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Relationship marketing for SMEs in Uganda

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RELATIONSHIP MARKETING FOR SMEs IN UGANDA

PROEFSCHRIFT

ter verkrijging van de graad van doctor
aan Tilburg University
op gezag van de rector magnificus,
prof. dr. Ph. Eijlander,
in het openbaar te verdedigen ten overstaan van een
door het college voor promoties aangewezen commissie
in de aula van de Universiteit
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door
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This thesis is dedicated to my parents who taught me the value of education,
to my husband who is a strong pillar in my life,
and to my nieces and nephews who at their tender age, are already aspiring for greater heights.

PREFACE

The idea to write a Ph.D. thesis first arose from the intensive contacts that I had with the SMEs in Uganda. The more I worked with these SMEs, the more I understood the variety of challenges they faced in the market place. In fact, I was humbled by their struggle to survive despite the challenges. Moreover, I realised that these challenges could not be overcome by conventional means of intervention alone. The observations encouraged me to make a contribution to their betterment. So, this research work, that is, the findings and recommendations, aim at providing useful guidelines for enhancing their competitiveness.

Once I was convinced about the idea, I received further encouragement from my family, colleagues, and friends to pursue a Ph.D. program. I am, in particular, grateful to the Dutch Government and NUFFIC for having provided me with a scholarship that enabled me to implement this research dream successfully.

The journey has not been easy. However, with many encouragements, love, and support from several people, I have been able to come this far. First of all, I owe a great deal of appreciation to Professor Jan van Dalen who has continuously provided me with professional guidance and advice throughout this research. I have learned a great deal from his knowledge and experiences. I will never forget the way he used to make tough situations seem lighter, in particular, when my research progress hampered. Then, I am deeply indebted to Professor Jaap van den Herik and Doctor Bartel Van de Walle, both of whom took special interest in my thesis and added valuable input to it. Without their professional support and advice, this thesis would not have appeared in its current form. “Professor Jaap, I would like to thank you, in particular, for having taught me how to be precise and diligent in research”. Those meetings I had with Doctor Bartel both in his office and via Skype helped me a great deal to progress with the writing phase of this thesis. Special thanks also go to Professor Eno Inanga and Professor Beatrice van der Heijden for the interest they always showed in my Ph.D. progress and their continuous encouragement.

Moreover, I would like to thank the staff of Maastricht School of Management (MSM) for their continuous support throughout my study. Special thanks go to Patrick Mans and Sandra Kolkman-Linke (Research Operations), Anna Pirson-Orru (Career Center), Martijn Schols, Rocco Muhlenberg, and Gerard Smeets (IT Center), Jos Linssen (Finance Center), Marlene Nauts (Travel Office), Arsenio Kranenburg (Building, Catering & Meeting Services), Erik Bartels (Procurement Office), and Iris Weijenberg, Mirjam Coolen, and Lourense Das (Information Center). I also acknowledge the encouragement I received from my doctoral colleagues, especially Ma’ruf, Hoang Thanh Nguyen, Janet Kyogabiirwe-Bagorogoza, Agus Gunawan, and Theresia Gunawan. Those nice moments and laughter we had together in our office always made the heavy load bearable.

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Then, I wish to acknowledge the support I received from the management of Makerere University Business School (MUBS) throughout the period I was writing this thesis. Special mention goes to the Principal of MUBS, Professor Waswa Balunywa and the Head of Department, Marketing and International Business, Annet Nabatanzi-Muyimba.

Furthermore, I cannot forget to thank my dear colleagues Audrey Kahara-Kawuki and Sarah Kyejjusa-Bazibu for their continuous encouragement throughout this research and Julius Kikooma, Timothy Esemu, and Moses Bazibu who made valuable inputs towards my research process.

Of course, with much pleasure, I would like to thank my research assistant and friend, Barbara Musoke for collecting the data in the field. Despite the hard work that was involved, Barbara always wore a smile on her face. “I commend you for that, Barbara”. My heartfelt thanks go to those SMEs that agreed to take part in the study and those respondents who accepted to be interviewed and/or to fill in the questionnaires, thus providing data for the study.

With much emphasis, I would like to convey my deep gratitude to my husband, Paul Aelen, for his love, support, patience, and sacrifice while I was writing this thesis. “Paul, your continuous support and encouragement enabled me to keep my motivation levels high”. Special thanks also go to my parents, my brothers, and my sisters for having always believed in me and for their love, support, and prayers which enabled me to complete this research successfully. Moreover, I want to thank my family-in-law for their continuous interest, stimuli, and trust throughout this research.

Then, closely connected to my life are my dear friends. I would like to recognise particularly Ann Muguluma, Georgina Kirunda, and Judy Lumu for their friendship and moral support throughout the research.

In a special way, I thank all those whose names I have not mentioned here but who have contributed in one way or another to making this dream come true.

Lastly, I would like to thank Almighty God for having blessed me abundantly throughout this laborious journey and for having enabled me to live to see the results of my efforts. May your name be forever praised.

Najja Terry Kakeeto

Maastricht

September 2011

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LIST OF ABBREVIATIONS

| | | |
|-------|---|--|
| ACCA | - | Association of Certified Chartered Accountants |
| AEO | - | African Economic Outlook |
| B2B | - | Business to Business |
| CEM | - | Customer Experience Management |
| CIM | - | Chartered Institute of Marketing |
| CRM | - | Customer Relationship Management |
| DBM | - | Database Marketing |
| EC | - | European Commission |
| EUR | - | Euro |
| ExPro | - | Experience Provider |
| GDP | - | Gross Domestic Product |
| GEM | - | Global Entrepreneurship Monitor |
| GNP | - | Gross National Product |
| IATA | - | International Air Travel Association |
| ICLP | - | International Customer Loyalty Programmes |
| IM | - | Interaction Marketing |
| IT | - | Information Technology |
| ITM | - | Internet Marketing |
| MBA | - | Masters in Business Administration |
| MD | - | Managing Director |
| MFPED | - | Ministry of Finance, Planning and Economic Development |
| MSME | - | Micro, Small and Medium Enterprise |
| MTCS | - | Medium-Term Competitive Strategy |
| MTTI | - | Ministry of Tourism, Trade and Industry |
| NFS | - | Non-Farm Sector |
| NGOs | - | Non-Governmental Organisations |
| NM | - | Network Marketing |

| | | |
|--------|---|--|
| PEAP | - | Poverty Eradication Action Plan |
| PLE | - | Primary Leaving Examination |
| PSFU | - | Private Sector Foundation Uganda |
| RM | - | Relationship Marketing |
| RME | - | Relationship Marketing Effort |
| RMI | - | Relationship Marketing Instrument |
| RMO | - | Relationship Marketing Orientation |
| RMT | - | Relationship Marketing Tactic |
| SBU | - | Strategic Business Units |
| SEM | - | Strategic Experiential Module |
| SME | - | Small and Medium Enterprise |
| SPSS | - | Statistical Package for Social Scientists |
| TEA | - | Total Early Stage Entrepreneurial Activity |
| TUGATA | - | The Association of Uganda Travel Agents |
| UACE | - | Uganda Advanced Certificate of Education |
| UBOS | - | Uganda Bureau of Statistics |
| UBR | - | Uganda Business Register |
| UCE | - | Uganda Certificate of Education |
| UEPB | - | Uganda Export Promotion Board |
| UGSHS | - | Uganda Shillings |
| UHOA | - | Uganda Hotel Owners Association |
| UNDP | - | United Nations Development Program |
| UNEB | - | Uganda National Examinations Board |
| USD | - | United States Dollar |
| USEA | - | Uganda Service Exporters Association |
| USSES | - | Uganda Service Sector Export Strategy |
| WTTC | - | World Travel and Tourism Council |

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CHAPTER 1: INTRODUCTION

This thesis investigates the Relationship Marketing (RM) theories and their applications to Small and Medium Enterprises (SMEs) in the service sector in Uganda. It focuses on four Relationship Marketing Instruments (RMIs), namely (1) customer orientation, (2) service quality, (3) interpersonal communication, and (4) tangible rewards. Moreover, it attempts to answer the question: how can SMEs that implement these instruments successfully in their marketing operations improve long-term customer relationships and thus increase their competitiveness in the market place? The thesis also examines how SME owner-manager behaviour can influence the formation of long-term customer relationships.

Most of the current research on RM has ignored the RM practices of SMEs. Furthermore, quite little is known about the RM practices of SMEs in developing countries since most research on RM has focused on the western world. This thesis investigates the RM practices of SMEs operating in two different service sectors in Uganda (restaurants and travel agencies) and explains the effectiveness of their RM practices. It also suggests an RM model that can be adopted by each of the two service sectors in order to develop and maintain long-term customer relationships and thus increase sector competitiveness.

Chapter 1 introduces the reader to the motivation of the study (Section 1.1), the problem statement and the research questions (Section 1.2), the research objectives (Section 1.3), and the research methodology (Section 1.4). It addresses the significance of the research (Section 1.5) and provides a thesis overview (Section 1.6).

1.1 Motivation

The motivation of the study is given by a serious attempt of a group of Ugandan researchers to widen and deepen their knowledge of theoretical RM frameworks and to apply the results to the daily business life in Uganda. This section briefly discusses the position of RM in today's marketing practice (Subsection 1.1.1), and the gap in current research on RM (Subsection 1.1.2).

1.1.1 The Position of RM in Today's Marketing Practice

For SMEs, the last few decades have seen an increased competition and many price pressures. Companies have been continuously searching for new ways of surviving and increasing their profitability in the midst of this competition. To cope with the increasing competition and price pressures, a range of marketing approaches have been identified by the marketing literature over the past two decades. Of these, RM has attracted the greatest attention from both academic scholars and practitioners (Gummerson, 1987; Gronroos, 1994; Morgan and Hunt, 1994; Berry, 1995; Peng and Wang, 2006). The business environment has become more dynamic and customers have become more demanding. Therefore, firms have turned their attention towards RM in order to remain competitive (Blois, 1997; Davis, 1997; Boyd et al., 2002). It has become possible for firms to practise RM because of the rapid developments in Information Technology (IT) that enabled those firms utilising database marketing to maintain close relationships with their customers (Berry, 1995; Sheth and Parvatiyar, 1995; Parvatiyar and Sheth, 1999). Harker and Egan (2006, p.234) observe that "RM is here to stay" and that "the ability of the organisation to manage its relationships will have significant implications for its competitiveness". From the aforesaid, it is apparent that firms that adopt an RM approach in their operations will remain competitive in the more demanding market place of the 21st century.

Because of the growing interest in RM and the awareness about its benefits, marketers have found it increasingly important to understand how to build and nourish relationships between buyers and sellers

in order to meet the long-term goals of survival and profitability. Scholars such as Sheth and Pavatiyar (1995) have stressed the importance of strengthening customer relationships as a means of increasing marketing effectiveness and efficiency. Reichheld and Sasser (1990) empirically demonstrate in their study that profits increase progressively when a company reduces the number of customers that defect. This means that companies have to look for ways of retaining their customers in order to survive in the long run and to let their profits grow which subsequently enhances their competitive positions. Business scholars and practitioners stress that “relationships have come to be regarded as an important source of competitive advantage” (O’Malley and Prothero, 2004, p.1286), because having relationships with one’s customers improves marketing effectiveness and efficiency.

1.1.2 The Gap in Current Research on RM

Despite the degree of importance that has been attached to RM and the benefits that can arise from adopting an RM approach, several researchers (e.g., Brooksbank et al., 1992 in Siu et al., 2003; Hultman and Shaw, 2003; Harwood and Garry, 2006) observe that research to date has mainly focused on RM practices in large firms. There is a scarcity of empirical studies about the marketing practices and activities of small and medium-sized firms (Hultman and Shaw, 2003; Simpson et al., 2006). The implication here is that the state of RM in SMEs is not yet adequately understood. Still, as Liljander and Roos (2001) argue, RM strategies can vary considerably from one company or industry to another. This means that the RM models applicable to large firms may not necessarily be applicable to small firms. Yet, an important point to note is that the concept of engaging in long-term relationships with loyal customers is something that small firms especially those in the service sector have always done (Hultman and Shaw, 2003). Sherry (1995) concurs with Hultman and Shaw (2003) in his study on the practice of RM among channel members¹ in West Africa that (1) there is a presence of long-standing, personal relationships between channel members, and that (2) this gives them a degree of security in an uncertain environment. It seems therefore that the practice of RM is not new to small firms, but that there is little empirical research to explain the RM activities of these firms. Few studies have attempted to consider the extent to which RM theories are of relevance to the “marketing activities and practices” of small firms (Hultman and Shaw, 2003). A pleasant addition here is that a recent study by Reijonen (2010) reveals that SMEs are interested in building and maintaining relationships with their customers. Yet, the scarcity of empirical studies about the RM practices of SMEs has led to gaps in understanding how these firms create and develop relationships with their customers.

It is essential to remark that most of the previous debates on RM are placed in the context of western culture (Yau et al., 2000). However, RM models developed by the western world may not necessarily be successfully applicable to SMEs in different socio-cultural contexts, for example, Uganda and other developing countries. For instance, Siu and Kirby (1999)’s study shows that broad marketing principles developed in the western world are not suitable for small firms in Hong Kong. Further support to this observation is given by Siu et al. (2003) who observe that marketing practices may differ as you move from one culture or environment to another. Osuagwu (2004) further reinforces this view when he notes in his study on RM strategies in Nigerian companies that the practice and emphasis of RM may differ across countries because of the many and varied perspectives of the concept. Odekerken-Schröder et al. (2004) empirically confirm this view in their cross-cultural study on the effectiveness of RM in a retail services context. In their study, they find that RM may vary depending on a given situation or context. This issue is worth taking into consideration given the cultural complexities in which today’s marketers are expected to operate. Doing business successfully

¹ A channel member is a middleman in the distribution chain whose role is to transfer goods from the manufacturer to the customer.

in China, for example, requires the right “Guanxi”² or the logical development of close relationships. The core of Guanxi is transacting business through relationships that are rich in value (<http://chinese-school.netfirms.com/goldenhints.html> - website accessed on 6th April 2011). It involves exchanging favours, which are expected to be done regularly and voluntarily. Therefore, it is an important concept to understand if one is to function effectively in the Chinese society.

Similarly, in many African cultures, cultural expectations have an influence on the way small business owners build and maintain relationships with their customers. For instance, business relationships with a close relative may not be easily terminated because of the general cultural expectation that a successful relative (in this case, the small business owner) should be able to assist other relatives to climb up the social ladder. In contrast, business relationships may not be easily started with non-relatives because of a general lack of conviction that the relationship will work. For instance, credit may not be easily extended to a non-relative because of fear that the person may fail to pay back. Again, in such cases, the RM models developed by the western world may not necessarily apply to SMEs in the developing countries.

The cultural aspects are important gaps to address because SMEs play a crucial role in the world economy (Hultman and Shaw, 2003; Walsh and Lipinski, 2009). SMEs significantly contribute to innovation, employment, and economic growth (Hultman and Shaw, 2003; Small and Medium Enterprises {SME} Business Guide, 2008). In most developing countries, SMEs represent the backbone of local economies and are vehicles for accelerating economic growth, income generation especially for the poor, generating employment, foreign exchange, and tax revenues. In Uganda, SMEs account for 95% of private sector business in the country and employ over 80% of the total workforce in the country (Private Sector Foundation Uganda {PSFU} Report, 2003)³. They are therefore crucial for income enhancement and reducing poverty levels in the country (Small and Medium Enterprises {SME} Business Guide, 2008). SMEs also contribute to approximately 30% of Uganda’s Gross Domestic Product (GDP) (<http://sme.gatsbyuganda.com/?main/cont/ugsmesector> - website accessed on 28th April 2011).

It is clear from the foregoing discussion that SMEs need to be effectively managed if they are to contribute substantially to the growth of national economies. It is therefore vital for researchers, policy makers, and practitioners to understand in all details their marketing operations. This will enable the design of strategies that can empower SMEs to improve customer contact and the knowledge they have about their customers in order to increase their market competitiveness (Boag and Dastmalchian, 1988 as cited in Davis, 1997, p.32). The motivation of the study is given by the aim to diminish the gap between the current practice and the demand for more advanced approaches. We do so by investigating the RM practices of SMEs operating in the service sector in Uganda.

1.2 Problem Statement and Research Questions

Since Uganda is a developing country, all research that deals with innovation in the country faces a variety of challenges that have to be overcome. There are at least four types of challenges, characterised by cultural, economic, political, and social issues. In our research, we focus to a large

² The term “Guanxi” literally means “relationships”. In the Chinese business world, it is understood as the social network of relationships among various parties that cooperate together and support one another.

³ PSFU was formed in 1995 and is the Uganda government’s main partner in the implementation of the country’s main framework for the development of the private sector.

extent on the economic issues and to a somewhat lesser extent on the cultural issues. Below, we present the problem statement (Subsection 1.2.1) and five research questions (Subsection 1.2.2).

1.2.1 Problem Statement

The position of RM as a marketing tool has gained increasing significance among today's companies. The results of the recent global developments have also influenced life in Uganda. In Subsection 1.1.2, we discussed the current state of research on RM models and their application to SMEs, especially those in the developing world. As a consequence, we stressed that it was necessary to undertake further research on RM in SMEs in developing countries. As our topic of research, we have chosen the service sector in Uganda. Henceforth, the following problem statement (PS) is formulated on the basis of our beliefs and motivation.

Problem Statement: *To what extent is it possible to design a model which SME policy makers and practitioners can use to plan the RM operations of SMEs in the service sector in Uganda?*

The model will be used as a framework for generating strategies that will help to reduce the vulnerability of SMEs in the service sector in Uganda.

1.2.2 Five Research Questions

To find answers to the problem statement, we formulate five research questions (RQs). The RQs are derived from the problem statement and their answers will enable us to propose a suitable model for an adequate RM practice among SMEs in the service sector in Uganda. The five RQs are given below.

- RQ1: *Which RM theories are suitable for investigating RM activities of SMEs in a developing country?*
- RQ2: *Which RM strategies are employed by SMEs in the service sector in Uganda?*
- RQ3: *How do these strategies influence the behaviour of SME customers in the service sector in Uganda?*
- RQ4: *Does the behaviour of SME owner-managers influence the relationship-building process of SMEs?*
- RQ5: *Are there significant differences in the way SMEs in the service sector in Uganda employ their RM strategies?*

The five RQs guide our research work. Each research question is connected to a research objective. The challenge is to achieve a goal by following a research methodology. The research objectives are presented in Section 1.3 and the methodologies in Section 1.4.

1.3 Research Objectives

The following five objectives are parts of our research aim. The final aim is to compose a model for appropriate RM operations of SMEs. Each research objective coincides with the corresponding research question.

- (1) To identify which existing RM theories are suitable for understanding the RM activities of SMEs in a developing country.
- (2) To explore the RM strategies employed by SMEs in the service sector in Uganda.
- (3) To examine how the above strategies influence customer behaviour in the service sector in Uganda.
- (4) To establish whether the behaviour of SME owner-managers has an influence on the relationship building process of SMEs.
- (5) To establish whether there are significant differences in the way SMEs in the service sector in Uganda apply RM strategies in their operations.

1.4 Research Methodology

The thesis investigates the RM practices of SMEs in the service sector in Uganda with the aim of proposing a model that SME policy makers and practitioners can use to plan the RM operations of SMEs. In this section, we describe how we deal with the five RQs (Subsection 1.4.1) and the overall methodology as applied in Chapters 6 and 7 in order to answer the research questions and to achieve the research objectives. The section further consists of a detailed research approach (Subsection 1.4.2), the data collection process (Subsection 1.4.3), and the data collection methods (Subsection 1.4.4).

1.4.1 Research Approach of the Five RQs

Starting at the five RQs, we formulated 19 research propositions (Chapter 3). We decided to use propositions instead of hypotheses because the empirical part of this thesis is largely exploratory in nature. Working with hypotheses imposes a falsification process that cannot be undertaken by the lack of sufficient knowledge on the services and events to be investigated.

To answer RQ1, two main tasks are carried out. First, an extensive investigation of the literature is done (Chapters 2, 3, and 4). We collect information on existing RM theories and RM conceptualisations. Second, a preliminary interview is carried out (Chapter 5) to elicit information on the opinions of SME owner-managers and customers in relation to RM practices.

Information to answer RQ2 is collected by means of questionnaires (see Appendix C: C1 - Questions 7, 8, 9, &10 and Appendix C: C2 - Questions 6, 7, 8, & 9) and by means of interviews (see Appendix A: A1, A2, and A3). Our aim is to identify the existing RM practices among SMEs in the service sector in Uganda. The results for RQ2 are presented in Chapters 6 and 7.

RQ3 is also dealt with in Chapters 6 and 7. Here, we want to establish whether the identified RM practices in RQ2 above have an effect on customer experiences and customer behaviour, namely customer satisfaction, customer loyalty, customer trust, and customer commitment. Information to answer RQ3 is obtained from questionnaires (see Appendix C: C1 - Questions 11 to 28 and Appendix C: C2 - Questions 10 to 25).

RQ4 is again dealt with in Chapters 6 and 7. This question has the aim of establishing whether the behaviour of SME owner-managers has an influence on customer experiences and customer satisfaction. Information to answer this question is collected by means of interviews (see Appendix A: A2) and questionnaires (see Appendix C: C3).

Finally, RQ5 is dealt with in Chapters 6 and 7 too. Our aim here is to investigate whether there are differences in the way SMEs in the service sector in Uganda implement RM practices in their operations. From the literature review, it was evident that there could be differences in the way SMEs operating in different situations implement RM practices (Odekerken-Schröder et al., 2004; Osuagwu, 2004). Information to answer RQ5 is collected from interviews (see Appendix A) and questionnaires (see Appendix C: C1 - Questions 7, 8, 9, &10 and Appendix C: C2 - Questions 6, 7, 8, & 9).

1.4.2 A Detailed Research Approach

To be able to propose a model that SME policy makers and practitioners can use to plan RM operations of SMEs, it is necessary to gain an understanding of the current RM practices of SMEs in Uganda and how they influence customer behaviour. We collect the data from SME customers, SME owner-managers, and SME employees. The research approach is mixed: data is collected both quantitatively and qualitatively. In the quantitative approach, the data is collected using questionnaires mainly

consisting of a four-point Likert scale and some open-ended questions. In the qualitative approach, the data is collected using interviews and observation.

The study consists of three categories of participants, namely (1) SME regular customers, (2) SME owner-managers, and (3) SME frontline employees. The participants are selected from five restaurants and two travel agencies. A number of 312 regular customers from the five restaurants and 102 regular customers from the two travel agencies took part in the study (as presented in Chapter 5). The customers provided information (1) on the RMIs employed among SMEs in the service sector in Uganda and (2) on how the implemented RMIs affect customer behaviour.

Nine SME owner-managers from the five restaurants and three SME owner-managers from the two travel agencies participated in the study. Their participation yielded information on (1) the choice of RM practices among the SMEs under study, (2) the influence of SME owner-manager behaviour on customer behaviour, and (3) the challenges faced in RMI implementation among SMEs in the service sector. An SME owner-manager is an SME owner who manages his⁴ business. The concept of SME owner-manager is quite attractive in developing countries where there is a shortage of managerial skills. By taking an active part in the management of the business, the owner can ensure full control over the business. We have given our working definition of an SME owner-manager in Subsection 5.3.2.

A number of 56 frontline employees from the five restaurants and five frontline employees from the two travel agencies took part in the study. By interviewing the employees and distributing questionnaires among them, we were able to obtain information on (1) how frontline employees perceived their role in the successful implementation of RMIs among the SMEs under study, and (2) whether frontline employees had the required knowledge and support to influence positively the RMI implementation.

Customers who participated in the study were required to fill in one questionnaire. In addition, a small sample of the customers was interviewed to provide additional information on customer insights into (1) RM practices among SMEs in the service sector and (2) how the practices influence customer behaviour. Some customers also participated in a preliminary interview that was conducted in the initial phase of this study to give their opinions on which RMIs can be suitable for implementation among SMEs in the service sector.

In addition to filling in one questionnaire, SME owner-managers were interviewed to understand (1) their background, (2) their choice of RM practices, (3) the effect these practices have on the long-term competitiveness of the SME, (4) their behaviour, and (5) how their behaviour influences customer behaviour. Frontline employees were requested to fill in one questionnaire indicating whether they had the required knowledge and support for the successful implementation of RMIs. They were also interviewed for obtaining deeper insights into their role in the success of RM practices among SMEs.

1.4.3 Data Collection Process

The study consists of seven case studies of SMEs, five of which are SMEs operating in the restaurant sector and two of which are SMEs operating in the travel-agency sector. Our decision to use seven cases in this research is explained further in Chapter 5. We conduct surveys within each of the selected case studies. The data collection process consists of the following eight steps. Chapters 2, 4, 5, 6, 7, 9, and 10 are directly involved in this process.

⁴ For brevity, we use 'he' and 'his' whenever 'he or she' and 'his or her' are meant.

1. A preliminary interview is conducted with a small sample of SME owner-managers and customers in the service sector (1) to obtain their opinions about the RM practices of SMEs in Uganda and (2) to explore those RMIs that are important in the development of customer relationships (as presented in Chapter 5). Additional information about the RM practices of SMEs in Uganda is obtained from a literature review (as presented in Chapters 2 and 4).
2. The results from the preliminary interview and the literature review are used to construct questionnaires that are checked for content validity by four marketing experts (as presented in Chapter 5).
3. After the questionnaires have been checked for content validity, they are pilot tested on the customers, SME owner-managers, and employees in both the restaurant sector and travel-agency sector (as presented in Chapter 5). As a result of the pilot study, some changes are made to the questionnaires to improve their reliability and validity.
4. The final questionnaires are distributed among customers, SME owner-managers, and employees in both the restaurant sector and the travel-agency sector (as presented in Chapter 5) to investigate (1) the RM practices of SMEs in the service sector, (2) the influence of the selected RMIs on the development and maintenance of long-term customer relationships, (3) the influence of the behaviour of SME owner-managers on the development and maintenance of long-term customer relationships, and (4) the differences in RMI practices among SMEs in the service sector. The findings are presented in Chapters 6 and 7.
5. Semi-structured interviews are also conducted with customers, SME owner-managers, and employees (as presented in Chapter 5) to obtain deeper insights into the RM operations of SMEs in the service sector and the influence of the behaviour of SME owner-managers on the success of RM operations. Furthermore, observations of SME operations are made using an Observation Protocol (as presented in Chapter 5). The results are presented in Chapters 6 and 7.
6. A model is proposed which policy makers and practitioners can use to plan for the successful implementation of RM practices among SMEs in the service sector in Uganda (as presented in Chapters 9 and 10).
7. Based on the discussion of the results (as presented in Chapter 9), answers are provided to the five research questions that we set out to investigate and on the problem statement (as presented in Chapter 10). Five conclusions are also drawn and the theoretical contribution of this study, recommendations, and suggestions for future research are also discussed (as presented in Chapter 10).

1.4.4 Data Collection Methods

Data to answer the research questions is collected from two main sources, namely primary sources and secondary sources. In using the primary data sources, we engage three main data collection methods: (1) questionnaires, (2) interviews, and (3) observations. Four types of questionnaires are administered: (1) a questionnaire to regular customers of restaurants (see Appendix C: C1), (2) a questionnaire to regular customers of travel agencies (see Appendix C: C2), (3) a questionnaire to SME owner-managers of restaurants (see Appendix C: C3), and (4) a questionnaire to frontline employees of restaurants (see Appendix C: C4). In Chapter 5, we describe the four types of questionnaires, the interviews, and the observation.

1.5 Significance of the Study

The findings from this study are expected to fulfil the following five goals.

- (1) To offer practitioners better tools for making relationships with their customers.
- (2) To enable policy makers to use the proposed RM Model to plan the marketing operations of SMEs in Uganda and to integrate RM activities successfully into the operations of SMEs.

- (3) To enable decision makers to incorporate the RM concept into the activities of SME support institutions at a national level; for example, in universities and other tertiary institutions which support the training activities of SMEs.
- (4) To assist practitioners to address the challenges faced in implementing RM strategies among SMEs in the service sector in Uganda and thereby make them more competitive in the changing business environment.
- (5) To contribute to the body of knowledge on the RM practices of SMEs in developing countries such as Uganda, and thus forming a foundation for future research in related fields.

1.6 Thesis Overview

This thesis is divided into ten chapters.

Chapter 1 focuses on the introduction to the study. Here, the motivation, the problem statement and research questions, the research objectives, the research methodology, and the significance of the study are all discussed. Chapter 2 provides a critical review of the available literature on RM.

Chapter 3 proposes a tentative conceptual model for RM among SMEs in Uganda. The model is based (1) on the concepts discussed in the literature reviewed in Chapter 2, (2) the results from a preliminary study undertaken in the early stages of this research, and (3) the researcher's personal experiences. This chapter also formulates the propositions generated from the model.

Chapter 4 investigates the state of SMEs in Uganda. Here, SMEs are conceptually defined and their importance and the challenges they face while operating in the Ugandan environment are examined. The chapter concludes by a discussion on the relevance of SMEs operating in the service sector in Uganda.

Chapter 5 focuses on the methodology used in the study. Here, the research fundamentals, research approach, and research strategy are discussed. Sources of data and the data collection methods are also reviewed. Later in the chapter, (1) the operationalisation and measurement of key constructs, (2) the validity and reliability of chosen measures, and (3) the way of data processing and analysis are all explained in detail. The chapter concludes by a discussion on (1) the researcher's role, (2) the ethical issues that were considered during the research, and (3) the limitations of the research. This ends our investigations with respect to RQ1. The condensed answers are given in Chapters 9 and 10.

Chapter 6 presents the findings from a survey and a case study of five selected restaurants in the Ugandan service sector. The results are relevant for the RQs 2 to 5.

Chapter 7 presents the findings from a survey and a case study of two selected travels agencies in the Ugandan service sector. The results are relevant for the RQs 2 to 5.

Chapter 8 presents a comparison of findings from the surveys and case studies that were conducted in the restaurant sector and travel-agency sector. The results are relevant for the RQs 2 to 5.

Chapter 9 discusses the findings from the two SME sectors that were studied. The outcome of the discussion is relevant for all the five RQs.

Chapter 10 provides answers to the five RQs and to the problem statement. It also discusses five conclusions that can be drawn from the research and provides recommendations for SME owner-managers operating in the two SME sectors and for SME policy makers in general. Possible areas for future research are also suggested in this chapter.

In Figure 1.1, we provide an overview of the relations between the Chapters and the PS and RQs.

| PS/RQ | Chapter | | | | | | | | | |
|-------|---------|---|---|---|---|---|---|---|---|----|
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
| PS | ✓ | | | | | | | | ✓ | ✓ |
| RQ1 | ✓ | ✓ | ✓ | ✓ | ✓ | | | | ✓ | ✓ |
| RQ2 | ✓ | | | | | ✓ | ✓ | ✓ | ✓ | ✓ |
| RQ3 | ✓ | | | | | ✓ | ✓ | ✓ | ✓ | ✓ |
| RQ4 | ✓ | | | | | ✓ | ✓ | ✓ | ✓ | ✓ |
| RQ5 | ✓ | | | | | ✓ | ✓ | ✓ | ✓ | ✓ |

Figure 1.1: Overview of the Relations between the Chapters and the PS and RQs

CHAPTER 2: LITERATURE REVIEW

The chapter starts by giving an overview of existing relational marketing theories (Section 2.1). Then it goes on to discuss the conceptual definition of RM (Section 2.2), its evolution (Section 2.3), and importance (Section 2.4). The chapter also discusses various RM models, their formation, and their development (Section 2.5), the design and implementation of RMIs (Section 2.6), customer experiences (Section 2.7), customer behaviour (Section 2.8), and SME owner-manager behaviour (Section 2.9). Moreover, it explains the outcomes of studies that have empirically tested the relationship between RM and firm performance (Section 2.10), and paves the way for understanding the current state of SMEs and how RM theories could be applicable to them (Section 2.11). The chapter concludes by giving a summary of the general conclusions from the literature review (Section 2.12).

2.1 Overview of Existing RM Theories

Traditional marketing used to focus on transactional marketing which consists of events that are discrete and anonymous (Gronroos, 1994,1995). This made it impossible to develop relationships with target customers. However, the last decade of the previous century (1990 – 2000) saw an emergence of new concepts in the field of RM. These concepts aimed at explaining how companies can enhance relationships with their customers and stakeholders and thereby build customer satisfaction and loyalty for their products.

The most currently debated concepts in relational marketing are: Customer Relationship Management (CRM), Database Marketing (DBM), Network Marketing (NM), Customer Experience Management (CEM), Internet Marketing (ITM), and Interaction Marketing (IM). In the paragraphs that follow, each of these concepts will be discussed briefly in the order given above.

CRM is a popular concept in today's companies. Several CRM definitions have been proposed by different authors (see, e.g., Lovelock and Wirtz, 2004). However, most of these definitions appear to suggest that a CRM system is technology assisted and that it should enable companies to set up a customer database in order to manage relationships with target customers. For this reason, Schmitt (2003, p.15) argues that practically speaking, "CRM consists primarily of databases and software programs used in call centres". Along similar lines, Chen and Popovich (2003) stated that CRM relies on a technology that to a great extent fulfils its vision of creating strong relationships with customers. Schmitt (2003) further argues that one of the major shortcomings of CRM is that it focuses on transactions rather than on building relationships. So, the focus of a CRM system is on what is easily quantifiable (the functional aspects) and easy to measure and record. However, the customer's emotions are not measured by the system. As such, many companies are disappointed by the CRM results because of its failure to take into account the human perspective. Therefore, the following definition of CRM provided by Payne and Frow (2005, p.168) is more relevant. The authors define the concept as "a strategic approach that is concerned with creating improved shareholder value through the development of appropriate relationships with key customers and customer segments". The authors continue by remarking that "CRM unites the potential of relationship marketing strategies and IT to create profitable, long-term relationships with customers and other key stakeholders". Payne and Frow's definition provides a more strategic and holistic approach to CRM and thus enables companies to focus on those areas that are critical for the successful implementation of CRM.

DBM focuses on "...using databases of customers or potential customers to generate personalised communications in order to promote a product or service for marketing purposes" (http://en.wikipedia.org/wiki/Database_marketing - website accessed on 13th October 2010).

NM is more common in business-to-business settings where "...marketers work to develop networks of relationships with customers, distributors, suppliers, the media, consultants, trade associations, government agencies, competitors, and even the customers of their customers" (see Lovelock, 2007, p.364). However, today the concept is becoming more common in consumer markets as well as at places where consumers are encouraged to recommend the company's products to friends, relatives, and anyone else they have regular contact with.

CEM is one of the most recent relational approaches today. Schmitt (2003, p.17) defines CEM as "the process of strategically managing a customer's entire experience with a product or a company". The concept advocates for connecting with the customer at every service encounter in the service delivery process and ensures that all the customer's experiences at every touch point are integrated. CEM focuses on increasing customer value by providing information, service, and interactions that result into unique experiences for the customer. This leads to customer loyalty and value addition to the firm (Schmitt, 2003). The approach provides a view of the total customer experience. The concept of CEM emerged from the idea of an Experience Economy, which was proposed by Pine and Gilmore (1999). The authors define an Experience Economy as one which involves businesses staging customised experiences for their customers and which experiences eventually lead to the full transformation of customers.

ITM stands for Internet Marketing. It is also known as web marketing, online marketing, or e-marketing. It is arguably the youngest branch in marketing. The term means different things to different people. However, it essentially means marketing products online. To be able to do so, companies have to design various strategies that they can use to reach their online customers, for example, designing web pages and email marketing (<http://sbinfocanada.about.com/od/marketing/g/internetmarket.htm> - website accessed on 13th October 2010).

IM is an evolving trend in marketing whereby the focus of marketing is not on the transaction itself but on the conversation between the marketer and the client (http://en.wikipedia.org/wiki/Interactive_marketing - website accessed on 13th October 2010). There is a one-to-one or face-to-face interaction between the customers and a service provider's representatives or sales persons which encourages the formation of a close relationship. In this kind of relationship, trust and commitment are likely to be built between the parties involved. In IM, the interactive nature of the process is facilitated by internet technology (http://en.wikipedia.org/wiki/Interactive_marketing - website accessed on 13th October 2010).

All the six relational concepts that have been briefly discussed above are related to each other in some way; for example, CRM is heavily dependent on DBM for its efficient functioning. It also seems, as has already been suggested by previous scholars (e.g., Chen and Popovich, 2003), that most of the concepts have their roots in RM and can therefore be referred to as different variants of RM. It is worth noting that all the concepts are not mutually exclusive as companies may desire to form long-term relationships with certain customers which calls for the engagement of certain relational marketing approaches, while maintaining transactional marketing with clients who may not have the desire to make future purchases or to be in a long-term relationship with the company.

2.2 Definition of the RM Concept

Though RM has received a great deal of attention from academic scholars in marketing (e.g., Gummesson, 1987; Gronroos, 1994; Berry, 1995; Peng and Wang, 2006), it still has no universally accepted definition (see Morris et al., 1998; Harwood and Garry, 2006). This could partly explain why

there has been a misunderstanding of its proper meaning. As Harker and Egan (2006) point out, some scholars and practitioners conceptualise RM as IT enabled CRM. This misconception has in part led to the failure of successfully implementing RM in today's organisations (Harker and Egan, 2006). Nonetheless, several academic scholars have attempted to conceptualise the term. Berry (1983, p.25) as cited in Berry (1995) was the first to propose the term in services marketing literature. He defines it as *"attracting, maintaining and, in multi service organisations, enhancing customer relationships"*.

Gronroos (1990a)'s definition as cited in Gronroos (1994, p. 355) is similar to that of Berry (1983). However, he adds that the building and maintaining of relationships with different stakeholders should be done at a profit. Webster (1992)'s definition is consistent with that of Berry (1983) when he defines RM as the building of long-term interactive relationships, particularly with customers. He goes on to explain that it is the act of building close relationships with existing customers and prospects and having an ongoing dialogue with them over a period of time. Later, Berry (1995) describes the term as a new-old concept. He argues that the earliest merchants already knew that the only way a company could gain the customers' favour and loyalty was by satisfying their wants and needs.

In his book, Bruhn (2003, p.11) defines RM as

"a concept that covers all actions for the analysis, planning, realisation, and control of measures that initiate, stabilise, intensify, and reactivate business relationships with the corporation's stakeholders - mainly customers - and to the creation of mutual value".

Building on previous research work, Morgan and Hunt (1994, p. 22) broaden the definition of RM. They define it as a concept that entails

"all marketing activities directed toward establishing, developing, and maintaining successful relational exchanges".

The authors argue that their definition caters for all key partners in the relationship unlike previous definitions that had their main focus on only customers. However, their view is criticised by Peterson (1995, p.279) on the grounds that if their definition is true, then "RM and marketing are redundant terms and one is unnecessary and should be stricken from the literature because having both only leads to confusion". Later scholars, for instance, Healy et al. (2001, p.185), describe RM as

"a dyadic buyer-seller relationship that tends to ignore the role of other elements in the distribution channel and the role of other stakeholders".

Lovelock and Wirtz (2004) refer to RM as a marketing strategy intended to build and maintain relationships with customers.

In a more recent study, Peng and Wang (2006, p.26) define it as

"all marketing activities directed towards building customer loyalty (keeping and winning customers) by providing value to all the parties involved in the relational exchanges".

Peng and Wang's definition is similar to that of Morgan and Hunt (1994) in the sense that it takes into account the broad nature of RM activities. Despite the wide range of definitions proposed and the differences in the conceptualisation of RM, all definitions indicate (1) that relationships are built between a company and its customers, (2) that they are long term in nature, and (3) that all parties involved should benefit from the relationship.

RM focuses on the building and enhancement of interactive activities between the buyer and seller with the aim of attracting and keeping customers (Gronroos, 1994). In this way, a firm concentrates on customer retention with a view to building up a long-term relationship with a customer. Juttner and

Wehrli (1994) as cited in Abratt and Russell (1999, p.9) suggest that one would deem a relationship to exist when “the relationship commences at the time of sale, the customer becomes well known and there is a focus on problem solving”. In addition, valuable information is exchanged at regular intervals between the buyer and the seller and “there is a focus on individualised service”.

There appears to be a disagreement in the literature with regard to the scope of RM (Hacker and Egan, 2006). For instance, the Nordic school of thought⁵ perceives RM as a concept that consists of various relationships between the organisation and its various stakeholders while the North American school of thought⁶ views it as a purely “customer-supplier dyad” (Harker and Egan, 2006, p.230). Despite the slight differences in perception, both schools recognise the supremacy of a customer in the exchange relationship.

The inventory of the definitions and our analyses of their content lead us to the following definition of Relationship Marketing (RM).

Definition 2.1: Relationship Marketing

Relationship Marketing is the implementation of various relational marketing activities directed towards creating long-term relationships with target customers under the aim of improving a firm’s competitiveness through customer loyalty.

2.3 Evolution of RM

RM came into existence as a result of a shift in marketing thinking from transaction-oriented to relationship-oriented marketing (Webster, 1992; Gronroos, 1994). Transaction marketing assumed that a firm’s objectives would be met once customers are attracted to buy from the firm. However, with time, various practitioners during the 20th century started feeling the inadequacy of this approach. This was especially the case with marketers who worked in the business-to-business (B2B) sector and in the service sector at the time (Mattson, 1997). It paved the way for the need to change marketing thinking and gave rise to the RM concept. Thus, the concept emerged within the fields of service marketing and industrial marketing (Gummesson, 1987) and it obtained a major impact upon the marketing discipline. Since then, there has been a growing recognition that the objective of any marketing program should not only be to attract but also to develop a long-term relationship with customers (Gummesson, 1987).

Several scholars have attempted to explain the evolution of RM. For instance, Berry (1995) asserts that the current interest in RM can be attributed to four factors, namely (1) the maturation of services marketing, (2) the potential benefits of practising RM, (3) the increased recognition of the benefits that RM offers to customers, and (4) the advances in technology.

The first factor is important because the intangible nature of services means that firms have to establish “repeated contact” with their customers in order to win their loyalty (Berry, 1995, p.237). Hultman and Shaw (2003) agree with Berry (1995) when they observe that in most developed economies, service

⁵ The Nordic school of thought emerged in the 1970s “in response to perceived shortcomings in the transactional approach to marketing” (Palmer et al., 2005, p.317). This school of thought focuses on “...the concept of service as a means of improving the quality of the relationship, stimulating customer loyalty and extending the customer life cycle” (Gronroos, 1990b as cited in Palmer et al., 2005, p.317).

⁶ The North American school of thought emerged in the 1980s (Thompson, 2010) and is characterised by “...a heavy emphasis on customer service, often via a dyadic relationship” (Gronroos, 1997 as cited in Palmer et al., 2005, p.318).

sectors dominate the industrial base and contribute most to the GDP which means that special attention has to be paid to the way services are marketed.

The second factor is the potential benefits which RM offers. The mid 1990s saw a tremendous increase in competition in the service industry. As a result, service firms deemed it important to increase their marketing activities in order to defend their customer base (Berry, 1995). This essentially means that firms that practise RM have the potential benefit of being more competitive than their counterparts that do not.

The third factor is the increased recognition of the benefits that RM offers to customers. For services that are highly personal or that vary in quality, for example, hairstyling, banking, and insurance services, customers prefer to be in a continuous relationship with the service provider in order to be assured of the same experiences every time the service is provided (Berry, 1995). It gives the service provider a chance to know, in more detail, a customer's specific needs. This can enable the firm to provide tailor-made specifications to its customers which promotes the development of long-term relationships and that is the ultimate goal of RM.

The fourth factor relates to the technological advances that have made it possible to practise RM. Because of the rapid improvements in IT, firms have been able to build database systems that can track their customers' buying patterns and provide tailor made solutions to them. The systems also reduce service errors and provide two-way communication between the firm and its customers (Berry, 1995). According to Zielinski (1994) as cited in Berry (1995), IT has created an opportunity for firms to segment their markets by groups as well as by individual customers. Parvatiyar and Sheth (1999), analogous to Berry (1995), assert that the increased interest in RM among practitioners and researchers can be attributed to the growth in the service economy and the ability to manipulate computer technologies in a more sophisticated way. We can infer from the above discussion that the need for firms in the service sector to become more competitive has led to an increased interest in the subject of RM. It is also apparent that the current interest has given rise to new tasks for marketers in the areas of customer acquisition and customer retention.

2.4 Importance of RM

Several scholars have suggested a number of reasons why RM has gained strategic significance today. Gronroos (1994), for example, suggests that the purpose of RM is to establish, maintain, and enhance relationships with customers and other partners who are involved in the exchange process so that the objectives of all parties involved are met. This implies that a firm that practises RM can expect to be rewarded in the long-term together with its stakeholders. Rewards are expected because according to Ravald and Gronroos (1996), RM adds value to a firm's product offering which encourages customer loyalty. Building on Ravald and Gronroos' argument, Haahti (2003) states that once relationships are cultivated, firms can be able to enjoy long-lasting and continuing relations with their customers which can lead to profitability. This assertion is in agreement with Shcizrma and Sheth (1997)'s suggestion that having relationships enables the firm to create value for its products or services. Other researchers, such as Morris et al. (1998) and Kotler (2003), claim that the strategic significance of relationships is based on the assumption that it is easier for firms to retain existing customers than to win new ones. They further note that from the buyer's perspective, having relationships with suppliers enables buying firms to access valued resources and technologies. All these activities improve a firm's competitive position.

In a related argument, Ennew and Binks (1996) as cited in Abratt and Russell (1999, p.5) note that "the higher relative cost of customer acquisition has shifted the emphasis to building and maintaining long-term customer relationships to improve profitability". Furthermore, Reichheld and Sasser (1990)

empirically demonstrate in their study that profits increase progressively when a company reduces the number of customers that defect.

It therefore becomes apparent from the foregoing discussion that the strategic significance of RM can mainly be attributed to its ability to focus a firm's attention on customer retention with a view of building up a long-term relationship with a customer and thus long-term profitability. By enabling the implementation of the marketing tasks of attracting and maintaining profitable relationships with customers, RM gives companies a competitive edge over their competitors.

2.5 Models of RM

Various RM models have been presented in the literature. The models identify the different stages through which an RM perspective develops. By so doing, they attempt to explain the evolvement in the relationship between two partners over time. Morris et al. (1998, p. 362) note that "the evolutionary process has been defined in terms of a number of steps or stages". For instance, Dwyer et al. (1987) propose five phases through which relationships between buyers and sellers develop, namely (1) awareness, (2) exploration, (3) expansion, (4) commitment, and (5) dissolution. The model is shown in Table 2.1.

Table 2.1: The Relationship Development Process

| Relationship Phase | Phase Characteristics |
|--------------------|--|
| 1. Awareness | Unilateral consideration of potential exchange partners. |
| 2. Exploration | Dyadic interaction occurs. A gradual increase in interdependence reflects bilateral testing and probing. Termination of the fragile association is simple. |
| 3. Expansion | A successful power source exercise marks the beginning of this phase. Mutual satisfaction with customised role performance supports deepening interdependence. Additional gratifications are sought from the current exchange partner rather than from an alternative partner. |
| 4. Commitment | Contractual mechanisms and/or shared value systems ensure sustained interdependence. Mutual inputs are significant and consistent. Partners resolve conflict and adapt. |
| 5. Dissolution | This phase begins when one party, after privately evaluating his satisfaction, concludes that the costs of continuing in the relationship exceed the benefits. Both parties enter into an interactive phase and negotiate their unbonding. |

Source: Adapted from Dwyer et al. (1987)

The model illustrated in Table 2.1 gives detailed insights into the development of relationships between buyers and sellers. However, as the authors point out, "it lacks conceptual detail and obvious ways to operationalise key variables" (Dwyer et al., 1987, p.20).

Five years later, Kotler (1992) as cited in Dibb and Meadows (2001) developed a model that consists of five levels of RM, namely (1) basic, (2) reactive, (3) accountability, (4) proactive, and (5) partnership. The model is shown in Table 2.2.

Table 2.2: Five Levels of RM

| RM Level | Characteristics of Level |
|-------------------|--|
| 1. Basic | Does not really involve relationship building, but does future positive interaction between the seller and customer when a product or service is sold. |
| 2. Reactive | As above, but seller also suggests that the customer can contact them personally if they have any problems or queries. |
| 3. Accountability | Here, the seller actively contacts the customer after sale to check that the product is satisfactory and to receive feedback. |
| 4. Proactive | At this level, the seller continues to contact the customer and proactively attempts to understand and satisfy their needs. |
| 5. Partnership | The ultimate form of RM involving actually living with the customer. Usually confined to business-to-business relationships. |

Source: Adapted from Kotler (1992) as cited in Dibb and Meadows (2001, p.173)

Each of the five RM levels in Table 2.2 emphasises the amount of interaction that takes place between the firm and its customers. Kotler (1992) as cited in Dibb and Meadows (2001, p.172) argues in his model that firms are capable of deciding whether to progress from one level to another, a decision that depends on the justification of additional costs. Kotler's model seems to be useful in helping marketers to understand the stages through which their businesses should go through if they want to build and maintain long-lasting relationships with their customers. Yet, there is a missing issue in Kotler (1992)'s model. In their study, Dibb and Meadows (2001) conclude that Kotler's model does not sufficiently explain the adoption of RM in a services context. Therefore, they propose a modified version of the RM model, which meets the specific requirements of any service business. Their model compares the characteristics of a high and low RM focus. The characteristics are divided into four categories to facilitate analysis, namely (1) company, (2) customers, (3) technology, and (4) staff. According to the authors, service firms can lie anywhere on the RM focus continuum.

Later, Kotler (2003) made additions to his earlier model by distinguishing between five different levels at which firms could invest in building customer relationships (see Table 2.3) and suggesting a link between profit margins, number of customers, and the corresponding level of RM in practice (see Table 2.4).

Table 2.3: Different Levels of Investment in Customer Relationship-Building

| RM Level | Level of Investment |
|--------------------------|---|
| 1. Basic marketing | The salesperson simply sells the product. |
| 2. Reactive marketing | The salesperson sells the product and encourages the customer to call if he has questions, comments, or complaints. |
| 3. Accountable marketing | The salesperson phones the customer to check whether the product is meeting expectations. The salesperson also asks the customer suggestions for any product improvement or service improvement and for any specific disappointments. |
| 4. Proactive marketing | The salesperson contacts the customer from time to time with suggestions about improved product uses or new products. |
| 5. Partnership marketing | The company works continuously with customers of large companies to help improve their performance. (General Electric, e.g., has stationed engineers at large utilities to help them produce more power.) |

Source: Adopted from Kotler (2003)

Table 2.4: Profit Margin, Number of Customers, and RM in Practice

| Number of Customers | RM in Practice (Dictated by the Available Profit Margin) | | |
|---|--|---------------|-------------------|
| | High Margin | Medium Margin | Low Margin |
| Many customers/distributors | Accountable | Reactive | Basic or Reactive |
| Medium number of customers/distributors | Proactive | Accountable | Reactive |
| Few customers/distributors | Partnership | Proactive | Accountable |

Source: Adopted from Kotler (2003)

Kotler's models (Tables 2.3 and 2.4) assist firms to understand at what level they should invest in customer relationships after taking into account the customer bases they serve and their corresponding profit margins. Nevertheless, the models are limited by the fact that they have not clearly distinguished between investments in customer relationships for different service sectors. In practice, there may be variations in investment dependent on the sector involved.

Other researchers also contributed to the development of RM models. For instance, Beatty et al. (1996)'s model specifies the necessary steps in the process of relationship formation, namely (1) facilitating conditions, (2) relationship formation, (3) relationship enhancement, and (4) relationship outcomes. The model sheds more light on the process through which relationships are formed in a retailing environment. However, according to Abratt and Russel (1999), it appears to have more relevance in a service environment where customers prefer personalised service from the service provider and where both the customer and service provider perceive the benefits of being in the relationship to be greater than the costs.

Despite their limitations, the models discussed above suggest a useful guide to understanding the process of relationship development among firms. The models imply that RM involves a time element in order to cultivate the relationship between the customer and the firm (Finne and Gronroos, 2009). Therefore, firms that advocate for RM must be willing to invest the necessary resources, not only in terms of time, but also in terms of capital and human resources in order to create valuable relationships with their customers.

2.6 Design and Implementation of RM Instruments

RM is recognised by several academic scholars and practitioners as one of the potential marketing strategies that today's companies can employ to enhance their competitiveness in the market place. However, the success of any RM strategy or program largely depends on the practical design of different RM instruments (RMIs) (Wel and Bojei, 2009), RM tactics (RMTs) (De Wulf et al., 2001) or RM efforts (RMEs) (De Wulf et al., 2003) and their implementation. Below, we discuss the design of RMIs (Subsection 2.6.1), the implementation of RMIs (Subsection 2.6.2), and the choice of RMIs for implementation among Ugandan SMEs (Subsection 2.6.3).

2.6.1 Design of RMIs

Several scholars have proposed various RMIs that can be used in the RM practice to help bring about a long-term relationship with customers which is the main objective of RM. This subsection discusses the various approaches to the design of RMIs. The subsection consists of three parts as follows: (1) the five strategy elements, (2) three levels of RMIs, and (3) different RMIs.

(1) The Five Strategy Elements

Berry (1983) as cited in Berry (1995, p.236) suggests "five strategy elements for practising RM: developing a core service around which to build a customer relationship, customising the relationship

to the individual customer, augmenting the core service with extra benefits, pricing services to encourage customer loyalty, and marketing to employees so that they, in turn, will perform well for customers”.

(2) Three Levels of RM

Later researchers, for instance, Turnbull and Wilson (1989) and Berry and Parasuraman (1991) as cited in Berry (1995) suggest three levels at which firms could practise RM.

Level-one RM focuses on pricing incentives (financial bond) as the major RMI to gain loyalty from customers. However, this level has been criticised by several scholars (e.g., Berry, 1995 and De Wulf et al., 2001) who argued that it is the weakest level as competitors can easily copy the price and can therefore not be used to sustain competitive advantage.

Level-two RM relies mainly on developing the social aspects of the relationship (social bond). Social bonds are based on personal relationships, are more difficult to build, and harder for competitors to copy. For this reason, a firm creating social bonds with its customers stands a higher chance of retaining them in the long term (Haecel et al., 2003; Lovelock and Wirtz, 2004). Berry (1995) argues that social bonds can be created through the use of RMIs such as communicating regularly with customers in different ways, referring to customers by their names during service encounters, and enriching the core service with extras, for example, entertainment activities.

Level-three RM mainly focuses on offering structural solutions (structural bond) to important customer problems as the RMI.

Berry (1995) suggests that RM could be practised on several levels depending on the type of bonds a firm would like to use to foster customer loyalty. In contrast, Wel and Bojei (2009) propose that RM should be practised at both the first and second levels in order to build and enhance customer relationships.

(3) Different RMIs

More recent researchers have proposed the design of different RMIs to put RM into practice. For instance, Sorce (2002)’s exploratory study of consumer preference towards common RMIs reveals that consumers preferred the use of RMIs such as email, postal mail, personal interactions, and telephone. Similarly, Peng and Wang (2006, p.26), for example, note a range of RMIs “from aggressive sales techniques like telemarketing, direct mail, doorstep selling, radio advertisement, TV advertisement, direct mail via internet to customer loyalty programmes” which companies use to develop and sustain close relationships with their target customer groups. In addition, De Wulf and Odekerken-Schröder (2003) show that in general, RMIs such as direct mail, preferential treatment, and tangible rewards (also referred to as relationship efforts in their study) play an important role in influencing consumer trust. In a related study, De Wulf et al. (2003) demonstrate the importance of using different RMIs such as direct mail, preferential treatment, interpersonal communication, tangible rewards, product price, product quality, and service quality to impact on consumer perceptions of relationship investment which can in turn affect relationship quality and consequently behavioural loyalty. Palmatier et al. (2006, p.149)’s meta-analysis study confirms that “expertise and communication are the most effective relationship building strategies across all elements of a relationship”. Finne and Gronroos (2009) further reiterate the importance of relationship communication in RM practice. In a recent study, Wel and Bojei (2009) identify eight RMIs that can be used to manage customer relationships namely (1) sense of community, (2) customer service, (3) personal treatment, (4) preferential treatment, (5) community integration, (6) customisation, (7) tangible rewards, and (8) personal communication. It is worth noting that although some of the studies advocate for the use of different RMIs, there is a

general consensus among all the scholars that using multiple RMIs can indeed provide a strong foundation for maintaining and enhancing relationships especially when target customers are offered value-added benefits which may be difficult or expensive for competitors to provide or which may not be readily available elsewhere. We can also infer that for RMIs to yield success, they should at least cover the first and second levels of RM. In our study, we define a Relationship Marketing instrument (RMI) as follows.

Definition 2.2: Relationship Marketing Instrument

A Relationship Marketing Instrument is a marketing tool that can be used to implement Relationship Marketing in a firm.

2.6.2 Implementation of RMIs

The suitability of which RMI to implement will vary from one industry to another and from one cultural context to another. This perspective is supported by Osuagwu (2004, p.114) who, in his study on RM strategies in Nigerian companies, argues that "...marketing practices and strategies are situation specific, and are a function of many variables, including the environment...". This implies that there is a need to consider the broader context within which Ugandan SMEs operate before coming up with desirable RMIs for them.

2.6.3 The Choice of RMIs for Implementation among Ugandan SMEs

For the purposes of our study, four RMIs are considered, namely (1) customer orientation, (2) service quality, (3) interpersonal communication, and (4) tangible rewards. They are assumed to be the most appropriate for implementation among SMEs in the service sector in Uganda. Our decision to consider them for further research is arrived at by using the following three criteria: (1) the degree of importance that the four RMIs have been accorded in RM literature, (2) the consideration of the context within which Ugandan SMEs operate (Chapter 4), and (3) the results from a preliminary interview that show that Ugandan customers considered the four RMIs to be the most important for entering into long-term relationships with service providers. Each of the four RMIs is further discussed below.

(1) Customer Orientation

Customer orientation is an essential relational tool. Ravald and Gronroos (1996) argue that customer orientation is at the heart of RM. Leverin and Liljander (2006) also note in their study that it is one of the key principles of RM. Moreover, results from a preliminary interview carried out with a sample of SME owner-managers and customers in Uganda indicate that customer orientation is one of the relational tools that customers value most. However, most SMEs in Uganda have a poor customer orientation (<http://www.enterprise.co.ug/sme.htm> - website accessed on 2nd November 2010). Because of the reasons given above, customer orientation is still considered by us as one of the RMIs in the study.

Customer orientation means to focus on meeting the needs of the customers. It involves being courteous and making timely responses towards these needs. In their study, Saxe and Weitz (1982) in Boles et al. (2001, p.2) define customer orientation as the extent to which a salesperson practices "the marketing concept by trying to *help customers make purchase decisions* "(emphasis added)" that will satisfy customer needs". According to Appiah-Adu and Singh (1998), a firm that is customer oriented has a special focus on its customers and the markets it serves. Boles et al. (2001) further explain that when there is customer orientation in the firm, top management implements activities and behaviours that reflect the extent to which a customer's needs and desires form the core of the firm's sales philosophy. We define customer orientation as follows.

Definition 2.3: Customer Orientation

Customer Orientation is a customer's perception of the way frontline employees focus on meeting the needs of the customer.

(2) Service Quality

Service quality has received much support from academic scholars for its role in customer retention. For instance, Zeithaml et al. (1996) reveal in their study on the behavioural consequences of service quality across four service companies, that service quality leads to favourable behavioural intentions which in turn lead to customer loyalty. Parasuraman et al. (1988) also observe that service quality is an important issue for all firms, whether they are big or small. Similarly, Peng and Wang (2006) empirically demonstrate in their study that service quality has a significant influence on customer retention. This implies that service quality is key in building relationships with customers and is therefore one of the RMIs that we use to study the RM practices of SMEs in Uganda.

Parasuraman et al. (1988) define service quality as the perception that the customers have about the services offered by the firm and the extent to which they feel that these services are superior. In a recent study by Peng and Wang (2006, p.32), it is defined as “the consumer’s judgement about the entity’s overall excellence or superiority”. This definition is similar to that of Parasuraman et al. (1988). We define service quality as follows.

Definition 2.4: Service Quality

Service Quality is a customer's perception of the level of superiority of the service provided by a company.

According to Parasuraman et al. (1988, p.23), service quality consists of five dimensions, namely (1) tangibles, (2) reliability, (3) responsiveness, (4) assurance, and (5) empathy. Tangibles refer to the “physical facilities, equipment, and appearance of personnel”. Reliability is the “ability to perform the promised service dependably and accurately”. Responsiveness is defined as the “willingness to help customers and provide prompt service”. Assurance refers to the “knowledge and courtesy of employees and their ability to inspire trust and confidence”. Empathy refers to the “caring, individualised attention that the firm provides to its customers”.

(3) Interpersonal Communication

Interpersonal communication is a third important RMI for all firms regardless of size because the interactive dialogue between the firm and its customers creates satisfied customers. By doing so, it aids in the development and maintenance of relationships. In fact, Morgan and Hunt (1994) argue that firms should foster their relationships by communicating valuable information among other things in order to build trust and commitment in the relationship. Gronroos (1995) supports this observation when he emphasises that a good interactive process is a critical foundation for any company that wants to invest in an ongoing relationship with its customers. Similarly, Hogarth-Scott et al. (1996) observe in their study that interpersonal communication plays an important role in SMEs. Despite this importance, Finne and Gronroos (2009) observe that there are only limited studies in the RM literature that have studied communication in great detail. Because of this observation and the importance it has been accorded in marketing literature, interpersonal communication is one of the RMIs that is used to study the RM practices of SMEs in Uganda.

Interpersonal communication deals with the way people relate to each other, usually in a face-to-face private setting. It is an interactive process between two people and is one of the major ways in which relationships are created and maintained. De Wulf et al. (2003, p.250) define interpersonal

communication as “a consumer’s perception of the extent to which a retailer interacts with its regular customers in a warm and personal way”. We define interpersonal communication as follows.

Definition 2.5: Interpersonal Communication

Interpersonal Communication is a customer’s perception of the interactions that take place between frontline employees and customers.

(4) Tangible Rewards

The use of tangible rewards in marketing operations has received much support from several marketing scholars. For instance, Murray (1994) argues that small firms can use tangible rewards such as price reductions as competitive marketing tools especially when they are facing much competition from similar service providers. Murray’s argument is similar to Berry’s (1983) suggestion that pricing services to encourage customer loyalty and augmenting the core service with extra benefits are some of the strategic elements that should be used to practise RM. Hogarth-Scott et al. (1996) note that pricing is important for small firms. Taking into account the above arguments, tangible rewards are one of the RMI’s that are investigated in the study because of their importance in RM literature and because we perceive them as easy to implement among SMEs in Uganda.

De Wulf et al. (2001, p.36) define tangible rewards as “a consumer’s perception of the extent to which a retailer offers tangible benefits such as pricing or gift incentives to its regular customers in return for their loyalty”. In other words, regular customers are offered tangible benefits in order to encourage them to be more loyal to the firm’s products and also to thank them for their loyalty. We define tangible rewards as follows.

Definition 2.6: Tangible Rewards

Tangible Rewards are a customer’s perception of the incentives he receives from a company as a result of buying the services of that company.

2.7 Customer Experiences

Schmitt (1999, p.60) defines experiences as “private events that occur in response to some stimulation (e.g., as provided by marketing efforts before and after purchase)”. He argues that the total experience that a customer receives directly affects his perceptions of value, word of mouth advertisements, and future purchase intentions. Pine and Gilmore (1999) define experiences in a similar manner as events that engage customers in a personal way. By engaging customers in such a manner, companies can create memorable experiences for their customers. In the same vein, Becker (2007) defines customer experiences as the sum of all interactions that a customer has with the company involved. Haeckel et al. (2003) builds on the aforesaid arguments by observing that whenever a service is being provided, consumers form experiences of the critical events during the service encounter. These experiences can be interpreted as favourable, unfavourable, or neutral (Seybold, 2005). The way consumers perceive experiences influences the way they perceive the overall service provided and forms the basis for future service expectations. Customers will tend to remember not what was sold to them, but the manner in which it was sold to them (Amato-McCoy, 2008). Boswijk et al. (2007) and Barnes (2006) argue that customer experiences have the potential to produce emotional responses and according to Seybold (2005), this can have an effect on the customer satisfaction. In their book, Boswijk et al. (2007) explain that today’s consumers base their actions more on feelings and intuition than on rational considerations. Jensen (1996) further reinforces this argument by observing that today’s consumers buy emotions, feelings, and stories that go with the product or service. Each service encounter should therefore be seen as an opportunity for the service provider to create positive experiences for the customer (Lovelock and Wirtz, 2004; Lovelock and Wirtz, 2007). In fact, a company’s long-term success depends on giving customers a great experience (Becker, 2007).

Managing the customer's experience effectively "involves presenting an integrated series of clues that collectively meet or exceed customers' expectations" (Haeckel et al., 2003, p.20). Barnes (2006) suggests that companies can create experiences for their customers by employing four major marketing strategies, namely (1) increasing the ease with which customers can deal with the company, (2) ensuring that frontline employees are friendly, helpful, and efficient, (3) giving assurance to the customer about the product or service in use, and (4) obtaining knowledge about the customer so that a tailored product or service can be offered to him in the future. To manage customers' experiences effectively, managers should develop empathy, that is, they should be able to see situations from the customer's view point and to feel what the customer feels (Haeckel et al., 2003). CEM ensures that each part of the organisation is focused on creating an integrated feeling for the customer.

Schmitt (2003) argues that experiences are different from satisfaction and that if managers pay attention to customer experiences, then satisfaction will occur naturally. It is against this background that we incorporate customer experiences in the conceptual model as a necessary construct to achieve customer satisfaction. Our definition of customer experiences is given below.

Definition 2.7: Customer Experiences

Customer Experiences are those memorable events, either good or bad, that customers perceive every time they use a company's services.

2.8 Customer Behaviour

Customer behaviour is a common term in the marketing literature (e.g., Kotler and Armstrong, 2010). The term is often used interchangeably with consumer behaviour. For purposes of our study, customer behaviour is treated as a parallel concept to consumer behaviour.

According to the American marketing association, customer behaviour is defined as "*the dynamic interaction of affect and cognition, behaviour and environmental events by which human beings conduct the exchange aspects of their lives*".

It is "the behaviour of the consumer or decision maker in the market place of products and services" (http://www.marketingpower.com/_layouts/dictionary.aspx?dLetter=C - website accessed on 18th October 2010).

Kotler and Armstrong (2010, p.159) define customer behaviour as "*the buying behaviour of final consumers - individuals and households that buy goods and services for personal consumption*".

Taking into account the above definitions, we formulate our own definition of customer behaviour as follows.

Definition 2.8: Customer Behaviour

Customer Behaviour is the emotional and/or physical conduct of customers after buying a company's services.

There are two types of customers: (1) consumers, and (2) non-consumers. Most of the literature on customer behaviour talks about consumers. However, there are also non-consumers in the service chain who are not consuming but who facilitate the consumption process. The decision-making pattern for both consumers and non-consumers is the same. The only difference is that non-consumers do not consume. In this study, we have used the term 'customer' to refer to consumers in the service chain. We have also interpreted the customer behaviour in terms of four variables, namely (1) customer

satisfaction, (2) customer loyalty, (3) trust, and (4) commitment. The latter two are RM dimensions. Each of these variables is discussed below.

2.8.1 Customer Satisfaction

A large number of articles has been written about customer satisfaction in the consumer literature. The concept is at the core of marketing because if customers are not satisfied, it can have adverse effects on the future sales of the company. Customer satisfaction has been defined in many different ways by different authors. Kotler (2003, p.61), for example, defines satisfaction as

“a person’s feelings of pleasure or disappointment resulting from comparing a product’s perceived performance (or outcome) in relation to his expectations”.

In line with Kotler’s definition, De Wulf et al. (2003) define it in their study as

“that affective state which a consumer achieves as a result of appraising his relationship with the retailer”.

According to the “disconfirmation of expectations” model, consumers will have feelings of satisfaction when they compare their perceptions of a product’s performance with their expectations (e.g., Oliver, 1980 as cited in Spreng et al., 1996, p.15). The model suggests that consumers evaluate the quality of overall service on the basis of their expectations and perceptions, which are largely derived from their experiences with the service. Thus, negative experiences during the service encounter are likely to reduce satisfaction while positive experiences may increase satisfaction levels. Neutral experiences may or may not have any influence on the satisfaction levels. This perspective is supported by Bowen and Shoemaker (2003) who note in their study about customer loyalty in the hotel industry that customer satisfaction measures how well each transaction in a given company meets a customer’s expectations. The extent of customer satisfaction therefore seems to be tied to a customer’s experiences in each service encounter. In fact, Schmitt (2003) asserts that satisfaction is likely to be one of the results of the process of managing customer experiences. Customer satisfaction is therefore viewed as a perception that can vary from high satisfaction to low satisfaction. If customers believe that the service provider has met their expectations, they experience high satisfaction but if, in contrast, they believe that there are service quality problems, they experience low satisfaction ([http://www.praxiom.com/iso-definition.htm#Customer satisfaction](http://www.praxiom.com/iso-definition.htm#Customer%20satisfaction) – website accessed on 19th October 2010). We define customer satisfaction as follows.

Definition 2.9: Customer Satisfaction

Customer Satisfaction consists of those feelings of contentment or discontentment that customers have about the services provided by a company.

2.8.2 Customer Loyalty

The importance of customer loyalty has been emphasised in the consumer marketing literature. Several authors share the view that customer loyalty is critical to business success and profitability. For instance, Reichheld and Sasser (1990) argue that it costs the company much more resources to acquire a new customer than to keep an already existing one. In addition, they observe that customers who are loyal often buy more from the company and that they are less likely to use price as the sole determinant for buying from a competitor. Reichheld (1994, p.14) empirically demonstrate that “a decrease in defection rates of five percentage points can increase profits by 25% - 100%”.

Several scholars and specialised institutions have attempted to define customer loyalty. For instance, International Customer Loyalty Programmes (ICLP)⁷ Plc. defines customer loyalty as those total feelings or attitudes that would make the customer consider buying the same product or service again or to revisit the same shop or website. Jones and Sasser (1995, p.94) define it in a broader manner to include those feelings of affection or attachment that customers show towards “a company’s people, products or services”. Later researchers such as McAlexander et al. (2003) define the term as the extent to which a customer repeatedly buys from the firm and his desire to continue having an ongoing relationship with the service provider. In a related way, Bowen and Shoemaker (2003, p.33) note in their study that “customer loyalty measures how likely a customer is to return” and how willing that person is to engage in partner-like activities for the company such as making recommendations to friends. The reviewed literature suggests (1) that loyalty is the degree to which customers are inclined to stay with one company and resist competitive offers, and (2) that a loyal customer is one who keeps buying from you. We can infer that repeat purchases and positive customer feelings or attitudes are important indicators of customer loyalty. We define customer loyalty as follows.

Definition 2.10: Customer Loyalty

Customer Loyalty is the patronisation of a company’s services by customers.

2.8.3 Trust

Trust often appears in services marketing literature as a necessary element for RM to be present in a given firm. Since the same holds true for commitment (both are RM dimensions), we start this subsection by a common introduction. Gundlach and Murphy (1993, p.41) state that trust is “the most universally accepted” variable in terms of forming a foundation for human interaction or exchange. The authors further observe that participants to the exchange process must be committed in order for exchange to take place. Gundlach and Murphy (1993) also argue that since relationships are glued together by normative behaviour as opposed to the use of contracts, trust (Crosby, et al., 1990; Morgan and Hunt, 1999), commitment (Dwyer et al., 1987; Morgan and Hunt, 1999), and mutual benefit (Gronroos, 1994) are important elements of RM. In their study, De Wulf et al. (2001) identify trust and commitment as the two main dimensions of relationship quality. Other authors (e.g., Morgan and Hunt, 1994) have argued that both trust and commitment are necessary conditions for firms to build long-term relationships with their exchange partners. Below, we deal with trust and in Subsection 2.8.4, with commitment.

Morgan and Hunt (1994) and Ganesan (1994) argue that RM is built on the foundation of trust. Gronroos (1989) build on this argument by suggesting that trust is an important ingredient of marketing and that since RM includes several parties of which the objectives have to be met, trust even becomes more important in such relationships. Berry (1995) argues that in services marketing, trust is critical in the formation of relationships because of the intangible and heterogeneous nature of services. Based on these arguments and the arguments given above, trust is one of the RM dimensions that is studied.

Various scholars have defined trust in a bid to understand how it influences RM. Anderson and Narus (1990) as cited in Morgan and Hunt (1994, p.23) define trust as “*the firm’s belief that another company will perform actions that will result in positive outcomes for the firm as well as not take unexpected actions that result in negative outcomes*”.

⁷ ICLP is a global loyalty marketing agency that specialises in developing and managing customer loyalty (http://www.iclployalty.com/who_we_are).

Similarly, Crosby et al. (1990, p.70) define it as

“a confident belief that the salesperson can be relied upon to behave in such a manner that the long-term interest of the customer will be served”.

Still, there are other definitions; a related definition is that of Moorman et al. (1993) in Berry (1995, p.242) who define trust as

“a willingness to rely on an exchange partner in whom one has confidence”.

According to Liljander and Roos (2001), confidence is a result of offering consistent and competent service, treating customers in a fair and honest way and behaving in a responsible manner.

Other scholars, for instance, Callaghan et al. (1995), as cited in Yau et al. (2000, p.1114) define trust as *“the dimension of a business relationship that determines the level to which each party feels they can rely on the integrity of the promise offered by the other”.*

Later, Yau et al. (2000) define the term as personal trust that is instrumental in the formation of both person-to-person and customer-supplier relationships.

More recently, De Wulf et al. (2003, p.251) define the term in a retail context as

“a consumer’s confident belief in a retailer’s honesty towards this consumer”.

Cowles (1996, p.273) observes that the concept of trust has been widely studied and yet, there is no agreement among the scholars on “either the meaning or the role of trust in marketing thought and practice”. Nonetheless, there is consensus among several authors (e.g., Morgan and Hunt, 1994; De Wulf et al., 2003) that there should be confidence for trust to be there. Confidence in a service provider is something that takes time to build. That is why scholars such as Blois (1997) have suggested that trust develops over time and that it is built on customers’ past experiences with the service. Our definition of trust is as follows.

Definition 2.11: Trust

Trust is defined as the faith and the confidence that customers have in the services provided by a company.

Several scholars have conceptualised trust as a multidimensional construct. For instance, Ganesan (1994) conceptualises the term as consisting of two dimensions, namely (1) credibility, and (2) benevolence. Credibility is defined as the quality of being believable or trustworthy (<http://www.audioenglish.net/dictionary/credibility.htm> - website accessed on 22nd April 2011). Benevolence is defined as “the belief that one’s partner is interested in the firm’s welfare and will not take unexpected actions which will negatively impact the firm” according to Anderson and Narus (1990) as cited in Geyskens et al. (1996, p. 307). Ganesan (1994)’s study reveals that credibility had a significant effect on the long-term orientation of channel members whereas benevolence did not. Credibility appears to parallel honesty (cf.⁸ Morgan and Hunt, 1994). Trust can only exist if one partner in the relationship can confidently rely on the other partner’s honesty and dependability (Morgan and Hunt, 1994). According to the authors, honesty is the belief that one partner is sincere and will fulfil his part of the obligation. Dependability is being worthy of reliance (<http://www.audioenglish.net/dictionary/dependable.htm> - website accessed on 22nd April 2011).

⁸ cf. (confer or compare) means that the reader should compare the statement with that from the cited source.

2.8.4 Commitment

Several authors (e.g., Gundlach et al., 1995) have stressed the importance of commitment as an essential ingredient for successful long-term relationships with a company's stakeholders. Liljander and Roos (2001) echo this call by stating that customer commitment signifies success in RM. Similarly, in the marketing channels⁹ literature, commitment has been identified as a critical ingredient for channel survival (Anderson and Weitz, 1992; Morgan and Hunt, 1994). Based on these arguments and the arguments given above, commitment is one of the RM dimensions that is studied.

Moorman et al. (1992) as cited in Morgan and Hunt (1994, p. 23) define commitment to the relationship as
"an enduring desire to maintain a valued relationship".

According to Morgan and Hunt (1994), this can be translated to mean that partners can only commit themselves if they consider the relationship to be of significance to them. Morgan and Hunt (1994, p.23) define relationship commitment as
"an exchange partner believing that an ongoing relationship with another is so important as to warrant maximum efforts at maintaining it".

The authors note that their definition is similar to that of Moorman et al. (1992).

Consistent with Moorman et al. (1992)'s definition, Dwyer et al. (1987, p.19) define commitment as
"an implicit or explicit pledge of relational continuity between exchange partners".

Similarly, De Wulf et al. (2003, p. 251) define relationship commitment as
"a consumer's enduring desire to continue a relationship with a retailer accompanied by this consumer's willingness to make efforts at maintaining it".

Bowen and Shoemaker (2003, p.34) concur with the previous researchers when they define commitment as
"the belief that an ongoing relationship is so important that the partners are willing to work at maintaining the relationship and are willing to make short-term sacrifices to realise long term benefits".

The above definitions imply that commitment exists when both parties to the relationship are willing to continue with the relationship and they do so by undertaking some extra effort to maintain it. We provide our definition of commitment below.

Definition 2.12: Commitment

Commitment is the willingness of customers to continue buying the services of a company.

Various scholars have conceptualised commitment as a multidimensional construct. For instance, Gundlach (1995, p.83)'s study conceptualises the construct as consisting of three dimensions namely "input, attitudinal, and temporal". However, the dimensions of "affective commitment and calculative commitment appear most frequently" in the marketing literature (Mathieu and Zajac, 1990) in Geyskens et al. (1996 p.304). Gundlach et al. (1995) define affective commitment as the psychological attachment that an exchange partner may have towards the other and that is characterised by feelings of identification, loyalty, affiliation, and behavioural intention. Similarly, Mattila (2006) points out in her

⁹ A marketing channel is a set of interdependent organisations that help to move a product or service from the manufacturer to the consumer with the aim of making it available for use or consumption by a consumer or business user (Kotler and Armstrong, 2010).

study that affective commitment is indicative of the emotional attachment of the customer to a service provider. In contrast, Geyskens et al. (1996) define calculative commitment, also referred to as continuance commitment in organisational research, as the extent to which partners in the relationship find it necessary to maintain the relationship given the expected termination or switching costs¹⁰ associated with ending the relationship. Mattila (2006, p.175) defines it in a similar way when she refers to it as “a consumer’s need or desire to maintain a relationship in face of high switching costs”.

2.9 SME Owner-Manager Behaviour

We did not find any definition of SME owner-manager behaviour in the available literature. We therefore came up with our own definition.

Definition 2.13: SME Owner-Manager Behaviour

SME Owner-Manager Behaviour is the emotional and/or physical conduct of an SME owner-manager in the daily course of business operations.

We categorise SME owner-manager behaviour into two dimensions, namely, (1) SME owner-manager experiences, and (2) SME owner-manager satisfaction. We discuss each of these dimensions in the next two subsections.

2.9.1 SME Owner-Manager Experiences

Today’s managers go through different kinds of experiences at the workplace. The experiences arise from several factors that include, among others, leadership, job content, training background, motivation, competition, and critical incidents on the job. The factors that may shape SME owner-manager experiences in Uganda are (1) educational background, (2) nature of service offered, (3) relationships with employees, (4) competition, and (5) critical incidents. We discuss them briefly below.

(1) Educational Background

SME owner-managers who are well educated usually go through more positive experiences on the job because they possess the knowledge and skills required to understand and handle their customers’ needs better. These experiences may influence the manager’s level of satisfaction.

(2) Nature of Service Offered

Some services demand much more attention than others. SME owner-managers who deal in such services are likely to have more opportunities to interact and be involved with their customers directly. They thus have the possibility of being exposed to different kinds of experiences.

(3) Relationships with Employees

SME owner-managers who relate well with their employees are likely to have more positive experiences on their jobs than those who do not.

(4) Competition

The nature of competition in the industry also affects SME owner-managers’ experience in the sense that SME owner-managers whose firms are in highly competitive industries are forced to be more innovative and to revise their work plans regularly in order to fight off competition and to serve their customers better. Thus, a manager operating under such conditions may be exposed to all sorts of experiences which may directly impact on his own levels of satisfaction.

¹⁰ Switching costs are the costs incurred when a customer changes from one supplier to another. The higher these costs are, the more difficult it will be for the customer to switch to another supplier (http://www.investorwords.com/4846/switching_costs.html).

(5) *Critical Incidents*

Critical incidents on the job may create unique experiences for SME owner-managers and thus influence their levels of satisfaction. For instance, a recognition award such as “Month of the Woman Entrepreneur” given to Ugandan women SME owner-managers by Enterprise Uganda¹¹ is likely to create positive and memorable experiences for women SME owner-managers, to motivate them, and to increase their levels of satisfaction.

Experiences arising from each of the factors discussed above can be interpreted as positive, negative, or neutral, and can have a profound effect on the emotional state of the SME owner-manager. This can consequently affect his levels of satisfaction. We define SME owner-manager experiences as follows.

Definition 2.14: SME Owner-Manager Experiences

SME Owner-Manager Experiences are those memorable events, either good or bad, that SME owner-managers perceive during the course of business operations.

2.9.2 SME Owner-Manager Satisfaction

The satisfaction of an SME owner-manager depends, to a large extent, on the kind of experiences that he is exposed to. The experiences that SME owner-managers go through can create positive or negative feelings and thus affect the overall motivation or satisfaction of the owner-manager. Positive experiences are likely to influence SME owner-manager satisfaction positively, while negative experiences are likely to influence SME owner-manager satisfaction negatively. We define SME owner-manager satisfaction as follows.

Definition 2.15: SME Owner-Manager Satisfaction

SME Owner-Manager Satisfaction is defined as those feelings of contentment or discontentment that SME owner-managers have about the services they provide to customers.

