

**THE IMPACT OF QUALITY SERVICE FOR THIRD PARTY
ROUTE DISTRIBUTION ON PERFORMANCE – A CASE OF
CARSLBERG MALAWI**

MASTER OF BUSINESS ADMINISTRATION

JAMES CHIMWEMWE KATUNGA

**UNIVERSITY OF MALAWI
THE POLYTECHNIC**

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CARSLBERG MALAWI**

MASTER OF BUSINESS ADMINISTRATION THESIS

BY

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FCILT, BBA

**A dissertation submitted to the Department of Management Studies, Faculty of
Commerce, The Malawi Polytechnic, University of Malawi, in partial fulfilment of the
requirements for the Degree of Masters in Business Administration**

**UNIVERSITY OF MALAWI
THE POLYTECHNIC**

JUNE, 2018

DECLARATION

I, the undersigned hereby declare that this thesis is my own original work which has not been submitted to any other institution for similar purposes. Where other people's work has been used, acknowledgements have been made.

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DEDICATION

I dedicate this work to:

- My mother, Ms Liny Chayala Phiri who funded my education until I became independent.
- My family, especially my wife Gladys and daughters Miriam Yamikani and Angel Veronica Katunga for the support during the entire period of study and for their understanding during my continued absence from home while studying as well as working on the dissertation.
- My brothers and sisters, Godfrey, Kingsley, Ernest, Florence and Catherine for accepting my absence in family issues.
- Church family, Ndirande ZEC for allowing me to study at the cost of church administration work.

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ABSTRACT

This study was carried out to assess the impact of quality of service of third party route distributors on company performance a case of Carlsberg Malawi Limited (CML) for Blantyre urban routes. The current problem within CML is that their business is growing, and the growth is being attributed to better service quality of in areas which are being served by Third Party (3PL) distributors as compared to areas being served by CML. The examination of the impact of quality service helps not only Carlsberg Malawi but also other organisations that are in this business or other Fast Moving Consumer Goods business to compete and grow sales and market share. The study was necessary because the business environment is becoming very competitive and only the fittest will survive. The impact of better quality service cannot be over emphasised as it will lead to customer satisfaction which will motivate customers to stay and do business with the organisation.

This study was carried out using 421 out of 500 selected distributors of CML from Blantyre City with replacement to act as a sample which was selected by using a scientific table representing 1% margin of error. Every second respondent was sampled and interviewed. This sample, also included 10 managers from Sales and Distribution who were selected at random. The sample was taken from a population which was sourced from CML customer data base. Data was collected by using a questionnaire which was administered using personal and telephone interviews wherever necessary. The questionnaire contained the following as measures of service quality on a scale of 1 (strongly disagree) to 5 (strongly agree); competence of staff, knowledge of products and services, customised services being offered, reliability, convenience, helpfulness, accessible, communication, confidentiality, untimely delivery of orders, unfriendliness, and appearance. Once the data was collected, about demography, quality of service and their barriers by Third Party Route Distributors on performance of Carlsberg, it was captured and analysed by SPSS using descriptive statistics and Chi-square tests.

The study found that competence of staff, knowledge of products and services, customised services being offered, reliability, convenience and helpfulness of 3PL Distributors were significant and important in provision of service quality as it affects the performance of sales and market growth of CML. However, lack of being accessible, communication,

confidentiality, untimely delivery of orders, unfriendliness, and appearance of 3PL sales staff as well as their vehicles as premises acted as barriers to service quality of 3PL distributors.

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ABBREVIATIONS AND ACRONYMS

BBGL	:	Bottling and Brewing Group Limited
CMBL	:	Carlsberg Malawi Breweries Limited
CML	:	Carlsberg Malawi Limited
CRM	:	Customer Relationship Management
FMCG	:	Fast Consumer Moving Goods
IT	:	Information Technology
KPIs	:	Key Performance Indicators
MDL	:	Malawi Distilleries Limited
PCL	:	Press Corporation Limited
PI	:	Performance Indicators
RGB	:	Returnable Glass Bottles
SBL	:	Southern Bottlers Limited
SERVPERF	:	Service Performance
SOBO	:	Southern Bottlers Limited
TCCC	:	The Coca-Cola Company
3PL	:	Third Party Service Provider
RD	:	Route Distributor
DSD	:	Direct Service Distribution

CHAPTER 1

INTRODUCTION

1.1 Background

Carlsberg International is a profit making company which produces and distributes Carlsberg beer products throughout the world. Initially, it used to be based in Denmark. However, it has since relocated its headquarters to Hong Kong in search of cheaper operational costs. At the moment, Carlsberg has many branches located outside Denmark including Asia, Europe, Africa and America. In all these branches, Malawi was the first plant outside Denmark.

In 1954, the first President of Malawi, Late Hastings Kamuzu Banda, went to Denmark on one of his maiden official duties. It was at that time when he then convinced Carlsberg management through the Danish government to invest in Malawi, hence Carlsberg Malawi Limited (CML). CML then became the first plant outside Denmark and it is still the only production plant of Carlsberg Beers in Malawi. The rest of the African markets, apart from Muslim countries that prohibit beer consumption, are either supplied by local breweries or South Africa Breweries. South African Breweries is available in more than one country namely South Africa, Botswana, Namibia, Lesotho, Mozambique, Tanzania etc. among other countries apart from Malawi. Most of the Carlsberg Beer which is available in Africa is imported from Europe or smuggled from Malawi. As such, CML would like to grow its market to the rest of Africa.

CML is one of the beverage suppliers in Malawi and it is a holding company for Southern Bottlers Limited (SBL), Carlsberg Malawi Breweries Limited (CMBL) and Malawi Distilleries Limited (MDL) and directly employs over 1400 people throughout the country on permanent establishment and approximately 400 casual workers are contracted on a daily basis nationwide. SBL was founded in Malawi in 1954 and has the sole franchise agreement with the Coca-Cola Company (TCCC) to bottle all Coca-Cola products such as Coca-Cola, Fanta, Sprite and Schweppes in returnable glass bottles (RGB) and PET plastic bottles. SBL is also a producer of SOBO products (Cocopina, Cherry plum, Quench, Orange, Pineapple and Cream Soda Squashes, etc.). It has 5 production sites in Blantyre (2), Lilongwe (2) and Mzuzu (1).

CML's vision is *"to be a total beverage company in the region focusing on Malawi and profitable export markets"*. Besides, CML *"exists to produce and supply quality beverages at all times to all available markets while optimizing stakeholders' return"* (CML 2010 Strategic Plan). CML is a company that competes using the product, service and price. According to Harrison and Hoek, (2007), companies can compete using these attributes (service, product and price). While all the other competing factors can be copied, service cannot. It is service, and quality service for that matter, that separates one company from the other.

In the beginning, CML was relying on superior product and support from Malawi government while competing with other players in the market. Because of the almost monopoly like position in the market place, most customers were collecting their products from the factory as the only way of getting Carlsberg products. Overtime, not only did the market place become complicated to compete, but also customers became more demanding and sophisticated. The complications in the market place led to a lot of gap, the biggest of which was CML distribution systems and policies. It was against this background that CML, using the distribution system developed by The Coca-Cola Company (TCCC), took a paradigm shift and started looking at how best to efficiently and effectively distribute products to its customers by changing its distribution policy. One of the distribution policies was that of using third parties to distribute products, meaning CML then started using "service" as a competing tool which in turn affected the performance of CML.

CML changed its distribution policy because of the following reasons:

- a. CML wanted to streamline its activities by focusing on the core business of producing, packaging and bottling quality products;
- b. CML also wanted to overcome one of its bottlenecks to do with distribution, namely vehicle acquisition, inventory management, operating hours. etc.;
- c. CML also wanted to improve its sales performance because in other markets where third parties were used, the sales performance went up;
- d. CML wanted to be more efficient; and
- e. CML wanted to serve customers better by being near them.

