questionnaire, their perception and rating of the statements could have been biased by that experience. A recent good or bad experience may override the regular service offered by the other sections.

5.4.1 Exclusion of the Support Sections

This study addressed the three largest sections of Aspen Pharmacare. Although the results of the study have shown a similarity of the results of the importance of

the dimensions and the gaps between performance and importance for the three sections involved in the study, a comprehensive study of all the support functions of the manufacturer should be carried out.

5.4.2 The Questionnaire Design

The questionnaire was designed so that each section assessed the other two sections together. Many factors affect the respondents' work experience, such as their job satisfaction and remuneration. These factors were not addressed as part of this study, because this study investigated which dimensions were important and where the gaps between performance and importance were.

5.5 RECOMMENDATIONS FOR FUTURE RESEARCH

A comprehensive study of all the sections within the manufacturer would ensure that all interactions between internal departments are assessed and any other dimensions or gaps are identified. These gaps could then be addressed as part of an overall program to formalise and improve customer service between all the sections of Aspen Pharmacare.

The questionnaire could be administered to the same sections, but each respondent could complete two questionnaires, one for each of the other sections. This would allow an assessment by each section of the other two sections individually. One section may offer better (or worse) service than the other section, but the overall rating is higher (or lower) due to the one section's very good (or bad) service. Results could be skewed by one section's assessment.

A model for each section could be designed by asking all the other sections to rate the service quality dimensions of that section only. This would lead to a

comprehensive model for each section being developed, so that the senior management of each section could work with the HR department to address the gaps and to assist in improving the performance of the most important dimensions.

5.6 CONCLUSION

This study succeeded in answering the research questions that were posed in chapter one and an overall internal customer service model was developed. The dimensions identified from the literature study addressed the areas of customer service and service quality. The intention was to identify the areas requiring attention to improve internal customer service at Aspen Pharmacare. The study showed a similarity in the service quality dimensions that each section rated as important. Some of these importance ratings of the service quality dimensions matched the literature findings, while others were different to the literature findings of importance for internal customer service.

An organisation needs to determine which service quality dimensions are the most important and therefore require the most attention. This study may assist senior management of Aspen Pharmacare to determine which service quality dimensions are important to the three sections included in the study. These influential service quality dimensions should be monitored to ensure that employees receive a continuously high level of internal service (Kang et al., 2002:288).

The performance levels of the service quality dimensions were also determined for each of the sections. The performance levels highlighted the need for training and education to improve the performance of some of the service quality dimensions.

Senior management of Aspen Pharmacare has been offered the tools and data from which a formal internal marketing plan can be developed. The ideal service quality model presented in figure 5.3 can be used as a starting point. Management, operations, HR and marketing should work together to improve internal customer service and align this with the organisation's business strategy (Garvin, 1987:104).

Swartzlander (2004: 38) confirms that improving internal customer service leads to an improvement in external customer service which may lead to Aspen Pharmacare growing its market further and to continue to delight customers. The improvement in internal service quality will lead to increased employee satisfaction, retention of employees and improved productivity which in turn will lead to enhanced external customer service and satisfaction. This will increase customer loyalty, generate repeat business, and improve the revenues and profitability of the organisation (Cook & Verma, 2002:53).

The following statement by Brooks (2000:41) provides an appropriate closing remark:

“If you pay attention to those conditions that enable employees to do a good job, customers will stick around – and revenue and profits will grow”.

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APPENDIX A

QUESTIONNAIRE

Questionnaire Number

SECTION 1: GENERAL INFORMATION	
	PLEASE TICK THE APPROPRIATE BLOCK
Q1: What is your gender?	Male <input type="checkbox"/>
	Female <input type="checkbox"/>
Q2: What is your age?	Under 21 <input type="checkbox"/>
	21-30 <input type="checkbox"/>
	31-40 <input type="checkbox"/>
	41-50 <input type="checkbox"/>
	51-60 <input type="checkbox"/>
	61 or over <input type="checkbox"/>
Q3: What is your home language?	English <input type="checkbox"/>
	Afrikaans <input type="checkbox"/>
	Xhosa <input type="checkbox"/>
	Zulu <input type="checkbox"/>
	Other <input type="checkbox"/>
Q4: How many years have you been working for Aspen?	0-5 <input type="checkbox"/>
	6-10 <input type="checkbox"/>
	11-15 <input type="checkbox"/>
	16-20 <input type="checkbox"/>
	21-25 <input type="checkbox"/>
	26-30 <input type="checkbox"/>
	30 or over <input type="checkbox"/>
Q5: Which section of Aspen do you work in?	Production <input type="checkbox"/>
	Demand Planning <input type="checkbox"/>
	Distribution <input type="checkbox"/>

SECTION 2: INDIVIDUAL VIEW OF INTERNAL CUSTOMER SERVICE										
<p>Please rate each of the following statements on two factors, performance and importance, as these relate to your view of customer service in your current position and your dealings with the staff of the two sections that you are not part of.</p> <p>PERFORMANCE refers to how you rate the performance of staff of the other sections per statement below.</p> <p>IMPORTANCE refers to how important the statement is to your dealings with the staff of the other two sections.</p>	PLEASE TICK THE APPROPRIATE BLOCK									
	PERFORMANCE					IMPORTANCE				
	Excellent	Good	Neutral	Poor	Very poor	Very important	Important	Neutral	Not important	Very unimportant
TANGIBLES: Physical facilities, equipment, personnel and communication material.										
I work in a pleasant environment.	5	4	3	2	1	5	4	3	2	1
Written materials I use are easy to understand.	5	4	3	2	1	5	4	3	2	1
The technology I use is up to date.	5	4	3	2	1	5	4	3	2	1
The tools used to perform my job are adequate.	5	4	3	2	1	5	4	3	2	1
RELIABILITY: Ability of the staff of the other two sections to perform the promised service dependably and accurately.										
Responses received are timely.	5	4	3	2	1	5	4	3	2	1
Staff do what I request of them.	5	4	3	2	1	5	4	3	2	1