2.10 RM and Firm Performance

RM can have a substantial impact on a firm’s performance. The length of the period that a customer stays in a relationship with a firm can positively influence the firm’s profit levels (Zeithaml et al., 1996). However, there has been limited empirical research on exploring the relationship between RM and firm performance (Yau et al., 2000). Nevertheless, studies that have been carried out so far show a positive relationship between RM and firm performance. For example, Yau et al. (2000)’s findings on the impact of Relationship Marketing Orientation (RMO) on a firm’s business performance across three industries, namely (1) manufacturing, (2) retail and wholesale, and (3) other industries in Hong Kong demonstrate that RM does have a significant influence on a firm’s performance across all industries. One possible shortcoming of this study, however, is that it may be difficult to generalise such findings in other cultural contexts because the study was carried out in only one country. The study, however, helps to clarify the role played by RM in enhancing a firm’s performance.

Similarly, Sin et al. (2002)’s study on the effect of RMO on business performance in a service-oriented economy establishes a positive association between RMO and the indicators of business performance, namely (1) sales growth, (2) customer retention, and (3) Return on Investment (ROI). Furthermore, Webster (1992, p.14) contends that “in network organisations, it is the ongoing relationship with a set

¹¹ Enterprise Uganda is a public-private institution that was established under the framework of the United Nations Development Program (UNDP) Enterprise Africa regional initiative. The institution is designed to support the Uganda government in realising its objective of promoting the development of SMEs to become the main vehicle for expanding production, providing sustainable jobs, and enhancing economic growth.

of customers that represents the most important business asset". Webster also notes that firms that use a relationship approach have the potential to achieve high levels of customer satisfaction and profitability because of their ability to design marketing messages and tactics in a manner that appeals to the lifecycle of the customer. It appears therefore that RM enables firms to attract and keep customers with a lifetime value. As Kotler (2003) observes, by locking customers into a long-term relationship, a company can reap lifetime profits. Gronroos (1994) consents that long-term relationships where both parties over time learn to interact with each other in the best way lead to a reduction in relationship costs for the customer as well as for the supplier or service provider. In their study on the effect of RM programs on firm performance, Palmatier and Goplakrishna (2005) find that social programs which create relational bonds with customers have a strong positive impact on profit and therefore a firm's performance.

Despite several differences in the terminologies used to discuss the relationship between RM and firm performance, it is evident from the foregoing arguments that RM can have a profound effect on company's performance and profitability.

2.11 RM and SMEs

Marketing is essential for the growth and survival of small businesses (Hogarth-Scott et al., 1996; Chaston, 1997; O'Dwyer et al., 2009). Nevertheless, the function is underdeveloped in SMEs and plays a less influential role in these businesses than it does in large firms (Walsh and Lipinski, 2009). It also remains a major problem faced by most SMEs. In their study on the analysis of problems in small businesses, Huang and Brown (1999) as cited in Simpson and Taylor (2002, p.370) discover that sales and marketing was the most dominant problem faced by these firms. If SMEs are to survive in the prevailing global competition, they need to have a detailed understanding of their customers, their current and potential profitability, and how best they can meet their needs so as to prevent their most valued customers from switching to their competitors. Indeed, Rapp and Collins (1994) as cited in Davis (1997) suggest that in order for small firms to manage customer relationships better, they should adopt an RM approach. Furthermore, many scholars argue that word of mouth communications which are usually acquired through building and maintaining good relationships with customers are the most important source of new business for small firms.

One of the ways in which customer relationships can be managed for RM purposes is by the creation of databases. According to O'Malley and Prothero (2004), DBM¹² is one of the techniques that can be used to manage relational strategies. This view is also supported by Peppers (1995) in Davis (1997, p. 31) who asserts that the use of computerised databases can enable firms to practice individualised RM. However, Weinrauch et al. (1991)'s study in Davis (1997, p. 36) indicates that small retail and service firms usually have cash flow problems. Hultman and Shaw (2003) further confirm this finding. As a result, they usually adopt affordable marketing strategies which may not necessarily be the best in the light of the prevailing circumstances. In this regard, therefore, databases would appear to be an expensive marketing option for them. In fact, Everette (1994) in Davis (1997, p.31) observes that small firms rarely use DBM. Dodge and Robbins (1992) in Davis (1997, p.31) add to this sentiment when their study reveals that "maintaining customer contacts was a primary and persistent marketing problem encountered by small firms". Reijonen (2010)'s study also shows that many SMEs do not generate and disseminate market information and that most of them are not responsive to market information, which further confirms the small scale at which DBM is used in small firms. This problem could be attributed to the lack of a clear understanding of the meaning of DBM (Raphel, 1994 in Davis, 1997, p.31), the high costs associated with creating customer databases, and the general lack of knowledge and skills required to manage them effectively. Though it is desirable for small firms to use

¹² DBM has already been discussed in Section 2.1.

computerised databases, it should be noted that they can still successfully implement RM in their operations without the use of databases as long as they can practice “other important RM principles such as encouraging dialogue with customers in order to know them better, focusing on personalised offerings, and emphasizing customer service and satisfaction”, see the Dunn and Bradstreet study in Davis (1997, p.38). It is recommended, however, that in the long-run, small firms should use computerised databases in order to enjoy the benefits associated with using it (Harrigan et al., 2011).

In summary, in order to survive the prevailing competition of the new millennium, small firms should embrace an RM approach.

2.12 Chapter Conclusions

The literature reviewed has provided a foundation for understanding the available RM theories and their importance in increasing a firm’s competitive position. From the review, we may conclude that there is a scarcity of empirical research on RM practices of developing countries, thus undertaking this research is filling an open slot in our scientific knowledge. Moreover, the review has yielded various concepts and constructs that have provided a foundation for developing a conceptual model for RM among SMEs in Uganda. Furthermore, from the studies reviewed, we may conclude that SMEs in developing countries such as Uganda should adopt an RM approach in order to reduce their vulnerability and to increase their competitive position.

Finally, the studies reviewed have been instrumental in providing an input into the methodology part of this research. More specifically, they have helped to build a research strategy, and to distinguish measurement and data collection phases of this research.

CHAPTER 3: CONCEPTUAL MODEL

The aim of this chapter is three-fold: (1) to present the conceptual model that guides our study, (2) to discuss the relationships among the various concepts presented in the model, and (3) to explain the propositions that we derive from the model and formulate for being tested.

3.1 Presentation of the Conceptual Model

A conceptual model represents the concepts used to discuss the problem statement and the relationships between the different concepts ([http://en.wikipedia.org/wiki/Conceptual_model_\(computer_science\)](http://en.wikipedia.org/wiki/Conceptual_model_(computer_science)) – website accessed on 5th April 2011). The conceptual model we use to guide our research is illustrated in Figure 3.1.

The model is based on (1) research contributions from earlier authors (e.g., De Wulf et al., 2001; De Wulf and Odekerken-Schröder, 2003), (2) the researcher’s personal experiences, and (3) feedback received in a preliminary interview. The model illustrates the proposed relationships between eleven relational concepts, namely (1) customer orientation, (2) service quality, (3) interpersonal communication, (4) tangible rewards, (5) customer experiences, (6) customer satisfaction, (7) customer loyalty, (8) trust, (9) commitment, (10) SME owner-manager experiences, and (11) SME owner-manager satisfaction. These relationships, perceptions, and outcomes have been recognised as relevant in the literature (see Chapter 2). The concepts are described in general setting in Subsection 2.6.3 (1 – 4), Section 2.7 (5), Subsection 2.8.1 (6), Subsection 2.8.2 (7), Subsection 2.8.3 (8), Subsection 2.8.4 (9), Subsection 2.9.1 (10), and Subsection 2.9.2 (11). Below we describe them as elements of our conceptual model.

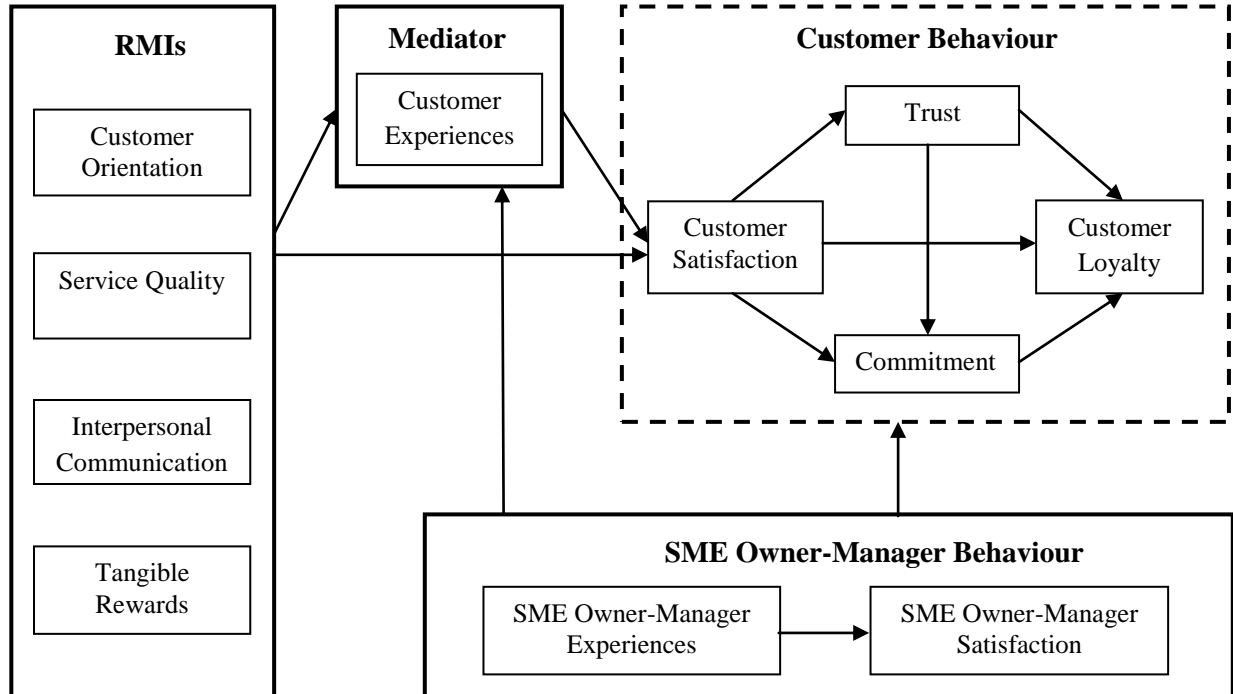


Figure 3.1: Conceptual Model for RM among SMEs in Uganda

Source: Proposed by the Researcher

3.2 Explanation of the Conceptual Model

In our conceptual model, (1) customer orientation, (2) service quality, (3) interpersonal communication, and (4) tangible rewards are identified from the existing literature (see Chapter 2) and a preliminary interview (see Chapter 5) as important RMIs for the investigation of RM practices among SMEs in the service sector in Uganda. Moreover, (5) customer experiences are recognised as important mediators in the relationship development process. Then, (6) customer satisfaction, (7) customer loyalty, (8) trust, and (9) commitment are the dimensions of customer behaviour that are acknowledged as important outcomes of the relationship development process. Further, (10) SME owner-manager experiences, and (11) SME owner-manager satisfaction are the dimensions of SME owner-manager behaviour that are proposed to be important influencers of the relationship development process.

In the next subsections, we discuss each of the eleven concepts and at the end of each discussion, we develop one or more research propositions. A research proposition is “a statement about concepts that may be judged as true or false if it refers to observable phenomena” (Blumberg et al., 2008, p.39).

3.2.1 Customer Orientation

Customer orientation is an essential ingredient for customer satisfaction especially in service organisations (Korunka et al., 2007). Customers expect frontline staff to explain and answer questions regarding the service in their own area and also to have a general knowledge about various functional aspects of the company. This increases their satisfaction with the service. Employees who are customer oriented are regarded as “critical to long term relationship development” (Dunlap et al., 1988) as cited in Beatty et al. (1996, p.239). Beatty et al. (1996) empirically confirmed this finding in their study.

According to Reijonen (2010), the concept of customer orientation among SMEs comprises a special focus on understanding customers’ needs and ensuring that customers are satisfied with the products or service. A major challenge that most Ugandan SMEs are faced with is the lack of proper customer orientation. Poor customer care is one of the biggest challenges facing Ugandan SMEs (<http://www.enterprise.co.ug/sme.htm> - website accessed on 2nd November 2010). It makes them lose sales unnecessarily to both local and foreign competitors. Many customers cite rudeness of the salespeople, lack of empathy, and lack of proper skills to handle customers’ problems. The problem is compounded by the fact that many SME owner-managers together with their employees have either not received the necessary training or they have received inadequate training in customer care, which is a prerequisite for customer satisfaction (Tushabomwe-Kazooba, 2006). Thus, we would expect Ugandan SMEs that are customer-oriented to create positive experiences for their customers. We would also expect such SMEs to create satisfied customers. In fact, Appiah-Adu and Singh (1998) reveal in their study that SMEs which are more customer-oriented reported a higher level of sales growth compared to their less customer-oriented counterparts. According to them, customer orientation is likely to lead to customer satisfaction which would in turn lead to customer loyalty. By this reasoning, the following propositions are formulated.

P1a: Customer orientation is positively related to customer experiences among SMEs in Uganda.

P1b: Customer orientation is positively related to customer satisfaction among SMEs in Uganda.

3.2.2 Service Quality

According to Zeithaml et al. (1996), service quality leads to favourable behavioural intentions which in turn lead to customer retention. This is consistent with Peng and Wang (2006)’s study which empirically demonstrates that service quality has a significant impact on customer retention and therefore customer loyalty.

Ugandan SMEs offer rather similar products on the market. This situation creates intensive competition within the industry and therefore makes service quality a critical attribute for achieving positive customer experiences which are likely to result into customer satisfaction and loyalty. Schmitt (2003) argues that if customers receive positive experiences about the service offer, satisfaction will occur naturally. However, previous studies (e.g., Gayathri et al., 2005; Yu et al., 2006) have also reported a positive link between service quality and customer satisfaction. We therefore come up with the following propositions.

P2a: Service quality is positively related to customer experiences among SMEs in Uganda.

P2b: Service quality is positively related to customer satisfaction among SMEs in Uganda.

3.2.3 Interpersonal Communication

Berry (1995) suggests that encouraging two-way communications is a promising method by which service providers can build trust in their service. Similarly, Gutek et al.'s (2002) study demonstrates (1) that customers reported higher levels of trust in service providers with whom they regularly interacted, and (2) that customers were likely to be more loyal to such service providers. The reason is that it becomes easier to obtain direct feedback and to establish rapport when there are regular interactions with customers. Also, Batt (2002) argues that meaningful communication between a firm and its partners is a necessary antecedent of trust. One can also argue that trust is created because customers become satisfied with the positive experiences that arise from the way in which the service provider is relating with them. Personal interactions are therefore important since they create satisfied customers and thus lead to the development and maintenance of relationships through the establishment of trust between the exchange partners.

Interpersonal communication is an important ingredient for the success of SMEs because it enables SME owner-managers and employees (1) to satisfy customer needs through the creation of positive experiences, and (2) to attract new customers. De Wulf et al. (2001, p.47) echo this sentiment by observing that “the survival of small, independent stores is often dependent on personal service and knowledge of consumer preferences”. This requires a great deal of interpersonal relations. Because of their flat structure and small size, SME owner-managers and employees have more opportunities than large firms to interact directly and closely with their customers. In fact, in their study, Hogarth-Scott et al. (1996) point out that when it comes to interpersonal relations, SMEs have a greater advantage than their large counterparts because they are closer to their customers. They can thus (1) easily talk to people, (2) listen to their needs, (3) obtain new information, and (4) acquire new contacts. De Wulf et al. (2001) support this assertion in their study as well.

In Uganda, people value social interactions because of their cultural background. Most people are raised in extended families and learn to relate with several people (siblings and relatives) early on in life. Someone who freely interacts with others is normally perceived by the society as being more friendly and approachable compared to someone who does not. Given this background, it is apparent that an average Ugandan customer is likely (1) to associate positive experiences with two-way interactions, and (2) to be satisfied with an SME service provider who promotes this kind of interaction. We therefore arrive at the following propositions.

P3a: Interpersonal communication is positively related to customer experiences among SMEs in Uganda.

P3b: Interpersonal communication is positively related to customer satisfaction among SMEs in Uganda.

3.2.4 Tangible Rewards

Various scholars have discussed the central role that tangible rewards such as price can play in a firm's marketing strategy. De Wulf and Odekerken-Schröder (2003)'s study shows that retailers can influence the levels of trust that customers have in their services by rewarding those customers who patronise their products. Berry (1983) as cited in Berry (1995) affirms that pricing services in a way that encourages repeat purchases is one of the strategic elements of RM. Furthermore, results from various channel relationship¹³ studies (e.g., Ganesan, 1994) demonstrate that partners who undertake specific investments for their exchange partners increase the level of trust and commitment in the relationship.

In Uganda, most SMEs cannot afford to offer their customers the tangible rewards that big firms offer (e.g., big price discounts and loyalty cards) because of their limited capital base. However, they can offer "small" rewards such as seasonal greeting cards, key rings, and diaries to their regular customers. This is expected to create positive feelings in the minds of their customers and thus customer satisfaction. In addition, the price that SMEs charge for their product can have an influence on the way their customers perceive them. Consequently, SMEs that offer a lower price to their customers in comparison to their competitors have possibilities of attracting more buyers and creating a feeling of satisfaction in the minds of their customers. Because of the generally low-income¹⁴ levels in the country, average shoppers are compelled to be more conscious about their spending habits and to go for cheaper options on the market. One SME owner made the following remark during the preliminary interview: "SME owners who charge lower prices in comparison to their competitors are perceived as charging a 'fair' price and therefore not attempting to exploit their customers". This means that customers associate tangible rewards with positive experiences. Customers may also be satisfied with an SME that offers tangible rewards to them. Based on these observations, we formulate the following propositions.

P4a: Tangible rewards are positively related to customer experiences among SMEs in Uganda.

P4b: Tangible rewards are positively related to customer satisfaction among SMEs in Uganda.

3.2.5 Customer Experiences

Today's customers are increasingly looking for suppliers who meet their basic needs and who simultaneously provide experiences that are consistent, differentiated, and valuable (http://www.greaterchinacrm.org:8080/eng/content_details.jsp?contentid=2087&subjectid=104 - website accessed on 26th October 2010). Previous research (e.g., Lovelock and Wirtz, 2004) suggests that customer experiences with a service involved influence customer satisfaction.

Customer experiences play a key role in shaping both customer expectations and customer perceptions. Customer expectations are derived from past experiences with a service involved whereas customer perceptions are formed when a service is being provided (Lovelock and Wirtz, 2004). Customers use their experiences during the service encounter to form perceptions about the service. They then evaluate service quality by matching the acquired perceptions with their own expectations. The

¹³ A channel relationship is a relationship between middlemen in the distribution chain, e.g., suppliers and retailers (see also footnote 1).

¹⁴ In 2009, the poverty headcount ratio at national poverty line (in % of population) was 24.5% (<http://data.worldbank.org/country/uganda> - accessed on 26th April 2011).

resulting evaluation will create either a satisfied or dissatisfied customer depending on the intensity of the perceptions. Customer experiences are therefore important because they can produce emotional responses, which, in turn, influence customer satisfaction (Seybold, 2005; Barnes, 2006). By this reasoning, we arrive at the following proposition.

P5a: Customer experiences are positively related to customer satisfaction among SMEs in Uganda.

Schmitt (2003) argues that experiences are different from satisfaction and that satisfaction will occur naturally if managers invest in customer experiences. We therefore expect customer experiences to mediate the relationship between RMIs and customer satisfaction. So, we formulate the following proposition.

P5b: Customer experiences facilitate the relationship between RMIs and customer satisfaction.

3.2.6 Customer Satisfaction

The existing literature shows that satisfaction with the product or service is related to trust in the service provider (e.g., Choi et al., 2010) and that it can affect commitment to the service provider (e.g., Oliver, 1999). Research also shows that satisfaction with the product or service can lead to customer loyalty (e.g., Oliver, 1999; Yu et al., 2006) though it does not always guarantee loyalty (e.g., Oliver, 1999; Leverin and Liljander, 2006). Despite the minor differences in opinion, it is well acknowledged in the literature that customer satisfaction is a major building block for customer loyalty.

It is essential for SMEs to create satisfaction for their customers in order to attract new customers and to build strong relationships with existing customers. This can reduce the intensive competition they face among themselves and also from large firms within the industry. Customers who are satisfied with an SME's services may gain confidence in the SME and become committed and loyal to the SME in the longer run. By the above reasoning, we arrive at the following propositions.

P6a: Customer satisfaction is positively related to trust among SMEs in Uganda.

P6b: Customer satisfaction is positively related to commitment among SMEs in Uganda.

P6c: Customer satisfaction is positively related to customer loyalty among SMEs in Uganda.

3.2.7 Customer Loyalty

The concept of customer loyalty is important in the service marketing literature because according to authors such as Reichheld (1994), it can enable firms to build and maintain long-term relationships with their customers. Several antecedents have been suggested for customer loyalty. For instance, Caruana (2002)'s study on Malta discovers (1) that both service quality and customer satisfaction are important antecedents of service loyalty, and (2) that service quality acts on service loyalty via customer satisfaction. In contrast, Mattila (2006) shows that affective commitment is a significant predictor of consumer loyalty. De Wulf et al. (2001) also empirically demonstrate that trust significantly influences the behaviour of consumers in a retail setting. Thus, customer loyalty is an important outcome of successful RM practices.

In our study, customer loyalty develops from the other propositions that we have suggested.

3.2.8 Trust

Morgan and Hunt (1994) argue that trust is a key construct in encouraging client retention and building successful relationships. Consistent with this argument, Ganesan's (1994) study on the determinants of long-term orientation in buyer-seller relationships further provides evidence which suggests that trust is

indeed a critical component for building long-term relationships between both parties to the exchange process. Similarly, Batt (2002) highlights the importance of trust by arguing that it is a key determinant of many of the factors related to performance. Peppers and Rogers (2006) argue that when customers trust the company to act in their best interests, they wish to deal more with that company and therefore become more loyal to the company. Trust also affects commitment (Beatty et al., 1996) since when there is trust in the relationship, both parties have a desire to maintain the relationship because of the confidence they have developed in each other (Dwyer et al., 1987). De Wulf and Odekerken-Schröder's (2003) study also reveals a significant relationship between trust and relationship commitment in a consumer setting. Other empirical studies that have been performed, for example, Geyskens et al.'s (1996) study on channel relationships, have also reported a positive effect of trust on relationship commitment. By the above reasoning, we arrive at the following propositions.

P7a: Trust is positively related to commitment among SMEs in Uganda.

P7b: Trust is positively related to customer loyalty among SMEs in Uganda.

3.2.9 Commitment

Berry and Parasuraman (1991) as cited in Morgan and Hunt (1994, p.23) observe that "relationships are built on the foundation of mutual commitment". This implies that when there is commitment, consumers are prone to becoming loyal because they are in a relationship which they are willing to continue by owing to the confidence and trust they have developed in the exchange partner. Dwyer et al. (1987) reinforce Berry and Parasuraman's observation by asserting that where there is commitment in an exchange relationship, customer loyalty is achieved. Sheth and Parvatiyar (1995) also emphasise that as consumers become increasingly committed to the relationship, they become less likely to spend their money elsewhere other than at the firm with whom they have entered a relationship. This implies that they become more loyal to the company. Moreover, citing Verhoef and Hoekstra (2002), Dick and Basu (1994) also acknowledge that in the case of calculative commitment, switching costs increase customer loyalty. By this reasoning, we arrive at the following proposition.

P8: Commitment is positively related to customer loyalty among SMEs in Uganda.

3.2.10 SME Owner-Manager Experiences

SME owner-managers are exposed to different kinds of experiences in their business. Experiences can arise from factors such as the management style used, educational background of the SME owner-manager, business survival, nature of the job, motivation, competition, and critical incidents on the job. SME owner-manager experiences are core elements that influence SME owner-manager satisfaction. Ugandan SME owner-managers are likely to derive their experiences largely from (1) their educational background, (2) nature of service dealt with, (3) the relationships they have with their employees, (4) competition they face in the industry, and (5) critical incidents they face on the job. These experiences can affect their own level of satisfaction. Thus, we formulate the following proposition.

P9: SME owner-manager experiences are related to SME owner-manager satisfaction.

3.2.11 SME Owner-Manager Satisfaction

The satisfaction of an SME owner-manager can influence both customer experiences and customer satisfaction. We therefore consider SME owner-manager satisfaction as a kind of condition that governs the relationship between the service provider and the customer. SME owner-manager satisfaction is based on several factors among which are the profitability or survival of the business and the nature of the relationship which the SME owner-manager shares with the employees of the enterprise. In the case of Ugandan SMEs, satisfaction is likely to be based mainly on survival because according to Tushabomwe-Kazooba (2006), many newly established SMEs rarely reach their first

birthday. Survival is therefore quite an important aspect for these SMEs. According to Wong (2000), once suppliers (interpreted as SME owner-managers in this study) are satisfied with the relationship and operations of the company, they will contribute their best to that company and this may influence customer satisfaction. A satisfied owner-manager is likely to pay more attention to maintaining business success and solving customers' problems. By so doing, he creates positive experiences for customers. A satisfied owner-manager may also invest more capital into the business and dedicate more of his time to improve the operations of the SME. This may influence customer satisfaction. Based on this analysis, the following propositions are formulated.

P10a: SME owner-manager satisfaction is related to customer experiences.

P10b: SME owner-manager satisfaction is related to customer satisfaction.

3.3 Chapter Conclusions

In this chapter, we have presented a conceptual model for RM among SMEs in Uganda, discussed the relationships among different concepts in the model, and developed propositions from the suggested relationships. From the above discussion, we may conclude that in order for SMEs in Uganda to implement successfully RM practices in their operations, they need to pay attention to eleven relational concepts, namely (1) customer orientation, (2) service quality, (3) interpersonal communication, (4) tangible rewards, (5) customer experiences, (6) customer satisfaction, (7) customer loyalty, (8) trust, (9) commitment, (10) SME owner-manager experiences, and (11) SME owner- manager satisfaction.

CHAPTER 4: SMEs IN UGANDA

The purpose of this chapter is to provide some background information on the meaning of SMEs and the role of SMEs in the Ugandan economy. The chapter consists of three sections. Section 4.1 gives a conceptual definition of SMEs and presents our working definition of SMEs. Section 4.2 discusses the importance of SMEs in the Ugandan economy and the challenges they face in their business operations. Section 4.3 focuses on the contribution of SMEs operating in the service sector in Uganda.

4.1 Conceptual Definition of SMEs

The term “SME” implies both small and medium enterprises. There is no universally accepted definition of SMEs (First Draft Report on Uganda’s MSME Policy and Strategy, 2007; Second Draft Report on Uganda’s MSME Policy, 2011). MSME means Micro, Small and Medium Enterprise. According to Beyene (2002, p.133), “even definitions in other countries lack uniformity and reflect the relative development of respective economies”. For example, in Indonesia, there are three legal definitions that are provided by different government agencies to define an SME (Gunawan et al., 2011).

The European Commission (EC) Report (2003) defines the category of MSMEs as being made up of enterprises which employ fewer than 250 persons and which have an annual turnover that does not exceed 30 million Euro (EUR) and/or an annual balance sheet total that does not exceed 43 million EUR. Within the SME category, a small enterprise is defined as an enterprise which employs fewer than 50 persons and of which the annual turnover and/or annual balance sheet total does not exceed 10 million EUR.

In Uganda, various government institutions and Non-Governmental Organisations (NGOs) have come up with their own definition of SMEs depending on their interests. Below, we provide six of them.

First, the Medium-Term Competitive Strategy (MTCS)¹⁵ Report (2000) defines small enterprises as those that employ between 5 to 20 people, usually in the formal sector.

Second, according to the Draft Report on Integrated Industrial Policy for Sustainable Industrial Development and Competitiveness (2006), small enterprises are defined as those employing between 5 to 10 employees, they are formally registered and have an annual income turnover of between 10 million and 50 million Uganda Shillings (UGSHS)¹⁶. This amounts to about 13,000 EUR.

Third, by contrast, Katama’s (2004) report defines small enterprises as those employing a maximum of 50 people with an asset value of less than 50 million UGSHS excluding land, buildings, and working capital. The report also proposes certain qualitative characteristics that could be used to identify these enterprises, namely (1) all year round operations, (2) formal registration and taxation, and (3) educated and/or trained owner-managers.

Fourth, in an interview I had with the Director of Population in Uganda Bureau of Statistics (UBOS)¹⁷ on 19th October 2007, he said that UBOS defines SMEs as follows: “Small enterprises are those that

¹⁵ MTCS is a Uganda government initiative under PSFU that aims at creating a favourable environment for increased private investment and savings in Uganda by removing constraints that prevent the Ugandan private sector from being competitive domestically and in the global world (MTCS Report, 2000, July, p.6).

¹⁶ As at 19th September 2011, 1 EUR = 3790 UGSHS.

¹⁷ UBOS was established under the UBOS Act of 1998 as a semi-autonomous governmental agency responsible for coordinating, monitoring, and supervising the National Statistical System (www.ubos.org).

employ 5 or more employees but not exceeding 19 employees, while medium enterprises are those that employ 20 or more employees but not exceeding 49 employees”.

Fifth, a more recent definition is the one recommended by the First Draft Report on Uganda’s MSME Policy and Strategy (2007, p.28). It reads as follows: “A small enterprise is defined as an enterprise employing maximum 50 people; annual sales/revenue turnover of maximum Ugandan Shillings 360 million and total assets of maximum 360 million UGSHS. A medium enterprise is defined as an enterprise employing more than 50 people; annual sales/revenue turnover of more than 360 million UGSHS and total assets of more than 360 million UGSHS”.

Sixth, the Second Draft Report on Uganda’s MSME Policy (2011, p.28) shows that some revisions have been made to the definition of SMEs. Now, it reads as follows: “Small enterprises would be mostly quasi-formalised undertakings engaging between 5 and 50 employees. They may also have total asset investment and/or sales revenue turnover exceeding 12 million UGSHS but not greater than 360 million UGSHS. Medium Enterprises would be those that employ between 51 and 400 people and they have an investment in total assets and/or sales /revenue turnover exceeding 360 million UGSHS but not greater than 10 billion UGSHS”.

Because the Uganda government has not yet come up with a standard definition of the term SME, SME researchers in Uganda tend to rely on those definitions that address their research needs. For the purpose of our study, we adopt the definition recommended by the Director of Population in UBOS because we feel that it is more practical to work with and therefore it meets our research needs best. We did not use the SME definition recommended by the First Draft Report on Uganda’s MSME Policy and Strategy (2007) because by the time this study was enrolled, the report had not yet been officially approved and therefore had restricted access for the public as it was still in a draft form. We did not use the SME definition recommended by the Second Draft Report on Uganda’s MSME Policy (2011) because the report was released at the time of writing this thesis. In our study, we define a Small and Medium Enterprise (SME), a Small Enterprise, and a Medium Enterprise as follows (see Definitions 4.1, 4.2 and 4.3).

Definition 4.1: Small and Medium Enterprise

A Small and Medium Enterprise is an enterprise that employs 5 or more employees but not exceeding 49 employees and is formally registered.

Definition 4.2: Small Enterprise

A small enterprise is an enterprise that employs 5 or more employees but does not exceed 19 employees.

Definition 4.3: Medium Enterprise

A medium enterprise is defined as an enterprise that employs 20 or more employees but does not exceed 49 employees.

We use the number of employees as the criterion for categorising these enterprises because most SMEs in Uganda do not keep proper books of accounts (Tushabomwe-Kazooba, 2006; Small and Medium Enterprises {SME} Business Guide, 2008) and thus using asset value as a guide for categorising them might give misleading results. Besides, those SMEs that maintain proper business records are usually reluctant to release such information to third parties for confidentiality reasons. However, we also note that using the number of employees as the sole basis for deciding the size of an SME can have the following two limitations. First, a business may have a large amount of capital employed but only a few employees (as in the case of travel agencies). Second, it is also possible to have a business with a

smaller capital base but with many employees (as in the case of restaurants). Despite these two possible limitations, the number of employees serves as a good indicator towards the general categorisation of the SMEs used in our study.

4.2 Importance of SMEs in Uganda

There are about 800,000 MSMEs in Uganda's urban and rural areas (Private Sector Platform Action Report, 2009). SMEs account for 95% of private sector business in the country and employ more than 80% of the total workforce in the country (PSFU Report, 2003). They are therefore crucial for enhancing household incomes and reducing poverty levels in the country (Small and Medium Enterprises {SME} Business Guide, 2008). It is estimated that the MSME sector in Uganda generates "about a fourth of the GDP, employs about 1.5 million of the Ugandan NFS (Non-Farm Sector) labour, and has greatest potential for further employment generation" (Second Draft Report on Uganda's MSME Policy, 2011, p.25). According to the First Draft Report on Uganda's MSME Policy and Strategy (2007, p.28), SMEs are "an important engine for economic expansion and poverty alleviation". The government of Uganda has realised their importance in a growing economy and has thus put in place several initiatives to further their development. For example, in Uganda's budget speech for the financial year 2010/11 which was delivered to Ugandan members of parliament on 10th June 2010, the Minister of Finance, Planning and Economic Development pointed out that the private sector development was one of the budget priorities and that Enterprise Uganda would give financial support to Ugandan entrepreneurs in order for them "to acquire the necessary skills and training" with the aim of making them more sustainable. However, Ugandan SMEs, just like in most developing countries, continue to face a large number of constraints and challenges which inhibit their growth and development (First Draft Report on Uganda's MSME Policy and Strategy, 2007). As a result, many of them die before they reach their first birthday. According to the New Vision¹⁸ Report by Kiingi (2007), the rate at which Ugandan SMEs close annually has gone up from 35% to 50%. Furthermore, according to the Global Entrepreneurship Monitor (GEM)¹⁹ Report by Bosma and Levi (2009), Uganda has a high Total Early Stage Entrepreneurial Activity (TEA)²⁰ rate of 34% and it also has a high discontinuation rate of 20%. Ugandan entrepreneurs face many challenges while operating their business and any slight changes in the external environment affect their operations (<http://www.enterprise.co.ug/sme.htm> - website accessed on 2nd November 2010). One of the major challenges they face is stiff competition from large firms, which threatens their sustained growth and development. Ugandan SMEs also face stiff competition from other SMEs operating in the same sectors. This competition is compounded by the fact that most SMEs offer similar products to their customers. Other challenges include inadequate access to capital, lack of marketing skills, poor book keeping, low levels of technical and management skills, lack of professionalism, limited knowledge about business opportunities, and difficulties in obtaining input supplies (African Economic

¹⁸ New Vision is a daily newspaper that belongs to the New Vision Printing & Publishing Company Limited (NVPPCL) located in Uganda (www.newvision.co.ug/).

¹⁹ GEM is a not-for-profit academic research consortium that has as its goal making high quality information on global entrepreneurial activity readily available to as wide an audience as possible. GEM is the largest single study of entrepreneurial activity in the world (www.gemconsortium.org).

²⁰ TEA is the proportion of people who are involved in setting up a business or owner-managers of new businesses.

Outlook {AEO} Report, 2005)²¹. It is also worth noting that those involved in SME development in most developing and emerging economies usually pay more attention to financial services than to the non-financial Business Development Services (Allal, 1999) with the end result that adequate services may not be provided in other non-financial areas such as marketing that are critical to boosting small enterprise competitiveness, growth, and development. To highlight the challenge of marketing skills in SMEs, we refer to Simpson et al.'s (2006, p.380) study which concludes that when it comes to marketing and strategy, many SMEs “do not know what they are doing and are marketing-weak”. According to Apire (2002, p.19), SMEs in Uganda lack “market outlets due to poor quality and non-standardised products”. Poor customer care has also often been identified as one of the most prevalent marketing challenges facing these enterprises. This has, in turn, led to a loss of repeat orders (<http://www.enterprise.co.ug/sme.htm> - website accessed on 2nd November 2010). Poor customer service is one of the major factors that spoil a customer’s shopping experience (Amato-McCoy, 2008).

To be able to achieve repeat orders (customer retention) and thus sustain their growth and development, Ugandan SMEs should create meaningful relationships and contacts with their customers. This calls for the practice of RM as one of the key competing strategies to achieve customer loyalty.

4.3 The Service Sector and SMEs

The service sector plays a significant role in Uganda’s economy and is of strategic importance to the country. It is the fastest growing sector in Uganda’s economy, with a growth rate of 13% per annum (Second Draft Report on Uganda’s MSME Policy, 2011). Below, we provide an overview of relevant details of the service sector. However, in many cases, we have to rely on previously published data.

The hospitality subsector is one of the predominant subsectors in the service sector. In 2005, Uganda Export Promotion Board (UEPB)²² recognised the central role of the service sector in diversifying Uganda’s export base, generating foreign exchange, creating employment opportunities, and boosting the national income (Uganda Service Sector Export Strategy {USSES} Report, 2005)²³. According to the Uganda Service Exporters Association (USEA)²⁴, the service sector, though largely invisible, contributed an increasingly big percentage of Uganda’s Gross National Product (GNP). In 2002, the sector already contributed about 38% of the country’s GDP (Mpanga, 2004). The sector also created about 62% of all jobs in Uganda per annum. Services accounted for over 70% of the value added to manufactured goods and agricultural products. Hence, both service suppliers and goods producers are directly dependent on the quality of service inputs for their competitiveness.

SMEs comprise the largest number of businesses in the service sector in Uganda (Mpanga, 2004). In 2005, about 1.5 million people, which constitute about 90% of the active population not engaged in

²¹ AEO monitors the economic, social, and political developments of selected African countries and provides an annual report (www.africaneconomicoutlook.org).

²² UEPB aims at the development, diversification, promotion, and coordination of all export related activities that lead to export growth on a sustainable basis (<http://mtti.go.ug/index.php/component/content/article/97.html>).

²³ USSES seeks to provide a framework for guiding all sector stakeholders and directing action towards the realisation of the vision of export growth in the services sector (<http://www.ugandaexportsonline.com/strategies/services.pdf>).

²⁴ USEA is a voluntary non-profit NGO registered and incorporated in August 1998 as a Company Limited by Guarantee. Its mission is to evolve into a strong voice for service providers and exporters to government and be a link with service industry coalitions in other countries (http://www.ugandaexportsonline.com/service_exports.htm).

farming in the country, were employed in micro and small enterprises (AEO, 2005). More recent numbers are not available. At least, I could not find them.

According to the World Travel and Tourism Council (WTTC)²⁵, the contribution of travel and tourism in Uganda to GDP was estimated at 9.2% (United States Dollar {USD}²⁶ 1,161.0 million) in 2008 compared to 10.8% (USD 3,463.6 million) for Kenya. In addition, tourism contributed 7.4% of total employment (420,000) jobs. The hotels and restaurants subsector showed a strong growth in its contribution to employment from 13,898 jobs in 2001/02 to 32,796 jobs in 2006/07 (UBOS statistical abstract, 2008).

In 2002, the hotels and restaurants subsector contributed about 2.6% to the country's GDP. However, in 2006, this figure rose to 3.0% (Uganda Business Register {UBR} Report, 2006/07)²⁷. More recently, in 2009/10, hotels and restaurants contributed 4.5% to the total GDP with the current prices taken into account (UBOS statistical abstract, 2010). This further highlights the contribution of SMEs in this sector towards the development of Uganda's economy.

Restaurants and bars include all business establishments that sell food and drinks for immediate consumption on the premises (UBR Report, 2006/07, p.42).

4.4 Chapter Conclusions

In this chapter, we have discussed the conceptual definition of SMEs, the importance of SMEs in the Ugandan economy, and the relevance of SMEs in the service sector.

First, we presented the conceptual definition of SMEs provided by various government authorities and NGOs. Then we came up with our own definition of the term 'SME'. From the definitions, we may conclude that there is no universally accepted definition of what an SME is.

Second, we discussed the importance of SMEs in Uganda and the challenges they face in their operations. From the discussions, we may conclude that SMEs in Uganda contribute significantly to the growth of the Ugandan economy mainly through (1) employment creation, (2) reduction in poverty levels, (3) improvement in the quality of life, and (4) contribution to the country's GDP. We may also conclude that SMEs in Uganda face a number of challenges in their operations such as poor marketing skills, inadequate access to capital, and poor record keeping, all of which contribute to their low survival rate and increased vulnerability in the market place.

Third, we discussed the importance of the service sector in the Ugandan economy and the contribution of SMEs operating in this sector. From the discussions, we may conclude (1) that the service sector is of strategic significance to Uganda's economy, (2) that SMEs comprise the largest number of business entities in the service sector, (3) that hospitality is one of the predominant subsectors in this sector, and (4) that SMEs operating in this sector contribute significantly to the creation of employment opportunities in Uganda.

²⁵ WTTC is the global forum for business leaders in the travel and tourism industry. The council works to raise awareness of travel and tourism as one of the world's largest industries (<http://www.wttc.org/>).

²⁶ As at 19th September 2011, 1 USD = 2775 UGSHS.

²⁷ UBR contains a record of all active establishments in Uganda and structural information about each business, including (but not limited to) name, economic activity, location, and employment by sex (UBR Report, 2006/07, p.5).

CHAPTER 5: RESEARCH METHODOLOGY AND RESEARCH ISSUES

This chapter elaborates upon the brief overview in Section 1.4 of this study. It consists of thirteen sections. Section 5.1 explains the research position that we adopt for this study. Section 5.2 explains our choice of research approach. Section 5.3 discusses our chosen research strategy, the rationale behind our choice, and how we employ the research strategy in our study. Section 5.4 explains the sources of data that we used in this study. Section 5.5 reports on the data collection process. Section 5.6 discusses the data collection methods that we employ to obtain the required data. Section 5.7 gives details on the way we will operationalise and measure the key concepts in our conceptual model. Section 5.8 describes the techniques we use to increase the validity and the reliability of our results. Section 5.9 explains how we analyse both the quantitative and qualitative data that we obtain from the field. Section 5.10 discusses the researcher's role, while Section 5.11 explains the ethical issues in this research. Section 5.12 points out the obstacles we were facing while carrying out the research and how they were overcome. Section 5.13 provides the chapter conclusions.

5.1 Research Philosophy

The literature on scientific research is mainly dominated by three research philosophies. These are positivism, interpretivism, and realism. Positivism adopts "...the stance of the natural scientist" (Saunders et al., 2003, p.83). A researcher who adopts this view works with social phenomena that can be observed. The outcomes of such a research are generalisations similar to those of the natural scientists (Remenyi et al., 1998 as cited in Saunders et al., 2003, p.83). Advocates of the interpretivism view argue that generalisations cannot be made in social sciences research because human beings behave in different ways depending on the situation they are facing. They further argue that since the situation may be different for each individual, it becomes imperative to explore each individual's behaviour and to attach a meaning to it on the basis of his social environment (Saunders et al., 2003). The realism philosophy argues that "...a reality exists that is independent of human thoughts and beliefs" (Saunders et al., 2003, p.84) and "...that there are large-scale social forces and processes that affect people without their necessarily being aware of the existence of such influences on their interpretations and behaviours" (Saunders et al., 2003, p.85). In one way or another, the realism philosophy asserts that people's behaviour can be affected by social forces in their external environment of which they may or may not even be aware (this statement supports the positivist view of generalising results). However, the philosophy also recognises that it is important to understand the individuals' unique beliefs and meanings derived from the interpretation of their social environment (this statement shares the sentiments of the interpretivist view). Let us remark that there is no right or wrong philosophy (cf. Saunders et al., 2003). The choice of which one to adopt depends on a researcher's current needs and interests.

After careful consideration of the above-mentioned arguments "pro" and "con" the different research philosophies, we adopted the realism philosophy for our research. Our decision was supported by the conviction that it is a bridge between both philosophies, positivism and interpretivism, and that by blending the views of both philosophies, it would address the needs of this research in a practical way.

5.2 Research Approach

Two research approaches are well recognised in the literature. These are the deductive approach and inductive approach (Saunders et al., 2003). According to Neuman (2006, p.59), the deductive approach is "an approach to developing or confirming a theory that begins with abstract concepts and theoretical relationships and works toward more concrete empirical evidence". In contrast, the inductive approach is "an approach to developing or confirming a theory that begins with concrete empirical evidence and works toward more abstract concepts and theoretical relationships" (cf. Neuman, 2006, p.60).

Creswell (1994) as cited in (Saunders et al., 2003, p.90) suggests that the nature of research is one of the important criteria that can guide a researcher in choosing the research approach to adopt. From the viewpoint of this research, there is (1) a well recognised body of RM in the literature and (2) evidence of its use among large-scale enterprises in the western world. This would call for the adoption of the deductive approach. However, the situation in developing countries is different. RM practices in this part of the world are quite scanty in the literature, especially if one is looking into literature on SMEs. Thus, in the light of the given circumstances, we felt that the best option was to combine both approaches for purposes of improving the credibility of the results. We therefore adopted a mixed research approach (see Saunders et al. 2003).

5.3 Research Strategy

There are various research strategies that are acknowledged in the literature (Saunders et al., 2009). We chose the mixed methods research strategy because of the different purposes it can be used for (Saunders et al., 2009) and its ability to triangulate results (Creswell, 2003). Triangulation is the use of different techniques of data collection within the same study in order to increase the strength of the results from the study (Saunders et al., 2009). Further support for using the mixed methods strategy is obtained from Siu and Kirby (1999) and Hill (2001), all of whom recommend in their studies that it is preferable to use a combination of both quantitative and qualitative techniques when carrying out marketing research for SMEs in order to obtain more knowledge about their operations. This study aims at (1) describing the RM practices of SMEs in Uganda and (2) explaining (2a) the influence of the adopted RM practices on customer behaviour in these SMEs, and (2b) the influence of SME owner-manager behaviour on customer behaviour. We therefore chose the mixed methods research strategy as it enabled us to fulfil the aims of the study by using a combination of semi-structured interviews, questionnaires, and observation methods to collect data on our variables of interest. Our choice of strategy was informed by the research philosophy and research approach we adopted.

There are various approaches that can be used in the mixed methods research strategy (Creswell, 2003). In the concurrent triangulation strategy, both quantitative and qualitative data are collected concurrently and the results of the two methods are usually integrated during the interpretation phase (Creswell, 2003). In our study, we collected both types of data simultaneously. To collect the quantitative data, we distributed questionnaires to respondents. After the questionnaires had been received back from the field, the data was analysed. The process of distributing questionnaires coincided with conducting semi-structured interviews with customers, SME owner-managers, and employees, and with observing the key actors in the environments of the SMEs studied. Qualitative data was collected for two reasons. The first reason was to obtain information on variables that had already been captured by the questionnaire with the aim of corroborating the findings of the study through triangulation. The second reason was to secure data which the questionnaires had not been able to capture. We therefore chose the concurrent triangulation strategy to collect data from the field in order to corroborate findings from both quantitative and qualitative data and thus increase the validity of the study.

Our study was cross-sectional in nature. A cross-sectional study is one that studies a particular event at a particular time (Saunders et al. 2009). According to Blumberg et al. (2008, p.199), it “represents a snapshot of one point in time”. We chose the cross-sectional design because of the time constraints and limited resources that we had. Data was collected from the period August 2008 up to July 2009.

In order to collect the required data and thus achieve the study objectives, we employed two main research strategies in this research: the case study (Subsection 5.3.1) and the survey (Subsection 5.3.2).

5.3.1 Case Study

The case-study strategy was adopted for this study because of its ability to examine contemporary events within their real life context and to utilise multiple sources of evidence thus enabling triangulation to take place (Yin, 2003). RM, which is the main focus of this study, is a relatively new concept in the marketing field. In addition, little is known about the relational practices of SMEs in Uganda. Using case studies therefore enabled us to observe directly the activities of the selected SMEs and the behaviour of both SME owner-managers and employees when dealing with customers. Using case studies also enabled us (1) to interview customers about their behaviour towards the SMEs (see Appendix A: A1), (2) to interview the SME owner-managers about the history of the SMEs, their relational activities, how and why they implement the given relational activities, and the challenges they face in implementing them (see Appendix A: A2), and (3) to interview the frontline staff about the challenges they face in implementing the chosen relational activities and to suggest measures that could be taken to overcome them (see Appendix A: A3). The execution of these tasks enabled us to develop ultimately a detailed understanding of the relational activities of SMEs in the service sector in Uganda and how these affect customer behaviour (cf. Yin, 2003).

Case-Study Design

Our case study was both exploratory and explanatory. An exploratory case study is one that mainly focuses on “what” questions (Yin, 2009). According to Robson (2002) as cited in Saunders et al. (2009, p.139), the purpose of an exploratory research is to find out “what is happening; to ask questions and to assess phenomenon in a new light”. The exploratory phase of the case study enabled us to identify the RM strategies employed by SMEs in the service sector in Uganda and to explore whether there were any significant differences in the way SMEs across different service sectors employ these strategies. In contrast, an explanatory case study focuses more on “how” and “why” questions (Yin, 2009). Explanatory studies seek to establish causal relationships between variables (Saunders et al., 2009). According to Yin (2009), a researcher who is seeking to answer such questions should consider using explanatory case studies as the preferred strategies. Some of the RQs that we needed to address in this study are “how” and “why” questions, thus necessitating the adoption of an explanatory case study. The explanatory phase of the case study enabled us to explain (1) the extent to which existing RM theories are suitable for investigating RM in SMEs in the service sector in Uganda, (2) how the RM strategies employed by these SMEs influence customer behaviour, and (3) how SME owner-manager behaviour influences customer behaviour. The explanatory phase also enabled us to develop a model that can be used to manage the RM practices of SMEs in the service sector in Uganda.

Multiple cases were used to address the research questions at hand because of the advantages associated with using them. “The evidence from multiple cases is often considered more compelling, and the overall study is therefore regarded as being more robust” (Herriott & Firestone, 1983 as cited in Yin, 2009, p.53). The same sentiment is echoed by Miles & Huberman (1984) who argue that because a researcher studies multiple cases simultaneously, there is likely to be sufficient variation to increase the validity of the whole study.

Each case should be carefully selected to serve a specific purpose (Yin, 2003). Since customer relationships take long to be built, we selected only those SMEs that had been in operation for at least a year by the time this study was undertaken. In addition, we opted for only those cases that were owned by indigenous Ugandans and which were popular among customers in order to understand the RM practices of SMEs in Uganda from a local perspective. Yin (2009, p. 54) recommends that when using multiple cases, “each case must be carefully selected so that it either (a) predicts similar results (a literal replication) or (b) predicts contrasting results but for anticipatable reasons (a theoretical replication)”. Since the research was also exploratory in nature, we restricted our study to seven

different cases with many issues involved in order to obtain a feel of the difficulties that Ugandan SMEs go through while implementing RM practices in their operations. A second reason for this restriction had a practical nature. It was quite difficult to obtain sampling frames of SMEs operating in different service sectors in Uganda. Moreover, we faced quite some unwillingness by several SMEs that were contacted to take part in the study. Of the seven cases that were studied, five are restaurants while two are travel agencies. Two of the restaurants had been in operation for about ten years, another two had been operating for about five years, and one had been operating for a year by the time this study was performed. The restaurants were located in different parts of Kampala²⁸. With regard to travel agencies, one of the travel agencies had been in operation for about five years by the time this study was undertaken, while the other had been operating for seventeen years. The two travel agencies were located about 300 metres from each other but on opposite sides of a busy street in Kampala.

5.3.2 Survey

We used the survey strategy in order to find answers to the “what” and “how” questions of this research. A survey enables a researcher to collect data from a large number of respondents (Saunders et al., 2003) which ultimately increases the validity of the study. Within the selected case studies, we conducted surveys to find out how customers perceive the relational practices of the selected SMEs and how these practices ultimately influence their loyalty to these SMEs.

Survey Design

Below we discuss the study population, the sampling technique, and the sample size.

Study Population

The target population for this research consisted of all SMEs in the service sector in Uganda. The study was restricted to only those SMEs in this sector. A reason is that according to Palmatier et al. (2006, p.151), RM is likely to be effective in those situations where relationships are “more critical”. Literature generally shows that service firms are prone to relationship building which makes them ideal “candidates” for implementing RM strategies. According to Gronroos (1995), service firms often have direct contact with their customers which makes it easy for them to create relationships with willing customers. Gronroos (1995, p.252) further supported his observation by stating that “service firms have always been relationship oriented”. Relationships are likely to develop in those situations where consumers require personal service (Levitt, 1981) or where it is not possible to separate the service from the service provider (Sheth and Parvatiyar, 1995).

We further restricted our study to two sectors within the service sector, namely (1) the restaurant sector, and (2) the travel-agency sector. Our decision is supported by Berry (1995)’s assertion that services that require a high level of involvement are more conducive for the development of relationships. In both these sectors, there is a high level of involvement which necessitates customers to build relationships with service providers. In addition, both sectors are strategic for boosting the income, employment, and tourism levels in Uganda.

SMEs to be studied were selected from Kampala, a region chosen because of its high concentration and wide variety of SMEs. According to the UBR Report (2006/07), about 40% of Uganda’s businesses are situated in Kampala. In addition, 40% of the hotels and restaurants in the country are located in Kampala. Furthermore, over 65% of the business entities in the sector are in the Restaurants and Bars subsector. Because of the high concentration and variety of SMEs in this region, we were able to approach business firms to be studied and to access data that was relevant to answering the formulated research questions.

²⁸ Kampala is the capital city of Uganda.

The primary units of analysis were all SMEs operating restaurants and travel agencies in Uganda. Only those SMEs that employed 5 or more people but not more than 49 people were considered for this study²⁹. The key informants were the SME owner-managers, the employees, and the customers.

Sampling Technique

There are two types of sampling techniques that can be employed in research, namely probability sampling and non-probability sampling (Saunders et al., 2009). Probability sampling is a sampling technique where there is a known chance of selecting each element in the population. In contrast, non-probability sampling is a sampling technique where the chance of selecting each element in a population is unknown (Blumberg et al., 2008). In probability sampling, the focus of the researcher is to choose a representative sample from a large number of cases and to generalise the results to the rest of the population from which the sample was picked. In contrast, the main focus of the researcher in non-probability sampling is to select cases based on their specific content (Neuman, 2006). We used non-probability sampling to select the participants who took part in the final study. We employed this technique for two reasons: (1) we were unable to obtain the sampling frames of customers in the case-study restaurants, and (2) the nature of our research questions and research strategy imposed that we use non-probability sampling (Saunders et al., 2003). We specifically used purposive sampling to select the participants because we wanted to include in our sample only those participants that would enable us to find answers to the research questions we posed (Saunders et al., 2009). Purposive sampling is one of the forms of non-probability sampling in which the researcher selects “sample members to conform to some criterion” (Blumberg et al., 2008, p. 253). In both SME case-study sectors, customers, SME owner-managers, and employees were selected purposefully in order to meet our research objectives.

Sample customers from the case-study restaurants and case-study travel agencies were selected on the basis of how regularly they used the services of the SME. De Wulf and Odekerken-Schröder (2003, p.96) stress in their study that “relationship efforts can only be perceived after a continued exchange” with the service provider. We therefore considered only regular customers in our study because we premised that only these customers would be able to perceive the relationship efforts invested by the SME owner-managers and which by so doing, would enable us to collect the data that we were looking for. In their study, De Wulf et al. (2001, p.39) define a regular customer as one who regularly buys items from the store and who does not “visit the store to look around”. Borrowing a definition from De Wulf et al. (2001), we define a regular customer as follows.

Definition 5.1: Regular Customer

A regular customer is a customer who has used the services of a company three times or more and has intentions of using the services of the same company again in the future.

Since we did not have a sampling frame for customers in the case-study restaurants, sample customers from restaurants were selected by asking customers how often they visited the restaurant and whether they had intentions of coming back in the future. Sample customers from travel agencies were selected with the aid of lists of regular customers that the SME owner-managers of the case-study travel agencies availed to us. These lists contained the names of the regular customers for each travel agency together with their corresponding telephone contacts. However, the lists were not exhaustive. We therefore decided to give a questionnaire to persons on the lists (1) we were able to contact, (2) who met our selection criteria, and (3) who were willing to fill in the questionnaire. We are aware that by selecting only the regular customers in both SME case-study sectors, we ignored other customers but

²⁹ Referring to our working definition of an SME in Chapter 4.

for a good reason (cf. De Wulf and Odekerken-Schröder, 2003). For the kind of data we were looking for, we could not use the data provided by the non-recurring customers.

We selected only frontline employees to participate in this study as customers expect frontline staff to be knowledgeable about the service they are offering. Our definition of a frontline employee is given below.

Definition 5.2: Frontline Employee

A frontline employee is an employee who has direct contact with customers in the course of his duties.

We selected SME owner-managers to participate in this study as they are usually directly involved in the long-term planning and daily operations of the SME and would therefore provide us with the information we were looking for. Our definition of an SME owner-manager is given below.

Definition 5.3: SME Owner-Manager

An SME owner-manager is an owner who also manages his own company or a manager who is at top management level in the company and takes an active part in the day-to-day activities and strategic management of the business.

Sample Size

Below we discuss the sample size of our investigations on (1) restaurants, and (2) travel agencies.

(1) Restaurants

A total of 500 questionnaires were distributed to customers who met our selection criteria in the five case-study restaurants (see Table 5.1). Out of these, 312 questionnaires were received back in a usable form. As shown in Table 5.1, the numbers 1, 2, 3, 4, and 5 represent the codes that were given to the five restaurants which participated in the study. We chose to label the restaurants in this way as the SME owner-managers of these restaurants expressed their wish to protect the identities of their businesses.

Table 5.1: Sample Size and Number of Respondents from Restaurants

| Restaurant | Sample Selected | Number of Respondents |
|-------------------|------------------------|------------------------------|
| 1 | 100 | 63 |
| 2 | 100 | 61 |
| 3 | 100 | 62 |
| 4 | 100 | 64 |
| 5 | 100 | 62 |
| Total | 500 | 312 |

Source: *Primary Data*

Questionnaires were also distributed to 69 frontline employees of restaurants. A total of 55 were received back in a usable form.

Questionnaires were distributed to the nine SME owner-managers of the restaurants. Five were received back.

(2) Travel Agencies

In total, 133 questionnaires were distributed to customers who met our selection criteria in the two case-study travel agencies (see Table 5.2). Out of these, 102 questionnaires were received back in a usable form. As shown in Table 5.2, the numbers 1 and 2 represent the codes that were given to the

two travel agencies that participated in the study. We refer to the travel agencies in this way as the SME owner-managers of these travel agencies expressed their wish to keep the identities of their businesses anonymous.

Table 5.2: Sample Size and Number of Respondents from Travel Agencies

| Travel Agency | Sample Selected | Number of Respondents |
|---------------|-----------------|-----------------------|
| 1 | 69 | 61 |
| 2 | 64 | 41 |
| Total | 133 | 102 |

Source: Primary Data

No questionnaires were distributed to the SME owner-managers and frontline employees of travel agencies as the sample was too small to give any meaningful statistical results. There were only four frontline employees in total in each of the travel agencies that were studied and four SME owner-managers, of which one was not willing to cooperate with the research team. To compensate for this shortcoming, semi-structured interviews were conducted face-to-face with SME owner-managers and each frontline employee to obtain detailed insights into (1) the way in which RM practices were employed, (2) the manner in which the owner-managers implemented relational activities, and (3) the challenges the owner-managers faced in implementing relational activities.

In both case-study SMEs, three types of non-responses were categorised as follows: (1) those from subjects who ultimately refused to take part in the study, (2) those from participants whose telephones were switched off and therefore could not be reached, and (3) those from participants who did not return our questionnaires.

To increase the response rate in all case-study SMEs and to motivate participants to take part in the study, we gave a brand new pen to every regular customer who returned a fully completed questionnaire and 3,000 UGSHS to every frontline employee who returned a fully completed questionnaire and/or accepted to be interviewed. We also ensured easy follow-up by keeping detailed records of those customers to whom we had delivered questionnaires but who had not returned them yet. The records included the customer’s name, telephone contact, his place of work, depending on how willing the respondent was to disclose this information, and suggested date of picking up the completed questionnaire. Where and when possible, we also interviewer-administer ³⁰ the questionnaires face-to-face. All questionnaires were accompanied by an introduction letter (see Appendix B) explaining the purpose of the study and why it was important for the respondents to take part in the study. The introduction letter appeared on the university letterhead where the researcher is an academic staff. The letter was signed by the researcher.

5.4 Sources of Data

Data to answer the formulated research questions was collected from both primary and secondary data sources. Primary data for the survey was collected by distributing questionnaires to selected customers and employees of the case-study SMEs. Primary data for the case studies was collected by directly observing the relational marketing activities of the case-study SMEs and conducting semi-structured interviews with customers, SME owner-managers, and frontline employees. Secondary data was generated by reviewing relevant literature on SMEs and by reviewing relevant published documents on SMEs in Uganda. These documents were kept by the Uganda government ministries such as the

³⁰ The interviewer reads out the contents of the questionnaire to the respondent in a face-to-face meeting and records the responses.

Ministry of Finance, Planning, and Economic Development (MFPED)³¹ and the Ministry of Trade, Tourism, and Industry (MTTI)³², parastatals such as Enterprise Uganda, PSFU, and UBOS, and trade associations such as the Uganda Hotel Owners Association (UHOA)³³ and The Association of Uganda Travel Agents (TUGATA)³⁴. Published documents, for example, recent Budget Speeches, quarterly newsletters and progress reports of various institutions that support the SME development in the country were also reviewed. Secondary data enabled us to undertake a situational analysis and therefore understand the broad macroeconomic framework within which SMEs in Uganda operate. In addition, it enables a researcher to triangulate the findings from the study (cf. Saunders et al., 2003).

5.5 Data Collection Process

Our data collection process consisted of a series of five activities as we discuss below.

First, we conducted a preliminary interview with a small sample of customers and SME owner-managers in the service sector in order to understand some of the factors that trigger Ugandan customers into entering long-term relationships with their service providers. We used the results from the interview and the review of literature to design questionnaires for the pilot test.

Second, we asked four marketing specialists who were lecturers in Makerere University, the highest institution of academic learning in Uganda, to comment on the questions asked with the aim of improving the content validity and structure of the questionnaires before pilot testing them. Content validity is a form of validity that indicates whether the full content of a definition or concept is captured by the measuring instrument (cf. Neuman, 2006). Revisions were made on the questionnaires' contents following the marketing specialists' suggestions.

Third, we conducted a pilot study. The aim of conducting the pilot study was to conceptualise and clarify the key constructs in RM and how they manifest themselves in the Ugandan service sector. Fink (1995b) as cited in Saunders et al. (2003, p.309) explains that "the minimum number for a pilot is 10". We pilot tested the revised questionnaires on a group of twenty respondents, ten of whom were from one restaurant and the other ten from one travel agency. All the respondents were regular customers of the pilot restaurant and travel agency, respectively. At the end of each questionnaire, we asked the respondents to give comments on the length and phrasing of the questionnaire and any other aspect that they felt could be revised to improve the overall quality of the questionnaire. We also collected data from the pilot cases (1) through direct observation of RM activities, and (2) by conducting semi-structured interviews with the regular customers, SME owner-managers, and frontline employees. Throughout the data collection process, we encouraged respondents to give feedback.

³¹ MFPED is an Ugandan government ministry that is mandated to co-ordinate development planning, mobilise public resources, and ensure effective accountability for the use of such resources for the benefit of all Ugandans (<http://www.finance.go.ug/>).

³² MTTI is an Ugandan government ministry that is mandated to formulate and support strategies, plans, and programs that promote and ensure expansion and diversification of tourism, trade, cooperatives, environmentally sustainable industrialisation, appropriate technology, conservation and preservation of other tradable national products, to generate wealth for poverty eradication and benefit the country socially and economically (<http://www.mtti.go.ug/index.php/component/content/frontpage.html>). As of June 2011, the ministry was split into two ministries: the Ministry of Tourism, Wildlife and Antiquities and the Ministry of Trade, Industry and Cooperatives.

³³ UHOA was formally registered in May 2000 with the aim of ensuring that hotel owners in Uganda have a common thread in fostering services from accommodation to recreation facilities (<http://www.webbizafrica.com/suppliers/?&c=1&sid=243&CatID=2>).

³⁴ TUGATA was registered in May 1999 with the vision of seeing a vibrant professional Travel Agency contribution to the bigger air transport industry and tourism promotion in Uganda (<http://www.tugata.com/#>).

Fourth, we analysed the results of the pilot study. The results showed that some of the questions in the questionnaires had been ambiguously phrased and were therefore confusing to the respondents. Other questions were too long and needed to be revised. This led us to revise the questionnaires further in order to improve their reliability and validity (cf. Saunders et al., 2003). Reliability means dependability or consistency, suggesting that the same results can be achieved if the research process is repeated under similar conditions (cf. Neuman, 2006). Validity indicates “truthfulness” of our results (cf. Neuman, 2006, p.188). The results also showed that some of the questions that had been asked in the semi-structured interview guides were not quite clear to the respondents and needed to be revised. We therefore revised these questions after taking into account suggestions that were given by the SME owner-managers and the frontline employees who had been interviewed. Conducting the pilot test made us better prepared to anticipate and deal with some of the hurdles that were likely to come up during the final data collection phase.

Fifth, we hired one research assistant to assist us with the final data collection. Prior to this, we pilot tested the questionnaires with her to ensure that any difficulties she had with interpreting the questions asked could be ironed out on the spot.

5.6 Data Collection Methods

Below we discuss the three data collection methods, viz. questionnaires (Subsection 5.6.1), interviews (Subsection 5.6.2), and observation (Subsection 5.6.3).

5.6.1 Questionnaires

Four types of questionnaires were designed and administered to the following groups of respondents: (1) regular customers of restaurants (Appendix C: C1), (2) regular customers of travel agencies (Appendix C: C2), (3) SME owner-managers of restaurants (Appendix C: C3), and (4) frontline employees of restaurants (Appendix C: C4). No questionnaires were administered to SME owner-managers and frontline employees of travel agencies because of the very small sample sizes that were involved (see Sample Size in Subsection 5.3.2).

Questionnaires administered to regular customers were divided into four broad categories, namely (1) RMIs implemented by the SME, (2) customer experiences arising from the implemented RMIs, (3) customer behaviour arising from customer experiences, and (4) demographic data of respondents. Questionnaires administered to SME owner-managers consisted of only two broad categories, namely (1) SME owner-manager experiences, and (2) SME owner-manager satisfaction. Questionnaires administered to frontline employees were divided into three broad categories, namely (1) training and other support received in the form of customer care, (2) employee relations with customers and the influence of these relations on employee satisfaction, and (3) personal data of employees.

(1) Questionnaires to Regular Customers of Restaurants

Questionnaires to regular customers of restaurants were filled in by only those customers who regularly visited the restaurant. We define a regular customer of a restaurant as follows.

Definition 5.4: Regular Customer of a Restaurant

A regular customer of a restaurant is a customer who has had his meals from the restaurant at least three times or more and has intentions of visiting the same restaurant again in the future for his meals.

All questionnaires were physically delivered to the customers after explaining to them the purpose of the research. Most of the questionnaires were self-administered. However, some were interviewer-administered especially in situations where respondents had limitations in grasping all the content of

the questionnaire because of their limited educational background. Interviewer-administered questionnaires were always picked up immediately after filling in while those that were self-administered were always picked up after the customers had filled them in or they were picked up later at an agreed date, time, and place according to the convenience of the customer.

(2) Questionnaires to Regular Customers of Travel Agencies

Questionnaires to regular customers of travel agencies were filled in by only those customers who regularly dealt with the travel agency. We define a regular customer of a travel agency as follows.

Definition 5.5: Regular Customer of a Travel Agency

A regular customer of a travel agency is a customer who has booked his travel tickets from the agency at least three times or more and has intentions of using the services of the same agency again in the future.

Just like in the case of the restaurants, most of the questionnaires were self-administered but in situations where the respondent had difficulty in interpreting the questionnaire because of a limited educational background, the questionnaires were administered by the interviewer.

(3) Questionnaires to SME Owner-Managers of Restaurants

Questionnaires to SME owner-managers³⁵ were filled in by only those owners who actively managed the SME and those managers who were in regular contact with the customers. In Restaurant 3, we substituted the SME owner-manager's place for that of a supervisor as the supervisor had most of the contact with the customers unlike the SME owner-manager, and was therefore in a better position to address our research needs. Thus, in Restaurant 3, the supervisor filled in the questionnaire that was intended for SME owner-managers. All the questionnaires distributed to SME owner-managers were self-administered. Questionnaires were physically delivered at the premises of the SME owner-managers after explaining to them the purpose of this research. After they had been filled in, they were picked up from the SME owner-managers' premises at an agreed date and time according to the SME owner-managers' convenience.

(4) Questionnaires to Frontline Employees of Restaurants

Questionnaires to frontline employees³⁶ of restaurants were filled in by only those employees who had direct contact with the customers. Our scope of frontline employees consisted of waiters and waitresses, security guards, parking attendants, cleaners, and, in some situations, also cashiers as they sometimes worked as waiters/waitresses and/or directly received money from customers who were paying for their meals. All the questionnaires in this category were interviewer-administered because most of the frontline employees had low academic qualifications and could therefore not ably interpret the questionnaires (e.g., only 1.8% of the frontline employees had obtained a degree and 23.6% a diploma³⁷). The administering of the questionnaires was done face-to-face with the respondents after explaining to them the purpose of the research.

All the four types of questionnaires were designed in such a way that it was easy for the respondents to understand them. They were all written in English and consisted of mainly rating, category, listing, and a few open-ended questions. A four-point Likert rating scale was used to answer the rating questions. This is because we wanted to "...force the respondents to express their feelings..." (cf. Saunders et al.,

³⁵ Referring to definition of SME owner-managers in Subsection 5.3.2.

³⁶ Referring to definition of frontline employees in Subsection 5.3.2.

³⁷ A diploma course in Uganda usually takes two years or less to complete whereas a degree usually takes three years or more to complete.

2003, p.296). Both positive and negative statements were included in the questionnaire to ensure that respondents understand the statements correctly before they can tick off the right response (cf. Saunders et al., 2003).

5.6.2 Interviews

Semi-structured interviews were used to explore and explain the relationships among the various RM activities of the selected SMEs. According to Saunders et al. (2003, p. 248), semi-structured interviews help the researcher "...not only to reveal and understand the 'what' and the 'how' but also to place more emphasis on exploring the 'why'. The interviews were all conducted face-to-face.

We carefully selected the participants for the interviews because we wanted to interview only those participants who could provide us with information that would enable us to meet our research objectives. We interviewed three classes of participants.

First, we conducted face-to-face interviews with SME owner-managers to understand (1) the RM activities they had implemented, (2) why they had implemented them, (3) the challenges they faced in implementing them, and (4) how they perceived the future of RM in their businesses. In order to gain deeper insights into how SME owner-manager behaviour influences customer behaviour, we interviewed SME owner-managers on the nature of the experiences they received in the normal course of their duties and how these experiences influenced their own satisfaction and behaviour towards customers.

Second, we interviewed regular customers with the aim of finding out the impact that the implemented RM activities had on their loyalty and to receive their suggestions on the steps that SME management should take to improve the service they were currently providing to them.

Third, we conducted semi-structured interviews with the frontline employees in order to find out (1) if they had the knowledge and support required for the successful implementation of the chosen RM activities, (2) the challenges they faced in implementing RM activities, and (3) their suggestions regarding how these challenges could be overcome. Our scope of frontline employees in travel agencies consisted of reservation officers, marketing officers, and cashiers (see Subsection 5.6.1 for the scope of frontline employees in restaurants).

For all interview situations, we had developed a checklist of key areas to cover during the interviews but at the same time, we allowed the interviewees to narrate stories and events that they considered to be relevant to this study. The interviews were audio-taped where possible, with the informants' prior consent, for later transcription. Yin (2003) explains that audio-taping helps the researcher to produce a more accurate version of the interview. In situations where audio-taping was not possible, we straightforwardly recorded the responses in a notebook. In both cases, the interviews were always transcribed immediately after the interview sessions. The data from the interviews was then imported into NVivo, qualitative data analysis software, for storage and content analysis. We also did some follow up interviews after the data had been collected to clarify some issues that were not clear during the data analysis phase of this report.

5.6.3 Observation

We developed an observational protocol (see Appendix D) that was used as a guide to observe directly the relevant RM activities and behaviours of SME owner-managers, frontline employees, and regular customers in the selected SMEs. Our observation goal was two-fold: (1) to collect additional information that might not be easily provided by SME owner-managers and their employees, and (2) to clarify any unclear responses from the interviews. Major observations were made with regard to (1) the

general environment in which the service was provided, (2) the way frontline employees interacted with customers, and (3) the manner in which frontline employees solved customer complaints. To increase the validity and reliability of the data collected, observations were made at different times of the day and week at each SME in order to obtain a clear picture of the activities and behaviours that were shown (cf. Saunders et al., 2003). We also did many less formal direct observations throughout the data collection period and took photographs of critical activities, where permission was granted, during the observation phases. By making observations in the selected SMEs, we were able to take down field notes that were used to clarify responses in situations where responses from the interviews were not sufficiently clear.

5.7 Operationalisation and Measurement

This section consists of two subsections. In Subsection 5.7.1, we explain how we operationalised the key concepts in our conceptual model. In Subsection 5.7.2, we discuss the different measurement scales that we used to evaluate the concepts in the model.

5.7.1 Operationalisation of Key Concepts

After clarifying the key concepts in our model, we proceeded to operationalise them in order to capture information from them in a meaningful way. Operationalising the variables helps the researcher to collect data that is relevant to answering the research questions. According to Saunders et al. (2009), operationalisation is the translation of concepts into tangible indicators so that they can be captured. Runkel and McGrath (1972) define operationalisation in a similar way when they suggest that it means to specify the phenomena or events to observe in order to qualify a particular concept or construct. Yin (2009, p.40) associates operationalisation with construct validity. He defines construct validity as “identifying correct operational measures for the concepts being studied”. In a similar manner, Saunders et al. (2003) suggest that concepts should be operationalised in a way that can enable data to be captured in a quantitative manner. Guided by these arguments, we give the following operational definitions as shown in Table 5.3 to the concepts in our conceptual model.

Table 5.3: Operational Definitions of the Concepts in our Conceptual Model

| | Concept | Operational Definition |
|-----|--------------------------------|---|
| 1. | Customer Orientation | A customer's perception of the way frontline employees care for customers and how they handle any complaints that customers may have about the service |
| 2. | Service Quality | A customer's perception of the quality of the service provided, the environment in which it is provided, and the professionalism of the employees who are providing it |
| 3. | Interpersonal Communication | A customer's perception of the interactions that take place between employees and their customers before, during, and after the service has been delivered |
| 4. | Tangible Rewards | A customer's perception of the prices charged for the services offered in comparison to similar SMEs, the discounts offered, and the gifts offered to regular customers |
| 5. | Customer Experiences | A customer's perception of those critical events that he goes through every time a service is provided to him |
| 6. | Customer Satisfaction | The degree of contentment that customers have with the services provided by the SME in general |
| 7. | Customer Loyalty | The extent to which customers keep returning to the same SME |
| 8. | Trust | The degree of faith and confidence that customers have in the services provided by the SME |
| 9. | Commitment | The extent to which customers are willing to continue buying the services of the SME |
| 10. | SME Owner-Manager Experiences | An SME owner-manager's perception of those critical events that he goes through every time he provides a service to customers |
| 11. | SME Owner-Manager Satisfaction | The degree of contentment that an SME owner-manager has with the services he provides to customers in general |

5.7.2 Measurement Scales

Having mentioned the above operationalisation of our key concepts, we proceeded to establish how the concepts could be measured. Measures for some of the constructs were already available in the literature while others were not. In cases where measures were already available, we adapted them to suit the current context of Ugandan SMEs operating restaurants and travel agencies. For those concepts where measures were not readily available, we developed measurement scales which suited the requirements of the study. Four-point Likert scales were used to measure the constructs. A four-point Likert scale has the advantage of ensuring that respondents "...express their feelings towards an implicitly positive statement" (cf. Saunders et al., 2009, p. 379). Below we discuss the measurement scales that we developed for each concept in our model.

(1) Customer orientation

In both case-study restaurants and case-study travel agencies, customer orientation was measured by six items on a four-point Likert scale. The items on the scale were borrowed from the literature (see Narver and Slater, 1990). However, since the original scale had been developed for top management team members of Strategic Business Units (SBUs) in the forest products division of a large western corporation, it was modified to suit the customers of both restaurants and travel agencies in Uganda. This was done by redesigning the original questions in the scale to suit customers in the restaurants and travel agencies (see Table 5.4). The Cronbach's alpha estimate of reliability for the scale was 0.804 in

the case of restaurants and 0.806 in the case of travel agencies (i.e., after dropping item f to improve the reliability).

Table 5.4: Measurement Scale for Customer Orientation in Restaurants and Travel Agencies

| Scale Items for Customer Orientation | Strongly Disagree (1) | Disagree (2) | Agree (3) | Strongly Agree (4) |
|---|--------------------------|-----------------|--------------|-----------------------|
| a) Employees are caring in nature | | | | |
| b) Employees serve me with a smile | | | | |
| c) Employees know how to handle my complaints | | | | |
| d) Employees understand my specific needs | | | | |
| e) Employees are polite | | | | |
| f) Employees frequently ask me to provide feedback about the quality of the service | | | | |

(2) Service Quality

Service quality was measured using insights from Parasuraman et al.'s (1988) SERVQUAL scale and Peng and Wang's (2006) scale. Parasuraman et al. (1988) suggest that the items under the instrument can be adapted and/or supplemented to suit the context in which they are going to be used. In addition, Greenland et al. (2006) demonstrate in their study on consumer perceptions about retail banking in East Africa that service quality dimensions are likely to vary in importance depending on a given culture and context. Bearing in mind these proposals and taking into consideration the results from the preliminary interview, we modified the scale to suit the needs of this research. A four-point Likert scale consisting of thirteen items in the case of restaurants (see Table 5.5) and fourteen items in the case of travel agencies (see Table 5.6) was used. The Cronbach's alpha estimate of reliability for the scale was 0.819 in the case of restaurants and 0.807 in the case of travel agencies (i.e., after dropping items c and k to improve the reliability).

Table 5.5: Measurement Scale for Service Quality in Restaurants

| Scale Items for Service Quality | Strongly Disagree (1) | Disagree (2) | Agree (3) | Strongly Agree (4) |
|---|--------------------------|-----------------|--------------|-----------------------|
| a) Employees get my order right the first time | | | | |
| b) The menu consists of a wide variety of food to choose from | | | | |
| c) Employees give me the right information about available food | | | | |
| d) Employees serve me with speed | | | | |
| e) Employees serve me tasty food | | | | |
| f) Employees recognise me as a regular customer | | | | |
| g) Employees are neat | | | | |
| h) Employees have and follow a dress code | | | | |
| i) Employees have name tags | | | | |
| j) The restaurant is neat | | | | |
| k) There is adequate parking outside this restaurant | | | | |
| l) There are adequate and visible signs in this restaurant, e.g., toilet sign | | | | |
| m) My personal belongings are safe in this restaurant | | | | |

Table 5.6: Measurement Scale for Service Quality in Travel Agencies

| Scale Items for Service Quality | Strongly Disagree (1) | Disagree (2) | Agree (3) | Strongly Agree (4) |
|--|-----------------------|--------------|-----------|--------------------|
| a) There is a wide variety of ticket options to choose from | | | | |
| b) Employees give me the right information about available ticket options | | | | |
| c) Employees are accurate with the bookings I request them to make | | | | |
| d) Employees serve me with speed | | | | |
| e) Employees are flexible with making changes in the ticket bookings | | | | |
| f) Employees recognise me as a regular customer | | | | |
| g) Employees provide me with brochures and flyers for additional information about the travel agency | | | | |
| h) Employees are neat | | | | |
| i) Employees have and follow a dress code | | | | |
| j) Employees have name tags | | | | |
| k) The travel agent's premises are neat | | | | |
| l) There is adequate parking outside this agency | | | | |
| m) There are adequate and visible signs in this travel agency | | | | |
| n) My personal belongings are safe in this travel agency | | | | |

(3) Interpersonal communication

Interpersonal communication was measured using insights from De Wulf et al.'s (2001) scale. However, just like in previous cases, the scale was modified to suit the needs of this research. A four-point Likert scale consisting of five items in the case of restaurants (see Table 5.7) and seven items in the case of travel agencies (see Table 5.8) was used. The Cronbach's alpha estimate of reliability for the scale was 0.806 in the case of restaurants and 0.775 in the case of travel agencies.

Table 5.7: Measurement Scale for Interpersonal Communication in Restaurants

| Scale Items for Interpersonal Communication | Strongly Disagree (1) | Disagree (2) | Agree (3) | Strongly Agree (4) |
|---|-----------------------|--------------|-----------|--------------------|
| a) Employees are friendly, e.g., a friendly greeting | | | | |
| b) Employees are available for additional service, e.g., if I want to place another order | | | | |
| c) Employees explain to me the food on the menu | | | | |
| d) Employees give me information about new food on the menu | | | | |
| e) Employees listen carefully when I am placing my order | | | | |

Table 5.8: Measurement Scale for Interpersonal Communication in Travel Agencies

| Scale Items for Interpersonal Communication | Strongly Disagree (1) | Disagree (2) | Agree (3) | Strongly Agree (4) |
|---|--------------------------|-----------------|--------------|-----------------------|
| a) Employees are friendly, e.g., a friendly greeting | | | | |
| b) Employees are available for additional service, e.g., providing visa and hotel information, etc. | | | | |
| c) Employees explain to me the available ticket options | | | | |
| d) Employees give me information about new ticket options | | | | |
| e) Employees communicate to me any changes in travel options after I have made the booking | | | | |
| f) Employees keep me updated about the stage of the transaction after I have made the booking | | | | |
| g) Employees listen carefully when I am making the booking | | | | |

(4) Tangible rewards

Tangible rewards were measured using De Wulf et al.'s (2001) scale. However, the scale was modified to suit the needs of this research. A four-point Likert scale consisting of two items in the case of restaurants (see Table 5.9) and three items in the case of travel agencies (see Table 5.10) was used. The Cronbach's alpha estimate of reliability for the scale was 0.366 in the case of restaurants and 0.260 in the case of travel agencies. Since the value of alpha was below 0.5 in both cases, we collected additional data on this construct by interviewing regular customers and SME owner-managers in order to improve reliability.