Other than the Malawi beverage business, there are also some countries that have adopted and implemented distribution policies of using third parties. In Nigeria, for example, the third party route distribution has been implemented by beverage companies and has proved to be a success. The socio-economic factors have been seen to be the driving force of the success factors in Nigeria. In Kenya, the policy is to empower the locals. Studies have shown that Kenya has also successfully implemented third party distribution and it has become a success story. The success behind the Kenya success story is that third party route distributors, offer better service quality which in turns improves performance of the companies that have adopted the policy. Besides, in South Africa, third party route distribution has also proved to be a success despite the barriers that were affected by the distributors during the implementation stage (CML Logistics Training Manual, 2008).

Despite these studies and policies, no study can be related to Malawi in the beverage sector, hence this study to create knowledge on third party route distribution and their impact on sales performance as well as market share.

1.2 Problem Statement

According to the CML Strategic plan (2010-2020), money has been wasted due to many factors including logistical challenges in distribution of beverages. This has been caused by many factors including stiff competition in the market for the share of profit, customers becoming more trendy and demanding and inefficiencies that come as a result of poor distribution because of shortage of production materials, fuel thefts, inadequate distribution centres, incompatible trading times between the CML and its customers (CML Strategic Plan 2010-2020).Consequently, CML has been spending a lot of money equivalent to two thirds (2/3) of indirect operational costs in distribution alone. Therefore, the study of distribution of beverage in Malawi cannot be over emphasised

1.3 Study Objectives

The objectives of the study were split into two parts which are general and specific objectives.

1.3.1 General Objective

The aim of this study is to find the impact of third party route distribution on performance of CML.

1.3.2 Specific Objectives

To assess the impact of quality of service of 3PL Route Distributors on the performance of CML, the following would be the specific objectives:

- a) To measure/assess the service quality for the 3PL distributors;
- b) To measure/assess the performance of CML; and
- c) To test the effects of service quality performance in 1 on the performance of CML in 2.

1.4 Research Questions

In order to achieve the research objectives, the following research questions were considered;

- a) What is the impact of service quality for 3PL distributors?
- b) What is the performance of CML?
- c) How does the service quality of 3PL distributors affect performance of CML?

1.5 Significance of the Study/Rationale

In Malawi, there has been little literature on the impact of third party route distribution on business performance. Therefore, the study continues with the debate on the impact of service quality of third party route distribution on performance. As such the approach used in this study could be replicated in order to assess other products such as food stuffs and other raw materials in Malawi and beyond.

The study findings are significant because they highlight the socio-economic factors influencing quality of service of third party route distribution on performance. As such, the study provides an insight as to which factors are significant to promote the well-being of people not only in Blantyre but also in other cities as well. The rationale of the study is therefore to address

- i. Issues of gender, size of the organization, qualification and experience will have an impact on the service that is delivered both by organizations in a competitive market (Harrison et al., 2007). As such, in this project, it will be important to assess these social economic factors so as to see their impact on the service delivery performance.
- ii. The findings of this study will assist in providing direction to CML in as far as effective distribution of their products is concerned as the study highlights some experiences that is

significant to improve operational management of route distributors in the Blantyre, the major commercial city.

- iii. There is little literature that has been done on the subject in Malawi in the beverage sector, as such the research will also review literature that has been done on the study in other parts of the world.

1.6 Limitations of the Study

The study had some limitations. The study was carried out in a small area of the total beverage sector in Malawi and in a professional field which has little literature besides time being a limiting factor. Therefore, there is need to carry out a research that will cover other areas like Lilongwe, Mzuzu, Zomba, Kasungu, Mchinji so that the results could be representative of the situation on the ground in as far as Malawi's major trading cities and districts are concerned.

Additionally, this study covers only the beverage sector. However, Malawi is land locked and the problems that are being faced by the beverage industry, could also be facing other industries. Therefore, it could also have been imperative if the service quality of other distributors outside the beverage sector could have been assessed in order to explore the impact on performance of different organisations.

Finally, it could have been better and more encompassing had the study included the rural part of the city in order to understand the attributes that would be significant to the service quality of distributors on the performance of CML.

1.7 Definition of Terms

Distribution – Harrison et al (2007) defines distribution as the planned movement of goods from one place to another, be it in form of raw materials, semi-finished goods, spares and finished goods.

Landlocked – A country is said to be landlocked when it is entirely surrounded by other countries.

Outsourcing – this is when services are given to outside organisations called third parties other than the organisation in focus, so that they can perform them better using their existing expertise. The organisation that has outsourced, then concentrates on their core business.

Performance – this is the execution of an action or how well or bad an organisation provides or presents its services.

Third Party – these are outside organisations that have taken some of the responsibilities from a focal organisation. For example, CML are in production of drinks. They may decide to outsource certain non-core tasks so that they can be performed by organisations which have expertise.

1.8 Layout of the Entire Thesis

This thesis will therefore cover the background and rationale of the research, literature review which has covered socio-economic factors, quality of service and barriers, research methodology covering research design, sample frame, research tool. The thesis will discuss the findings from the study on the impact of social-economic factors, quality of service and the barriers that distributors face on company performance were analysed and finally, will conclude and make recommendations on the findings during the study as well as concluding remarks.

CHAPTER 2

LITERATURE REVIEW

2.1 Introduction

In this chapter, the literature review is presented on businesses and their performance from the dimension of: socio-economic factors, quality of service and barriers.

2.2 Performance of the Company

Performance management can be defined as a systematic process for improving organizational performance using individuals and teams (Armstrong, 2007). This defines a means of getting better results by understanding and managing performance within a planned framework set by organisational goals, standards and competencies. Furthermore, in attaining the performance, the process is adopted in a business environment and is established to manage resources and increase the profitability base (Armstrong, 2007).

It is worth noting that different scholars in management science attribute performance management as a factor that leads to a high performance culture (Neely, Adams & Kennerley, 2003) in which individuals and teams take responsibility for the continuous improvement of business processes and for their own skills and contributions within a framework provided by effective leadership. Besides and more specifically, performance management is about aligning individual objectives to organizational objectives and ensuring that individuals uphold corporate core values. It provides for expectations to be defined and agreed in terms of role responsibilities and accountabilities (expected to do), skills (expected to have) and behaviours (expected to be) (Ahrens & Chapman, 2002). The aim is to develop the capacity of people and machinery or assets in order to meet and exceed expectations and to achieve their full potential to the benefit of themselves and the organization (Chen & Huang, 2009). This consequently results in good performance within the organisation which provides a competitive advantage (Noe, Hollenbeck, Gerhart & Wright, 2006). Importantly, performance management is concerned with ensuring that the support and guidance people need to develop and improve are readily available. Armstrong (2007) suggested the following as the aims of performance management as expressed by a variety of organizations:

- Empowering, motivating and rewarding employees to do their best;
- Focusing employee's tasks on the right things and doing them right. Aligning everyone's individual goals to the goals of the organization;
- Proactively managing and resourcing performance against agreed accountabilities and objectives;
- The process and behaviours by which managers manage the performance of their people to deliver a high-achieving organization;
- Maximizing the potential of individuals and teams to benefit themselves and the organization, focusing on achievement of their objectives.

Performance management is a planned process of which the primary elements are agreement, measurement, feedback, positive reinforcement and dialogue. It is concerned with measuring outputs in the shape of delivered performance compared with expectations expressed as objectives. In this respect, it focuses on targets, standards and performance measures or indicators. It is based on the agreement of role requirements, objectives and performance improvement and personal development plans. It provides the setting for ongoing dialogues about performance that involves the joint and continuing review of achievements against objectives, requirements and plans (Bhote, 1996).

Nevertheless, performance is also concerned with inputs and values. The inputs are the knowledge, skills and behaviours required to produce the expected results. Developmental needs are identified by defining these requirements and assessing the extent to which the expected levels of performance have been achieved through the effective use of knowledge and skills and through appropriate behaviour that upholds core values. Performance management is a continuous and flexible process, which involves managers and those whom they manage acting as partners within a framework that sets out how they can best work together to achieve the required results. It is based on the principle of management by contract and agreement rather than management by command. It relies on consensus and co-operation rather than control or coercion (Fitzgerald, Johnston, Brignall, Silvestro and Voss, 1999).