SECTION 2: INDIVIDUAL VIEW OF INTERNAL CUSTOMER SERVICE CONT.										
<p>Please rate each of the following statements on two factors, performance and importance, as these relate to your view of customer service in your current position and your dealings with the staff of the two sections that you are not part of.</p> <p>PERFORMANCE refers to how you rate the performance of staff of the other sections per statement.</p> <p>IMPORTANCE refers to how important the statement is to your dealings with the staff of the other two sections.</p>	PLEASE TICK THE APPROPRIATE BLOCK									
	PERFORMANCE					IMPORTANCE				
	Excellent	Good	Neutral	Poor	Very poor	Very important	Important	Neutral	Not important	Very unimportant
RELIABILITY CONT.										
Reports given are error free.	5	4	3	2	1	5	4	3	2	1
Responses are correct the first time.	5	4	3	2	1	5	4	3	2	1
RESPONSIVENESS: Willingness of other section's staff to help and provide prompt service.										
Other section's staff are willing to assist with my problems.	5	4	3	2	1	5	4	3	2	1
Other section's staff adhere to my timeframes.	5	4	3	2	1	5	4	3	2	1
Response time in dealing with a problem is quick.	5	4	3	2	1	5	4	3	2	1
COMPETENCE: Possession of the required knowledge and skills to perform the service by the other section's staff.										
Data provided to me is appropriate.	5	4	3	2	1	5	4	3	2	1
Data provided to me is up to date.	5	4	3	2	1	5	4	3	2	1
Other section's staff are able to use computer software, such as Baan, skilfully.	5	4	3	2	1	5	4	3	2	1
COURTESY: Politeness, respect, consideration and friendliness.										
Other section's staff....										
..have a pleasant manner when dealing with me in person.	5	4	3	2	1	5	4	3	2	1
..are not rude when I ask them questions.	5	4	3	2	1	5	4	3	2	1
..are consistently polite when talking to me on the phone.	5	4	3	2	1	5	4	3	2	1
CREDIBILITY: Trustworthiness, believability and honesty of the staff providing the service.										
The staff in the sections I work with have a good professional reputation.	5	4	3	2	1	5	4	3	2	1
The responses given by each section are as trustworthy as the others.	5	4	3	2	1	5	4	3	2	1
The other section's staff give honest answers to my questions.	5	4	3	2	1	5	4	3	2	1
SECURITY: Record-keeping.										
Other staff know where my records are kept.	5	4	3	2	1	5	4	3	2	1
Records are protected from unauthorised use.	5	4	3	2	1	5	4	3	2	1
It is safe to use the equipment I use to perform my job.	5	4	3	2	1	5	4	3	2	1
ACCESS: Approachability and ease of contact with the other sections.										
It is easy...										
..to reach the appropriate staff member by telephone.	5	4	3	2	1	5	4	3	2	1
..to reach the appropriate staff member by email.	5	4	3	2	1	5	4	3	2	1
An alternate staff member is available if the normal staff member I deal with is unavailable.	5	4	3	2	1	5	4	3	2	1
COMMUNICATION: Language used is clearly and easily understandable.										
Other section's staff..										
..demonstrate understanding of my query when I contact them.	5	4	3	2	1	5	4	3	2	1

SECTION 2: INDIVIDUAL VIEW OF INTERNAL CUSTOMER SERVICE CONT.										
<p>Please rate each of the following statements on two factors, performance and importance, as these relate to your view of customer service in your current position and your dealings with the staff of the two sections that you are not part of.</p> <p>PERFORMANCE refers to how you rate the performance of staff of the other sections per statement.</p> <p>IMPORTANCE refers to how important the statement is to your dealings with the staff of the other two sections.</p>	PLEASE TICK THE APPROPRIATE BLOCK									
	PERFORMANCE					IMPORTANCE				
	Excellent	Good	Neutral	Poor	Very poor	Very important	Important	Neutral	Not important	Very unimportant
COMMUNICATION CONT.										
..communicate the solutions to my query clearly.	5	4	3	2	1	5	4	3	2	1
..communicate if they cannot meet a deadline on a task.	5	4	3	2	1	5	4	3	2	1
UNDERSTANDING THE CUSTOMER: Making the effort to know your customer (the other section's staff) and their needs.										
Other section's staff...										
..recognise me at work once I have dealt with them.	5	4	3	2	1	5	4	3	2	1
..determine what my specific requirements are.	5	4	3	2	1	5	4	3	2	1
..understand the level of service I require of them.	5	4	3	2	1	5	4	3	2	1
..understand that the level of service they offer must be consistently good.	5	4	3	2	1	5	4	3	2	1
THANK YOU FOR COMPLETING THE QUESTIONNAIRE										

APPENDIX B

Questionnaire on Internal Customer Service

(Conducted as part of MBA thesis of Donné Rothner)

In the attached questionnaire you will find statements relating to the various dimensions of customer service and focussing on service quality. These dimensions of service are being assessed in order to develop a model to improve internal customer service within Aspen Pharmacare.

Your rating of the statements on the questionnaire on two factors, namely importance and performance, will allow me to make a meaningful assessment of internal service quality and to develop a model to improve the dimensions necessary to improve internal customer service within our company. The questionnaire should take approximately 10 minutes to complete.

No names are captured on the questionnaire, and all information gained will be treated in strict confidence. Your assistance in completing this questionnaire will be greatly appreciated.

Yours sincerely



Donné Rothner