Table 5.9: Measurement Scale for Tangible Rewards in Restaurants

| Scale Items for Tangible Rewards | Strongly Disagree (1) | Disagree (2) | Agree (3) | Strongly Agree (4) |
|---|--------------------------|-----------------|--------------|-----------------------|
| a) This restaurant charges a lower price compared to similar restaurants | | | | |
| b) This restaurant offers me small gifts like calendars, key rings, and diaries | | | | |

Table 5.10: Measurement Scale for Tangible Rewards in Travel Agencies

| Scale Items for Tangible Rewards | Strongly Disagree (1) | Disagree (2) | Agree (3) | Strongly Agree (4) |
|---|--------------------------|-----------------|--------------|-----------------------|
| a) This agency charges a lower price compared to similar travel agencies | | | | |
| b) This agency offers price discounts | | | | |
| c) This agency offers me small gifts like calendars, key rings, and diaries | | | | |

(5) Customer Experiences

Several scales have been developed in the past by psychologists and marketing researchers to measure customer experiences. Most of these scales use pictures, vignettes, photographic images, and storytelling to find out customers' feelings and thoughts about certain issues (e.g., Zaltman's 1997 Metaphor Elicitation Technique). Schmitt's (1999) scale consists of specific Experience Providers (ExPros³⁸), for example, a logo, an ad, an interior space, a website, etc., and how they influence a specific Strategic Experiential Module (SEM). SEMs form the strategic foundation of experiential marketing³⁹ and they consist of five types of customer experiences, namely sense, feel, think, act, and relate (Schmitt, 1999). We obtained insights from Schmitt's (1999) scale because it is more straightforward and easier to use as it consists of words to measure experiences. In order to make the scale more suitable for this research, we modified it by including typical ExPros from the restaurants and the travel agency sectors. An ExPro corresponds to an RMI in our study. Our customer experience scale consisted of three subscales, namely (1) the importance of customer experiences, (2) the level of satisfaction with customer experiences, and (3) the intensity of customer experiences (for more details about the three subscales, see Appendix C: C1, Questions 11, 12 and 14, respectively, in the case of restaurants and Appendix C: C2, Questions 10, 11 and 13, respectively, in the case of travel agencies).

In both the case-study restaurants and the case-study travel agencies, customers were asked to rate on a four-point Likert scale (1) how they perceived the importance of an experience relating to a particular ExPro, (2) their perceptions about the level of satisfaction with the experiences provided by the various ExPros, and (3) the intensity of experiences which they had with each of the ExPros. In the case-study restaurants, customer experiences were measured by 57 items in total and the Cronbach's alpha estimate of reliability for the combined subscales was 0.918. Customer experiences in the case-study travel agencies were measured by 51 items in total and the Cronbach's alpha estimate of reliability for the combined subscales was 0.779.

(6) Customer Satisfaction

Customer satisfaction was measured using insights from the scale that Caruana (2002) used in his study on retail banking in Malta. However, we adjusted the scale to suit the needs of this research. When semi-structured interviews were done with selected customers during the pilot study, respondents drew our attention to other issues that had not been captured by Caruana's (2002) scale. We therefore decided to design a second scale to capture these issues. As a result, we had two separate four-point scales to measure customer satisfaction. Both scales had good convergent validity. Convergent validity is "the degree of agreement in two or more measures of the same construct" (cf. Wel and Bojei, 2009, p. 31). In the case of the restaurants, the first scale consisted of twelve items (see Table 5.11) while the second scale consisted of ten items (see Table 5.12). In the case of the travel agencies, both scales consisted of eleven items (see Tables 5.13 and 5.14, respectively). During data analysis, however, we combined both scales for ease of manipulation. Our decision was supported by the presence of correlation between the two scales (in the case of restaurants, Pearson's correlation coefficient $r = 0.673$; $p < 0.001$ and in the case of travel agencies, Pearson's correlation coefficient $r = 0.468$; $p < 0.001$) and the high level of reliability of the combined scale. The combined customer satisfaction scale had a higher reliability coefficient (Cronbach's alpha is 0.885 in the case of restaurants and 0.860 in the case of travel agencies) than each of the scales independently. In the case

³⁸ An ExPro is any event that is capable of stimulating a customer's senses.

³⁹ Experiential marketing connects audiences with the authentic nature of a brand through participation in personally relevant, credible, and memorable encounters (<http://adventresults.com/news/2007/10/30/definition-of-experiential-marketing/> - accessed on 10th May 2011).

of restaurants, Cronbach's alpha for the first customer satisfaction scale was 0.848 and Cronbach's alpha for the second customer satisfaction scale was 0.761. In the case of travel agencies, Cronbach's alpha for the first customer satisfaction scale was 0.748 and Cronbach's alpha for the second customer satisfaction scale was 0.838.

Table 5.11: Measurement Scale 1 for Customer Satisfaction in Restaurants

| Scale 1 Items for Customer Satisfaction | Strongly Disagree (1) | Disagree (2) | Agree (3) | Strongly Agree (4) |
|---|----------------------------------|-------------------------|----------------------|-------------------------------|
| a) I know whom to contact when I have a complaint | | | | |
| b) Employees are knowledgeable about their work | | | | |
| c) Employees clearly understand customer needs | | | | |
| d) Employees are slow in handling customer complaints | | | | |
| e) Employees are rude and impatient | | | | |
| f) I feel I am paying a fair price for the service provided to me | | | | |
| g) The kind of service provided is more than I expected | | | | |
| h) This restaurant meets my expectations | | | | |
| i) The last time I visited this restaurant, I was happy with the service provided to me | | | | |
| j) Compared to similar restaurants I have been to, I am more satisfied with this restaurant | | | | |
| k) In general, I am happy with this restaurant | | | | |
| l) Based on all my experience, I am satisfied with this restaurant | | | | |

Table 5.12: Measurement Scale 2 for Customer Satisfaction in Restaurants

| Scale 2 Items for Customer Satisfaction | Strongly Disagree (1) | Disagree (2) | Agree (3) | Strongly Agree (4) |
|---|----------------------------------|-------------------------|----------------------|-------------------------------|
| a) I am more satisfied with this restaurant because they charge lower prices in comparison to similar restaurants | | | | |
| b) I am more satisfied with this restaurant because they do not make mistakes with my order | | | | |
| c) I am more satisfied with this restaurant for the reason that they offer me a wider food variety | | | | |
| d) I am more satisfied with this restaurant since they serve more tasty meals | | | | |
| e) I am more satisfied with this restaurant as they have more convenient opening hours | | | | |
| f) I am more satisfied with this restaurant because of the more friendly employees | | | | |
| g) I am more satisfied with this restaurant because the employees are more helpful | | | | |
| h) I am more satisfied with this restaurant for the reason that the employees interact with me more frequently | | | | |
| i) I am more satisfied with this restaurant as its location is more convenient | | | | |
| j) I am more satisfied with this restaurant because it is more comfortable than similar restaurants | | | | |

Table 5.13: Measurement Scale 1 for Customer Satisfaction in Travel Agencies

| Scale 1 Items for Customer Satisfaction | Strongly Disagree (1) | Disagree (2) | Agree (3) | Strongly Agree (4) |
|---|----------------------------------|-------------------------|----------------------|-------------------------------|
| a) I know whom to contact when I have a complaint | | | | |
| b) Employees are knowledgeable about their work | | | | |
| c) Employees clearly understand my needs | | | | |
| d) Employees are slow in handling my complaints | | | | |
| e) Employees are rude and impatient | | | | |
| f) The kind of service provided is more than I expected | | | | |
| g) This travel agency meets my expectations | | | | |
| h) The last time I bought a ticket from this travel agency, I was happy with the service provided to me | | | | |
| i) Compared to similar travel agencies I buy tickets from, I am more satisfied with this one | | | | |
| j) In general, I am happy with this travel agency | | | | |
| k) Based on all my experience, I am satisfied with this travel agency | | | | |

Table 5.14: Measurement Scale 2 for Customer Satisfaction in Travel Agencies

| Scale 2 Items for Customer Satisfaction | Strongly Disagree (1) | Disagree (2) | Agree (3) | Strongly Agree (4) |
|--|----------------------------------|-------------------------|----------------------|-------------------------------|
| a) I am more satisfied with this travel agency because they charge lower prices in comparison to similar travel agencies | | | | |
| b) I am more satisfied with this travel agency because they give more price discounts | | | | |
| c) I am more satisfied with this travel agency since they are more accurate with my ticket bookings | | | | |
| d) I am more satisfied with this travel agency as they offer a wider variety of ticket options | | | | |
| e) I am more satisfied with this travel agency for the reason that they are more flexible if I want to make any changes in the booking I have made | | | | |
| f) I am more satisfied with this travel agency because they regularly communicate to me any changes in the bookings | | | | |
| g) I am more satisfied with this travel agency since they communicate new information about available ticket options | | | | |
| h) I am more satisfied with this travel agency for the reason that they communicate in a more timely manner | | | | |
| i) I am more satisfied with this travel agency because they have more convenient opening hours | | | | |
| j) I am more satisfied with this travel agency as employees are more friendly | | | | |
| k) I am more satisfied with this travel agency because employees are more helpful | | | | |

(7) Customer Loyalty

We measured customer loyalty using insights from several researchers, for instance, McAlexander et al. (2003), Mattila (2006), and Caruana (2002). A four-point Likert scale consisting of twelve items in the case of both restaurants and travel agencies was used (see Tables 5.15 and 5.16, respectively). The Cronbach's alpha estimate of reliability for the scale was 0.875 in the case of restaurants and 0.926 in the case of travel agencies.

Table 5.15: Measurement Scale for Customer Loyalty in Restaurants

| Scale Items for Customer Loyalty | Strongly Disagree (1) | Disagree (2) | Agree (3) | Strongly Agree (4) |
|--|----------------------------------|-------------------------|----------------------|-------------------------------|
| a) I am not likely to go to another restaurant even if this restaurant increased its price | | | | |
| b) I would definitely recommend this restaurant to my friends and relatives | | | | |
| c) I usually talk positively about this restaurant to other people | | | | |
| d) I would encourage my friends and relatives to have their meals from this restaurant | | | | |
| e) It is rare that I consider having my meals from another restaurant | | | | |
| f) Every time I need a meal, I come to this restaurant | | | | |
| g) I really like having my meals from this restaurant | | | | |
| h) When I need to have a meal, this restaurant is my first choice | | | | |
| i) It is likely that I will continue buying meals from this restaurant in the future | | | | |
| j) I intend to start having my meals from another restaurant with better services | | | | |
| k) I regard this restaurant as one of the best in the city | | | | |
| l) I do not have any regrets that I have my meals from this restaurant | | | | |

Table 5.16: Measurement Scale for Customer Loyalty in Travel Agencies

| Scale Items for Customer Loyalty | Strongly Disagree (1) | Disagree (2) | Agree (3) | Strongly Agree (4) |
|---|--------------------------|-----------------|--------------|-----------------------|
| a) I am not likely to buy tickets from another travel agency even if this travel agency increased its price | | | | |
| b) I would definitely recommend this travel agency to my friends and relatives | | | | |
| c) I usually talk positively about this travel agency to other people | | | | |
| d) I would encourage my friends and relatives to buy their tickets from this travel agency | | | | |
| e) It is rare that I wish to buy tickets from another travel agency | | | | |
| f) Every time I need to buy a ticket, I buy it from this travel agency | | | | |
| g) I really prefer that I continue to buy tickets from this travel agency | | | | |
| h) Whenever I need to travel, I make this travel agency my first choice to buy a ticket | | | | |
| i) It is likely that I will continue to buy tickets from this travel agency in the future | | | | |
| j) I would prefer that I buy tickets from another travel agency with better services | | | | |
| k) I regard this travel agency as one of the best in the city | | | | |
| l) I do not have any regrets that I buy from this travel agency | | | | |

(8) Trust

Various studies in the literature have focused on the measurement of trust (e.g., Morgan and Hunt, 1994; De Wulf et al., 2001). We used the scale developed by De Wulf et al. (2001) in their study on investments in consumer relationships because their study was closer to ours in terms of conceptualisation. Nevertheless, we adjusted the scale by including more items on the scale to suit our research setting. A four-point Likert scale consisting of eight items in the case of restaurants (see Table 5.17) and seven items in the case of travel agencies (see Table 5.18) was used. The Cronbach's alpha estimate of reliability for the scale was 0.853 in the case of restaurants, and 0.896 in the case of travel agencies.

Table 5.17: Measurement Scale for Trust in Restaurants

| Scale Items for Trust | Strongly Disagree (1) | Disagree (2) | Agree (3) | Strongly Agree (4) |
|---|--------------------------|-----------------|--------------|-----------------------|
| a) I believe that employees tell the truth about the service | | | | |
| b) I believe that the owner-manager of this restaurant is not out to cheat me | | | | |
| c) I believe that this restaurant will continue to offer me a good service | | | | |
| d) I have faith in this restaurant | | | | |
| e) I know that if I get a problem with this restaurant, it will be solved immediately | | | | |
| f) Employees keep the promises they make | | | | |
| g) Employees of this restaurant are honest | | | | |
| h) I have confidence in this restaurant | | | | |

Table 5.18: Measurement Scale for Trust in Travel Agencies

| Scale Items for Trust | Strongly Disagree (1) | Disagree (2) | Agree (3) | Strongly Agree (4) |
|--|--------------------------|-----------------|--------------|-----------------------|
| a) I believe that employees tell the truth about the ticket options available | | | | |
| b) I believe that this travel agency will continue to offer me a good service | | | | |
| c) I have faith in this travel agency | | | | |
| d) I know that if I get a problem with this travel agency, it will be solved immediately | | | | |
| e) Employees keep the promises they make | | | | |
| f) The employees of this travel agency are honest | | | | |
| g) I have confidence in this travel agency | | | | |

(9) Commitment

There are several scales in the literature that have been developed to measure customer commitment (e.g., De Wulf et al., 2001; Mattila, 2006). The scale for this section of our study was based on research contributions by De Wulf et al. (2001). A four-point Likert scale consisting of eleven items in the case of both restaurants and travel agencies (see Tables 5.19 and 5.20, respectively) was used. The Cronbach’s alpha estimate of reliability for the scale was 0.795 in the case of restaurants and 0.842 in the case of travel agencies.

Table 5.19: Measurement Scale for Commitment in Restaurants

| Scale Items for Commitment | Strongly Disagree (1) | Disagree (2) | Agree (3) | Strongly Agree (4) |
|--|----------------------------------|-------------------------|----------------------|-------------------------------|
| a) I prefer to buy from this restaurant in comparison to other similar restaurants | | | | |
| b) Even if this restaurant increased its price, I would still prefer to buy from it | | | | |
| c) Even if this restaurant was relocated elsewhere but nearby, I would still prefer it to others | | | | |
| d) I feel emotionally attached to this restaurant | | | | |
| e) Because I feel a strong attachment to this restaurant, I remain a customer of this restaurant | | | | |
| f) I think that I could easily become attached to another restaurant as I am to this one | | | | |
| g) I just have to continue coming to this restaurant because I have no option | | | | |
| h) I would go through a lot of inconveniences if I decided to stop having my meals from this restaurant | | | | |
| i) I feel good about this restaurant | | | | |
| j) I have few options to choose from if I do not have my meals from this restaurant | | | | |
| k) I continue to have my meals from this restaurant because I may not find another restaurant offering the same service in the neighbourhood | | | | |

Table 5.20: Measurement Scale for Commitment in Travel Agencies

| Scale Items for Commitment | Strongly Disagree (1) | Disagree (2) | Agree (3) | Strongly Agree (4) |
|---|----------------------------------|-------------------------|----------------------|-------------------------------|
| a) I prefer to buy tickets from this travel agency in comparison to other similar agencies | | | | |
| b) Even if this travel agency increased its price, I would still prefer to buy my tickets from it | | | | |
| c) Even if this travel agency were relocated elsewhere, I would still prefer it to others | | | | |
| d) I feel emotionally attached to this travel agency | | | | |
| e) Because I feel a strong attachment to this travel agency, I would prefer to continue to buy my tickets from it | | | | |
| f) I think that I could easily become attached to another travel agency as I am to this one | | | | |
| g) I have to continue buying tickets from this travel agency because I have no option | | | | |
| h) I would go through a lot of inconveniences if I decided to stop buying tickets from this travel agency | | | | |
| i) I feel good about this travel agency | | | | |
| j) I have few options to choose from if I do not buy tickets from this travel agency | | | | |
| k) I prefer to continue to buy tickets from this travel agency because I may not find a similar travel agency offering the same service | | | | |

(10) SME Owner-Manager Experiences

We developed our own instrument to measure SME owner-manager experiences since we did not find any established scales in the literature to measure them. Our new instrument was not very different from the one that we used to measure customer experiences as the same concept was being captured but this time, we used SME owner-manager perceptions as opposed to customer perceptions. We modified the scale we used to measure customer experiences in the restaurants by rewording the items therein to suit the requirements of the SME owner-managers for whom it was intended. The instrument was administered only to the SME owner-managers of the restaurants (see Sample Size in Subsection 5.3.2). As was the case when measuring customer experiences, SME owner-manager experiences were measured by three subscales, namely (1) importance of SME owner-manager experiences, (2) level of satisfaction with SME owner-manager experiences, and (3) intensity of SME owner-manager experiences (for more details about the three subscales, see Appendix C: C3, Questions 1, 2, and 4, respectively). SME owner-manager experiences were measured by 57 items in total on a four-point Likert scale and the Cronbach’s alpha estimate of reliability for the scale was 0.805.

(11) SME Owner-Manager Satisfaction

We developed our own instrument to measure SME owner-manager satisfaction in the restaurants studied, since we did not find any established scales in the literature to measure this construct. We obtained insights into the measurement of SME owner-manager satisfaction from the scale we had developed to measure customer satisfaction. SME owner-manager satisfaction was measured by two scales on a four-point Likert scale. The first scale (see Table 5.21) consisted of twelve items. The

second scale (see Table 5.22) consisted of ten items. The Cronbach's alpha estimate of reliability for the combined scale was 0.903.

Table 5.21: Measurement Scale 1 for SME Owner-Manager Satisfaction in Restaurants

| Scale 1 Items for SME Owner-Manager Satisfaction | Strongly Disagree (1) | Disagree (2) | Agree (3) | Strongly Agree (4) |
|--|----------------------------------|-------------------------|----------------------|-------------------------------|
| a) I know whom to contact when I have a complaint | | | | |
| b) I am knowledgeable about my work | | | | |
| c) I clearly understand customer needs | | | | |
| d) I am slow in handling customer complaints | | | | |
| e) I am rude and impatient | | | | |
| f) I feel that customers pay fairly for the service we provide to them. | | | | |
| g) The kind of service I provide is more than what customers expect | | | | |
| h) This restaurant meets my expectations | | | | |
| i) The last time I came to work in this restaurant, I was happy with the service I provided to customers | | | | |
| j) Compared to similar restaurants I have been to, I am more satisfied with this restaurant | | | | |
| k) In general, I am happy with this restaurant | | | | |
| l) Based on all my experience, I am satisfied with this restaurant | | | | |

Table 5.22: Measurement Scale 2 for SME Owner-Manager Satisfaction in Restaurants

| Scale 2 Items for SME Owner-Manager Satisfaction | Strongly Disagree (1) | Disagree (2) | Agree (3) | Strongly Agree (4) |
|---|-----------------------|--------------|-----------|--------------------|
| a) I am more satisfied with this restaurant because the prices we charge are lower in comparison to similar restaurants | | | | |
| b) I am more satisfied with this restaurant because employees do not make mistakes with customers' orders | | | | |
| c) I am more satisfied with this restaurant because we offer customers a wider food variety | | | | |
| d) I am more satisfied with this restaurant because we serve customers more tasty meals | | | | |
| e) I am more satisfied with this restaurant because we have more convenient opening hours | | | | |
| f) I am more satisfied with this restaurant because the employees are more friendly | | | | |
| g) I am more satisfied with this restaurant because the employees are more helpful | | | | |
| h) I am more satisfied with this restaurant because the employees interact with customers more frequently | | | | |
| i) I am more satisfied with this restaurant because its location is more convenient | | | | |
| j) I am more satisfied with this restaurant because it is more comfortable than similar restaurants | | | | |

The overall reliability estimate of the combined scale for all the variables was 0.956 in the case of restaurants and 0.882 in the case of travel agencies. In general, therefore, all the above chosen measurement scales met acceptable standards for content validity, internal reliability, and construct validity.

5.8 Validity and Reliability

We employed various techniques to increase the validity and reliability of our results. In this section, we discuss the techniques that we used in order to increase the reliability and validity of the case-study results (Subsection 5.8.1) and the survey results (Subsection 5.8.2) in our study.

5.8.1 Increasing Validity and Reliability of the Case-Study Results

To increase the validity of our case-study results, we used multiple sources of evidence which enabled data triangulation to take place. We also did pattern matching using matrices in order to establish whether the empirical results matched the predicted theories. Furthermore, we used multiple case studies to increase the generalisability of our findings. We also maintained a chain of evidence throughout this report by making clear references to the interviews and observations we made and documenting the procedures we used to arrive at the final conclusions (cf. Yin, 2003).

To increase the reliability of our case-study results, we kept a case-study database of all the information we obtained from the field using the qualitative data software tool NVivo. This particular

tool was chosen because of its wide range of capabilities that enabled us to manipulate different aspects of our research (cf. Kikooma, 2010). Yin (2009) also recommended the creation of a case-study database to increase reliability of case studies. Our case-study database consisted of (1) field notes from the observations we made in the restaurants and the travel agencies, (2) interview notes taken during our interviews with regular customers, SME owner-managers, and frontline employees, (3) documents collected from the SME sites, for example, flyers, and (4) photographs of the layout of the restaurants and the travel agencies taken at the SME sites. The database also consisted of memos and journals which we were able to create using Nvivo. A memo “may be a major think-piece about theory...or, it can be just a reminder to yourself about things that draw your attention, queries raised in your mind...” and issues that you would like to follow up (Bazeley and Richards, 2000, p.45). A journal is a daily record of (usually personal) experiences and observations (<http://www.elook.org/dictionary/journal.html> - website accessed on 11th May 2011). Memos and journals helped us to document the process through which our research ideas developed. They further improved the validity and reliability of our study. Furthermore, we transcribed our interview notes immediately after each interview session. This ensured that bias was reduced and that reliable data was produced for analysis (cf. Saunders et al., 2003).

The documents in our case-study database were all collectively stored in the Document Explorer section of NVivo. Figure 5.2 gives an example of a document explorer window in NVivo.

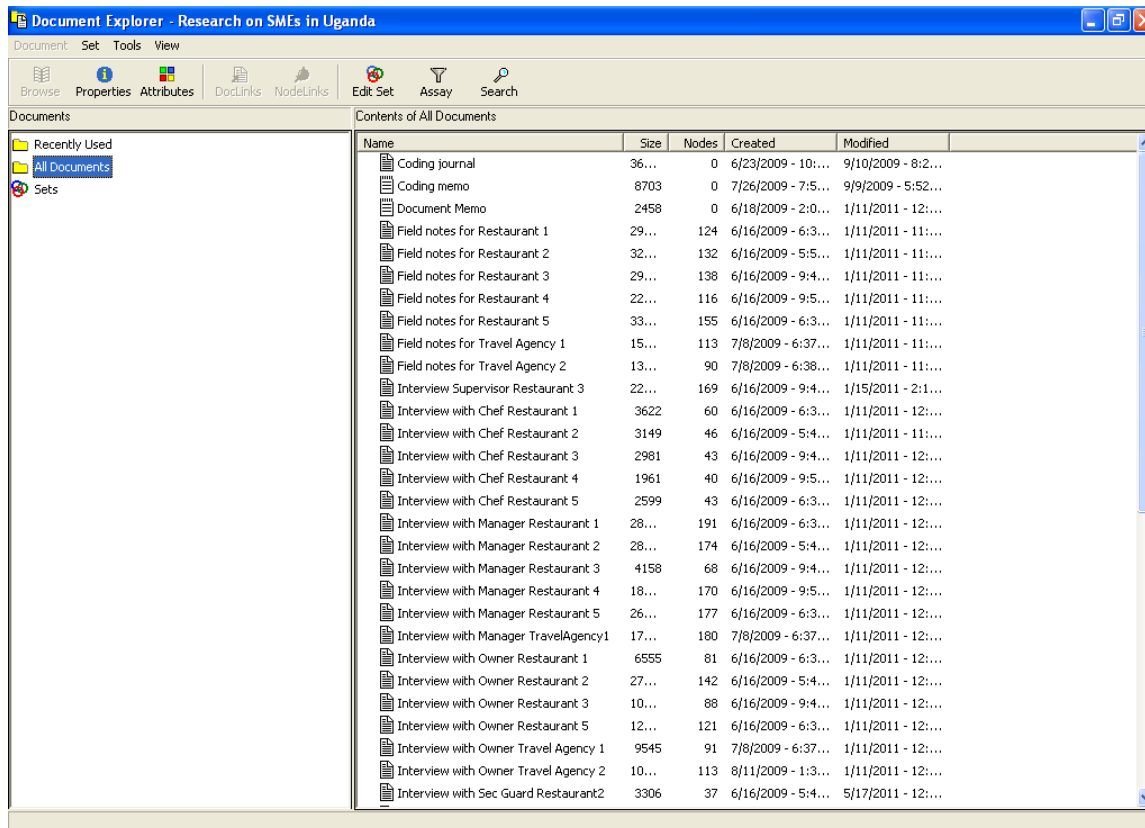


Figure 5.2: An Example of a Document Explorer Window in NVivo

5.8.2 Increasing Validity and Reliability of the Survey Results

To increase the validity of the survey results, we asked marketing professionals to comment on our questionnaires (see Section 5.5). We also conducted a pilot study (see Section 5.5) and discussed our preliminary findings with SME owner-managers to increase the validity of our conclusions.

To increase the reliability of our survey results, we used Cronbach's coefficient alpha to test the internal consistency and thus the reliability of our questionnaires. According to Sekaran (1992), Cronbach's coefficient alpha is the most popular test of interim consistency reliability which is used for multipoint-scaled items.

5.9 Data Processing and Analysis

After both quantitative and qualitative data had been collected from the field, the data were subjected to several quality controls to increase the robustness of the study. In the two subsections that follow, we discuss the techniques we used to achieve this goal for both quantitative data (Subsection 5.9.1) and qualitative data (Subsection 5.9.2).

5.9.1 Quantitative Data

Quantitative data from the questionnaires was input into the computer using a Statistical Package for Social Scientists (SPSS) version 17. The data was then checked for errors and cleaned. Negative statements were recoded before analysis was done. Quantitative data was analysed using SPSS version 17. Both descriptive and inferential statistics were used to analyse the data with the intention of drawing meaningful interpretations and conclusions from the study. Descriptive statistics like frequency counts, chi square test, mean, and standard deviation enabled us to (a) describe the demographic data that we had, and (b) to attach meaning to them. The chi square test enabled us to establish the association between our nominal variables, namely (1) gender of respondent, (2) age of respondent, (3) education level of respondent, (4) respondent's form of employment, and (5) income level of respondent.

Inferential statistics consisted of exploratory factor analysis, correlation, multiple regression, T-tests, and ANOVA tests. Exploratory factor analysis helped us to reveal the underlying dimensions of RM among SMEs in different service sectors in Uganda while correlation and regression tests enabled us to establish relationships and the strength of these relationships between different constructs in our conceptual model. T-tests and ANOVA tests helped us to identify significant differences within the case-study SMEs and between the two service sectors in our study.

The results we obtained from both descriptive and inferential statistics enabled us to describe, analyse, and interpret the RM activities of the case-study SMEs.

5.9.2 Qualitative Data

Qualitative data from the field notes and interviews was input into the computer using the NVivo software package. Document folders were then created after which coding was done. Methodological and coding journals were created to keep track of the way in which methodological and coding ideas developed, respectively, and how coding decisions were arrived at. Figure 5.3 gives an illustrative example of a coding journal. Coding memos, methodological memos, and document memos were also created. The overall goal here was to provide a reflection about our research concerns in the respective areas, to think of ways of dealing with these concerns, and to advance our analytical thinking.

Qualitative data was analysed using NVivo. After data had been coded, matrices were constructed to identify emerging patterns, themes, and concepts. Cross-case analysis was also done across the

restaurants and the travel agencies that were studied to enable replication to take place and thus increase the robustness of our results.

Findings from both quantitative and qualitative data analysis were integrated at the interpretation stage of our study.

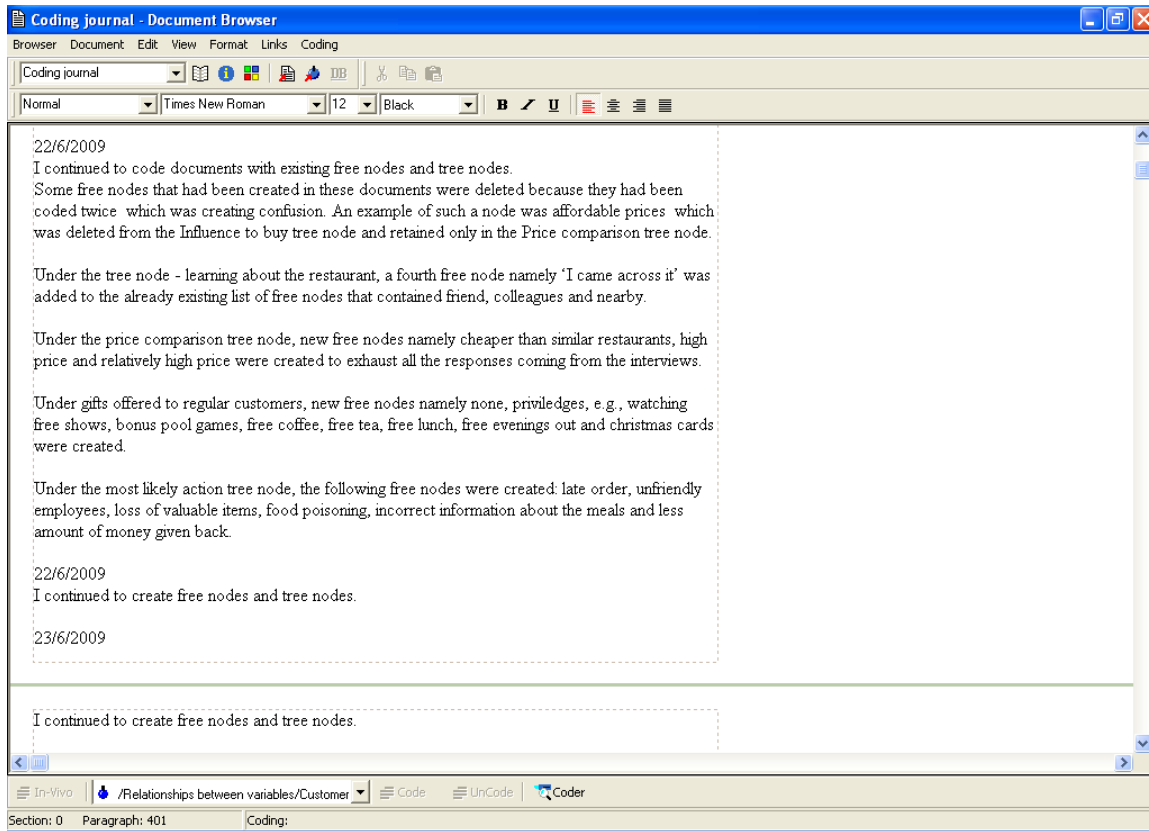


Figure 5.3: An Example of a Coding Journal in NVivo

5.10 The Researcher's Role

We used various strategies to gain access to key informants of the study, namely (1) the regular customers, (2) the SME owner-managers, and (3) the frontline employees of the SMEs that were studied. We first made physical visits to the SMEs to request for formal permission from the SME owner-managers to carry out research in their business enterprises. After formal permission had been granted, we proceeded to work with a contact person in that SME. In all cases, the contact person was either the SME manager or the SME supervisor. Also, in all the cases, the contact person was always recommended by the SME owner-manager after permission had been granted. The contact person played the cardinal role in (a) identifying regular customers in the SME and also in (b) enabling us to access frontline employees in order to give them our questionnaires to fill in and to interview them.

We often made telephone calls to the contact persons to inform them about our next visits (many of them preferred to be told in advance) and to follow up on subsequent appointments. We also called up SME owner-managers to fix appointments for interviewing them. Furthermore, we made several calls to customers who had taken our questionnaires to remind them to fill them in and to inform us when

and where we could pick them up at their convenience. Every time we called, we explained the purpose of the call to establish credibility.

It is worth mentioning that we made use of our existing contacts, for example, professional colleagues and past students, to gain access to some of the SMEs. In other situations, we directly approached the SMEs and explained to the owner-managers the purpose of this research hoping that they would trust our stated intentions and give us access. At all times, we continuously assured the respondents of confidentiality and anonymity.

5.11 Ethical Issues

Various ethical issues arose in the course of our study, for example, issues of privacy, anonymity, and confidentiality. We dealt with the issue of privacy by ensuring that all respondents that took part in the study were contacted during normal working hours between 9am and 5pm from Monday to Friday. We also respected the rights of those subjects who refused to take part in the study and respondents who refused to answer certain questions that were posed in the study. At all times, we continuously assured the respondents, both in the cover letter of the questionnaire and also during the interviews, that the responses they gave would be treated with utmost confidentiality and that their identities would remain anonymous. We also dealt with the issue of anonymity by storing respondents' names separately from this study.

5.12 Obstacles

We could not access some of the data we required from the SMEs. This is partly because many small firms especially those in developing countries do not keep proper business records. To overcome this obstacle, we used other sources of evidence, where possible, to access the missing data. For example, we used probing techniques during the semi-structured interviews to access some of the key information we needed or to clarify ambiguous information.

It was not an easy task to interest respondents to take part in the study. Many of them were worried about issues of confidentiality and anonymity. We tried to overcome this obstacle by carefully explaining to them the purpose of the study and assuring them that their responses would be kept anonymous and their identities protected.

There were also many respondents who said that they neither had the time to fill in the questionnaire nor the time to be interviewed. We tried to overcome this obstacle by explaining to them the purpose of the study and convincing them to fill in the questionnaire and/or to be interviewed at their convenience. We also gave them small rewards to interest them to take part in the study.

5.13 Chapter Conclusions

In this chapter, we have discussed the various choices that we made regarding the methodology that we used in our study and some issues of concern during our study. We adopted a mixed research strategy wherein we employed the survey and the case study as the research strategies. Our study was restricted to two SME service sectors, namely the restaurant sector and the travel-agency sector. Seven SMEs were studied of which five were restaurants and two were travel agencies. Data was collected purposefully from the regular customers, the SME owner-managers and the frontline employees of these SMEs. Questionnaires, semi-structured interviews, and observations are the techniques that we used to collect data from the respondents. We encountered several obstacles while collecting the data such as inability to access some of the data from the case-study SMEs because of poor record keeping and reluctance to release the information. There were also several respondents who were unwilling to be interviewed and/or to fill in our questionnaires. We tried to overcome this obstacle by giving out

small rewards to respondents to interest them in the study. We also explained to them our intentions to keep their responses confidential.

This chapter laid a foundation for Chapters 6 and 7 which are concerned with analysing the data collected from the restaurants and the travel agencies, respectively.

CHAPTER 6: DATA ANALYSIS FOR RESTAURANTS

The purpose of this chapter is to present the results obtained by analysing the data collected during the period August 2008 to July 2009 with respect to the restaurants. More precisely, the data were collected from three types of respondents, namely (1) the regular customers, (2) the SME owner-managers, and (3) the frontline employees of the restaurants. The data were gathered by interviewing (a) the respondents, (b) distributing questionnaires to them, and (c) observing their relational activities (see Chapter 5). We begin the chapter by giving a brief description of the restaurants (Section 6.1). Then, we describe the demographic characteristics of our respondents (Section 6.2). We continue by presenting descriptive statistics and a correlation matrix for the concepts in our conceptual model (Section 6.3). Then, we present the outputs of a factor analysis for the concepts in the model (Section 6.4). Further in the chapter, we deal with the RM strategies employed by the restaurants (Section 6.5), the effect of different RM strategies on customer behaviour in the restaurants (Section 6.6), and the influence of SME owner-manager behaviour on customer behaviour in the restaurants (Section 6.7). We provide a wrap up by explaining the differences among the restaurants (Section 6.8) and by giving chapter conclusions (Section 6.9).

6.1 Brief Description of the Restaurants

Five restaurants participated in this study. Table 6.1 provides a brief description about each of the five restaurants. We refer to the restaurants as restaurant 1, 2, 3, 4, and 5, respectively, because the owner-managers⁴⁰ of these restaurants requested the research team to protect the identities of their business. In the same vein, we do not refer to anybody by name in the presentation and discussion of our findings as the respondents expressed the wish to remain anonymous.

Table 6.1 contains the following six categories: (1) commencement of operations, (2) ownership, (3) management, (4) educational background of the owner-manager, (5) services offered to customers, and (6) number of employees. Below, we briefly discuss the six categories with respect to each restaurant.

Restaurant 1

(1) Commencement of Operations

Restaurant 1 began its business operations in 2007. The restaurant was still quite new in the hospitality sector. By the time this study was undertaken, it had been operating for a year.

(2) Ownership

The restaurant was family-owned and was formally registered.

(3) Management

The restaurant was actively managed by one of the family owners (i.e., the wife) who took on the title of Managing Director (MD) in the business. She was assisted to run the business by a young male manager.

(4) Educational Background of the Owner-Manager

The owner-manager had obtained a diploma in secretarial duties.

(5) Services Offered to Customers

The restaurant offered local dishes served in a buffet style to its customers. Beyond this core service, the restaurant had a pool table and a big TV screen for football lovers to watch international soccer games. The restaurant also organised events such as wedding and graduation parties for its clients.

(6) Number of Employees

The restaurant had 22 employees who were all full-time.

⁴⁰ Referring to our working definition of an SME owner-manager in Chapter 5, Subsection 5.3.2.

Restaurant 2

(1) Commencement of Operations

Restaurant 2 first opened its doors to the public in 1999. Since then, the business has been offering its services to the public.

(2) Ownership

The restaurant was owned by a female proprietor and was formally registered.

(3) Management

The female proprietor actively managed her business. She was also the MD and was assisted by a female manager to execute the daily business activities.

(4) Educational Background of the Owner-Manager

The owner-manager had obtained two degrees: a Bachelor's degree in Commerce with a major in accounting and a Masters degree in Business Administration with a major in Small Business Management.

(5) Services Offered to Customers

The restaurant served local dishes in an a la carte style. In addition, the restaurant often attracted big crowds to its Karaoke shows every Friday night and to international football matches that were shown on giant TV screens.

(6) Number of Employees

The restaurant had 32 employees, 16 of whom were full-time and 16 part-time.

Restaurant 3

(1) Commencement of Operations

Restaurant 3 had been operating since 1997. Because of its long history of operation, the business was famous in Kampala.

(2) Ownership

The restaurant was legally registered as a partnership business. It was owned by two friends together with their wives.

(3) Management

The business was actively managed by one of the partners who was also the MD. A female manager together with a male supervisor assisted the MD to run the business.

(4) Educational Background of the Owner-Manager

The owner-manager had obtained a Bachelor's degree in Law.

(5) Services Offered to Customers

The restaurant was well known for serving authentic local food in a purely traditional style. Furthermore, the restaurant had a bar and big TV screens that attracted patrons to sit in the bar while watching international football matches.

(6) Number of Employees

The restaurant had 25 full-time staff.

Restaurant 4

(1) Commencement of Operations

The restaurant commenced its operations in 2004. The business had earned a reputation for convenience because of its strategic location in the heart of Kampala.

(2) Ownership

The restaurant was owned by three family members who were also directors in the business. It was formally registered.

(3) Management

One of the family owners took an active part in the management of the restaurant. She was assisted by a male manager to run the business.

(4) Educational Background of the Owner-Manager

The owner-managers of the restaurant did not accept to be interviewed. Therefore, we were not able to establish their academic background.

(5) Services Offered to Customers

The restaurant had as its core activity, serving local food to the public using the buffet style. However, the restaurant also often organised several events for its customers such as wedding meetings and graduation parties.

(6) Number of Employees

The restaurant had 23 employees, all of whom were employed on a full-time basis.

Restaurant 5

(1) Commencement of Operations

The restaurant first came into the limelight in 2004 when it commenced its operations.

(2) Ownership

The restaurant was owned by a female proprietor. The business was formally registered.

(3) Management

The female proprietor, who was also the MD, was actively involved in the day to day operations of the business. She was assisted by a male manager to run the business.

(4) Educational Background of the Owner-Manager

The owner-manager had obtained a Bachelor's degree in Arts with a major in Political Science.

(5) Services Offered to Customers

The restaurant specialised in serving Ugandan coffee and preparing continental cuisines for its customers. Moreover, the restaurant offered wireless internet to its customers. Among all the restaurants that were studied, this was the only restaurant that did not serve alcoholic drinks to the public.

(6) Number of Employees

The restaurant had 40 full-time employees.

More detailed information about each of the restaurants can be found in Appendix E: E1, E2, E3, E4, and E5, respectively.

Table 6.1: Brief Description of the Restaurants

| | Restaurant 1 | Restaurant 2 | Restaurant 3 | Restaurant 4 | Restaurant 5 |
|---|--|--|---|--|--|
| (1) Commencement of Operations | 2007 | 1999 | 1997 | 2004 | 2004 |
| (2) Ownership | Family business | Sole proprietorship | Partnership | Family business | Sole proprietorship |
| (3) Management | Managed by the MD | Managed by the MD | Managed by the MD | Managed by the MD | Managed by the MD |
| (4) Educational background of the Restaurant Owner-Manager | Diploma in Secretarial Studies | Bachelor's degree in Commerce and a Masters in Business Administration (MBA) degree | Bachelor's degree in Law | We were not able to establish the educational background of the owner-manager | Bachelor's degree in Arts |
| (5) Services offered | Local dishes Barbecues Bar facilities Pool table Screening international football matches News updates Live bands Outside catering Organising events | Local dishes Barbecues Snacks Bar facilities Pool table Karaoke shows Screening international football matches | Local dishes Snacks Barbecues Bar facilities Pool table Screening international football matches News updates | Local dishes Snacks Barbecues Bar facilities Pool table Screening international football matches News updates Organising events | Ugandan coffee Breakfast Continental cuisines Snacks Wireless internet News updates |
| (6) Number of employees | 22 All full-time | 32 16 full-time, 16 casual workers | 25 All full-time | 23 All full-time | 40 All full-time |

6.2 Demographic Characteristics of the Respondents

For the case of restaurants, we had three groups of respondents, namely regular customers, SME owner-managers, and front-line employees (see Chapter 5). The demographic characteristics of the respondents are categorised by: (1) gender, (2) age group, (3) academic qualifications, (4) form of employment, (5) net income, and (6) profession. In Subsections 6.2.1, 6.2.2 and 6.2.3, we present the demographic characteristics of each group of respondents, respectively.

6.2.1 Demographic Characteristics of Regular Customers

Regular customers in the restaurants consisted of two groups: those who filled in our questionnaires, and those who were interviewed.

Regular Customers who filled in the Questionnaires

A total of 312 regular customers filled in the questionnaires as shown in Table 6.2 (also see Table 5.1).

Table 6.2: Number of Regular Customers in Restaurants

| Restaurant | 1 | 2 | 3 | 4 | 5 | Total |
|-----------------------------|----|----|----|----|----|-------|
| Number of Regular Customers | 63 | 61 | 62 | 64 | 62 | 312 |

In the subsequent paragraphs, we present the demographic characteristics of the regular customers who filled in the questionnaires.

(1) Gender

196 (62.8%) of the regular customers were male while 116 (37.2%) were female. The results are shown in Table 6.3.

Table 6.3: Gender of Regular Customers in Restaurants

| Gender | Frequency | Percent |
|--------------|------------|--------------|
| Male | 196 | 62.8 |
| Female | 116 | 37.2 |
| Total | 312 | 100.0 |

(2) Age Group

The majority of regular customers were aged between 20 and 30 years (see Table 6.4). 4 (1.3%) were under 20 years, 129 (41.3%) were between 20 and 30 years, 121 (38.8%) were between 31 and 40 years, 49 (15.7%) were between 41 and 50 years and 9 (2.9%) were over 50 years.

Table 6.4: Age Group of Regular Customers in Restaurants

| Age Group | Frequency | Percent |
|--------------|------------|--------------|
| Under 20 | 4 | 1.3 |
| 20 - 30 | 129 | 41.3 |
| 31 - 40 | 121 | 38.8 |
| 41 - 50 | 49 | 15.7 |
| Over 50 | 9 | 2.9 |
| Total | 312 | 100.0 |

(3) Academic Qualifications

As shown in Table 6.5, a total of 3(1.0%) regular customers did not have any academic qualifications, 16 (5.1%) had obtained a certificate (i.e., PLE⁴¹, UCE⁴² or UACE⁴³) as their highest level of formal education, 82 (26.3%) had obtained a diploma, 206 (66%) had obtained a degree, and 5 (1.6%) had obtained other qualifications. These other qualifications consisted of those obtained from professional bodies such as ACCA⁴⁴ and CIM⁴⁵.

⁴¹ PLE stands for Primary Leaving Examination. A PLE certificate is issued by the Uganda National Examinations Board (UNEB) to individuals who have completed successfully their primary education (<http://www.uneb.ac.ug/index.php?link=Home>).

⁴² UCE stands for Uganda Certificate of Education. This certificate is issued by UNEB to individuals who have completed successfully their Ordinary Level Examination (<http://www.uneb.ac.ug/index.php?link=Home>).

⁴³ UACE stands for Uganda Advanced Certificate of Education. This certificate is issued by UNEB to individuals who have completed successfully their Advanced Level Examination (<http://www.uneb.ac.ug/index.php?link=Home>).

⁴⁴ ACCA stands for Association of Chartered Certified Accountants. It is a global body for professional accountants and offers the chartered certified accountant qualification. It has its headquarters in London (www.acca.co.uk).

Table 6.5: Academic Qualifications of Regular Customers in Restaurants

| Academic Qualification | Frequency | Percent |
|-------------------------------|------------------|----------------|
| None | 3 | 1.0 |
| Certificate | 16 | 5.1 |
| Diploma | 82 | 26.3 |
| Degree | 206 | 66.0 |
| Other qualification | 5 | 1.6 |
| Total | 312 | 100.0 |

(4) Form of Employment

A total of 78 regular customers (25%) were self employed, 223 (71.5%) were employed in an organisation, and 10 (3.2%) were unemployed (see Table 6.6). One regular customer (0.3%) had some other form of employment which meant that she was both self-employed (i.e., she had her own consultancy firm) and at the same time, employed as a teacher in a school.

Table 6.6: Form of Employment of Regular Customers in Restaurants

| Form of Employment | Frequency | Percent |
|-----------------------------|------------------|----------------|
| Employed by self | 78 | 25.0 |
| Employed in an organisation | 223 | 71.5 |
| Unemployed | 10 | 3.2 |
| Other form of employment | 1 | 0.3 |
| Total | 312 | 100.0 |

(5) Net Income

As indicated in Table 6.7, 6 of the regular customers (1.9%) had a net income of less than 100,000 UGSHS⁴⁶ per month, 52 (16.7%) had a net income between 100,000 UGSHS and 500,000 UGSHS, 105 (33.7%) had a net income between 500,000 UGSHS and 1,000,000 UGSHS and 139 (44.6%) had a net income of 1,000,000 UGSHS and above. Ten regular customers (3.2%) did not give any response to this question. This could be because they were students and therefore did not earn any income or because they were unemployed. It could also be because they did not want to disclose their income to others.

⁴⁵ CIM stands for Chartered Institute of Marketing. The institute is the world's largest organisation for professional marketers and offers the chartered marketer qualification. It has its headquarters in London (www.cim.co.uk).

⁴⁶ As at 19th September 2011, 1 EUR = 3790 UGSHS.

Table 6.7: Net Income of Regular Customers in Restaurants

| Net Income Level per Month (in UGSHS) | Frequency | Percent |
|--|------------------|----------------|
| Less than 100,000 | 6 | 1.9 |
| Between 100,000 and 500,000 | 52 | 16.7 |
| Between 500,000 and 1,000,000 | 105 | 33.7 |
| 1,000,000 and above | 139 | 44.6 |
| Non Response | 10 | 3.2 |
| Total | 312 | 100.0 |

(6) Profession

Regular customers belonged to a wide variety of professions (see Table 6.8). The majority were accountants (11.9%), followed by teachers (9.0%), business owners (8.3%), marketers (7.4%), bankers (6.4%) and lawyers (6.4%). 3.2% of the regular customers were students. There were smaller proportions of regular customers who were engineers (2.9%), social workers (2.6%), administrators (3.2%) and doctors (1.6%). The minority of regular customers were chemists, economists, army officers, electricians, pharmacists, procurement specialists, journalists, hair dressers, environmentalists, real estate agents and consultants in different fields.

Table 6.8: Profession of Regular Customers in Restaurants

| Profession | Frequency | Percent |
|--|------------------|----------------|
| Accountant | 37 | 11.9 |
| Teacher | 28 | 9.0 |
| Business Owner | 26 | 8.3 |
| Marketer | 23 | 7.4 |
| Banker | 20 | 6.4 |
| Lawyer | 20 | 6.4 |
| Student | 10 | 3.2 |
| Engineer | 9 | 2.9 |
| Social Worker | 8 | 2.6 |
| Administrator | 10 | 3.2 |
| Doctor | 5 | 1.6 |
| Other professions, e.g., chemist, hair dresser, etc. | 116 | 37.1 |
| Total | 312 | 100.0 |

Regular Customers who were Interviewed

In addition to distributing the questionnaires, semi-structured interviews were conducted with a small sample of regular customers from the restaurants (see Table 6.9). A total of 42 regular customers were interviewed. Ten of the regular customers were from Restaurant 1, eight from Restaurant 2, six from Restaurant 3, eight from Restaurant 4 and ten from Restaurant 5. Overall, 25 (59.5%) of the regular customers who were interviewed were male and 17 (40.5%) were female.

Table 6.9: Interviews with Regular Customers in Restaurants

| Restaurant | 1 | 2 | 3 | 4 | 5 | Total | Male | Female |
|------------------------------------|----------|----------|----------|----------|----------|--------------|-------------|---------------|
| Number of Regular Customers | 10 | 8 | 6 | 8 | 10 | 42 | 25 | 17 |

Association between the Different Demographic Variables

To be able to describe further the demographic characteristics of the regular customers in the five restaurants, we used the chi square test to examine if there were any associations between the different demographic variables. We present the results below.

(1) Gender and Net Income

We found a significant association between gender and net income of the regular customers ($p < 0.001$).

(2) Age Group and Net Income

The results indicate that there is a significant association between age group and net income ($p < 0.001$).

(3) Age Group and Education

There is a significant association between age group and education ($p < 0.001$).

(4) Age Group and Form of Employment

We found a significant association between age group and form of employment ($p < 0.001$).

(5) Education and Net Income

There is a significant association between education and net income ($p < 0.001$).

(6) Education and Form of Employment

The results indicate that there is a significant association between education and form of employment ($p < 0.001$).

(7) Net Income and Form of Employment

We found a significant association between net income and form of employment ($p < 0.001$).

(8) Gender and Education

We did not find a significant association between gender and education ($p > 0.05$).

(9) Gender and Form of Employment

The results indicate that there is no significant association between gender and form of employment ($p > 0.05$).

6.2.2 Demographic Characteristics of SME Owner-Managers

SME owner-managers in the restaurants consisted of two categories: (a) those who filled in the questionnaires, and (b) those who were interviewed.

(a) SME Owner-Managers who filled in the Questionnaires

Questionnaires to SME owner-managers were filled in by four managers and one supervisor as shown in Table 6.10. The four managers were from Restaurants 1, 2, 4, and 5. The supervisor⁴⁷ was from Restaurant 3. Three of the managers were male while one was female. The supervisor was male.

Table 6.10: SME Owner-Managers who filled in the Questionnaires in Restaurants

| Restaurant | 1 | 2 | 3 | 4 | 5 | Total | Male | Female |
|--------------------------------------|----------|----------|------------|----------|----------|--------------|-------------|---------------|
| Category of SME owner-manager | Manager | Manager | Supervisor | Manager | Manager | 5 | 4 | 1 |

(b) SME Owner-Managers who were Interviewed

We conducted semi-structured interviews with ten SME owner-managers in the restaurants (see Table 6.11). Four were restaurant owners, five were restaurant managers, and one was a supervisor. Five of the SME owner-managers were female and five were male. The manager of Restaurant 1 was 31 years

⁴⁷ See Chapter 5, Subsection 5.6.1 for the rationale we used for giving the questionnaire to the supervisor and not to the manager of Restaurant 3.

old by the time this study was performed; the owner of Restaurant 2 was 38 years old while the manager of Restaurant 2 was 39 years old. The supervisor of Restaurant 3 was 28 years old. We were not able to establish the age groups of the rest of the owner-managers who were interviewed as they were reluctant to give us their ages. The educational background of the SME owner-managers is shown in Table 6.1.

Table 6.11: SME Owner-Managers who were Interviewed in Restaurants

| Restaurant | 1 | 2 | 3 | 4 | 5 | Total | Male | Female |
|-------------------------------|-------------------------|-------------------------|---|-------------|--------------------------|-----------|------|--------|
| Category of SME owner-manager | Owner (1) Manager(1) | Owner(1) Manager (1) | Owner(1) Manager (1) Supervisor (1) | Manager (1) | Owner (1) Manager (1) | 10 | 5 | 5 |

6.2.3 Demographic Characteristics of Frontline Employees

Frontline employees in the restaurants consisted of two groups: those who filled in the questionnaires, and those who were interviewed.

Frontline Employees who filled in the Questionnaires

A total of 55 frontline employees filled in the questionnaires (see Table 6.12). Of these, 11 (20%) were from Restaurant 1, 18 (32.7%) were from Restaurant 2, 11 (20%) were from Restaurant 3, 6 (10.9%) were from Restaurant 4, and 9 (16.4%) were from Restaurant 5.

Table 6.12: Number of Frontline Employees in Restaurants

| Restaurant | 1 | 2 | 3 | 4 | 5 | Total |
|-------------------------------|----|----|----|---|---|-------|
| Number of Frontline Employees | 11 | 18 | 11 | 6 | 9 | 55 |

We present the demographic characteristics of the frontline employees who filled in the questionnaires in the paragraphs that follow.

(1) Gender

26 (47.3%) of the frontline employees were male while 29 (52.7%) were female (see Table 6.13).

Table 6.13: Gender of Frontline Employees in Restaurants

| Gender | Frequency | Percent |
|--------------|-----------|--------------|
| Male | 26 | 47.3 |
| Female | 29 | 52.7 |
| Total | 55 | 100.0 |

(2) Age Group

The majority of frontline employees were aged between 20 and 30 years as shown in Table 6.14. 4 (7.3%) were under 20 years, 49 (89.1%) were between 20 and 30 years, 1 (1.8%) was between 31 and 40 years, and 1 (1.8%) was between 41 and 50 years.

Table 6.14: Age Group of Frontline Employees in Restaurants

| Age Group | Frequency | Percent |
|--------------|-----------|------------|
| Under 20 | 4 | 7.3 |
| 20 - 30 | 49 | 89.1 |
| 31 - 40 | 1 | 1.8 |
| 41 - 50 | 1 | 1.8 |
| Over 50 | - | - |
| Total | 55 | 100 |

(3) Academic Qualifications

A total of 40 (72.7%) frontline employees had obtained a certificate as their highest level of formal education (see Table 6.15). The majority of frontline employees belonged to this category. 13 (23.6%) had obtained a diploma, 1 (1.8%) had obtained a degree and 1 (1.8%) had obtained other qualifications.

Table 6.15: Academic Qualifications of Frontline Employees in Restaurants

| Academic Qualification | Frequency | Percent |
|-------------------------------|------------------|----------------|
| None | - | - |
| Certificate | 40 | 72.7 |
| Diploma | 13 | 23.6 |
| Degree | 1 | 1.8 |
| Other qualification | 1 | 1.8 |
| Total | 55 | 100.0 |

(4) Length of Employment in the Restaurant

A total of 26 (47.3%) frontline employees had worked for the restaurant for less than a year as shown in Table 6.16. The majority of frontline employees belonged to this category. 21 (38.2%) had worked for the restaurant for more than one year but less than three years, 4 (7.3%) had worked for the restaurant for more than three years but less than five years, and 4 (7.3%) had worked for the restaurant for five years or more.

Table 6.16: Length of Employment of Frontline Employees in Restaurants

| Length of Employment | Frequency | Percent |
|-----------------------------|------------------|----------------|
| Less than one year | 26 | 47.3 |
| Between 1 and 3 years | 21 | 38.2 |
| Between 3 and 5 years | 4 | 7.3 |
| 5 years or more | 4 | 7.3 |
| Total | 55 | 100.0 |

(5) Net Income

A total of 35 frontline employees (63.7%) had a net income of less than 100,000 UGSHS⁴⁸ per month and 19 (34.5%) had a net income between 100,000 UGSHS and 300,000 UGSHS (see Table 17). One frontline employee (1.8%) did not give any response to this question.

Table 6.17: Net Income of Frontline Employees in Restaurants

| Net Income Level per Month (in UGSHS) | Frequency | Percent |
|--|------------------|----------------|
| Less than 100,000 | 35 | 63.7 |
| Between 100,000 and 300,000 | 19 | 34.5 |
| Between 300,000 and 500,000 | - | - |
| 500,000 and above | - | - |
| Non Response | 1 | 1.8 |
| Total | 55 | 100.0 |

⁴⁸ As at 19^h September 2011, 1 EUR = 3790 UGSHS.

(6) Job Title

The job titles of the frontline employees who filled in our questionnaires are as follows: 14 (25.5%) were waiters, 26 (47.3%) were waitresses, 3 (5.5%) were supervisors, 3 (5.5%) were barmen, 2 (3.6%) were cashiers, 2 (3.6%) were pool attendants⁴⁹, 1 (1.8%) was a Barista⁵⁰, 1 (1.8%) was a salesman, 1 (1.8%) was a cleaner, and 1 (1.8%) was a parking attendant. One frontline employee (1.8%) did not give us his job title. This information is displayed in Table 6.18.

Table 6.18: Job Title of Frontline Employees in Restaurants

| Job Title | Frequency | Percent |
|-------------------|-----------|--------------|
| Waiter | 14 | 25.5 |
| Waitress | 26 | 47.3 |
| Supervisor | 3 | 5.5 |
| Barman | 3 | 5.5 |
| Cashier | 2 | 3.6 |
| Pool Attendant | 2 | 3.6 |
| Barista | 1 | 1.8 |
| Salesman | 1 | 1.8 |
| Cleaner | 1 | 1.8 |
| Parking Attendant | 1 | 1.8 |
| Non Response | 1 | 1.8 |
| Total | 55 | 100.0 |

Frontline Employees who were Interviewed

We conducted semi-structured interviews with 56 front-line employees (see Table 6.19). Of these, eleven were from Restaurant 1, fifteen were from Restaurant 2, eleven were from Restaurant 3, six were from Restaurant 4, and thirteen were from restaurant 5. A total of 26 (46.4%) were male while 30 (53.6%) were female.

Table 6.19: Interviews with Frontline Employees in Restaurants

| Restaurant | 1 | 2 | 3 | 4 | 5 | Total | Male | Female |
|--------------------------------------|----|----|----|---|----|-----------|------|--------|
| Number of Frontline Employees | 11 | 15 | 11 | 6 | 13 | 56 | 26 | 30 |

6.3 Descriptive Statistics and a Correlation Matrix for the Major Study Variables

We performed a frequency test in order to find out the means and standard deviations of the major study variables that are shown in our conceptual model (see Chapter 3, Figure 3.1). We also computed correlations between the major study variables using Pearson's correlation coefficient test in order to test for linkages among the variables. The results in Table 6.20 show good convergent and discriminant validity for the constructs in our model.

⁴⁹ Pool attendants are those employees who were in charge of the pool tables in the restaurants.

⁵⁰ A Barista is a person who prepares and serves espresso-based coffee drinks.

Table 6.20: Correlation Matrix for Restaurants (N = 312)

| Variable | Mean | Standard Deviation | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 |
|--------------------------------------|------|-----------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| 1 Customer Orientation | 2.34 | 0.59 | (0.804) | | | | | | | | |
| 2 Service Quality | 2.68 | 0.50 | 0.670** | (0.819) | | | | | | | |
| 3 Interpersonal Communication | 2.52 | 0.62 | 0.681** | 0.769** | (0.806) | | | | | | |
| 4 Tangible Rewards | 1.41 | 0.54 | 0.255** | 0.239** | 0.210** | (0.366) | | | | | |
| 5 Customer Experiences | 2.84 | 0.34 | 0.563** | 0.633** | 0.616** | 0.195** | (0.918) | | | | |
| 6 Customer Satisfaction | 2.68 | 0.38 | 0.572** | 0.650** | 0.607** | 0.271** | 0.573** | (0.885) | | | |
| 7 Customer Loyalty | 2.64 | 0.43 | 0.319** | 0.462** | 0.395** | 0.153** | 0.470** | 0.634** | (0.875) | | |
| 8 Trust | 2.84 | 0.40 | 0.502** | 0.586** | 0.517** | 0.212** | 0.530** | 0.802** | 0.667** | (0.853) | |
| 9 Commitment | 2.47 | 0.41 | 0.192** | 0.299** | 0.266** | -0.009 | 0.266** | 0.394** | 0.692** | 0.444** | (0.795) |

Note:

1. N stands for the number of regular customers who filled in our questionnaires.
2. ** Correlation is statistically significant at the 0.01 level (2 tailed).
3. The reliability coefficient (Cronbach's alpha) for each variable is shown along the diagonal in brackets and **bold** print.
4. Customer experiences consist of a combination of importance of customer experiences, level of satisfaction with customer experiences, and intensity of customer experiences.
5. Data on two study variables, namely SME owner-manager experiences and SME owner-manager satisfaction was captured qualitatively.

Table 6.20 shows the means, standard deviations, reliability coefficients, and correlations between nine constructs (or study variables) in our conceptual model. These variables are as follows: (1) customer orientation, (2) service quality, (3) interpersonal communication, (4) tangible rewards, (5) customer experiences, (6) customer satisfaction, (7) customer loyalty, (8) trust, and (9) commitment. The first four, viz. customer orientation, service quality, interpersonal communication, and tangible rewards, are the four RMIs in the model that we used to investigate the RM practices of the restaurants. Customer experiences are considered as mediating the relationship-development process in the model. Thereafter, customer satisfaction, customer loyalty, trust, and commitment represent customer behaviour in the model. They are the outcomes of the relationship-development process.

On the rows in Table 6.20, you find the nine variables together with their corresponding means, standard deviations, and reliability coefficients. We observe that trust had the highest mean value in the restaurants studied and tangible rewards had the lowest mean value. In addition, customer experiences had the lowest standard deviation and interpersonal communication had the highest standard deviation.

In the columns of Table 6.20, you find the correlations between each of the variables. The results in Table 6.2 indicate the following correlations between our variables of interest.

(1) *Customer Orientation*

As the results in Table 6.20 indicate, customer orientation was positively correlated with service quality, interpersonal communication, tangible rewards, customer experiences, customer satisfaction, customer loyalty, trust, and commitment. All correlation coefficients were statistically significant ($p < 0.01$).

(2) *Service Quality*

The results also indicate that service quality was positively correlated with customer orientation, interpersonal communication, tangible rewards, customer experiences, customer satisfaction, customer loyalty, trust, and commitment. All correlation coefficients were statistically significant ($p < 0.01$).

(3) *Interpersonal Communication*

We found that interpersonal communication was positively correlated with customer orientation, service quality, tangible rewards, customer experiences, customer satisfaction, customer loyalty, trust, commitment. All correlation coefficients were statistically significant ($p < 0.01$).

(4) *Tangible Rewards*

We also found that tangible rewards were positively correlated with customer orientation, service quality, interpersonal communication, customer experiences, customer satisfaction, customer loyalty, and trust. All correlation coefficients were statistically significant ($p < 0.01$). Moreover, we observed that there was a negative relationship between tangible rewards and commitment ($r = -0.009$; $p = 0.875$). Since $r = -0.009$, the relationship can be considered insignificant.

(5) *Customer Experiences*

In addition, the results show that customer experiences were positively and significantly correlated with customer orientation, service quality, interpersonal communication, tangible rewards, customer satisfaction, customer loyalty, trust, and commitment ($p < 0.01$).

(6) *Customer Satisfaction*

We also found that customer satisfaction was positively correlated with customer orientation, service quality, interpersonal communication, tangible rewards, customer experiences, customer loyalty, trust, and commitment. All correlation coefficients were statistically significant ($p < 0.01$).

(7) *Customer Loyalty*

The results also indicate that customer loyalty was positively correlated with customer orientation, service quality, interpersonal communication, tangible rewards, customer

experiences, customer satisfaction, trust and commitment. All correlation coefficients were statistically significant ($p < 0.01$).

(8) *Trust*

We observed that trust was positively correlated with customer orientation, service quality, interpersonal communication, tangible rewards, customer experiences, customer satisfaction, customer loyalty, and commitment. All correlation coefficients were statistically significant ($p < 0.01$).

(9) *Commitment*

The results also indicate that commitment was positively correlated with customer orientation, service quality, interpersonal communication, customer experiences, customer satisfaction, customer loyalty, and trust. All correlation coefficients were statistically significant ($p < 0.01$). Here, we reiterate that there was a negative and insignificant relationship between commitment and tangible rewards ($r = -0.009$; $p = 0.875$). We lack a first attempt to explain the negative relationship between tangible rewards and commitment. However, it could be that as customers become more committed to the restaurant, their behaviour becomes less influenced by the availability of tangible rewards.

6.4 Factor Analysis

We performed an exploratory factor analysis to uncover the underlying factors or dimensions which contribute to common variance within our set of measured (or observed) variables (Hair et al., 2006). By employing this statistical technique, we were able to identify the factors that can be used to describe the RM practices of the restaurants in our study. Factor analysis was performed on all the key study variables apart from tangible rewards which had only two items. Hair et al. (2006, p.110) suggest that "...the researcher should always consider the conceptual underpinnings of the variables and use judgement as to the appropriateness of the variables for factor analysis". In our judgement, tangible rewards could not lend itself to meaningful factor analysis as it had only two items.

In all cases, the Principle Component Analysis (PCA) was used as the extraction method and Varimax with Kaiser Normalization was used as the rotation method. Only factors with eigenvalues greater than 1 were extracted as these are considered significant (cf. Hair et al., 2006).

The significance of a factor loading depends on the sample size. The guidelines for identifying significant factor loadings based on sample size are given in Table 6.21.

Table 6.21: Guidelines for identifying Significant Factor Loadings Based on Sample Size

| Factor Loading | Sample Size Needed for Significance |
|----------------|-------------------------------------|
| 0.30 | 350 |
| 0.35 | 250 |
| 0.40 | 200 |
| 0.45 | 150 |
| 0.50 | 120 |
| 0.55 | 100 |
| 0.60 | 85 |
| 0.65 | 70 |
| 0.70 | 60 |
| 0.75 | 50 |

Source: Computations made with SOLO Power Analysis, BMDP Statistical Software, Inc., 1993 in Hair et al. (2006, p. 128).

Hair et al. (2006) suggest that these guidelines should be the starting point in the interpretation of factor loadings. With reference to Table 6.21, the significant factor loadings for a sample size of over 300 should be 0.35 and above. For our study, the number of regular customers from the restaurants was 312. Therefore, we followed the suggested guidelines regarding a sample size of this nature. Thus, we considered only those variables that had factor loadings either higher than or equal to 0.35 for further analysis. The findings are presented in the following subsections.

6.4.1 Factor Analysis for Customer Orientation

Only one factor that could not be rotated emerged for customer orientation. We labelled this factor customer care. This factor explained 52.7% of the variance in customer orientation and captured the extent to which regular customers perceived that the restaurant was taking care of their unique needs. The factor consisted of six items which we list here below. (1) Employees are caring in nature, (2) Employees serve me with a smile, (3) Employees know how to handle my complaints, (4) Employees understand my specific needs, (5) Employees are polite, and (6) Employees frequently ask me to provide feedback about the quality of the service. Cronbach's alpha for this factor was 0.804.

These findings indicate that Ugandan customers perceive customer orientation in terms of customer care. So when they visit a restaurant, they expect the restaurant employees to take a genuine interest in their specific needs.

6.4.2 Factor Analysis for Service Quality

Three factors were extracted for service quality, namely (1) reliability, (2) tangibles, and (3) empathy, with reliability showing the highest variation, followed by tangibles and then empathy. The three factors accounted for 55% of the variance in service quality.

Reliability consisted of five items as follows: (1) Employees give me the right information about available food, (2) The menu consists of a wide variety of food to choose from, (3) Employees serve me with speed, (4) Employees serve me tasty food, and (5) Employees get my order right the first time. Cronbach's alpha for reliability was 0.715.

Tangibles consisted of the following four items: (1) Employees have and follow a dress code, (2) The restaurant is neat, (3) Employees have name tags, and (4) Employees are neat. Cronbach's alpha for tangibles was 0.725.

The following four items were loaded onto empathy: (1) My personal belongings are safe in this restaurant, (2) There is adequate parking outside this restaurant, (3) There are adequate and visible signs in this restaurant, e.g., toilet sign, and (4) Employees recognise me as a regular customer. Cronbach's alpha for empathy was 0.688.

Our findings suggest that when Ugandan customers visit restaurants, they perceive service quality mainly in terms of three dimensions, namely (1) reliability, (2) tangibles, and (3) empathy. Further support for this observation is obtained from the responses that regular customers gave during the semi-structured interviews. When regular customers were asked why they kept going back to the restaurants they regularly visited, the responses they gave could be categorised along these three factors. Table 6.22 shows some of the customer responses for each of the identified dimensions.

Table 6.22: Examples of Customer Responses for Service Quality in Restaurants

| Dimension | Customer Response for the Dimension |
|------------------|---|
| 1. Reliability | <ul style="list-style-type: none"> - They serve tasty coffee - They serve tasty food - The African food they serve tastes good |
| 2. Tangibles | <ul style="list-style-type: none"> - The environment is cool and quiet which enables one to carry out a conversation - It is a good place and fairly clean compared to other restaurants |
| 3. Empathy | <ul style="list-style-type: none"> - The restaurant has convenient opening hours - They provide service the whole day, so I can always have my meal whenever I want to - Waiters and waitresses serve customers immediately compared to other restaurants where you may sit for a long time without being attended to - Waiters, waitresses, and the barman recognise regular customers |

6.4.3 Factor Analysis for Interpersonal Communication

Only one factor that could not be rotated emerged for interpersonal communication. We labelled the factor ‘employee relations with customers’. This factor explained 57.1% of the variance in interpersonal communication and captured the extent to which regular customers perceived that the frontline employees in the restaurants related well with them. The factor consisted of the following five items: (1) Employees are available for additional service, e.g., if I want to place another order, (2) Employees are friendly, e.g., a friendly greeting; (3) Employees explain to me the food on the menu; (4) Employees give me information about new food on the menu, and (5) Employees listen carefully when am placing my order. Cronbach’s alpha for this factor was 0.806.

The results indicate that from a Ugandan perspective, regular customers expect restaurant employees (1) to have good relations with them, and (2) to be able to freely interact with the customers.

6.4.4 Factor Analysis for Tangible Rewards

As already mentioned, we did not perform a factor analysis for tangible rewards as it had only two items on the scale. Moreover, the Cronbach’s alpha for these items was low ($p < 0.5$).

6.4.5 Factor Analysis for Customer Experiences

When factor analysis was run for customer experiences, five factors were extracted. These are (1) professionalism of restaurant employees, (2) quality of food, (3) feeling at home, (4) ambience, and (5) extra service, with professionalism of restaurant employees showing the highest variance and extra service showing the least variance.

Professionalism of restaurant employees consisted of the following seven items: (1) Greeting me with a smile on arrival in this restaurant, (2) Fast delivery of service, (3) Being able to place my order immediately, (4) Having a menu card placed on my table, (5) Getting my order right the first time without mistakes, (6) Comfortable in general, and (7) Being asked by the manager/employees to give feedback about the service. Cronbach’s alpha for this factor was 0.803.

Quality of food consisted of three items. These were (1) The smell of the food, (2) The appearance of the food, and (3) The taste of the food. We obtained a Cronbach’s alpha of 0.892 for this factor.

The following three items were loaded onto the factor - feeling at home: (1) The behaviour of other customers in this restaurant, (2) The appearance of other customers in this restaurant, and (3) Feeling at home in this restaurant. Cronbach's alpha for this factor was 0.775.

Ambience consisted of the following two items: (1) Lighting of this restaurant, and (2) Layout of the tables in this restaurant. We obtained a value of 0.753 when a Cronbach's alpha test was performed on this factor.

Extra service consisted of four items. These were (1) Adequate parking outside this restaurant, (2) The playing of music in the background, (3) Being issued with a receipt after payment of my bill, and (4) Getting an apology from the employees if a mistake is made with my order. Cronbach's alpha for this factor was 0.576.

Our findings suggest that Ugandan customers categorise the experiences they get whenever they visit restaurants into five major dimensions, namely (1) experiences relating to the professionalism of restaurant employees, (2) experiences relating to the quality of food, (3) experiences relating to feeling at home, (4) experiences relating to ambience, and (5) experiences relating to the extra service provided. Table 6.23 shows some of the responses regular customers gave during the interview when they were asked to mention the positive experiences that kept bringing them back to the restaurant. The responses have been grouped according to the five dimensions of customer experiences.

Table 6.23: Examples of Customer Responses for Customer Experiences in Restaurants

| Dimension | Customer Response for the Dimension |
|--|---|
| 1. Professionalism of restaurant employees | <ul style="list-style-type: none"> - Very good reception from waiters and waitresses - Employees are friendly |
| 2. Quality of Food | <ul style="list-style-type: none"> - They have a large variety of food and their food is very tasty - I like their breakfast and lunch - The food is not cooked in oil which is healthy - They serve tasty food |
| 3. Feeling at Home | <ul style="list-style-type: none"> - I am mainly attracted by the people around - They serve a certain class of people - I meet there a certain class of people that I want to interact with - It is also a nice place to have a chat with a friend privately |
| 4. Ambience | <ul style="list-style-type: none"> - The environment is cool and quiet which enables one to carry out a conversation - Good ambience - It is quiet, spacious and with fresh air |
| 5. Extra service | <ul style="list-style-type: none"> - The restaurant has convenient opening hours - They provide service the whole day so I can always have my meal whenever I want to |

6.4.6 Factor Analysis for Customer Satisfaction

Six factors were extracted for customer satisfaction when a factor analysis was run. These are (1) restaurant brand, (2) professionalism of restaurant employees, (3) convenience, (4) price, (5) comfort,

and (6) customer service, with restaurant brand showing the highest variation and customer service showing the least variation.

Restaurant brand consisted of the following five items: (1) Based on all my experience, I am satisfied with this restaurant, (2) In general, am happy with this restaurant, (3) This restaurant meets my expectations, (4) The last time I visited this restaurant, I was happy with the service provided to me, and (5) Compared to similar restaurants I have been to, I am more satisfied with this restaurant. Cronbach's alpha for this factor was 0.885.

Professionalism of restaurant employees consisted of five items as follows: (1) Employees are knowledgeable about their work, (2) I am more satisfied with this restaurant for the reason that the employees interact with me more frequently, (3) I know whom to contact when I have a complaint, (4) I am more satisfied with this restaurant because of the more friendly employees, and (5) I am more satisfied with this restaurant because the employees are more helpful. When we performed a Cronbach's alpha test on this factor, we obtained a value of 0.746.

Three items loaded onto convenience. These are: (1) I am more satisfied with this restaurant as they have more convenient opening hours, (2) I am more satisfied with this restaurant since they serve more tasty meals, and (3) I am more satisfied with this restaurant for the reason that they offer me a wider food variety. Cronbach's alpha for convenience was 0.649.

Price consisted of three items. These are: (1) I am more satisfied with this restaurant because they charge lower prices in comparison to similar restaurants, (2) I feel I am paying a fair price for the service provided to me, and (3) The kind of service provided is more than I expected. When we performed a Cronbach's alpha test on price, we obtained a value of 0.621.

Comfort consisted of the following three items: (1) I am more satisfied with this restaurant as its location is more convenient, (2) I am more satisfied with this restaurant for the reason that it is more comfortable than similar restaurants, and (3) I am more satisfied with this restaurant since they don't make mistakes with my order. Cronbach's alpha for comfort was 0.701.

Customer service consisted of the following three item loadings: (1) Employees are polite and patient, (2) Employees are fast in handling customer complaints, and (3) Employees clearly understand customer needs. Cronbach's alpha for this factor was 0.496. Because the reliability coefficient for customer service was low (Cronbach's alpha < 0.5), the factor was excluded from further analysis. The alpha could have been low because of very few items. This indicates the need to add items to the scale in future research.

The results suggest that the satisfaction of customers among Ugandan restaurants is mainly based on five factors, namely (1) the brand of the restaurant, (2) the professionalism of restaurant employees, (3) the convenience, (4) the price, and (5) the comfort. Table 6.24 shows some of the quotes from regular customers during the interviews. The quotes have been grouped according to the five dimensions of customer satisfaction.

Table 6.24: Examples of Customer Responses for Customer Satisfaction in Restaurants

| Dimension | Customer Response for the Dimension |
|--|---|
| 1. Restaurant Brand | <ul style="list-style-type: none"> - The restaurant offers better services than other restaurants in the neighbourhood - Services are fast compared to other restaurants |
| 2. Professionalism of Restaurant Employees | <ul style="list-style-type: none"> - Waiters, waitresses, and the barman recognise regular customers - Very good reception from waiters and waitresses - The staff listen and ask about my needs - Waiters and waitresses know my name and also know what I take |
| 3. Convenience | <ul style="list-style-type: none"> - The restaurant is convenient for meetings - It is in the centre of the city and thus one can easily link up with other people - It is also very easy to direct people there - The restaurant is near my work place and home - It is accessible - Most of my friends stay near the restaurant so the restaurant is a convenient meeting place |
| 4. Price | <ul style="list-style-type: none"> - Prices are high compared to other restaurants - Prices for meals keep rising - Prices are not outrageous like in other similar restaurants |
| 5. Comfort | <ul style="list-style-type: none"> - The environment is cool and quiet which enables one to carry out a conversation - It is comfortable and not crowded - It is an open place and fresh - There are no crooks here - I feel very comfortable and happy |

6.4.7 Factor Analysis for Customer Loyalty

Two factors were extracted for customer loyalty when a factor analysis was run. These factors were (1) attitudinal loyalty, and (2) behavioural loyalty, with attitudinal loyalty showing a higher variation than behavioural loyalty. Behavioural loyalty involves the making of repeat purchases while attitudinal loyalty involves an emotional attachment by a customer towards the service provider (Day, 1969 as cited in Baumann et al., 2005, p. 231).

Attitudinal loyalty consisted of seven items. These are: (1) I would encourage my friends and relatives to have their meals from this restaurant, (2) I would definitely recommend this restaurant to my friends and relatives, (3) I usually talk positively about this restaurant to other people, (4) I do not have any regrets that I have my meals from this restaurant, (5) It is likely that I will continue buying meals from this restaurant in the future, (6) I regard this restaurant as one of the best in the city, and (7) I do not intend to start having my meals from another restaurant. Cronbach's alpha for attitudinal loyalty was 0.867.

Behavioural loyalty had five item loadings as follows: (1) Every time I need a meal, I come to this restaurant, (2) When I need to have a meal, this restaurant is my first choice, (3) It is rare that I consider having my meals from another restaurant, (4) I really like having my meals from this restaurant, and (5) I am not likely to go to another restaurant even if this restaurant increased its price. Cronbach's alpha for behavioural loyalty was 0.805.

These findings suggest that the loyalty that customers have towards the restaurants can be categorised into two major facets, namely (1) attitudinal loyalty, and (2) behavioural loyalty. Further support for these findings is obtained from the multiple response questions that we asked to regular customers in the questionnaire. When regular customers were asked how they first learned about the restaurant they regularly go to, 54.2% said they first learned about it through recommendations from friends/relatives (attitudinal loyalty) and 73.4% said that these recommendations influenced them to start going to the restaurant (behavioural loyalty).

6.4.8 Factor Analysis for Trust

Two factors were extracted for trust, namely (1) credibility, and (2) reliability, with credibility showing a higher variation than reliability.

Credibility consisted of the following five items: (1) I believe that this restaurant will continue to offer me a good service, (2) I have faith in this restaurant, (3) I believe that the owner-manager of this restaurant is not out to cheat me, (4) I know that if I get a problem with this restaurant, it will be solved immediately, and (5) I have confidence in this restaurant. The Cronbach's alpha test for credibility gave us a value of 0.822.

The following three items were loaded onto reliability: (1) Employees of this restaurant are honest, (2) Employees keep the promises they make, and (3) I believe that employees tell the truth about the service. Cronbach's alpha for this factor was 0.735.

The results suggest that the trust that customers have in the restaurants is based on their perceptions of the credibility and reliability of these restaurants. According to Ganesan (1994, p.3), credibility is "based on the extent to which the retailer believes that the vendor has the required expertise to perform the job effectively and reliably". In our research context, the retailer corresponds to a customer while the vendor corresponds to the SME owner-managers and the SME frontline employees.

6.4.9 Factor Analysis for Commitment

When a factor analysis was run for commitment, three factors were extracted namely (1) emotional commitment, (2) rational commitment, and (3) propensity to stay, with emotional commitment showing the highest variation.

Emotional commitment consisted of six items as follows: (1) Because I feel a strong attachment to this restaurant, I remain a customer of this restaurant, (2) Even if this restaurant was relocated elsewhere but nearby, I would still prefer it to others, (3) I feel emotionally attached to this restaurant, (4) I prefer to buy from this restaurant in comparison to other similar restaurants, (5) I feel good about this restaurant, and (6) Even if this restaurant increased its price, I would still prefer to buy from it. Cronbach's alpha for emotional commitment was 0.843.