Besides, performance management focuses on future performance planning and improvement rather than on backward-looking performance appraisal. It functions as a continuous and evolutionary process, in which performance improves over time.

Getty and Thompson (1994) seems to agree with Armstrong (2007) on the characteristics of performance management. Getty and Thompson, (1994) suggests that performance management is a planned process of which the primary elements are agreement, measurement, feedback, positive reinforcement and dialogue. It is concerned with measuring outputs in the shape of delivered performance compared with expectations expressed as objectives. In this respect, it focuses on targets, standards and performance measures or indicators. It is based on the agreement of role requirements, objectives and performance improvement and personal development plans. It provides the setting for ongoing dialogues about performance that involves the joint and continuing review of achievements against objectives, requirements and plans.

None the less, Armstrong (2007) alludes to the fact that performance is also concerned with inputs and values. The inputs are the knowledge, skills and behaviours required to produce the expected results. Therefore, developmental needs are identified by defining these requirements and assessing the extent to which the expected levels of performance have been achieved through the effective use of knowledge and skills and through appropriate behaviour that upholds core values. Consequently, performance management is a continuous and flexible process, which involves managers and those whom they manage acting as partners within a framework that sets out how they can best work together to achieve the required results. It is based on the principle of management by contract and agreement rather than management by command (Getty & Thompson, 1994).

In Human Resource Management, performance relies on consensus and co-operation rather than control or coercion. Performance management focuses on future performance planning and improvement rather than on retrospective performance appraisal. It functions as a continuous and evolutionary process, in which performance improves over time. It provides the basis for regular and frequent dialogue between managers and individuals about performance and development needs. It is mainly concerned with individual performance but it can also be applied to teams. The emphasis is on development, although performance

management is an important part of the reward system through the provision of feedback and recognition and the identification of opportunities for growth. It may be associated with performance or contribution-related pay, but its developmental aspects are much more important (Markland, Vickery & Davis, 1998).

Bowen and Shoemaker (1998), suggests that there are five issues that need to be considered to obtain a full understanding of performance management:

1. The meaning of performance;
2. The significance of values;
3. The meaning of alignment;
4. Managing expectations;
5. The significance of discretionary behaviour.

2.2.1 The Meaning of Performance

Performance is often defined simply in output terms – the achievement of quantified objectives. But performance is a matter not only of what people achieve but how they achieve it. Armstrong (2007) confirms this by including the phrase ‘carrying out’ in its definition of performance: ‘The accomplishment, execution, carrying out, working out of anything ordered or undertaken.’ High performance results from appropriate behaviour, especially discretionary behaviour, and the effective use of the required knowledge, skills and competencies. Performance management, therefore, must examine how results are attained because this provides the information necessary to consider what needs to be done to improve those results. The concept of performance has been expressed by Andersen and Kheam (1998) as follows: Performance means both behaviours and results. Behaviours emanate from the performer and transform performance from abstraction to action. Not just the instruments for results, behaviours are also outcomes in their own right – the product of mental and physical effort applied to tasks – and can be judged apart from results. This definition of performance leads to the conclusion that when managing performance both inputs (behaviour) and outputs (results) need to be considered. It is not a question of simply considering the achievement of targets, as used to happen in ‘management by objectives’ schemes. Competency factors need to be included in the process. This is the so-called ‘mixed

model' of performance management, which covers the achievement of expected levels of competence as well as objective setting and review.

2.2.2 Performance Management and Values

Performance is about upholding the values of the organization – ‘living the values’ (an approach to which much importance is attached at Standard Chartered Bank). This is an aspect of behaviour but it focuses on what people do to realize core values such as concern for quality, concern for people, concern for equal opportunity and operating ethically. It means converting espoused values into values in use: ensuring that the rhetoric becomes reality (Associations of Business Executives [ABE], 2011).

2.2.3 The Meaning of Alignment

One of the most fundamental purposes of performance management is to align individual and organizational objectives. This means that everything people do at work leads to outcomes that further the achievement of organizational goals. This purpose was well expressed by Bovee and Thill, (2010), who wrote that; “The real concept of performance management is associated with an approach to creating a shared vision of the purpose and aims of the organization, helping each employee understand and recognize their part in contributing to them, and in so doing, manage and enhance the performance of both individuals and the organization. Alignment can be attained by a spilling process so that objectives flow down from the top and at each level team or individual objectives are defined in the light of higher-level goals. However, Fletcher argues that it should also be a bottom-up process, individuals and teams being given the opportunity to formulate their own goals within the framework provided by the defined overall purpose, strategy and values of the organisation. Objectives should be *agreed* not set, and this agreement should be reached through the open dialogues that take place between managers and individuals throughout the year. In other words, this needs to be seen as a partnership in which responsibility is shared and mutual expectations are defined.

2.2.4 Managing Expectations

Performance management is essentially about the management of expectations. It creates a shared understanding of what is required to improve performance and how this will be achieved by clarifying and agreeing what people are expected to do and how they are

expected to behave. It uses these agreements as the basis for measurement and review, and the preparation of plans for performance improvement and development.

2.2.5 Performance Management and Discretionary Behaviour

Performance management is concerned with the encouragement of productive discretionary behaviour. As defined by Buttle and his team at Bath University, School of Management (1996): 'Discretionary behaviour refers to the choices that people make about how they carry out their work and the amount of effort, care, innovation and productive behaviour they display.' Armstrong (2007), while researching the relationship between HR practice and business performance, noted that 'the experience of success seen in performance outcomes helps reinforce positive attitudes'.

Cope, Watts and Hulme, (1998) proposes the following guiding principles for performance management: most employees want direction, freedom to get their work done, and encouragement not control. The performance management system should be a control system only by exception. The solution is to make it a collaborative development system, in two ways. First, the entire performance management process – coaching, counselling, feedback, tracking, recognition, and so forth – should encourage development. Ideally, team members grow and develop through these interactions. Second, when managers and team members ask what they need to be able to do to get bigger and better things, they move to strategic development.

Additionally, Creswell (2013) seems to suggest that according to the World economy, most organisations that are performing well, are using the superiority of their finance in order to get what they want. They liken the recent performance of most top world football clubs to their ability to buy and retain quality players which act as assets for the football teams. Eventually, it is the money which seems to sort most of their problems as opposed to the assets themselves. The financial factor, consequentially affects the scope and size of the organisations which in turn, the size of the organisation is used as a competitive tool because of the advantages of economies of scale that goes with the size of the organisation. If the company is in a position to own every resource which they want, they are bound to also benefit from innovation and creativity (Gronroos, 1983).

Within Africa, there are organisations that are doing well in terms of performance. Richardson (2005) advances that countries like South Africa, Botswana and most of the Arab countries in Africa (like Egypt, Algeria, Morocco, etc.), seem to be performing well because of operational practices which they are following like outsourcing the activities which are not core to the business. A case in point could be South African Breweries (SAB) who seems to be enjoying good performance in the beverage section of the Southern African part which is making them dominant. Most of the SAB market, they are using third parties in their distribution. Besides, they also went further, i.e., to offer assets like vehicles to their distributors and drivers in order to get optimum performance let alone gain market share and increase their sales volumes.

Malawi has various distribution strategies that are being used. For example, Illovo distributes its products by using third parties. Besides, these third parties either get a bigger discount if they collect the product on their own. Sometimes, third party vehicle operators are used to distribute the products. Similarly, Universal Industries, do their own distribution but they do not distribute to all the retailers, rather they have appointed wholesalers in various strategic areas throughout the country who supply their products door to door or by customers collecting from the wholesalers. When customers collect from the wholesales, the cost of distribution is passed on to the customer as the retailers increase their prices by adding the transport element in their products (Bottling and Beverage Group Limited [BBGL], 2007).

2.3 Social Economic Factors of Distribution

Social economic factors also play a significant part in the performance of an organisation especially factors like experience, gender, education, knowledge and use of products.

Experience can be a key source of cost efficiency and there is evidence it may provide competitive advantage in particular in terms of the relationship between the cumulative experience gained by an organisation and its unit costs. On the other hand, the experience curve suggests that an organisation undertaking any activity develops competences in this activity over time and therefore does it more efficiently. Since companies with higher market share have more ‘cumulative experience’ – simply because high share gives them greater volumes of production or service – it follows that it is important to gain and hold market share, the same applies to distributors. It is important to remember that it is the relative

market share definable market segments that matters. There are important implications of the experience curve concept that could influence an organisation's competitive position regardless of whether they are distributing directly, or they are using third party distributors (Parasuraman, 2002).

According to the Experiential Learning Theory, people are active agents of their own learning (Buttle, 2004). Experiential learning takes place when people learn from their experience by reflecting on it so that it can be understood and applied. Learning is therefore a personal 'construction' of meaning through experience. 'Constructivists' such as Dick and Basu, (1994) believe that experiential learning will be enhanced through facilitation – creating an environment in which people can be stimulated to think and act in ways that help them to make good use of their experience.

Gender is also critical when it comes to assessing performance although this may be seen as more cultural than actual factor in performance. Gronroos (1994) suggests that men and women should be looked at as equals when it comes to performance. In other countries, like in mostly Arab countries, they tend to place much importance and focus on males than females. In these cultures, male are seen as superior than females. However, recently, there have been laws that have been passed to protect a girl child so as to balance the focus on male and female customers or employees.

Normann (1991) has attributed better performance to the ability of people to grasp what is being sold or a service that is being offered. In this case, the more educated the customers or members of the supply chain are, the more efficient and knowledgeable they become on the products and services that are being offered. However, the challenge with this kind of thinking is that, customers are now becoming more demanding and complicated because of their exposure to education. Besides, education has led to the customers to become more complicated and to demand their rights apart from being health conscious. Customers demand services from a salesman and service provider who knows their product inside out and they feel more secure and confident in dealing with someone who knows or shows that they know their products. "How can you buy a product if the one selling doesn't know the product well?" (Reicheld & Sasser, 1990)

In addition, customers are also demanding from the service providers to educate them on how the product or machine can be used or operated. If this is not possible, there may be dangers associated with risk to life sometimes. Consequently, in order not to lose life or indeed put life at risk, there is need to know how the product can be used, including the dos and don'ts. This has an impact on the performance of not only the product, but also the organisation as a whole. In the absence of instructions on how the product can be used, there is bound to be negativity on the product which can be created by negative word of mouth. Harrison et al. (2007) argues that a customer with negative word of mouth is more dangerous than a loyal customer. Besides, negative news spreads faster than positive or good news (Jobber, 2007).

2.4 Quality of Service in Relation to Performance

2.4.1 Customer Service

Customer service is the provision of services to customers before, during and after a purchase. According to Turban (2002), "Customer service is a series of activities designed to enhance the level of satisfaction that is, the feeling that the product or service has met the customer expectation let alone performance."

The importance of customer service may vary by product or service, industry and customer. According to Oliver (1997), the perception of success of such instructions will be dependent on employees "who can adjust themselves to the personality of the guests". From the point of view of an overall sales process engineering effort, customer service plays an important role in an organisation's ability to generate income and revenue.

From that perspective, customer service should be included as part of an overall approach to systematic improvement. A strong customer service policy can make a huge difference in the success of the business. By implementing and maintaining policies and procedures that encourages strong ties with clients while still protecting the interest of the company, the process of keeping customer defection to a minimum while continuing to expand the client base is simplified (Panasuraman, Zeithml & Berry, 1985)

A customer service experience can change the entire perception a customer has of the organisation. Some have argued that the quality and level of customer service has decreased in recent years, and that this can be attributed to a lack of support or understanding at the

executive and middle management levels of an organisation and make a customer service policy. To address this argument, many organisations have employed a variety of methods to improve their customer satisfaction levels and other key performance indicators (Bhote, 1996) Technology has made it increasingly easier for companies to obtain feedback from their customers. Community blogs and forums give customers the ability to give detailed explanations of both negative as well as positive experiences with an organisation. A challenge in working with customer service is to ensure that you have focused your attention on the right key areas, measured by the right Key Performance Indicator (Hallowell, 1996).

2.4.2 Key Performance Indicators

There is no challenge to come up with many meaningful Key Performance Indicators (KPIs), however the challenge is to select a few which reflects your overall strategy. In addition to reflecting your strategy, it should also enable staff to limit their focus to the areas that really matter. The focus must be on those KPIs which will deliver the most value to the overall objective e.g. cost saving, market growth, service improvement etc. This is also need to be done in such a way that staff sincerely believes that they can make a difference with the effort (Gronroos, 1984).

One of the most important aspects of a customer service KPI is that of what is often referred to as the “Feel Good Factor”. The goal is not to only help the customer have a good experience, but to offer them an experience that exceeds their expectations. Several key points are listed below as follows (Gummersson, 1994);

2.4.2.1 Know Your Product

Eagle and Granger, (1987) suggests that, in knowing your product, this is where one providing the service or product is supposed to know the products or services they are offering inside out. In other words, they need to be an information expert (Carlsberg Malawi Limited Business Plan, 2010). It is sometimes right to say, “I don’t know”, but it should always be followed up by “however let me find out” or possibly “nevertheless my friend knows”. Whatever the situation may be, you need to ensure that you don’t leave the customer with unanswered questions.

2.4.2.2 Body Language and Communication

Most of the communication that is relayed to others is done through body language. If we have a negative body language when interacting with others, it may show that we don't care or careless or you are not confident with the products or service you are offering. Two of the most important aspects of positive body language are smiling and eye contact. A service provider must ensure that they maintain eye contact at all times when dealing with the customer. This may be taken as an indication by the customer that you are listening to what they are saying. Smiling, on the other hand, creates a friendly and more inviting environment than a blank expression or frown (Bovee & Thill, 2010).

2.4.2.3 Anticipate Guests Needs

Nothing surprises your customer more than an employee going an extra mile to help them. Always look for opportunities to go above and beyond the customer's expectations. In so doing, it helps the customer to know that you care and are really interested in dealing with them and it may leave a "Feel Good Factor" that you are looking for (Folan & Browne, 2005).

2.4.3 Developing a Customer Service Policy

An appropriate customer service policy needs to be developed based on identifiable customer service requirements, and a suitable logistics operation must be established to provide this service. Because there are so many elements of customer service, the policy in question must be clearly and carefully defined. Many studies have been undertaken to measure the effects of customer service in different fields (Parasuraman et al., 1988). The effects of a poor service for example, will be shown when stocks are not available or delivery not being reliable, and in this case in a highly competitive market, customers will tend to look for alternative suppliers of products or services that the customers are looking for in order to fulfil their requirements.

It is important to understand the minimum requirements that are perceived necessary when identifying any particular service policy. A Supplier has to really work towards meeting customer's minimum requirements in order to cross the threshold of customer satisfaction. If these minimum requirements are not met, it will be difficult for the supplier to expect to be considered as a possible and reliable supplier. However, if the minimum requirements are

met, the supplier works on exceeding them in an effort to achieve customer satisfaction and begin to add value to a supply relationship (Jobber, 2004).

Once the positive need for customer policy has been achieved and accepted by various stakeholders, it then becomes useful to adopt a recognisable approach to determine the basic requirements and format of the policy. One such approach is outlined below, which shows the major steps that should be taken. The plan is in six steps to identify key customer service components and then to design and maintain a suitable customer service package (Jobber, 2004).