Rational commitment had four items that loaded onto it. These are (1) I have few options to choose from if I do not have my meals from this restaurant, (2) I just have to continue coming to this restaurant because I have no option, (3) I would go through a lot of inconveniences if I decided to stop having my meals from this restaurant, and (4) I continue to have my meals from this restaurant because I may not find another restaurant offering the same service in the neighbourhood. Cronbach's alpha for rational commitment was 0.762.

Propensity to stay had only one item that loaded onto it. This item was "I think I could easily become attached to another restaurant as I am to this one". The item was reverse-scored (recoded) during the analysis. However, its interpretation was not clear. Customers can become attached to a restaurant for

both emotional and rational reasons as our research has indicated. This means that the item could also have loaded onto the first two factors but this was not the case. Because the interpretation of this factor was unclear and because it was represented by just one item, this weakened its meaningfulness in terms of our conceptual model. We therefore excluded the factor from all subsequent analyses.

The results suggest that the commitment that customers have towards Ugandan restaurants is based on their emotional attachment and rational attachment towards the restaurants. In our research context, emotional commitment parallels affective commitment, while rational commitment parallels calculated or continuous commitment.

6.5 RM Strategies Employed by the Restaurants

To find out the RM strategies employed by the restaurants and thus be able to answer RQ2 of this study, we performed three tasks as follows: (1) we distributed questionnaires to the regular customers of the restaurants, (2) we interviewed SME owner-managers, regular customers, and frontline employees, and (3) we observed the relational activities taking place in the restaurants. We present our results in two parts as follows: (1) results from the questionnaires (Subsection 6.5.1) and (2) results from the interviews and observations (Subsection 6.5.2).

6.5.1 Results from the Questionnaires

We asked the regular customers who filled in our questionnaires to comment on the extent to which they agree or disagree that the RMIs in our conceptual model were present in the restaurant they regularly visited. The results are summarised in Tables 6.25, 6.26, 6.27, 6.28, and 6.29.

Table 6.25: RMIs Employed by Restaurants

| RMI | Number (N=312) | Mean | Standard Deviation | Strongly Disagree | Disagree | Agree | Strongly Agree |
|---|-------------------------------|------|-----------------------|----------------------|----------------|---------------|-------------------|
| Customer Orientation ¹ | 308 | 2.34 | 0.59 | 77 (24.7%) | 176(56.4%) | 52 (16.7%) | 3 (1%) |
| Service Quality ² | 288 | 2.68 | 0.50 | 24 (7.7%) | 191 (61.3%) | 72 (23%) | 1 (0.3%) |
| Interpersonal Communication ³ | 309 | 2.52 | 0.62 | 53 (17.1%) | 170 (54.6%) | 80 (25.7%) | 6 (1.9%) |
| Tangible Rewards | 312 | 1.41 | 0.54 | 250 (80%) | 56 (18%) | 3 (1%) | 2 (1%) |
| 1 | Missing four responses | | | | | | |
| 2 | Missing twenty four responses | | | | | | |
| 3 | Missing three responses | | | | | | |

Table 6.26: Descriptive Statistics for Customer Orientation in Restaurants

| Variable | Number (N=312) | Mean | Standard Deviation | Strongly Disagree | Disagree | Agree | Strongly Agree |
|--|---------------------------|-------------|-------------------------------|------------------------------|-----------------|----------------|---------------------------|
| Employees are caring in nature | 312 | 2.54 | 0.81 | 30 (9.6%) | 116 (37.2%) | 133 (42.6%) | 33 (10.6%) |
| Employees serve me with a smile | 312 | 2.45 | 0.89 | 51 (16.3%) | 104 (33.3%) | 124 (39.7%) | 33 (10.6%) |
| Employees know how to handle my complaints ¹ | 310 | 2.44 | 0.80 | 38 (12.2%) | 123 (39.4%) | 125 (40.1%) | 24 (7.7%) |
| Employees understand my specific needs ¹ | 310 | 2.43 | 0.86 | 49 (15.7%) | 107 (34.3%) | 127 (40.7%) | 27 (8.7%) |
| Employees are polite | 312 | 2.79 | 0.70 | 8 (2.6%) | 92 (29.5%) | 169 (54.2%) | 43 (13.8%) |
| Employees frequently ask me to provide feedback about the quality of the service | 312 | 1.44 | 0.87 | 235 (75.3%) | 37 (11.9%) | 21 (6.7%) | 19 (6.1%) |

1 Missing two responses

Table 6.27: Descriptive Statistics for Service Quality in Restaurants

| Variable | Number (N=312) | Mean | Standard Deviation | Strongly Disagree | Disagree | Agree | Strongly Agree |
|--|-------------------|------|-----------------------|----------------------|-------------|-------------|-------------------|
| Employees get my order right the first time ¹ | 311 | 2.85 | 0.83 | 20 (6.4%) | 73 (23.4%) | 151 (48.4%) | 67 (21.5%) |
| The menu consists of a wide variety of food to choose from ³ | 309 | 2.45 | 0.91 | 53 (17.0%) | 102 (32.7%) | 117 (37.5%) | 37 (11.9%) |
| Employees give me the right information about available food ⁴ | 308 | 2.85 | 0.76 | 16 (5.1%) | 68 (21.8%) | 171 (54.8%) | 53 (17.0%) |
| Employees serve me with speed ¹ | 311 | 2.39 | 0.88 | 52 (16.7%) | 119 (38.1%) | 108 (34.6%) | 32 (10.3%) |
| Employees serve me tasty food ⁴ | 308 | 2.82 | 0.71 | 10 (3.2%) | 79 (25.3%) | 174 (55.8%) | 45 (14.4%) |
| Employees recognise me as a regular customer ³ | 309 | 2.23 | 1.08 | 110 (35.3%) | 63 (20.2%) | 92 (29.5%) | 44 (14.1%) |
| Employees are neat ² | 310 | 2.80 | 0.78 | 12 (3.8%) | 95 (30.4%) | 147 (47.1%) | 56 (17.9%) |
| Employees have and follow a dress code ¹ | 311 | 3.01 | 0.78 | 16 (5.1%) | 45 (14.4%) | 170 (54.5%) | 80 (25.6%) |
| Employees have name tags ¹ | 311 | 2.67 | 1.06 | 67 (21.5%) | 42 (13.5%) | 129 (41.3%) | 73 (23.4%) |
| The restaurant is neat ² | 310 | 3.12 | 0.70 | 5 (1.6%) | 45 (14.4%) | 169 (54.2%) | 91 (29.2%) |
| There is adequate parking outside this restaurant ⁵ | 307 | 2.32 | 1.15 | 106 (34.0%) | 60 (19.2%) | 79 (25.3%) | 62 (19.9%) |
| There are adequate and visible signs in this restaurant, e.g., toilet sign | 312 | 2.82 | 0.87 | 28 (9.0%) | 68 (21.8%) | 148 (47.4%) | 68 (21.8%) |
| My personal belongings are safe in this restaurant ¹ | 311 | 2.58 | 0.97 | 53 (17.0%) | 79 (25.3%) | 124 (39.7%) | 55 (17.6%) |

- 1 Missing one response
- 2 Missing two responses
- 3 Missing three responses
- 4 Missing four responses
- 5 Missing five responses

Table 6.28: Descriptive Statistics for Interpersonal Communication in Restaurants

| Variable | Number (N=312) | Mean | Standard Deviation | Strongly Disagree | Disagree | Agree | Strongly Agree |
|---|-----------------------|------|-----------------------|----------------------|---------------|----------------|-------------------|
| Employees are friendly, e.g., a friendly greeting | 312 | 2.60 | 0.86 | 36 (11.5%) | 94 (30.1%) | 14 (45.2%) | 41 (13.1%) |
| Employees are available for additional service, e.g., if I want to place another order ¹ | 311 | 2.68 | 0.76 | 20 (6.4%) | 96 (30.8%) | 160 (51.3%) | 35 (11.2%) |
| Employees explain to me the food on the menu | 312 | 2.61 | 0.84 | 38 (12.2%) | 80 (25.6%) | 160 (51.3%) | 34 (10.9%) |
| Employees give me information about new food on the menu | 312 | 1.90 | 0.93 | 133 (42.6%) | 93 (29.8%) | 69 (22.1%) | 17 (5.4%) |
| Employees listen carefully when am placing my order ² | 310 | 2.84 | 0.75 | 14 (4.5%) | 74 (23.7%) | 171 (54.8%) | 51 (16.3%) |
| 1 | Missing one response | | | | | | |
| 2 | Missing two responses | | | | | | |

Table 6.29: Descriptive Statistics for Tangible Rewards in Restaurants

| Variable | Number (N=312) | Mean | Standard Deviation | Strongly Disagree | Disagree | Agree | Strongly Agree |
|---|-------------------|------|-----------------------|----------------------|----------------|---------------|-------------------|
| This restaurant charges a lower price compared to similar restaurants | 312 | 1.66 | 0.81 | 162 (51.9%) | 106 (34.0%) | 32 (10.3%) | 12 (3.8%) |
| This restaurant offers me small gifts like calendars, key rings and diaries | 312 | 1.16 | 0.52 | 280 (89.7%) | 20 (6.4%) | 7 (2.2%) | 5 (1.6%) |

Table 6.25 provides the descriptive statistics for the RMIs employed by the restaurants that were studied. The RMIs represent survey items that are rated on a four-point Likert scale with the following anchors: “Strongly Disagree” (1), “Disagree” (2), “Agree” (3) and “Strongly Agree” (4). 1 is the least favourable response while 4 is the most favourable response. 2.5 is considered to be the midpoint for the scale. Thus, customer responses on survey items with a mean of 2.5 or greater are referred to as favourable while those with a mean of less than 2.5 are referred to as unfavourable.

Both service quality and interpersonal communication had mean scores of slightly more than 2.5. In the case of service quality, 23.3% of the regular customers either “strongly agree” or “agree” that the selected restaurants offered them service quality. The variable “The restaurant is neat” had the highest mean value of 3.12. The variable “Employees recognise me as a regular customer” had the lowest mean value of 2.23 (see Table 6.27). In the case of interpersonal communication, 27.6% of the regular customers either “strongly agree” or “agree” that the selected restaurants had good interpersonal communication. The variable “Employees listen carefully when I am placing my order” had the highest mean value of 2.84 while the variable “Employees give me information about new food on the menu” had the lowest mean value of 1.90 (see Table 6.28). In general, customers had positive perceptions about service quality and interpersonal communication in the five restaurants under study. Service quality had a higher mean value than interpersonal communication. In other words, customer perception about service quality was more positive than customer perception about interpersonal communication in the five restaurants.

Both customer orientation and tangible rewards had mean scores of less than 2.5. In the case of customer orientation, 81.1% of the regular customers either “strongly disagree” or “disagree” that the selected restaurants were customer oriented. Surprisingly, only 1% of the respondents “strongly agree” that the restaurants were customer oriented. The quality of the restaurants may explain this result. The variable “Employees are polite” had the highest mean value of 2.79 while the variable “Employees frequently ask me to provide feedback about the quality of the service” had the lowest mean value of 1.44 (see Table 6.26). In the case of tangible rewards, 98% of the regular customers either “strongly disagree” or “disagree” that the selected restaurants offered them tangible rewards. On the contrary, only 2% of the regular customers either “strongly agree” or “agree” that the restaurants offered them tangible rewards. The variable “This restaurant charges a lower price compared to similar restaurants” had a mean value of 1.66 while the variable “This restaurant offers me small gifts like calendars, key rings and diaries” had a mean value of 1.16 (see Table 6.29). In general, customers had negative perceptions about customer orientation and tangible rewards in the five restaurants. Tangible rewards had a lower mean value than customer orientation. In other words, customer perception about tangible rewards⁵¹ was more negative than customer perception about customer orientation in the five restaurants.

6.5.2 Results from the Interviews and Observations

Further information about the RM practices of the restaurants was obtained from the interviews that were held with restaurant owner-managers, frontline employees, and a few regular customers. We also obtained extra information by observing the activities of the five restaurants throughout the data collection period. Our results are summarised below.

(1) Customer Orientation

In this section, we present the different aspects of customer orientation in the restaurants as perceived by the respondents we interviewed and the observations performed by the research team.

Training of Frontline Employees

All the restaurant owner-managers who were interviewed said that they train their frontline employees to improve customer service. However, the training methods used varied across the restaurants. For example, four of the five restaurants conducted the training in-house while one restaurant periodically sent its frontline employees for customer-care training to a specialised institution. In-house training comprised of training frontline employees in customer care from the restaurant premises. Such a

⁵¹ Because tangible rewards had a low Cronbach’s alpha (see Table 6.20), the results from the questionnaires were supplemented with data from interviews and observations (see Subsection 6.5.2).

training was usually done by senior employees in the restaurant, for example, the MD and the supervisors. In all the five restaurants, managers (and supervisors) were entrusted with the task of continuously mentoring the service staff in order to improve their customer-orientation skills.

Training Policy

Four out of the five restaurants studied did not seem to have a formal training policy for service staff. The owner-managers who were interviewed defended this situation by stressing that all the service staff they had hired had achieved at least a basic certificate course in catering and therefore had attained basic customer-care skills. Nevertheless, all the owner-managers agreed that there was a need to train the service staff continuously to improve their customer orientation. The customers who were interviewed also suggested that all service staff should be trained in customer care. During the interviews, one of the owners raised a serious complaint about the frontline employees as follows.

“The front desk supervisors are illiterate about who a customer is and how to handle a customer. I need to train them so that they can easily spot customers with complaints and those who are not happy so that they can walk away happy. Right now, customers are somehow satisfied because when I am around and they raise a complaint, I solve it immediately. But the problem is that I cannot be around all the time. That is why I need to train both the old and new service staff to improve customer care.”

Complaints Handling

SME owner-managers had different ways of solving customers' complaints. For example, one of the restaurants had a special service department where all recorded customer complaints were forwarded for handling. In this restaurant, supervisors were empowered to solve some of the customers' complaints on the spot. The owner of this restaurant also said that she involves her customers in solving business problems. The following remark from her illustrates this point.

“I also try to involve customers in solving the business' problems, e.g., I have looked for good waitresses on the market but failed to get them. Over time, I have made customers own the problem.” In the last sentence from the quote, the SME owner-manager of this restaurant meant that she asks customers to give her recommendations for good waitresses if they know of any. In this way, her customers participate in finding solutions to some of the business problems.

The owner-managers of the other restaurants mainly solved customers' complaints through preparing complaint reports with suggestions regarding how the raised complaints can be solved and also holding regular meetings with service staff to brainstorm about solutions for the raised complaints. The regular customers who were interviewed had mixed feelings about how the complaints were handled. For example, one customer who was positive about the complaint handling procedure made the following remark, *“When we give them our complaints, they listen and take action”*. However, other regular customers who were interviewed said that management does not find solutions to their complaints.

Service Knowledge

All the owner-managers, supervisors, and frontline employees who were interviewed seemed to have good knowledge about the service they were offering and how to treat a customer.

Obtaining Feedback from Customers

All the five restaurants used different techniques to obtain customer feedback about the service they provided. For example, one of the restaurants used guest feedback cards. Another restaurant had two suggestion boxes where customers could put their complaints or compliments about the service. Yet, in another restaurant, the manager said that he frequently talked to the regular customers to find out if they had any complaints about the service. One of the managers also said that the restaurant relies on the service staff to obtain feedback from customers about the service.

(2) Service Quality

Based on our results from the interviews and observations, we categorised service quality in the restaurants into the following major areas: service delivery during peak periods, restaurant food and environment, dress code, menu cards, restaurant security, parking facilities, and recognition of regular customers. We discuss each of these areas below.

Service Delivery during Peak Periods

The most trying time for service delivery in the restaurants seemed to be during the peak periods, that is, at lunch time, in the evenings, and during the weekends. Managers and supervisors were often seen moving around during the peak periods to ensure that the waiters and waitresses processed customers' orders promptly to minimise waiting time. Owner-managers seemed to be doing all they could to ensure that service was uninterrupted. For example, in one of the restaurants, a repairman was flown in from a neighbouring country to repair a micro-card system that had broken down resulting in unnecessary delays in processing customers' orders and billing them.

The following quotes from two managers and one supervisor further illustrate how restaurants dealt with customers during peak periods.

"I closely supervise the staff to ensure that every guest has what he has asked for, that the staff in the kitchen are processing customers' orders fast and that the baristas are dispensing the beverages fast."

"We do bar stocking so that when the customers come in, we are able to serve them."

"It is about supervising. I have to make sure that I am there to see how the service is being delivered. I always have to be there to push the service staff to ensure that they give good service to the customers."

During the off-peak periods, workers were often seen tidying up the tables and chairs with the aim of keeping the restaurants clean.

Restaurant Food and Environment

Most of the restaurant owner-managers who were interviewed said that customers had become loyal to their business firms because of the tasty food they served, the wide variety of food served, welcoming waiters and waitresses, and because of the neat environment. Most of the customers that were interviewed confirmed that they usually go back to the same restaurants because of the tasty food served and healthy food in general.

Dress Code

All the waiters and waitresses in the restaurants studied had a proper dress code. In three out of the five restaurants, waiters and waitresses also had name tags.

Menu Cards

Only two of the restaurants studied had menu cards that clearly indicated the available menu for both drinks and meals and the corresponding prices. The other three restaurants did not have menu cards and as a result, customers had to place their orders using only the information provided by the waiters and waitresses. The frontline employees that were interviewed from those restaurants without menu cards strongly felt that having menu cards would ease their work and enable them to provide a better service to customers as they would not have to remember all the available food to be served.

Only two of the restaurants under study had notice boards in their premises where they posted all the special menus for the day.

Restaurant Security

Three of the five restaurants that were studied had visible security guards which gave customers a feeling of safety and security of their belongings while in the restaurants. One of the restaurants had

gone a step ahead to put up a terrorism alert poster on one of the walls leading to the entrance of the restaurant in the wake of terrorism scares in the country.

Parking Facilities

Only three of the five restaurants provided special parking places for their customers. The other two restaurants did not provide any parking places for their customers. Selected customers who were interviewed from these restaurants pointed this out as one of the obstacles they faced.

Recognition of Regular Customers

Many of the customers who were interviewed said they were recognised as regular customers and as a result, some of them were even able to enjoy certain privileges, for example, watching international football matches for free. The following two responses illustrate how strongly regular customers from the restaurants under study value empathy.

“The waiters got to know my name and they like me”, and “Waiters and waitresses know my name and also what I take.”

(3) Interpersonal Communication

The five restaurants communicated with their customers in three main ways, namely face-to-face, telephone, and email.

Face-to-Face

The most common form of communication with customers was face-to-face communication. Face-to-face interactions usually took place whenever regular customers came to the restaurants to have their meals. However, in most of the restaurants, waiters and waitresses did not welcome customers with a smile especially during the peak periods. Sorce’s (2002) study shows that consumers had a high preference for personal interactions like service with a smile from service providers. What we sometimes observed was the customer trying to attract the attention of the service staff by saying hello instead of the service staff taking the initiative to serve the customers. One of the customers who was interviewed interpreted this behaviour as being unprofessional as his comment below shows.

“In our Ugandan setting, there is no professionalism in most of the restaurants. The workers are not professional.”

Nevertheless, the managers and supervisors, in general, always greeted customers with a smile and seemed to be enthusiastic about their jobs.

In all the restaurants under study, restaurant owners usually came to the restaurants at lunch time and/or in the evenings to interact with regular customers. In one of the restaurants, the owner usually helped with serving customers during the peak season.

Telephone

Restaurant employees also regularly communicated with their customers by telephone. Some customers, for example, called the managers or supervisors by telephone to make meal reservations. One of the regular customers who was interviewed mentioned this as one of the positive experiences he had had from the restaurant. His comment was as follows.

“I can also order for food before I come by calling the service staff on their phone numbers.”

Email

Communicating via email did not seem to be a regular form of interacting with customers in the five restaurants. However, in one of the restaurants, the owner said that she kept a small database that she used to email loyal customers on their birthdays. Another owner said that she had compiled a database of about 500 regular customers and that she wanted to start communicating with them periodically about the restaurant’s promotional products.

(4) Tangible Rewards

In the paragraphs below, we present our findings from the restaurants in relation to tangible rewards as perceived by the respondents that we interviewed.

Prices Charged in Comparison to Similar Restaurants

All the SME owner-managers who were interviewed said that the prices they were charging for the services they provided were in the same range with those of competitors. Most of them were confident that even if they increased the prices for their services, their regular customers would still come back because of the good service they were already providing to them. However, they also recognised that increasing prices would have to be accompanied with providing better services to their customers. The customers who were interviewed had mixed feelings about the prices charged by the restaurants. Some of them thought that the prices were very high though the service was good. Others thought that the prices were justified taking into account the quality of the service they were receiving. Others still believed that the prices were affordable taking into account the prevailing market conditions.

Rewards Given to Regular Customers

The five restaurants rewarded regular customers in different ways. One of the restaurants gave out complimentary vouchers that were neatly written on headed paper to its regular customers. Upon presentation of their vouchers to restaurant management, customers would be treated to a complimentary cup of coffee, complimentary dinner, or any other meal of their choice. This restaurant also sent out cards and gifts to its regular customers during Christmas holidays. It also introduced a budget breakfast where guests that came to the restaurant early in the morning could have their breakfast at a discount. The budget breakfast promotion was run for only two months because of the heavy expenses involved. Other gifts that were given out also include coffee packets and mugs. Another restaurant introduced customer nights for its regular customers. This restaurant also sometimes gave out free drinks to accompany a regular customer's meal and discounts were also given on beverages on certain days. Moreover, another restaurant offered discounts to regular customers who wanted to use the restaurant as a venue for their meetings. Two of the managers who were interviewed said that they did not give out any gifts to regular customers but that it is something that they would like to consider in the future.

A total of 27 regular customers who were interviewed said that they had not received any rewards from the restaurants under study though they had patronised the restaurants for a long time. Some customers, however, said that even though they had not received any rewards, they did enjoy certain advantages as a result of being regular customers, for example, receiving beer discounts on certain days and sometimes, watching for free, live performances held at the restaurants. One restaurant was, however, consistently recognised by its regular customers for offering them gifts such as free tea, lunch offers, and Christmas cards.

6.6 The Influence of Different RM Strategies on Customer Behaviour

To find out the influence that different RM strategies have on customer behaviour in the five restaurants and thus be able to answer RQ3, we performed a series of correlation tests and multiple regression tests using the stepwise method. The results are presented in nine subsections. In Table 6.30, we show the subsections and the corresponding content under each subsection. All the findings are discussed in line with our conceptual model.

Table 6.30: Subsections and their Corresponding Content

| Subsection | Content |
|------------|---|
| 6.6.1 | Relationship between the RMIs and customer experiences |
| 6.6.2 | Relationship between the RMIs and customer satisfaction |
| 6.6.3 | Relationship between customer experiences and customer satisfaction |
| 6.6.4 | Relationship between customer satisfaction and trust |
| 6.6.5 | Relationship between customer satisfaction and commitment |
| 6.6.6 | Relationship between customer satisfaction and customer loyalty |
| 6.6.7 | Relationship between trust and commitment |
| 6.6.8 | Relationship between trust and customer loyalty |
| 6.6.9 | Relationship between commitment and customer loyalty |

6.6.1 RMIs and Customer Experiences

In this subsection, we present the findings on the relationship between the four RMIs, that is customer orientation, service quality, interpersonal communication and tangible rewards, and customer experiences as illustrated in our conceptual model. The results are presented in two parts as follows: (1) correlation between the RMIs and customer experiences, and (2) regression between the RMIs and customer experiences.

(1) Correlation between the RMIs and Customer Experiences

Customer Orientation and Customer Experiences

Correlation results show a significant and positive correlation between customer orientation and customer experiences ($r = 0.563$; $p < 0.001$). We observe that the relationship was moderate. Thus, **P1a** which states that customer orientation is positively related to customer experiences among SMEs in Uganda is moderately supported in the case of restaurants.

Service Quality and Customer Experiences

The results indicate a positive, significant relationship between service quality and customer experiences ($r = 0.633$; $p < 0.001$). The relationship was moderately strong. Thus, **P2a** which states that service quality is positively related to customer experiences among SMEs in Uganda receives moderately strong support in the case of restaurants.

Interpersonal Communication and Customer Experiences

We found a positive, significant and moderately strong relationship between interpersonal communication and customer experiences ($r = 0.616$; $p < 0.001$). Thus, **P3a** which states that interpersonal communication is positively related to customer experiences among SMEs in Uganda receives moderately strong support in the case of restaurants.

Tangible Rewards and Customer Experiences

The results show that there is a positive and significant relationship between tangible rewards and customer experiences ($r = 0.195$; $p = 0.001$). However, we observe that though the relationship was significant, the correlation coefficient was very low. Thus, **P4a** which states that tangible rewards are positively related to customer experiences among SMEs in Uganda receives very weak support in the case of restaurants.

(2) Regression between the RMIs and Customer Experiences

Regression results indicate that customer orientation, service quality, and interpersonal communication were all significant predictors of customer experiences in the five restaurants as shown in Table 6.31. However, tangible rewards were not significant predictors. Service quality explained the highest

variation in customer experiences while customer orientation explained the least variation. We further observe that among all the RMIs, service quality had the highest level of statistical significance ($p < 0.001$). This could perhaps be because good service from a service provider is something that Ugandan customers cannot take for granted because of the sub-standard services usually offered to customers. Thus, providing a good service is likely to have a strong impact on customer experiences.

Table 6.31: The Effect of RMIs on Customer Experiences in Restaurants

| RMI | Beta | t Value | P value |
|-----------------------------|-------|---------|----------|
| Customer orientation | 0.155 | 2.258 | 0.025* |
| Service quality | 0.348 | 4.512 | 0.000*** |
| Interpersonal communication | 0.253 | 3.120 | 0.002** |
| Tangible rewards | 0.039 | 0.817 | 0.415 |

* $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$

All the three factors under service quality, that is, reliability, tangibles, and empathy, significantly explained a variance in customer experiences. However, tangibles explained the highest variance with a contribution of 28.2% (Beta = 0.320; $p < 0.001$), followed by reliability which explained 9.9% of the variance (Beta = 0.293; $p < 0.001$) and then empathy which explained 2.9% of the variance (Beta = 0.195; $p = 0.001$).

6.6.2 RMIs and Customer Satisfaction

In this subsection, we present the findings on the relationship between the four RMIs and customer satisfaction. The results are presented in three parts as follows: (1) correlation between the RMIs and customer satisfaction, (2) regression between the RMIs and customer satisfaction, and (3) controlling for the effects of demographic variables on the relationship between the RMIs and customer satisfaction.

(1) Correlation between the RMIs and Customer Satisfaction

Customer Orientation and Customer Satisfaction

Correlation results show a significant and positive correlation between customer orientation and customer satisfaction ($r = 0.572$; $p < 0.001$). We observe that the relationship was moderate. Therefore, **P1b** which states that customer orientation is positively related to customer satisfaction among SMEs in Uganda is moderately supported in the case of restaurants.

Service Quality and Customer Satisfaction

The results indicate a positive, significant relationship between service quality and customer satisfaction ($r = 0.650$; $p < 0.001$). The relationship was moderately strong. Thus, **P2b** which states that service quality is positively related to customer satisfaction among SMEs in Uganda receives moderately strong support in the case of restaurants.

Interpersonal Communication and Customer Satisfaction

We found a positive, significant and moderately strong relationship between interpersonal communication and customer satisfaction ($r = 0.607$; $p < 0.001$). Thus, **P3b** which states that interpersonal communication is positively related to customer satisfaction among SMEs in Uganda receives moderately strong support in the case of restaurants.

Tangible Rewards and Customer Satisfaction

The results show that there is a positive and significant relationship between tangible rewards and customer satisfaction ($r = 0.271$; $p < 0.001$). However, we observe that though the relationship was

statistically significant, the correlation coefficient was low. Hence, **P4b** which states that tangible rewards are positively related to customer satisfaction among SMEs in Uganda receives weak support in the case of restaurants.

(2) Regression between the RMIs and Customer Satisfaction

Regression results in Table 6.32 indicate that customer orientation, service quality, and interpersonal communication all significantly predicted customer satisfaction in the five restaurants. Tangible rewards were not significant predictors. We further observe that among all the RMIs, service quality had the highest level of statistical significance ($p < 0.001$).

Table 6.32: The Effect of RMIs on Customer Satisfaction in Restaurants

| RMI | Beta | t Value | P Value |
|-----------------------------|-------------|----------------|----------------|
| Customer orientation | 0.210 | 3.209 | 0.001** |
| Service quality | 0.384 | 5.181 | 0.000*** |
| Interpersonal communication | 0.170 | 2.238 | 0.026* |
| Tangible rewards | 0.090 | 1.955 | 0.052 |

* $p < 0.05$; ** $p < 0.01$; *** $p < 0.001$

Service quality explained the greatest variation in customer satisfaction followed by customer orientation. Interpersonal communication had the least explanatory power. All the three factors under service quality significantly explained a variance in customer satisfaction. However, reliability explained the highest variance of 40.8% (Beta = 0.496; $p < 0.001$) followed by empathy which explained 4.2% of the variance (Beta = 0.198; $p < 0.001$) and then tangibles which explained only 1.2% of the variance (Beta = 0.125; $p = 0.018$).

(3) Controlling for the Effects of Demographic Variables on the Relationship between the RMIs and Customer Satisfaction

We performed a Hierarchical Multiple Regression (HMR) to control for the effects of demographic variables (i.e., gender, age, education, form of employment, and net income of the regular customers) on the relationship between the RMIs and customer satisfaction. HMR is a variant of the basic multiple regression procedure that allows a researcher to specify the order in which to enter the predictor variables in the model based on past research. The variables are entered in blocks and each block represents one step in the hierarchy (<http://www.statisticshell.com/multireg.pdf> - website accessed on 5th June 2011). In Step 1 of the model, we entered the four RMIs using the Stepwise method. In Step 2 of the model, we entered the demographic variables (i.e., the variables we want to control for) using the Stepwise method. The results are shown in Table 6.33.

Table 6.33: The Effect of RMIs on Customer Satisfaction in Restaurants after Controlling for the Effects of Demographic Variables

| RMI | Beta | t Value | P Value |
|-----------------------------|--------|---------|----------|
| Customer orientation | 0.211 | 3.190 | 0.002** |
| Service quality | 0.397 | 5.306 | 0.000*** |
| Interpersonal communication | 0.163 | 2.135 | 0.034* |
| Tangible rewards | 0.086 | 1.850 | 0.066 |
| Demographic Variable | | | |
| Gender | 0.027 | 0.590 | 0.556 |
| Age | 0.001 | 0.029 | 0.977 |
| Education | -0.036 | -0.793 | 0.429 |
| Form of employment | -0.051 | -1.132 | 0.259 |
| Net income | 0.000 | -0.021 | 0.983 |

*p < 0.05; ** p < 0.01; *** p < 0.001

We observe that demographic variables did not have any significant contribution to customer satisfaction over and above the RMIs. The effect of the RMIs on customer satisfaction was therefore independent of the effects of the demographic variables that we controlled for.

6.6.3 Customer Experiences and Customer Satisfaction

In this subsection, we present the findings on the relationship between customer experiences and customer satisfaction. The results are presented in three parts as follows: (1) correlation between customer experiences and customer satisfaction, (2) regression between customer experiences and customer satisfaction, and (3) the mediating role of customer experiences on customer satisfaction.

(1) Correlation between Customer Experiences and Customer Satisfaction

Correlation results show a significant and positive correlation between customer experiences and customer satisfaction ($r = 0.573$; $p < 0.001$). The results further indicate that the relationship was moderate. Thus, **P5a** which states that customer experiences are positively related to customer satisfaction among SMEs in Uganda receives moderate support in the case of restaurants.

(2) Regression between Customer Experiences and Customer Satisfaction

Regression results in Table 6.34 show that customer experiences significantly predicted customer satisfaction among the five restaurants.

Table 6.34: The Effect of Customer Experiences on Customer Satisfaction in Restaurants

| Variable | Beta | t value | P value |
|----------------------|-------|---------|----------|
| Customer experiences | 0.573 | 11.073 | 0.000*** |

*** p < 0.001

Regression results further indicate that level of satisfaction with customer experiences and intensity of customer experiences both significantly predicted customer satisfaction in the restaurants. However, intensity of customer experiences explained a higher variation of 37.1% ($\text{Beta} = 0.434$; $p < 0.001$) than level of satisfaction with customer experiences which explained only 2.1% of the variance ($\text{Beta} = 0.228$; $p = 0.003$). Importance of customer experiences was not a significant predictor of customer satisfaction in the restaurants.

To explore further which factors under customer experiences explained most of the variance in customer satisfaction, we regressed customer satisfaction on the extracted factors for both intensity of

customer experiences and level of satisfaction with customer experiences. We found that the intensity of customer experiences relating to the professionalism of restaurant employees significantly explained most of the variance in customer satisfaction (Beta = 0.309; $p < 0.001$) followed by the intensity of customer experiences relating to the quality of food (Beta = 0.208; $p < 0.001$) and then the level of satisfaction with customer experiences relating to the professionalism of restaurant employees (Beta = 0.257; $p < 0.001$). In addition, when regular customers were asked in the open ended questions to suggest ways in which they thought that restaurant management could improve the service they were currently providing to them, 9.3% suggested that the restaurant should improve the quality of food and 12.2% suggested that the restaurant should increase the variety of food. Level of satisfaction with customer experiences relating to the quality of food, feeling at home in the restaurant, ambience, extra service, and intensity of customer experiences relating to feeling at home in the restaurant, ambience and extra service were all not significant predictors of customer satisfaction in the case of restaurants.

(3) The Mediating Role of Customer Experiences on Customer Satisfaction

To test for the mediating effects, we used Baron and Kenny's (1986) three-step regression analysis procedure. The first step involves regressing the mediator (i.e., customer experiences in our conceptual model) on the independent variables (i.e., the RMIs in our model). This should yield significant results. The second step involves regressing the dependent variable (i.e., customer satisfaction in our model) on the independent variables. This should also yield significant results. The third step involves regressing the dependent variable on both the independent variables and mediator. The test of the mediator in this step should yield a significant result.

For mediation to exist, the following conditions should hold: the effect of the independent variable (i.e., the B value) in the third equation must be less than the effect of the independent variable in the second equation. If this is true and the effect of the independent variable is not significant in the third equation, there is full mediation. If this is true and the effect of the independent variable is still significant in the third equation, then there is partial mediation.

The results of the mediation effects test are summarised in Table 6.35. The results indicate that customer experiences partially mediate the relationship between all the RMIs and customer satisfaction in the five restaurants. Thus, **P5b** which states that customer experiences facilitate the relationship between RMIs and customer satisfaction is partially supported in the case of restaurants.

Table 6.35: Results of the Mediated Effects of Customer Satisfaction on RMIs in Restaurants

| Step 1: Independent Variables and Mediator Regression | | | |
|---|------------------------------|----------------|----------------|
| Independent Variable (RMI) | Customer Experiences | | |
| | B | t value | P value |
| Customer Orientation | 0.32 | 10.96 | 0.000*** |
| Service Quality | 0.43 | 12.94 | 0.000*** |
| Interpersonal Communication | 0.33 | 12.55 | 0.000*** |
| Tangible Rewards | 0.12 | 3.22 | 0.001** |
| Step 2: Independent Variables and Dependent Variables Regression | | | |
| Independent Variable (RMI) | Customer Satisfaction | | |
| | B | t value | P value |
| Customer Orientation | 0.36 | 11.75 | 0.000*** |
| Service Quality | 0.49 | 13.99 | 0.000*** |
| Interpersonal Communication | 0.37 | 12.89 | 0.000*** |
| Tangible Rewards | 0.19 | 4.76 | 0.000*** |
| Step 3: Independent Variables, Mediator and Dependent Variables Regression | | | |
| Mediator in parentheses | Customer Satisfaction | | |
| | B | t value | P value |
| Customer Orientation | 0.22 | 5.86 | 0.000*** |
| (Customer Experiences) | (0.42) | (6.32) | (0.000)*** |
| Service Quality | 0.38 | 8.17 | 0.000*** |
| (Customer Experiences) | (0.30) | (4.36) | (0.000)*** |
| Interpersonal Communication | 0.27 | 7.58 | 0.000*** |
| (Customer Experiences) | (0.34) | (5.04) | (0.000)*** |
| Tangible Rewards | 0.10 | 2.67 | 0.008** |
| (Customer Experiences) | (0.61) | (10.46) | (0.000)*** |
| *p < 0.05, **p < 0.01, ***p < 0.001 | | | |

6.6.4 Customer Satisfaction and Trust

In this subsection, we present the results on the relationship between customer satisfaction and trust in two parts: (1) correlation between customer satisfaction and trust, and (2) regression between customer satisfaction and trust.

(1) Correlation between Customer Satisfaction and Trust

We find that there is a positive and significant relationship between customer satisfaction and trust ($r = 0.802$; $p < 0.001$). We observe that the relationship was quite strong. Thus, the findings provide quite strong support to **P6a** which states that customer satisfaction is positively related to trust in the case of restaurants.

(2) Regression between Customer Satisfaction and Trust

The results indicate that customer satisfaction was a significant predictor for trust in the restaurants as shown in Table 6.36. Customer satisfaction with the restaurant brand (Beta = 0.383; $p < 0.001$), customer satisfaction with the professionalism of employees (Beta = 0.369; $p < 0.001$), and customer satisfaction with comfort (Beta = 0.246; $p = 0.001$) are the underlying factors under customer satisfaction which contributed most to explaining the variance in trust. Customer satisfaction with the brand explained the highest variance in trust. Customer satisfaction with convenience and customer satisfaction with price were not significant predictors.

Table 6.36: The Effect of Customer Satisfaction on Trust in Restaurants

| Variable | Beta | t Value | P Value |
|-----------------------|-------|---------|----------|
| Customer satisfaction | 0.802 | 22.469 | 0.000*** |

***p < 0.001

6.6.5 Customer Satisfaction and Commitment

In this subsection, we present the results on the relationship between customer satisfaction and commitment in two parts: (1) correlation between customer satisfaction and commitment, and (2) regression between customer satisfaction and commitment.

(1) Correlation between Customer Satisfaction and Commitment

The correlation test revealed a moderately weak but positive and significant relationship between customer satisfaction and commitment ($r = 0.394$; $p < 0.001$). Thus, the findings provide moderately weak support to **P6b** which states that customer satisfaction is positively related to commitment in the case of restaurants.

(2) Regression between Customer Satisfaction and Commitment

Regression results in Table 6.37 indicate that customer satisfaction was a significant predictor for commitment in the five restaurants.

Table 6.37: The Effect of Customer Satisfaction on Commitment in Restaurants

| Variable | Beta | t Value | P Value |
|-----------------------|-------|---------|----------|
| Customer satisfaction | 0.394 | 7.181 | 0.000*** |

*** p < 0.001

Customer satisfaction with comfort (Beta = 0.425; $p < 0.001$) and customer satisfaction with the brand (Beta = 0.182; $p = 0.001$) were the underlying factors under customer satisfaction which contributed most to explaining the variance in customer commitment. Customer satisfaction with the professionalism of employees, convenience, and price were not significant predictors.

Customer satisfaction with the comfort of the restaurant explained most of the variation in commitment to the restaurants. To provide further support to this finding, 53.8% of the respondents who filled in the questionnaire said that they would continue to have their meals from the restaurants they often go to because of the comfort of the restaurant. Additional support for the findings was obtained from the interviews we had with regular customers. The results indicate that restaurant comfort mainly comprised of a quiet atmosphere which enabled customers to have private and/or business discussions and central location which increased the accessibility of the restaurant and made it a convenient meeting place.

Both customer satisfaction with comfort (Beta = 0.372; $p < 0.001$) and customer satisfaction with the brand (Beta = 0.372; $p = 0.001$) significantly predicted emotional commitment in the restaurants. However, customer satisfaction with comfort explained more variance (24%) than customer satisfaction with the brand (12.4%). In contrast, customer satisfaction with comfort (Beta = 0.268; $p < 0.001$) significantly predicted rational commitment. Customer satisfaction with the brand was not a significant predictor of rational commitment in the restaurants.

6.6.6 Customer Satisfaction and Customer Loyalty

This subsection consists of two parts: (1) correlation between customer satisfaction and customer loyalty, and (2) regression between customer satisfaction and customer loyalty.

(1) Correlation between Customer Satisfaction and Customer Loyalty

Correlation results indicate that there was a moderately strong, positive and significant relationship between customer satisfaction and customer loyalty ($r = 0.634$; $p < 0.001$). Thus, the findings provide moderate support to **P6c** which states that customer satisfaction is positively related to customer loyalty in the case of restaurants.

(2) Regression between Customer Satisfaction and Customer Loyalty

The results for the regression test indicate that customer satisfaction was a significant predictor of customer loyalty in the restaurants (see Table 6.38).

Table 6.38: The Effect of Customer Satisfaction on Customer Loyalty in Restaurants

| Variable | Beta | t Value | P Value |
|-----------------------|-------|---------|----------|
| Customer satisfaction | 0.634 | 13.569 | 0.000*** |

*** $p < 0.001$

Four out of the five factors under customer satisfaction significantly explained the variance in customer loyalty in the restaurants. These are restaurant brand which explained the highest variation (Beta = 0.292; $p < 0.001$) followed by comfort of the restaurant (Beta = 0.376; $p < 0.001$), professionalism of employees (Beta = 0.133; $p = 0.022$), and then price (Beta = 0.117; $p = 0.025$). Convenience was not a significant predictor of customer loyalty in the restaurants.

Additional support for these findings is obtained from the interviews we had with regular customers. The results from the interviews indicate that customer loyalty in the restaurants is mainly based on customer satisfaction with the following five aspects, namely (1) friendly employees, (2) faster service compared to that of similar restaurants, (3) tasty meals, (4) restaurant comfort, and (5) being recognised as a regular customer. The following quote from one of the regular customers further illustrates how customer satisfaction with restaurant comfort can influence customer loyalty in the restaurants.

“Currently, what largely influences my choice to go there is their good ambience. The food they have is available in other restaurants but their ambience is good. They have expanded the restaurant and created different segments for different customers. However, the customer care is not good especially if you are a new customer”.

We further investigated the contribution of each of the five factors under customer satisfaction in explaining the variance in both dimensions of customer loyalty, i.e., attitudinal loyalty and behavioural loyalty. Our findings show that restaurant brand (Beta = 0.514; $p < 0.001$), comfort of the restaurant (Beta = 0.290; $p < 0.001$), and price (Beta = 0.104; $p = 0.032$) significantly predicted attitudinal loyalty in the restaurants. Professionalism of employees and convenience were not significant predictors of attitudinal loyalty. In contrast, comfort of the restaurant (Beta = 0.376; $p < 0.001$) and professionalism of employees (Beta = 0.204; $p < 0.001$) significantly predicted behavioural loyalty in the restaurants. Restaurant brand, convenience, and price were not significant predictors of behavioural loyalty in the restaurants.

6.6.7 Trust and Commitment

The results of this subsection are presented in two parts as follows: (1) correlation between trust and commitment, and (2) regression between trust and commitment.

(1) Correlation between Trust and Commitment

We found a significant and positive relationship between trust and commitment ($r = 0.444$; $p < 0.001$). We observe that the relationship was moderate. Thus, the findings moderately support **P7a** which states that trust is positively related to commitment in the case of restaurants.

(2) Regression between Trust and Commitment

The results in Table 6.39 indicate that trust was a significant predictor for commitment in the restaurants. Both dimensions of trust, i.e., credibility and reliability, significantly predicted a variance in trust. However, the credibility dimension (Beta = 0.278; $p < 0.001$) predicted a higher variance than the reliability dimension (Beta = 0.222; $p = 0.001$) in the restaurants. Furthermore, the results indicate that trust had a significant impact on emotional commitment (Beta = 0.610; $p = 0.001$) but its impact was not significant on rational commitment (Beta = 0.028; $p = 0.623$).

Table 6.39: The Effect of Trust on Commitment in Restaurants

| Variable | Beta | t Value | P Value |
|----------|-------|---------|----------|
| Trust | 0.444 | 8.443 | 0.000*** |

*** $p < 0.001$

6.6.8 Trust and Customer Loyalty

In this subsection, we present our findings on the relationship between trust and customer loyalty. The subsection consists of two parts as follows: (1) correlation between trust and customer loyalty, and (2) regression between trust and customer loyalty.

(1) Correlation between Trust and Customer Loyalty

Correlation results reveal a positive and significant relationship between trust and customer loyalty ($r = 0.667$; $p < 0.001$). We observe that the relationship was moderately strong. Therefore, **P7b** which states that trust is positively related to customer loyalty receives moderately strong support in the case of restaurants.

(2) Regression between Trust and Customer Loyalty

Regression results in Table 6.40 show that trust was a significant predictor of customer loyalty in the restaurants.

Table 6.40: The Effect of Trust on Customer Loyalty in Restaurants

| Variable | Beta | t Value | P Value |
|----------|-------|---------|----------|
| Trust | 0.667 | 15.021 | 0.000*** |

*** $p < 0.001$

Both factors under trust significantly predicted a variance in customer loyalty in the restaurants. However, credibility (Beta = 0.473; $p < 0.001$) explained a higher variation than reliability (Beta = 0.266; $p < 0.001$). Both factors significantly predicted attitudinal loyalty. However, credibility (Beta = 0.571; $p < 0.001$) explained a higher variance in attitudinal loyalty than reliability (Beta = 0.216; $p < 0.001$). Similarly, both factors significantly predicted behavioural loyalty. However, credibility (Beta = 0.250; $p < 0.001$) explained a higher variance in behavioural loyalty than reliability (Beta = 0.222; $p = 0.001$).

6.6.9 Commitment and Customer Loyalty

This subsection consists of two parts: (1) correlation between commitment and customer loyalty, and (2) regression between commitment and customer loyalty.

(1) Correlation between Commitment and Customer Loyalty

We found a positive and significant relationship between commitment and customer loyalty ($r = 0.692$; $p < 0.001$). We observe that the relationship was quite strong. Thus, **P8** which states that commitment is positively related to customer loyalty is strongly supported in the case of restaurants.

(2) Regression between Commitment and Customer Loyalty

Regression results in Table 6.41 indicate that commitment was a significant predictor of customer loyalty in the restaurants.

Table 6.41: The Effect of Commitment on Customer Loyalty in Restaurants

| Variable | Beta | t Value | P Value |
|------------|-------|---------|----------|
| Commitment | 0.692 | 16.143 | 0.000*** |

*** $p < 0.001$

Both factors under commitment, i.e., emotional commitment and rational commitment, significantly predicted the variance in customer loyalty in the restaurants. However, emotional commitment (Beta = 0.689; $p < 0.001$) explained a higher variation than rational commitment (Beta = 0.141; $p = 0.001$).

Emotional commitment was the only significant predictor of attitudinal loyalty (Beta = 0.652; $p < 0.001$) in the restaurants. Rational commitment was not a significant predictor.

Both emotional commitment and rational commitment were significant predictors of behavioural loyalty. However, emotional commitment (Beta = 0.519; $p < 0.001$) explained a higher variation in behavioural loyalty than rational commitment (Beta = 0.335; $p < 0.001$).

6.7 The Influence of SME Owner-Manager Behaviour on Customer Behaviour

In order to explore the influence of SME owner-manager behaviour on customer behaviour in the restaurants and thus be able to answer RQ4 of our study, we carried out semi-structured interviews with the owner-managers of the restaurants⁵². We present the results in three subsections. Subsection 6.7.1 deals with the relationship between SME owner-manager experiences and SME owner-manager satisfaction. Subsection 6.7.2 focuses on the relationship between SME owner-manager satisfaction and customer experiences. Subsection 6.7.3 discusses the relationship between SME owner-manager satisfaction and customer satisfaction.

6.7.1 SME Owner-Manager Experiences and SME Owner-Manager Satisfaction

We asked SME owner-managers several questions relating to their experiences and satisfaction while managing the restaurants under study. This was done with the aim of exploring the relationship between SME owner-manager experiences and SME owner-manager satisfaction. We recognised that SME owner-manager experiences can arise from three main sources, namely (1) any form of recognition that is awarded to the business firms of the SME owner-managers, (2) the relations that SME owner-managers have with their customers, and (3) the relations that SME owner-managers have with their employees. The questions we asked to SME owner-managers during the semi-structured

⁵² We did not perform multiple regression tests as the sample size of SME owner-managers was too small to provide meaningful results (see Subsection 5.3.2).

interviews and the responses we obtained regarding each question are summarised in Appendix F: F1, F2, and F3. The results are displayed in Figure 6.1.

Figure 6.1 consists of two variables that have been plotted on a matrix chart as follows: (1) SME owner-manager experiences as shown on the horizontal axis, and (2) SME owner-manager satisfaction as illustrated on the vertical axis. SME owner-manager experiences were measured using three indicators, namely (1) negative, (2) neutral, and (3) positive. SME owner-manager satisfaction was measured using three indicators, namely (1) low, (2) neutral, and (3) high.

Our findings indicate that SME owner-manager experiences fell in four broad categories, namely (1) customer-based experiences (i.e., those arising from customer feedback), (2) employee-based experiences (i.e., those arising from the relationships that SME owner-managers had with their employees), (3) structural-based experiences (i.e., those arising from the internal structures inherent in the restaurant system and the way the restaurant functioned), and (4) recognition-based experiences (i.e., those arising from any form of special recognition that was awarded to the business firms of the SME owner-managers).

The findings seem to predict a general linear theme (see Figure 6.1). The results give the impression that in general, positive experiences lead to high SME owner-manager satisfaction and negative experiences lead to low SME owner-manager satisfaction. We observed that two SME owner-managers did not fall in the general linear theme. These were the owners of restaurants 2 and 5. The two owners reported high satisfaction although they had gone through many negative experiences. Thus, **P9** which states that SME owner-manager experiences are related to SME owner-manager satisfaction seems to be only partly supported in the case of restaurants.

SME Owner-Manager Satisfaction

| | | | |
|---------------------------------|---|--|--|
| H I G H | <ul style="list-style-type: none"> ♣ Owner, Restaurant 2 ♣ Owner, Restaurant 5 | | <ul style="list-style-type: none"> ♣ Owner, Restaurant 2, ♣ Owner, Restaurant 3 ♣ Owner, Restaurant 5 ♣ Manager, Restaurant 1 ♣ Manager, Restaurant 2 ♣ Manager, Restaurant 4 ♣ Manager, Restaurant 5 ♣ Supervisor, Restaurant 3 |
| N E U T R A L | | <ul style="list-style-type: none"> ♣ Owner, Restaurant 1 ♣ Manager, Restaurant 5 | |
| L O W | <ul style="list-style-type: none"> ♣ Owner, Restaurant 1 ♣ Owner, Restaurant 3 ♣ Manager, Restaurant 1 ♣ Manager, Restaurant 2 ♣ Manager, Restaurant 4 ♣ Supervisor, Restaurant 3 | | |
| | NEGATIVE | NEUTRAL | POSITIVE |
| | SME Owner-Manager Experiences | | |

Figure 6.1: A Matrix Chart showing the Relationship between SME Owner-Manager Experiences and SME Owner-Manager Satisfaction in Restaurants

6.7.2 SME Owner-Manager Satisfaction and Customer Experiences

During the semi-structured interviews, we asked SME owner-managers several questions relating to how the personal satisfaction they had obtained while managing the restaurants under study affected their behaviour towards customers. This was done with the intention of exploring the relationship between SME owner-manager satisfaction and customer experiences. The questions we asked to the SME owner-managers and the responses we obtained are summarised in Appendix F: F4. Figure 6.2 illustrates the suggested relationship between SME owner-manager satisfaction and customer experiences in the restaurants.

Customer Experiences

| | | | |
|--------------------------------------|-----|-----------------------|---|
| P O S I T I V E | | ♣ Owner, Restaurant 1 | <ul style="list-style-type: none"> ♣ Owner, Restaurant 3 ♣ Owner, Restaurant 2 ♣ Owner, Restaurant 5 ♣ Manager, Restaurant 1 ♣ Manager, Restaurant 2 ♣ Manager, Restaurant 4 ♣ Manager, Restaurant 5 ♣ Supervisor, Restaurant 3 |
| N E U T R A L | | | ♣ Manager, Restaurant 3 |
| N E G A T I V E | | | |
| | LOW | NEUTRAL | HIGH |

SME Owner-Manager Satisfaction

Figure 6.2: A Matrix Chart showing the Relationship between SME Owner-Manager Satisfaction and Customer Experiences in Restaurants

Figure 6.2 consists of two variables that have been plotted on a matrix chart as follows: (1) SME owner-manager satisfaction as shown on the horizontal axis, and (2) customer experiences as illustrated on the vertical axis. SME owner-manager satisfaction was measured using three indicators, namely (1) low, (2) neutral, and (3) high. Customer experiences were measured using three indicators, namely (1) negative, (2) neutral, and (3) positive.

Our findings seem to indicate that in general, high SME owner-manager satisfaction relates to positive customer experiences. We observed that two owner-managers did not fall in this pattern. These are the owner of restaurant 1 and the manager of restaurant 3. The owner of restaurant 1 created positive experiences for her customers despite her neutral satisfaction. The manager of restaurant 3 reported neutral customer experiences despite her high level of satisfaction. Thus, **P10a** which states that SME owner-manager satisfaction is related to customer experiences appears to be only partly supported in the case of restaurants.

6.7.3 SME Owner-Manager Satisfaction and Customer Satisfaction

From the interviews, we were able to establish that, in general, those SME owner-managers who said they were satisfied had customers who reported high levels of satisfaction. For example, the manager of restaurant 5 who said he was satisfied with his job had regular customers who reported high levels of satisfaction with the service provided. Therefore, the results seem to indicate that **P10b** which states that SME owner-manager satisfaction is related to customer satisfaction is supported in the case of restaurants.

6.8 Differences among the Restaurants

To be able to answer RQ5 of our study, we carried out ANOVA tests in order to find out if there were any significant differences in RM practices across the five restaurants. In this section, we present our results in line with our conceptual model.

This section consists of four subsections. Subsection 6.8.1 explains the differences in the RMIs employed by the restaurants. Subsection 6.8.2 deals with the differences in customer experiences across the restaurants. Subsection 6.8.3 discusses the differences in customer behaviour across the restaurants. Subsection 6.8.4 focuses on the differences in SME owner-manager behaviour across the restaurants. Summary results are available in Appendix G: G1 and Appendix G: G2. Appendix G: G1 gives a summary of the descriptive statistics for all the study variables across the restaurants. Appendix G: G2 gives a summary of the ANOVA results for all the study variables across the restaurants.

6.8.1 Differences in RMIs Employed

To test for differences in the RMIs employed across the five restaurants, we performed one way ANOVA tests. In this subsection, we present the results in four parts as follows: (1) differences in customer orientation, (2) differences in service quality, (3) differences in interpersonal communication, and (4) differences in tangible rewards.

(1) Differences in Customer Orientation

The results indicate that there were significant differences in terms of customer orientation across the five restaurants ($p < 0.001$). Regular customers perceived significant differences among the restaurants in terms of customer orientation. Table 6.42 shows the results of a post hoc test that was done to identify the source of the differences among the restaurants.

The asterisks indicate a significant difference between restaurant 4 and all the other restaurants in terms of customer orientation. Restaurant 4 had the lowest mean value ($M = 2.02$) while restaurant 1 had the highest mean value ($M = 2.53$). This implies that restaurant 4 had the lowest levels of customer orientation. In contrast, restaurant 1 had the highest levels of customer orientation followed by restaurant 5. There were no significant differences between other pairs of restaurants in terms of customer orientation.

Table 6.42: Post Hoc Test Results for Customer Orientation in the Restaurants Multiple Comparisons

| (I) Restaurant | (J) Restaurant | Mean Difference (I-J) | Standard Error | Significance (P value) |
|----------------|----------------|-----------------------|----------------|------------------------|
| 1 | 2 | .20 | .10 | .303 |
| | 3 | .20 | .10 | .252 |
| | 4 | .52*** | .10 | .000 |
| | 5 | .03 | .10 | .998 |
| 2 | 1 | -.20 | .10 | .303 |
| | 3 | .01 | .10 | 1.000 |
| | 4 | .31* | .10 | .019 |
| | 5 | .17 | .10 | .467 |
| 3 | 1 | -.20 | .10 | .252 |
| | 2 | -.01 | .10 | 1.000 |
| | 4 | .31* | .10 | .021 |
| | 5 | -.17 | .10 | .405 |
| 4 | 1 | -.51*** | .10 | .000 |
| | 2 | -.31* | .10 | .019 |
| | 3 | -.31* | .10 | .021 |
| | 5 | -.48*** | .10 | .000 |
| 5 | 1 | -.03 | .10 | .998 |
| | 2 | .17 | .10 | .467 |
| | 3 | .17 | .10 | .405 |
| | 4 | .48*** | .10 | .000 |

* $p < 0.05$; ** $p < 0.01$; *** $p < 0.001$

(2) Differences in Service Quality

We found significant differences in terms of service quality among the restaurants ($p < 0.001$). The results indicate that regular customers perceived significant differences among the restaurants in terms of service quality. Table 6.43 shows the results of a post hoc test that was done to identify the source of the differences among the restaurants. The asterisks indicate two statistically significant differences. The first difference was that between restaurant 4 and all the other restaurants in terms of service quality. The second difference was between restaurants 1 and 2. There were no significant differences between other pairs of restaurants.

Restaurant 4 had the lowest mean value ($M = 2.28$) followed by restaurant 2 ($M = 2.63$). The results suggest that regular customers perceived restaurant 4 to have the lowest levels of service quality followed by restaurant 2. We also observe that the mean value for restaurant 2 ($M = 2.63$) was significantly lower than that of restaurant 1 ($M = 2.89$) which had the highest mean value.

Table 6.43: Post Hoc Test Results for Service Quality Multiple Comparisons

| (I) Restaurant | (J) Restaurant | Mean Difference (I-J) | Standard Error | Significance (P value) |
|----------------|----------------|-----------------------|----------------|------------------------|
| 1 | 2 | .26* | .09 | .024 |
| | 3 | .06 | .08 | .939 |
| | 4 | .61*** | .08 | .000 |
| | 5 | .12 | .08 | .629 |
| 2 | 1 | .26* | .09 | .024 |
| | 3 | -.20 | .09 | .141 |
| | 4 | .35** | .09 | .001 |
| | 5 | .14 | .08 | .442 |
| 3 | 1 | -.06 | .08 | .939 |
| | 2 | .20 | .08 | .141 |
| | 4 | .54*** | .08 | .000 |
| | 5 | .05 | .08 | .967 |
| 4 | 1 | -.61*** | .08 | .000 |
| | 2 | -.35** | .09 | .001 |
| | 3 | -.54*** | .08 | .000 |
| | 5 | -.49*** | .08 | .000 |
| 5 | 1 | -.12 | .08 | .629 |
| | 2 | .14 | .08 | .442 |
| | 3 | -.05 | .08 | .967 |
| | 4 | .49*** | .08 | .000 |

* $p < 0.05$; ** $p < 0.01$; *** $p < 0.001$

(3) Differences in Interpersonal Communication

We observed that there were significant differences in terms of interpersonal communication among the restaurants studied ($p < 0.001$). The results suggest that regular customers perceived significant differences among the restaurants in terms of interpersonal communication. Table 6.44 gives results of the post hoc test that was done to identify the source of the differences among the restaurants.

The asterisks indicate a statistically significant difference between restaurant 4 and all the other restaurants in terms of interpersonal communication. Restaurant 4 had the lowest mean value ($M = 2.11$) while restaurant 1 had the highest mean value ($M = 2.75$). This implies that restaurant 4 had the lowest levels of interpersonal communication. In contrast, restaurant 1 had the highest levels of interpersonal communication followed by restaurant 3. There were no significant differences between other pairs of restaurants in terms of interpersonal communication.

Table 6.44: Post Hoc Test Results for Interpersonal Communication Multiple Comparisons

| (I) Restaurant | (J) Restaurant | Mean Difference (I-J) | Standard Error | Significance (P value) |
|----------------|----------------|-----------------------|----------------|------------------------|
| 1 | 2 | .24 | .11 | .154 |
| | 3 | .10 | .11 | .880 |
| | 4 | .65*** | .11 | .000 |
| | 5 | .17 | .10 | .511 |
| 2 | 1 | -.24 | .11 | .154 |
| | 3 | -.14 | .11 | .650 |
| | 4 | .40** | .11 | .002 |
| | 5 | .08 | .10 | .947 |
| 3 | 1 | -.10 | .11 | .880 |
| | 2 | .14 | .11 | .650 |
| | 4 | .55*** | .10 | .000 |
| | 5 | .07 | .10 | .968 |
| 4 | 1 | -.65*** | .11 | .000 |
| | 2 | -.40** | .11 | .002 |
| | 3 | -.55*** | .10 | .000 |
| | 5 | -.48*** | .10 | .000 |
| 5 | 1 | -.17 | .10 | .511 |
| | 2 | .08 | .10 | .947 |
| | 3 | -.07 | .10 | .968 |
| | 4 | .48*** | .10 | .000 |

* $p < 0.05$; ** $p < 0.01$; *** $p < 0.001$

(4) Differences in Tangible Rewards

We found no significant differences in terms of tangible rewards among the restaurants ($p = 0.086 > 0.05$). These results indicate that regular customers did not perceive significant differences among the restaurants in terms of tangible rewards. Since the result was not significant, there was no need to do a post hoc test.

6.8.2 Differences in Customer Experiences

To test for differences in customer experiences across the restaurants, we performed a one way ANOVA test. The results show that there were significant differences in terms of customer experiences across the restaurants ($p = 0.001$). Table 6.45 gives results for the post hoc test that was done to identify the source of the differences among the restaurants. The asterisks indicate a statistically significant difference between restaurant 4 and all the other restaurants in terms of customer experiences. Restaurant 4 had the lowest mean value ($M = 2.64$) while restaurant 1 had the highest mean value ($M = 2.94$). This implies that restaurant 4 was perceived as having created the least positive experiences for its regular customers. In contrast, restaurant 1 was perceived as having created the most positive experiences for its regular customers. There were no significant differences between other pairs of restaurants in terms of customer experiences.

Furthermore, the results indicate significant differences among the restaurants in terms of degree of importance that customers attach to experiences relating to the quality of food ($p = 0.012$). The post

hoc test shows that there were statistically significant differences between restaurant 1 and restaurant 4. There were no significant differences among other pairs of restaurants. Restaurant 1 had the lowest mean value ($M = 3.44$) while restaurant 4 had the highest mean value ($M = 3.78$). The results suggest that the regular customers of restaurant 1 attached the lowest importance to experiences relating to the quality of food. In contrast, the regular customers of restaurant 4 attached the highest importance to experiences relating to the quality of food.

We also found significant differences across the restaurants in terms of level of satisfaction with customer experiences relating to the quality of food ($p = 0.006$). Significant differences existed between two pairs of restaurants. The first difference was between restaurant 3 and restaurant 5. The second difference was between restaurant 4 and restaurant 5. There were no significant differences between other pairs of restaurants. Restaurant 5 had the highest mean value ($M = 3.19$). Restaurant 3 had the lowest mean value ($M = 2.87$) followed by restaurant 4 ($M = 2.90$). The findings suggest that regular customers of restaurant 5 had the highest level of satisfaction with experiences relating to the quality of food. In contrast, regular customers of restaurant 3 had the lowest level of satisfaction with experiences relating to the quality of food followed by the regular customers of restaurant 4.

In addition, the results indicate significant differences across the restaurants in terms of intensity of customer experiences relating to the quality of food ($p = 0.009$). Restaurant 1 had the highest mean value ($M = 3.19$) followed by restaurant 5 ($M = 3.07$). In contrast, restaurant 3 had the lowest mean value ($M = 2.87$) followed by restaurant 4 ($M = 2.90$). These findings imply that the regular customers of restaurant 1 had the highest level of only good experiences relating to the quality of food, followed by the regular customers of restaurant 5. In contrast, the regular customers of restaurant 3 had the lowest levels of only good experiences relating to the quality of food, followed by the regular customers of restaurant 4.

Table 6.45: Post Hoc Test Results for Customer Experiences Multiple Comparisons

| (I) Restaurant | (J) Restaurant | Mean Difference (I-J) | Standard Error | Significance (P value) |
|----------------|----------------|-----------------------|----------------|------------------------|
| 1 | 2 | 0.13 | 0.07 | 0.303 |
| | 3 | 0.04 | 0.07 | 0.978 |
| | 4 | 0.30*** | 0.06 | 0.000 |
| | 5 | 0.04 | 0.06 | 0.975 |
| 2 | 1 | -0.13 | 0.07 | 0.303 |
| | 3 | -0.09 | 0.06 | 0.610 |
| | 4 | 0.17* | 0.06 | 0.048 |
| | 5 | -0.89 | 0.06 | 0.599 |
| 3 | 1 | -0.04 | 0.07 | 0.978 |
| | 2 | 0.09 | 0.06 | 0.610 |
| | 4 | 0.26*** | 0.06 | 0.000 |
| | 5 | 0.00 | 0.06 | 1.000 |
| 4 | 1 | -0.30*** | 0.06 | 0.000 |
| | 2 | -0.17* | 0.06 | 0.048 |
| | 3 | -0.26*** | 0.06 | 0.000 |
| | 5 | -0.26*** | 0.06 | 0.000 |
| 5 | 1 | -0.39 | 0.06 | 0.975 |
| | 2 | 0.09 | 0.06 | 0.599 |
| | 3 | -0.00 | 0.06 | 1.000 |
| | 4 | 0.26*** | 0.06 | 0.000 |

* $p < 0.05$; ** $p < 0.01$; *** $p < 0.001$

6.8.3 Differences in Customer Behaviour

To test for differences in customer behaviour across the restaurants, we performed one way ANOVA tests on the four variables under customer behaviour in our study (i.e., customer satisfaction, customer loyalty, trust, and commitment). We present our results in four parts as follows: (1) differences in customer satisfaction, (2) differences in customer loyalty, (3) differences in trust, and (4) differences in commitment.

(1) Differences in Customer Satisfaction

We found significant differences in terms of customer satisfaction among the restaurants ($p < 0.001$). The results indicate that the customer satisfaction levels of the regular customers were significantly different across the restaurants. Table 6.46 gives results for a post hoc test that was done to identify the source of the differences among the restaurants.

The asterisks indicate that there was a statistically significant difference between restaurant 4 and restaurants 1, 2, and 5 in terms of customer satisfaction. However, restaurant 4 did not differ significantly from restaurant 3 in terms of customer satisfaction.

We observe that restaurant 4 had the lowest mean value ($M = 2.46$) followed by restaurant 3 ($M = 2.64$). This implies that the regular customers of restaurant 4 reported the lowest levels of customer satisfaction followed by the regular customers of restaurant 3. Restaurant 1 had the highest mean value

(M = 2.82) followed by restaurant 5 (M = 2.79). This means that the regular customers of restaurants 1 reported the highest levels of customer satisfaction followed by the regular customers of restaurant 5.

Table 6.46: Post Hoc Test Results for Customer Satisfaction Multiple Comparisons

| (I) Restaurant | (J) Restaurant | Mean Difference (I-J) | Standard Error | Significance (P value) |
|----------------|----------------|-----------------------|----------------|------------------------|
| 1 | 2 | .13 | .07 | .311 |
| | 3 | .18 | .07 | .060 |
| | 4 | .36*** | .07 | .000 |
| | 5 | .03 | .07 | .993 |
| 2 | 1 | -.13 | .07 | .311 |
| | 3 | .05 | .07 | .937 |
| | 4 | .23** | .07 | .006 |
| | 5 | -.10 | .07 | .545 |
| 3 | 1 | -.18 | .07 | .060 |
| | 2 | -.05 | .07 | .937 |
| | 4 | .18 | .07 | .064 |
| | 5 | -.15 | .07 | .145 |
| 4 | 1 | -.36*** | .07 | .000 |
| | 2 | -.23** | .07 | .006 |
| | 3 | -.18 | .07 | .064 |
| | 5 | -.33*** | .07 | .000 |
| 5 | 1 | -.03 | .07 | .993 |
| | 2 | .10 | .07 | .545 |
| | 3 | .15 | .07 | .145 |
| | 4 | .33*** | .07 | .000 |

* p < 0.05; ** p < 0.01; *** p < 0.001

(2) Differences in Customer Loyalty

We found significant differences in terms of customer loyalty among the restaurants ($p < 0.014 < 0.05$). The results suggest that customer perceptions about customer loyalty were significantly different across the restaurants. Table 6.47 gives results of a post hoc test that was done to identify the source of the differences.

The asterisks indicate two statistically significant differences. The first difference is between restaurant 2 and restaurant 5. The second difference is between restaurant 4 and restaurant 5. There were no significant differences between other pairs of restaurants in terms of customer loyalty. We observe that restaurant 5 had the highest mean value (M = 2.78) followed by restaurant 3 (M = 2.67). This indicates that restaurant 5 was perceived by its regular customers to have the highest level of customer loyalty followed by restaurant 3. Restaurant 2 had the lowest mean value (M = 2.546) followed by restaurant 4 (M = 2.547). This indicates that restaurant 2 was perceived to have the lowest level of customer loyalty followed by restaurant 4.

Table 6.47: Post Hoc Test Results for Customer Loyalty Multiple Comparisons

| (I) Restaurant | (J) Restaurant | Mean Difference (I-J) | Standard Error | Significance (P value) |
|----------------|----------------|-----------------------|----------------|------------------------|
| 1 | 2 | .09 | .08 | .778 |
| | 3 | -.03 | .08 | .998 |
| | 4 | .09 | .08 | .774 |
| | 5 | -.14 | .08 | .357 |
| 2 | 1 | -.09 | .08 | .778 |
| | 3 | -.12 | .08 | .565 |
| | 4 | -.00 | .08 | 1.000 |
| | 5 | -.24* | .08 | .024 |
| 3 | 1 | .03 | .08 | .998 |
| | 2 | .12 | .08 | .565 |
| | 4 | .12 | .08 | .556 |
| | 5 | -.12 | .08 | .536 |
| 4 | 1 | -.09 | .08 | .774 |
| | 2 | .00 | .08 | 1.000 |
| | 3 | -.12 | .08 | .556 |
| | 5 | -.24* | .08 | .021 |
| 5 | 1 | .14 | .08 | .357 |
| | 2 | .24* | .08 | .024 |
| | 3 | .12 | .08 | .536 |
| | 4 | .24* | .08 | .021 |

* p < 0.05; ** p < 0.01; *** p < 0.001

(3) Differences in Trust

We observe that there were significant differences in terms of trust among the restaurants ($p < 0.001$). The results indicate that customer perceptions about trust were significantly different among the restaurants. Table 6.48 shows the results of a post hoc test that was done to identify the source of the differences among the restaurants.

**Table 6.48: Post Hoc Test Results for Trust
Multiple Comparisons**

| (I) Restaurant | (J) Restaurant | Mean Difference (I-J) | Standard Error | Significance (P value) |
|----------------|----------------|-----------------------|----------------|------------------------|
| 1 | 2 | .18 | .07 | .095 |
| | 3 | .05 | .07 | .956 |
| | 4 | .27** | .07 | .002 |
| | 5 | -.01 | .07 | 1.000 |
| 2 | 1 | -.18 | .07 | .095 |
| | 3 | -.13 | .07 | .367 |
| | 4 | .09 | .07 | .682 |
| | 5 | -.19 | .07 | .052 |
| 3 | 1 | -.05 | .07 | .956 |
| | 2 | .13 | .07 | .367 |
| | 4 | .22* | .07 | .016 |
| | 5 | -.06 | .07 | .892 |
| 4 | 1 | -.27** | .07 | .002 |
| | 2 | -.09 | .07 | .682 |
| | 3 | -.22* | .07 | .016 |
| | 5 | -.29** | .07 | .001 |
| 5 | 1 | .013 | .07 | 1.000 |
| | 2 | .19 | .07 | .052 |
| | 3 | .06 | .07 | .892 |
| | 4 | .29** | .07 | .001 |

* $p < 0.05$; ** $p < 0.01$; *** $p < 0.001$

The asterisks indicate a statistically significant difference between restaurant 1 and restaurant 4, between restaurant 3 and restaurant 4, and between restaurant 4 and restaurant 5. There was no significant difference between restaurant 4 and restaurant 2. There were also no significant differences between other pairs of restaurants in terms of trust.

We observe that restaurant 4 had the lowest mean value ($M = 2.67$) followed by restaurant 2 ($M = 2.76$). This finding suggests that the regular customers of restaurant 4 perceived the lowest levels of trust in the restaurant followed by the regular customers of restaurant 2. Restaurant 5 had the highest mean value ($M = 2.96$) followed by restaurant 1 ($M = 2.94$). This indicates that the regular customers of restaurant 5 perceived the highest levels of trust followed by the regular customers of restaurant 1.

(4) Differences in Commitment

We found significant differences in terms of commitment among the restaurants studied ($p < 0.032$). Table 6.49 shows the results of a post hoc test that was done to identify the source of the differences among the restaurants.

The source of the differences was not identified by SPSS. Nevertheless, we observe from the descriptive statistics that restaurant 5 had the highest mean value ($M = 2.57$) followed by restaurant 4

(M = 2.53). The results suggest that the regular customers of restaurant 5 perceived the highest levels of commitment followed by the regular customers of restaurant 4. In contrast, restaurant 2 had the lowest mean value (M = 2.37) followed by restaurant 1 (M = 2.38). This indicates that the regular customers of restaurant 2 perceived the lowest levels of commitment followed by the regular customers of restaurant 1.

Table 6.49: Post Hoc Test Results for Commitment Multiple Comparisons

| (I) Restaurant | (J) Restaurant | Mean Difference (I-J) | Standard Error | Significance (P value) |
|----------------|----------------|-----------------------|----------------|------------------------|
| 1 | 2 | .01 | .08 | 1.000 |
| | 3 | -.10 | .08 | .651 |
| | 4 | -.14 | .08 | .319 |
| | 5 | -.18 | .08 | .103 |
| 2 | 1 | -.01 | .08 | 1.000 |
| | 3 | -.11 | .07 | .549 |
| | 4 | -.15 | .08 | .241 |
| | 5 | -.20 | .07 | .069 |
| 3 | 1 | .10 | .08 | .651 |
| | 2 | .11 | .07 | .549 |
| | 4 | -.04 | .07 | .982 |
| | 5 | -.08 | .07 | .797 |
| 4 | 1 | .14 | .08 | .319 |
| | 2 | .15 | .08 | .241 |
| | 3 | .04 | .07 | .982 |
| | 5 | -.04 | .07 | .981 |
| 5 | 1 | .18 | .08 | .103 |
| | 2 | .20 | .07 | .069 |
| | 3 | .08 | .07 | .797 |
| | 4 | .04 | .07 | .981 |

* p < 0.05; ** p < 0.01; *** p < 0.001

6.8.4 Differences in SME Owner-Manager Behaviour

To be able to explore differences in SME owner-manager behaviour across the restaurants, we analysed the responses we obtained from the semi-structured interviews we had with SME owner-managers. We present the results as follows: (1) differences in SME owner-manager experiences, and (2) differences in SME owner-manager satisfaction.

(1) Differences in SME Owner-Manager Experiences

We found differences in terms of SME owner-manager experiences among the restaurants. We observed that the SME owner-managers of restaurant 2 and restaurant 5 reported the highest levels of positive experiences on their jobs as was reflected in their responses during the interviews. In contrast, the owners of restaurant 1 and restaurant 3 reported the lowest levels of positive experiences.

(2) Differences in SME Owner-Manager Satisfaction

The results indicate that there were differences in terms of SME owner-manager satisfaction among the restaurants. The SME owner-managers of restaurant 2 and restaurant 5 seemed to have the highest levels of satisfaction probably because they had the highest levels of positive experiences.

6.9 Chapter Conclusions

In this chapter, we have discussed the major findings from our study in relation to the restaurants that were studied. We began by giving a brief description about the five restaurants. Then, we explained the demographic characteristics of our respondents. Next, we presented descriptive statistics and a correlation matrix table for nine out of the eleven study variables in our conceptual model. The findings showed that all the variables were positively and significantly correlated with each other apart from tangible rewards and commitment which had a negative and insignificant correlation with each other.

Then, we performed a factor analysis for the variables in our model. We extracted one factor for customer orientation. We named this factor 'customer care'. We extracted three factors for service quality, namely 'reliability', 'tangibles', and 'empathy'. Only one factor was extracted for interpersonal communication. We labelled this factor 'employee relations with customers'. We did not run a factor analysis for tangible rewards because of the small number of scale items for this variable. We extracted five factors for customer experiences. We named these factors 'professionalism of restaurant employees', 'quality of food', 'feeling at home', 'ambience', and 'extra service'. We extracted five factors for customer satisfaction. These were 'restaurant brand', 'professionalism of restaurant employees', 'convenience', 'price', and 'comfort'. Factor analysis yielded two factors for customer loyalty. We labelled these factors 'attitudinal loyalty' and 'behavioural loyalty'. We extracted two factors for trust. We called these factors 'credibility' and 'reliability'. Two factors were extracted for commitment. We called these factors 'emotional commitment', and 'rational commitment'.

Thereafter, we analysed the RM strategies employed by the restaurants with the aim of answering RQ2 of our study. The findings showed that customers had positive perceptions about service quality and interpersonal communication in the restaurants. However, they had negative perceptions about customer orientation and tangible rewards.

Furthermore, we examined the influence of different RM strategies on customer behaviour in the restaurants. Our aim was to answer RQ3 of this study. The results showed (1) that all the RMIs, with the exception of tangible rewards, had a significant influence on both customer experiences and customer satisfaction, (2) that tangible rewards did not have a significant influence on both customer experiences and customer satisfaction, (3) that customer experiences had a significant influence on customer satisfaction, (4) that customer experiences partially mediated the relationship between the four RMIs and customer satisfaction, (5) that customer satisfaction had a significant influence on customer loyalty, trust, and commitment in the restaurants, (6) that both trust and commitment had a significant influence on customer loyalty in the restaurants, and (7) that trust was a significant influencer of commitment.

We then proceeded to analyse the influence of SME owner-manager behaviour on customer behaviour in the restaurants. This was done with the intention of finding answers to RQ4 of our study. The results seem to indicate (1) that positive SME owner-manager experiences have a positive influence on SME owner-manager satisfaction, (2) that SME owner-managers who were satisfied created more positive experiences for their customers, and (3) that SME owner-manager satisfaction has a significant influence on customer satisfaction.

We would like to complete this chapter by presenting the differences between the five restaurants with the aim of finding answers to RQ5 of our study. From the results showed in this chapter, we may conclude (1) that there were significant differences in the way the five restaurants employed three of the RMIs, i.e., customer orientation, service quality, and interpersonal communication, in their operations, (2) that there were no significant differences in the way the restaurants employed tangible rewards in their operations, (3) that there were significant differences in customer experiences across the restaurants, (4) that there were significant differences in customer behaviour, i.e., customer satisfaction, customer loyalty, trust, and commitment, across the restaurants, and (5) that there were differences in SME owner-manager behaviour, i.e., SME owner-manager experiences and SME owner-manager satisfaction, across the restaurants.

CHAPTER 7: DATA ANALYSIS FOR TRAVEL AGENCIES

In this chapter, we present the results obtained by analysing the data collected during the period August 2008 to July 2009 with respect to the travel agencies. We present the results using the same framework that we employed for the restaurants for purposes of facilitating comparisons between the two SME sectors. More precisely, the data were collected from three types of respondents, namely (1) the regular customers, (2) the SME owner-managers, and (3) the frontline employees of the travel agencies. We collected the data by (a) interviewing the respondents, (b) distributing questionnaires to them, and (c) observing their relational activities (see Chapter 5). At the beginning of the chapter, we give a brief description of the travel agencies (Section 7.1). Then, we describe the demographic characteristics of our respondents (Section 7.2). In addition, we present descriptive statistics and a correlation matrix for the concepts in our conceptual model (Section 7.3). Then, we explain outputs of the factor analysis for the concepts in the model (see Appendix I), the RM strategies employed by the travel agencies (see Appendix J), and the effect of different RM strategies on customer behaviour in the travel agencies (see Appendix K). Further in the chapter, we analyse the influence of SME owner-manager behaviour on customer behaviour in the travel agencies (Section 7.4). We end the chapter by explaining the differences among the travel agencies (Section 7.5) and giving chapter conclusions (Section 7.6).

7.1 Brief Description of the Travel Agencies

Two travel agencies participated in this study. In Table 7.1, we briefly describe each travel agency. Analogously and for the same reason that we advanced in the case of restaurants (see Section 6.1), we refer to the travel agencies as travel agency 1 and 2, respectively. In the same way, we do not use anybody's name throughout the presentation and discussion of our findings as the respondents requested us to keep their identities anonymous. We briefly describe the two travel agencies below.

Travel Agency 1

(1) Commencement of Operations

Travel agency 1 commenced its operations in 2003 and had been operating for five years by the time this study was undertaken.

(2) Ownership

The agency was owned by a middle-aged couple together with their four children. The business was formally registered.

(3) Management

The travel agency was managed by the female owner who was referred to as the MD of the business. She was assisted by a female manager to run the business.

(4) Educational Background of the Owner-Manager

The owner-manager of this travel agency had obtained two diplomas: an advanced diploma in tourism and a diploma in accounting.

(5) Services Offered to Customers

Travel agency 1 specialised in making travel arrangements for its customers. This involved the execution of activities such as arranging travel tickets and visas for customers and booking hotel accommodation. The agency also arranged safari packages for its customers.

(6) Number of Employees

The travel agency had eight full-time employees.

Travel Agency 2

(1) Commencement of Operations

Travel agency 2 started its operations in 1992 and had been operating for about sixteen years by the time we embarked on the data collection process.

(2) Ownership

The agency was owned by an elderly couple who seemed to have accumulated quite a good amount of knowledge about travel because of their long exposure to the travel industry. The business firm was legally registered.

(3) Management

The female owner actively participated in the daily management of the business. She took on the title of Executive Director of the business. To run the business, she was assisted by a male manager.

(4) Educational Background of the Owner-Manager

The owner-manager of the travel agency had obtained a teaching diploma.

(5) Services Offered to Customers

Just like in the case of Travel agency 1, Travel agency 2 also had, as its core service, making travel arrangements for its customers. However, the agency also offered its customers travel advice.