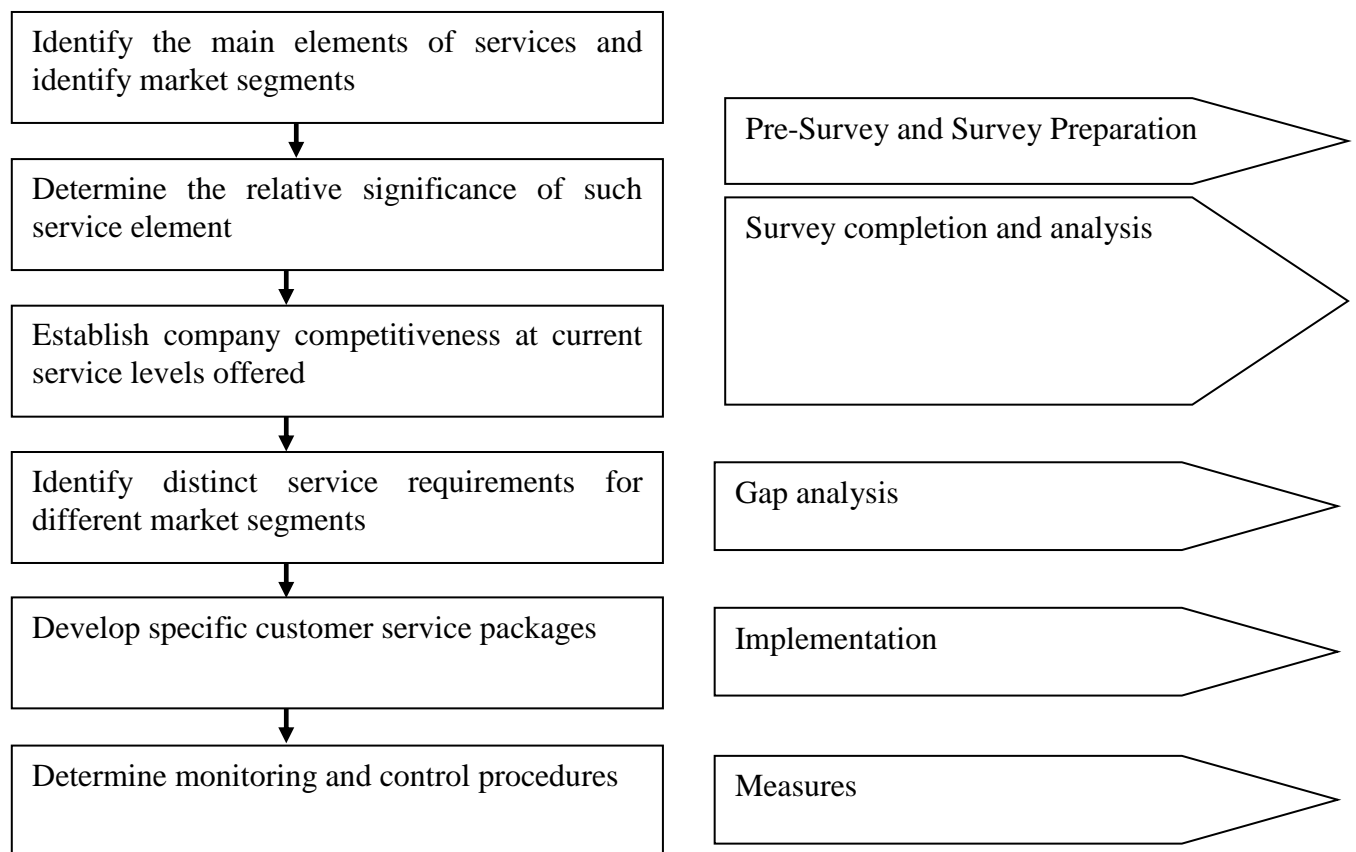


Figure 1: An Overall Approach for Establishing a Customer Service Strategy

Source: Rushton, Croucher & Baker (2010)

2.1.1 Customer Retention

Gremler and Brown (1997) suggests that once an organisation has successfully achieved customer service quality levels as perceived by the customer, the organisation stands to retain its customers and win new ones from the competition. As such, there is also need to briefly discuss customer retention at this point. Customer retention is the activity that a selling

organisation undertakes in order to reduce customer defections. Successful customer retention starts with the first contact an organisation has with a customer and continues throughout the entire lifetime of a relationship. An organisation's ability to attract and retain new customers, is not only related to its products or services, but also related to the way it services its existing customers and the reputation it creates within and across the market place.

Customer retention is more than giving the customer what they expect; it's about exceeding their expectations so that they become loyal advocates for your brand. Creating customer loyalty puts "customer value rather than maximising profits and shareholder value at the centre of business strategy". Customer retention has a direct impact on profitability. Eagle and Granger (1987) argues that retained customers generate 1.7 times more revenue than normal customers, while having engaged employees and engaged customers' returns a revenue gain of 3.4 times the norm.

Kotler and Armstrong (2012) argue that it is important for organisations to implement the right marketing strategies in order to succeed. Traditionally, firms have focused their marketing strategies around attracting new customers and increasing their market share. Unless the companies can retain the loyalty of their customers, they will lose their customer for repeat purchase and the long term future of that business will be uncertain (Gremier & Brown, 1997).

However, due to globalisation, most industries and markets are becoming more and more competitive forcing significant changes in the way firms do business. In order to retain customers in industries characterised by high competition, firms need to meet each individual customer's needs and expectations. Gummesson (1994) states that it is a value of customer's experiences with the product or service that is important, therefore, customer's needs are important to consider when developing products or services.

2.4.4 Customer Satisfaction, Loyalty and Business Performance

The rationale for CRM is that it improves business performance by enhancing customer satisfaction and driving up customer loyalty (See Figure 3). There is a compelling logic to the model, which has been dubbed the "satisfaction-profit chain" (ABE, 2011). Satisfaction

increases because customer insight allows companies to understand their customers better, and create improved customer value propositions. As customer satisfaction rises, so does customer repurchase intention (ABE, 2011). This in turn influences actual purchasing behaviour, which has a significant impact on business performance.

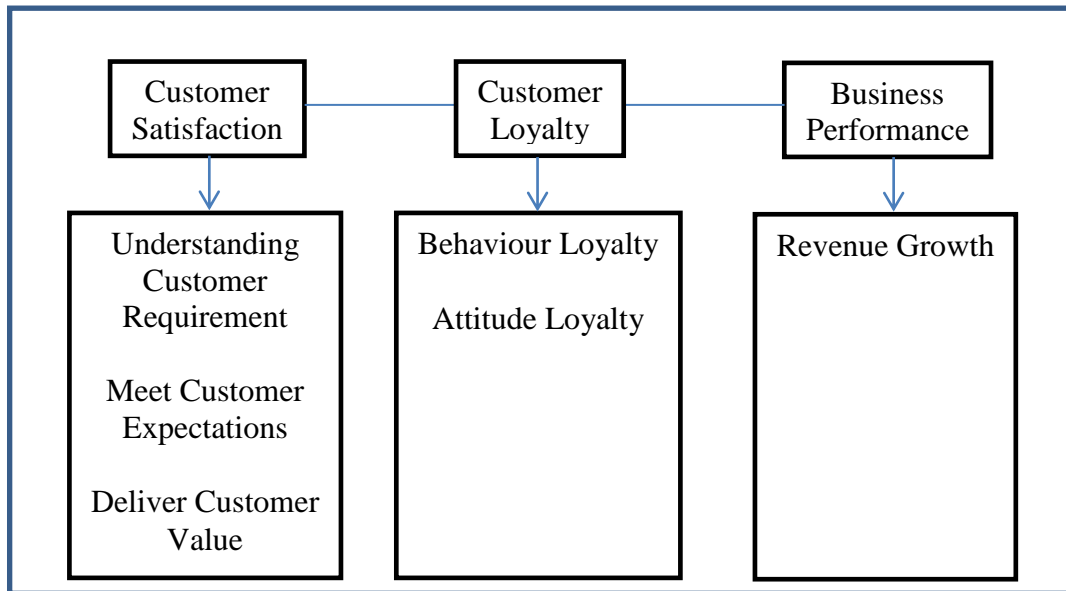


Figure 2: Customer Satisfaction, Customer and Business Performance

Source: Buttle (2004)

2.4.4.1 Customer Satisfaction

Customer satisfaction has been the subject of considerable research and has been defined and measured in various ways (Oliver, 1997). Customer satisfaction may be defined as the customer's fulfilment response to a consumption experience, or some part of it. Customer satisfaction is a pleasurable fulfilment response while dissatisfaction is an un-pleasurable one (Buttle, 2004). Satisfaction and dissatisfaction are two ends of a continuum, where the location is defined by a comparison between expectations and outcome.

Customers would be satisfied if the outcome of the service meets expectations. When the service quality exceeds the expectations, the service provider has won a delighted customer. Dissatisfaction will occur when the perceived overall service quality does not meet expectations (Looy, Haksever & Render, 2003). Sometimes customer's expectations are met, yet the customer is not satisfied. This occurs when the expectations are low (Buttle, 1996). For example the customer expects that the SOBO delivery vehicle will be late and it gets late.

Customer satisfaction is considered to be one of the most important outcomes of all marketing activities in a marketing oriented firm. The obvious need for satisfying the organisation's customer is to expand the business, to gain a higher market share, and to acquire repeat and referral business, all of which lead to improved profitability (Dick & Basu, 1994). Besides, Hertz and Alfredsson (2003) in their research in service sectors such as banking, pest control, dry cleaning and fast foods found that customer satisfaction has a significant effect on purchase intentions in all the four sectors.

Similarly, in health-care sector, Jacoby and Kyner (1973) agreed with the submission by Hertz et al. (2003) and further found that patient satisfaction and service quality have a significant effect on future purchase intentions. He also agreed with the definition of customer satisfaction by Looy et al. (2003) as "customer behaviour characterised by a positive buying pattern during an expanded period, measured by means of repeat purchase, frequency of purchase, wallet share or other indicators and driven by positive attitude towards the company and its products or services" (Looy et al., 2003).

2.4.4.2 Customer Loyalty

Practitioners and researchers, however, have not clearly defined a theoretical framework, identifying factors that could lead to the development of customer loyalty (Grundy, 2006). Nevertheless, there is a consensus amongst practitioners and academics that customer satisfaction and service quality are prerequisites of loyalty (Gremler & Brown, 1997). Those technical, economical and psychological factors that influence customers to switch suppliers are considered to be additional prerequisites of loyalty.

Recent studies also indicate that the firm's image may influence customer enthusiasm, value, delight and loyalty (Bhote, 1996). Loyalty behaviours, including relationship continuance, increased scale or scope of relationship and recommendation or word of mouth advertising, result from customers' beliefs that the quantity of value received from one supplier is greater than that available from other suppliers. Loyalty, in one or more of the forms noted above, creates increased profit through enhanced revenues, reduced costs to acquire customers, lower customer-price sensitivity and decreased costs to serve customers familiar with a firm's service delivery system (Reicheld & Sasser, 1990). Yi's "Critical review of customer

satisfaction” (1990, p.104) concludes, “Many studies found that customer satisfaction influences purchase intentions as well as post-purchase attitude”.

Jacob and Keyner (1973) state that customer loyalty can be viewed in two distinct ways. The first views loyalty as an attitude. Different feelings create an individual’s overall attachment to a product, service or organisation. These feelings define the individual’s, purely cognitive, degree of loyalty. The second view of loyalty is behavioural. Examples of loyalty behaviour include continuing to purchase services from the same supplier, increasing the scale and or scope of a relationship, or the act of recommendation (Yi, 1990).

The behavioural view of loyalty is similar to loyalty as defined in the service management literature. In brief, there are two dimensions to customer loyalty as advanced by Julander (1997) and these are behavioural and attitudinal. The behavioural aspects refer to a customer’s behaviour on repeat purchases, indicating a preference for a brand or a service over time (Bowen & Shoemaker, 1998). Attitudinal dimensions, on the other hand, refer to a customer’s intention to repurchase and recommend, which are good indicators of a loyal customer (Getty & Thompson, 1994). Moreover, a customer who has the intention to repurchase and recommend is very likely to remain with the company (Kandampully & Suhartanto, 2000).

Customer attitude being difficult to measure, for financial and practical purposes, customer retention is widely used as an indicator of customer loyalty. Researchers have combined both views into comprehensive models of customer loyalty. Dick and Basu (1994) came up with two-dimensional model of customer loyalty identifying four forms of loyalty according to relative attitudinal strength and repeat purchase behaviour. The true loyal customers are those who have high levels of repeat purchase behaviour and a strong relative attitude. Surprisingly, loyal customers tend to be more motivated by impulse, convenience and habit i.e. if the conditions are right. Latent loyalty applies to those customers who are loyal simply because they have no other choice. Lastly, there will also be customers who shall not be loyal to any particular brand.

2.5 Business Performance

Performance can be defined as a systematic process for improving business performance by developing the performance e.g. revenue growth, of individuals and teams. It is a means of getting better results by understanding and managing performance within an agreed framework of planned goals, standards and competency requirements. Processes exist for establishing shared understanding about what is to be achieved, and for managing and developing people in a way that increases the probability that it will be achieved in the short and longer term. It focuses people on doing the right things by clarifying their goals. It is owned and driven by line management (Armstrong, 2007).

2.5.1 Customer Relationship Management

Customer Relationship Management (CRM) “is the core business strategy that integrates internal processes and functions, and external networks, to create and deliver value to targeted customers at a profit. It is grounded on a high-quality customer data and enabled by IT” (Buttle, 2004). CRM is a business strategy that identifies, cultivates and maintains long term profitable customer relationships or those with the most potential and working to provide those customers with service quality that exceeds their expectations.

Keaveney (1995) suggests that an organisation’s survival depends largely on harmonious relationships with its stakeholders in the market. Customers provide the “life-blood” to the organisation in terms of competitive advantage, revenue and profits. Managing relationships with customers is imperative for all types and size of service organisations. A sound base of satisfied customers allows the organisation to move on a path of growth, enhanced profitability, fight out competition and carve a niche in the market place.

A number of writers have agreed on the goals of CRM as a way of managing quality service. For example, Kuene, Herms, Kesteren, Kolbe and Kaiser (2006) assented that CRM seeks to establish long term, committed, trusting and cooperative relationship with customers, characterised by openness, genuine concern for the delivery of high quality services, responsiveness to customer suggestions, fair dealings and willingness to sacrifice short term advantage for long term gains. Lynn and Akgün (1998) advocated that service business can retain customers and achieve profitability by building reciprocal relationships founded on safeguarding and affirming customer security, fairness and self-esteem.

Further, CRM requires that companies should view its customers as people first and customers second. As such, trust, commitment, ethical practices, fulfilment of promises, mutual exchange, emotional bonding, personalisation and customer orientation have been reported to be the key elements in the relationship building process (Gummesson, 1994). CRM, therefore, refers to all business activities directed towards initiating, establishing, maintaining and developing successful long-term relational exchanges.

Consequently, CRM may result in increased loyalty which is considered to be relational phenomenon (Johnson, Scholes & Whittington, 2008). The benefits of customer loyalty to the service provider or products are numerous, and thus organisations are eager to secure as significant a loyal customer base as possible (Porter, 2011). Recent developments in internet technology, have given the internet a new role to facilitate the link between CRM, service quality and customer loyalty. It may be concluded that a dissatisfied and unhappy customer will share his unfortunate experience more than a satisfied customer. It is also observed that a fraction of unhappy customers choose to complain while many more simply watch and switch their loyalty to competition for better service. Loss of customer may directly mean loss of business along with the opportunity for business growth and profitability. Feedback collection from customers is without doubt essential for the supplier to ascertain customer satisfaction and scope for improvement (Gronroos, 1994).