(6) Number of Employees

The agency employed seven employees on a full-time basis.

In Appendix H: H1 and H2, respectively, we provide some more detailed information about each travel agency.

Table 7.1: Brief Description of the Travel Agencies

| | Travel Agency 1 | Travel Agency 2 |
|--|---|--|
| (1) Commencement of Operations | 2003 | 1992 |
| (2) Ownership | Family-owned business | Family-owned business |
| (3) Management | Actively managed by the wife who was also the MD | Actively managed by the wife who was also the Executive Director |
| (4) Educational background of the Owner-Manager | The owner-manager had a diploma in Tourism and a diploma in Accounting | The owner-manager had a teaching diploma |
| (5) Services offered | Issuing travel tickets Arranging visas Travel insurance Booking hotel accommodation Arranging airport transfers Arranging safari packages for tourists Car hire | Issuing travel tickets Arranging visas Making hotel reservations Arranging airport transfers Organising tours Offering travel advice to customers |
| (6) Number of employees | 8 – All full-time | 7 – All full-time |

7.2 Demographic Characteristics of the Respondents

Just like in the case of restaurants, we had three groups of respondents in the travel agencies. These were the regular customers, the SME owner-managers, and the frontline employees (see Chapter 5). We categorised the demographic characteristics of the respondents in the following manner: (1) gender, (2) age group, (3) academic qualifications, (4) form of employment, (5) net income, and (6) profession. We present the demographic characteristics of each group of respondents in Subsections 7.2.1, 7.2.2 and 7.2.3, respectively.

7.2.1 Demographic Characteristics of the Regular Customers

Regular customers in the travel agencies consisted of those customers who filled in the questionnaires. A total of 102 regular customers filled in our questionnaires⁵³ as we illustrate in Table 7.2 (see also Table 5.2). This gives a response rate of 76.7%.

Table 7.2: Number of Regular Customers in Travel Agencies

| Travel Agency | 1 | 2 | Total |
|-----------------------------|----|----|-------|
| Number of Regular Customers | 61 | 41 | 102 |

In the following paragraphs, we present the demographic characteristics of the regular customers who filled in the questionnaires and also present the association between the different demographic variables.

(1) Gender

57 (55.9%) of the regular customers were female while 45 (44.1%) were male as we illustrate in Table 7.3.

Table 7.3: Gender of Regular Customers in Travel Agencies

| Gender | Frequency | Percent |
|--------------|------------|--------------|
| Female | 57 | 55.9 |
| Male | 45 | 44.1 |
| Total | 102 | 100.0 |

(2) Age Group

4 (3.9%) of the regular customers were aged between 20 - 30 years, 39 (38.2%) were aged between 31 - 40 years, 49 (48.0%) were aged between 41 - 50 years and 10 regular customers (9.8%) were over 50 years (see Table 7.4)

Table 7.4: Age Group of Regular Customers in Travel Agencies

| Age Group | Frequency | Percent |
|--------------|------------|--------------|
| 20 - 30 | 4 | 3.9 |
| 31 - 40 | 39 | 38.2 |
| 41 - 50 | 49 | 48.0 |
| Over 50 | 10 | 9.8 |
| Total | 102 | 100.0 |

(3) Academic Qualifications

12 regular customers (11.8%) had obtained a certificate as their highest level of formal education, 43 (42.2%) had obtained a diploma, 43 (42.2%) had obtained a degree and 4 regular customers (3.9%) had obtained other qualifications (see Table 7.5).

⁵³ We did not interview any regular customers from the travel agencies as all those customers who were approached refused to be interviewed citing lack of adequate time to devote to our interviews.

Table 7.5: Academic Qualifications of Regular Customers in Travel Agencies

| Academic Qualification | Frequency | Percent |
|-------------------------------|------------------|----------------|
| Certificate | 12 | 11.8 |
| Diploma | 43 | 42.2 |
| Degree | 43 | 42.2 |
| Other | 4 | 3.9 |
| Total | 102 | 100.0 |

(4) Form of Employment

A total of 55 regular customers (53.9%) were self employed and 45 (44.1%) were employed in an organisation as shown in Table 7.6. Two regular customers (2.0%) did not give any response to this question. One explanation for this could be that they regarded this information as confidential and therefore did not want to disclose it to others.

Table 7.6: Form of Employment of Regular Customers in Travel Agencies

| Form of Employment | Frequency | Percent |
|-----------------------------|------------------|----------------|
| Employed by self | 55 | 53.9 |
| Employed in an organisation | 45 | 44.1 |
| Non response | 2 | 2.0 |
| Total | 102 | 100.0 |

(5) Net income

Only 2 of the regular customers (2.0%) had a net income of less than 500,000 UGSHS⁵⁴ per month, 19 (18.6%) had a net income between UGSHS500,000 and UGSHS1,000,000=, 39 (38.2%) had a net income between UGSHS1,000,000= and UGSHS2,000,000= and 41 regular customers (40.2%) had a net income of UGSHS2,000,000 and above. This information is displayed in Table 7.7. We observe that one regular customer did not disclose his income probably because of privacy reasons.

Table 7.7: Net Income of Regular Customers in Travel Agencies

| Net Income Level per Month (in UGSHS) | Frequency | Percent |
|--|------------------|----------------|
| Less than 500,000 | 2 | 2.0 |
| Between 500,000 and 1,000,000 | 19 | 18.6 |
| Between 1,000,000 and 2,000,000 | 39 | 38.2 |
| 2,000,000 and above | 41 | 40.2 |
| Non response | 1 | 1.0 |
| Total | 102 | 100.0 |

(6) Profession

The majority of regular customers (31.7%) were traders. The rest (68.3%) belonged to a wide variety of professions which mainly consisted of medical doctors, accountants, bankers, administrators, marketers, lawyers, teachers and consultants in different fields.

Association between the Different Demographic Variables

We used the chi square test to investigate if there were any associations between the different demographic variables in the travel agencies. We briefly discuss our findings below.

⁵⁴ As at 19th September 2011, 1 EUR = 3790 UGSHS.

(1) Gender and Net Income

We found a significant association between gender and net income of the regular customers ($p = 0.036$).

(2) Education and Net Income

The results indicate that there is a significant association between education and net income ($p = 0.002$).

(3) Education and Form of Employment

We also found a significant association between education and form of employment ($p = 0.009$).

(4) Age Group and Net Income

We found no evidence to suggest that there is a significant association between age group of the regular customers and net income ($p > 0.05$).

(5) Age Group and Form of Employment

The results indicate that there is no significant association between age group and form of employment ($p > 0.05$).

(6) Age Group and Education

We also observe that the association between age group and education is not significant ($p > 0.05$).

(7) Gender and Education

We did not find a significant association between gender and education ($p > 0.05$).

(8) Net Income and Form of Employment

We found a significant association between net income and form of employment ($p = 0.006$).

(9) Gender and Form of Employment

We found no evidence to suggest that gender and form of employment are significantly associated ($p > 0.05$).

7.2.2 Demographic Characteristics of the SME Owner-Managers

Three SME owner-managers in the travel agencies were interviewed⁵⁵ as shown in Table 7.8. Two were travel-agency owners and one was a reservation manager. Two of the SME owner-managers were from travel agency 1 and one SME owner-manager was from travel agency 2. All the SME owner-managers were female. The educational background of the SME owner-managers is shown in Table 7.1. We were not able to establish the age groups of the SME owner-managers as they were reluctant to give us their ages.

Table 7.8: SME Owner-Managers who were interviewed in Travel Agencies

| Travel Agency | 1 | 2 | Total |
|-------------------------------|--------------------------------------|-----------|-------|
| Category of SME owner-manager | Owner (1) Reservation Manager (1) | Owner (1) | 3 |

7.2.3 Demographic Characteristics of the Frontline Employees

We conducted semi-structured interviews with four frontline employees from the travel agencies. Two were from travel agency 1 and another two were from travel agency 2. Three of the employees were female and one employee was male. The four frontline employees had different job titles.

The first frontline employee was an accountant. His duties involved making receipts for customers after they had paid for their tickets and sometimes, delivering tickets to customers' premises. He had a Bachelor of Commerce degree in accounting.

⁵⁵ We did not distribute questionnaires to the SME owner-managers of travel agencies because of the small sample size involved (see Chapter 5, Subsection 5.3.2).

The second frontline employee was a reservations assistant. Her duties consisted of organising tours for customers, making travel reservations for customers, and answering emails. She had a Bachelor's degree in tourism.

The third frontline employee was a reservation officer/cashier. She was entrusted with the tasks of handling customer reservations, ticketing, handling cash collections from debtors and all related banking issues. She had obtained a ticketing certificate and an International Air Travel Association (IATA)⁵⁶ standard certificate.

The fourth frontline employee was a travel consultant. Her duties consisted of issuing travel tickets to customers, arranging visas for customers, organising tours, and doing sales and marketing for the company. She had an international diploma in IATA and a certificate in Tours.

7.3 Descriptive Statistics and a Correlation Matrix for the Major Study Variables

We used an approach similar to the one we adopted for the restaurants (see Section 6.3) to investigate and describe existing correlations between our variables of interest in the travel agencies. The number of respondents to our questionnaires was 102. Nevertheless, this was still acceptable to run the frequency test and the correlation test. Our findings are displayed in Table 7.9.

⁵⁶ IATA is an international industry trade group of airlines with its headquarters in Montreal, Canada. IATA's mission is to represent, lead, and serve the airline industry (http://en.wikipedia.org/wiki/International_Air_Transport_Association - website accessed on 14th June 2011).

Table 7.9: Correlation Matrix for Travel Agencies (N = 102)

| Variable | Mean | Standard Deviation | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 |
|--------------------------------------|------|-----------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| 1 Customer Orientation | 3.05 | 0.30 | (0.806) | | | | | | | | |
| 2 Service Quality | 2.47 | 0.34 | 0.530** | (0.807) | | | | | | | |
| 3 Interpersonal Communication | 3.03 | 0.28 | 0.448** | 0.442** | (0.775) | | | | | | |
| 4 Tangible Rewards | 2.02 | 0.42 | 0.181 | 0.099 | 0.368** | (0.260) | | | | | |
| 5 Customer Experiences | 2.91 | 0.16 | 0.179 | 0.275* | 0.526** | 0.084 | (0.779) | | | | |
| 6 Customer Satisfaction | 3.01 | 0.25 | 0.435** | 0.298** | 0.661** | 0.498** | 0.473** | (0.861) | | | |
| 7 Customer Loyalty | 3.08 | 0.34 | 0.379** | 0.194 | 0.667** | 0.398** | 0.458** | 0.722** | (0.926) | | |
| 8 Trust | 3.09 | 0.30 | 0.612** | 0.523** | 0.612** | 0.343** | 0.458** | 0.725** | 0.644** | (0.896) | |
| 9 Commitment | 2.88 | 0.47 | -0.149 | -0.243* | 0.205* | 0.134 | 0.295** | 0.395** | 0.380** | 0.064 | (0.874) |

Note:

1. N represents the number of regular customers who filled in our questionnaires.
2. ** Correlation is statistically significant at the 0.01 level (2 tailed).
3. *Correlation is statistically significant at the 0.05 level (2 tailed).
4. We have shown the reliability coefficient (Cronbach's alpha) for each variable along the diagonal in brackets and **bold** print.
5. Customer experiences consist of a combination of importance of customer experiences, level of satisfaction with customer experiences, and intensity of customer experiences.
6. We captured the data on SME owner-manager experiences and SME owner-manager satisfaction qualitatively.

When we take into consideration the mean results and standard deviation results in Table 7.9, we observe that customer loyalty had the highest mean value in the travel agencies and tangible rewards had the lowest mean value. Furthermore, customer experiences had the lowest standard deviation and tangible rewards had the highest standard deviation.

The correlation results in Table 7.9 show the following correlations between the different pairs of variables.

(1) Customer orientation

Customer orientation was significantly correlated with all the study variables with the exception of tangible rewards ($r = 0.181$; $p = 0.077$), customer experiences ($r = 0.179$; $p = 0.106$), and commitment ($r = -0.149$; $p = 0.143$). We observe that the correlation between customer orientation and commitment is not only insignificant but also negative.

(2) Service Quality

We found a significant correlation between service quality and all our variables of interest apart from service quality and tangible rewards ($r = 0.099$; $p = 0.358$), and service quality and customer loyalty ($r = 0.194$; $p = 0.067$). Moreover, we observe that the relationship between service quality and commitment, though significant, was negative ($r = -0.243$; $p = 0.021$).

(3) Interpersonal communication

The results indicate that interpersonal communication is significantly correlated with all our study variables.

(4) Tangible rewards

We found no evidence to suggest that there were significant correlations between tangible rewards and customer orientation ($r = 0.181$; $p = 0.077$), tangible rewards and service quality ($r = 0.099$; $p = 0.358$), tangible rewards and customer experiences ($r = 0.084$; $p = 0.456$), and tangible rewards and commitment ($r = 0.134$; $p = 0.195$). There were, however, significant correlations between tangible rewards and interpersonal communication, customer satisfaction, customer loyalty, and trust.

(5) Customer Experiences

The results suggest that customer experiences are significantly correlated with all the study variables with the exception of customer orientation ($r = 0.179$; $p = 0.106$) and tangible rewards ($r = 0.084$; $p = 0.456$).

(6) Customer Satisfaction

Customer satisfaction was significantly correlated to all the study variables.

(7) Customer Loyalty

The correlation test reveals that there is a significant correlation between customer loyalty and all our variables of interest with the exception of service quality ($r = 0.194$; $p = 0.067$).

(8) Trust

We found that trust was significantly correlated with all the study variables apart from commitment ($r = 0.064$; $p = 0.524$). This was a surprising finding as most previous studies (see, e.g., De Wulf and Odekerken-Schröder, 2003) discovered a significant relationship between trust and commitment.

(9) Commitment

Commitment was significantly related to all the variables in our conceptual model with the exception of the following variables: commitment and customer orientation ($r = -0.149$; $p = 0.143$), commitment and tangible rewards ($r = 0.134$; $p = 0.195$), and commitment and trust ($r = 0.064$; $p = 0.524$). Again, we reiterate that the relationship between commitment and customer orientation was negative and insignificant.

We also performed a factor analysis to identify those dimensions among the variables that characterise the RM practices of the travel agencies (see Appendix I). In addition, we used descriptive statistics and content analysis to triangulate the findings that we obtained from the questionnaires and the interviews

(see Appendix J). Our aim in undertaking these tasks was to find out the RM strategies employed by SMEs in this sector and thus obtain answers to RQ2. Moreover, we conducted multiple regression tests in order to determine the influence of the employed RM strategies on customer behaviour in the travel agencies and thus to be able to answer RQ3 (see Appendix K).

7.4 The Influence of SME Owner-Manager Behaviour on Customer Behaviour

In this section, we investigated the influence that SME owner-manager behaviour may have on customer behaviour in the travel agencies. Our goal was to obtain answers to RQ4 of this study. We conducted semi-structured interviews with the owner-managers of the travel agencies. We wish to point out, however, that much as we have the results from the interviews, the small sample size (see Subsection 5.3.2) does not allow us to make conclusions.

Our results are contained in three subsections. In Subsection 7.4.1, we present the results on the relationship between SME owner-manager experiences and SME owner-manager satisfaction. In Subsection 7.4.2, we focus on the relationship between SME owner-manager satisfaction and customer experiences. In Subsection 7.4.3, we discuss the relationship between SME owner-manager satisfaction and customer satisfaction.

7.4.1 SME Owner-Manager Experiences and SME Owner-Manager Satisfaction

During our interviews with SME owner-managers, we posed to them several questions relating to their experiences and satisfaction in the course of managing the travel agencies under study. Our aim here was to explore the relationship between SME owner-manager experiences and SME owner-manager satisfaction. In Appendix L: L1, L2, and L3, we give a summary of the questions we asked and the responses we obtained.

A closer analysis of the results indicates that the experiences that SME owner-managers go through fall into the following four groups: (1) customer-based experiences (i.e., those that arise from customer feedback), (2) employee-based experiences (i.e., those that emerge from the relationships that SME owner-managers had with their employees), (3) structural-based experiences (i.e., those that originate from the partners that the travel agencies dealt with in the travel industry and the way the travel industry was structured), and (4) recognition-based experiences (i.e., those that come from any form of recognition that was awarded to the businesses of the SME owner-managers).

It appears from the results that in general, positive experiences lead to high SME owner-manager satisfaction and negative experiences lead to low SME owner-manager satisfaction. Thus, we can infer that **P9** which states that SME owner-manager experiences are related to SME owner-manager satisfaction seems to be supported in the case of travel agencies.

7.4.2 SME Owner-Manager Satisfaction and Customer Experiences

During the course of the interviews, we also asked SME owner-managers questions relating to their personal satisfaction while managing the travel agencies and if this had any influence on their behaviour towards customers (see Appendix L: L4). Our desire was to explore the relationship between SME owner-manager satisfaction and customer experiences.

The findings appear to suggest that in general, high SME owner-manager satisfaction relates to positive customer experiences. Furthermore, we observed that the manager of travel agency 1 created neutral experiences for customers despite her high level of satisfaction and therefore did not fall in this general trend. From the results, we can deduce that **P10a** which states that SME owner-manager satisfaction is related to customer experiences seems to be partly supported in the case of travel agencies.

7.4.3 SME Owner-Manager Satisfaction and Customer Satisfaction

Interview results suggest that, in general, those SME owner-managers who had high levels of personal satisfaction also had customers who reported high levels of satisfaction. For example, the manager of travel agency 1 who reported high levels of job satisfaction had regular customers who were highly satisfied with the service provided. Therefore, the results seem to provide some evidence to support **P10b** which states that SME owner-manager satisfaction is related to customer satisfaction among SMEs in Uganda.

7.5 Differences among the Travel Agencies

RQ5 of this study sought to investigate if there were any significant differences in the employment of RM strategies among SMEs in the service sector in Uganda. To be able to answer this research question, we performed Independent Samples T-tests to establish if there were any differences that were significant between the two travel agencies. In this section, we deal with the results for travel agencies. We use our conceptual model as a guide to our presentation.

This section contains four subsections. In Subsection 7.5.1, we explain the differences in the RMIs employed by the travel agencies. In Subsection 7.5.2, we deal with the differences in customer experiences between the travel agencies. Subsection 7.5.3 discusses the differences in customer behaviour between the travel agencies. In subsection 7.5.4, we focus on the differences in SME owner-manager behaviour between the travel agencies. In Appendix M: M1 and M2, we provide a summary of the results.

7.5.1 Differences in RMIs Employed

We performed Independent Samples T-tests in order to establish if there were any differences in the RMIs employed between the two travel agencies. In this subsection, we deal with our findings in the following four divisions: (1) differences in customer orientation, (2) differences in service quality, (3) differences in interpersonal communication, and (4) differences in tangible rewards.

(1) Differences in Customer Orientation

Our evidence points to significant differences in terms of customer orientation between the two travel agencies ($p = 0.018 < 0.05$). We can infer from the results that regular customers perceived significant differences between the travel agencies in terms of customer orientation. Travel agency 2 had a higher mean value ($M = 3.15$) than travel agency 1 ($M = 2.98$). Thus, regular customers perceived travel agency 2 to have a higher level of customer orientation than travel agency 1.

(2) Differences in Service Quality

The results indicate that there were no significant differences in terms of service quality between the two travel agencies ($p = 0.318 > 0.05$). We can therefore claim that regular customers did not perceive significant differences between the travel agencies in terms of service quality.

(3) Differences in Interpersonal Communication

We found no significant differences in terms of interpersonal communication between the two travel agencies ($p = 0.902 > 0.05$). These results suggest that regular customers did not perceive significant differences between the travel agencies in terms of interpersonal communication.

(4) Differences in Tangible Rewards

We observe that there were no significant differences in terms of tangible rewards between the travel agencies ($p = 0.131 > 0.05$). We can deduce from these results that regular customers did not perceive significant differences between the two travel agencies in terms of tangible rewards.

7.5.2 Differences in Customer Experiences

The results indicate that there were significant differences in terms of customer experiences between the two travel agencies ($p = 0.039$). This implies that regular customers perceived significant differences between the travel agencies in terms of customer experiences. Travel agency 1 had a higher mean value ($M = 2.94$) than travel agency 2 ($M = 2.85$). In other words, regular customers perceived travel agency 1 to be more experience-oriented than travel agency 2.

7.5.3 Differences in Customer Behaviour

In order to examine if there were any differences in customer behaviour across the travel agencies, we conducted Independent Samples T-tests on the four variables that make up customer behaviour in this research. We deal with our results in the following four divisions: (1) differences in customer satisfaction, (2) differences in customer loyalty, (3) differences in trust, and (4) differences in commitment.

(1) Differences in Customer Satisfaction

We found no evidence to suggest that there were significant differences in terms of customer satisfaction between the two travel agencies ($p = 0.469 > 0.05$). From the results, we can infer that regular customers perceived similar levels of satisfaction in the two travel agencies.

(2) Differences in Customer Loyalty

We observe that there were no significant differences in terms of customer loyalty between the two travel agencies ($p = 0.337 > 0.05$). This result indicates that the loyalty that regular customers had towards the travel agency they regularly dealt with did not differ significantly between the two travel agencies.

(3) Differences in Trust

We found no significant differences in terms of trust between the two travel agencies ($p = 0.216 > 0.05$). These findings suggest that the level of trust that regular customers had in the travel agency they regularly dealt with did not differ significantly between the two travel agencies.

(4) Differences in Commitment

The results indicate that there were significant differences in terms of commitment between the two travel agencies ($p = 0.014 < 0.05$). We can therefore put forward our claim that regular customers perceived significant differences in their levels of commitment towards the two travel agencies. Travel agency 1 had a higher mean value ($M = 3.00$) than travel agency 2 ($M = 2.74$). In other words, Travel agency 1 was perceived to have significantly higher levels of customer commitment than travel agency 2.

7.5.4 Differences in SME Owner-Manager Behaviour

We investigated the differences in SME owner-manager behaviour between the travel agencies by analysing the feedback we received from the interviews we carried out with SME owner-managers. In this section, we present the results as follows: (1) differences in SME owner-manager experiences, and (2) differences in SME owner-manager satisfaction.

(1) Differences in SME Owner-Manager Experiences

We found no major differences in terms of SME owner-manager experiences between the two travel agencies. The owner-managers we interviewed all reported high levels of positive experiences on their jobs.

(2) Differences in SME Owner-Manager Satisfaction

The results indicate that there are no major differences in terms of owner-manager satisfaction between the travel agencies studied. The owner-managers who were interviewed all reported high levels of satisfaction.

7.6 Chapter Conclusions

This chapter has dealt with our major findings in relation to the two travel agencies that took part in this study. Below, we give a summary of these findings.

- (1) The correlation matrix shows that there was a positive and significant correlation between all the study variables with the exception of the following variables: customer orientation did not have a significant relationship with tangible rewards, customer experiences, and commitment; service quality did not have a significant relationship with tangible rewards and customer loyalty; though the relationship between service quality and commitment was significant, it was negative; tangible rewards did not have a significant relationship with customer experiences and commitment; and trust did not have a significant relationship with commitment.
- (2) When we performed a factor analysis for the study variables, we extracted one factor for customer orientation which we named 'customer care'. We extracted two factors for service quality and we named them 'reliability' and 'tangibles'. In addition, we extracted two factors for interpersonal communication, namely 'interaction with employees' and 'providing updates'. Five factors were extracted for customer experiences. We named these factors 'professionalism of travel agency employees', 'service efficiency', 'flexibility', 'feeling at home', and 'ambience'. We extracted four factors for customer satisfaction. These were 'price', 'agency brand', 'flexibility', and 'service variety'. We obtained two factors for customer loyalty which we named 'attitudinal loyalty' and 'behavioural loyalty'. We extracted only one factor for trust and we named this factor 'credibility'. We extracted two factors for commitment, namely emotional commitment, and rational commitment.
- (3) Regular customers perceived customer orientation and interpersonal communication in the two travel agencies in a positive manner. However, their perceptions about service quality and tangible rewards were negative.
- (4) When we performed regression tests, we found (a) that interpersonal communication was the only RMI that had a significant influence on customer experiences, (b) that all the RMIs, with the exception of service quality, had a significant influence on customer satisfaction, (c) that service quality did not have a significant influence on both customer experiences and customer satisfaction, (d) that customer experiences had a significant influence on customer satisfaction, (e) that customer experiences partially mediated the relationship between the four RMIs and customer satisfaction, (f) that customer satisfaction had a significant influence on customer loyalty, trust, and commitment in the travel agencies, (g) that both trust and commitment had a significant influence on customer loyalty in the travel agencies, and (h) that trust did not significantly influence commitment in this sector.
- (5) Our interview results with SME owner-managers in this sector appear to suggest (a) that positive SME owner-manager experiences have a positive influence on SME owner-manager satisfaction, (b) that SME owner-managers who were satisfied created more positive experiences for their customers, and (c) that SME owner-manager satisfaction has a significant influence on customer satisfaction.
- (6) The Independent Samples T-test results show (a) that there were no significant differences in the way the two travel agencies employed service quality, interpersonal communication, and tangible rewards, in their operations, (b) that there were significant differences in the way the travel agencies employed customer orientation in their operations, (c) that customer experiences were significantly different across the travel agencies, (d) that customer behaviour

did not significantly differ in the following aspects: customer satisfaction, customer loyalty, and trust, (e) that customer behaviour significantly differed in the commitment aspect, and (f) that there were no major differences in SME owner-manager behaviour across the travel agencies.

CHAPTER 8: A COMPARISON OF THE FINDINGS BETWEEN RESTAURANTS AND TRAVEL AGENCIES

The aim of this chapter is to compare our findings from the five restaurants and the two travel agencies that were studied. The restaurants and travel agencies belong to two distinct SME service sectors, namely the restaurant sector and the travel-agency sector, respectively.

We begin by comparing our findings on the association between demographic variables in the two sectors (Section 8.1). Next, we compare the findings on factor analysis (Section 8.2) and on the correlations between the study variables in our model (Section 8.3). Then, we compare our findings on the RM strategies employed in both SME sectors (Section 8.4). We proceed to contrast the two sectors in terms of the effect of different RM strategies on customer behaviour (Section 8.5). Then, we compare our findings on the influence of SME owner-manager behaviour on customer behaviour in the two sectors (Section 8.6). We conclude the chapter by comparing our findings on the differences among the SMEs within each sector (Section 8.7) and giving chapter conclusions (Section 8.8).

8.1 Association between Different Demographic Variables

For both restaurants and travel agencies under study, we found a statistically significant association between the following demographic variables: (1) gender of regular customers and net income, (2) education and net income, (3) education and form of employment and (4) net income and form of employment. In all the cases, the p value from the chi square test was less than 0.05.

There was, however, no significant association between the following demographic variables in both SME sectors: gender and education, and gender and form of employment. In all the cases, the p value from the chi square test was greater than 0.05.

The two sectors did not differ in terms of their association with the variables mentioned above probably because SMEs in both sectors are operating in the same Ugandan culture where gender, education, net income, and form of employment are perceived in a similar manner regardless of the sector in which the SME is operating.

Restaurants and travel agencies differed in terms of association between the following demographic variables: age group and net income, age group and education, and education and form of employment. Our findings show that there was a significant association between these variables in the case of restaurants ($p < 0.05$). However, there was no association between these variables in the case of travel agencies ($p > 0.05$). The differences in both sectors could be caused by differences in terms of the customer groups served by both sectors in Uganda. In the restaurant sector, for example, the customer groups served vary widely in terms of age. Younger customers are likely to have less income and lower education levels compared to older customers. Lower education levels usually attract lower paying jobs. In contrast, in the travel-agency sector, there are less variations in terms of age of the customers served as travelling in Uganda seems to be a preserve of older customers who are likely to have accumulated more savings, are usually more educated, and usually have better paying jobs.

8.2 Factor Analysis

This section consists of nine subsections. In each subsection, we compare our findings on factor analysis in the two sectors. The findings are compared in terms of the following variables: customer orientation (Subsection 8.2.1), service quality (Subsection 8.2.2), interpersonal communication (Subsection 8.2.3), tangible rewards (Subsection 8.2.4), customer experiences (Subsection 8.2.5),

customer satisfaction (Subsection 8.2.6), customer loyalty (Subsection 8.2.7), trust (Subsection 8.2.8), and commitment (Subsection 8.2.9).

8.2.1 Customer Orientation

For both sectors, only one factor emerged when factor analysis was computed for customer orientation. In both sectors, we labelled this factor, customer care. The lack of a clear difference in both sectors when it comes to factor analysis for customer orientation could be attributed to the importance that Ugandan customers attach to customer care regardless of the sector they are dealing with.

8.2.2 Service Quality

In the case of restaurants, factor analysis for service quality yielded three factors, namely (1) reliability, (2) tangibles, and (3) empathy, with reliability showing the highest variation in service quality, followed by tangibles and then empathy. In the case of travel agencies, only two factors were extracted, namely (1) reliability, and (2) tangibles. Reliability explained a higher variation in service quality than tangibles. When we compare the results, we see that in both sectors, customers perceive service quality in terms of reliability and tangibles. Furthermore, in the restaurant sector, customers also perceive service quality in terms of empathy. However, this is not the case in the travel-agency sector. The difference in perception regarding empathy could be explained by the more frequent face-to-face interactions between frontline employees and customers of restaurants compared to the situation in the travel agencies. This may open up more possibilities for service variation in the restaurants, which may require frontline employees to be more empathetic in preventing or solving customer service problems compared to their travel-agency counterparts.

8.2.3 Interpersonal Communication

Factor analysis for interpersonal communication yielded only one factor in the case of restaurants. Employee relations with customers is the name we gave to this factor. In the case of travel agencies, two factors were extracted, namely (1) interaction with employees, and (2) providing updates. Interaction with employees accounted for a higher variation in interpersonal communication than providing updates. The difference in the results in both sectors could be explained by the nature of both sectors. In the restaurant sector, customers have more face-to-face interactions with frontline employees. Thus, their perception about interpersonal communication is likely to be based on their relations with frontline employees. In contrast, in the travel-agency sector, customers seem to value more the efficiency of their transactions with the travel agency. Therefore, the perceptions they have about interpersonal communication are likely to have a bearing on how they interact with employees and how regularly they receive updates, factors that they probably regard as promoting efficiency.

8.2.4 Tangible Rewards

In both SME sectors, we did not perform a factor analysis for tangible rewards as this construct had only two items on the scale in the case of restaurants and only three items on the scale in the case of travel agencies.

8.2.5 Customer Experiences

Factor analysis for customer experiences yielded five factors in the case of restaurants. These were (1) professionalism of restaurant employees, (2) quality of food, (3) feeling at home, (4) ambience, and (5) extra service, with professionalism of restaurant employees showing the highest variance and extra service showing the least variance. Similarly, five factors were extracted in the case of travel agencies, namely (1) professionalism of travel-agency employees, (2) flexibility, (3) service efficiency, (4) feeling at home, and (5) ambience. Professionalism of travel-agency employees showed the highest variation in customer experiences while ambience showed the least variation. We observe that in both sectors, professionalism of employees was the most critical factor in accounting for the variance in

customer experiences. This is probably because of the importance that customers attach to being served by professional employees in the service sector in general. Thus, any service that is provided by a professional employee is likely to result into positive customer experiences. We further observe that there were differences in the way customers in both sectors perceived the remaining factors in terms of their contribution to customer experiences. These differences could be a result of the differences in the nature of the two sectors that we studied.

8.2.6 Customer Satisfaction

Factor analysis for customer satisfaction yielded five factors in the case of restaurants, namely (1) restaurant brand, (2) professionalism of restaurant employees, (3) convenience, (4) price, and (5) comfort with restaurant brand showing the highest variation and comfort showing the least variation. In the case of travel agencies, four factors were extracted, namely (1) price, (2) agency brand, (3) flexibility, and (4) service variety, with price explaining the highest variation and service variety explaining the least variation. Again, we observe that in both sectors, SME brand showed a high variation in customer satisfaction. This could be because of the importance that customers attach to branding. In Uganda, just like in many other developing countries, there is a great deal of service variation. Therefore, customers tend to perceive their satisfaction in terms of how strong the SME brand is they are dealing with. The differences in the contribution of the remaining factors in explaining customer satisfaction in both sectors could be explained by the differences in the nature of both sectors.

8.2.7 Customer Loyalty

Factor analysis for customer loyalty yielded two factors in the case of restaurants, namely (1) attitudinal loyalty, and (2) behavioural loyalty, with attitudinal loyalty showing a higher variation than behavioural loyalty. Similarly, two factors were extracted in the case of travel agencies, namely (1) attitudinal loyalty, and (2) behavioural loyalty, with behavioural loyalty explaining a higher variation than attitudinal loyalty. The similarity in the factors extracted for both sectors could be explained by the similar cultural setting in which services are provided in the two sectors. Thus, customer evaluations regarding loyalty in both sectors are likely to be based on the same factors because of similar cultural predispositions.

8.2.8 Trust

Factor analysis for trust yielded two factors in the case of restaurants, namely (1) credibility, and (2) reliability, with credibility explaining a higher variation than reliability. In contrast, only one factor was extracted for trust in the case of travel agencies. We labelled this factor credibility. In both sectors, credibility was a critical factor in accounting for the variance in trust probably because of the generally lower levels of honesty in developing countries compared to those in the developed world. Thus, customers in both sectors develop a tendency to perceive trust mainly in terms of credibility because of the fear of being cheated. Reliability was perceived to be a critical factor in the restaurant sector unlike in the travel-agency sector probably because of the differences in levels of professionalism in the two sectors. Most frontline employees in restaurants in Uganda are not well-trained and therefore customers tend to evaluate trust on the basis of how skilled employees are in serving them. When dealing with travel agencies, customers do not have to worry much about reliability as on average, most travel-agency employees have the necessary qualifications to provide an acceptable level of service to their clients.

8.2.9 Commitment

Factor analysis for commitment yielded two factors in the case of the restaurants, namely (1) emotional commitment, and (2) rational commitment. Emotional commitment explained a higher variation than rational commitment. In the same way, two factors were extracted for commitment in the case of travel

agencies. We labelled these factors (1) emotional commitment, and (2) rational commitment. Rational commitment explained a higher variation in commitment than emotional commitment. Again, we can attribute the similarity in the factors that we extracted for both sectors to the similar cultural environment in which the two sectors are operating.

8.3 Correlation between the Study Variables

For both restaurants and travel agencies, the results indicate a significant relationship between the following study variables: (1) service quality and customer experiences, (2) interpersonal communication and customer experiences, (3) customer orientation and customer satisfaction, (4) service quality and customer satisfaction, (5) interpersonal communication and customer satisfaction, and (6) tangible rewards and customer satisfaction. Furthermore, for both SME sectors, we found a significant relationship between (7) customer satisfaction and trust, (8) customer satisfaction and commitment, (9) customer satisfaction and customer loyalty, (10) trust and customer loyalty, and (11) commitment and customer loyalty. There also seemed to be a significant relationship between (12) SME owner-manager experiences and SME owner-manager satisfaction, and (13) SME owner-manager satisfaction and customer experiences.

The two SME sectors differed in terms of the relationship between the following study variables: (1) customer orientation and customer experiences, (2) tangible rewards and customer experiences, and (3) trust and commitment. In the case of restaurants, there was a significant relationship between customer orientation and customer experiences, tangible rewards and customer experiences, and trust and commitment. However, the relationship between these pairs of variables was not significant in the case of travel agencies.

The cause of the differences in the two SME sectors could be explained by the different customer groups served and therefore the different demands imposed on each sector. Customers in the restaurant sector, for example, have different expectations when it comes to tangible rewards because of the wider variation in the demographic characteristics of the customers served. Because of different expectations, customers in both sectors may respond in different ways towards our variables of interest.

8.4 RM Strategies Employed in both SME Sectors

This section consists of two subsections. Subsection 8.4.1 compares findings on the most employed RMIs in both SME sectors. Subsection 8.4.2 compares findings on the least employed RMIs in both SME sectors.

8.4.1 Most Employed RMIs

The results indicate that service quality and interpersonal communication are the two RMIs that were most employed by the five restaurants. In comparison, customer orientation and interpersonal communication are the two RMIs that were most employed by the two travel agencies. In other words, regular customers in both sectors had positive perceptions about interpersonal communication.

The difference in customer perceptions of the most employed RMIs in the two sectors could be caused by the different levels of investment undertaken by SMEs in both sectors. In the restaurant sector, for example, SMEs tend to focus more on service quality aspects such as the neatness of the restaurant premises and adequate parking space which are frequently evaluated by customers every time they visit the restaurant premises. In contrast, SME owner-managers in the travel-agency sector seem to make more investments in improving interpersonal communication channels, for example, having a reliable website and employing well-trained workers. They deem these as important aspects that are often evaluated whenever a client calls in to make his booking.

8.4.2 Least Employed RMIs

Customer orientation and tangible rewards were the least employed RMIs in the restaurant sector. In comparison, service quality and tangible rewards were the least employed RMIs in the travel-agency sector. In other words, regular customers in both sectors had negative perceptions about tangible rewards. We observe that tangible rewards were perceived to be the least employed RMIs in both sectors. The reason why there is no difference in customer perceptions about tangible rewards in the two sectors is probably because tangible rewards are costly for SMEs in Uganda to provide given their limited operating budgets. Thus, they often allocate only a limited amount of funds to tangible rewards.

8.5 The Influence of Different RM Strategies on Customer Behaviour

This section consists of nine subsections. In each subsection, we compare our findings on the influence of different RM strategies on customer behaviour in both SME sectors. The findings are compared in terms of the following pairs of variables: RMIs and customer experiences (Subsection 8.5.1), RMIs and customer satisfaction (Subsection 8.5.2), customer experiences and customer satisfaction (Subsection 8.5.3), customer satisfaction and trust (Subsection 8.5.4), customer satisfaction and commitment (Subsection 8.5.5), customer satisfaction and customer loyalty (Subsection 8.5.6), trust and commitment (Subsection 8.5.7), trust and customer loyalty (Subsection 8.5.8), and commitment and customer loyalty (Subsection 8.5.9).

8.5.1 RMIs and Customer Experiences

The results indicate that in the case of restaurants, all the RMIs except tangible rewards were significant predictors of customer experiences. Service quality explained the highest variation in customer experiences while customer orientation explained the least variation in customer experiences in this sector. In comparison, interpersonal communication was the only RMI that significantly predicted customer experiences in the case of travel agencies. The rest of the RMIs were not significant predictors of customer experiences in this sector. The differences in the two SME sectors could be attributed to differences in internal operations of the two sectors. In the restaurant sector, for example, there are more possibilities of variations in customer orientation, service quality, and interpersonal communication when serving customers because of more regular contacts with customers than in the travel-agency sector. This means that customers in the restaurant sector may be exposed to a wider variety of experiences than their counterparts in the travel agencies.

8.5.2 RMIs and Customer Satisfaction

In the case of restaurants, we found that all the RMIs except tangible rewards were significant predictors of customer satisfaction. Service quality explained the greatest variation in customer satisfaction while interpersonal communication explained the least variation in this sector. In the case of travel agencies, all the RMIs except service quality were significant predictors of customer satisfaction. Interpersonal communication explained the greatest variation in customer satisfaction while customer orientation explained the least variation in customer satisfaction in this sector. The results also indicate that in both sectors, demographic variables did not have any significant contribution to customer satisfaction over and above the RMIs. The cause of the differences in both sectors could be explained by differences in customer expectations in the two sectors. Tangible rewards, for example, may not vary greatly from one restaurant to another because of the intensive competition in the sector. Thus, a mere provision of tangible rewards may not have a significant influence on customer satisfaction in this sector. In contrast, in the travel-agency sector, tangible rewards may vary greatly from one agency to another because travel agencies, by their nature, usually offer a wide variety of travel deals to attract customers to buy from them. Thus, customers in this sector are likely to be significantly influenced by the availability of tangible rewards.

8.5.3 Customer Experiences and Customer Satisfaction

The results indicate that in both SME sectors, customer experiences significantly predicted customer satisfaction. However, the contribution of customer experiences varied in both sectors. In the restaurant sector, we found that both level of satisfaction with customer experiences and intensity of customer experiences significantly predicted a variance in customer satisfaction. Importance of customer experiences was not a significant predictor of customer satisfaction in this sector. The factors that contributed to this variance in order of contribution were (1) intensity of customer experiences relating to the professionalism of restaurant employees, (2) intensity of customer experiences relating to the quality of food, and (3) level of satisfaction with customer experiences relating to the professionalism of restaurant employees.

In comparison, the results indicate that only the level of satisfaction with customer experiences significantly predicted a variance in customer satisfaction in the case of travel agencies. The factors that contributed to this variance in their order of contribution were (1) level of satisfaction with customer experiences relating to feeling at home while in the travel agency, and (2) level of satisfaction with customer experiences relating to flexibility.

In addition, the results indicate that customer experiences partially mediated the relationship between all the RMIs and customer satisfaction in the five restaurants. In contrast, customer experiences partially mediated the relationship between only one RMI (i.e., service quality) and customer satisfaction in the two travel agencies. We did not find support for mediation between the rest of the RMIs and customer satisfaction in this sector.

Customer experiences had a significant influence on customer satisfaction in both SME sectors probably because of the tendency of positive customer experiences to appeal to customers' inner emotions which can translate into customer satisfaction. Both sectors face intensive competition and therefore an SME that provides different experiences to its customers is more inclined to creating a satisfied set of customers.

8.5.4 Customer Satisfaction and Trust

In both SME sectors, customer satisfaction was a significant predictor of trust. In the case of restaurants, the factors under customer satisfaction that contributed to this variance in their order of contribution were (1) restaurant brand, (2) professionalism of restaurant employees, and (3) comfort of the restaurant. Price and convenience were not significant predictors of trust in this sector. In the case of travel agencies, the factors under customer satisfaction that contributed to this variance in their order of contribution were (1) agency brand, (2) flexibility, and (3) service variety. Price was not a significant predictor of trust in this sector. We observe that in both sectors, customer satisfaction with the SME brand was a critical influencer of trust. This could probably be because of the environment in which both sectors are operating. In Uganda, customers usually have to put up with poor service in general. Thus, an SME that has a reputation which customers are satisfied with is likely to win more trust from customers. The factors under customer satisfaction that significantly explain trust are different in both sectors because of the different values that customers in both sectors attach to various attributes.

8.5.5 Customer Satisfaction and Commitment

The results indicate that in both SME sectors, customer satisfaction was a significant predictor of commitment. In the case of restaurants, the factors under customer satisfaction that contributed to this variance in their order of contribution were (1) comfort of the restaurant, and (2) restaurant brand. Professionalism of restaurant employees, convenience, and price were not significant predictors of commitment in this sector. In the case of travel agencies, the factors under customer satisfaction that

contributed to this variance in their order of contribution were (1) price, (2) agency brand, and (3) service variety. Flexibility was not a significant predictor of commitment in this sector. Satisfaction with comfort of the restaurant was significant in creating committed customers probably because customers are more willing to stay longer in a restaurant that gives them a feeling of comfort. This is not the case in the travel agency where customers are more focused on continuing their dealing with a travel agency that offers them better prices and has built a good reputation.

8.5.6 Customer Satisfaction and Customer Loyalty

We found that customer satisfaction was a significant predictor of customer loyalty in both SME sectors. In the case of restaurants, the factors under customer satisfaction that contributed to this variance in order of contribution were (1) restaurant brand, (2) comfort, (3) professionalism of restaurant employees, and (4) price. Convenience was not a significant predictor of customer loyalty in this sector. In the case of travel agencies, flexibility was the only factor under customer satisfaction that significantly contributed to a variance in customer loyalty. Agency brand, price, and service variety were not significant predictors of customer loyalty in this sector. The differences in the role played by customer satisfaction in both SME sectors can be attributed to the unique characteristics of each sector. In the restaurant sector, for example, having a good reputation for quality service and comfort are likely to bring customers back to the restaurant. In the travel-agency sector, flexibility is much more influential in bringing customers back since customers in this sector in Uganda are always looking for convenient routings and flexible payment terms.

8.5.7 Trust and Commitment

We found that trust was a significant predictor of commitment in the case of restaurants. The results further indicate that credibility had a higher influence on commitment than reliability. In contrast, trust was not a significant predictor of commitment in the case of travel agencies. The differences between the two sectors could be a result of differences in expectations of the customer groups served in both sectors and differences in the nature of the services provided.

8.5.8 Trust and Customer Loyalty

In both SME sectors, trust was a significant predictor of customer loyalty. In the case of restaurants, credibility had a higher influence on customer loyalty than reliability. This situation could not be ascertained for travel agencies as only one factor was extracted for trust. The reason why trust was a significant influencer of customer loyalty in both sectors could be because of the natural tendency of customers to go back to a service provider who they trust. This is especially true in developing countries where trust levels usually fluctuate because of a general lack of consistency in service delivery.

8.5.9 Commitment and Customer Loyalty

In both SME sectors, commitment was a significant predictor of customer loyalty. In the case of restaurants, both emotional commitment and rational commitment significantly predicted the variance in customer loyalty. However, emotional commitment predicted a higher variance than rational commitment. In the case of travel agencies, only emotional commitment significantly predicted a variance in customer loyalty. Rational commitment was not a significant predictor of customer loyalty in this sector. Commitment was significant in explaining customer loyalty in both sectors because customers who develop a strong desire to deal with an SME by a variety of reasons will eventually become loyal to that SME.

8.6 The Influence of SME Owner-Manager Behaviour on Customer Behaviour

The findings seem to indicate that SME owner-managers who had positive experiences with regular customers, employees and/or SME support institutions reported higher levels of satisfaction in both

SME sectors than those who did not. Such SME owner-managers also reported that they had created more positive experiences for their customers as a result of their own satisfaction. For example, two restaurant owner-managers who were satisfied said that they had improved the restaurant ambience by acquiring better chairs for the restaurants. In the same vein, one of the travel agency owner-managers said that being satisfied on her job motivated her to work harder in order to create more memorable experiences for her customers.

The similarity in the results from both sectors could be explained by the natural tendency of human beings to do more when they feel that their efforts have been rewarded. Thus, rewarding SME owner-managers seems to be a feasible strategy that can be used by SME policy makers in Uganda to influence SME owner-managers to create more positive experiences for their customers.

8.7 Differences among the SMEs under Study

The results indicate significant differences across the five restaurants in terms of the following variables: (1) customer orientation, (2) service quality, (3) interpersonal communication, (4) customer experiences, (5) customer satisfaction, (6) trust, (7) commitment, and (8) customer loyalty. There was however, no significant difference in tangible rewards across the restaurants. In comparison, we found significant differences between the two travel agencies in terms of (1) customer orientation, (2) customer experiences, and (3) commitment. There were no significant differences in service quality, interpersonal communication, customer satisfaction, trust, and customer loyalty between the two travel agencies.

The differences in results for the two sectors are presumably caused by differences in the context in which both sectors operate. For example, restaurants often have more regular, face-to-face contact with their customers. This requires them to pay more attention to the service quality attributes of their business premises, for example, adequate parking space, and neat employees. In contrast, travel agencies in Uganda have less regular contacts with their customers. Besides, most of the communication with customers takes place on the telephone. Thus, SME owner-managers in this sector tend to pay more attention to the way their employees relate with customers on the telephone.

8.8 Chapter Conclusions

In this chapter, we have compared our findings from the restaurants and the travel agencies that participated in this research.

We began by comparing the findings on the association between demographic variables in the two SME sectors. From the comparison, we may conclude (1) that the similarity in association between gender and net income, education and net income, education and form of employment, gender and education, and gender and form of employment in the two sectors could be attributed to the cultural similarities in which SMEs in both sectors are operating, (2) that the differences in association between age group and net income, age group and education, and age group and form of employment in the two sectors is most probably caused by differences in the customer groups served by both sectors.

Then, we compared our findings on the factors we extracted when we performed a factor analysis in the two sectors. We arrived at the following conclusions: (1) the connection in the factors we extracted for customer orientation, commitment, and customer loyalty in the two sectors is seemingly caused by the similar cultural setting in which SMEs in both sectors operate, (2) the differences in the factors we extracted for service quality, interpersonal communication, customer experiences, customer satisfaction, and trust in both sectors is probably a result of the differences in the characteristics of both SME sectors.

Next, we made a comparison of our correlation results in both sectors. We may conclude that the differences in correlations between customer orientation and customer experiences, tangible rewards and customer experiences, and trust and commitment in the two sectors could be caused by differences in the customer groups served and therefore differences in the demands imposed on each sector.

In addition, we compared the RM strategies employed by SMEs in both sectors and the influence they have on customer behaviour. From our comparison, we arrived at the following conclusions.

- (1) The differences in the RM strategies employed in both sectors are most probably a result of different levels of investment regarding each RMI.
- (2) The similarity in customer perceptions concerning tangible rewards in both sectors could be due to the limited investments in tangible rewards because of their costly nature.
- (3) The difference in the influence of RMIs on customer experiences in the two sectors is probably due to differences in the internal operations of SMEs operating in the two sectors.
- (4) The difference in the influence of tangible rewards on customer satisfaction could be attributed to differences in customer expectations in the two sectors.
- (5) The similarity in the influence of customer experience on customer satisfaction in the two sectors is a result of the tendency of customer experiences to appeal to customers' inner emotions which may result into customer satisfaction.
- (6) The similarity in the role played by customer satisfaction with the SME brand in influencing trust in both sectors could be attributed to the poor service levels in general which compel Ugandan customers to trust an SME with a proven service reputation.
- (7) The differences in the influence of customer satisfaction on commitment, customer satisfaction on customer loyalty, and trust on commitment in the two sectors seem to be a result of the differences in customer groups served by each sector and differences in the nature of service.
- (8) The similarity in the influence of commitment on customer loyalty in the two sectors is seemingly due to the tendency of customers to regularly deal with an SME that they feel attached to.

Furthermore, we compared our findings on the influence of SME owner-manager behaviour on customer behaviour. The similarity in the results in both sectors could be explained by the natural tendency of people, regardless of their cultural background, to give more of their abilities when they are rewarded.

We completed the chapter by comparing our findings on the differences among the SMEs that were studied in each sector. All in all, we may conclude that the differences in SMEs operating in the two sectors are due to the differences in the context in which SMEs in both sectors operate.

CHAPTER 9: DISCUSSION OF THE FINDINGS

The aim of this chapter is to discuss the findings from our study. The discussion is based on the findings we have presented in Chapters 6 and 7 of this research. The chapter consists of seven sections. In Section 9.1, we discuss our findings on the association between the demographic variables in the restaurant sector and the travel-agency sector. In Section 9.2, we discuss the findings on the RMIs employed by the two SME sectors. Section 9.3 focuses on a discussion of our findings on the influence that different RM strategies have on customer behaviour in both sectors. In Section 9.4, we discuss the path that SMEs operating in the two service sectors may take to achieve customer loyalty. Section 9.5 has as its focal point for discussion, the influence that SME owner-manager behaviour may have on customer behaviour in both sectors. Section 9.6 centers on the differences among the RM strategies employed in the two SME sectors. In Section 9.7, we give the chapter conclusions.

9.1 Association between the Demographic Variables

The findings in Subsection 6.2.1 and Subsection 7.2.1 indicate that in both SME sectors, there was a significant association between the following demographic variables: (1) gender of regular customers and net income, (2) education and net income, (3) education and form of employment, and (4) net income and form of employment. The close connection between gender and net income should not be very surprising as in most developing countries, men usually earn more money than women because they usually occupy higher positions in society than their female counterparts. However, today, there are several affirmative actions that have been taken by the Uganda government to improve gender equality by boosting women's employability and earning potential. For example, the current government initiative to add 1.5 marks to female Ugandan applicants to step up their ability to meet the entry requirements for public universities is an affirmative action to increase the number of educated women in the country and to increase their employment opportunities and earning capabilities.

The close association between education and net income in the two SME sectors can be explained by the fact that people who are more educated are usually expected to have a higher income than those who are less educated. In addition, the significant association between education and form of employment seems to confirm the long-held view in Uganda that the majority of enterprises in the country is started by people with a humble educational background.

In both SME sectors, we did not find any significant association between the following demographic variables: (1) gender and education, and (2) gender and form of employment. One reason for the lack of association between gender and education could be that because of the numerous government programs to boost education levels in the country, for example, the universal primary education and the universal secondary education, both men and women have better chances for education. Again, because of better chances of education, both men and women should be able to take on any form of employment, which could partly explain why we did not find a significant association between gender and form of employment.

In the restaurant sector, we found a significant association between the following demographic variables: (1) age group and net income, (2) age group and education, and (3) education and form of employment. We however, found no association between these variables in the travel-agency sector. This could be explained by the fact that restaurants usually attract people from different age groups unlike travel agencies which usually attract a certain age group of customers. Different age groups usually have different income levels because of different levels of education. Different levels of education can create differences in employment.

9.2 RMIs Employed by the two SME Sectors

We found that the use of RMIs varies across the two SME sectors that were studied (see Section 6.5 and Appendix J). The findings are summarised in Table 9.1.

Table 9.1: A Summary of the RMIs Employed by the two SME Sectors

| | Restaurants | Travel Agencies |
|----------------------------|--|---|
| Most Employed RMIs | - Service Quality - Interpersonal Communication | - Customer Orientation - Interpersonal Communication |
| Least Employed RMIs | - Customer Orientation - Tangible Rewards | - Service Quality - Tangible Rewards |

As can be seen from Table 9.1, regular customers of restaurants perceived service quality and interpersonal communication as the most employed RMIs in this sector. In contrast, regular customers of travel agencies perceived customer orientation and interpersonal communication as the most employed RMIs in the travel-agency sector. These findings support the work of Reijonen (2010) and Hogarth-Scott et al. (1996) whose studies reveal that marketing practices vary within SMEs. In both sectors, tangible rewards were perceived to be the least employed RMIs. This could perhaps be because the implementation of tangible rewards is associated with costs which most SMEs may not wish to incur as they already have limited capital bases (Weinrauch et al., 1991 as cited in Davis, 1997, p. 36). The issue of cash flow problems and how they can limit the marketing operations of SMEs has already been briefly discussed in Section 2.11.

9.3 The Influence of Different RM Strategies on Customer Behaviour

In this section, we discuss the findings on the influence of RM strategies on customer behaviour in both SME sectors. Our discussion consists of nine subsections as follows: (1) RMIs and customer experiences (Subsection 9.3.1); (2) RMIs and customer satisfaction (Subsection 9.3.2); (3) customer experiences and customer satisfaction (Subsection 9.3.3); (4) customer satisfaction and trust (Subsection 9.3.4); (5) customer satisfaction and commitment (Subsection 9.3.5); (6) customer satisfaction and customer loyalty (Subsection 9.3.6); (7) trust and commitment (Subsection 9.3.7); (8) trust and customer loyalty (Subsection 9.3.8), and (9) commitment and customer loyalty (Subsection 9.3.9).

9.3.1 RMIs and Customer Experiences

Below, we discuss the findings on RMIs and customer experiences in both SME sectors as follows: (1) relationship between the RMIs and customer experiences, and (2) influence of the RMIs on customer experiences.

(1) Relationship between the RMIs and Customer Experiences

The study indicates positive, significant relationships between all the RMIs and customer experiences in the restaurant sector (see Subsection 6.6.1). We also found positive, significant relationships between interpersonal communication and customer experiences, and between service quality and customer experiences in the travel-agency sector (see Appendix K). However, we did not find any support for a significant relationship between customer orientation and customer experiences, and between tangible rewards and customer experiences in this sector. The findings are summarised in Table 9.2.

Table 9.2: A Summary of the Relationships between the RMIs and Customer Experiences

| Tested Relationship | Tested Proposition | Restaurants | Travel Agencies |
|--|--------------------|--|-------------------------------------|
| Customer Orientation and Customer Experiences | P1a | - Significant - Moderate support | - Not significant - No support |
| Service Quality and Customer Experiences | P2a | - Significant - Moderately strong support | - Significant - Weak support |
| Interpersonal Communication and Customer Experiences | P3a | - Significant - Moderately strong support | - Significant - Moderate support |
| Tangible Rewards and Customer Experiences | P4a | - Significant - Weak support | - Not significant - No support |

Table 9.2 shows the propositions that we tested and the results that we obtained for both restaurants and travel agencies. As can be seen from the table, tangible rewards received weak support in the restaurant sector and no support in the travel-agency sector. This could perhaps be because of the ease with which tangible rewards can be copied by competitors. As a result, most SMEs end up offering similar tangible rewards which may ultimately have little or no impact on customer experiences as the same rewards can easily be received by customers from similar SMEs. The significant relationship between interpersonal communication and customer experiences in both sectors further highlights the importance of communication in relationship development (Finne and Gronroos, 2009). The importance of communication in RM has already been discussed in Subsections 2.6.3 and 3.2.3.

(2) Influence of the RMIs on Customer Experiences

All the RMIs except tangible rewards had a significant impact on customer experiences in the restaurant sector (see Subsection 6.6.1). In contrast, interpersonal communication was the only RMI that had a significant impact on customer experiences in the travel-agency sector (see Appendix K). We have given a summary of the results in Table 9.3.

Table 9.3: A Summary of the Influence of the RMIs on Customer Experiences

| Tested Influence | Restaurants | Travel Agencies |
|--|-------------------------|-------------------------|
| Customer Orientation and Customer Experiences | - Significant influence | - No influence |
| Service Quality and Customer Experiences | - Significant influence | - No influence |
| Interpersonal Communication and Customer Experiences | - Significant influence | - Significant influence |
| Tangible Rewards and Customer Experiences | - No influence | - No influence |

Service quality had the highest influence on customer experiences among SMEs in the restaurant sector. This situation could be attributed to the preference for Ugandan customers to go to a restaurant to enjoy the service provided. They therefore tend to pay more attention to service quality indicators such as the cleanliness of the restaurant, the quality of food, and the availability of parking space. They then use these indicators to form experiences about the service provided and to evaluate the overall service (Zeithaml et al., 1996). Tangible rewards did not have a significant impact on customer experiences in the restaurant sector probably because most restaurants charge a price which is similar

to that of their competitors. This consequently limits their ability to create unique experiences for their customers in terms of tangible rewards. Berry (1995) and De Wulf et al. (2001) note that competitors can easily imitate prices. In contrast, service quality, customer orientation, and interpersonal communication cannot be easily imitated.

In the travel-agency sector, interpersonal communication was the only RMI that had a significant impact on customer experiences. These findings are in agreement with those of recent scholars, (e.g., Palmatier et al., 2006 and Finne and Gronroos, 2009) who highlight the importance of relationship communication in RM practice. A possible explanation for our findings is that Ugandan customers usually deal with travel agencies on telephone unlike their western counterparts who often use more sophisticated technology, for example, online booking, to make their travel bookings. Thus, the way employees communicate with customers concerning their travel arrangements can significantly influence the experiences they obtained from the service provided and consequently, the way they evaluated the overall service. Since most regular customers dealt with the travel agencies on telephone, it is not surprising that customer orientation and service quality did not have a significant impact on customer experiences among SMEs in the travel-agency sector. What is surprising though is the failure of tangible rewards to have a significant impact on customer experiences among SMEs in this sector. This could probably be because of the stiff competition in this sector and the tendency of travel agencies to offer similar tangible rewards to their customers.

9.3.2 RMIs and Customer Satisfaction

Below we discuss the findings on RMIs and customer satisfaction in both SME sectors as follows: (1) relationship between the RMIs and customer satisfaction, (2) influence of the RMIs on customer satisfaction, and (3) the influence of demographic variables on the relationship between the RMIs and customer satisfaction.

(1) Relationship between the RMIs and Customer Satisfaction

We found positive, significant relationships between all the RMIs and customer satisfaction in both SME sectors (see Subsection 6.6.2 and Appendix K). A summary of the results is displayed in Table 9.4.

Table 9.4: A Summary of the Relationships between the RMIs and Customer Satisfaction

| Tested Relationship | Tested Proposition | Restaurants | Travel Agencies |
|---|--------------------|--|--|
| Customer Orientation and Customer Satisfaction | P1b | - Significant - Moderate support | - Significant - Moderately weak support |
| Service Quality and Customer Satisfaction | P2b | - Significant - Moderately strong support | - Significant - Weak support |
| Interpersonal Communication and Customer Satisfaction | P3b | - Significant - Moderately strong support | - Significant - Moderately strong support |
| Tangible Rewards and Customer Satisfaction | P4b | - Significant - Weak support | - Significant - Moderate support |

As can be seen in Table 9.4, both service quality and interpersonal communication received moderately strong support while customer orientation received moderate support in the restaurant sector. Interestingly, tangible rewards received weak support in this sector. Again, this could be because of the

ease with which tangible rewards can be imitated by competitors. Thus, providing them does not seem to guarantee that SMEs will achieve customer satisfaction as they can easily be provided by other competitors. It is also interesting to note the moderate support for tangible rewards in the travel-agency sector. A possible explanation for this scenario could be that because travelling is expensive, customers tend to focus on tangible rewards in order to reduce on their travel costs. Thus, a travel agency that provides its customers with tangible rewards is likely to increase customer satisfaction. The correlation between service quality and customer satisfaction was weak in the travel-agency sector probably because a number of regular customers only had a mental recollection of the tangible aspects of service quality⁵⁷ such as the availability of adequate parking and the neatness of frontline employees.

(2) Influence of the RMIs on Customer Satisfaction

Our results indicate that all the RMIs except tangible rewards had a positive, significant impact on customer satisfaction among SMEs in the restaurant sector (see Subsection 6.6.2). We also found that all the RMIs except service quality had a positive, significant impact on customer satisfaction among SMEs in the travel-agency sector (see Appendix K). We summarised the results in Table 9.5.

Table 9.5: A Summary of the Influence of the RMIs on Customer Satisfaction

| Tested Influence | Restaurants | Travel Agencies |
|---|-------------------------|-------------------------|
| Customer Orientation and Customer Satisfaction | - Significant influence | - Significant influence |
| Service Quality and Customer Satisfaction | - Significant influence | - No influence |
| Interpersonal Communication and Customer Satisfaction | - Significant influence | - Significant influence |
| Tangible Rewards and Customer Satisfaction | - No influence | - Significant influence |

With reference to Table 9.5, service quality had the highest impact on customer satisfaction among SMEs in the restaurant sector. Palmatier et al. (2006) confirm that RMIs vary in their degree of effectiveness in as far as building and maintaining customer relationships is concerned. Our findings are in line with those of researchers such as Zeithaml et al. (1996) and Peng and Wang (2006) who, in their empirical studies, emphasise the importance of service quality in influencing customer retention through the formation of favourable behavioural intentions. Tangible rewards did not significantly explain the behaviour of regular customers in this sector probably because tangible rewards can easily be copied by competitors (see Subsection 9.3.1).

Table 9.5 also shows that interpersonal communication had the highest impact on customer satisfaction among SMEs in the travel-agency sector. We observed that regular customers of travel agencies in Uganda mainly experience the service on telephone but not the physical setting in which the service is provided. This could help to explain the dominant role played by interpersonal communication in influencing customer satisfaction among SMEs in this sector. Providing updates was the only dimension under interpersonal communication which significantly predicted a variance in customer satisfaction. Interaction with employees was not a significant predictor. A possible explanation for the significance of providing updates in this sector is that the travel-agency sector mainly thrives on efficient communication between the service provider and the customer. It is logical to expect clients of travel agencies to value regular updates as it can save them valuable costs and travel inconveniences. Wel and Bojei (2009) reiterate the importance that customers attach to personal communication in the

⁵⁷ The tangible aspects of service quality have already been discussed in Subsection 2.6.3 (2).

form of being given regular updates on current offers. We found no evidence to support the significance of service quality in explaining customer satisfaction among SMEs in the travel-agency sector. This could probably be because most regular customers dealt with the travel agencies on telephone. Thus, they may not have paid much attention to the physical aspects of service quality, for example, availability of adequate parking, which can best be evaluated if one physically visits the service premises. In our study sample, we presupposed that regular customers had some kind of recollection of the service quality features as long as they had dealt with the travel agency at least three times or more (see Subsection 5.6.1 for our definition of a regular customer of a travel agency).

(3) The Influence of Demographic Variables on the Relationship Between The RMIs and Customer Satisfaction

We found that in both SME sectors, demographic variables such as gender, age, education, form of employment, and net income of the regular customers did not have a significant influence on the relationship between the RMIs and customer satisfaction. Thus, customer satisfaction was not dependent on demographic variables but rather on the nature of the RMIs that customers were exposed to. This essentially means that every RMI that an SME provides to its regular customers during service delivery has the potential to create customer satisfaction without taking into account the customer's gender, age, education, form of employment, and net income.

9.3.3 Customer Experiences and Customer Satisfaction

This subsection consists of three parts as follows: (1) relationship between customer experiences and customer satisfaction, (2) influence of customer experiences on customer satisfaction, and (3) the mediating role of customer experiences on customer satisfaction.

(1) Relationship between Customer Experiences and Customer Satisfaction

Our results indicate a positive, significant relationship between customer experiences and customer satisfaction in both SME sectors (see Subsection 6.6.3 and Appendix K). We have summarised the results in Table 9.6.

Table 9.6: A Summary of the Relationships between Customer Experiences and Customer Satisfaction

| Tested Relationship | Tested Proposition | Restaurants | Travel Agencies |
|--|---------------------------|-------------------------------------|--|
| Customer Experiences and Customer Satisfaction | P5a | - Significant - Moderate support | - Significant - Moderately weak support |

As can be seen from Table 9.6, we obtained moderate support for the relationship between customer experiences and customer satisfaction in the restaurant sector and moderately weak support for the relationship in the travel-agency sector. The relationship is stronger in the restaurant sector than in the travel-agency sector probably because restaurants have more possibilities to provide a wider variety of experiences for their customers than travel agencies, which increases the chances of a relationship between customer experiences and customer satisfaction. For example, regular customers in the restaurants have more frequent interactions with frontline employees than regular customers of travel agencies. Every time there is an interaction, frontline employees have a chance to create a new experience for the customer. Every new experience has the potential to create a satisfied customer.

(2) Influence of Customer Experiences on Customer Satisfaction

We found that customer experiences had a positive, significant influence on customer satisfaction in both sectors (see Subsection 6.6.3 and Appendix K). We have given a summary of the results in Table 9.7.

Table 9.7: A Summary of the Influence of Customer Experiences on Customer Satisfaction

| Tested Influence | Restaurants | Travel Agencies |
|--|-------------------------|-------------------------|
| Customer Experiences and Customer Satisfaction | - Significant influence | - Significant influence |

Our findings support the work of Boswijk et al. (2007) and Barnes (2006) who argue that customer experiences have the potential to produce emotional responses. According to Seybold (2005), this can have an effect on customer satisfaction. In the restaurant sector, intensity of customer experiences relating to the quality of food was critical in influencing customer satisfaction probably because food is a core component of service quality and therefore any experiences relating to the quality of food are likely to have a large influence on customer satisfaction and ultimately customer loyalty. This could help to explain why restaurants 3 and 4, both of which were perceived as having the lowest levels of only good experiences relating to the quality of food, were consistently rated lower than other restaurants on most of the variables in our conceptual model.

In both SME sectors, importance of customer experiences did not have a significant impact on customer satisfaction among SMEs. This could probably be because customers seem to keep only a mental record of their experiences rather than how important a particular experience is. Experiences are not only perceived but they are also stored in inventory. According to Amato-McCoy (2008), customers tend to remember not the service but how it was delivered to them. Our research findings show that there is a kind of inconsistency in customer behaviour compared to what service providers and marketers normally expect from them.

(3) The Mediating Role of Customer Experiences on the Relationship between the RMIs and Customer Satisfaction

Our results also indicate that customer experiences played a partially mediating role between the RMIs and customer satisfaction in both SME sectors as shown in Table 9.8.

Table 9.8: A Summary of the Mediating Role of Customer Experiences on the Relationship between the RMIs and Customer Satisfaction

| Tested Influence | Tested Proposition | Restaurants | Travel Agencies |
|--|---------------------------|--|---|
| Mediating Role of Customer Experiences | P5b | - Partial mediation between all the RMIs and customer satisfaction | - Partial mediation indicated only between service quality and customer satisfaction. - No support for mediation for the rest of the RMIs. |

Our findings for partial mediation in both SME sectors are supported by Schmitt (2003)'s argument that experiences and satisfaction are two different things and that managers should create experiences

for their customers in order for satisfaction to occur naturally. Seybold (2005) also gives further support to our findings by emphasising that the emotional responses created by customer experiences can indeed affect customer satisfaction.

As can be seen from Table 9.8, the mediating role of customer experiences varied between the two sectors. In the restaurant sector, partial mediation was indicated between all the RMIs and customer satisfaction. In contrast, in the travel-agency sector, mediation was indicated between only one RMI (i.e., service quality) and customer satisfaction. This is quite surprising and could perhaps be due to the tendency of customers of service firms to use service quality to judge the superiority of a firm (Peng and Wang, 2006). The judgement process leads to the creation of experiences which ultimately influence customer satisfaction.

9.3.4 Customer Satisfaction and Trust

Below we discuss the findings in this subsection in two parts: (1) relationship between customer satisfaction and trust, and (2) influence of customer satisfaction on trust.

(1) Relationship between Customer Satisfaction and Trust

We found a positive, significant relationship between customer satisfaction and trust in both SME sectors (see Subsection 6.6.4 and Appendix K). We give a summary of the results in Table 9.9.

Table 9.9: A Summary of the Relationship between Customer Satisfaction and Trust

| Tested Relationship | Tested Proposition | Restaurants | Travel Agencies |
|--|--------------------|--|-----------------------------------|
| Customer Experiences and Customer Satisfaction | P6a | - Significant - Very strong support | - Significant - Strong support |

As can be seen from Table 9.9, the relationship between customer satisfaction and trust is strong in both sectors. These findings are similar to those of Choi et al. (2010) who found a positive, significant relationship between customer satisfaction and trust among online shopping customers.

(2) Influence of Customer Satisfaction on Trust

In both sectors, customer satisfaction had a positive, significant impact on trust as shown in Table 9.10.

Table 9.10: A Summary of the Influence of Customer Satisfaction on Trust

| Tested Influence | Restaurants | Travel Agencies |
|---------------------------------|-------------------------|-------------------------|
| Customer Satisfaction and Trust | - Significant influence | - Significant influence |

The findings in Table 9.10 are in line with previous studies (e.g., Omar et al. 2010) who found a significant relationship between satisfaction and trust in their empirical studies.

In the restaurant sector, customer satisfaction with the restaurant brand, the professionalism of employees, and the comfort of the restaurant contributed most to explaining the variance in trust. In the travel-agency sector, customer satisfaction with the travel-agency brand, flexibility, and service variety are the factors under customer satisfaction that significantly predicted trust. In both sectors, customer satisfaction with the SME brand had the highest impact on customer trust. Ganesan (1994, p.9)'s study provides empirical evidence that suggests that "reputation for fairness" can increase trust in a long-term relationship. In this sense, a reputation for fairness can be paralleled to branding. Customers of

travel agencies often incur big opportunity costs because of the high costs usually associated with travelling. Therefore, a travel agency that has built a reputation for meeting customers' expectations is likely to be more trusted because of its ability to offer customers the assurance that they can get back value for their money.

Customer satisfaction with flexibility was also a significant predictor of trust in travel agencies probably because by being flexible with a client's bookings and communicating to a client any changes concerning his travel bookings, a travel agency opens up lines of communication with the client. This signals openness and honesty in travel dealings. Communication is a critical ingredient for the development of trust (e.g., Morgan and Hunt, 1994).

Our results indicate that in both sectors, customer satisfaction with the price was not a significant predictor of customer trust. Nevertheless, Hogarth-Scott et al. (1996) note that price is an important issue for small businesses. One possible explanation why customer satisfaction with the price was not a significant predictor of customer trust is that most SMEs offer similar prices to their customers because of the intensive competition⁵⁸ they face in the market place. Thus, customers may attach less value to price as they can get the same service elsewhere for a similar price.

9.3.5 Customer Satisfaction and Commitment

This subsection consists of two parts: (1) relationship between customer satisfaction and commitment, and (2) influence of customer satisfaction on commitment.

(1) Relationship between Customer Satisfaction and Commitment

We also found a positive, significant link between customer satisfaction and commitment in both sectors (see Subsection 6.6.5 and Appendix K). The summarised results are shown in Table 9.11.

Table 9.11: A Summary of the Relationship between Customer Satisfaction and Commitment

| Tested Relationship | Tested Proposition | Restaurants | Travel Agencies |
|--------------------------------------|--------------------|--|--|
| Customer Satisfaction and Commitment | P6b | - Significant - Moderately weak support | - Significant - Moderately weak support |

As can be seen from Table 9.11, the relationship between customer satisfaction and commitment was moderately weak in both SME sectors. Nevertheless, the findings support the work of previous scholars (e.g., Oliver, 1999) whose empirical studies established a significant relationship between the two study variables.

(2) Influence of Customer Satisfaction on Commitment

In both sectors, customer satisfaction had a positive, significant impact on commitment as shown in Table 9.12.

Table 9.12: A Summary of the Influence of Customer Satisfaction on Commitment

| Tested Influence | Restaurants | Travel Agencies |
|--------------------------------------|-------------------------|-------------------------|
| Customer Satisfaction and Commitment | - Significant influence | - Significant influence |

⁵⁸ The subject of competition among SMEs in Uganda has been briefly discussed in Chapter 4.

The findings in Table 9.12 support the work of Oliver (1999) whose study revealed that customer satisfaction has a significant influence on commitment. However, the factors under customer satisfaction that contribute to commitment were different for both sectors. In the restaurant sector, satisfaction with comfort and the restaurant brand are the underlying factors under customer satisfaction which contributed most to explaining the variance in customer commitment. Comfort explained a higher variation probably because Ugandan customers usually stay longer in restaurants especially in the evenings and over the weekends and are therefore more likely to have a higher preference for those restaurants whose comfort they are already satisfied with. One would expect customers to have less preference for a restaurant which they do not find comfortable. Customer satisfaction with the brand also played a significant role in explaining commitment among the restaurants probably because customers feel “safer” to deal with a recognised brand (in this case, an SME that has a good reputation for its services) as many Ugandan SMEs offer poor customer service (see Subsection 3.2.1).

It is surprising that customer satisfaction with convenience was not a significant predictor of commitment in the restaurant sector. This could be because it is an attribute that customers can easily access from similar restaurants. Today, several restaurants in Kampala can offer customers convenience in the form of home deliveries and take-aways. Thus, customers may not feel obliged to stay in a relationship which is based on only convenience.

Customer satisfaction with price did not significantly predict commitment in the restaurant sector. This could be because, on average, most people who live in Kampala can afford to eat from a restaurant as most local restaurants charge lower prices than fast food restaurants such as Nando’s. Thus, satisfaction with price alone may not make a customer committed to a restaurant. This situation is quite different from that in the western world where traditional restaurants usually charge higher prices for their services than fast food restaurants such as McDonalds and Kentucky Fried Chicken (KFC) because of the perception that traditional restaurants serve more healthy food than fast food restaurants and that they incur high costs of labour.

In the travel-agency sector, satisfaction with the price, service variety, and agency brand were all significant influencers of commitment. The dominant role of customer satisfaction with price in explaining commitment can be attributed to the tendency of clients to become more emotionally attached to an agency that offers them the best travel deals at the cheapest price in comparison to similar ones. Customer satisfaction with flexibility was not a significant predictor of commitment probably because customers usually expect travel agencies to have a minimum level of flexibility.

9.3.6 Customer Satisfaction and Customer Loyalty

This subsection consists of two parts: (1) relationship between customer satisfaction and customer loyalty, and (2) influence of customer satisfaction on customer loyalty.

(1) Relationship between Customer Satisfaction and Customer Loyalty

The results indicate a positive, significant link between customer satisfaction and customer loyalty in both sectors (see Subsection 6.6.6 and Appendix K). The results are summarised in Table 9.13.

Table 9.13: A Summary of the Relationship between Customer Satisfaction and Customer Loyalty

| Tested Relationship | Tested Proposition | Restaurants | Travel Agencies |
|--|--------------------|-------------------------------------|-----------------------------------|
| Customer Satisfaction and Customer Loyalty | P6c | - Significant - Moderate support | - Significant - Strong support |

As can be seen from Table 9.13, the relationship between customer satisfaction and customer loyalty was moderate in the restaurant sector but strong in the travel-agency sector. The moderate support for the relationship in the restaurant sector seems to support the view of earlier scholars (e.g., Oliver, 1999; Leverin and Liljander, 2006) that customer satisfaction alone can no longer guarantee customer loyalty.

(2) Influence of Customer Satisfaction on Customer Loyalty

Our results as shown in Table 9.14 indicate that customer satisfaction has a positive, significant impact on customer loyalty among SMEs in both sectors.

Table 9.14: A Summary of the Influence of Customer Satisfaction on Customer Loyalty

| Tested Influence | Restaurants | Travel Agencies |
|--|-------------------------|-------------------------|
| Customer Satisfaction and Customer Loyalty | - Significant influence | - Significant influence |

The results support the work of previous scholars. For instance, De Wulf et al. (2001) empirically illustrated that relationship quality (i.e., customer satisfaction, trust and commitment) affects customer loyalty. Similarly, Omar et al. (2010) empirically demonstrated in their study on the effects of loyalty program benefits on customer retention that satisfaction with the loyalty program led to store loyalty. In the restaurant sector, restaurant brand, restaurant comfort, professionalism of employees, and price were the dimensions under customer satisfaction which predicted customer loyalty. Restaurant brand predicted the highest variance in customer loyalty. This could perhaps be because once customers are satisfied with the reputation of the restaurant, they will want to visit it again which may eventually lead to customer loyalty. Customer satisfaction with the professionalism of restaurant employees also had a significant effect on customer loyalty because customers prefer to be served by employees who “know what they are doing”. Such employees keep bringing back the customer to the company. In SMEs, it seems to be the norm for customers to prefer to deal with one contact person who they consider to be professional in meeting their service needs (see service quality under results from the interviews and observations in Appendix J). Gilmore et al. (2001) found that SME customers tend to develop contacts or relationships with a few key people in the company and that because of these people, they keep coming back to the company.

Satisfaction with the comfort of the restaurant also played an influential role in creating loyal customers because customers are likely to continue visiting the same restaurant when they “fall in love” with its comfort. Convenience was not a significant predictor of customer loyalty probably because, as already discussed in Subsection 9.3.5, customers may not feel obliged to stay in a relationship based on convenience due to the availability of a large number of restaurants which they can choose from.

In the travel-agency sector, flexibility was the only dimension of customer satisfaction that significantly explained the variance in customer loyalty. Customer satisfaction with the travel-agency brand, price, and service variety were all not significant predictors of customer loyalty in this sector.

One possible explanation why customer satisfaction with flexibility played a significant role in predicting customer loyalty in this sector is that clients of travel agencies are usually concerned about getting the best deal out of the available ticket options. This usually requires flexibility on the part of the travel agency. Therefore, customers who are satisfied with the flexibility of a travel agency are more likely to deal with that travel agency again. It is surprising that customer satisfaction with price was not a significant determinant of customer loyalty. Again, this could be explained by the large number of travel agencies in Uganda, most of which offer similar travel deals to their clients. SME owner-managers pointed out during the interviews that one of the major challenges they faced was that of intensive competition in the industry because of the large number of travel agencies operating in the country and yet the market was very narrow. In light of these observations, customers may not use price as a basis for their loyalty.

9.3.7 Trust and Commitment

Below we discuss the findings on trust and commitment in two parts: (1) relationship between trust and commitment, and (2) influence of trust on commitment.

(1) Relationship between Trust and Commitment

We found a positive, significant relationship between trust and commitment in the restaurant sector (see Subsection 6.6.7) However, we did not find a significant relationship between trust and commitment in the travel-agency sector (see Appendix K). The results are summarised in Table 9.15.

Table 9.15: A Summary of the Relationship between Trust and Commitment

| Tested Relationship | Tested Proposition | Restaurants | Travel Agencies |
|----------------------|--------------------|-------------------------------------|-----------------------------------|
| Trust and Commitment | P7a | - Significant - Moderate support | - Not significant - No support |

The significant relationship between trust and commitment in the restaurant sector as is indicated in Table 9.15 is in agreement with the work of Morgan and Hunt (1994) who in their study on independent automobile tire retailers found a strong relationship between trust and commitment. Geyskens et al. (1996) also found a positive association between trust and relationship commitment among channel partners. The relationship between trust and commitment was not significant in the travel-agency sector.

(2) Influence of Trust on Commitment

Our results as shown in Table 9.16 indicate that trust has a positive, significant impact on commitment among SMEs in the restaurant sector. However, we did not find any evidence to suggest that trust had a significant impact on commitment in the travel-agency sector.

Table 9.16: A Summary of the Influence of Trust on Commitment

| Tested Influence | Restaurants | Travel Agencies |
|----------------------|-------------------------|-----------------|
| Trust and Commitment | - Significant influence | - No influence |

Our findings in the restaurant sector are in agreement with those of Omar et al. (2010) who discovered a significant relationship between program trust and program commitment in their study on the influence of loyalty program benefits on customer loyalty. Contrary to what we expected, trust was not a significant predictor of commitment in the travel-agency sector. This contradicts previous studies (e.g., Morgan and Hunt, 1994; De Wulf and Odekerken-Schröder, 2003; Bowen and Shoemaker, 2003) that established a strong relationship between trust and commitment. A possible explanation for this

scenario could be that customers in this sector highly value integrity and will therefore readily become loyal to a travel agency they can trust without necessarily first having to become committed to its services.

We also found that trust has a significant impact on emotional commitment but not on rational commitment in the restaurant sector. This finding is quite similar to that of Geyskens et al. (1996) who in their study showed that trust has a stronger effect on affective commitment than calculative commitment (in our study, emotional commitment was parallel to affective commitment and rational commitment was parallel to calculative commitment).

9.3.8 Trust and Customer Loyalty

In this subsection, we discuss our findings on trust and customer loyalty in the restaurants and travel agencies. The subsection consists of two parts as follows: (1) relationship between trust and customer loyalty, and (2) influence of trust on customer loyalty.

(1) Relationship between Trust and Customer Loyalty

We found a positive, significant relationship between trust and customer loyalty in both SME sectors (see Subsection 6.6.8 and Appendix K). The results are summarised in Table 9.17.

Table 9.17: A Summary of the Relationship between Trust and Customer Loyalty

| Tested Relationship | Tested Proposition | Restaurants | Travel Agencies |
|----------------------------|---------------------------|--|--|
| Trust and Customer Loyalty | P7b | - Significant - Moderately strong support | - Significant - Moderately strong support |

The results indicated in Table 9.17 are similar to those of earlier scholars (e.g., Beatty et al., 1996; De Wulf et al., 2001) who established a positive relationship between trust and customer loyalty in their studies.

(2) Influence of Trust on Customer Loyalty

We found that trust has a significant influence on customer loyalty among SMEs in both service sectors (see Table 9.18).

Table 9.18: A Summary of the Influence of Trust on Customer Loyalty

| Tested Influence | Restaurants | Travel Agencies |
|----------------------------|-------------------------|-------------------------|
| Trust and Customer Loyalty | - Significant influence | - Significant influence |

Our findings as illustrated in Table 9.18 are consistent with those of Beatty et al. (1996) who found in their study that customer loyalty emerged whenever customers perceived that there was trust in their relationship with the service provider. One reason why trust could have significantly influenced customer loyalty in the travel-agency sector is because travelling involves a fortune and therefore honesty and reliability of the travel agency become critical in determining customer loyalty. Berry (1995) argues that when customers develop trust in the service provider based on previous experiences, they are likely to become loyal as this reduces their uncertainty and vulnerability.

We also found that in both sectors, trust significantly predicted a higher variance in attitudinal loyalty than behavioural loyalty. De Wulf et al. (2001) empirically demonstrated that trust affects behavioural loyalty among consumers. In the restaurant sector, both dimensions of trust (i.e., credibility and

reliability) significantly predicted attitudinal loyalty and behavioural loyalty. However, credibility explained a higher variation in both dimensions of loyalty than reliability.

9.3.9 Commitment and Customer Loyalty

In this subsection, we discuss our findings on commitment and customer loyalty as follows: (1) relationship between commitment and customer loyalty, and (2) influence of commitment on customer loyalty.

(1) Relationship between Commitment and Customer Loyalty

We found a positive, significant relationship between commitment and customer loyalty in both SME sectors (see Subsection 6.6.9 and Appendix K). The results are summarised in Table 9.19.

Table 9.19: A Summary of the Relationship between Commitment and Customer Loyalty

| Tested Relationship | Tested Proposition | Restaurants | Travel Agencies |
|---------------------------------|---------------------------|-----------------------------------|---------------------------------|
| Commitment and Customer Loyalty | P8 | - Significant - Strong support | - Significant - Weak support |

As shown in Table 9.19, the relationship between commitment and customer loyalty was strong in the restaurant sector. In contrast, we found a weak relationship in the travel-agency sector.

(2) Influence of Commitment on Customer Loyalty

We found that commitment has a significant influence on customer loyalty among SMEs in both service sectors (see Table 9.20).

Table 9.20: A Summary of the Influence of Commitment on Customer Loyalty

| Tested Influence | Restaurants | Travel Agencies |
|---------------------------------|-------------------------|-------------------------|
| Commitment and Customer Loyalty | - Significant influence | - Significant influence |

The results in Table 9.20 support the work of previous researchers (e.g., De Wulf et al., 2001; De Wulf and Odekerken-Schröder, 2003) who reported a positive link between commitment and customer loyalty. Bowen and Shoemaker (2003) also established a positive relationship between customer commitment and food and beverage purchases among hotels. In the restaurant sector, emotional commitment explained a higher variation in customer loyalty than rational commitment. Furthermore, only emotional commitment significantly predicted a variance in attitudinal loyalty. These findings are in line with those of Verhoef et al. (2002) whose study on insurance customers in The Netherlands demonstrated that affective commitment (referred to as emotional commitment in our study) is positively related to customer referrals. Mattila (2006)'s study also showed that affective commitment was a significant predictor of consumer loyalty. Rational commitment did not significantly predict attitudinal loyalty probably because when customers are committed to a restaurant because of high switching costs⁵⁹, they do not feel obliged to recommend the restaurant's services to their friends, relatives, colleagues, etc. Both dimensions of commitment significantly predicted a variance in behavioural loyalty in this sector.

In the travel-agency sector, emotional commitment was the only factor under commitment that significantly predicted customer loyalty. Mattila (2006)'s study highlighted the importance of affective commitment in securing consumer loyalty. Rational commitment was not a significant predictor of

⁵⁹ Switching costs have been earlier defined in Subsection 2.8.4, footnote 10.

customer loyalty in this sector probably because customers do not face high switching costs. Emotional commitment significantly predicted a higher variance in behavioural loyalty than in attitudinal loyalty. One would expect customers to continue dealing with a travel agency to which they feel emotionally attached. In contrast, because of the intensive competition in this sector, we would not expect rational customers to continue dealing with a travel agency for lack of an alternative choice.

9.4 The Path towards Customer Loyalty

We found that in both sectors, customer loyalty could be achieved, not only through customer satisfaction, but also through trust and commitment. However, the path towards customer loyalty was different for both sectors.

In the restaurant sector, the results indicate that customer loyalty can be achieved via four different paths in the model as follows: (1) the customer satisfaction, trust, and customer loyalty path; (2) the customer satisfaction, trust, commitment, and customer loyalty path; (3) the customer satisfaction, commitment, and customer loyalty path; and (4) the customer satisfaction and customer loyalty path. In contrast, in the travel-agency sector, we found that customer loyalty can be achieved via three different paths as follows: (1) the customer satisfaction, trust, and customer loyalty path; (2) the customer satisfaction, commitment, and customer loyalty path; and (3) the customer satisfaction and customer loyalty path.

The results further indicate that in the restaurant sector, commitment explained the highest variance in customer loyalty followed by trust, and then customer satisfaction. The findings imply that commitment is the main driver of customer loyalty in the restaurant sector, followed by trust and then customer satisfaction. A possible explanation for the dominant role played by commitment in predicting customer loyalty in this sector could be that rational customers usually prefer to associate with a restaurant they like, hence commitment to the restaurant. This is likely to result into customer loyalty. The findings further suggest that trust alone may not be sufficient in itself to make a customer become loyal. In fact, some customers may never fully develop trust in a service provider but still continue to go back to the same restaurant for various reasons, for example, to be in the company of their friends. In the same vein, customer satisfaction appears to have the least influence on customer loyalty in the restaurant sector because customer satisfaction with the service can no longer guarantee customer loyalty (Bowen and Shoemaker, 2003). Jones and Sasser (1995) also argue that customers who are merely satisfied can defect from the company and more especially those who have encountered service failures. The findings suggest that SMEs in the restaurant sector have to go beyond simply satisfying the customer in order to ensure that they can win customers into a long-term relationship.

In the travel-agency sector, the results indicate that customer satisfaction explained the highest variance in customer loyalty followed by trust, and then commitment. These findings suggest that customer satisfaction is the main driver of customer loyalty in the travel agencies, followed by trust and then commitment. The dominant role played by customer satisfaction in explaining customer loyalty in the travel-agency sector was contrary to what we expected. This could perhaps be because, in general, SME owner-managers of travel agencies tend to offer more precise services owing to the demands on the sector (i.e., the high costs involved in case of service failure, for example, giving customers refunds) unlike SME owner-managers of restaurants. Thus, customers may become loyal through mere satisfaction with the service provided unlike in the restaurant sector where there is likely to be more service variability. Though trust was not dominant in explaining the loyalty of customers in travel agencies, it still played an important role in predicting customer loyalty in this sector because honesty and credibility are components that are highly valued by customers in a long-term relationship with the travel agency (Berry, 1995). Commitment did not play a dominant role probably because just

having mere emotional attachment to the services of a travel agency is not sufficient to keep customers coming back.

In addition, we found that, in general, the loyalty that customers have towards SMEs in both sectors is not forced⁶⁰. The results imply that customers have an alternative. They do not feel obliged to remain in a long-term relationship with an SME if they do not perceive any benefits from remaining in the relationship.

9.5 The Influence of SME Owner-Manager Behaviour on Customer Behaviour

In this section, we discuss the findings on the influence of SME owner-manager behaviour on customer behaviour in both SME sectors. The section consists of three subsections as follows: (1) SME owner-manager experiences and SME owner-manager satisfaction (Subsection 9.5.1), (2) SME owner-manager satisfaction and customer experiences (Subsection 9.5.2), and (3) SME owner-manager satisfaction and customer satisfaction (Subsection 9.5.3).

9.5.1 SME Owner-Manager Experiences and SME Owner-Manager Satisfaction

The results seem to indicate that SME owner-manager experiences are positively related to SME owner-manager satisfaction in both SME sectors (see Subsection 6.7.1 and Subsection 7.4.1). A summary of the results is given in Table 9.21.

Table 9.21: A Summary of the Relationship between SME Owner-Manager Experiences and SME Owner-Manager Satisfaction

| Tested Relationship | Tested Proposition | Restaurants | Travel Agencies |
|--|--------------------|--------------------|-----------------|
| SME Owner-Manager Experiences and SME Owner-Manager Satisfaction | P9 | - Partly supported | - Supported |

Our results indicate that, in general, positive owner-manager experiences led to high owner-manager satisfaction in both sectors. The results indicate, however, that in the restaurant sector, SME owner-managers had different levels of satisfaction. The owners of restaurant 2 and restaurant 5 both reported high satisfaction despite the many negative experiences they had gone through. This was in contrast to the pattern that the other three owner-managers had reported. There are two possible explanations for this. The first explanation is that the owners of restaurants 2 and 5 view negative experiences as challenges and motivation for them to work harder and to be more creative. This leads to creative solutions that make them more satisfied despite the presence of negative experiences. An alternative explanation is that these owners may have a low emotional dissonance⁶¹ and thus remain highly satisfied even with negative experiences.

⁶⁰ Only 7.1% of the regular customers who filled in the questionnaire in the restaurants agreed that they would continue to have their meals from the restaurant they regularly go to because they lacked a better alternative. Similarly, only 3.9% of the regular customers who filled in the questionnaire in the travel agencies agreed that they would continue to buy tickets from the travel agency they regularly deal with because they lacked a better alternative.

⁶¹ Emotional dissonance is a feeling of unease that occurs when an individual evaluates an emotional experience as a threat to his identity (<http://tap.sagepub.com/content/12/1/79.abstract>).

9.5.2 SME Owner-Manager Satisfaction and Customer Experiences

We found a positive relationship between SME owner-manager satisfaction and customer experiences in both SME sectors (see Subsection 6.7.2 and Subsection 7.4.2). We have given a summary of the results in Table 9.22.

Table 9.22: A Summary of the Relationship between SME Owner-Manager Satisfaction and Customer Experiences

| Tested Relationship | Tested Proposition | Restaurants | Travel Agencies |
|---|---------------------------|--------------------|------------------------|
| SME Owner-Manager Satisfaction and Customer Experiences | P10a | - Partly supported | - Partly supported |

In the restaurant sector, the results indicate that SME owner-managers who were highly satisfied created more positive experiences for their customers in general. However, the owner-managers of restaurant 1 and restaurant 3 did not fall in this pattern. The owner of restaurant 1 created positive experiences for her customers despite her neutral level of satisfaction. A possible explanation for this behaviour could be that because the restaurant was only one year old by the time this study was undertaken, the owner wanted to quickly build a clientele of loyal customers and therefore continued to create positive experiences for customers despite her neutral level of satisfaction. The results also indicate that the manager of restaurant 3 created neutral experiences for her customers despite her high level of satisfaction. One explanation for this could be that her high level of satisfaction was mainly based on the motivation she got by word of mouth from the owner to recognise the good work she was doing for the restaurant (see Appendix F: F1). She therefore did not feel motivated enough to create positive experiences for customers despite her high level of satisfaction.

In the travel-agency sector, we found that SME owner-managers who were highly satisfied created more positive experiences for their customers in general. However, the manager of travel agency 1 created neutral experiences for customers despite her high level of satisfaction and therefore did not fall in this trend. This could probably be because the high satisfaction she got motivated her to an optimum level beyond which she continued to create experiences for customers independent of her level of satisfaction.

9.5.3 SME Owner-Manager Satisfaction and Customer Satisfaction

The results also seem to indicate that there was a positive relationship between SME owner-manager satisfaction and customer satisfaction in both SME sectors (see Subsection 6.7.3 and Subsection 7.4.3). A summary of the results is shown in Table 9.23.

Table 9.23: A Summary of the Relationship between SME Owner-Manager Satisfaction and Customer Satisfaction

| Tested Relationship | Tested Proposition | Restaurants | Travel Agencies |
|--|---------------------------|--------------------|------------------------|
| SME Owner-Manager Satisfaction and Customer Satisfaction | P10b | - Supported | - Supported |

In general, those SME owner-managers who were satisfied had customers who reported high levels of satisfaction. Our findings are similar to those of Wong (2000) who argues that supplier satisfaction (in our study, the SME owner-manager) can help to improve customer satisfaction.

9.6 Differences in the Employment of RM Strategies in both SME Sectors

The study illustrates that there are significant differences in the way SMEs in the restaurant sector implement RM strategies in their operations. Odekerken-Schröder et al. (2004) empirically confirm in their study that RM practices may vary depending on a given situation or context. In this sector, we found that restaurant 1 and restaurant 5 were perceived to have employed more RMIs (i.e., customer orientation, service quality, and interpersonal communication) in their operations than restaurant 2, restaurant 3, and restaurant 4. Restaurant 4 was perceived to have employed the least RMIs in its operations. We did not find any significant difference in the use of tangible rewards across the five restaurants. The results also indicate that restaurant 1 and restaurant 5, both of which were perceived to have employed more RMIs in their operations than the other restaurants that were studied had significantly higher customer satisfaction and higher customer loyalty levels compared to the other restaurants. Restaurant 4 was which was perceived to have employed the least RMIs in its operations had the lowest customer satisfaction levels and significantly lower levels of customer loyalty than all the restaurants under study with the exception of restaurant 2. These findings lend support to the work of Simpson et al. (2006) who concluded from their study that SMEs that are marketing-oriented perform better than their counterparts that are not. Hultman and Shaw's (2003) study also demonstrates that by using relational strategies, SMEs can benefit from increased number of new customers because of referrals from satisfied customers, increased trust among customers, and enhanced customer loyalty.

In the travel-agency sector, we did not find any significant differences in the employment of RM strategies between the two travel agencies with the exception of travel agency 2 that was perceived to have a significantly higher level of customer orientation than travel agency 1. We also found no evidence to suggest that those travel agencies that were perceived to have employed more RMIs in their operations had more satisfied and loyal customers. One possible explanation for these findings could be that most SMEs in this sector offer services which are similar to those of their competitors. Thus, customers may not be able to perceive any real differences in terms of the service offered by similar travel agencies. As such, their satisfaction and loyalty levels may not differ significantly across similar SMEs.

9.7 Chapter Conclusions

In this chapter, we have discussed our findings from the two SME service sectors that we studied. More specifically, we have discussed the findings on (1) the association between the demographic variables; (2) the RMIs employed by the two SME sectors; (3) the influence of different RM strategies on customer behaviour; (4) the path that SMEs operating in the two service sectors may take to achieve customer loyalty; (5) the influence of SME owner-manager behaviour on customer behaviour; and (6) the differences in the employment of RM strategies in both SME sectors.

From the discussion on the association between the demographic variables, we may conclude the following.

- (1) Gender of regular customers is closely associated with net income in both SME sectors.
- (2) Education of regular customers is closely associated with net income in both SME sectors.
- (3) Education of regular customers is closely associated with form of employment in both SME sectors.

- (4) There is a close association between age group of regular customers and net income, age group of regular customers and education, and education of regular customers and form of employment in the restaurant sector.
- (5) There is no close association between age group of regular customers and net income, age group of regular customers and education, and education of regular customers and form of employment in the travel-agency sector.
- (6) There is no close association between gender of regular customers and education, and gender of regular customers and form of employment in both SME sectors.

Our discussion on the RMIs employed by the two SME sectors leads us to the following conclusions.

- (1) Service quality and interpersonal communication are the most employed RMIs in the restaurant sector.
- (2) Customer orientation and interpersonal communication are the most employed RMIs in the travel-agency sector.
- (3) Tangible rewards are the least employed RMIs in both SME sectors.

After discussing the findings on the influence of different RM strategies on customer behaviour, we may arrive at the following conclusions.

- (1) All the RMIs, with the exception of tangible rewards, have a significant influence on customer experiences in the restaurant sector.
- (2) Interpersonal communication is the only RMI that has a significant influence on customer experiences in the travel-agency sector.
- (3) All the RMIs, with the exception of tangible rewards, have a significant influence on customer satisfaction in the restaurant sector.
- (4) All the RMIs, with the exception of service quality, have a significant influence on customer satisfaction in the travel-agency sector.
- (5) Demographic variables do not have any influence on the relationship between the RMIs and customer satisfaction in both SME sectors.
- (6) Customer experiences have a significant influence on customer satisfaction in both SME sectors.
- (7) Customer experiences partially mediate the relationship between all the RMIs and customer satisfaction in the restaurant sector.
- (8) Customer experiences partially mediate the relationship between service quality and customer satisfaction in the travel-agency sector but do not mediate the relationship between the rest of the RMIs and customer satisfaction.
- (9) Customer satisfaction has a significant influence on trust, commitment, and customer loyalty in both SME sectors.
- (10) Trust has a significant influence on commitment in the restaurant sector but an insignificant influence on commitment in the travel-agency sector.
- (11) Trust has a significant influence on customer loyalty in both SME sectors.
- (12) Commitment has a significant influence on customer loyalty in both SME sectors.

We may also conclude that the path towards customer loyalty is different for both SME sectors. In the restaurant sector, commitment is the main driver of customer loyalty, followed by trust and then customer satisfaction. In contrast, customer satisfaction is the main driver of customer loyalty in the travel-agency sector, followed by trust and then commitment.

From the discussion on the influence of SME owner-manager behaviour on customer behaviour, we may conclude that

- (1) SME owner-manager experiences seem to be positively related to SME owner-manager satisfaction in both SME sectors.
- (2) SME owner-manager satisfaction seems to have a positive influence on customer experiences in the two sectors.
- (3) SME owner-manager satisfaction seems to have a positive influence on customer satisfaction in both SME sectors.

From our discussion on the differences among RM strategies employed in both SME sectors, we may conclude the following.

- (1) There are significant differences in the way SMEs in the restaurant sector employ RM strategies in their operations.
- (2) Those restaurants that are perceived to have employed more RMIs in their operations have, in general, higher customer satisfaction and customer loyalty levels compared to those restaurants that are not perceived as such.
- (3) There are no significant differences in the way SMEs in the travel-agency sector employ RM strategies in their operations.
- (4) There is no evidence to suggest that those travel agencies that are perceived to have employed more RMIs in their operations have, in general, higher customer satisfaction and customer loyalty levels compared to those travel agencies that are not perceived as such.
- (5) There are no significant differences in the use of tangible rewards among SMEs in both sectors.

CHAPTER TEN: CONCLUSIONS AND FUTURE RESEARCH

In this chapter, we present the conclusions of this research. We begin by giving answers to the five research questions (see Chapter 1) that we set out to investigate at the beginning of our study (Section 10.1). Then, we explain our answers to the problem statement (Section 10.2). Next, we conclude upon the theoretical contribution of this research (Section 10.3). Subsequently, we suggest recommendations for SME policy makers and practitioners based on the conclusions drawn from the research questions and problem statement (Section 10.4). Finally, we point out the research limitations (Section 10.5) and indicate areas for future research (Section 10.6).

10.1 Answers to the Five Research Questions

In Subsection 1.2.2, we formulated five research questions. We have addressed these research questions in Chapters 2, 3, 4, 5, 6, 7, and 8. In this section, we provide our conclusions on the five RQs.

10.1.1 Answers to RQ1

In Section 1.1, we remarked that there was a growing interest in RM because of the increasing awareness about its benefits. Nevertheless, up to now, there is a scarcity of empirical studies about the RM practices of SMEs. Furthermore, we showed that most of the existing research on RM had been undertaken in the western context and that there is still a shortage of research on RM practices in developing countries such as Uganda. This led to the formulation of our first research question.

RQ1: *Which RM theories are suitable for investigating RM activities of SMEs in a developing country?*

To answer RQ1, we made a critical review of various existing relating theories. Moreover, we conceptualised RM in Chapters 2 and 3. We also discussed six RM models and their limitations as well as the different RMIs that firms can use to implement RM in their operations (see Chapter 2). In addition, we conducted a preliminary interview with a sample of SME owner-managers and customers as discussed in Chapter 5 to explore those RMIs that could be suitable for implementation in SMEs operating in the service sector in Uganda. Our findings resulted in the following answer.

There are three RM theories, viz. Customer Relationship Management (CRM), Customer Experience Management (CEM), and Interaction Marketing (IM) that are suitable for investigating the RM activities of SMEs in Uganda.

From the above answer in combination with the findings of our investigations described in Chapters 2 to 5, we may conclude the following.

- (1) Not all the existing RM theories are appropriate for investigating the RM activities of SMEs in a developing country like Uganda because of the unique challenges faced by SMEs in these countries as we have already discussed in Chapter 4.
- (2) Existing RM theories and models, despite their limitations, give a useful guide to understanding the process of relationship development among firms.
- (3) Customer orientation, service quality, interpersonal communication, and tangible rewards are the most appropriate RMIs for implementation among SMEs in the service sector in Uganda.

10.1.2 Answers to RQ2

We discussed in Subsection 2.6.1 the range of RMIs that can be employed by different firms in order to bring about RM practice in their operations. We noted at the end of the discussion that firms that use

multiple RMIs can provide a strong foundation for maintaining and enhancing relationships with their customers. This background led us to the second research question.

RQ2: *Which RM strategies are employed by SMEs in the service sector in Uganda?*

To answer RQ2, we collected information from regular customers of the restaurants and travel agencies under study by means of questionnaires (see Appendix C: C1 and C2). In addition, we interviewed regular customers (see Appendix A: A1), SME owner-managers (see Appendix A: A2) and frontline employees (see Appendix A: A3) to identify the RM practices among the selected SMEs. Furthermore, we observed the relational activities of the selected SMEs (see Appendix D). Our findings resulted in the following answers.

- (1) SMEs in the restaurant sector employ service quality and interpersonal communication as the main RM strategies.
- (2) Customer orientation and tangible rewards are the least employed RM strategies in the restaurants.
- (3) SMEs in the travel-agency sector employ interpersonal communication and customer orientation as the main RM strategies.
- (4) Service quality and tangible rewards are the least employed RM strategies in the travel agencies.
- (5) In both SME sectors, tangible rewards are the least employed RMI.

10.1.3 Answers to RQ3

In Section 2.4, we discussed the importance of RM with the aim of appreciating why the concept has been given so much recognition in the last few decades. We also showed in Section 2.10 the influence that RM practices can have on the performance of a firm. With this background in mind, we formulated the third research question.

RQ3: *How do these strategies influence the behaviour of SME customers in the service sector in Uganda?*

To answer RQ3, we asked the regular customers of the selected restaurants and travel agencies to fill in our questionnaires (see Appendix C: C1 and C2). Additional information was collected by interviewing regular customers (see Appendix A: A1). After analysing the information we had collected, we arrived at the following answers.

- (1) All the RM strategies, with the exception of tangible rewards, are significant influencers of customer experiences in the restaurant sector.
- (2) Among all the RM strategies, service quality is the main influencer of customer experiences in this sector while customer orientation is the least influencer.
- (3) Interpersonal communication is the only RM strategy that significantly predicts customer experiences in the travel-agency sector. The rest of the RM strategies are not significant influencers.
- (4) All the RM strategies, with the exception of tangible rewards, are significant predictors of customer satisfaction in the restaurant sector.
- (5) Service quality is the main influencer of customer satisfaction in this sector while interpersonal communication is the least influencer.
- (6) All the RM strategies, with the exception of service quality, are significant influencers of customer satisfaction in the travel-agency sector.
- (7) Interpersonal communication is the main influencer of customer satisfaction in this sector while customer orientation is the least influencer.

- (8) Demographic variables do not have a significant influence on the relationship between the RM strategies and customer satisfaction in the two SME sectors.
- (9) Customer experiences have a significant influence on customer satisfaction in both SME sectors.
- (10) Customer experiences partially mediate the relationship between the RM strategies and customer satisfaction in both SME sectors.
- (11) Customer satisfaction significantly influences trust, commitment and customer loyalty in both sectors.
- (12) Trust is a significant predictor of commitment in the restaurant sector.
- (13) Trust does not significantly predict commitment in the travel-agency sector.
- (14) In both sectors, trust significantly influences customer loyalty.
- (15) In both SME sectors, commitment significantly influences customer loyalty.
- (16) In the restaurant sector, commitment is the main driver of customer loyalty, followed by trust and then customer satisfaction.
- (17) In the travel-agency sector, customer satisfaction is the main predictor of customer loyalty, followed by trust and then commitment.

10.1.4 Answers to RQ4

In Subsections 3.2.10 and 3.2.11, we discussed from a theoretical perspective how SME owner-manager behaviour can influence customer behaviour. RQ4 was based on our desire to explore, from an empirical perspective, the influence that the behaviour of SME owner-managers may have on the relationship-building processes of SMEs in the two service sectors. Our fourth research question was a direct outcome of this need.

RQ4: *Does the behaviour of SME owner-managers influence the relationship-building process of SMEs?*

Answers to this research question were obtained by interviewing SME owner-managers of the selected SMEs (see Appendix A: A2). From our findings, we arrived at the following answers.

- (1) SME owner-manager experiences seem to have an influence on SME owner-manager satisfaction in both SME sectors.
- (2) SME owner-manager satisfaction seems to have a positive influence on customer experiences in both SME sectors.
- (3) SME owner-manager satisfaction seems to have a positive influence on customer satisfaction in the two SME sectors.

10.1.5 Answers to RQ5

In Subsection 1.1.2, we discussed how RM practices may differ from one firm to another depending on a given situation or context. Part of our research goal was to explore whether there were any differences in the way SMEs in the service sector in Uganda implemented RM strategies in their operations. Taking this into consideration, we formulated our fifth research question.

RQ5: *Are there significant differences in the way SMEs in the service sector in Uganda employ their RM strategies?*

To answer RQ5, we interviewed regular customers (see Appendix A: A1), SME owner-managers (see Appendix A: A2), and frontline employees (see Appendix A: A3) of the selected SMEs. We also distributed questionnaires to the regular customers (see Appendix C: C1 and C2). We arrived at the following answers.

- (1) There are significant differences in the way SMEs in the restaurant sector employ three of the RM strategies (i.e., customer orientation, service quality and interpersonal communication) in their operations.
- (2) There are no significant differences in the way SMEs in the restaurant sector employ tangible rewards in their operations.
- (3) Those SMEs in the restaurant sector that were perceived to have employed more RM strategies in their operations had, in general, higher customer satisfaction and customer loyalty levels compared to those that were not perceived as such.
- (4) There are significant differences in the way SMEs in the travel-agency sector employ customer orientation in their operations.
- (5) There are no significant differences in the way SMEs in the travel-agency sector employ three of the RM strategies (i.e., service quality, interpersonal communication and tangible rewards) in their operations.
- (6) There is no evidence to suggest that those SMEs in the travel-agency sector that were perceived to have employed more RM strategies in their operations had higher customer satisfaction and customer loyalty levels compared to those that were not perceived as such.

10.2 Answers to the Problem Statement

In this section, we provide our answers to the problem statement we formulated in Chapter 1. The answers are based on the answers to the five research questions in Section 10.1. The problem statement we formulated is as follows.

PS: *To what extent is it possible to design a model which SME policy makers and practitioners can use to plan the RM operations of SMEs in the service sector in Uganda?*

With reference to the answers to the five research questions, we arrived at the following answers.

- (1) The results from this research have shown that to a large extent, it is possible to design a model which SME policy makers and practitioners can use to plan the RM operations of SMEs in the service sector in Uganda.
- (2) We have proposed a model which SME policy makers and practitioners can use for this purpose.
- (3) The model shows the RM strategies that SMEs operating in different service sectors can employ in order to enhance relationship development.
- (4) The model also shows the likely effects of the employed RM strategies on customer behaviour and the mediating effects of customer experiences.
- (5) The model further shows the influence that SME owner-manager behaviour may have on customer behaviour.
- (6) The model proposes different paths that customers in different service sectors can use to achieve loyalty.

10.3 Five Conclusions

From the research findings in this thesis and the answers given above, we may conclude the following five points.

First, we have proposed an RM model in Chapter 3 that SMEs in the service sector in Uganda can use to build and maintain long-term relationships with their customers. The model emphasises those factors that contribute to the development and sustainability of long-term relationships in these sectors. Following our suggested model, SMEs in different service sectors in Uganda can use different paths to achieve customer loyalty. The model can be extended to the marketing operations of other developing countries with similar marketing challenges. In this way, the research has contributed to available

literature on the antecedents of customer loyalty among SMEs in the developing world and is an improvement of the western RM models.

Second, although several studies have been done on RM, most of the studies have focused on RM in the western world. Very few studies have had a bearing on RM in a non-western context (Yau et al., 2000). There are also hardly any studies on the RM practices of small firms in developing countries (Hultman and Shaw, 2003; Harwood and Garry, 2006). This study has been the first of its kind to undertake a detailed analysis of the RM practices of SMEs operating in the restaurant and travel-agency sector. Therefore, this research has contributed to academic literature that focuses on the RM practices of SMEs in a developing country thereby helping to bridge the gap in available literature and providing a platform that future researchers can use to carry out related research in developing countries. Our study has also widened the academic debate on the suitability of using western RM models to plan for the RM practices of SMEs in the developing world.

Third, to the best of our knowledge, no study has taken into account an integrated model of RM as we have. Most previous studies have looked at only parts of the model, for example, commitment and customer loyalty (Mattila, 2006), and service quality, customer satisfaction and customer loyalty (Caruana, 2002). Thus, our research has contributed to a holistic approach in understanding the influences of RM practices on customer behaviour both in the short-term and long-term.

Fourth, this research has drawn our attention to customer experiences and their influence on customer behaviour. Customer experiences have frequently been ignored in previous research (Schmitt, 2003) and yet as we have seen in this research, they can have a significant influence on customer behaviour. When designing our conceptual model, we added the concept of customer experiences to help explain customer loyalty. Therefore, this research has contributed to new academic knowledge in this area.

Fifth, there are hardly any studies on the relationship between SME owner-manager behaviour and customer behaviour as we have discussed in Chapter 2. This study has, to the best of our knowledge, made the first attempt to explore these concepts in a developing country's setting and has thereby contributed to academic literature in this area.

10.4 Recommendations

This research has given rise to practical recommendations for both SME owner-managers (Subsection 10.4.1) and SME policy makers (Subsection 10.4.2). These recommendations are discussed below.

10.4.1 Recommendations for SME Owner-Managers

Based on our conclusions, we provide the following seven recommendations for SME owner-managers.

- (1) SME owner-managers operating in the restaurant sector should focus more on customer orientation and service quality in order to enhance their RM efforts as our research has shown that both these RMIs are critical influencers of customer behaviour in this sector. In contrast, SME owner-managers operating in the travel-agency sector should give a higher priority to interpersonal communication (e.g., providing regular updates to customers) and tangible rewards in their operations as both RMIs can have a significant influence on customer behaviour in this sector.
- (2) SME owner-managers in the restaurant sector should use tangible rewards cautiously as they do not have a significant impact on customer experiences and customer satisfaction in this sector. We also recommend that they should preferably be used only in the short term as in the long run, they cannot guarantee customer loyalty because of the ease with which competitors can copy them. Moreover, we stress that in the long run, SMEs in this sector should focus

more on creating unique customer experiences relating to customer orientation, service quality, and interpersonal communication in order to be able to retain their customers in a long-term relationship.

- (3) SME owner-managers operating in the travel-agency sector should use tangible rewards in their operations as this research has indicated that they can have a significant influence on customer satisfaction.
- (4) SME owner-managers in both sectors should not overlook the kind of experiences that can arise from the RM strategies they implement as this research has shown (a) that customer experiences partially facilitate the relationship between the RMIs and customer satisfaction, and (b) that customer experiences can have a significant influence on customer satisfaction among SMEs in both sectors. SME owner-managers in both sectors should therefore ensure that the implemented RMIs are matched with appropriate experiences in order to win customer satisfaction and to build long-term customer relationships. This cannot be done without the involvement of frontline employees who are key in the creation of memorable experiences during the service delivery process. Barnes (2006) and Boswijk et al. (2007) emphasise that people are the most important factor in creating meaningful experiences. Therefore, managers, frontline employees and any other personnel who interact closely with customers need to be trained in the creation and management of customer experiences not only before, but also during and after service delivery. De Wulf and Odekerken-Schröder (2003) recommend the need to train and motivate managers and employees of retail companies to enhance the relationship-building process. Andaleeb and Conway (2006) also suggest that appropriate training programmes should be designed for frontline personnel and that these should be ongoing in order to increase their ability to improve customer satisfaction. We therefore recommend that SME owner-managers should give the training, not only to highly trained employees but also to the lower-educated employees as they are responsible for delivering customer satisfaction.
- (5) Since this research has shown that commitment is the main driver of customer loyalty in the restaurant sector, we recommend that SME owner-managers operating in this sector should increase commitment for their services by increasing restaurant comfort, maintaining a good reputation for their services, and carrying out refresher training courses in customer care to ensure that service staff have up-to-date knowledge about customer needs and that they take personal interest in customers' unique needs. According to Amato-McCoy (2008), employees who are poorly trained without adequate product knowledge are one of the major causes of negative customer experiences. Our findings show that most frontline employees in the restaurant sector did not have proper training in customer care. When employees are trained, they can perform simple acts like calling a regular customer by name or recognising a regular customer, all of which can go a long way in creating a loyal customer.
- (6) Since our research indicates that customer satisfaction and trust are the main drivers of customer loyalty in the travel-agency sector, we recommend that SME owner-managers operating in this sector should increase customer satisfaction by, for example, increasing the flexibility with which they make travel bookings for customers. They can also increase the levels of trust that customers have in their service by maintaining a good reputation for their services (e.g., refunding a customer who has not travelled after removing all the cancellation charges) and by paying more attention to the images they send out to their customers.
- (7) SME owners-managers in both SME sectors should introduce reward schemes for service employees who excel in pleasing customers. This will motivate them to create more positive experiences for customers which will ultimately impact on customer loyalty. Furthermore, all SME employees should be involved in the process of delivering quality service to the customer by sensitizing them about the importance of creating a satisfied customer and empowering them to deliver quality services to customers.

10.4.2 Recommendations for SME Policy Makers

Based on our conclusions, we provide the following five recommendations for SME policy makers.

- (1) SME policy makers should recognise the differences in RM practices across different SME service sectors and use the proposed RM model in Chapter 3 to design suitable policies that can enable SME owner-managers operating in these sectors to achieve their objectives. For example, with the help of the proposed model, they can design training programmes that emphasise interpersonal communication in the case of the travel-agency sector and service quality in the case of the restaurant sector. This will increase the effectiveness of SME policy interventions and boost SME competitiveness.
- (2) The research findings also revealed that SME owner-managers in both sectors faced high operational costs because of frequent power interruptions. In the case of restaurants, this often led to waste because of spoiled food and beverages and subsequently, loss of customer orders. In the case of travel agencies, it created difficulties in communicating with customers using email. The Uganda government, through its MTTI, should stabilize power supply in the country so that business losses are minimized. In the meantime, as a short-term solution to the problem, SMEs should be advanced to loans that can enable them to buy power backup facilities, for example, generators and inverter systems in case of power failures.
- (3) There also seem to be no clear guidelines or policies governing the operations of travel agencies in Uganda. Travel agencies currently operate using wider government policies on tourism and general guidelines from TUGATA. Because it is not mandatory for every travel agency to be a member of TUGATA, there is a lot of unhealthy competition in the sector from unqualified travel agents. Travel agencies also seem to be in competition with the airline companies instead of having collaborations with them. In light of these findings, we recommend that government should come up with a clear policy governing the operations of these SMEs so as to protect them from unhealthy competition and to reduce their operational costs.
- (4) From the findings, we established that restaurants do not have an umbrella association where they can channel their views on challenges and issues that affect them as a group. There is, however, UHOA which is an association for hotel owners in Uganda and is normally assumed to cover restaurants as well. However, because the hotels are often much bigger in size than the restaurants and with different interests, the issues that are addressed in their association do not seem to have a trickle-down effect on restaurants. Restaurants need to form a common association where their voices can be heard as a group. We therefore appeal to policy makers to sensitize restaurant owner-managers about the benefits of having a common association and to provide a supportive environment to enable them to form such an association.
- (5) We also established during the data collection process and also at the time of writing this report that the Ugandan SME policy was still in draft form and had not been officially approved (see Chapter 4). This can have the undesirable effect of slowing down the activities of SME policy makers as they lack clear guidelines on how to implement policies in SMEs and to evaluate the effectiveness of implemented policies. We therefore appeal to the Uganda government, through its SME support institutions such as Enterprise Uganda and PSFU, to quickly come up with an approved SME policy document which SME policy makers can use to guide them in implementing policies that can positively affect the operations of SMEs and therefore increase their competitiveness.

10.5 Limitations

Our research has faced some limitations. Below, we consider three of them.

First, this study was limited to only SMEs operating in two sectors. Therefore, the results from the study may not be easily generalised to SMEs in other sectors. Any attempt to apply them to other service sectors other than the ones studied should therefore be done with caution.

Second, only five restaurants and two travel agencies were studied. Care should be taken when generalising the results to other restaurants and travel agencies operating in Uganda.

Third, the nature of the sample in the travel-agency sector limits the generalisability of results in this sector. Because of the difficulty of reaching other types of respondents in this sector, the final sample mainly consisted of respondents who were self-employed and who, therefore mainly travelled for business reasons. This means that the results from the study may not be easily generalised to customers who travel for other reasons, for example, leisure, official and medical reasons.

10.6 Future Research

The main aim of this research was to contribute to reducing the current gap in RM research among SMEs in developing countries. In order to fulfil this aim, we explored the RM practices of SMEs operating in two service sectors in Uganda and investigated the influences that these practices may have on customer behaviour. During the course of our investigations, we came across at least five research areas that could be suitable for further investigation. Below, we mention the three main research areas with a potential direction for future research.

Research Direction 1

Future research is needed to examine the RM practices of SMEs operating in different service sectors other than the ones studied. This will help to validate the proposed research model more extensively and to identify potentially new factors that can have an influence on the development and maintenance of long-term relationships among SMEs in the service sector in Uganda.

Research Direction 2

The study used a mixed-method research design and was cross-sectional in nature. It would be useful for future research to examine the constructs proposed in the research model from a longitudinal perspective in order to determine their influence on customer loyalty at different points in time. This will lead to further insights into the RM practices of SMEs in the service sector in Uganda.

Research Direction 3

Further investigation is also required into the influence that RM practices can have on the behaviour of different customer groups within the travel-agency sector. This will help to clarify those factors that are critical for each group to enter into a long-term relationship.

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APPENDICES

Appendix A: Interview Guides

Appendix A consists of three parts, namely the interview guide for SME regular customers (A1), the interview guide for SME owner-managers (A2), and the interview guide for SME frontline employees (A3).

A1: Interview Guide for SME Regular Customers

Below, we reproduce the four leading questions that were posed to the regular customers.

1. What brings you back to this business?
2. What positive and/negative experiences did you have from the business?
3. How do these experiences affect your satisfaction?
4. What changes would you like the SME owner-managers of this business to make in order to serve you better?

A2: Interview Guide for SME Owner-Managers

This part contains the questions that we asked to the SME owner-managers. The questions were categorised into five key areas as follows: (I) background information about the respondent, (II) background information and general management of the SME, (III) relationship marketing profile of the SME, (IV) performance of the SME and future plans, and (V) government support to SMEs.

I. Background Information about the Respondent

1. What is your educational background?
2. How long have you worked for this business?
3. What training have you received on this job?
4. What are some of the critical experiences, both positive and negative, you have got on this job?

II. Background Information and General Management of the SME

5. Who owns this business?
6. For how long has this business been operating?
7. How is it managed?
8. How many employees do you have?
9. How many are full time and how many are part time?
10. What is their educational background and what training have they received on the job? Have they received any customer related training on the job? If so, in what areas?
11. How many meetings do you have with your staff in a month?
12. What type of meetings do you have and how many of these are customer related?
13. How do you ensure that what has been discussed or agreed upon in the meetings is implemented?
14. When is the peak period?
15. What service do customers demand most during the peak periods?
16. What do you do to ensure that you serve your customers better during these peak periods?

III. Relationship Marketing Profile of the SME

17. Who are your customers? What is their background, level of education, places of residence, etc?
18. What are the reasons your customers keep coming back to buy from you and not from another service provider?
19. How do you communicate with your customers?
20. How often do you communicate with them?
21. How do you get feedback from your customers?
22. How do you treat this feedback?
23. Do you have a suggestion box?
24. Who is responsible for it?
25. How often do you check it?
26. How do you treat the responses from the suggestion box?
27. Do customers give compliments on the service you provide?
28. How do you treat these compliments?
29. On average, how long does it take for a customer to be served?
30. On average, how many customers do you get in a day and what type of customers are they?
31. If a customer walks into your office with a complaint, what steps do you take to handle his/her complaint?
32. How do you compare the price you charge for your service with what competitors are charging?
33. Do you think that even if you increase the price of your service, customers would still come?
34. What tangible rewards (e.g., gifts, discounts), if any, do you give to your customers?
35. How often do give out these rewards?
36. Which customers are eligible for these rewards?
37. What activities do you do to ensure that customers keep coming back to your business?
38. How do these activities affect their satisfaction with the services you provide them with?
39. What challenges do you face in implementing these activities?
40. How can the above challenges be overcome?

41. Do you think that the extent to which customers are happy with the service you provide affects the number of times they come to your business?
42. Do you think that there is a connection between satisfaction of customers and belief in the services you provide them with?
43. If yes, what is the connection?
44. Do customers believe in your service? How do you know?
45. Do you think that the degree to which customers believe in your service affects the number of times they come to your business?
46. Do customers prefer your business in comparison to others in the neighbourhood? How do you know?
47. Do you think that customers will prefer to come to your business in comparison to other similar ones if they are satisfied with the service you provide?
48. Do you think that the extent to which customers prefer your company to others affects the number of times they come to your business? If yes, how?
49. Do you think that there is a connection between the belief that customers have in the service you provide them with and their levels of preference to come to your business?
50. If yes, what is the connection?
51. What kind of challenges do you face while serving customers?
52. How do you think they can be overcome?
53. Has your business ever been recognised for any special award?
54. Have you ever been recognised for any award, e.g., a customer service, etc?
55. How did this make you feel and how did it affect your overall satisfaction?
56. Did you do anything extra to keep customers satisfied as a result of your own satisfaction?
57. Does what you do for your customers depend on your level of satisfaction?
58. Any particular negative experiences on the job which you would like to share with us?
59. How did these affect you as an individual?
60. How do you relate with your employees?
61. Do these relationships affect your level of satisfaction in any way?
62. Have you ever visited your competitors to see how they respond to the needs of their customers?
63. Do you know what attracts customers to your competitors?
64. Among all the services that you give to customers, what service do you think they value most in your business?
65. In the case of restaurants, how is left over food treated if a small number of customers shows up?

IV. Performance of the SME and Future Plans

66. What are your average sales in a month?
67. Can you invest in extra benefits for your customers given your current sales levels? If yes, please, mention some of the benefits you can invest in.
68. What is the contribution of the services you provide to your customers to the overall performance of your business?
69. What problems do you generally face in managing customer relationships?
70. How do you think these problems can be overcome?
71. What are your future plans concerning the development and maintenance of long term relationships with your customers?

V. Government Support to SMEs

72. What kind of marketing support do you receive from the Uganda government, SME planners, policy makers and other support bodies?
73. What other forms of marketing support would you like to receive from the Uganda government, SME planners, policy makers and other support bodies to enhance the competitiveness of SMEs in the country?
74. How would you like this support to be offered?

A3: Interview Guide for SME Frontline Employees

Below, we provide the questions that we posed to the frontline employees of the SMEs that were studied.

1. What time do you report to work?
2. What time does your work shift end?
3. What do you like about your job?
4. What don't you like about your job?
5. What is your educational background?
6. Have you received any training on your job to enable you serve customers better?
7. What is the first thing you do when a customer walks into this business?
8. When a customer gets annoyed with you, how do you handle the situation?
9. When a customer gets annoyed with you and reports you to the manager, how does the manager handle the situation?
10. What do you do to ensure that the customer is happy with the service you provide?
11. What do you think customers value most when you are providing them with the service?
12. What kind of experiences do you get while serving customers?
13. What challenges do you face while serving customers?
14. How do you think these challenges can be overcome?

Appendix B: Introduction Letter



MAKERERE UNIVERSITY BUSINESS SCHOOL

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Email: entre-shipcentre@muba.ac.ug - Website: www.muba.ac.ug

Entrepreneurship Centre

Date: 12th August 2008

Dear Respondent,

RE: REQUEST TO FILL IN QUESTIONNAIRE

I am an academic staff member in the Department of Marketing and International Business, Makerere University Business School (MUBS) and also a Business Development Advisor in the Entrepreneurship Center of the same institution. I am currently a doctoral student pursuing my Ph.D. from Maastricht School of Management, The Netherlands under the guidance of Prof. Dr. Jan Chr. van Dalen. My research topic is "*Relationship Marketing for SMEs in Uganda*". The main aim of this research is to understand the processes that SMEs go through to build customer loyalty and to develop practical tools that they can use to improve loyalty. The research is purely academic in nature.

I have attached a questionnaire for your input. I guarantee that the information you provide will be treated with utmost confidentiality and that only anonymous quotes will be used in reporting. I can be reached on mobile telephone number 0772-410212.

Thanking you for your support in advance.

Yours Sincerely,

Terry Najja Kakeeto

Doctoral Student

Appendix C: Questionnaires

C1: Questionnaire for Regular Customers of Restaurants

SECTION ONE: RELATIONSHIP MARKETING INSTRUMENTS

1. How did you first learn about this restaurant? (Please tick only one option).

- 1) Through the owner who is my friend/relative
- 2) Through one of the employees who is my friend/relative
- 3) Recommendation from other friends and relatives
- 4) Through the Internet
- 5) From advertising e.g. newspapers, TV, radio, etc.
- 6) By just coming across it in the city
- 7) Any other, please specify

2. To what extent did each of these sources influence your choice to buy from this restaurant?

1- No Influence 2- Some Influence 3- High Influence

| Source | 1 | 2 | 3 |
|---|---|---|---|
| Owner-Manager | | | |
| Employees | | | |
| Recommendation from other friends and relatives | | | |
| Internet | | | |
| Advertising, e.g., newspapers, TV, radio | | | |

3. For how long have you been a regular customer of this restaurant?

- 1) Less than 3 months
- 2) More than 3 months but less than a year
- 3) 1 to 2 years
- 4) More than 2 years

4. How often do you come to this restaurant?

- 1) Every working day
- 2) A few times in a week
- 3) A few times in a month
- 4) Any other, please specify

5. Do you go to other restaurants regularly?

Yes No

6. If your answer to question 5 above is yes, please indicate the extent to which the following factors have influenced your decision to go to these other restaurants and not this one.

1- No influence 2- Some Influence 3 – High Influence

| Factor | 1 | 2 | 3 |
|---|---|---|---|
| Lower prices charged in these other restaurants in comparison to this one | | | |
| Tasty food served in these other restaurants | | | |
| Wide variety of food served in these other restaurants | | | |
| Healthy food served (i.e., food that is simply boiled without using cooking oil) in these other restaurants | | | |
| Convenient location of these other restaurants | | | |
| Employees know how to handle customer complaints in these other restaurants | | | |
| Employees are friendly in these other restaurants | | | |
| Employees have a dress code in these other restaurants | | | |

| Factor | 1 | 2 | 3 |
|---|---|---|---|
| The owner is my friend/relative in these other restaurants | | | |
| One of the employees is my friend/relative in these other restaurants | | | |
| Comfortable atmosphere in these other restaurants | | | |

For the period that you have been coming to this restaurant on a regular basis, please indicate the extent to which you agree or disagree with the following factors.

1- Strongly Disagree 2- Disagree 3 -Agree 4- Strongly Agree

| 7. Customer Orientation | 1 | 2 | 3 | 4 |
|--|---|---|---|---|
| Employees are caring in nature | | | | |
| Employees serve me with a smile | | | | |
| Employees know how to handle my complaints | | | | |
| Employees understand my specific needs | | | | |
| Employees are polite | | | | |
| Employees frequently ask me to provide feedback about the quality of the service | | | | |

| 8. Service Quality | 1 | 2 | 3 | 4 |
|--|---|---|---|---|
| Employees get my order right the first time | | | | |
| The menu consists of a wide variety of food to choose from | | | | |
| Employees give me the right information about available food | | | | |
| Employees serve me with speed | | | | |
| Employees serve me tasty food | | | | |
| Employees recognise me as a regular customer | | | | |
| Employees are neat | | | | |
| Employees have and follow a dress code | | | | |
| Employees have name tags | | | | |
| The restaurant is neat | | | | |
| There is adequate parking outside this restaurant | | | | |
| There are adequate and visible signs in this restaurant, e.g., toilet sign | | | | |
| My personal belongings are safe in this restaurant | | | | |

| 9. Interpersonal Communication | 1 | 2 | 3 | 4 |
|--|---|---|---|---|
| Employees are friendly e.g. a friendly greeting | | | | |
| Employees are available for additional service, e.g., if I want to place another order | | | | |
| Employees explain to me the food on the menu | | | | |
| Employees give me information about new food on the menu | | | | |
| Employees listen carefully when am placing my order | | | | |

| 10. Tangible Rewards | 1 | 2 | 3 | 4 |
|--|---|---|---|---|
| This restaurant charges a lower price compared to similar restaurants | | | | |
| This restaurant offers me small gifts like calendars, key rings, and diaries | | | | |

SECTION TWO: CUSTOMER EXPERIENCES

11. Indicate the importance of experiences in enhancing your satisfaction with the service provided in this restaurant.

1- Unimportant 2- Important 3-Very important 4- Extremely important

| Customer Experiences | 1 | 2 | 3 | 4 |
|--|---|---|---|---|
| Greeting me with a smile on arrival in this restaurant | | | | |
| Having a menu card placed on my table | | | | |
| Being able to place my order immediately | | | | |

| Customer Experiences | 1 | 2 | 3 | 4 |
|--|----------|----------|----------|----------|
| Getting my order right the first time without mistakes | | | | |
| Fast delivery of service | | | | |
| Being asked by the manager/employees to give feedback about the service | | | | |
| Layout of the tables in this restaurant | | | | |
| Lighting of this restaurant | | | | |
| Being issued with a receipt after payment of my bill | | | | |
| The appearance of other customers in this restaurant | | | | |
| The behaviour of other customers in this restaurant | | | | |
| The playing of music in the background | | | | |
| The taste of the food | | | | |
| The smell of the food | | | | |
| The appearance of the food | | | | |
| Getting an apology from the employees if a mistake is made with my order | | | | |
| Adequate parking outside this restaurant | | | | |
| Feeling at home in this restaurant | | | | |
| Comfortable in general | | | | |

12. For the question below, please indicate your level of satisfaction with each of the following service experiences in this restaurant.

1- Not satisfied 2- Somehow Satisfied 3-Satisfied 4- Highly satisfied

| Customer Experiences | 1 | 2 | 3 | 4 |
|--|----------|----------|----------|----------|
| Greeting me with a smile on arrival in this restaurant | | | | |
| Having a menu card placed on my table | | | | |
| Being able to place my order immediately | | | | |
| Getting my order right the first time without mistakes | | | | |
| Fast delivery of service | | | | |
| Being asked by the manager/employees to give feedback about the service | | | | |
| Layout of the tables in this restaurant | | | | |
| Lighting of the restaurant | | | | |
| Being issued with a receipt after payment of my bill | | | | |
| The appearance of other customers in this restaurant | | | | |
| The behaviour of other customers in this restaurant | | | | |
| The playing of music in the background | | | | |
| The taste of the food | | | | |
| The smell of the food | | | | |
| The appearance of the food | | | | |
| Getting an apology from the employees if a mistake is made with my order | | | | |
| Adequate parking outside the restaurant | | | | |
| Feeling at home in this restaurant | | | | |
| Comfortable atmosphere | | | | |

13. What kind of experiences do you get every time you visit this restaurant?

(Please tick only one option).

- 1) Mainly good experiences
- 2) Both good and bad experiences
- 3) Mainly bad experiences

14. For the question below, please indicate your intensity with each of the following service experiences in this restaurant.

1 – Mainly bad experiences

2- Both good and bad experiences

3 – Mainly good experiences

4- Only good experiences

| Customer Experiences | 1 | 2 | 3 | 4 |
|--|----------|----------|----------|----------|
| Greeting me with a smile on arrival in this restaurant | | | | |
| Having a menu card placed on my table | | | | |
| Being able to place my order immediately | | | | |
| Getting my order right the first time without mistakes | | | | |
| Fast delivery of service | | | | |
| Being asked by the manager/employees to give feedback about the service | | | | |
| Layout of the tables in this restaurant | | | | |
| Lighting of this restaurant | | | | |
| Being issued with a receipt after payment of my bill | | | | |
| The appearance of other customers in this restaurant | | | | |
| The behaviour of other customers in this restaurant | | | | |
| The playing of music in the background | | | | |
| The taste of the food | | | | |
| The smell of the food | | | | |
| The appearance of the food | | | | |
| Getting an apology from the employees if a mistake is made with my order | | | | |
| Adequate parking outside this restaurant | | | | |
| Feeling at home in this restaurant | | | | |
| Comfortable atmosphere | | | | |

For questions 15 to 20, please indicate the most likely action you would take in each of the following situations: (Please tick only one option)

15. You are in this restaurant and they bring your order very late.

- 1) I would walk away and never come back
- 2) I would stay away from this restaurant for a while
- 3) I would complain to the owner-manager of this restaurant
- 4) I would complain to the employee who took my order
- 5) I would discourage friends, colleagues etc from visiting this restaurant
- 6) I would accept the situation as it is

16. You are in this restaurant and the employees are not friendly.

- 1) I would walk away and never come back
- 2) I would stay away from this restaurant for a while
- 3) I would complain to the owner-manager of this restaurant
- 4) I would complain to the employee who took my order
- 5) I would discourage friends, colleagues etc from visiting this restaurant
- 6) I would accept the situation as it is

17. You lose your valuable items, e.g., a briefcase or handbag, while in this restaurant.

- 1) I would walk away and never come back
- 2) I would complain to the owner-manager of this restaurant
- 3) I would complain to the employee who took my order
- 4) I would report the matter to police
- 5) I would sue this restaurant
- 6) I would discourage friends, colleagues, etc. from visiting this restaurant
- 7) I would accept the situation as it is

18. You get food poisoning after having a meal in this restaurant.
- 1) I would walk away and never come back
 - 2) I would stay away from this restaurant for a while
 - 3) I would complain to the owner-manager of this restaurant
 - 4) I would complain to the employee who took my order
 - 5) I would sue this restaurant
 - 6) I would discourage friends, colleagues, etc. from visiting this restaurant
 - 7) I would accept the situation as it is

19. You find out that the employees gave you information that is not true about the meals served in this restaurant.
- 1) I would walk away and never come back
 - 2) I would stay away from this restaurant for a while
 - 3) I would complain to the owner-manager of this restaurant
 - 4) I would complain to the employee who took my order
 - 5) I would discourage friends, colleagues, etc. from visiting this restaurant
 - 6) I would accept the situation as it is

20. After paying for your meal in this restaurant, the waiter/waitress gives you back a balance which is less than the actual amount you should receive.
- 1) I would walk away and never come back
 - 2) I would stay away from this restaurant for a while
 - 3) I would complain to the owner-manager of this restaurant
 - 4) I would complain to the employee who took my order
 - 5) I would discourage friends, colleagues, etc. from visiting this restaurant
 - 6) I would accept the situation as it is

SECTION THREE: CUSTOMER BEHAVIOUR

Question 21 below provides descriptions about how satisfied you are with this restaurant in relation to the service provided. Please indicate the extent to which you agree or disagree with the following statements:

1- Strongly Disagree 2- Disagree 3- Agree 4- Strongly Agree

| 21. Customer Satisfaction | 1 | 2 | 3 | 4 |
|--|----------|----------|----------|----------|
| I know whom to contact when I have a complaint | | | | |
| Employees are knowledgeable about their work | | | | |
| Employees clearly understand customer needs | | | | |
| Employees are slow in handling customer complaints | | | | |
| Employees are rude and impatient | | | | |
| I feel I am paying a fair price for the service provided to me | | | | |
| The kind of service provided is more than I expected | | | | |
| This restaurant meets my expectations | | | | |
| The last time I visited this restaurant, I was happy with the service provided to me | | | | |
| Compared to similar restaurants I have been to, I am more satisfied with this restaurant | | | | |
| In general, I am happy with this restaurant | | | | |
| Based on all my experience, I am satisfied with this restaurant | | | | |

22. Would you come back to this restaurant even if you were dissatisfied with the service?
- 1) Yes
 - 2) No

23. If your answer is yes, why would you come back?

(You may tick more than one option)

- 1) Because the meals are cheaper
- 2) Because of the tasty meals served
- 3) Because of the wide variety of meals served
- 4) Because there is no other similar restaurant nearby
- 5) Because of its convenient opening hours
- 6) Because the employees are helpful
- 7) Because the owner-manager is my friend/relative
- 8) Because one of the employees is my friend/relative
- 9) Because it is more comfortable than other similar restaurants
- 10) Any other, please specify

For questions 24 to 27, please indicate the extent to which you agree or disagree with the following statements:

1- Strongly Disagree 2- Disagree 3- Agree 4- Strongly Agree

| 24. I am more satisfied with this restaurant because | 1 | 2 | 3 | 4 |
|---|----------|----------|----------|----------|
| They charge lower prices in comparison to similar restaurants | | | | |
| They don't make mistakes with my order | | | | |
| They offer me a wider food variety | | | | |
| They serve more tasty meals | | | | |
| They have more convenient opening hours | | | | |
| The employees are more friendly | | | | |
| The employees are more helpful | | | | |
| The employees interact with me more frequently | | | | |
| Its location is more convenient | | | | |
| It is more comfortable than similar restaurants | | | | |

| 25. Trust | 1 | 2 | 3 | 4 |
|---|----------|----------|----------|----------|
| I believe that employees tell the truth about the service | | | | |
| I believe that the owner-manager of this restaurant is not out to cheat me | | | | |
| I believe that this restaurant will continue to offer me a good service | | | | |
| I have faith in this restaurant | | | | |
| I know that if I get a problem with this restaurant, it will be solved immediately. | | | | |
| Employees keep the promises they make | | | | |
| Employees of this restaurant are honest | | | | |
| I have confidence in this restaurant | | | | |

| 26. Commitment | 1 | 2 | 3 | 4 |
|---|----------|----------|----------|----------|
| I prefer to buy from this restaurant in comparison to other similar restaurants | | | | |
| Even if this restaurant increased its price, I would still prefer to buy from it. | | | | |
| Even if this restaurant was relocated elsewhere but nearby, I would still prefer it to others | | | | |
| I feel emotionally attached to this restaurant | | | | |
| Because I feel a strong attachment to this restaurant, I remain a customer of this restaurant | | | | |
| I think that I could easily become attached to another restaurant as I am to this one | | | | |

| 26. Commitment | 1 | 2 | 3 | 4 |
|--|----------|----------|----------|----------|
| I just have to continue coming to this restaurant because I have no option | | | | |
| I would go through a lot of inconveniences if I decided to stop having my meals from this restaurant | | | | |
| I feel good about this restaurant | | | | |
| I have few options to choose from if I do not have my meals from this restaurant | | | | |
| I continue to have my meals from this restaurant because I may not find another restaurant offering the same service in the neighborhood | | | | |

| 27. Customer Loyalty | 1 | 2 | 3 | 4 |
|---|----------|----------|----------|----------|
| I am not likely to go to another restaurant even if this restaurant increased its price | | | | |
| I would definitely recommend this restaurant to my friends and relatives | | | | |
| I usually talk positively about this restaurant to other people | | | | |
| I would encourage my friends and relatives to have their meals from this restaurant | | | | |
| It is rare that I consider having my meals from another restaurant | | | | |
| Every time I need a meal, I come to this restaurant | | | | |
| I really like having my meals from this restaurant | | | | |
| When I need to have a meal, this restaurant is my first choice | | | | |
| It is likely that I will continue buying meals from this restaurant in the future | | | | |
| I intend to start having my meals from another restaurant with better services | | | | |
| I regard this restaurant as one of the best in the city | | | | |
| I do not have any regrets that I have my meals from this restaurant | | | | |

28. I will continue to have my meals from this restaurant for the following reasons:
(You may tick more than one option)

- 1) The meals served are tasty
- 2) There is a wide variety of food
- 3) The environment is neat
- 4) Employees are fast in delivering the service
- 5) Employees are friendly
- 6) They charge lower prices in comparison to similar restaurants
- 7) They have convenient opening hours
- 8) I enjoy a good relationship with the manager
- 9) I enjoy a good relationship with the employees
- 10) I find it comfortable
- 11) I lack a better alternative
- 12) Any other, please specify

29. Please, describe below, any special experience you got from this restaurant that made you feel special about this restaurant.

30. Suggest ways in which you think this restaurant can improve the service they are currently providing to customers.

SECTION FOUR: PERSONAL DATA

Please, tick the option in the box provided that represents your response to the following items:

31. Gender

Female

Male

32. Your Age Group

Under 20

20 – 30

31 – 40

41 – 50

Over 50

33. Your highest level of Formal Education

- 1) None
- 2) Certificate (PLE, UCE and UACE)
- 3) Diploma
- 4) Degree
- 5) Any other, please specify

34. Form of Employment

- 1) Employed by self
- 2) Employed in an organisation
- 3) Unemployed
- 4) Any other form of employment, please specify

35. What is your profession?

36. What is your net income level per month (in Uganda Shillings)?

- 1) Less than 100,000
- 2) Between 100,000 and 500,000
- 3) Between 500,000 and 1,000,000
- 4) 1,000,000 and above

Thank you for your time and cooperation!

C2: Questionnaire for Regular Customers of Travel Agencies

SECTION ONE: RELATIONSHIP MARKETING INSTRUMENTS

1. How did you first learn about this travel agent? (Please tick only one option).

- 1) Through the owner who is my friend/relative
- 2) Through one of the employees who is my friend/relative
- 3) Recommendation from other friends and relatives
- 4) Through the Internet
- 5) From advertising, e.g., newspapers, TV, radio, etc.
- 6) By just coming across it in the city
- 7) Any other, please specify _____

2. To what extent did each of these sources influence your choice to buy from this travel agency the first time?

1- No Influence 2- Some Influence 3- High Influence

| Source | 1 | 2 | 3 |
|---|---|---|---|
| Owner-Manager | | | |
| Employees | | | |
| Recommendation from other friends and relatives | | | |
| Internet | | | |
| Advertising, e.g., newspapers, TV, radio | | | |

3. For how long have you been a regular client of this travel agency?

- 1) Less than a year
- 2) 1 – 2 years
- 3) More than 2 years

4. Do you deal with other travel agents regularly apart from this travel agent?

Yes No

5. If your answer to question 4 above is yes, please indicate the extent to which the following factors have influenced your decision to buy tickets from these other travel agents and not this one.

1- No influence 2- Some Influence 3 – High Influence

| Factor | 1 | 2 | 3 |
|---|---|---|---|
| Lower prices in these travel agencies in comparison to this one. | | | |
| Flexible payment terms in these other travel agencies | | | |
| Wide variety of ticket options in these other travel agencies | | | |
| Convenient location of these other travel agencies | | | |
| Employees understand my specific needs in these other travel agencies | | | |
| Employees know how to handle customer complaints in these other travel agencies | | | |
| Employees are friendly in these other travel agencies | | | |
| The owner is my friend/relative in these other travel agencies | | | |
| One of the employees is my friend/relative in these other travel agencies | | | |
| Comfortable atmosphere in these other travel agencies | | | |

For the period that you have been dealing with this travel agency you regularly buy tickets from, please indicate the extent to which you agree or disagree with the following factors as observed in this travel agency.

1- Strongly Disagree 2- Disagree 3 -Agree 4- Strongly Agree

| 6. Customer Orientation | 1 | 2 | 3 | 4 |
|--|---|---|---|---|
| Employees are caring in nature | | | | |
| Employees serve me with a smile | | | | |
| Employees know how to handle my complaints | | | | |

| 6. Customer Orientation | 1 | 2 | 3 | 4 |
|--|----------|----------|----------|----------|
| Employees understand my specific needs | | | | |
| Employees are polite | | | | |
| Employees frequently asked me to provide feedback about the quality of the service | | | | |

| 7. Service Quality | 1 | 2 | 3 | 4 |
|---|----------|----------|----------|----------|
| There is a wide variety of ticket options to choose from | | | | |
| Employees give me the right information about available ticket options | | | | |
| Employees are accurate with the bookings I request them to make | | | | |
| Employees serve me with speed | | | | |
| Employees are flexible with making changes in the ticket bookings | | | | |
| Employees recognise me as a regular customer | | | | |
| Employees provide me with brochures and flyers for additional information about the travel agency | | | | |
| Employees are neat | | | | |
| Employees have and follow a dress code | | | | |
| Employees have name tags | | | | |
| The travel agent's premises are neat | | | | |
| There is adequate parking outside this agency | | | | |
| There are adequate and visible signs in this travel agency | | | | |
| My personal belongings are safe in this travel agency | | | | |

| 8. Interpersonal Communication | 1 | 2 | 3 | 4 |
|---|----------|----------|----------|----------|
| Employees are friendly, e.g., a friendly greeting | | | | |
| Employees are available for additional service, e.g., providing visa and hotel information, etc | | | | |
| Employees explain to me the available ticket options | | | | |
| Employees give me information about new ticket options | | | | |
| Employees communicate to me any changes in travel options after I have made the booking | | | | |
| Employees keep me updated about the stage of the transaction after I have made the booking | | | | |
| Employees listen carefully when I am making the booking | | | | |

| 9. Tangible Rewards | 1 | 2 | 3 | 4 |
|--|----------|----------|----------|----------|
| This agency charges a lower price compared to similar travel agencies | | | | |
| This agency offers price discounts | | | | |
| This agency offers me small gifts like calendars, key rings, and diaries | | | | |

SECTION TWO: CUSTOMER EXPERIENCES

10. Indicate the importance of experiences in enhancing your satisfaction with the service.

1- Unimportant 2- Important 3-Very important 4- Extremely important

| Customer Experiences | 1 | 2 | 3 | 4 |
|--|----------|----------|----------|----------|
| Greeting me with a smile on arrival in this travel agency | | | | |
| Having ticket prices displayed both outside and inside this agency | | | | |
| Being able to make my booking immediately | | | | |
| Being able to make my booking using internet services | | | | |
| Fast delivery of service | | | | |
| Accuracy with which employees make my booking | | | | |
| Regularly communicating to me any changes concerning the ticket bookings I have made | | | | |

| Customer Experiences | 1 | 2 | 3 | 4 |
|--|----------|----------|----------|----------|
| Flexibility in changing the ticket bookings I have made | | | | |
| Being issued with a receipt after payment for the tickets | | | | |
| The appearance of other customers in this agency | | | | |
| The behaviour of other customers in this agency | | | | |
| The playing of music in the background | | | | |
| The smell of the reservation ticket | | | | |
| The appearance of the reservation ticket | | | | |
| Getting an apology from employees if a mistake is made with my booking | | | | |
| Adequate parking outside this agency | | | | |
| Comfortable atmosphere | | | | |

11. For the question below, please indicate your level of satisfaction with each of the following service experiences in this travel agency.

1- Not satisfied 2- Somehow Satisfied 3-Satisfied 4- Highly satisfied

| Customer Experiences | 1 | 2 | 3 | 4 |
|--|----------|----------|----------|----------|
| Greeting me with a smile on arrival in this travel agency | | | | |
| Having ticket prices displayed both outside and inside this agency | | | | |
| Being able to make my booking immediately | | | | |
| Being able to make my booking using internet services | | | | |
| Accuracy with which employees make my booking | | | | |
| Fast delivery of service | | | | |
| Regularly communicating to me any changes concerning the ticket bookings I have made | | | | |
| Flexibility in changing the ticket bookings I have made | | | | |
| Being issued with a receipt after payment for the tickets | | | | |
| The appearance of other customers in this agency | | | | |
| The behaviour of other customers in this agency | | | | |
| The playing of music in the background | | | | |
| The smell of the reservation ticket | | | | |
| The appearance of the reservation ticket | | | | |
| Getting an apology from employees if a mistake is made with my booking | | | | |
| Adequate parking outside this agency | | | | |
| Comfortable atmosphere | | | | |

12. What kind of experiences do you get every time you deal with this agency?

- 1) Mainly good experiences
- 2) Both good and bad experiences
- 3) Mainly bad experiences

13. For the question below, please indicate your intensity with each of the following service experiences in this travel agency.

1 – Mainly bad experiences 2- Both good and bad experiences
3 - Mainly good experiences 4- Only good experiences

| Customer Experiences | 1 | 2 | 3 | 4 |
|--|----------|----------|----------|----------|
| Greeting me with a smile on arrival in this travel agency | | | | |
| Having ticket prices displayed both outside and inside this agency | | | | |
| Being able to make my booking immediately | | | | |
| Being able to make my booking using internet services | | | | |
| Accuracy with which employees make my booking | | | | |

| Customer Experiences | 1 | 2 | 3 | 4 |
|--|----------|----------|----------|----------|
| Fast delivery of service | | | | |
| Regularly communicating to me any changes concerning the ticket bookings I have made | | | | |
| Flexibility in changing the ticket bookings I have made | | | | |
| Being issued with a receipt after payment for the tickets | | | | |
| The appearance of other customers in this agency | | | | |
| The behaviour of other customers in this agency | | | | |
| The playing of music in the background | | | | |
| The smell of the reservation ticket | | | | |
| The appearance of the reservation ticket | | | | |
| Getting an apology from employees if a mistake is made with my booking | | | | |
| Adequate parking outside this agency | | | | |
| Feeling at home in this agency | | | | |
| Comfortable atmosphere | | | | |

For questions 14 to 17, please indicate the most likely action you would take in each of the following situations: (Please tick only one option).

14. You are in this agency and nobody offers to help you.

- 1) I would walk away and never come back
- 2) I would stay away from this agency for at least a year
- 3) I would complain to the manager or anybody else in charge
- 4) I would complain to one of the employees
- 5) I would discourage friends, colleagues, etc. from buying from this agency
- 6) I would accept the situation as it is

15. You are in this agency and an unfriendly employee attends to you.

- 1) I would walk away and never come back
- 2) I would stay away from this agency for at least a year
- 3) I would complain to the manager or anybody else in charge
- 4) I would complain to the employee who attended to me
- 5) I would discourage friends, colleagues, etc. from buying from this agency
- 6) I would accept the situation as it is

16. You lose your valuable items, e.g., a briefcase or handbag while in this agency.

- 1) I would walk away and never come back
- 2) I would complain to the owner-manager of the agency
- 3) I would complain to the employee who attended to me
- 4) I would register my complaint with The Uganda Travel Agents Association
- 5) I would report the matter to police
- 6) I would sue this agency
- 7) I would discourage friends, colleagues, etc. from buying from this agency
- 8) I would accept the situation as it is

17. You find out that the employees gave you information that is not true about the ticket prices in this agency.

- 1) I would walk away and never come back
- 2) I would stay away from this agency for at least a year
- 3) I would complain to the owner-manager of this agency
- 4) I would complain to the employee who attended to me
- 5) I would register my complaint with The Association of Uganda Travel Agents
- 6) I would discourage friends, colleagues, etc. from buying from this agency
- 7) I would accept the situation as it is

SECTION THREE: CUSTOMER BEHAVIOUR

Question 18 below provides descriptions about how satisfied you are with this travel agency in relation to the service provided. Please indicate the extent to which you agree or disagree with the following statements:

| 1- Strongly Disagree | 2- Disagree | 3- Agree | 4- Strongly Agree | |
|--|--------------------|-----------------|--------------------------|----------|
| 18. Customer Satisfaction | | | | |
| | 1 | 2 | 3 | 4 |
| I know whom to contact when I have a complaint | | | | |
| Employees are knowledgeable about their work | | | | |
| Employees clearly understand my needs | | | | |
| Employees are slow in handling my complaints | | | | |
| Employees are rude and impatient | | | | |
| The kind of service provided is more than I expected | | | | |
| This travel agency meets my expectations | | | | |
| The last time I bought a ticket from this travel agency, I was happy with the service provided to me | | | | |
| Compared to similar travel agencies I buy tickets from, I am more satisfied with this one | | | | |
| In general, I am happy with this travel agency | | | | |
| Based on all my experience, I am satisfied with this travel agency | | | | |

19. Would you come back to this agency even if you were dissatisfied with the service?

- 3) Yes
- 4) No

20. If your answer is yes, why would you come back?

(You may tick more than one option)

- a) Because they offer cheaper tickets than other similar agencies
- b) Because they have a wide variety of ticket options
- c) Because there is no similar agency nearby
- d) Because of its convenient opening hours
- e) Because the employees are helpful
- f) Because the owner-manager is my friend/relative
- g) Because one of the employees is my friend/relative
- h) Because it is more comfortable than other similar agencies
- i) Any other, please specify

For questions 21 to 24, please indicate the extent to which you agree or disagree with the following statements:

1- Strongly disagree 2- Disagree 3- Agree 4- Strongly Agree

| 21. I am more satisfied with this travel agency because | 1 | 2 | 3 | 4 |
|---|----------|----------|----------|----------|
| They charge lower prices in comparison to similar travel agencies | | | | |
| They give more price discounts | | | | |
| They are more accurate with my ticket bookings | | | | |
| They offer a wider variety of ticket options | | | | |
| They are more flexible if I want to make any changes in the booking I have made | | | | |
| They regularly communicate to me any changes in the bookings | | | | |
| They communicate new information about available ticket options | | | | |
| They communicate in a more timely manner | | | | |
| They have more convenient opening hours | | | | |
| Employees are more friendly | | | | |
| Employees are more helpful | | | | |

| 22.Trust | 1 | 2 | 3 | 4 |
|---|----------|----------|----------|----------|
| I believe that employees tell the truth about the ticket options available | | | | |
| I believe that this travel agency will continue to offer me a good service | | | | |
| I have faith in this travel agency | | | | |
| I know that if I get a problem with this travel agency, it will be solved immediately | | | | |
| Employees keep the promises they make | | | | |
| The employees of this travel agency are honest | | | | |
| I have confidence in this travel agency | | | | |

| 23. Commitment | 1 | 2 | 3 | 4 |
|--|----------|----------|----------|----------|
| I prefer to buy tickets from this travel agency in comparison to other similar agencies | | | | |
| Even if this travel agency increased its price, I would still prefer to buy my tickets from it | | | | |
| Even if this travel agency were relocated elsewhere, I would still prefer it to others | | | | |
| I feel emotionally attached to this travel agency | | | | |
| Because I feel a strong attachment to this travel agency, I would prefer to continue to buy my tickets from it | | | | |
| I think that I could easily become attached to another travel agency as I am to this one | | | | |
| I have to continue buying tickets from this travel agency because I have no option | | | | |
| I would go through a lot of inconveniences if I decided to stop buying tickets from this travel agency | | | | |
| I feel good about this travel agency | | | | |
| I have few options to choose from if I do not buy tickets from this travel agency | | | | |
| I prefer to continue to buy tickets from this travel agency because I may not find a similar travel agency offering the same service | | | | |

| 24. Customer Loyalty | 1 | 2 | 3 | 4 |
|--|----------|----------|----------|----------|
| I am not likely to buy tickets from another travel agency even if this travel agency increased its price | | | | |
| I would definitely recommend this travel agency to my friends and relatives | | | | |
| I usually talk positively about this travel agency to other people | | | | |
| I would encourage my friends and relatives to buy their tickets from this travel agency | | | | |
| It is rare that I wish to buy tickets from another travel agency | | | | |
| Every time I need to buy a ticket, I buy it from this travel agency | | | | |
| I really prefer that I continue to buy tickets from this travel agency | | | | |
| Whenever I need to travel, I make this travel agency my first choice to buy a ticket | | | | |
| It is likely that I will continue to buy tickets from this travel agency in the future | | | | |
| I would prefer that I buy tickets from another travel agency with better services | | | | |
| I regard this travel agency as one of the best in the city | | | | |
| I do not have any regrets that I buy from this travel agency | | | | |

25. I will continue to buy tickets from this travel agency because of the following reasons: (You may tick the ones you find appropriate)

- | | |
|--|--------------------------|
| 1) The employees are fast in attending to clients | <input type="checkbox"/> |
| 2) There is consistency in service delivery | <input type="checkbox"/> |
| 3) The employees are friendly | <input type="checkbox"/> |
| 4) They charge lower prices in comparison to similar travel agencies | <input type="checkbox"/> |
| 5) They have flexible payment terms | <input type="checkbox"/> |
| 6) It is more comfortable than similar agencies | <input type="checkbox"/> |
| 7) They have convenient opening hours | <input type="checkbox"/> |
| 8) I enjoy a good relationship with the manager | <input type="checkbox"/> |
| 9) I enjoy a good relationship with the employees | <input type="checkbox"/> |
| 10) I lack a better alternative | <input type="checkbox"/> |
| 11) Any other, please specify | <input type="checkbox"/> |

26. Please, describe below, any special experience you got from this travel agency that made you feel special about this agency.

27. Suggest ways in which you think this agency can improve the service they are currently providing to you.

SECTION FOUR: PERSONAL DATA

Please, tick the option that represents your response to the following items:

28. Gender

- Female Male

29. Your Age (years)

- Under 20 20 – 30 31 – 40
 41 – 50 Over 50

30. Your highest level of Formal Education

- | | |
|------------------------------------|--------------------------|
| 1) None | <input type="checkbox"/> |
| 2) Certificate (PLE, UCE and UACE) | <input type="checkbox"/> |
| 3) Diploma | <input type="checkbox"/> |
| 4) Degree | <input type="checkbox"/> |
| 5) Any other, please specify | <input type="checkbox"/> |

31. Form of Employment

- | | |
|---|--------------------------|
| 1) Employed by self | <input type="checkbox"/> |
| 2) Employed in an organisation | <input type="checkbox"/> |
| 3) Unemployed | <input type="checkbox"/> |
| 4) Any other form of employment, please specify | <input type="checkbox"/> |

32. What is your profession?

33. What is your net income level per month (in Uganda Shillings)?

- | | |
|------------------------------------|--------------------------|
| 1) Less than 500, 000 | <input type="checkbox"/> |
| 2) Between 500,000 and 1,000,000 | <input type="checkbox"/> |
| 3) Between 1,000,000 and 2,000,000 | <input type="checkbox"/> |
| 4) 2,000,000 and above | <input type="checkbox"/> |

Thank you for your time and cooperation!

C3: Questionnaire for SME Owner-Managers of Restaurants

SECTION ONE: SME OWNER-MANAGER EXPERIENCES

Think of your experiences when you were providing services to customers in this restaurant. Use these reflections to answer the following questions:

1. Indicate how important the following experiences are in enhancing your satisfaction with the service you provide to customers in this restaurant.

1- Unimportant 2- Important 3-Very important 4- Extremely important

| SME Owner-Manager Experiences | 1 | 2 | 3 | 4 |
|--|----------|----------|----------|----------|
| Greeting customers with a smile on arrival in this restaurant | | | | |
| Having menu cards placed on customers' tables | | | | |
| Being able to place customers' orders immediately | | | | |
| Getting customers' orders right the first time without mistakes | | | | |
| Fast delivery of service to customers | | | | |
| Asking customers to give feedback about the service | | | | |
| Layout of the tables in this restaurant | | | | |
| Lighting of this restaurant | | | | |
| Issuing customers with a receipt after payment of their bills | | | | |
| The appearance of customers in this restaurant | | | | |
| The behaviour of customers in this restaurant | | | | |
| The playing of music in the background | | | | |
| The taste of the food | | | | |
| The smell of the food | | | | |
| The appearance of the food | | | | |
| Giving an apology to customers if a mistake is made with processing their orders | | | | |
| Adequate parking for customers outside this restaurant | | | | |
| Making customers feel at home in this restaurant | | | | |
| Ensuring that customers are comfortable in general | | | | |

2. For the question below, please indicate how satisfied you are with each of the following experiences in this restaurant.