Other operators, with the growth in information technology, have used IT to manage CRM activities by developing specific CRM software. However, this software can be only a tool to implement a customer strategy. Rushton et al. (2010), in their contribution to CRM, established that it takes up to five times more money to acquire a new customer than get an existing customer to make a repeat or new purchase. Consequently, improving customer retention rates consolidates the customer base so as to focus attention in recruitment of new customers. It can therefore not be overemphasised that customer retention is not only essential, but critical as well.

2.5.2 Service Quality

Service quality is essential for an organisation's survival and growth. Interest in service quality emerged as early as in 1970s. Ever since, the concept has attracted substantial attention among researchers and practitioners (Porter, 2008). Service quality is a form of

attitude representing a long-run, overall, evaluation which is different from customer satisfaction, a more short term, transaction specific judgement. The level of customer satisfaction is a result of the customer's comparison of the service quality expected in a given service encounter with perceived service quality. This implies that satisfaction assessments require customer experiences while quality does not (Porter, 1990).

For the purposes of this study, logistics service quality was conceptualised as an operational measure that defines competitive success factors in logistics, namely, reliability, timeliness, responsiveness, problem solving ability, accuracy, customer service and flexibility (Richins, 1983; Song & Montoya-Weiss, 1998; Saad, 1995; Watts, Cope & Hulme, 1998). The items were derived from the literature, tested with a sample of practising managers during qualitative interviews, and refined and subjected to CFA.

The measurement of business performance has primarily relied upon two general approaches that involved the use of either objective or subjective measures of performance. The objective approach uses the absolute values of quantitative performance measures such as profitability and market share. The second approach uses subjective measures of performance, where respondents are asked to state their companies' performance on criteria like profitability and market share relative to that of their competitors (Wilson, 1991; Zack, 2009; Watts et al., 1998).

In the context of this study, using subjective measures of performance were deemed to be more appropriate than using objective financial performance measures. Although it has been recognised that subjective measures of performance may carry a risk because of managers' over-evaluation of their own company's performance relative to others (Zeithaml, Berry & Parasuramann, 1996), subjective measures have their own reasons if they are to be used. First, financial performance measures are difficult to obtain in typical surveys of managers in the Asia-Pacific. Asian managers emphasise privacy of information possibly to a greater extent than other cultures. In addition, there are only a small proportion of such companies that are publicly traded and secondary data on such companies are less readily available. Furthermore, previous studies have found that subjective and objective measures of performance are closely correlated (Parasuraman et al., 1985; Jobber, 2007; Zeithaml et al.,

1996). This approach with respect to performance measures has been successfully applied in previous studies (Jacoby & Kyner, 1973).

2.5.3 Customer's Perception of Quality

Quality of a particular service is whatever the customer perceives it to be. Service quality as perceived by the customer may differ from the quality of service actually delivered. Services, as discussed above, are subjectively experienced processes where production and consumption activities take place simultaneously. Interactions, including a series of moments of truth between the customer and the service provider take place. Such buyer-seller interaction or service encounters have a critical impact on the perceived service (Rushton et al., 2010).

The Nordic Model, originated by Christian Gronroos and developed by others, adopts a disconfirmation of expectations approach (Gronroos, 1994). Gronroos (1994) claim that customers have certain expectations of service performance with which they compare their actual performance. If and when the expectations are met, this is confirmation; if they are over performed, this is positive disconfirmation; if they are underperformed, this is negative disconfirmation. Gronroos (1994) further argues that quality of service as perceived by customers has two dimensions. What customers receive in their interaction with a firm is clearly important to them and their quality evaluation. This is one quality dimension, the Technical Quality of the outcome of service production process.

However, there are numerous interactions between the service provider and customers, including various series of moments of truth, the technical quality dimension will not count for the total quality which the customer perceived he has received. The customer will also be influenced by the way in which technical quality – the outcome of the process is transferred to him and this will have an impact on the process experience. Examples include the accessibility of ATM, a website, appearance and behaviour of waiting staff, how service employees perform their task, what they say and how they do it. Interestingly, other customers simultaneously consuming the same or similar services may influence the way in which customers will perceive a service (Gronroos, 1994).

Thus the customer is also influenced by how he receives the service and how he experiences the simultaneous production and consumption process. This is the second quality dimension, the Functional Quality of the process, closely related to how the moments of truth of the service encounters and are taken care of how the service provider functions. Illustrated in Figure 2, there are the two basic quality dimensions namely, what the customer receives and how the customer receives it; the technical result or outcome of the process i.e. technical quality and the functional dimensions of the process i.e. functional quality (Gronroos, 1994).

An organisation's image is an important variable that positively or negatively influences marketing activities. Image is considered to have the ability to influence customers' perception of the goods and services offered (Zeithaml et al., 1996). As such, image will have an impact on customers' buying behaviour. Image is considered to influence customers' minds through the combined effects of advertising, public relations, physical image, word of mouth and their actual experiences with the goods and services (Normann, 1991). Similarly, Gronroos (1983), using numerous researches on service organisations, found that service quality was the single most important determinant of image. Hence, a customer's experience with the products and services is considered to be the most important factor that influences his mind in regard to image.

For instance, if the service provider shares a positive or favourable image in the minds of the customers, minor mistakes will probably be overlooked or forgiven. However, if the image is negative, impact of any mistake will often be considerably greater than otherwise would be. This entire combination shall lead to total quality.

Figure 3, shows the quality analysis. Quality analysis stems from both technical quality of the outcome (WHAT) and functional quality of the process (HOW) which forms the corporate image as part of the total quality which is perceived by the customers. In terms of modelling and measurement proposals, there are two schools of thought in the quality literature, the Nordic and American. The former differentiates two components in service quality (Gronroos, 1983). Technical quality expressed as the service being technically acceptable and leading to concrete and Functional quality which includes the way the customer is treated during the service provision process. CML uses the same process with their distributors in

delivering products to their customers. The third parties are part of the corporate image as such they have to be part of the total quality program for the organisation.

Later work by Rushton et al. (2010) adds a third component which is the service environment. The American School has predominantly used the SERVQUAL scale to measure and dimension service quality. This multi item scale evaluates five quality dimensions from global perspective such as reliability, reactivity, guarantee/safety, empathy and tangible elements (Parasuraman et al., 1988). According to this model, perceived quality is measured by the imbalance between two separate scales, one measuring expectations and the other the perception of the results.