1- Not satisfied 2- Somehow Satisfied 3-Satisfied 4- Highly satisfied

| SME Owner-Manager Experiences | 1 | 2 | 3 | 4 |
|--|----------|----------|----------|----------|
| Greeting customers with a smile on arrival in this restaurant | | | | |
| Having menu cards placed on customers' tables | | | | |
| Being able to place customers' orders immediately | | | | |
| Getting customers' orders right the first time without mistakes | | | | |
| Fast delivery of service to customers | | | | |
| Asking customers to give feedback about the service | | | | |
| Layout of the tables in this restaurant | | | | |
| Lighting of this restaurant | | | | |
| Issuing customers with a receipt after payment of their bills | | | | |
| The appearance of customers in this restaurant | | | | |
| The behaviour of customers in this restaurant | | | | |
| The playing of music in the background | | | | |
| The taste of the food | | | | |
| The smell of the food | | | | |
| The appearance of the food | | | | |
| Giving an apology to customers if a mistake is made with processing their orders | | | | |

| SME Owner-Manager Experiences | 1 | 2 | 3 | 4 |
|--|----------|----------|----------|----------|
| Adequate parking for customers outside this restaurant | | | | |
| Making customers feel at home in this restaurant | | | | |
| Ensuring that customers are comfortable in general | | | | |

3. What kind of experiences do you get every time customers come to this restaurant?
(Please tick only one option).

- 1) Mainly good experiences
- 2) Both good and bad experiences
- 3) Mainly bad experiences

4. For the question below, please indicate your intensity with each of the following experiences in this restaurant.

1 – Mainly bad experiences **2- Both good and bad experiences**
3 – Mainly good experiences **4- Only good experiences**

| SME Owner-Manager Experiences | 1 | 2 | 3 | 4 |
|--|----------|----------|----------|----------|
| Greeting customers with a smile on arrival in this restaurant | | | | |
| Having menu cards placed on customers' tables | | | | |
| Being able to place customers' orders immediately | | | | |
| Getting customers' orders right the first time without mistakes | | | | |
| Fast delivery of service to customers | | | | |
| Asking customers to give feedback about the service | | | | |
| Layout of the tables in this restaurant | | | | |
| Lighting of this restaurant | | | | |
| Issuing customers with a receipt after payment of their bills | | | | |
| The appearance of customers in this restaurant | | | | |
| The behaviour of customers in this restaurant | | | | |
| The playing of music in the background | | | | |
| The taste of the food | | | | |
| The smell of the food | | | | |
| The appearance of the food | | | | |
| Giving an apology to customers if a mistake is made with processing their orders | | | | |
| Adequate parking for customers outside this restaurant | | | | |
| Making customers feel at home in this restaurant | | | | |
| Ensuring that customers are comfortable in general | | | | |

SECTION TWO: SME OWNER-MANAGER SATISFACTION

Question 5 below requires you to think about the service you provide in this restaurant and to provide descriptions about how satisfied you are with this restaurant in relation to the service you provide. Please indicate the extent to which you agree or disagree with the following statements:

1- Strongly Disagree **2- Disagree** **3- Agree** **4- Strongly Agree**

| 5. SME Owner-Manager Satisfaction | 1 | 2 | 3 | 4 |
|---|----------|----------|----------|----------|
| I know whom to contact when I have a complaint | | | | |
| I am knowledgeable about my work | | | | |
| I clearly understand customer needs | | | | |
| I am slow in handling customer complaints | | | | |
| I am rude and impatient | | | | |
| I feel that customers pay fairly for the service we provide to them | | | | |
| The kind of service I provide is more than what customers expect | | | | |
| This restaurant meets my expectations | | | | |
| The last time I came to work in this restaurant, I was happy with the service I provided to customers | | | | |

| | | | | |
|--|--|--|--|--|
| Compared to similar restaurants I have been to, I am more satisfied with this restaurant | | | | |
| In general, I am happy with this restaurant | | | | |
| Based on all my experience, I am satisfied with this restaurant | | | | |

For question 6, please indicate the extent to which you agree or disagree with the following statements:

1- Strongly Disagree 2- Disagree 3- Agree 4- Strongly Agree

| 6. I am more satisfied with this restaurant because | 1 | 2 | 3 | 4 |
|---|----------|----------|----------|----------|
| The prices we charge are lower in comparison to similar restaurants | | | | |
| Employees do not make mistakes with customers' orders | | | | |
| We offer customers a wider food variety | | | | |
| We serve customers more tasty meals | | | | |
| We have more convenient opening hours | | | | |
| The employees are more friendly | | | | |
| The employees are more helpful | | | | |
| The employees interact with customers more frequently | | | | |
| Its location is more convenient | | | | |
| It is more comfortable than similar restaurants | | | | |

Thank you for your time and cooperation!

C4: Questionnaire for Frontline Employees of Restaurants

SECTION ONE: TRAINING AND OTHER SUPPORT RECEIVED IN FORM OF CUSTOMER CARE

1. Have you ever received any training related to customer care on your current job?
- 1) Yes
 - 2) No (If your answer is No, Go to Question 5)
2. If your answer is yes, when did you have your last training?
- 1) Less than 6 months ago
 - 2) Between 6 months and 1 year ago
 - 3) Between 1 and 2 years ago
 - 4) More than 2 years ago
3. In what area(s) did you receive the training?
(You may tick more than one option)
- 1) Communicating with customers
 - 2) Relating with customers
 - 3) Handling customer complaints
 - 4) Dealing with difficult customers
 - 5) Any other, please specify

4. How did you benefit from this training? (You may tick more than one option).
- 1) I know better how to communicate with customers
 - 2) I know better how to deal with customer complaints
 - 3) I know better how to interact with customers
 - 4) I know better how to deal with difficult customers
 - 5) I now have the ability to understand customers' unique needs
 - 6) I go out of my way to please customers
 - 7) I feel more confident when dealing with customers
 - 8) The way I relate with fellow colleagues has improved
 - 9) The way I relate with the owner-manager has improved
 - 10) Any other, please specify

5. Please suggest any other areas that are related to customer care in which you would like to receive training in the future to enable you serve customers better.

6. What other support in form of customer care have you been given on your job within the last one year? (You may tick more than one option).
- 1) I am given airtime for calling customers on my mobile phone
 - 2) I have an office telephone on my desk that I use to communicate with customers
 - 3) The procedure for handling customer complaints in my organisation has improved
 - 4) Any other, please specify

7. What other additional support have you been given by the organisation to facilitate you in delivering services to customers?

8. Please, list below, any rewards that you have received in recognition of good customer care, for example, salary increment, certificate of recognition, tips from customers, etc.

9. Please suggest any other forms of support that you would like to be given in the future to enable you serve customers better.

SECTION TWO: RELATIONS WITH CUSTOMERS

10. What kind of experiences do you have every time you deal with customers?
1) Mainly good experiences
2) Both good and bad experiences
3) Mainly bad experiences
11. How do these experiences affect your satisfaction on the job?
1) I become less satisfied with the job
2) I become more satisfied with the job
3) My level of satisfaction remains the same as before
12. Write down any challenges that you face when dealing with customers.

13. Suggest ways in which you think the above challenges could be overcome.

SECTION THREE: PERSONAL DATA

Please, tick the option in the box provided that represents your response to the following items:

14. Gender
Female Male
15. Your Age (years)
Under 20 20 – 30 31 – 40
41 – 50 Over 50
16. Your highest level of Formal Education
1) None
2) Certificate (PLE, UCE and UACE)
3) Diploma
4) Degree
5) Any other, please specify

17. What is your job title?

18. For how long have you been an employee of this restaurant?
1) Less than 1 year
2) Between 1 and 3 years
3) Between 3 and 5 years
4) More than 5 years
19. What is your net income level per month (in Uganda Shillings)?
1) Less than 100,000
2) Between 100,000 and 300,000
3) Between 300,000 and 500,000
4) 500,000 and above

Thank you for your time and cooperation!

Appendix D: Observation Protocol

The observation protocol below contains those items in the SME environment that we observed in order to obtain some more insights into the relationship marketing practices of the SMEs.

1. Neatness of the SME premises
2. Dress code of the SME owner-manager
3. Dress code of the SME staff
4. Internal environment of the SME, for example, presence of fans, ventilators, lighting, fire extinguishers, emergency exits, music in the background, security, etc. To establish numbers where possible
5. External environment of the SME, for example, parking space, road signs, flower beds, security, etc. To establish numbers where possible
6. SME premises, e.g., condition of the buildings, work premises of the manager, etc
7. Activities taking place at the SME premises, e.g., meetings, sidewalk activities, etc
8. Relations between the SME owner-manager and his employees
Cues to look out for:
 - (a) Verbal communication through speech and any other form of written communication, and
 - (b) Non-verbal communication, that is, the use of hands, facial expressions and any other form of body language while conveying messages to the employees
9. Relations between the frontline staff and customers
Cues to look out for:
 - (a) Verbal communication through speech and any other form of written communication. This should reveal the levels of competence employees have in dealing with customers' concerns/complaints, and
 - (b) Non-verbal communication, that is, the use of the hands, facial expressions and any other form of body language while dealing with customers
10. The price charged for the service and how it compares with what competitors are charging for a similar service
11. The nature of tangible rewards, if any, that are given to customers. To establish how often these are given
12. To look out for any critical incidents
13. To establish the duration it takes, on average, to serve customers from the time they enter the SME premises up to the time they leave the premises
14. Certification documents, if any

Appendix E: Background Information on Case-Study Restaurants

Appendix E consists of the following five parts: E1 which contains background information on Restaurant 1, E2 which contains background information on Restaurant 2, E3 which contains background information on Restaurant 3, E4 which contains background information on Restaurant 4, and E5 which contains background information on Restaurant 5.

E1: Background Information on Restaurant 1

In this part, we present some extra information about the history and operations of Restaurant 1.

Restaurant 1 was located on the outskirts of Kampala but along a busy road. The restaurant began its operations in 2007 and was famous for its spacious gardens, green vegetation, and cool breeze from a nearby fresh water lake. It was also famous for its beautiful wooden architecture.

The restaurant was legally registered as a family business and was owned by a man, his wife, and their children. The executive board of the restaurant consisted of seven directors. However, the wife was the MD and also the only director who was actively involved in its day to day operations. Below her came the general supervisor and executive chef. The general supervisor's duties mainly involved general supervision of the restaurant. All the service staff, namely the waiters, waitresses, barman, cleaners, gardeners, security guard, and cashiers reported to him. The executive chef's duties involved making food purchases for the restaurant and ensuring that good quality food was prepared for the customers. The cooks and kitchen cleaner reported directly to him. Waiters and waitresses worked in two shifts. All employees were full-time and were 22 in total. The restaurant was open every day of the week from Monday to Sunday.

The restaurant specialised in serving both African and barbeque foods to its customers. African foods were served in a buffet style while barbeque foods were served according to order (a la carte). The customer group served mainly consisted of educated people who stayed within 7 to 10 km from the restaurant. Business was often low during the weekdays but often picked up over the weekends. Most clients came to the restaurant in the evenings after work. The restaurant also had a bar and pool table, both of which became noticeably busy in the evenings. Alongside serving food to the public, the restaurant also offered outside catering services and organised events, e.g., weddings, graduation parties, and birthday parties for its clients.

E2: Background Information on Restaurant 2

Below, we provide some more detailed information about the history and operations of Restaurant 2.

Restaurant 2 was located in a busy trading centre on the outskirts of Kampala. The restaurant began its operations in 1999. However, in 2006, the restaurant got a new home where it was situated by the time this research was undertaken. The new home was rent free as the piece of land where it had been built belonged to the owner. The restaurant had earned a reputation for its prime location, beautiful wooden architecture, serving tasty barbeques, and providing big screens for football lovers.

The restaurant was solely owned by a female proprietor and was legally registered as a private limited company. It offered employment opportunities to 32 people. Of these, 16 were full-time while 16 were permanent employees.

The restaurant was managed by the owner who was also the MD. Both the administrator/manager and accountant directly reported to her. The administrator was an overseer of all the activities in the restaurant while the accountant was in charge of all the cash flow aspects of the business. Below the administrator came the service supervisors, service captains, waiters and waitresses, kitchen staff, the security guard, bouncers, and parking attendants. The storeman and cashiers directly reported to the accountant. Waiters and waitresses worked in two shifts. The restaurant was open every day of the week from Monday to Sunday.

The restaurant specialised in serving a la carte local dishes, barbecues and snacks. It mainly attracted youth in the working class. The restaurant also had two bars. There was a pool table in each of the bars. Business was often low during the weekdays but usually picked up in the evenings after 5pm. On Fridays, Saturdays and Sundays, business was often at its peak.

E3: Background Information on Restaurant 3

This part contains background information on the history and operations of Restaurant 3.

Unlike other restaurants that were studied, restaurant 3 was located in an area that was isolated from the hustle and bustle of Kampala's hectic trading centers. It was housed in a home setting in a relatively quiet part of the city. Its neighborhood was home to various diplomatic missions and embassies. As such, it attracted an exclusive group of customers, that is, both local and foreign people most of whom were elite and elderly. The restaurant had a long history and reputation for serving authentic local dishes in a purely Ugandan style. The restaurant began its operations way back in 1997. However, in 2007, the owners rented new premises which subsequently became the new home of the restaurant. This is where the restaurant is currently located.

The restaurant was owned by two friends together with their wives. Both friends were lawyers and also owned a law firm together. One of the friends was the MD and was more actively involved in managing the day to day affairs of the business. The other friend was the director. The restaurant was legally registered as a partnership business. It offered employment opportunities to 25 people. All employees were hired on a full-time basis.

The restaurant adopted a traditional theme. Its name was traditional and so were the names that waiters, waitresses and the supervisor had on their name tags. The name of the restaurant traditionally meant "a mix of food". This was echoed in the wide variety of traditional food that the restaurant served to its guests. The restaurant had a pool table that was positioned in the bar.

The restaurant was managed by the MD. The two managers and supervisor directly reported to him. There were four departments in the restaurant, namely (1) front office or service, (2) security, (3) kitchen, and (4) logistics. The supervisor was in charge of the service department but also kept an eye on operations in the other departments as well. Below the supervisor were the waiters and waitresses, cooks, cleaners, and security guards. Waiters and waitresses worked in two shifts. The two managers mainly worked as cashiers. The restaurant was open every day of the week from Monday to Sunday.

The restaurant usually had its peak periods on Thursdays, Fridays, and Saturdays and also towards the end of the month when most customers got their pay cheques.

E4: Background Information on Restaurant 4

In this part, we provide some extra information on the history and operations of Restaurant 4.

Restaurant 4 was located in a busy part of the city. It was surrounded by several office buildings and shopping malls. Therefore, its clientele mainly consisted of working people and business people who had their offices located within the vicinity of the restaurant. Because of its strategic location, many patrons found it ideal for meetings, parties, and other related events.

The restaurant was family-owned and began its operations in 2004. It specialised in serving traditional food using a buffet system and snacks using the a la carte system. The restaurant also had a bar and pool table where pool lovers used to spend their evenings sipping away a glass of beer while enjoying the pool game.

The restaurant was managed by three directors who were all actively involved in its operations. Below them came the manager, accountant, assistant manager, and supervisor. The waiters and waitresses reported directly to the supervisor. The head chef and cleaners reported directly to the manager. The restaurant employed about 23 employees who were all employed on a full-time basis. Waiters and waitresses did not work in shifts. The restaurant was open every day of the week from Monday to Saturday. It was closed to the public on Sundays. Fridays and Saturdays were usually peak periods for the restaurant as football lovers came to watch football games on the restaurant screens.

E5: Background Information on Restaurant 5

Below, we provide some background information on the history and operations of Restaurant 5.

Restaurant 5 was located in the heart of the city which made it accessible to very many people. Its neighbourhood was home to several office buildings. It was therefore not surprising that the clientele mainly consisted of the working group and business people who came to the restaurant to discuss business. The restaurant was famous for serving real Ugandan coffee. There were noticeably many tourists who visited it to enjoy its delicious coffee. It was also popular for its beautiful ambience, tasty continental cuisines, and hot spot for wireless internet which enabled clients to carry on with their office work while enjoying the restaurant ambience and tasty meals served.

The restaurant was owned by a business woman together with her children. She had majority shares in the business (99%) while her children had minority shares (1%). It was registered as a limited liability company in November 2003. However, actual operations began in April 2004. It employed 40 people all of whom were full time. The restaurant specialised in serving coffee, continental dishes, and snacks to its guests. Unlike other restaurants that were studied, restaurant 5 did not have a bar and did not sell alcohol.

The restaurant had a Board of Directors (BOD). Below the BOD came the MD who was also the owner. Below the MD came the manager who was in charge of running the whole restaurant. The restaurant had four sections, namely (1) the accounts section, (2) the production unit or kitchen, (3) the maintenance section, and (4) the frontline section. The accounts section was headed by the accountant. The purchasing clerk, assistant accountant and store keeper were all under him. The production section was headed by a production chef. Below her were the cooks all of whom reported directly to her. Under the maintenance section were stewards who were entrusted with the task of keeping the restaurant clean. These reported directly to the manager. The frontline section was further subdivided into cashiering, still room, and food and beverages service sections. The cashiering section was headed by the head cashier. The still room section where hot/cold beverages were made was headed by the head barista. The food and beverages service section was headed by two supervisors/shift leaders. The waiters and waitresses worked in two shifts and they reported directly to the supervisors. All heads of sections reported directly to the manager. The restaurant was open every day of the week from Monday to Sunday.

Mondays, Thursdays and Fridays were very busy days for the restaurant. However, business was low on Saturdays and Sundays as most of the clients were business people who did not report to work on these days. June and July were also very busy months as many tourists came into the country during this period.

Appendix F: Relationship between SME Owner-Manager Behaviour and Customer Behaviour in Restaurants

F1: Relationship between Positive SME Owner-Manager Experiences and SME Owner-Manager Satisfaction

| | POSITIVE EXPERIENCE | EFFECT | POSITIVE EXPERIENCE | EFFECT |
|-------------------------|---|--|--|--|
| Question asked | Has this business ever been recognised for any special award? | How did this make you feel and how did it affect your overall satisfaction? | Have you ever been recognised for any award? | How did this make you feel and how did it affect your overall satisfaction? |
| Manager Restaurant 1 | No | N/A ⁶² | I have not been given any award but I have received many words of thanks from the clients, my boss and my junior workmates. | It made me feel good. Yes, when people say thank you to me, it makes me feel happier on the job. |
| Manager Restaurant 2 | Yes, it has been recognised well in the sense that many times, we have had customers who bring back business to the restaurant referring us to the service they received. | N/A | I have received awards and certificates. These were mainly related to administration and control because I don't deal directly with customers. | The awards and certificates I have received made me feel very good and great. |
| Manager Restaurant 3 | No, probably because managers do not involve themselves in other activities. | N/A | No, because no rewards are given by the restaurant. However, the directors have thanked me for being faithful and trustworthy. | Being thanked by the directors for being faithful and trustworthy made me feel happy. |
| Supervisor Restaurant 3 | No | N/A | Most customers thank me and tell me that they are happy with the services I give to them. The restaurant has also recognised me for an award. At the end of the year, management always gives prizes like TV sets to people who have performed well. | I felt happy and I got to know that my work is appreciated. It did affect my overall satisfaction. |
| Manager Restaurant 4 | Yes. Standard Chartered Bank had a charity walk and they asked us to | N/A | No | N/A |

⁶² N/A stands for 'Not Applicable' which means in this sense that the question was not applicable to the respondent.

| | POSITIVE EXPERIENCE | EFFECT | POSITIVE EXPERIENCE | EFFECT |
|-----------------------|---|---|---|---|
| Question asked | Has this business ever been recognised for any special award? | How did this make you feel and how did it affect your overall satisfaction? | Have you ever been recognised for any award? | How did this make you feel and how did it affect your overall satisfaction? |
| | supply them with soft drinks, fruits, e.g., pineapple, and other meals during the walk. We made focal points where they could access the eats. The bank gave us a certificate of recognition for good service. We also appear a lot in the Red Pepper newspaper for providing good service. | | | |
| Manager Restaurant 5 | The company was recognised for sponsoring the National Barista competition. The company was also recognised by SOS and Watoto for giving back to the community. Our customers also recognise that we have got the best coffee in Uganda. | N/A | I have been working for the restaurant for only three months and so I have not got any certificate yet but customers have recognised my efforts already. They thank me for bringing improvements in the service and for handling the team very well. These are the kind of comments satisfied clients make. | It makes me feel good and happy because I get to know that I have created some impact in the company. But I know that the sky is not the limit. |
| Owner Restaurant 1 | Not yet. It is still a baby. It made one year in November 2008. | | N/A | N/A |
| Owner Restaurant 2 | This business has not yet been recognised for any special award. But at least, customers come and thank me for the service. They also thank me for being innovative and for coming up with a good restaurant. | It gives me a drive to give them more. Every single day, I ask myself, "What more should I give to my customers?" | N/A | N/A |
| Owner Restaurant 3 | No, I don't remember. However, people have praised us because we have appeared in many international broadcasts. | It makes me feel good if I get praised. However, it opens up a new set of challenges. It puts you under pressure | N/A | N/A |

| | POSITIVE EXPERIENCE | EFFECT | POSITIVE EXPERIENCE | EFFECT |
|-----------------------|---|--|---|--|
| Question asked | Has this business ever been recognised for any special award? | How did this make you feel and how did it affect your overall satisfaction? | Have you ever been recognised for any award? | How did this make you feel and how did it affect your overall satisfaction? |
| | | to do better because people expect you to do better. | | |
| Owner Restaurant 4 | Was not interviewed | Was not interviewed | Was not interviewed | Was not interviewed |
| Owner Restaurant 5 | No. However, Enterprise Uganda always asks me to give testimonies whenever they are launching any activity to do with women. A foreign writer also wrote something about my business on his website in the US. Our business also appears on the kabiza website (www.kabiza.com). The Entrepreneurship Centre, Makerere University Business School (MUBS), also interviewed me about my business and posted the interview on their website. Uganda Telecom Ltd (UTL) and Enterprise Uganda also used the business as a case study when they were training their staff. | This made me feel very happy. | N/A | N/A |

Note:

Although some of the managers also gave responses when they were asked if the business had ever been recognised for any special award, we placed more weight on the responses we got from the owners regarding the same question because we believe that they had a bird's eye view of the business and were thus in a better position to know if the business had ever been recognised in any way and how this had affected their own satisfaction. According to Miles and Huberman (1984, p.235), "stronger data can be given more weight in the conclusion".

F2: Relationship between Negative SME Owner-Manager Experiences and SME Owner-Manager Satisfaction

| | NEGATIVE EXPERIENCE | EFFECT |
|-------------------------|---|--|
| Question asked | Any particular negative experiences which you have encountered on the job? | How did these experiences affect your satisfaction? |
| Manager Restaurant 1 | <p>It is a very challenging job to manage waiters and waitresses. When I socialize with them sometimes, they become too used to me and refuse to follow up on some of the duties they are supposed to do.</p> <p>Also on two occasions, customers told me they did not have enough money to pay for all their orders. They promised me that they would pay in the future and I agreed as I did not want to harass them but they did not pay. So the balance of money that was not paid was deducted from my account. There are also customers who go away without paying.</p> | <p>Negative experiences affect the way I serve customers because at times, I fear to handle certain complaints because I have the feeling that maybe the same problem might happen again. I feel I should call for security to come and rescue the situation. Because if a customer has failed to pay and he has less money, it doesn't mean that I have to believe whatever they are telling me.</p> |
| Manager Restaurant 2 | <p>At times, I meet challenges. E.g., I can get involved in losing cash. Sometimes, I may not do something to the satisfaction of the Director. At the end of the day, I feel like the director is losing trust in me.</p> | <p>I feel like I am being paid for work that am not doing.</p> |
| Manager Restaurant 3 | <p>Did not give a response.</p> | <p>Did not give a response.</p> |
| Supervisor Restaurant 3 | <p>They are many. Some of them concern the managing director. At times, he is static with issues. He takes long to do something when you have asked him to do so. At times, he does not even bother to do it.</p> <p>Another negative experience is that we get some customers who are very rude and don't listen.</p> | <p>Negative experiences make me feel bad but you have to leave the matters as they are and you accept that you are the one in the wrong even if you may not be. These negative experiences affect my satisfaction on the job and they also really affect the company. They also affect my relationship with the customers because customers always give their complaints to me because they want them to be solved. And more so, some complaints require to be solved immediately though others may take sometime.</p> |
| Manager Restaurant 4 | <p>One of the negative experiences I have on the job is that I don't get enough time to do my personal things.</p> <p>Some suppliers are not transparent. E.g., if you ask them to supply 2kg chickens, they can supply 1 kg instead.</p> <p>I work for long hours because we close the restaurant late. As a result, I spend a short time with my family.</p> | <p>These negative experiences affect me in the following ways: I don't have enough sleep and therefore, sometimes I sleep in the office. At home, I sometimes have arguments with my wife because of staying at work till late and not being able to spend enough time with my family. This affects my temper and when I come to office, I become tougher on the employees.</p> |
| Manager Restaurant 5 | <p>I have not had any.</p> | |

| | NEGATIVE EXPERIENCE | EFFECT |
|-----------------------|--|---|
| Question asked | Any particular negative experiences which you have encountered on the job? | How did these experiences affect your satisfaction? |
| Owner Restaurant 1 | Some of the employees don't measure up to my expectations after we have hired them. This hurts me a lot especially because I have to pay them. Also, if I don't get the quality of product I expect from the kitchen, I feel very bad because I am so much after quality. If somebody doesn't measure up to my expectations, customers are affected. | Negative experiences hurt me a lot because I have to pay the employees. If I don't get quality food from the kitchen, I feel very bad because I am so much after quality. If somebody does not measure up to my expectations, customers are affected. |
| Owner Restaurant 2 | The worst negative experience I ever had was when my former landlord gave me a notice to vacate my old business premises. I felt drained. I have had staff that I have loved for a long period of time, taken care of them and then they end up stealing money from the business. Every time somebody is on duty, money thefts happen. | Every time you go through a negative experience, you try to come up with new measures and controls in place and when they work out, you feel happy and satisfied. Over time, I have had negative experiences but each experience has been a stepping stone for a solution. |
| Owner Restaurant 3 | Our employees steal foodstuffs. Some employees try to cheat our guests. I am doing many things at the same time. I am a Minister, I have my own law firm and I am also the MD. | When you have things like hiking of market prices, it reduces your profitability. When this happens, it becomes very difficult for one to improve the place. It frustrates because you don't have the profits to replenish the place, raise the pay or increase the varieties you have. |
| Owner Restaurant 4 | Was not interviewed | Was not interviewed |
| Owner Restaurant 5 | When my best employee walks away, it makes me feel bad. When I employ a manager who does not meet my expectations, it makes me feel bad. In the same vein, we sometimes think that we have hired the right person but then we discover that we made the wrong decision. We incur high expenses. We also have shortages of power and gas. When a customer is served something substandard, I feel very bad. However, despite these negative experiences, I have support from both my family and staff. | They motivate me to work harder. It calls for training because I get to know that I have a problem. It is a wake up call. |

F3: Relationship between SME Owner-Manager Experiences with Employees and SME Owner-Manager Satisfaction

| | EXPERIENCES ARISING FROM RELATING WITH EMPLOYEES | EFFECT |
|-------------------------|---|---|
| Question asked | How do you relate with your employees? | Do these relationships affect your level of satisfaction on the job? |
| Manager Restaurant 1 | I am happy with them though there are some challenges like some of them come late to work but I believe they will pick up. But it requires regular supervision. The relationship with the director is good. But to be sincere, at the moment, there is a small gap between my relationship with the director. She is not happy sometimes about the relationship I have with customers just because I favour the customers and she feels that am keeping myself distant from the company. | Yes, the way I relate with employees affects my level of satisfaction. |
| Manager Restaurant 2 | My relationship with employees is quite good. I relate with them well. | Yes, they do because if you are an administrator and you have bad relations with your fellow staff, it will be hard for you to manage them. If you have good relations with them, it will be easy for you to manage them. |
| Manager Restaurant 3 | I think I have good relations with the employees. | Did not give a response. |
| Supervisor Restaurant 3 | We are on good terms. | Yes, the good relationship I have with my employees affects my level of satisfaction positively. |
| Manager Restaurant 4 | I have a good relationship with them. | Yes, the good relationship I have with my employees makes me do the job better. However, the waiters and waitresses should be more responsible on their jobs so that I reduce on the workload that I have. |
| Manager Restaurant 5 | I am happy with the employees. I am very comfortable with them and they are very open with me. Because I am not pushy, there is no gap/power distance between me and them. They are close to me and because of this, our working relationship is very good and I have used this to build the team. | Yes, they do affect my level of satisfaction positively because when I work with them closely and relate with them very well, they work harder and therefore deliver customers' services very well. It is just like a transfer of happiness because when I am happy, they are happy and the customers are also happy. It becomes a cycle. |
| Owner Restaurant 1 | My relationship with the employees is good because I go with them all the way. I cook with them in the kitchen and I clean with them all the way up to the toilet. I do things physically with them especially with the new staff to ensure that they meet the required standards. | |
| Owner Restaurant 2 | I have a casual relationship with them. It is not so much of a boss-employee relationship. It is more laid back. But if I have issues, they know | |

| | EXPERIENCES ARISING FROM RELATING WITH EMPLOYEES | EFFECT |
|-----------------------|--|---|
| Question asked | How do you relate with your employees? | Do these relationships affect your level of satisfaction on the job? |
| | it and notice the change in mood. Most of the senior staff know what to do. I don't approach the lower staff directly. I approach them through the administrator. | |
| Owner Restaurant 3 | I am a very tough employer. I push people hard. But I was amazed at the way my employees reacted when I was released from prison. When I walked into the restaurant, they screamed and many of them cried. I was overcome by emotion. The reaction I got shows that I have good relations with them. However, if people don't do the right things, I scream at them. I don't discriminate at all. I cannot punish someone on the basis of something I have not proved wrong. | |
| Owner Restaurant 4 | Was not interviewed | Was not interviewed |
| Owner Restaurant 5 | I relate with my employees very well. | |

F4: Relationship between SME Owner-Manager Satisfaction and Customer Experiences

| CUSTOMER EXPERIENCES ARISING FROM SME OWNER-MANAGER SATISFACTION | | |
|---|---|---|
| Question asked | Did you do anything extra to keep customers satisfied as a result of your own satisfaction? | Does what you do for your customers depend on how happy you are on your job? |
| Manager Restaurant 1 | Yes, I did something extra to keep customers satisfied as a result of my own satisfaction. | When am happy, I feel more motivated especially when the director calls me sometimes to find out something about the restaurant. I remember when she called me recently on Friday when we were supposed to be holding a function on Saturday. When she called me, I was very much impressed so I came to work with a lot of courage. So, it is very important for the director to say thank you. I feel motivated and gain more courage and that means I can do more. |
| Manager Restaurant 2 | I have always done a lot to ensure that the customers are happy with what we are giving them because I know that without a customer, I wouldn't have a job in this restaurant. | I wouldn't think so. What I know is that my role is always to deliver a service. So whether am not happy on the job or not, I will try my best to make sure that I give in the best of my abilities. |
| Manager Restaurant 3 | The problem here is that we are motivated by word of mouth and not by offering us something tangible. I would be more morale boosted to do more for customers if management rewarded me with a loan, for example. This would be a good source of motivation. | |
| Supervisor, Restaurant 3 | Exactly. I did something extra to keep customers satisfied as a result of my own satisfaction. | I feel that when I am happier, I can do more for customers. |
| Manager Restaurant 4 | | Yes, I think so. However, even if customers are satisfied now, there is something I feel we still have to do extra to keep them satisfied. |
| Manager Restaurant 5 | Yes, i did something extra to keep customers satisfied as a result of my own satisfaction. When am happy, I get motivated. Personally as an individual, what motivates me most is customer satisfaction. I have passion for my job but once my customers are happy, I am even more motivated to work harder in order to make them happier. However, if the customers are not happy, I ask myself why they are not and work hard to find solutions to this puzzle. | |
| Owner Restaurant 1 | I have not done anything yet for the customers apart from the free flowers we gave to the first 50 couples on this year's Valentines Day. We surprised the customers and they were happy. However, I have handled my staff in a special | |

| CUSTOMER EXPERIENCES ARISING FROM SME OWNER-MANAGER SATISFACTION | | |
|---|---|---|
| Question asked | Did you do anything extra to keep customers satisfied as a result of your own satisfaction? | Does what you do for your customers depend on how happy you are on your job? |
| | way. I always organize for them a party, golden handshake or celebration whenever we have a big function at the restaurant. Customers are also invited whenever we have a party for employees. I make sure that there is plenty to eat. | |
| Owner Restaurant 2 | I feel I do more for customers as a result of my own satisfaction. For me, a happy customer comes first and then the money he has spent comes second. I would rather have customers coming in every day and spending small amounts but when they are happy than having customers who spend big amounts once and they leave unhappy. | Certainly. The more you are satisfied, the more you like what you do and the more you offer your customers. When I have moved from somewhere, I don't go back. I always just look for something else to do. |
| Owner Restaurant 3 | Of course yes because when you give a customer food and he is happy, that means that I have to maintain the quality of food and service. There is nothing very extra though that we can do for them. Moreover, our kind of customers are those who may not pay much attention to extras in the service. What makes them happiest is the quality of product, service and the general condition of the place in which they get the service. I am challenged to maintain these and to find out why they are not fulfilled if they are not happy with the service. | What I do for my customers does not depend on my level of satisfaction. There are certain things which I am obliged to do because I don't know whether my standards are the standards of my guest, e.g., I would change the furniture I have every two years if everything was equal to give the restaurant a fresh look and not because customers are satisfied. I do whatever I do to achieve customer satisfaction. I have to listen to what people say and also to learn from other places. |
| Owner Restaurant 4 | Was not interviewed | Was not interviewed |
| Owner Restaurant 5 | Yes. We have been doing more. This restaurant has changed many times. E.g., last December, we changed the ambience many times to make customers feel better and to be more efficient. I don't do more for customers just because I am happy. I do more for them because I have the interest and passion. I am just happy to grow this business. When you are serving customers and you meet their needs, you feel motivated to offer them more because they all come to the restaurant for different needs. However, in general, the more satisfied I am, the more I feel obliged to give more to both my internal and external customers and to give them what they deserve. | No. I don't give less to my customers as a result of negative experiences. |

Appendix G: Summary Tables with Statistical Information for Restaurants

G1: A Summary Table of Descriptive Statistics for the Study Variables

| Variable | Restaurant | Number | Mean | Standard Deviation |
|--|------------|--------|------|--------------------|
| Customer Orientation | 1 | 61 | 2.53 | .60 |
| | 2 | 60 | 2.33 | .58 |
| | 3 | 63 | 2.33 | .52 |
| | 4 | 61 | 2.02 | .56 |
| | 5 | 63 | 2.50 | .53 |
| Service Quality | 1 | 55 | 2.89 | .53 |
| | 2 | 53 | 2.63 | .43 |
| | 3 | 61 | 2.82 | .41 |
| | 4 | 59 | 2.28 | .47 |
| | 5 | 60 | 2.77 | .41 |
| Interpersonal Communication | 1 | 60 | 2.75 | .61 |
| | 2 | 60 | 2.51 | .59 |
| | 3 | 63 | 2.65 | .57 |
| | 4 | 62 | 2.11 | .52 |
| | 5 | 64 | 2.59 | .63 |
| Tangible Rewards | 1 | 61 | 1.57 | .57 |
| | 2 | 62 | 1.44 | .57 |
| | 3 | 63 | 1.33 | .64 |
| | 4 | 62 | 1.34 | .38 |
| | 5 | 64 | 1.38 | .46 |
| Customer Experiences | 1 | 44 | 2.94 | .32 |
| | 2 | 52 | 2.81 | .35 |
| | 3 | 54 | 2.90 | .32 |
| | 4 | 56 | 2.64 | .30 |
| | 5 | 58 | 2.90 | .32 |
| Customer Satisfaction | 1 | 55 | 2.82 | .34 |
| | 2 | 58 | 2.69 | .35 |
| | 3 | 57 | 2.64 | .35 |
| | 4 | 58 | 2.46 | .39 |
| | 5 | 61 | 2.79 | .37 |
| Trust | 1 | 58 | 2.94 | .41 |
| | 2 | 60 | 2.76 | .39 |
| | 3 | 61 | 2.89 | .37 |
| | 4 | 60 | 2.67 | .39 |
| | 5 | 62 | 2.96 | .40 |
| Commitment | 1 | 57 | 2.38 | .41 |
| | 2 | 58 | 2.37 | .39 |
| | 3 | 62 | 2.49 | .42 |
| | 4 | 61 | 2.53 | .40 |
| | 5 | 62 | 2.57 | .43 |
| Customer Loyalty | 1 | 56 | 2.64 | .43 |
| | 2 | 54 | 2.55 | .42 |
| | 3 | 61 | 2.67 | .37 |
| | 4 | 58 | 2.55 | .44 |
| | 5 | 63 | 2.78 | .46 |
| Importance of Customer Experiences regarding the quality of food | 1 | 60 | 3.44 | .67 |
| | 2 | 62 | 3.52 | .58 |

| Variable | Restaurant | Number | Mean | Standard Deviation |
|---|-------------------|---------------|-------------|---------------------------|
| | 3 | 63 | 3.70 | .52 |
| | 4 | 62 | 3.78 | .55 |
| | 5 | 64 | 3.59 | .57 |
| Level of Satisfaction with Customer Experiences regarding the quality of food | 1 | 58 | 3.16 | .61 |
| | 2 | 61 | 3.06 | .62 |
| | 3 | 61 | 2.87 | .66 |
| | 4 | 61 | 2.90 | .55 |
| | 5 | 64 | 3.19 | .55 |
| Intensity of Customer Experiences regarding the quality of food | 1 | 60 | 3.19 | .63 |
| | 2 | 60 | 2.90 | .57 |
| | 3 | 60 | 2.87 | .65 |
| | 4 | 62 | 2.90 | .50 |
| | 5 | 63 | 3.07 | .55 |

Note: The Mean and Standard Deviation have been rounded off to two decimal places.

G2: A Summary Table of Analysis of Variance (ANOVA) Results for the Study Variables

| Variable | Source of Variation | Sum of Squares | df | Mean Square | F value | Significance (p value) |
|--|---------------------|----------------|-----|-------------|---------|------------------------|
| Customer Orientation | Between Groups | 10.111 | 4 | 2.528 | 8.057 | .000*** |
| | Within Groups | 95.058 | 303 | .314 | | |
| | Total | 105.168 | 307 | | | |
| Service Quality | Between Groups | 13.762 | 4 | 3.441 | 16.947 | .000*** |
| | Within Groups | 57.455 | 283 | .203 | | |
| | Total | 71.217 | 287 | | | |
| Interpersonal Communication | Between Groups | 15.297 | 4 | 3.824 | 11.208 | .000*** |
| | Within Groups | 103.727 | 304 | .341 | | |
| | Total | 119.025 | 308 | | | |
| Tangible Rewards | Between Groups | 2.329 | 4 | .582 | 2.059 | .086 |
| | Within Groups | 86.817 | 307 | .283 | | |
| | Total | 89.147 | 311 | | | |
| Customer experiences | Between Groups | 3.110 | 4 | 0.777 | 7.489 | .000*** |
| | Within Groups | 26.886 | 259 | .104 | | |
| | Total | 29.995 | 263 | | | |
| Customer Satisfaction | Between Groups | 4.659 | 4 | 1.165 | 9.147 | .000*** |
| | Within Groups | 36.167 | 284 | .127 | | |
| | Total | 40.826 | 288 | | | |
| Trust | Between Groups | 3.706 | 4 | .926 | 6.072 | .000* |
| | Within Groups | 45.166 | 296 | .153 | | |
| | Total | 48.872 | 300 | | | |
| Commitment | Between Groups | 1.789 | 4 | .447 | 2.673 | .032* |
| | Within Groups | 49.365 | 295 | .167 | | |
| | Total | 51.154 | 299 | | | |
| Customer loyalty | Between Groups | 2.300 | 4 | .575 | 3.178 | .014* |
| | Within Groups | 51.929 | 287 | .181 | | |
| | Total | 54.229 | 291 | | | |
| Importance of Customer Experiences regarding the quality of food | Between Groups | 4.422 | 4 | 1.105 | 3.285 | .012* |
| | Within Groups | 102.981 | 306 | .337 | | |
| | Total | 107.403 | 310 | | | |

| Variable | Source of Variation | Sum of Squares | df | Mean Square | F value | Significance (p value) |
|---|---------------------|----------------|-----|-------------|---------|------------------------|
| Level of Satisfaction with Customer Experiences regarding the quality of food | Between Groups | 5.327 | 4 | 1.332 | 3.720 | .006** |
| | Within Groups | 107.411 | 300 | .358 | | |
| | Total | 112.738 | 304 | | | |
| Intensity of Customer Experiences regarding the quality of food | Between Groups | 4.738 | 4 | 1.185 | 3.470 | .009** |
| | Within Groups | 102.422 | 300 | .341 | | |
| | Total | 107.161 | 304 | | | |

* p < 0.05; ** p < 0.01; *** p < 0.001

Appendix H: Background Information on Case-Study Travel Agencies

This appendix contains two parts: H1 which contains background information on Travel Agency 1, and H2 which contains background information on Travel Agency 2.

H1: Background Information on Travel Agency 1

In this part, we provide some more detailed information on the history and operations of Travel Agency 1.

Travel agency 1 was located on a busy street in the heart of Kampala. This made it accessible to so many people. The travel agency began its operations in 2003. It was legally registered as a private limited company and was owned by a man, his wife and their four children. The business was a registered member of TUGATA.

The travel agency had four directors. However, it was actively managed by the wife who was also one of the directors and the MD of the business. Below her came the reservations manager or travel consultant. Below the reservations manager came the tour manager, one accountant and three drivers. There was also an internal auditor. All employees reported to the MD.

Employees worked from Monday to Friday every day from 8.30am to 5.30pm. On Saturdays, they worked from 9am to 1pm. However, whenever there was a lot of work to do as was often the case during the peak period, i.e., from 9th December to 9th January and from June to August every year, they sometimes stayed in the office beyond the normal working hours. All the employees were full-time.

The business that was conducted by the travel agency was divided into two core components, namely (1) the tour component, and (2) the travel component. Both business components supported each other. For example, sometimes when travel sales were low, tourism sales were high. In this way, the extra sales from tourism helped to boost the travel business. The business also provided handling information to customers.

H2: Background Information on Travel Agency 2

Below, we provide some extra information on the history and operations of Travel Agency 2.

Travel agency 2 was also located on a busy street in the heart of Kampala. This street was home to so many other travel agencies. The travel agency began its operations in 1992. It was legally registered as a private limited company and was owned by a man and his wife who were both directors in the business. The business was a registered member of TUGATA and a full member of IATA.

The travel agency was actively managed by the wife who was also the Executive Director of the business. The Executive Director was actively involved in the day-to-day operations of the business. Below her was one manager or ticketing officer, one marketing executive, one reservation officer or cashier, and two support staff who consisted of one cleaner and one driver. All the employees reported to the Executive Director.

The normal working hours for employees were from Monday to Friday every day from 8.30am to 5.30pm. On Saturdays, they worked from 9am to 1pm. However, whenever they had a lot of work to do, they stayed in the office beyond the normal working hours. All the employees were full-time.

The travel agency offered a wide variety of services to its customers. These included making ticket reservations and issuing tickets to customers, arranging visas, hotel accommodation, travel insurance and airport transfers for customers, giving travel advice, e.g., on foreign exchange rates, and organising safari tours.

Appendix I: Factor Analysis for Travel Agencies

Factor Analysis

We performed an exploratory factor analysis on all our variables of interest apart from tangible rewards that had only three items and which in our opinion, could not yield meaningful results from the analysis. We took into account only those variables that had a factor loading of 0.55 and above for further analysis (see Table 6.21 for the rationale we used to arrive at this decision). In the subsections that follow, we present our findings.

(1) Factor Analysis for Customer Orientation

We extracted only one factor for customer orientation. The factor could not be rotated. We named this factor customer care. This factor explained 58.7% of the variance in customer orientation and showed the degree to which employees of travel agencies exercise professionalism in meeting customer needs. Five items loaded onto this factor. We list the items in descending order depending on their loading: (1) Employees understand my specific needs, (2) Employees are polite, (3) Employees know how to handle my complaints, (4) Employees are caring in nature, and (5) Employees serve me with a smile. When we performed the Cronbach's alpha's test for customer care, we got a value of 0.806.

The results imply that customers of travel agencies in Uganda perceive customer orientation in terms of customer care. As such, they tend to place a high value on customer care when dealing with travel agencies and may seek out those travel agencies that they perceive to be more customer-oriented.

(2) Factor Analysis for Service Quality

Factor analysis yielded the following three factors for service quality: (1) reliability, (2) tangibles, and (3) responsiveness. Reliability showed the highest variation, followed by tangibles and then responsiveness. The three factors together showed a variance of 58.4% in service quality.

Reliability had a Cronbach's alpha value of 0.784 and it consisted of five items as follows. (1) Employees are flexible with making changes in the ticket bookings, (2) There is a wide variety of ticket options to choose from, (3) Employees provide me with brochures and flyers for additional information about the travel agency, (4) Employees give me the right information about available ticket options, and (5) Employees recognise me as a regular customer.

Tangibles had three item loadings. These were (1) Employees have and follow a dress code, (2) There are adequate and visible signs in this travel agency, and (3) There is adequate parking outside this agency. Cronbach's alpha for this factor was 0.697.

Responsiveness consisted of two items: (1) Employees serve me with speed, and (2) Employees have name tags. We however, observed that the reliability coefficient for this factor was too low (Cronbach's alpha < 0.5). We therefore made a decision to exclude it from further analysis.

Our analysis indicates that Ugandan customers perceive the service quality provided by the travel agencies they deal with mainly in terms of two dimensions, , namely (1) reliability, and (2) tangibles. We obtained additional support for this statement from the responses that regular customers gave to the open-ended questions in our questionnaires. When we asked regular customers the following open-ended question, "*Suggest ways in which you think this agency can improve the service they are currently providing to you*", the responses they gave could be categorised along these two dimensions. In Table I.1, we show some of the customer responses for each of the identified dimensions.

Table I.1: Examples of Customer Responses for Service Quality in Travel Agencies

| Dimension | Customer Response for the Dimension |
|----------------|--|
| 1. Reliability | <ul style="list-style-type: none"> - They should have flexible payment terms - For clients who don't speak English well, speak to them in Luganda⁶³ |
| 2. Tangibles | <ul style="list-style-type: none"> - Refurbish the office to improve the ambience and to make it have a corporate appearance - Keep the office tidy and fresh enough - Parking is a nightmare - Reserve a few parking slots for the customers - Display the cheapest ticket prices available - Make the dress code of the employees more stylish, attractive and corporate |

(3) Factor Analysis for Interpersonal Communication

We obtained two factors for interpersonal communication. These were (1) interaction with employees, and (2) providing updates. Interaction with employees showed a higher variation than providing updates. Both factors explained 62.9% of the variance in interpersonal communication.

Interaction with employees had the following three items that loaded onto it: (1) Employees explain to me the available ticket options, (2) Employees are friendly, and (3) Employees give me information about new ticket options. The value of Cronbach's alpha for this factor was 0.770.

Providing updates also had three item loadings as follows. (1) Employees communicate to me any changes in travel options after I have made the booking, (2) Employees keep me updated about the stage of the transaction after I have made the booking, and (3) Employees listen carefully when am making the booking. Cronbach's alpha for this factor was 0.788.

These findings imply that customers perceive interpersonal communication in travel agencies in Uganda in terms of two dimensions, namely (1) the quality of interaction that customers have with employees, and (2) how regularly customers get updates concerning their travel bookings. Moreover, our observation is quite strongly supported by the customer responses we obtained to the open-ended questions in our questionnaires. When we asked regular customers the following open-ended question, "*Please, describe below, any special experience you got from this travel agency that made you feel special about this agency*", the responses mainly centered around these two dimensions. We show some of the responses in Table I.2a.

Table I.2a: Examples of Customer Responses for Interpersonal Communication in Travel Agencies

| Dimension | Customer Response for the Dimension |
|-------------------------------|---|
| 1. Interaction with Employees | <ul style="list-style-type: none"> - Employees are friendly, i.e., they have good customer care - A generally friendly team of employees - They are always in contact with me when am traveling |
| 2. Providing Updates | <ul style="list-style-type: none"> - They always let me know about the best options at the time - When we order tickets in bulk, we are informed of all the changes made and a detailed schedule of the persons, ticket prices and changes made are availed for ease of payment |

⁶³ Luganda is a Bantu language of the Buganda people. The language is widely spoken in Uganda.

Further support for the two identified dimensions of interpersonal communication in the travel agencies is obtained from responses that we received from regular customers when they were asked the following open-ended question, “Suggest ways in which you think this agency can improve the service they are currently providing to you”. We could categorise the responses we obtained along the two dimensions of interpersonal communication as shown in Table I.2b.

Table I.2b: Examples of Customer Responses for Interpersonal Communication in Travel Agencies

| Dimension | Customer Response for the Dimension |
|-------------------------------|---|
| 1. Interaction with Employees | <ul style="list-style-type: none"> - Train employees in communication skills - Employees should improve their tone on the phone, i.e., they should not sound offended/annoyed - Employees should probe clients for clarity on the phone - Train employees in customer care |
| 2. Providing Updates | <ul style="list-style-type: none"> - Keep clients regularly posted/updated about any new changes in the industry for better planning of their travel - Give timely, precise and updated communication - Employees should communicate in a timely manner in case of any shortages in seats - Communicate regularly on availability of ticket options |

(4) Factor Analysis for Tangible Rewards

As we have already explained at the beginning of this section, we did not perform a factor analysis for tangible rewards as it had very few items on the scale (only three items). Furthermore, the Cronbach’s alpha test for these items yielded a low value ($p < 0.5$).

(5) Factor Analysis for Customer Experiences

We extracted six factors for customer experiences, namely (1) professionalism of agency employees, (2) service efficiency, (3) flexibility, (4) feeling at home, (5) ambience, and (6) comfort. Among all the six factors, professionalism of agency employees showed the highest variation followed by service efficiency, flexibility, feeling at home, ambience and then comfort. The six factors together explained a total variance of 69% in customer experiences.

The first factor, professionalism of agency employees, had a Cronbach’s alpha of 0.618. The following four items loaded onto this factor: (1) Getting an apology from employees if a mistake is made with my booking, (2) Adequate parking outside this agency, (3) Being able to make my booking immediately, and (4) Being issued with a receipt after payment for the tickets.

The second factor, service efficiency, consisted of three items as follows. (1) Fast delivery of service, (2) Accuracy with which employees make my booking, and (3) Being able to make my booking using internet services. This factor had a Cronbach’s alpha value of 0.662.

The third factor was flexibility. This factor had a Cronbach’s alpha of 0.694 and consisted of two items. The items were (1) Flexibility in changing the ticket bookings I have made, and (2) Regularly communicating to me any changes concerning the ticket bookings I have made.

The fourth factor, feeling at home, also consisted of two items which we mention below. (1) The behaviour of other customers in this agency, and (2) The appearance of other customers in this agency. Cronbach’s alpha for this factor was 0.670.

The fifth factor, ambience, had a Cronbach’s alpha of 0.675. This factor consisted of two items as well. These were (1) The playing of music in the background, and (2) The smell of the reservation ticket.

The sixth factor was comfort. This factor too, consisted of two items as follows. (1) Comfortable atmosphere, and (2) The appearance of the reservation ticket. The factor, however, had a low reliability coefficient. Cronbach’s

alpha was less than 0.5. Using the same logic that we applied in this research to similar factors that had a low Cronbach's alpha, we decided not to include this factor in further analyses.

These findings suggest that Ugandan customers perceive the experiences they get whenever they deal with travel agencies in terms of five major factors (or dimensions), namely (1) experiences relating to the professionalism of agency employees, (2) experiences relating to service efficiency, (3) experiences relating to flexibility, (4) experiences relating to feeling at home in the agency, and (5) experiences relating to ambience. We obtained further support for this observation from the responses that regular customers gave when we asked them the following open-ended question, "Please, describe below, any special experience you got from this travel agency that made you feel special about this agency". The responses could be categorised along three dimensions as indicated in Table I.3.

Table I.3: Examples of Customer Responses for Customer Experiences in Travel Agencies

| Dimension | Customer Response for the Dimension |
|---|---|
| 1. Professionalism of Travel-Agency Employees | <ul style="list-style-type: none"> - I just pick up my phone, tell them what I want and they deliver my ticket to my office - They care - They offer follow up support - Ability to answer questions and advise a client after office hours - Employees choose convenient routings for me - I am recognised as a regular customer |
| 2. Service Efficiency | <ul style="list-style-type: none"> - I receive the tickets in time - None of us as a family has ever missed his flight - I have never missed my flight which is attributed to their high level of efficiency in service - Since the 1970's, my family has been given the same good treatment in terms of services - I have never missed my flights since I started using their services - I have never had a problem with my flights |
| 3. Flexibility | <ul style="list-style-type: none"> - I missed a flight abroad and called the manager at night. I was put on the next flight at no extra cost - In some cases, am allowed to pay after the travel - Flexibility in changing ticket bookings - Flexibility in terms of booking - I always make last minute bookings but still I am always able to travel - The first time I travelled, I was late with my booking but the agency was able to fix me on a plane - Booking and writing for me a ticket ready before payment since I stay upcountry and just come to pick it and proceed to the airport |

(6) Factor Analysis for Customer Satisfaction

Again, we extracted six factors for customer satisfaction just like we had done for customer experiences. These factors were (1) price, (2) agency brand, (3) flexibility, (4) dependability, (5) service variety, and (6) professionalism of employees. Price showed the highest variation followed by agency brand, flexibility, dependability and then service variety. Professionalism of employees showed the least variation. The six factors together explained a total variance of 71.4% in customer satisfaction.

The first factor, price, had a Cronbach's alpha of 0.785 and consisted of the following five items: (1) I am more satisfied with this travel agency because they give more price discounts, (2) I am more satisfied with this travel agency because they have more convenient opening hours, (3) I am more satisfied with this travel agency since they communicate new information about available ticket options, (4) I am more satisfied with this travel agency because they charge lower prices in comparison to similar travel agencies and (5) I am more satisfied with this travel agency for the reason that they communicate in a more timely manner.

The second factor, agency brand, also had five items that loaded onto it. These were (1) The last time I bought a ticket from this travel agency, I was happy with the service provided to me, (2) In general, am happy with this travel agency, (3) Based on all my experience, I am satisfied with this travel agency, (4) This travel agency meets my expectations, and (5) Employees are knowledgeable about their work. This factor had a Cronbach's alpha of 0.846.

Flexibility was the third factor that we extracted for customer satisfaction. This factor had a Cronbach's alpha of 0.850 and consisted of four items as follows. (1) I am more satisfied with this travel agency for the reason that they are more flexible if I want to make any changes in the booking I have made, (2) I am more satisfied with this travel agency because they regularly communicate to me any changes in the bookings, (3) I am more satisfied with this travel agency because employees are more helpful, (4) I am more satisfied with this travel agency as employees are more friendly.

The fourth factor was dependability. This factor also had two items that loaded onto it. These were (1) The kind of service provided is more than I expected, and (2) I know whom to contact when I have a complaint.

The fifth factor, service variety, had the following two-item loadings: (1) I am more satisfied with this travel agency as they offer a wide variety of ticket options, and (2) Compared to similar travel agencies I buy tickets from, I am more satisfied with this one. Cronbach's alpha for this factor was 0.666.

The sixth factor, professionalism of agency employees, had two item loadings as well. These were (1) Employees are polite and patient, and (2) Employees are fast in handling my complaints.

However, we observed that both the fourth and sixth factors had low values when the Cronbach's alpha test was performed ($p < 0.5$ in both cases). This probably means that customers did not perceive them to be as important in determining their satisfaction as the other extracted factors. We therefore excluded them from further analysis.

We received additional support for these findings from the responses that we obtained from regular customers when we asked them the following open-ended question, "*Please, describe below, any special experience you got from this travel agency that made you feel special about this agency*". The responses we obtained could be grouped according to the four dimensions of customer satisfaction as shown in Table I.4.

Table I.4: Examples of Customer Responses for Customer Satisfaction in Travel Agencies

| Dimension | Customer Response for the Dimension |
|--------------------|---|
| 1. Price | <ul style="list-style-type: none">- We got cheap group tickets from this agency- I always negotiate for discounts when it is personal and family travel and they give them to me- I was given a very good discount with my colleagues. We were traveling as a team abroad- The agency offered discounts to my organisation |
| 2. Agency Brand | <ul style="list-style-type: none">- Ticket bookings are always accurate.- I have never been disappointed by them in any way- Since the 1970's, my family has been given the same good treatment in terms of services- The agency has a good record in the industry- I have never missed my flights since I started using their services- Good reputation- Convenient location |
| 3. Flexibility | <ul style="list-style-type: none">- They offer credit facilities- Payment terms are flexible- Flexibility in changing ticket bookings |
| 4. Service Variety | <ul style="list-style-type: none">- They always let me know about the best options at the time- They can give me different flight options at the click of a figure- Internet booking service |

(7) Factor Analysis for Customer Loyalty

When we performed a factor analysis for customer loyalty, we extracted two factors which we labelled (1) behavioural loyalty, and (2) attitudinal loyalty. Behavioural loyalty explained a higher variation than attitudinal loyalty. Both factors accounted for 75.8% of the total variance in customer loyalty.

Five items loaded onto behavioural loyalty. These were (1) Every time I need to buy a ticket, I buy it from this travel agency, (2) It is likely that i will continue to buy tickets from this travel agency in the future, (3) I really prefer that I continue to buy tickets from this travel agency, (4) Whenever I need to travel, I make this travel agency my first choice to buy a ticket, and (5) It is rare that I wish to buy tickets from another travel agency. Cronbach's alpha for this factor was 0.892.

Attitudinal loyalty had a Cronbach's alpha of 0.911 and consisted of the following four items: (1) I usually talk positively about this travel agency to other people, (2) I would definitely recommend this travel agency to my friends and relatives, (3) I would encourage my friends and relatives to buy their tickets from this travel agency, and (4) I do not have any regrets that I buy from this travel agency.

From these findings, we can deduce that customer loyalty towards travel agencies in Uganda consists of two major categories, namely behavioural loyalty and attitudinal loyalty. We can also deduce that the nature of customer loyalty is mainly behavioural. The following quote from a regular customer gives further support to the previous statement: "*I have been with this travel agency for a long time. I don't see why I should change*".

(8) Factor Analysis for Trust

When factor analysis was performed for trust, we extracted only one factor that could not be rotated. We named the factor credibility. This factor accounted for 63.1% of the variance in trust and had a Cronbach's alpha of 0.896. The factor captured the degree to which regular customers had confidence in their dealings with the agency. The factor consisted of the following seven items: (1) I have confidence in this travel agency, (2) The employees of this travel agency are honest, (3) I have faith in this travel agency, (4) I believe that this travel agency will continue to offer me a good service, (5) I know that if I get a problem with this travel agency, it will be solved immediately, (6) I believe that employees tell the truth about the ticket options available, and (7) Employees keep the promises they make.

We can infer from the results that regular customers of travel agencies in Uganda perceive trust in terms of the confidence they have when they deal with a travel agency. Confidence is gained from having employees who have a reputation for solving customers' problems in a professional manner and who do not try to cheat the customer.

(9) Factor Analysis for Commitment

We extracted two factors for commitment. We labelled these factors (1) rational commitment, and (2) emotional commitment, with rational commitment showing a higher variation than emotional commitment. Both factors explained a total variance of 65.5% in commitment.

The first factor, rational commitment, had a Cronbach's alpha of 0.855 and consisted of five items as follows: (1) I would go through a lot of inconveniences if I decided to stop buying tickets from this travel agency, (2) I have few options to choose from if I do not buy tickets from this travel agency, (3) Even if this travel agency increased its price, I would still prefer to buy my tickets from it, (4) I think that I cannot easily become attached to another travel agency as I am to this one, and (5) I prefer to continue to buy tickets from this travel agency because I may not find a similar travel agency offering the same service.

The second factor, emotional commitment had the following four item loadings: (1) Even if this travel agency were relocated elsewhere, I would still prefer it to others, (2) Because I feel a strong attachment to this travel agency, I would prefer to continue to buy my tickets from it, (3) I feel good about this travel agency, and (4) I feel emotionally attached to this travel agency. When we performed a Cronbach's alpha test on this factor, we obtained a value of 0.780.

These findings hint to the manner in which Ugandan customers perceive their commitment to travel agencies. Commitment seems to be majorly perceived in terms of how emotionally attached customers are to the agency and the rational choices they have to make when it comes to choosing which travel agency to deal with.

Appendix J: RM Strategies Employed by the Travel Agencies

In order to find out the RM strategies employed by the travel agencies and thus fulfil the requirements of RQ2 of our research, we carried out the following activities: (1) we handed out questionnaires to the regular customers of the travel agencies, (2) we arranged interviews with SME owner-managers and frontline employees, and (3) we observed the relational activities of the travel agencies. In Sections (1) and (2), we present our results. Section (1) contains the results from the questionnaires and Section (2) focuses on results from the interviews and observations.

(1) Results from the Questionnaires

We asked the regular customers who we handed to our questionnaires to state the extent to which they agree or disagree that the RMIs in this study were present in the travel agency they regularly dealt with. We give a summary of the results in Tables J.1, J.2, J.3, J.4, and J.5.

Table J.1: RMIs Employed by Travel Agencies

| RMI | Number (N=102) | Mean | Standard Deviation | Strongly Disagree | Disagree | Agree | Strongly Agree |
|---|-------------------|------|-----------------------|----------------------|------------|---------------|-------------------|
| Customer Orientation ¹ | 100 | 3.05 | 0.30 | - | 16(15.7%) | 80 (78.4%) | 4 (3.9%) |
| Service Quality ² | 90 | 2.47 | 0.34 | 4 (4%) | 77 (75.4%) | 9 (8.9%) | - |
| Interpersonal Communication ³ | 96 | 3.03 | 0.29 | - | 16 (15.8%) | 77 (75.5%) | 3 (2.9%) |
| Tangible Rewards ⁴ | 97 | 2.02 | 0.42 | 26 (25.5%) | 66 (64.8%) | 5 (4.9%) | - |

- 1 Missing two responses
- 2 Missing twelve responses
- 3 Missing six responses
- 4 Missing five responses

Table J.2: Descriptive Statistics for Customer Orientation in Travel Agencies

| Variable | Number (N=102) | Mean | Standard Deviation | Strongly Disagree | Disagree | Agree | Strongly Agree |
|---|-------------------|------|-----------------------|----------------------|---------------|---------------|-------------------|
| Employees are caring in nature ¹ | 100 | 3.06 | 0.37 | - | 4 (3.9%) | 86 (84.3%) | 10 (9.8%) |
| Employees serve me with a smile ¹ | 100 | 2.97 | 0.46 | - | 12 (11.8%) | 79 (77.5%) | 9 (8.8%) |
| Employees know how to handle my complaints ¹ | 100 | 3.08 | 0.34 | - | 2 (2.0%) | 88 (86.3%) | 10 (9.8%) |
| Employees understand my specific needs ² | 101 | 3.05 | 0.38 | - | 5 (4.9%) | 86 (84.3%) | 10 (9.8%) |
| Employees are polite ² | 101 | 3.07 | 0.38 | - | 4 (3.9%) | 86 (84.3%) | 11 (10.8%) |

- 1 Missing two responses
- 2 Missing one response

Table J.3: Descriptive Statistics for Service Quality in Travel Agencies

| Variable | Number (N=102) | Mean | Standard Deviation | Strongly Disagree | Disagree | Agree | Strongly Agree |
|---|-------------------|------|-----------------------|----------------------|------------|------------|-------------------|
| There is a wide variety of ticket options to choose from | 102 | 3.19 | 0.42 | - | 1 (1.0%) | 81 (79.4%) | 20 (19.6%) |
| Employees give me the right information about available ticket options | 102 | 3.20 | 0.40 | - | - | 82 (80.4%) | 20 (19.6%) |
| Employees serve me with speed | 102 | 2.96 | 0.47 | - | 13 (12.7%) | 80 (78.4%) | 9 (8.8%) |
| Employees are flexible with making changes in the ticket bookings | 102 | 3.12 | 0.43 | - | 4 (3.9%) | 82 (80.4%) | 16 (15.7%) |
| Employees recognise me as a regular customer | 102 | 2.79 | 0.76 | 4 (3.9%) | 30 (29.4%) | 51 (50.0%) | 17 (16.7%) |
| Employees provide me with brochures and flyers for additional information about the travel agency | 102 | 1.25 | 0.70 | 88 (86.3%) | 5 (4.9%) | 6 (5.9%) | 3 (2.9%) |
| Employees are neat ¹ | 97 | 2.69 | 0.58 | - | 36 (35.3%) | 55 (53.9%) | 6 (5.9%) |
| Employees have and follow a dress code ² | 99 | 2.58 | 0.76 | 11 (10.8%) | 25 (24.5%) | 58 (56.9%) | 5 (4.9%) |
| Employees have name tags ³ | 98 | 1.11 | 0.43 | 91 (89.2%) | 3 (2.9%) | 4 (3.9%) | - |
| There is adequate parking outside this agency ³ | 98 | 1.67 | 0.80 | 48 (47.1%) | 38 (37.3%) | 8 (7.8%) | 4 (3.9%) |
| There are adequate and visible signs in this travel agency ² | 99 | 2.66 | 0.74 | 8 (7.8%) | 26 (25.5%) | 57 (55.9%) | 8 (7.8%) |
| My personal belongings are safe in this travel agency ⁴ | 96 | 2.77 | 0.76 | 10 (9.8%) | 11 (10.8%) | 66 (64.7%) | 9 (8.8%) |

- 1 Missing five responses
- 2 Missing three responses
- 3 Missing four responses
- 4 Missing six responses

Table J.4: Descriptive Statistics for Interpersonal Communication in Travel Agencies

| Variable | Number (N=102) | Mean | Standard Deviation | Strongly Disagree | Disagree | Agree | Strongly Agree |
|---|-------------------|------|-----------------------|----------------------|-----------|---------------|-------------------|
| Employees are friendly, e.g., a friendly greeting ¹ | 100 | 3.09 | 0.40 | - | 4 (3.9%) | 83 (81.4%) | 13 (12.7%) |
| Employees are available for additional service, e.g., providing visa and hotel information, etc. ¹ | 100 | 2.96 | 0.45 | 2 (2.0%) | 6 (5.9%) | 86 (84.3%) | 6 (5.9%) |
| Employees explain to me the available ticket options | 102 | 3.11 | 0.34 | - | 1 (1.0%) | 89 (87.3%) | 12 (11.8%) |
| Employees give me information about new ticket options ² | 99 | 3.02 | 0.40 | - | 7 (6.9%) | 83 (81.4%) | 9 (8.8%) |
| Employees communicate to me any changes in travel options after I have made the booking ² | 99 | 3.01 | 0.44 | - | 9 (8.8%) | 80 (78.4%) | 10 (9.8%) |
| Employees keep me updated about the stage of the transaction after I have made the booking | 102 | 2.98 | 0.54 | 2 (2.0%) | 10 (9.8%) | 78 (76.5%) | 12 (11.8%) |
| Employees listen carefully when am making the booking | 102 | 3.17 | 0.49 | - | 5 (4.9%) | 75 (73.5%) | 22 (21.6%) |

- 1 Missing two responses
2 Missing three responses

Table J.5: Descriptive Statistics for Tangible Rewards in Travel Agencies

| Variable | Number (N=102) | Mean | Standard Deviation | Strongly Disagree | Disagree | Agree | Strongly Agree |
|--|-------------------|------|-----------------------|----------------------|---------------|---------------|-------------------|
| This agency charges a lower price compared to similar travel agencies ¹ | 97 | 2.14 | 0.71 | 16 (15.7%) | 53 (52.0%) | 26 (25.5%) | 2 (2.0%) |
| This agency offers price discounts | 102 | 2.71 | 0.70 | 10 (9.8%) | 14 (13.7%) | 74 (72.5%) | 4 (3.9%) |
| This agency offers me small gifts like calendars, key rings, and diaries | 102 | 1.21 | 0.67 | 92 (90.2%) | 2 (2.0%) | 5 (4.9%) | 3 (2.9%) |

- 1 Missing five responses

In Table J.1, we provide descriptive statistics for the RMIs that were employed by the travel agencies that took part in this study. As we have earlier discussed in Subsection 6.5.1, we rated customer responses to the RMIs on a four-point Likert scale.

Our findings indicate that customer orientation and interpersonal communication were both perceived to be the most employed RMIs in the two travel agencies. In fact, the results further suggest that customer perceptions

about customer orientation were similar to customer perceptions about interpersonal communication in the two travel agencies.

In the case of customer orientation, 82.3% of the regular customers either “strongly agree” or “agree” that the selected travel agencies were customer oriented. The variable “Employees know how to handle my complaints” had the highest mean value of 3.08 while the variable “Employees serve me with a smile” had the lowest mean value of 2.97 (see Table J.2). With regard to interpersonal communication, 78.4% of the regular customers either “strongly agree” or “agree” that the travel agencies they regularly deal with had good interpersonal communication. The variable “Employees listen carefully when am making the booking” had the highest mean value of 3.17 while the variable “Employees are available for additional service” had the lowest mean value of 2.96 (see Table J.4). In contrast, service quality and tangible rewards were both perceived to be the least employed RMI in the two travel agencies. The results further suggest that customer perception about tangible rewards⁶⁴ was more negative than customer perception about service quality in the two travel agencies.

In the case of service quality, 79.4% of the regular customers either “strongly disagree” or “disagree” that the selected travel agencies offered them service quality. In contrast, only 8.9% of the regular customers “agree” that the travel agencies offered them service quality. We observe that there were no regular customers who “strongly agree” that the travel agencies offered them service quality. The variable “Employees give me the right information about available ticket options” had the highest mean value of 3.20 while the variable “Employees have name tags” had the lowest mean value of 1.11 (see Table J.3). With reference to tangible rewards, 90.3% of the regular customers either “strongly disagree” or “disagree” that the selected travel agencies offered them tangible rewards. In contrast, only 4.9% of the regular customers “agree” that the travel agencies offered them tangible rewards. Again, we observe that there were no regular customers who “strongly agree” that the travel agencies offered them tangible rewards. The variable “This agency offers price discounts” had the highest mean value of 2.71 while the variable “This agency offers me small gifts like calendars, key rings, and diaries” had the lowest mean value of 1.21 (see Table J.5).

(2) Results from the Interviews and Observations

We obtained more information about the RM practices of travel agencies in Uganda by interviewing owner-managers of the travel agencies and their frontline employees. We also obtained extra information through observation of the activities of the two travel agencies during the data collection phase of this research. Below, we give a summary of our results.

(a) Customer Orientation

The results that we obtained from the interviews and observations indicate that customer orientation in the travel agencies mainly centers on the following themes: training of frontline employees, training policy, complaints handling, service knowledge, and obtaining feedback from customers. We discuss each of these themes below.

Training of Frontline Employees

The manager of the first travel agency confirmed during the interview that no employee had received any customer care training from the agency. The employees of the second travel agency also confirmed the same. Nevertheless, all the SME owner-managers and frontline employees we talked to had attained the necessary academic qualifications and training that enabled them to effectively handle the technical component of their service offer. Some employees mentioned that airlines had organised for them seminars in the past and also trained them in customer care handling. One employee was quick to point out that this training had helped her to learn how to handle customers. Indeed, during one of our field visits, there was a training going on for all travel agency employees who worked for travel agencies that were members of IATA. The training had been organised by one international airline with the aim of teaching reservation employees how they could apply the airline’s

⁶⁴ We collected additional data on tangible rewards through interviews and observations in order to increase the reliability of this construct (see Appendix J, Section (2) d).

travel fares into the Galileo system, a software system that enables access to reservation data. Each employee had to have four contact hours.

Training Policy

The two travel agencies did not seem to have a formal training policy for service staff. Frontline employees usually undertook their own initiatives to update themselves about new changes in the industry.

Complaints Handling

Both travel agencies had similar approaches to solving customer complaints. For example, the manager of the first travel agency gave the following explanation regarding complaint handling:

“It depends on the nature of the complaint. I first of all ask the customer the cause of the complaint. If our company is the cause of the complaint, I look for a solution there and then. If we are not the cause of the complaint, I always look for solutions from the vendor. We always try our best to solve the complaint so that we keep the relationship with the client.”

The employees of the second travel agency said that they always try to handle customers’ complaints in a respectful way because the client is always king. Here below are some of the responses they gave when they were asked how they solve customers’ complaints.

“If I have to apologise, I take responsibility and promise to give the best service in the future. For example, if we issue a ticket to the client and he gets inconveniences where he has travelled, we take responsibility, apologize and also take the complaints back to the airlines. If the client needs compensation for what happened, for example, loss of baggage, we follow it up.”

“I calm down. I always learn how to apologise and accept that am in the wrong even if that client is in the wrong because in our industry, we want to win over that client.”

Service Knowledge

The owner-managers and frontline employees seemed to be knowledgeable about the service they were offering and the needs of their customers judging from the conversations they often had with clients, either face-to-face or on telephone, and from the responses we obtained from them during the interviews. For example, in the first travel agency, both the manager and employees knew that during the peak period, most clients value good communication, speed of service, and relatively fair prices. In the second travel agency, the employees knew that most customers value cheap ticket options and the way they are handled. The employees of both travel agencies also had good knowledge about competitors’ offers. In fact, the manager of the first travel agency said that she had already been to competitors’ offices to find out what they were offering to their customers.

Obtaining Feedback from Customers

The two travel agencies did not have suggestion boxes for receiving customer feedback. However, the manager of the first travel agency said that they usually received feedback on phone or by email when they followed up clients to find out if they enjoyed their trips.

(b) Service Quality

Both travel agencies used various mechanisms to provide a quality service. Below, we discuss the service quality orientation for each travel agency using the results we obtained from the interviews and observations.

Service Delivery during Peak Periods

The peak periods for the travel agencies were determined by the international travel calendar. We were able to establish from the interviews we had with the manager and employees of the first travel agency that the travel agency industry had two peak seasons every year: from June to August and from December to January of every year. The following quote from the manager provides a reflection on how travel agencies ensure that customer service remains consistent during the peak periods:

“We make early bookings, ticketing, and early confirmations. Since we serve customers on a first come first serve basis, we advise them to make their bookings early enough to avoid inconveniences.”

Responsiveness to Customers

The managers of both travel agencies always reached out to serve walk-in customers. The manager of the first travel agency was heard several times apologising to clients for the delay in being served. She was also always

polite while talking on the telephone. The owners of both travel agencies were always receptive to customers whenever they were in office. During one of our field visits, we heard the owner of the first travel agency apologising several times to a client who had missed his flight because the agency had not issued him with a ticket.

Service Reliability

The SME owner-managers and employees we talked to explained that customers kept dealing with their travel agencies because of the reliable services they offered to them. For example, the manager of the first travel agency revealed during the interview that customers kept dealing with her travel agency because of the reliable service which, according to her, consisted of (1) good communication (2) offering extra services to customers such as delivering tickets at customers' office premises or homes, (3) giving discounts where possible, and (4) offering credit facilities. Employees that were interviewed from this travel agency said that customers kept coming back because of their trustworthiness. This is reflected in the following comment given by one of the employees:

"We are trustworthy. For example, when a customer cancels his ticket, we refund him without any problem after removing our charges."

Employees also said that the lower prices charged in comparison to similar travel agencies and the good communication through the telephone and internet kept bringing customers back.

Employees who were interviewed from the second travel agency said that customers kept dealing with the agency because of the good service offered which entailed the way customers were treated and received. This is reflected in the following response given by one of the employees:

"There is a lot of competition in the travel industry. Customers come back because the way we treat them creates a difference."

Service Assurance

Both travel agencies were members of TUGATA. Certificates that confirmed their membership were hanged on the walls inside the agencies together with other certificates of merit awarded to the agencies by their travel partners, for example, international airline companies. This was seen as a way of boosting the confidence that clients had in the travel agencies.

We observed that for customers, service assurance seemed to depend mainly on the availability of one particular employee or contact person who customers regularly dealt with. This contact person was usually the manager of the travel agency. In fact, personal relationships seemed to have been established between regular customers and managers of the two travel agencies.

Website

Only the first travel agency had a website. The second travel agency did not have a website. However, the owner of this travel agency said during the interview that she was planning to open a website for the travel agency in a few months' time. We noted that by the time the data collection phase of this research was concluded, the website was still not operational.

Dress Code

All managers and employees in the travel agencies that were studied had a dress code. Though there was some inconsistency in the use of the dress code, employees were always smart. However, they did not have name tags.

Security in the Travel Agencies

Security in both agencies was not visible. However, the manager of the first travel agency confirmed that there was common security at the entrance of the commercial building where the office of the travel agency was located.

Service Environment

Both travel agencies rented office space. Though this space was small, both travel agency offices were always neat with enough air supply. However, the surrounding environment in which both travel agencies were located was always noisy because of passing vehicles and passers-by.

Parking Facilities

Parking facilities were limited in both travel agencies. In the first travel agency, parking for clients was limited because the travel agency was located in a commercial building that was home to many other offices. In the second travel agency, there appeared to be no parking space for customers apart from the public parking space outside the agency which customers had to pay for.

(c) Interpersonal Communication

Communication in the two travel agencies was done in three major ways. These were face-to-face, telephone, and email.

Face-to-Face

The owner-managers and employees of both travel agencies interacted with customers face-to-face. However, this was limited as most customers made their bookings on telephone. We observed that during the face-to-face interactions, both the owner and manager of the first travel agency often welcomed customers with a smile. The manager was often heard thanking walk-in customers for bringing business to the travel agency. However, the two employees always ignored walk-in customers by keeping themselves busy and not even saying a simple 'hello' to them. The manager and employees of the second travel agency always warmly welcomed walk-in customers in general apart from one employee who was not always customer-friendly.

Telephone

The telephone was the main form of communication with customers in the travel agencies. Owner-managers and employees often received telephone calls from customers concerning their ticket bookings. They often received these calls on the office telephone as well as their mobile phones. Many times, they had to follow up on customers via telephone to find out if they were satisfied with the service, in particular, the bookings they had made for them. They also often called clients to keep them posted about any developments concerning their ticket bookings. We observed that the manager of the first travel agency always smiled on the telephone while talking to customers and often talked in a courteous manner.

Email

The two travel agencies also often communicated with their customers by email. For example, the owner of the first travel agency said that sometimes, she sent out emails to regular customers to wish them a happy birthday. The owner of the second travel agency also said that she usually sent out a mailing list to clients whenever she got information on new promotions or low fares.

(d) Tangible Rewards

Our findings show that tangible rewards were perceived in various ways by the respondents we interviewed from both travel agencies. Below, we present our findings.

Prices Charged in Comparison to Similar Travel Agencies

The owner-managers of both travel agencies had similar perceptions about the way in which the prices they charge for their services compared with those charged by competitors. The owner-managers were of the view that the prices they were charging were in the same range with those of competitors. Below are the responses we obtained from the two owners and one manager when we asked them how the prices they charge compare with those of competitors.

“Our prices are the same with what our competitors are charging.”

“Charges are relatively low compared to other travel agencies. I know some of my colleagues who charge higher prices especially to the government. If you want to stay in business and to keep your clients, you have to be fair.”

“We offer the cheapest ticket options at a client’s best convenience.”

The manager of the first travel agency was convinced that customers would still deal with the travel agency even if they increased the price of the service because of the relationship the travel-agency employees had with them. She further added that *“starting with another agency will be difficult for them. We know them and give them extra incentives on top of the fares.”*

We observed that in both travel agencies, ticket prices were neither displayed inside or outside the agencies.

Rewards Given to Regular Customers

Both travel agencies offered a wide variety of gifts to regular customers. The first travel agency often offered key holders, wine bottles, and cups to its regular customers. The cups were usually branded with the travel agency logo. Sometimes, the travel agency organised a Christmas party for its regular customers. The travel agency had future plans to give out calendars and pens to regular customers. The second travel agency usually sent out warm Christmas wishes every year to its regular customers. The owner of this travel agency said that it was a way of thanking everyone: the staff and the clients.

Appendix K: The Influence of Different RM Strategies on Customer Behaviour in Travel Agencies

In our quest to answer RQ3 which seeks to find answers to the influence of the employed RM strategies on the behaviour of customers in the service sector, we conducted several correlation tests and multiple regression tests. As already mentioned at the beginning of Chapter 7, the results are presented in a format similar to the one we used for the restaurants. We present the results in different sections. Table K.1 provides a brief summary of the sections and their content.

Table K.1: Sections and their Corresponding Content

| Section | Content |
|---------|---|
| 1 | Relationship between the RMIs and Customer Experiences |
| 2 | Relationship between the RMIs and Customer Satisfaction |
| 3 | Relationship between Customer Experiences and Customer Satisfaction |
| 4 | Relationship between Customer Satisfaction and Trust |
| 5 | Relationship between Customer Satisfaction and Commitment |
| 6 | Relationship between Customer Satisfaction and Customer Loyalty |
| 7 | Relationship between Trust and Commitment |
| 8 | Relationship between Trust and Customer Loyalty |
| 9 | Relationship between Commitment and Customer Loyalty |

1. RMIs and Customer Experiences

This section contains our findings on the relationship between the four RMIs and customer experiences. We present the results in two parts as follows: (a) correlation between the RMIs and customer experiences, and (b) regression between the RMIs and customer experiences.

(a) Correlation between the RMIs and Customer Experiences

Customer Orientation and Customer Experiences

We did not find evidence to claim a significant relationship between customer orientation and customer experiences ($r = 0.179$; $p = 0.106$). Thus, **P1a** which states that customer orientation is positively related to customer experiences among SMEs in Uganda is not supported in the case of travel agencies.

Service Quality and Customer Experiences

We found a positive relationship between service quality and customer experiences ($r = 0.275$; $p = 0.015$). The relationship was significant. However, the correlation coefficient was very weak. Thus, **P2a** which states that service quality is positively related to customer experiences among SMEs in Uganda receives weak support in the case of travel agencies.

Interpersonal Communication and Customer Experiences

The results suggest that there is a positive, significant and moderate relationship between interpersonal communication and customer experiences ($r = 0.526$; $p < 0.001$). Thus, **P3a** which states that interpersonal communication is positively related to customer experiences among SMEs in Uganda receives moderate support in the case of travel agencies.

Tangible Rewards and Customer Experiences

We cannot claim that there is a significant relationship between tangible rewards and customer experiences ($r = 0.084$; $p = 0.456$). Thus, **P4a** which states that tangible rewards are positively related to customer experiences among SMEs in Uganda is not supported in the case of travel agencies.

(b) Regression between the RMIs and Customer Experiences

When we performed a regression test, we found that interpersonal communication was the only RMI that significantly predicted customer experiences in the two travel agencies (see Table K.2). Customer orientation, service quality, and tangible rewards did not significantly influence customer experiences.

Table K.2: The Effect of RMIs on Customer Experiences in Travel Agencies

| RMI | Beta | t Value | P Value |
|-----------------------------|-------------|----------------|----------------|
| Customer orientation | -0.064 | -0.537 | 0.593 |
| Service quality | 0.143 | 1.123 | 0.265 |
| Interpersonal communication | 0.370 | 3.407 | 0.001** |
| Tangible rewards | -0.048 | -0.407 | 0.685 |

** p < 0.01

Providing updates was the only factor under interpersonal communication that significantly explained a variance in customer experiences (Beta = 0.514; p < 0.001). The variance explained was 26.4%. Interaction with employees was not a significant predictor of customer experiences. Further support for this finding is obtained from a response that was given by one regular customer to the following open-ended question in the questionnaire, “Suggest ways in which you think this agency can improve the service they are currently providing to you”. The customer’s response below further illustrates the importance that clients attach to regular updates.

“Keep clients abreast with all the new innovations, e.g., clients who bring in cargo should be told which airlines allow so many kilos, on which dates, whether there is a desk that handles cargo at the airport, who to negotiate with about cargo, etc.”

2. RMIs and Customer Satisfaction

This section focuses on the results that we obtained when we performed a correlation test and regression test to examine the relationship between the four RMIs and customer satisfaction. For ease of reporting, we present the results in the following three parts: (a) correlation between the RMIs and customer satisfaction, (b) regression between the RMIs and customer satisfaction, and (c) controlling for the effects of demographic variables on the relationship between the RMIs and customer satisfaction.

(a) Correlation between the RMIs and Customer Satisfaction

Customer Orientation and Customer Satisfaction

We found a positive correlation between customer orientation and customer satisfaction (r = 0.435; p < 0.001). The relationship was significant and moderately weak. Therefore, **P1b** which states that customer orientation is positively related to customer satisfaction among SMEs in Uganda receives moderately weak support in the case of travel agencies.

Service Quality and Customer Satisfaction

The results suggest that there is a positive, significant relationship between service quality and customer satisfaction (r = 0.298; p = 0.005). However, we observe that the relationship, though significant, was weak. Thus, **P2b** which states that service quality is positively related to customer satisfaction among SMEs in Uganda receives weak support in the case of travel agencies.

Interpersonal Communication and Customer Satisfaction

The results point to a positive relationship between interpersonal communication and customer satisfaction (r = 0.661; p < 0.001). The relationship was significant and moderately strong. Thus, **P3b** which states that interpersonal communication is positively related to customer satisfaction among SMEs in Uganda receives moderately strong support in the case of travel agencies.

Tangible Rewards and Customer Satisfaction

We found evidence to support a positive and significant relationship between tangible rewards and customer satisfaction (r = 0.498; p < 0.001). The relationship was moderate. Hence, **P4b** which states that tangible rewards are positively related to customer satisfaction among SMEs in Uganda receives moderate support in the case of travel agencies.

(b) Regression between the RMIs and Customer Satisfaction

The results in Table K.3 indicate that customer orientation, interpersonal communication, and tangible rewards all had a significant influence on customer satisfaction in the two travel agencies. Service quality did not have a significant influence on customer satisfaction in this sector. Moreover, we observe that interpersonal

communication explained the greatest variation in customer satisfaction, followed by tangible rewards and then customer orientation. Providing updates was the only dimension under interpersonal communication which significantly predicted a variance in customer satisfaction (Beta = 0.420; $p < 0.001$). Interaction with employees was not a significant predictor.

Table K.3: The Effect of RMIs on Customer Satisfaction in Travel Agencies

| RMI | Beta | t Value | P Value |
|-----------------------------|--------|---------|----------|
| Customer orientation | 0.245 | 2.759 | 0.007** |
| Service quality | -0.066 | -0.636 | 0.527 |
| Interpersonal communication | 0.430 | 4.595 | 0.000*** |
| Tangible rewards | 0.247 | 2.849 | 0.006** |

* $p < 0.05$; ** $p < 0.01$; *** $p < 0.001$

(c) Controlling for the Effects of Demographic Variables on the Relationship between the RMIs and Customer Satisfaction

As already explained in Subsection 6.6.2, our aim of performing a HMR was to control for the influence demographic variables may have on the relationship between the RMIs and customer satisfaction. We display our findings in Table K.4.

Table K.4: The Effect of RMIs on Customer Satisfaction in Travel Agencies after Controlling for the Effects of Demographic Variables

| RMI | Beta | t Value | P Value |
|-----------------------------|--------|---------|----------|
| Customer orientation | 0.241 | 2.673 | 0.009** |
| Service quality | -0.084 | -0.801 | 0.425 |
| Interpersonal communication | 0.429 | 4.523 | 0.000*** |
| Tangible rewards | 0.251 | 2.851 | 0.006** |
| Demographic Variable | | | |
| Gender | -0.070 | -0.816 | 0.417 |
| Age | -0.062 | -0.704 | 0.484 |
| Education | 0.003 | 0.033 | 0.973 |
| Form of employment | 0.018 | 0.203 | 0.840 |
| Net income | -0.163 | -1.955 | 0.054 |

* $p < 0.05$; ** $p < 0.01$; *** $p < 0.001$

As can be seen from Table K.4, we cannot claim from the results that demographic variables have a significant contribution to customer satisfaction beyond the contribution of the RMIs. We can therefore infer that the effect of the RMIs on customer satisfaction is independent of the effects of the demographic variables that we controlled for.

3. Customer Experiences and Customer Satisfaction

This section contains our findings on the relationship between customer experiences and customer satisfaction in the two travel agencies. As we have done in the preceding section, we present the results in the following three parts: (a) correlation between customer experiences and customer satisfaction, (b) regression between customer experiences and customer satisfaction, and (c) the mediating role of customer experiences on customer satisfaction.

(a) Correlation between Customer Experiences and Customer Satisfaction

Correlation results indicate that there is a significant and positive correlation between customer experiences and customer satisfaction ($r = 0.473$; $p < 0.001$). The findings further indicate that the relationship was moderately weak. Thus, **P5a** which states that customer experiences are positively related to customer satisfaction among SMEs in Uganda receives moderately weak support in the case of travel agencies.

(b) Regression between Customer Experiences and Customer Satisfaction

When we performed a regression test, we found that customer experiences had a significant influence on customer satisfaction in the travel agencies (see Table K.5).

Table K.5: The Effect of Customer Experiences on Customer Satisfaction in Travel Agencies

| Variable | Beta | t value | P value |
|----------------------|-------|---------|----------|
| Customer experiences | 0.473 | 4.738 | 0.000*** |

*** $p < 0.001$

In addition, the results indicate that level of satisfaction with customer experiences significantly predicted 30.5% of the variation in customer satisfaction in the two travel agencies (Beta = 0.552; $p < 0.001$). Both importance of customer experiences and intensity of experiences were not significant predictors of customer satisfaction.

Moreover, we performed a multiple regression analysis in order to investigate those factors under customer experiences which accounted for most of the variance in customer satisfaction. Our results indicate that the level of satisfaction with customer experiences relating to feeling at home significantly accounts for more variance in customer satisfaction (Beta = -0.315; $p = 0.002$) than level of satisfaction with customer experiences relating to flexibility (Beta = 0.293; $p = 0.004$). We further observe that the Beta value for customer experiences relating to feeling at home was negative. This implies a negative relationship between customer experiences relating to feeling at home and customer satisfaction. We could not find an immediate explanation for this result. Level of satisfaction with customer experiences relating to professionalism of travel-agency employees, service efficiency, and ambience were all not significant predictors of customer satisfaction in the two travel agencies.

(c) The Mediating Role of Customer Experiences on Customer Satisfaction

We used Baron and Kenny's (1986) procedure for regression analysis to investigate the mediating role of customer experiences in the travel agencies (see Subsection 6.6.3). Our results indicate that customer experiences partially mediate the relationship between service quality and customer satisfaction in the two travel agencies (see Table K.6). We, however, do not claim a mediating role between the rest of the RMIs and customer satisfaction as we did not find enough evidence from the results to back up this claim. Therefore, we can infer that **PSb** which states that customer experiences facilitate the relationship between RMIs and customer satisfaction is partially supported in the case of travel agencies.

Table K.6: Results of Mediated Effects of Customer Satisfaction on RMIs in Travel Agencies

| Step 1: Independent Variables and Mediator Regression | | | |
|---|------------------------------|----------------|----------------|
| Independent Variable (RMI) | Customer Experiences | | |
| | B | t Value | P Value |
| Customer Orientation | 0.11 | 1.64 | 0.116 |
| Service Quality | 0.12 | 2.45 | 0.015* |
| Interpersonal Communication | 0.31 | 5.50 | 0.000*** |
| Tangible Rewards | 0.03 | 0.75 | 0.456 |
| Step 2: Independent Variables and Dependent Variables Regression | | | |
| Independent Variable (RMI) | Customer Satisfaction | | |
| | B | t Value | P Value |
| Customer Orientation | 0.37 | 4.66 | 0.000*** |
| Service Quality | 0.20 | 2.89 | 0.005** |
| Interpersonal Communication | 0.60 | 8.41 | 0.000*** |
| Tangible Rewards | 0.30 | 5.45 | 0.000*** |
| Step 3: Independent Variables, Mediator and Dependent Variables Regression | | | |
| Mediator in parentheses | Customer Satisfaction | | |
| | B | t Value | P Value |
| Customer Orientation | 0.19 | 2.35 | 0.022* |
| (Customer Experiences) | (0.59) | (4.57) | (0.000)*** |
| Service Quality | 0.17 | 2.69 | 0.009** |
| (Customer Experiences) | (0.46) | (3.18) | (0.002)** |
| Interpersonal Communication | 0.43 | 5.79 | 0.000*** |
| (Customer Experiences) | (0.25) | (1.98) | (0.052) |
| Tangible Rewards | 0.20 | 4.27 | 0.000*** |
| (Customer Experiences) | (0.52) | (4.23) | (0.000)*** |
| *p < 0.05, **p < 0.01, ***p < 0.001 | | | |

4. Customer Satisfaction and Trust

The relationship between customer satisfaction and trust is presented in two parts: (a) correlation between customer satisfaction and trust, and (b) regression between customer satisfaction and trust.

(a) Correlation between Customer Satisfaction and Trust

We found a positive and significant relationship between customer satisfaction and trust ($r = 0.725$; $p < 0.001$). We observe that the relationship was not only significant but also quite strong. Thus, the findings provide quite strong support to **P6a** which states that customer satisfaction is positively related to trust in the case of travel agencies.

(b) Regression between Customer Satisfaction and Trust

The results from the regression test indicate that customer satisfaction has a significant influence on trust in the travel agencies (see Table K.7).

Table K.7: The Effect of Customer Satisfaction on Trust in Travel Agencies

| Variable | Beta | t value | P Value |
|-----------------------|-------------|----------------|----------------|
| Customer satisfaction | 0.725 | 10.207 | 0.000*** |

*** p < 0.001

Besides, we observe that three dimensions under customer satisfaction significantly predicted trust in the travel agencies. These are travel-agency brand (Beta = 0.603; $p < 0.001$), flexibility (Beta = 0.475; $p < 0.001$), and service variety (Beta = -0.152; $p = 0.023$). The results point to the dominance of customer satisfaction with the travel-agency brand in explaining most of the variance in trust (63.7%). Customer satisfaction with service

variety explained the least variance (1.4%). Furthermore, customer satisfaction with price was not a significant predictor of trust in the travel agencies.

Additional support for these findings is obtained from customer responses to the open-ended questions in the questionnaire for regular customers. The responses indicate that regular customers mainly branded travel agencies using the following three criteria: (1) track record, (2) consistency in solving customer problems, and (3) efficiency in making flight bookings.

5. Customer Satisfaction and Commitment

In this section, we present the results on the relationship between customer satisfaction and commitment in two parts: (a) correlation between customer satisfaction and commitment, and (b) regression between customer satisfaction and commitment.

(a) Correlation between Customer Satisfaction and Commitment

We found a moderately weak but positive relationship between customer satisfaction and commitment ($r = 0.395$; $p < 0.001$). We observed that the relationship, though quite weak, was significant. Thus the findings provide moderately weak support to **P6b** which states that customer satisfaction is positively related to commitment in the case of travel agencies.

(b) Regression between Customer Satisfaction and Commitment

Customer satisfaction had a significant influence on commitment in the two travel agencies as our results in Tables K.8 indicate.

Table K.8: The Effect of Customer Satisfaction on Commitment in Travel Agencies

| Variable | Beta | t Value | P Value |
|-----------------------|-------|---------|----------|
| Customer satisfaction | 0.395 | 4.140 | 0.000*** |

*** $p < 0.001$

Customer satisfaction with price (Beta = 0.488; $p < 0.001$), customer satisfaction with service variety (Beta = 0.474; $p < 0.001$), and customer satisfaction with the brand (Beta = -0.367; $p < 0.001$) were the dimensions under customer satisfaction that significantly predicted commitment in the travel agencies. We observe that the Beta value for customer satisfaction with the brand is negative, implying a negative relationship between customer satisfaction with the brand and commitment. This could be for the reason that when customers are satisfied with the brand, they are more likely to first develop confidence in the company's services rather than an immediate willingness to continue dealing with the same company.

Customer satisfaction with price accounted for most of the variance in customer commitment (38.1%) while customer satisfaction with service variety explained the least variance (9.1%). Customer satisfaction with flexibility was not a significant predictor of commitment in the travel agencies.

6. Customer Satisfaction and Customer Loyalty

We divided this section into two parts as follows. (a) correlation between customer satisfaction and customer loyalty, and (b) regression between customer satisfaction and customer loyalty.

(a) Correlation between Customer Satisfaction and Customer Loyalty

We found a positive and significant relationship between customer satisfaction and customer loyalty ($r = 0.722$; $p < 0.001$). Furthermore, we observed that the relationship was quite strong. Thus, **P6c** which states that customer satisfaction is positively related to customer loyalty among SMEs in Uganda is quite strongly supported in the case of travel agencies.

(b) Regression between Customer Satisfaction and Customer Loyalty

When we performed the regression test, the results we obtained alluded to the significant influence that customer satisfaction has on customer loyalty in the travel agencies. In Table K.9, we give a summary of the results.

Table K.9: The Effect of Customer Satisfaction on Customer Loyalty in Travel Agencies

| Variable | Beta | t Value | P Value |
|-----------------------|-------|---------|----------|
| Customer satisfaction | 0.722 | 10.114 | 0.000*** |

*** p < 0.001

The results further indicate that flexibility was the only factor under customer satisfaction that significantly explained the variance in customer loyalty (Beta = 0.839; p < 0.001). Customer satisfaction with flexibility significantly predicted a higher variance in attitudinal loyalty (Beta = 0.787; p < 0.001) than in behavioural loyalty (Beta = 0.695; p < 0.001). Additional support for these findings is obtained from customer responses to the following multiple response question: “*I will continue to buy tickets from this travel agency because of the following reasons: (You may tick the ones you find appropriate)*”. The results indicate that 79.4% of the respondents said they would continue to buy tickets from the travel agency they regularly dealt with because of the flexible payment terms. More support for the findings is obtained from customer responses to the open-ended questions in the questionnaire for regular customers. The responses indicate that regular customers categorise a travel agency’s flexibility in three major ways: (1) being able to change clients’ travel bookings without excessive additional charges, (2) being able to make last minute bookings for clients, and (3) allowing clients to buy travel tickets on credit, e.g., making an exception for a customer to pay for the ticket after he has returned from his trip.

Agency brand, price, and service variety were all not significant predictors of customer loyalty in the travel agencies. Additional support for the failure of price to significantly predict customer loyalty is obtained from the multiple response question that required regular customers to indicate why they would continue to buy their tickets from the travel agencies they regularly dealt with. The results indicate that only 8.8% of the respondents agreed that they would continue to buy tickets from the travel agency they regularly dealt with because of the lower prices charged in comparison to similar travel agencies. In other words, regular customers did not perceive satisfaction with price as a significant predictor of their loyalty to the travel agencies.

7. Trust and Commitment

We did not find a significant relationship between trust and commitment (r = 0.064; p = 0.524). Thus, there was no evidence to support **P7a** in the case of travel agencies. We can therefore infer that **P7a** which states that trust is positively related to commitment among SMEs in Uganda is not supported in the case of travel agencies.

8. Trust and Customer Loyalty

This section contains our findings on the relationship between trust and customer loyalty. The section consists of the following two parts: (a) correlation between trust and customer loyalty, and (b) regression between trust and customer loyalty.

(a) Correlation between Trust and Customer Loyalty

When we performed the correlation test, the results revealed a positive and significant relationship between trust and customer loyalty (r = 0.644; p < 0.001). We observe that the relationship was moderately strong. Therefore, **P7b** which states that trust is positively related to customer loyalty receives moderately strong support in the case of travel agencies.

(b) Regression between Trust and Customer Loyalty

Our results indicate that trust was a significant predictor of customer loyalty in the two travel agencies (see Table K.10).

Table K.10: The Effect of Trust on Customer Loyalty in Travel Agencies

| Variable | Beta | t Value | P Value |
|----------|-------|---------|----------|
| Trust | 0.644 | 8.330 | 0.000*** |

*** p < 0.001

Further support for these findings is obtained from the interviews that we had with the SME owner-managers of the two travel agencies. The results indicate that SME owner-managers perceive trust to be an important

ingredient in building customer loyalty. The following quote from one of the SME owner-managers when she was asked why clients kept coming back to the travel agency further illustrates this point:

“We are trustworthy, e.g., when a customer cancels his ticket, we refund him without any problem after removing our charges.”

Moreover, trust significantly predicted a higher variance in attitudinal loyalty (Beta = 0.678; $p < 0.001$) than in behavioural loyalty (Beta = 0.520; $p < 0.001$) in the two travel agencies.

9. Commitment and Customer Loyalty

This section is divided into two parts as follows: (a) correlation between commitment and customer loyalty, and (b) regression between commitment and customer loyalty.

(a) Correlation between Commitment and Customer Loyalty

Our findings indicate that there is a positive and significant relationship between commitment and customer loyalty ($r = 0.380$; $p < 0.001$). We observe that though the relationship was significant, it was weak. We can therefore infer that **P8** which states that commitment is positively related to customer loyalty gets weak support in the case of travel agencies.

(b) Regression between Commitment and Customer Loyalty

Our results indicate that commitment had a significant influence on customer loyalty in the travel agencies. In Table K.11, we display the results.

Table K.11: The Effect of Commitment on Customer Loyalty in Travel Agencies

| Variable | Beta | t Value | P Value |
|------------|-------|---------|----------|
| Commitment | 0.380 | 4.047 | 0.000*** |

*** $p < 0.001$ ***

Emotional commitment was the only factor under commitment that significantly accounted for the variance in customer loyalty (Beta = 0.494; $p < 0.001$). Rational commitment was not a significant predictor. Emotional commitment significantly predicted both attitudinal loyalty (Beta = 0.315; $p = 0.001$) and behavioural loyalty (Beta = 0.595; $p < 0.001$). However, its contribution to explaining the variance was higher in behavioural loyalty than attitudinal loyalty.

The customer responses that we obtained from the open-ended questions in the questionnaire for regular customers indicate that emotional commitment among customers of travel agencies was mainly driven by the following three attributes: (1) good working relationship with the travel-agency employees, (2) consistency in service delivery, and (3) being recognised as a regular customer.

Appendix L: Relationship between SME Owner-Manager Behaviour and Customer Behaviour in Travel Agencies

L1: Relationship between Positive SME Owner-Manager Experiences and SME Owner-Manager Satisfaction

| | POSITIVE EXPERIENCE | EFFECT | POSITIVE EXPERIENCE | EFFECT |
|-------------------------|--|--|--|--|
| Question asked | Has this business ever been recognised for any special award? | How did this make you feel and how did it affect your overall satisfaction? | Have you ever been recognised for any award? | How did this make you feel and how did it affect your overall satisfaction? |
| Manager Travel Agency 1 | Airlines and organisations like insurance companies have recognised us. They have given us certificates for best upcoming selling agent. | N/A | I have been recognised by one airline company for being the best selling travel consultant and being able to meet the sales target within a set period. I was given a study tour to Dubai. | Being recognised made me feel good and happy. It motivated me to work harder. |
| Manager Travel Agency 2 | Refused to be interviewed | Refused to be interviewed | Refused to be interviewed | Refused to be interviewed |
| Owner Travel Agency 1 | Yes. It has been recognised by airline companies. We have been given certificates of appreciation for the services we offer to clients. The airlines have given us certificates of being outstanding travel partners. We got a certificate of significant contribution to the service industry from Galileo. | Of course, I feel happy and this gives me more courage to work harder and to grow. | N/A | N/A |
| Owner Travel Agency 2 | We have received many awards. Examples include Top Agents award, British Airways award, Galileo award and Kenya Airways award. | I felt good. It shows that you are doing well. I felt challenged to be better, to continue improving and to get more awards. | N/A | N/A |

L2: Relationship between Negative SME Owner-Manager Experiences and SME Owner-Manager Satisfaction

| | NEGATIVE EXPERIENCE | EFFECT |
|----------------------------|---|--|
| Question asked | Any particular negative experiences which you have encountered on the job? | How did these experiences affect your satisfaction? |
| Manager Travel Agency 1 | Sometimes, clients take debts which they refuse to pay and we end up writing them off as bad debts. Sometimes, airlines refuse to take responsibility when they have let down our clients. | In the case of clients who default on their payments, it affects me because I feel that I trusted a client who refused to pay. In the case of airlines that refuse to take responsibility, it makes me feel bad because then I know that I have failed my client. In some cases, this can force him to look elsewhere because he thinks that the service we are offering him has deteriorated. |
| Manager Travel Agency 2 | Refused to be interviewed | Refused to be interviewed |
| Owner Travel Agency 1 | I have got so many of them. The biggest problem we have in Uganda is that travel agencies are competing with the airline companies yet the airline companies should be supporting us. There are also brief case agents who don't have physical offices. Because they do not have physical offices, they don't have anything to spend on. Hence they offer much cheaper tickets to clients. By so doing, they disorganise the price mechanism. Besides, the bookings they make for the clients can sometimes backfire and when this happens, clients tend to think that all travel agents are bad. There are also many agents who are not qualified. Clients can also give wrong information and then turn around when we have already issued tickets. When we charge them a cancellation fee, it becomes a problem and they sometimes refuse to pay. There are so many different fares in economy class so when clients are traveling with economy class, we ask them to book early so that they can pay cheaper fares. However, in most cases, they book late. In such situations, they usually end up paying higher fares for the same class. Last minute bookings hurt our business and we lose business especially during the peak season because we don't get any seats much as we have the clients. | Sometimes, I feel low when I go through negative experiences. It is not good enough. You don't know what to do next. You somehow lose morale a little bit but you have to hang in there. |
| Owner Travel Agency 2 | Our Ugandan market has taken up bad habits of not paying. We have to beg some | You would want to sell more and to grow more but you are limited by failure to pay for the |

| | NEGATIVE EXPERIENCE | EFFECT |
|-----------------------|---|---|
| Question asked | Any particular negative experiences which you have encountered on the job? | How did these experiences affect your satisfaction? |
| | clients to pay for a service they have been given. It is not only corporates and individuals but also government. That is why we do not deal with many government ministries. This is my biggest negative experience. | service by some clients. This affects my satisfaction because I am limited. We are limited in our market because we are looking for a certain clientele, e.g., embassies, banks and donor organisations, e.g., USAID ⁶⁵ , who can pay in time. Unfortunately, our competitors are also looking at the same clientele. |

⁶⁵ USAID stands for United States Agency For International Development.

L3: Relationship between SME Owner-Manager Experiences with Employees and SME Owner-Manager Satisfaction

| | EXPERIENCES ARISING FROM RELATING WITH EMPLOYEES | EFFECT |
|----------------------------|---|---|
| Question asked | How do you relate with your employees? | Do these relationships affect your level of satisfaction on the job? |
| Manager Travel Agency 1 | The relationship I have with my employees is good. | Yes, these relationships affect my level of satisfaction. We work in a team and therefore the good relationship I have with them makes my job easier and enjoyable. |
| Manager Travel Agency 2 | Refused to be interviewed | Refused to be interviewed |
| Owner Travel Agency 1 | For me, I have no problem. I am straightforward with my employees. If I am annoyed, I just tell them off. | Owners were not asked this question. |
| Owner Travel Agency 2 | I have very good relations with employees. Our kind of relationship here is like a family. Whoever is available has to do whatever work is there. We train our employees to know how to deal with everything, if possible. I have not been around for the last two months but I knew that I have very committed staff. They know that I trust them and it gives them a kind of a challenge. | Owners were not asked this question. |

L4: Relationship between SME Owner-Manager Satisfaction and Customer Experiences

| | CUSTOMER EXPERIENCES ARISING FROM SME OWNER-MANAGER SATISFACTION | |
|----------------------------|---|---|
| Question asked | Did you do anything extra to keep customers satisfied as a result of your own satisfaction? | Does what you do for your customers depend on how happy you are on your job? |
| Manager Travel Agency 1 | I had already given customers extra services. I had done it all and that is why I was recognised. | No, what I do for my customers does not depend on my level of satisfaction. It depends on what they are inquiring about because the service I give them and my motivation are two different things which should not be mixed. |
| Manager Travel Agency 2 | Refused to be interviewed | Refused to be interviewed |
| Owner Travel Agency 1 | When we get such rewards, that is, when we give discounts to our loyal customers. | Not really. But somehow I have to give back to them to maintain them and to thank them for being there for me even if I have not made any profits. |
| Owner Travel Agency 2 | At the end of the year, we always have something special for our regular clients. We organise a small get together party. We give our regular clients gifts. At the same time, we also send our regular clients warm wishes for Christmas. This is a way of thanking everyone; the staff and the clients. | I avoid doing business with clients who do not pay, e.g., government. Thus, my relationship with them is not affected. I now don't have this kind of problem. |

Appendix M: Summary Tables with Statistical Information for Travel Agencies

M1: A Summary Table of Descriptive Statistics for the Study Variables

| Variable | Travel Agency | Number | Mean | Standard Deviation |
|-----------------------------|---------------|--------|------|--------------------|
| Customer Orientation | 1 | 61 | 2.98 | .14 |
| | 2 | 41 | 3.15 | .42 |
| Service Quality | 1 | 58 | 3.44 | .29 |
| | 2 | 34 | 2.52 | .40 |
| Interpersonal Communication | 1 | 60 | 3.03 | .23 |
| | 2 | 38 | 3.04 | .35 |
| Tangible Rewards | 1 | 61 | 1.97 | .39 |
| | 2 | 37 | 2.10 | .46 |
| Customer Experiences | 1 | 53 | 2.94 | .11 |
| | 2 | 30 | 2.85 | .21 |
| Customer Satisfaction | 1 | 60 | 3.00 | .19 |
| | 2 | 37 | 3.03 | .33 |
| Trust | 1 | 61 | 3.05 | .24 |
| | 2 | 43 | 3.13 | .36 |
| Commitment | 1 | 60 | 3.00 | .26 |
| | 2 | 42 | 2.74 | .64 |
| Customer Loyalty | 1 | 61 | 3.11 | .28 |
| | 2 | 41 | 3.04 | .44 |

Note: The Mean and Standard Deviation have been rounded off to two decimal places.

M2: A Summary Table of Independent Samples T-Test Results for the Study Variables

| Variable | | Levene's Test for Equality of Variances | | T test for Equality of Means | | |
|-----------------------------|-----------------------------|---|------|------------------------------|--------|---------------------------------|
| | | F | Sig. | t | df | Significance 2-tailed (p value) |
| Customer Orientation | Equal variances assumed | 41.138 | .000 | -2.882 | 100 | .005 |
| | Equal variances not assumed | | | -2.449 | 45.628 | .018* |
| Service Quality | Equal variances assumed | 4.543 | .036 | -1.093 | 90 | .277 |
| | Equal variances not assumed | | | -1.009 | 53.841 | .318 |
| Interpersonal Communication | Equal variances assumed | 6.549 | .012 | -.135 | 96 | .893 |
| | Equal variances not assumed | | | -.124 | 57.300 | .902 |
| Tangible Rewards | Equal variances assumed | 1.299 | .257 | -1.523 | 96 | .131 |
| | Equal variances not assumed | | | -1.463 | 66.724 | .148 |
| Customer Experiences | Equal variances assumed | 12.893 | .001 | 2.495 | 81 | .015 |

| Variable | | Levene's Test for Equality of Variances | | T test for Equality of Means | | |
|-----------------------|-----------------------------|---|------|------------------------------|--------|---------------------------------|
| | | F | Sig. | t | df | Significance 2-tailed (p value) |
| | Equal variances not assumed | | | 2.134 | 38.647 | .039* |
| Customer Satisfaction | Equal variances assumed | 5.418 | .022 | -.727 | 95 | .469 |
| | Equal variances not assumed | | | -.640 | 49.845 | .525 |
| Trust | Equal variances assumed | 9.741 | .002 | -1.339 | 102 | .184 |
| | Equal variances not assumed | | | -1.248 | 66.839 | .216 |
| Commitment | Equal variances assumed | 33.493 | .000 | 2.908 | 100 | .004 |
| | Equal variances not assumed | | | 2.557 | 50.485 | .014* |
| Customer loyalty | Equal variances assumed | 2.466 | .119 | .965 | 100 | .337 |
| | Equal variances not assumed | | | .888 | 62.127 | .378 |

* p < 0.05; ** p < 0.01; *** p < 0.001

SUMMARY

In the introductory chapter of this research, we mentioned that many scholars and practitioners today consider Relationship Marketing (RM) as a powerful marketing strategy that can enable companies to overcome the intense competition they face in the market place. RM offers the advantage of retaining customers in long-term relationships, which leads to increased company profitability and a reduction in customer acquisition costs. Current research on RM indicates that (1) many large companies have already adopted an RM approach in their operations, (2) there is a shortage of empirical research on the RM practices of SMEs, especially those in developing countries, and (3) most research on RM has been undertaken in the western context, meaning that little is known about the RM practices of SMEs, especially those operating in a non-western context. Several scholars argue, however, that RM is more applicable to service firms as they often have more direct contacts with their customers. Our desire to investigate these concerns leads to the following PS as presented in Chapter 1 of this thesis.

PS: To what extent is it possible to design a model which SME policy makers and practitioners can use to plan the RM operations of SMEs in the service sector in Uganda?

We choose to investigate the PS in two service sectors in Uganda, namely (1) restaurants, and (2) travel agencies. Both sectors significantly contribute to employment, income, and tourism growth in Uganda.

In order to answer the PS, we formulate the following five research questions (RQs) as presented in Chapter 1.

RQ1: *Which RM theories are suitable for investigating RM activities of SMEs in a developing country?*

RQ2: *Which RM strategies are employed by SMEs in the service sector in Uganda?*

RQ3: *How do these strategies influence the behaviour of SME customers in the service sector in Uganda?*

RQ4: *Does the behaviour of SME owner-managers influence the relationship-building process of SMEs?*

RQ5: *Are there significant differences in the way SMEs in the service sector in Uganda employ their RM strategies?*

In Chapter 2, we give an overview of existing RM theories. We also discuss various RM models and their limitations. Furthermore, we explain the importance of RM and its relevance to SMEs. In this chapter, we also introduce and discuss, from a theoretical perspective, the Relationship Marketing Instruments (RMIs) that we consider to be appropriate for application among SMEs in the service sector in Uganda. We end the chapter with the conclusion that there is a scarcity of empirical research about the practices of SMEs in developing countries and that an RM approach would be beneficial to SMEs in developing countries. Our discussion in this chapter provides answers to RQ1 of this research.

Chapter 3 describes the conceptual model that guided our investigations. The model consists of eleven relational concepts, namely (1) customer orientation, (2) service quality, (3) interpersonal communication, (4) tangible rewards, (5) customer experiences, (6) customer satisfaction, (7) customer loyalty, (8) trust, (9) commitment, (10) SME owner-manager experiences, and (11) SME owner-manager satisfaction. The concepts are generated from a review of the relevant literature as discussed in Chapter 2, the researcher's personal experiences, and from feedback received in a preliminary interview as presented in Chapter 5. Our discussion of the relationship between the concepts in the model leads to the generation of 19 propositions that we test in order to answer the five RQs.

Chapter 4 gives some background information about SMEs in Uganda and also provides our working definition of an SME. This chapter leads us to the conclusion that SMEs in Uganda make a significant contribution to Uganda's economy in terms of poverty reduction and employment generation. Furthermore, we conclude that SMEs operating in the service sector are of strategic significance to Uganda's economy. Nevertheless, we observe that despite the significant contribution of SMEs, they face several challenges in their operations, for example, stiff competition from similar firms, poor marketing knowledge, and lack of adequate capital to finance their operations. This chapter enables us to address RQ1 and also reinforces our view that RM practice can help Ugandan SMEs to overcome some of the challenges they face in their operations.

In Chapter 5, we discuss in more detail, the research methodology that we used to collect relevant data pertaining to the five RQs and PS. More specifically, we explain the research philosophy, research approach, and research strategy that we adopted for the study. We also discuss our sources of data, the data collection process, and the data collection methods that we employed in the study. Moreover, we explain how we operationalised and measured the key concepts in the model presented in Chapter 3, and the techniques that we used to increase the validity and reliability of our results.

In Chapter 6, we present our findings in the case of restaurants and thus provide answers to RQ2, RQ3, RQ4, and RQ5 in the case of restaurants.

The answer to RQ2 in the case of restaurants is as follows.

Service quality and interpersonal communication are the most employed RM strategies among SMEs in the restaurant sector. In contrast, customer orientation and tangible rewards are the least employed RM strategies.

The answer to RQ3 in the case of restaurants is as follows.

- (1) All the RM strategies employed, with the exception of tangible rewards, are significant predictors of both customer experiences and customer satisfaction.
- (2) Service quality explains the greatest variation in customer experiences and customer satisfaction.
- (3) Customer experiences significantly predict customer satisfaction and they also partially mediate the relationship between the RMIs and customer satisfaction.
- (4) Customer satisfaction significantly predicts trust, commitment, and customer loyalty.
- (5) Trust is a significant predictor of commitment and customer loyalty.
- (6) Commitment is a significant predictor of customer loyalty.

The answer to RQ4 is as follows.

SME owner-managers who had positive experiences with regular customers, employees and/or SME support institutions reported higher levels of satisfaction in the restaurant sector than those who did not. Furthermore, such SME owner-managers also reported that they had created more positive experiences for their customers as a result of their own satisfaction. Thus, the behaviour of SME owner-managers seems to have an influence on the relationship-building process of SMEs in the restaurant sector.

The answer to RQ5 is as follows.

There are significant differences in the way SMEs in the restaurant sector employ RM strategies in their operations. There are significant differences in the way SMEs in this sector employ customer orientation, service quality, and interpersonal communication in their operations. There are however, no significant differences in the employment of tangible rewards among the restaurants.

In Chapter 7, we present our findings in the case of travel agencies and thus provide answers to RQ2, RQ3, RQ4, and RQ5 in the case of travel agencies.

The answer to RQ2 in the case of travel agencies is as follows.

Customer orientation and interpersonal communication are the most employed RM strategies among SMEs in the travel-agency sector. In contrast, service quality and tangible rewards are the least employed RM strategies.

The answer to RQ3 in the case of travel agencies is as follows.

- (1) Interpersonal communication is the only RM strategy that significantly predicts customer experiences.
- (2) All the RM strategies employed, with the exception of service quality, are significant predictors of customer satisfaction.
- (3) Interpersonal communication explains the greatest variation in customer satisfaction.
- (4) Customer experiences significantly predict customer satisfaction and they also partially mediate the relationship between service quality and customer satisfaction.
- (5) Customer satisfaction significantly predicts trust, commitment, and customer loyalty.
- (6) Trust is not a significant predictor of commitment.
- (7) Trust is a significant predictor of customer loyalty.
- (8) Commitment is a significant predictor of customer loyalty.

The answer to RQ4 is as follows.

SME owner-managers who had positive experiences with regular customers, employees and/or SME support institutions reported higher levels of satisfaction in the travel-agency sector than those who did not. Furthermore, such SME owner-managers also reported that they had created more positive experiences for their customers as a result of their own satisfaction. Thus, the behaviour of SME owner-managers seems to have an influence on the relationship-building process of SMEs in the travel-agency sector.

The answer to RQ5 is as follows.

There are significant differences in the way SMEs in the travel-agency sector employ customer orientation as an RM strategy in their operations. There are however, no significant differences in the way SMEs in this sector employ service quality, interpersonal communication, and tangible rewards in their operations.

In Chapter 8, we compare our findings from the restaurants and travel agencies. In Chapter 9, we provide a detailed discussion of the findings in the two SME sectors. More specifically, we discuss our results in relation to those of previous scholars. In Chapter 10, we provide answers to the five RQs and the PS. By so doing, we provide an affirmative answer to the PS that we set out to investigate in Chapter 1. In addition, we provide our conclusions and give recommendations for both SME policy makers and practitioners. More specifically, we recommend that the model we have proposed should be used as a guide to plan for the marketing operations of SMEs in the service sector in Uganda. Lastly, we suggest three potential future research directions that can help to validate our model.

SAMENVATTING

In het inleidende hoofdstuk wordt verteld dat veel onderzoekers en professionals aangeven dat Relationship Marketing (RM) een krachtig marketing instrument is. Het stelt bedrijven in staat om het hoofd te bieden aan de intense concurrentie in hun markten. RM biedt de mogelijkheid klanten voor langere termijn te binden, hetgeen leidt tot grotere winstgevendheid en lagere kosten voor klanten-acquisitie. Huidig onderzoek leidt tot de volgende drie observaties.

- Veel grote bedrijven hebben een RM-benadering ingevoerd.
- Er is een tekort aan empirisch onderzoek naar de toepassing van RM in het MKB, in het bijzonder in ontwikkelingslanden.
- Het leeuwendeel van het onderzoek naar RM is uitgevoerd in westerse bedrijven.

Verschillende onderzoekers leggen er de nadruk op dat RM beter toepasbaar is in organisaties die service (diensten) leveren dan in organisaties die producten leveren. De reden is dat service-organisaties naar hun aard meer contact hebben met klanten. De hiervoor genoemde observaties vormen de basismotivatie voor het onderzoek, dat geoperationaliseerd wordt door de volgende probleemstelling (PS).

PS: In hoeverre is het mogelijk een model te ontwikkelen dat MKB-beleidsmakers en professionals kunnen gebruiken voor de planning van RM-activiteiten in de dienstensector in Uganda?

Het onderzoek is uitgevoerd in twee dienstensectoren in Uganda, t.w. restaurants en reisbureaus. Beide sectoren dragen aanzienlijk bij aan de groei van werkgelegenheid, inkomen en tourisme in Uganda.

Om de probleemstelling te beantwoorden zijn de volgende vijf onderzoeksvragen (OVs) geformuleerd.

OV1: Welke RM-theorieën zijn geschikt om RM-activiteiten in het MKB in ontwikkelingslanden te onderzoeken?

OV2: Welke RM-strategieën worden gebruikt in het MKB in de dienstensector in Uganda?

OV3: Hoe beïnvloeden deze strategieën het gedrag van de klanten van het MKB in de dienstensector in Uganda?

OV4: Beïnvloedt het gedrag van MKB-eigenaren/managers in de dienstensector in Uganda het proces van het opbouwen van een customer relationship?

OV5: Zijn er significante verschillen in de manier waarop MKB-bedrijven in de dienstensector in Uganda hun RM- strategieën uitvoeren?

In hoofdstuk 2 wordt een overzicht gegeven van bestaande RM-theorieën en de bijbehorende modellen alsmede hun beperkingen. Bovendien wordt er een uitleg gegeven aangaande het belang van RM voor het MKB. Ook worden, vanuit een theoretisch perspectief, de RM-instrumenten (RMI's) behandeld, voor zover die als passend worden beschouwd voor de service- sector in Uganda. De conclusie aan het einde van het hoofdstuk is dat er een tekort is aan empirisch onderzoek naar praktische toepassingen van RM in het MKB in ontwikkelingslanden, maar dat een RM-benadering nuttig is voor het MKB in ontwikkelingslanden. Op deze wijze worden diverse voorlopige antwoorden gegeven op de eerste onderzoeksvraag (OV1).

In hoofdstuk 3 wordt het conceptuele model behandeld dat leidend is geweest voor dit onderzoek. Het model omvat 11 relationele concepten, t.w. (1) klant-oriëntatie, (2) service-kwaliteit, (3) interpersoonlijke communicatie, (4) tastbare beloningen, (5) klant-ervaringen, (6) klanttevredenheid, (7) loyaliteit van klanten, (8) vertrouwen, (9) betrokkenheid, (10) ervaringen van de eigenaar/manager in het MKB, en (11) de tevredenheid van de MKB- eigenaar/manager. De concepten zijn ontleend aan een bestudering van de relevante literatuur, zoals besproken in hoofdstuk 2, gecombineerd met persoonlijke ervaringen van de onderzoeker en *feedback*

vanuit een voorbereidend interview (zie ook hoofdstuk 5). De bespreking van de relaties tussen de concepten leidt tot negentien proposities, die worden getoetst en op die manier de antwoorden genereren op de vijf onderzoeksvragen.

In hoofdstuk 4 wordt achtergrond-informatie verschaft over het MKB in Uganda. Tevens wordt een adequate werkdefinitie van MKB gegeven. De conclusie aan het einde van dit hoofdstuk betreft de significante bijdrage van het MKB in Uganda aan de Ugandese economie in termen van (1) reductie van armoede en (2) creatie van werkgelegenheid. Bovendien wordt geconcludeerd dat MKB-bedrijven in de service-sector van strategische betekenis zijn voor de Ugandese economie. Desalniettemin constateren we dat MKB-bedrijven met uitdagende problemen worden geconfronteerd, zoals (1) stevige concurrentie van soortgelijke bedrijven, (2) beperkte marketing kennis, en (3) gebrek aan adequaat kapitaal. Dit hoofdstuk is speciaal gericht op de eerste onderzoeksvraag (OV1). Er wordt bevestiging gevonden voor het gezichtspunt dat RM in de praktijk behulpzaam kan zijn bij het oplossen van de drie hierboven genoemde uitdagende problemen.

In hoofdstuk 5 wordt de onderzoeksmethodologie, die gebruikt is om data te verzamelen, in detail behandeld. Meer specifiek wordt ook de onderzoeksfilosofie behandeld, alsmede de onderzoeksbenadering en de *research*-strategie van het onderzoek. Daarbij komen eveneens de gegevensbronnen aan de orde, het data-collectie-proces en de data-collectie-methoden die zijn gebruikt. Daarnaast wordt uitgelegd hoe de kernbegrippen in het model (zie hoofdstuk 3) zijn geoperationaliseerd en gemeten. Tenslotte wordt aandacht besteed aan validiteit en betrouwbaarheid van de onderzoekresultaten.

In hoofdstuk 6 worden de onderzoekresultaten besproken die betrekking hebben op de Ugandese restaurants. Deze resultaten hebben betrekking op onderzoeksvragen OV2 tot en met OV5. Hieronder geven we de gevonden antwoorden.

Het antwoord op vraag OV2 luidt als volgt.

Service kwaliteit en interpersoonlijke communicatie zijn de meest gebruikte RM-strategieën in het MKB in de restaurant-sector. In contrast hiermee behoren klantoriëntatie en tastbare beloningen tot de minst gebruikte RM-strategieën.

Het antwoord op de derde onderzoeksvraag (OV3) is meerledig en luidt als volgt.

- Alle RM-strategieën, met uitzondering van tastbare beloningen, zijn significante voorspellers van zowel klant-ervaringen als klanttevredenheid.
- Service-kwaliteit verklaart de grootste variatie in klant-ervaringen en klanttevredenheid.
- Klant-ervaringen voorspellen significant de klanttevredenheid, en zij zijn gedeeltelijk intermediair tussen RMI's en klanttevredenheid.
- Klanttevredenheid verklaart significant vertrouwen, betrokkenheid en klantenloyaliteit.
- Vertrouwen is een significante voorspeller van betrokkenheid en van klantenloyaliteit.
- Betrokkenheid is een significante voorspeller van klantenloyaliteit.

Het antwoord op de vierde onderzoeksvraag (OV4) gaat vooral in op de relatie tussen positieve ervaringen van eigenaren/managers en die van reguliere klanten. MKB-eigenaren/managers, employees en ondersteunende organisaties met positieve ervaringen met hun reguliere klanten rapporteerden meer tevredenheid dan collega's zonder die positieve ervaringen. Het is zelfs sterker, zulke MKB-eigenaren/managers rapporteerden dat zij meer positieve ervaringen hadden gecreëerd bij hun klanten als gevolg van hun eigen tevredenheid. Het gedrag van eigenaren/managers lijkt daarom invloed te hebben op het relatievormingsproces van MKB-bedrijven in de restaurant-sector.

Het antwoord op de vijfde onderzoeksvraag (OV5) stelt dat er significante verschillen zijn in de manier waarop MKB-bedrijven in de restaurant-sector RM-strategieën toepassen in hun uitvoering. Er zijn ook significante verschillen gevonden met betrekking tot de manier waarop MKB-bedrijven in de restaurant-sector klantoriëntatie, service- kwaliteit en interpersoonlijke communicatie practiseren. Er zijn echter geen significante verschillen tussen restaurants in het gebruik van tastbare beloningen.

In hoofdstuk 7 worden de resultaten voor de reisbureaus gepresenteerd, en vanuit dat gezichtspunt antwoorden op de onderzoeksvragen 2 tot en met 5 gerapporteerd.

Het antwoord op de tweede onderzoeksvraag (OV2) is als volgt.

Klant-oriëntatie en interpersoonlijke communicatie zijn de meest gebruikte RM-strategieën bij MKB-bedrijven in de reisbureau-sector. In tegenstelling daarmee zijn service-kwaliteit en tastbare beloningen de minst gebruikte RM-strategieën.

Het antwoord op OV3 in het geval van de reisbureaus is meerledig en luidt als volgt.

- Interpersoonlijke communicatie is de enige RM-strategie die op significante wijze klant-ervaringen voorspelt.
- Alle RM-strategieën, met uitzondering van service-kwaliteit, zijn significante voorspellers van klanttevredenheid.
- Interpersoonlijke communicatie verklaart de grootste variatie in klanttevredenheid.
- Klanten-ervaringen voorspellen significant klanttevredenheid, en zijn ook gedeeltelijk intermediaire variabele tussen service-kwaliteit en klanttevredenheid.
- Klanttevredenheid voorspelt significant vertrouwen, betrokkenheid, en klantenloyaliteit.
- Vertrouwen is geen significante voorspeller van betrokkenheid.
- Betrokkenheid is een significante voorspeller van klantenloyaliteit.

Het antwoord op de vierde onderzoeksvraag (OV4) heeft betrekking op de invloed van positieve ervaringen van MKB-eigenaren/managers. MKB-eigenaren/managers, employees en ondersteunende organisaties met positieve ervaringen met betrekking tot hun reguliere klanten rapporteerden meer tevredenheid dan collega's zonder die positieve ervaringen. Sterker nog, zulke MKB-eigenaren/managers rapporteerden dat zij meer positieve ervaringen hadden gecreëerd bij hun klanten als gevolg van hun eigen tevredenheid. Het gedrag van eigenaren/managers lijkt daarom invloed te hebben op het relatievormingsproces van MKB-bedrijven in de reisbureau-sector.

Het antwoord op de vijfde onderzoeksvraag (OV5) stelt dat er significante verschillen zijn in de manier waarop MKB-bedrijven in de reisbureau-sector *customer orientation*-strategieën toepassen in hun uitvoering. Er zijn daarentegen geen significante verschillen gevonden met betrekking tot de manier waarop MKB-bedrijven in de reisbureau-sector service-kwaliteit, interpersoonlijke communicatie en tastbare beloningen toepassen.

In hoofdstuk 8 worden de resultaten met betrekking tot restaurants en reisbureau's met elkaar vergeleken. In hoofdstuk 9 worden de uitkomsten in de twee sectoren gedetailleerd besproken. Meer in het bijzonder worden de resultaten besproken in relatie tot bevindingen van eerdere onderzoekers. In hoofdstuk 10 komen de antwoorden op de vijf onderzoeksvragen en de probleemstelling aan de orde. Daar wordt vastgesteld dat er voor MKB-beleidsmakers en professionals een model gemaakt kan worden voor het strategisch plannen van RM-activiteiten in de dienstensector in Uganda. Aanvullend worden conclusies en aanbevelingen gegeven voor zowel beleidsmakers als professionals. Meer in het bijzonder wordt aanbevolen om het ontwikkelde model te gebruiken als een leidraad voor het plannen van marketing-activiteiten van MKB-bedrijven in de service-sector in Uganda.

Tenslotte worden drie toekomstige potentiële onderzoeksrichtingen aangegeven ter verdere validatie van het ontwikkelde model.

CURRICULUM VITAE

Najja Terry Kakeeto was born in Kampala, Uganda on the 2nd of March 1970. She attended primary school (1976-1983) from St. Theresa's Primary Boarding School, Namagunga, Uganda, and high school (1984-1990) from Mt. St. Mary's College, Namagunga, Uganda. Ms Kakeeto began her higher education journey in 1990 from Makerere University, Kampala, Uganda where she pursued a Bachelor of Commerce program with a major in Marketing. She successfully completed the program in 1993 and earned a Bachelor of Commerce degree (Upper Second). Thereafter, she worked as a sales representative for one year with Spear Motors Ltd., an official agent of Daimler Chrysler in Uganda. Her tenure exposed her to marketing in real life which gave her the opportunity to blend marketing theory with practice.

In 1994, she received a Common Wealth scholarship in conjunction with the Indian Council for Cultural Relations (ICCR) to pursue a two-year Masters in Business Administration (MBA) program with a major in Finance from University of Pune, India. She completed the course in 1996 with an MBA degree (First Class). Upon her return to Uganda, she worked in Centenary Rural Development Bank as an internal auditor from 1996 to 1997. Since 1996, she has been working as a lecturer with Makerere University Business School in the Department of Marketing and International Business, where she has been teaching several marketing and management-related courses. In addition, she has been actively involved in training small business owners and designing training manuals for both Small and Medium Enterprises (SMEs) and large companies. Moreover, she has done a great deal of consultancy work in the area of marketing and management. She is a registered member of the Chartered Institute of Marketing (CIM). Her current research interests lie in marketing and entrepreneurship.

In 2005, Ms Kakeeto received a scholarship from the Netherlands Organisation for International Co-operation in Higher Education (NUFFIC) to pursue a Ph.D. program in Business Administration from The Netherlands. She completed her Ph.D. coursework in 2006 and earned the Master of Philosophy degree from Maastricht School of Management (MSM) in 2007 after successfully defending her Ph.D. proposal. Ms. Kakeeto then joined Tilburg University (TiCC) to complete the rest of her Ph.D. program.

LIST OF PUBLICATIONS

This thesis has resulted in the following publications.

Kakeeto, T. & Thomas, A. O. (2008). *Exploring relationship marketing in a developing country: seeking insights from service SMEs in East Africa*. Paper presented at the Leadership and Management Studies in Sub-Saharan Africa Conference in Accra, Ghana from 7th to 9th June, 2008.

Kakeeto-Aelen, T.N. & van Dalen, J. (2011). *Using relationship marketing instruments as a strategy to create customer satisfaction among small and medium enterprises in Uganda: The mediating role of customer experiences*. Paper presented and published in Conference Proceedings, Volume 1 of the 5th International Scientific Conference in Pula, Croatia from 24th to 26th March, 2011 (p.898-926). Conference Theme: Entrepreneurship and Macroeconomic Management: Reflections on the World in Turmoil.

Kakeeto-Aelen, T.N., van Dalen, J., van den Herik, H. J. & Van de Walle, B. (2011). *Relationship Marketing: the mediating role of customer experiences*. Paper presented during the 1st Annual Research Conference organised by Maastricht School of Management (MSM) in Maastricht, The Netherlands on 11th and 12th November, 2011. Conference Theme: Resource Scarcity, Natural Disasters and Business: Present and Future Challenges for Management and Entrepreneurship.

Kakeeto-Aelen, T.N., van Dalen, J., van den Herik, H. J. & Van de Walle, B. *Customer Satisfaction, Trust, and Commitment among SMEs in Uganda*. Paper planned to be submitted to the Journal of Small Business and Enterprise Development.

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⁶⁶ Abbreviations: SIKS – Dutch Research School for Information and Knowledge Systems; CWI – Centrum voor Wiskunde en Informatica, Amsterdam; EUR – Erasmus Universiteit, Rotterdam; KUB – Katholieke Universiteit Brabant, Tilburg; KUN - Katholieke Universiteit Nijmegen; OU – Open Universiteit; RUL – Rijksuniversiteit Leiden; RUN – Radboud Universiteit Nijmegen; TUD – Technische Universiteit Delft; TU/e - Technische Universiteit Eindhoven; UL – Universiteit Leiden; UM – Universiteit Maastricht; UT – Universiteit Twente, Enschede; UU – Universiteit Utrecht; UvA – Universiteit van Amsterdam; UvT – Universiteit van Tilburg; VU – Vrije Universiteit, Amsterdam.

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7. Peter Boncz (CWI) *Monet: A Next-Generation DBMS Kernel For Query-Intensive Applications*
8. Jaap Gordijn (VU) *Value Based Requirements Engineering: Exploring Innovative E-Commerce Ideas*
9. Willem-Jan van den Heuvel(KUB) *Integrating Modern Business Applications with Objectified Legacy Systems*
10. Brian Sheppard (UM) *Towards Perfect Play of Scrabble*

11. Wouter C.A. Wijngaards (VU) *Agent Based Modelling of Dynamics: Biological and Organisational Applications*
12. Albrecht Schmidt (Uva) *Processing XML in Database Systems*
13. Hongjing Wu (TU/e) *A Reference Architecture for Adaptive Hypermedia Applications*
14. Wieke de Vries (UU) *Agent Interaction: Abstract Approaches to Modelling, Programming and Verifying Multi-Agent Systems*
15. Rik Eshuis (UT) *Semantics and Verification of UML Activity Diagrams for Workflow Modelling*
16. Pieter van Langen (VU) *The Anatomy of Design: Foundations, Models and Applications*
17. Stefan Manegold (UVA) *Understanding, Modeling, and Improving Main-Memory Database Performance*

2003

1. Heiner Stuckenschmidt (VU) *Ontology-Based Information Sharing in Weakly Structured Environments*
2. Jan Broersen (VU) *Modal Action Logics for Reasoning About Reactive Systems*
3. Martijn Schuemie (TUD) *Human-Computer Interaction and Presence in Virtual Reality Exposure Therapy*
4. Milan Petkovic (UT) *Content-Based Video Retrieval Supported by Database Technology*
5. Jos Lehmann (UVA) *Causation in Artificial Intelligence and Law - A modelling approach*
6. Boris van Schooten (UT) *Development and specification of virtual environments*
7. Machiel Jansen (UvA) *Formal Explorations of Knowledge Intensive Tasks*
8. Yongping Ran (UM) *Repair Based Scheduling*
9. Rens Kortmann (UM) *The resolution of visually guided behaviour*
10. Andreas Lincke (UvT) *Electronic Business Negotiation: Some experimental studies on the interaction between medium, innovation context and culture*
11. Simon Keizer (UT) *Reasoning under Uncertainty in Natural Language Dialogue using Bayesian Networks*
12. Roeland Ordelman (UT) *Dutch speech recognition in multimedia information retrieval*
13. Jeroen Donkers (UM) *Nosce Hostem - Searching with Opponent Models*
14. Stijn Hoppenbrouwers (KUN) *Freezing Language: Conceptualisation Processes across ICT-Supported Organisations*
15. Mathijs de Weerd (TUD) *Plan Merging in Multi-Agent Systems*
16. Menzo Windhouwer (CWI) *Feature Grammar Systems - Incremental Maintenance of Indexes to Digital Media Warehouses*
17. David Jansen (UT) *Extensions of Statecharts with Probability, Time, and Stochastic Timing*
18. Levente Kocsis (UM) *Learning Search Decisions*

2004

1. Virginia Dignum (UU) *A Model for Organizational Interaction: Based on Agents, Founded in Logic*
2. Lai Xu (UvT) *Monitoring Multi-party Contracts for E-business*
3. Perry Groot (VU) *A Theoretical and Empirical Analysis of Approximation in Symbolic Problem Solving*
4. Chris van Aart (UVA) *Organizational Principles for Multi-Agent Architectures*
5. Viara Popova (EUR) *Knowledge discovery and monotonicity*
6. Bart-Jan Hommes (TUD) *The Evaluation of Business Process Modeling Techniques*
7. Elise Boltjes (UM) *Voorbeeldig onderwijs; voorbeeldgestuurd onderwijs, een opstap naar abstract denken, vooral voor meisjes*
8. Joop Verbeek (UM) *Politie en de Nieuwe Internationale Informatiemarkt, Grensregionale politieke gegevensuitwisseling en digitale expertise*
9. Martin Caminada (VU) *For the Sake of the Argument; explorations into argument-based reasoning*
10. Suzanne Kabel (UVA) *Knowledge-rich indexing of learning-objects*
11. Michel Klein (VU) *Change Management for Distributed Ontologies*
12. The Duy Bui (UT) *Creating emotions and facial expressions for embodied agents*
13. Wojciech Jamroga (UT) *Using Multiple Models of Reality: On Agents who Know how to Play*
14. Paul Harrenstein (UU) *Logic in Conflict. Logical Explorations in Strategic Equilibrium*
15. Arno Knobbe (UU) *Multi-Relational Data Mining*
16. Federico Divina (VU) *Hybrid Genetic Relational Search for Inductive Learning*
17. Mark Winands (UM) *Informed Search in Complex Games*
18. Vania Bessa Machado (UvA) *Supporting the Construction of Qualitative Knowledge Models*
19. Thijs Westerveld (UT) *Using generative probabilistic models for multimedia retrieval*
20. Madelon Evers (Nyenrode) *Learning from Design: facilitating multidisciplinary design teams*

2005

1. Floor Verdenius (UVA) *Methodological Aspects of Designing Induction-Based Applications*
2. Erik van der Werf (UM) *AI techniques for the game of Go*
3. Franc Grootjen (RUN) *A Pragmatic Approach to the Conceptualisation of Language*
4. Nirvana Meratnia (UT) *Towards Database Support for Moving Object data*
5. Gabriel Infante-Lopez (UVA) *Two-Level Probabilistic Grammars for Natural Language Parsing*
6. Pieter Spronck (UM) *Adaptive Game AI*
7. Flavius Frasinca (TU/e) *Hypermedia Presentation Generation for Semantic Web Information Systems*
8. Richard Vdovjak (TU/e) *A Model-driven Approach for Building Distributed Ontology-based Web Applications*
9. Jeen Broekstra (VU) *Storage, Querying and Inferencing for Semantic Web Languages*

10. Anders Bouwer (UVA) *Explaining Behaviour: Using Qualitative Simulation in Interactive Learning Environments*
11. Elth Ogston (VU) *Agent Based Matchmaking and Clustering - A Decentralized Approach to Search*
12. Csaba Boer (EUR) *Distributed Simulation in Industry*
13. Fred Hamburg (UL) *Een Computermodel voor het Ondersteunen van Euthanasiebeslissingen*
14. Borys Omelayenko (VU) *Web-Service configuration on the Semantic Web; Exploring how semantics meets pragmatics*
15. Tibor Bosse (VU) *Analysis of the Dynamics of Cognitive Processes*
16. Joris Graaumans (UU) *Usability of XML Query Languages*
17. Boris Shishkov (TUD) *Software Specification Based on Re-usable Business Components*
18. Danielle Sent (UU) *Test-selection strategies for probabilistic networks*
19. Michel van Dartel (UM) *Situated Representation*
20. Cristina Coteanu (UL) *Cyber Consumer Law, State of the Art and Perspectives*
21. Wijnand Derks (UT) *Improving Concurrency and Recovery in Database Systems by Exploiting Application Semantics*

2006

1. Samuil Angelov (TU/e) *Foundations of B2B Electronic Contracting*
2. Cristina Chisalita (VU) *Contextual issues in the design and use of information technology in organizations*
3. Noor Christoph (UVA) *The role of metacognitive skills in learning to solve problems*
4. Marta Sabou (VU) *Building Web Service Ontologies*
5. Cees Pierik (UU) *Validation Techniques for Object-Oriented Proof Outlines*
6. Ziv Baida (VU) *Software-aided Service Bundling - Intelligent Methods & Tools for Graphical Service Modeling*
7. Marko Smiljanic (UT) *XML schema matching -- balancing efficiency and effectiveness by means of clustering*
8. Eelco Herder (UT) *Forward, Back and Home Again - Analyzing User Behavior on the Web*
9. Mohamed Wahdan (UM) *Automatic Formulation of the Auditor's Opinion*
10. Ronny Siebes (VU) *Semantic Routing in Peer-to-Peer Systems*
11. Joeri van Ruth (UT) *Flattening Queries over Nested Data Types*
12. Bert Bongers (VU) *Interactivation - Towards an e-cology of people, our technological environment, and the arts*
13. Henk-Jan Lebbink (UU) *Dialogue and Decision Games for Information Exchanging Agents*
14. Johan Hoorn (VU) *Software Requirements: Update, Upgrade, Redesign - towards a Theory of Requirements Change*
15. Rainer Malik (UU) *CONAN: Text Mining in the Biomedical Domain*
16. Carsten Riggelsen (UU) *Approximation Methods for Efficient Learning of Bayesian Networks*

17. Stacey Nagata (UU) *User Assistance for Multitasking with Interruptions on a Mobile Device*
18. Valentin Zhizhkun (UVA) *Graph transformation for Natural Language Processing*
19. Birna van Riemsdijk (UU) *Cognitive Agent Programming: A Semantic Approach*
20. Marina Velikova (UvT) *Monotone models for prediction in data mining*
21. Bas van Gils (RUN) *Aptness on the Web*
22. Paul de Vrieze (RUN) *Fundamentals of Adaptive Personalisation*
23. Ion Juvina (UU) *Development of Cognitive Model for Navigating on the Web*
24. Laura Hollink (VU) *Semantic Annotation for Retrieval of Visual Resources*
25. Madalina Drugan (UU) *Conditional log-likelihood MDL and Evolutionary MCMC*
26. Vojkan Mihajlovic (UT) *Score Region Algebra: A Flexible Framework for Structured Information Retrieval*
27. Stefano Bocconi (CWI) *Vox Populi: generating video documentaries from semantically annotated media repositories*
28. Borkur Sigurbjornsson (UVA) *Focused Information Access using XML Element Retrieval*

2007

1. Kees Leune (UvT) *Access Control and Service-Oriented Architectures*
2. Wouter Teepe (RUG) *Reconciling Information Exchange and Confidentiality: A Formal Approach*
3. Peter Mika (VU) *Social Networks and the Semantic Web*
4. Jurriaan van Diggelen (UU) *Achieving Semantic Interoperability in Multi-agent Systems: a dialogue-based approach*
5. Bart Schermer (UL) *Software Agents, Surveillance, and the Right to Privacy: a Legislative Framework for Agent-enabled Surveillance*
6. Gilad Mishne (UVA) *Applied Text Analytics for Blogs*
7. Natasa Jovanovic' (UT) *To Whom It May Concern - Addressee Identification in Face-to-Face Meetings*
8. Mark Hoogendoorn (VU) *Modeling of Change in Multi-Agent Organizations*
9. David Mobach (VU) *Agent-Based Mediated Service Negotiation*
10. Huib Aldewereld (UU) *Autonomy vs. Conformity: an Institutional Perspective on Norms and Protocols*
11. Natalia Stash (TU/e) *Incorporating Cognitive/Learning Styles in a General-Purpose Adaptive Hypermedia System*
12. Marcel van Gerven (RUN) *Bayesian Networks for Clinical Decision Support: A Rational Approach to Dynamic Decision-Making under Uncertainty*
13. Rutger Rienks (UT) *Meetings in Smart Environments; Implications of Progressing Technology*
14. Niek Bergboer (UM) *Context-Based Image Analysis*
15. Joyca Lacroix (UM) *NIM: a Situated Computational Memory Model*
16. Davide Grossi (UU) *Designing Invisible Handcuffs. Formal investigations in Institutions and Organizations for Multi-agent Systems*

17. Theodore Charitos (UU) *Reasoning with Dynamic Networks in Practice*
18. Bart Orriens (UvT) *On the development and management of adaptive business collaborations*
19. David Levy (UM) *Intimate relationships with artificial partners*
20. Slinger Jansen (UU) *Customer Configuration Updating in a Software Supply Network*
21. Karianne Vermaas (UU) *Fast diffusion and broadening use: A research on residential adoption and usage of broadband internet in the Netherlands between 2001 and 2005*
22. Zlatko Zlatev (UT) *Goal-oriented design of value and process models from patterns*
23. Peter Barna (TU/e) *Specification of Application Logic in Web Information Systems*
24. Georgina Ramírez Camps (CWI) *Structural Features in XML Retrieval*
25. Joost Schalken (VU) *Empirical Investigations in Software Process Improvement*

2008

1. Katalin Boer-Sorbán (EUR) *Agent-Based Simulation of Financial Markets: A modular, continuous-time approach*
2. Alexei Sharpanskykh (VU) *On Computer-Aided Methods for Modeling and Analysis of Organizations*
3. Vera Hollink (UVA) *Optimizing hierarchical menus: a usage-based approach*
4. Ander de Keijzer (UT) *Management of Uncertain Data - towards unattended integration*
5. Bela Mutschler (UT) *Modeling and simulating causal dependencies on process-aware information systems from a cost perspective*
6. Arjen Hommersom (RUN) *On the Application of Formal Methods to Clinical Guidelines, an Artificial Intelligence Perspective*
7. Peter van Rosmalen (OU) *Supporting the tutor in the design and support of adaptive e-learning*
8. Janneke Bolt (UU) *Bayesian Networks: Aspects of Approximate Inference*
9. Christof van Nimwegen (UU) *The paradox of the guided user: assistance can be counter-effective*
10. Wouter Bosma (UT) *Discourse oriented summarization*
11. Vera Kartseva (VU) *Designing Controls for Network Organizations: A Value-Based Approach*
12. Jozsef Farkas (RUN) *A Semiotically Oriented Cognitive Model of Knowledge Representation*
13. Caterina Carraciolo (UVA) *Topic Driven Access to Scientific Handbooks*
14. Arthur van Bunningen (UT) *Context-Aware Querying; Better Answers with Less Effort*
15. Martijn van Otterlo (UT) *The Logic of Adaptive Behavior: Knowledge Representation and Algorithms for the Markov Decision Process Framework in First-Order Domains*
16. Henriette van Vugt (VU) *Embodied agents from a user's perspective*
17. Martin Op 't Land (TUD) *Applying Architecture and Ontology to the Splitting and Allying of Enterprises*
18. Guido de Croon (UM) *Adaptive Active Vision*
19. Henning Rode (UT) *From Document to Entity Retrieval: Improving Precision and Performance of Focused Text Search*
20. Rex Arendsen (UVA) *Geen bericht, goed bericht. Een onderzoek naar de effecten van de introductie van elektronisch berichtenverkeer met de overheid op de administratieve lasten van bedrijven*

21. Krisztian Balog (UVA) *People Search in the Enterprise*
22. Henk Koning (UU) *Communication of IT-Architecture*
23. Stefan Visscher (UU) *Bayesian network models for the management of ventilator-associated pneumonia*
24. Zharko Aleksovski (VU) *Using background knowledge in ontology matching*
25. Geert Jonker (UU) *Efficient and Equitable Exchange in Air Traffic Management Plan Repair using Spender-signed Currency*
26. Marijn Huijbregts (UT) *Segmentation, Diarization and Speech Transcription: Surprise Data Unraveled*
27. Hubert Vogten (OU) *Design and Implementation Strategies for IMS Learning Design*
28. Ildiko Flesch (RUN) *On the Use of Independence Relations in Bayesian Networks*
29. Dennis Reidsma (UT) *Annotations and Subjective Machines - Of Annotators, Embodied Agents, Users, and Other Humans*
30. Wouter van Atteveldt (VU) *Semantic Network Analysis: Techniques for Extracting, Representing and Querying Media Content*
31. Loes Braun (UM) *Pro-Active Medical Information Retrieval*
32. Trung H. Bui (UT) *Toward Affective Dialogue Management using Partially Observable Markov Decision Processes*
33. Frank Terpstra (UVA) *Scientific Workflow Design; theoretical and practical issues*
34. Jeroen de Knijf (UU) *Studies in Frequent Tree Mining*
35. Benjamin Torben-Nielsen (UvT) *Dendritic morphologies: function shapes structure*

2009

1. Rasa Jurgelenaite (RUN) *Symmetric Causal Independence Models*
2. Willem Robert van Hage (VU) *Evaluating Ontology-Alignment Techniques*
3. Hans Stol (UvT) *A Framework for Evidence-based Policy Making Using IT*
4. Josephine Nabukenya (RUN) *Improving the Quality of Organisational Policy Making using Collaboration Engineering*
5. Sietse Overbeek (RUN) *Bridging Supply and Demand for Knowledge Intensive Tasks - Based on Knowledge, Cognition, and Quality*
6. Muhammad Subianto (UU) *Understanding Classification*
7. Ronald Poppe (UT) *Discriminative Vision-Based Recovery and Recognition of Human Motion*
8. Volker Nannen (VU) *Evolutionary Agent-Based Policy Analysis in Dynamic Environments*
9. Benjamin Kanagwa (RUN) *Design, Discovery and Construction of Service-oriented Systems*
10. Jan Wielemaker (UVA) *Logic programming for knowledge-intensive interactive applications*
11. Alexander Boer (UVA) *Legal Theory, Sources of Law & the Semantic Web*
12. Peter Massuthe (TU/e, Humboldt-Universitaet zu Berlin) *Operating Guidelines for Services*
13. Steven de Jong (UM) *Fairness in Multi-Agent Systems*

14. Maksym Korotkiy (VU) *From ontology-enabled services to service-enabled ontologies (making ontologies work in e-science with ONTO-SOA)*
15. Rinke Hoekstra (UVA) *Ontology Representation - Design Patterns and Ontologies that Make Sense*
16. Fritz Reul (UvT) *New Architectures in Computer Chess*
17. Laurens van der Maaten (UvT) *Feature Extraction from Visual Data*
18. Fabian Groffen (CWI) *Armada, An Evolving Database System*
19. Valentin Robu (CWI) *Modeling Preferences, Strategic Reasoning and Collaboration in Agent-Mediated Electronic Markets*
20. Bob van der Vecht (UU) *Adjustable Autonomy: Controlling Influences on Decision Making*
21. Stijn Vanderlooy(UM) *Ranking and Reliable Classification*
22. Pavel Serdyukov (UT) *Search For Expertise: Going beyond direct evidence*
23. Peter Hofgesang (VU) *Modelling Web Usage in a Changing Environment*
24. Annerieke Heuvelink (VU) *Cognitive Models for Training Simulations*
25. Alex van Ballegooij (CWI) *"RAM: Array Database Management through Relational Mapping"*
26. Fernando Koch (UU) *An Agent-Based Model for the Development of Intelligent Mobile Services*
27. Christian Glahn (OU) *Contextual Support of social Engagement and Reflection on the Web*
28. Sander Evers (UT) *Sensor Data Management with Probabilistic Models*
29. Stanislav Pokraev (UT) *Model-Driven Semantic Integration of Service-Oriented Applications*
30. Marcin Zukowski (CWI) *Balancing vectorized query execution with bandwidth-optimized storage*
31. Sofiya Katrenko (UVA) *A Closer Look at Learning Relations from Text*
32. Rik Farenhorst (VU) and Remco de Boer (VU) *Architectural Knowledge Management: Supporting Architects and Auditors*
33. Khiet Truong (UT) *How Does Real Affect Affect Affect Recognition In Speech?*
34. Inge van de Weerd (UU) *Advancing in Software Product Management: An Incremental Method Engineering Approach*
35. Wouter Koelewijn (UL) *Privacy en Politiegegevens; Over geautomatiseerde normatieve informatie-uitwisseling*
36. Marco Kalz (OU) *Placement Support for Learners in Learning Networks*
37. Hendrik Drachsler (OU) *Navigation Support for Learners in Informal Learning Networks*
38. Riina Vuorikari (OU) *Tags and self-organisation: a metadata ecology for learning resources in a multilingual context*
39. Christian Stahl (TU/e, Humboldt-Universitaet zu Berlin) *Service Substitution -- A Behavioral Approach Based on Petri Nets*
40. Stephan Raaijmakers (UvT) *Multinomial Language Learning: Investigations into the Geometry of Language*
41. Igor Berezhnyy (UvT) *Digital Analysis of Paintings*
42. Toine Bogers (UvT) *Recommender Systems for Social Bookmarking*
43. Virginia Nunes Leal Franqueira (UT) *Finding Multi-step Attacks in Computer Networks using Heuristic Search and Mobile Ambients*

44. Roberto Santana Tapia (UT) *Assessing Business-IT Alignment in Networked Organizations*
45. Jilles Vreeken (UU) *Making Pattern Mining Useful*
46. Loredana Afanasiev (UvA) *Querying XML: Benchmarks and Recursion*

2010

1. Matthijs van Leeuwen (UU) *Patterns that Matter*
2. Ingo Wassink (UT) *Work flows in Life Science*
3. Joost Geurts (CWI) *A Document Engineering Model and Processing Framework for Multimedia documents*
4. Olga Kulyk (UT) *Do You Know What I Know? Situational Awareness of Co-located Teams in Multidisplay Environments*
5. Claudia Hauff (UT) *Predicting the Effectiveness of Queries and Retrieval Systems*
6. Sander Bakkes (UvT) *Rapid Adaptation of Video Game AI*
7. Wim Fikkert (UT) *A Gesture interaction at a Distance*
8. Krzysztof Siewicz (UL) *Towards an Improved Regulatory Framework of Free Software. Protecting user freedoms in a world of software communities and eGovernments*
9. Hugo Kielman (UL) *Politiële gegevensverwerking en Privacy, Naar een effectieve waarborging*
10. Rebecca Ong (UL) *Mobile Communication and Protection of Children*
11. Adriaan Ter Mors (TUD) *The world according to MARP: Multi-Agent Route Planning*
12. Susan van den Braak (UU) *Sensemaking software for crime analysis*
13. Gianluigi Folino (RUN) *High Performance Data Mining using Bio-inspired techniques*
14. Sander van Splunter (VU) *Automated Web Service Reconfiguration*
15. Lianne Bodestaff (UT) *Managing Dependency Relations in Inter-Organizational Models*
16. Sicco Verwer (TUD) *Efficient Identification of Timed Automata, theory and practice*
17. Spyros Kotoulas (VU) *Scalable Discovery of Networked Resources: Algorithms, Infrastructure, Applications*
18. Charlotte Gerritsen (VU) *Caught in the Act: Investigating Crime by Agent-Based Simulation*
19. Henriette Cramer (UvA) *People's Responses to Autonomous and Adaptive Systems*
20. Ivo Swartjes (UT) *Whose Story Is It Anyway? How Improv Informs Agency and Authorship in Emergent Narrative*
21. Harold van Heerde (UT) *Privacy-aware data management by means of data degradation*
22. Michiel Hildebrand (CWI) *End-user Support for Access to Heterogeneous Linked Data*
23. Bas Steunebrink (UU) *The Logical Structure of Emotions*
24. Dmytro Tykhonov (TUD) *Designing Generic and Efficient Negotiation Strategies*
25. Zulfiqar Ali Memon (VU) *Modelling Human-Awareness for Ambient Agents: A Human Mindreading Perspective*
26. Ying Zhang (CWI) *XRPC: Efficient Distributed Query Processing on Heterogeneous XQuery Engines*
27. Marten Voulon (UL) *Automatisch contracteren*

28. Arne Koopman (UU) *Characteristic Relational Patterns*
29. Stratos Idreos (CWI) *Database Cracking: Towards Auto-tuning Database Kernels*
30. Marieke van Erp (UvT) *Accessing Natural History - Discoveries in data cleaning, structuring, and retrieval*
31. Victor de Boer (UVA) *Ontology Enrichment from Heterogeneous Sources on the Web*
32. Marcel Hiel (UvT) *An Adaptive Service Oriented Architecture: Automatically solving Interoperability Problems*
33. Robin Aly (UT) *Modelling Representation Uncertainty in Concept-Based Multimedia Retrieval*
34. Teduh Dirgahayu (UT) *Interaction Design in Service Compositions*
35. Dolf Trieschnigg (UT) *Proof of Concept: Concept-based Biomedical Information Retrieval*
36. Jose Janssen (OU) *Paving the Way for Lifelong Learning; Facilitating competence development through a learning path specification*
37. Niels Lohmann (TU/e) *Correctness of services and their composition*
38. Dirk Fahland (TU/e) *From Scenarios to components*
39. Ghazanfar Farooq Siddiqui (VU) *Integrative modelling of emotions in virtual agents*
40. Mark van Assem (VU) *Converting and Integrating Vocabularies for the Semantic Web*
41. Guillaume Chaslot (UM) *Monte-Carlo Tree Search*
42. Sybren de Kinderen (VU) *Needs-driven service bundling in a multi-supplier setting - the computational e3-service approach*
43. Peter van Kranenburg (UU) *A Computational Approach to Content-Based Retrieval of Folk Song Melodies*
44. Pieter Bellekens (TU/e) *An Approach towards Context-sensitive and User-adapted Access to Heterogeneous Data Sources, Illustrated in the Television Domain*
45. Vasilios Andrikopoulos (UvT) *A theory and model for the evolution of software services*
46. Vincent Pijpers (VU) *e3alignment: Exploring Inter-Organizational Business-ICT Alignment*
47. Chen Li (UT) *Mining Process Model Variants: Challenges, Techniques, Examples*
48. Milan Lovric (EUR) *Behavioral Finance and Agent-Based Artificial Markets*
49. Jahn-Takeshi Saito (UM) *Solving difficult game positions*
50. Bouke Huurnink (UVA) *Search in Audiovisual Broadcast Archives*
51. Alia Khairia Amin (CWI) *Understanding and supporting information seeking tasks in multiple sources*
52. Peter-Paul van Maanen (VU) *Adaptive Support for Human-Computer Teams: Exploring the Use of Cognitive Models of Trust and Attention*
53. Edgar Meij (UVA) *Combining Concepts and Language Models for Information Access*

2011

1. Botond Cseke (RUN) *Variational Algorithms for Bayesian Inference in Latent Gaussian Models*
2. Nick Tinnemeier (UU) *Organizing Agent Organizations. Syntax and Operational Semantics of an Organization-Oriented Programming Language*

3. Jan Martijn van der Werf (TU/e) *Compositional Design and Verification of Component-Based Information Systems*
4. Hado van Hasselt (UU) *Insights in Reinforcement Learning Formal analysis and empirical evaluation of temporal-difference learning algorithms*
5. Base van der Raadt (VU) *Enterprise Architecture Coming of Age - Increasing the Performance of an Emerging Discipline*
6. Yiwen Wang (TU/e) *Semantically-Enhanced Recommendations in Cultural Heritage*
7. Yujia Cao (UT) *Multimodal Information Presentation for High Load Human Computer Interaction*
8. Nieske Vergunst (UU) *BDI-based Generation of Robust Task-Oriented Dialogues*
9. Tim de Jong (OU) *Contextualised Mobile Media for Learning*
10. Bart Bogaert (TU) *Cloud Content Contention*
11. Dhaval Vyas (UT) *Designing for Awareness: An Experience-focused HCI Perspective*
12. Carmen Bratosin (TU/e) *Grid Architecture for Distributed Process Mining*
13. Xiaoyu Mao (UvT) *Airport under Control. Multiagent Scheduling for Airport Ground Handling*
14. Milan Lovric (EUR) *Behavioral Finance and Agent-Based Artificial Markets*
15. Marijn Koolen (UVA) *The Meaning of Structure: the Value of Link Evidence for Information Retrieval*
16. Maarten Schadd (UM) *Selective Search in Games of Different Complexity*
17. Jiyin He (UVA) *Exploring Topic Structure: Coherence, Diversity and Relatedness*
18. Mark Ponsen (UM) *Strategic Decision-Making in Complex Games*
19. Ellen Rusman (OU) *The Mind's Eye on Personal Profiles*
20. Qing Gu (VU) *Guiding service-oriented software engineering - A view-based approach*
21. Linda Terlouw (TUD) *Modularization and Specification of Service-Oriented Systems*
22. Junte Zhang (UVA) *System Evaluation of Archival Description and Access*
23. Wouter Weerkamp (UVA) *Finding People and their Utterances in Social Media*
24. Herwin van Welbergen (UT) *Behavior Generation for Interpersonal Coordination with Virtual Humans On Specifying, Scheduling and Realizing Multimodal Virtual Human Behavior*
25. Syed Waqar ul Qounain Jaffry (VU) *Analysis and Validation of Models for Trust Dynamics*
26. Matthijs Aart Pontier (VU) *Virtual Agents for Human Communication - Emotion Regulation and Involvement-Distance Trade-Offs in Embodied Conversational Agents and Robots*
27. Aniel Bhulai (VU) *Dynamic website optimization through autonomous management of design patterns*
28. Rianne Kaptein (UVA) *Effective Focused Retrieval by Exploiting Query Context and Document Structure*
29. Faisal Kamiran (TUE) *Discrimination-aware Classification*
30. Egon van den Broek (UT) *Affective Signal Processing (ASP): Unraveling the mystery of emotions*
31. Ludo Waltman (EUR) *Computational and Game-Theoretic Approaches for Modeling Bounded Rationality*
32. Nees-Jan van Eck (EUR) *Methodological Advances in Bibliometric Mapping of Science*

33. Tom van der Weide (UU) *Arguing to Motivate Decisions*
34. Paolo Turrini (UU) *Strategic Reasoning in Interdependence: Logical and Game-theoretical Investigations*
35. Maaïke Harbers (UU) *Explaining Agent Behavior in Virtual Training*
36. Erik van der Spek (UU) *Experiments in serious game design: a cognitive approach*
37. Adriana Burlutiu (RUN) *Machine Learning for Pairwise Data, Applications for Preference Learning and Supervised Network Inference*
38. Nyree Lemmens (UM) *Bee-inspired Distributed Optimization*
39. Joost Westra (UU) *Organizing Adaptation using Agents in Serious Games*
40. Viktor Clerc (VU) *Architectural Knowledge Management in Global Software Development*
41. Luan Ibraimi (UT) *Cryptographically Enforced Distributed Data Access Control*
42. Michal Sindlar (UU) *Explaining Behavior through Mental State Attribution*
43. Henk van der Schuur (UU) *Process Improvement through Software Operation Knowledge*
44. Boris Reuderink (UT) *Robust Brain-Computer Interfaces*
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