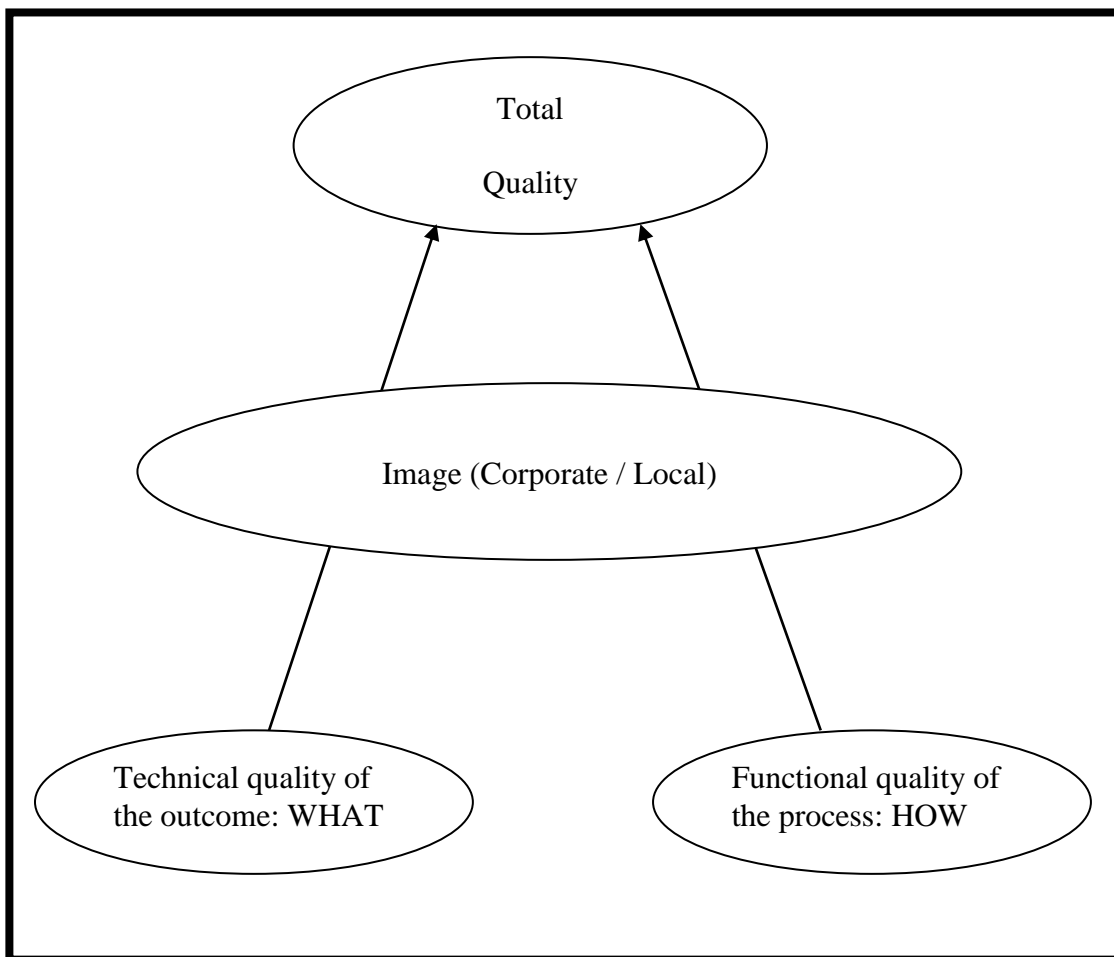


Figure 3: Quality Analysis

Source: Gronroos (2001)

2.5.4 The Perceived Service Quality Approach

Gronroos (1983) introduced a service oriented approach to quality with the concept of Perceived Service Quality (PSQ) and the model of Total Perceived Quality (TPQ). This approach is based on research into consumer behaviour and the effects of expectations concerning goods performance on post-consumption evaluations.

The two basic quality dimensions, technical (what) and functional (how) have been discussed above. However, the quality perception process is more complicated. It is not the experiences of the quality dimensions alone that determine whether quality is perceived as good, neutral or bad. Figure 3, illustrates how quality experiences are connected to traditional marketing activities resulting in a PSQ. Good perceived quality is obtained when the experienced quality meets the expectations of the customers i.e. the expected quality.

If expectations are unrealistic, the TPQ will be low, irrespective of the experienced quality measured in an objective way being good. As illustrated in *Figure 4*, the expected quality is a function of factors, namely, marketing communication, word of mouth, company/local image, price, customer needs and values. Marketing communication includes advertising, direct mail, sales promotion, websites, internet communications and sales campaigns. These are directly under the control of the company unlike the image and word of mouth factors which are indirectly controlled by the company. Image of the company plays a central role in customer perception of service quality.

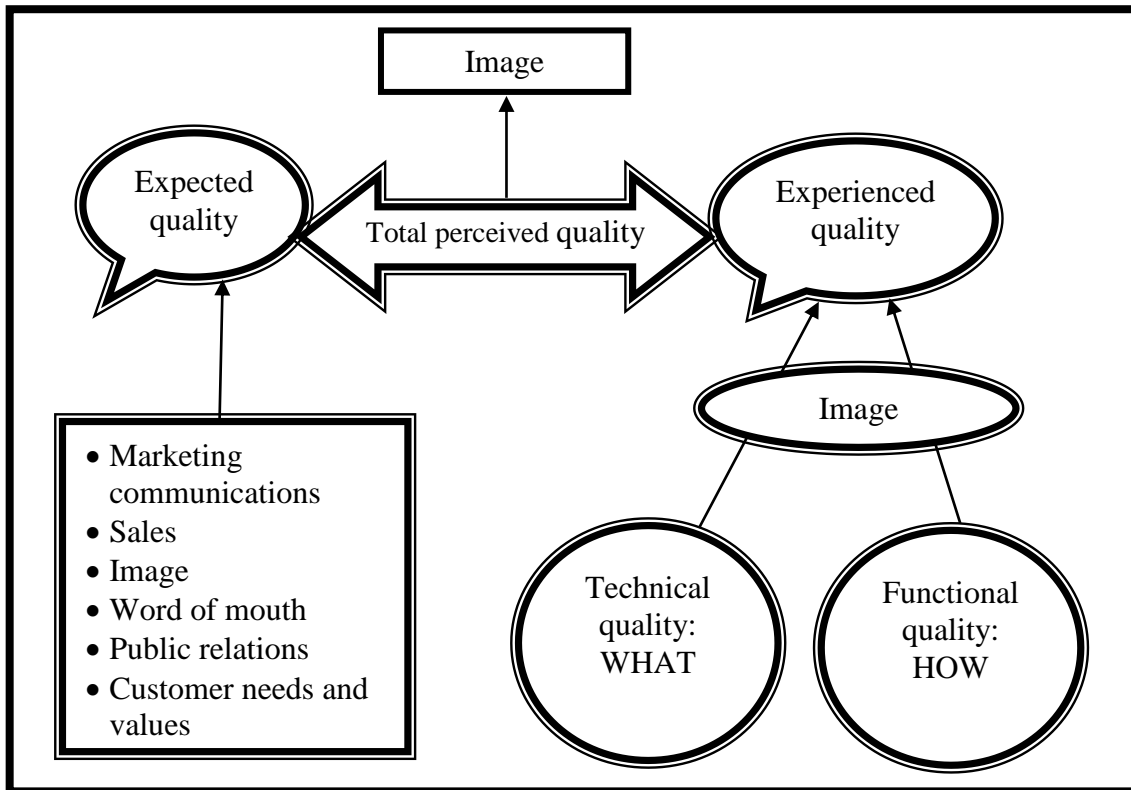


Figure 4: Perception of Quality

Source: Gronroos (2001)

Accordingly, it is imperative that image be properly managed. External impact on these factors could possibly occur, but they are basically a function of the previous performance of the firm, supported by for instance advertising. Lastly, the needs of the customers as well as the values that determine the choice of customers also impact on their expectations. Hence the level of total perceived quality is not determined simply by the level of technical and functional quality dimensions, but rather by the gap between the expected and experienced quality.

2.5.5 Gaps between Customer Expectations and Perceptions in Service Quality

There is a gap between expected service quality and perceived service quality. In an attempt to explain such a gap, Parasuraman et al. (1985), came up with a 'gap model' which is intended to be used for analysing sources of quality problems and help managers understand how service quality can be improved. The model is illustrated in *Figure 5*. Firstly, the model demonstrates how service emerges. The upper portion of the model includes phenomena related to customers, while the lower portion includes phenomena related to the service provider. The expected service is function of the customer's past experience and personal

needs and of word of mouth communication. It is also influenced by the market communication activities of the firm. The service experienced, which in this model is termed as perceived service, is the outcome of a series of internal decisions and activities.

Management perceptions of customer expectations guide decisions regarding service quality specifications to be followed by the company when service delivery i.e. the execution of the services express occurs. The customer experiences the service delivery and production process as a process-related quality component and technical solution received by the process as an outcome-related quality component. As illustrated, marketing communication can influence the perceived service and also the expected service.

This basic model demonstrates the steps that have to be considered during analysing and planning service quality. The five discrepancies, so called quality gaps, between various elements of the structure are a result of inconsistencies in the quality management process. The ultimate gap 5 i.e. the gap between expected and perceived experience service is a function of other gaps that possibly occurred in the process.

The five gaps as presented by Parasuraman et al. (1985) are discussed in the following diagram:

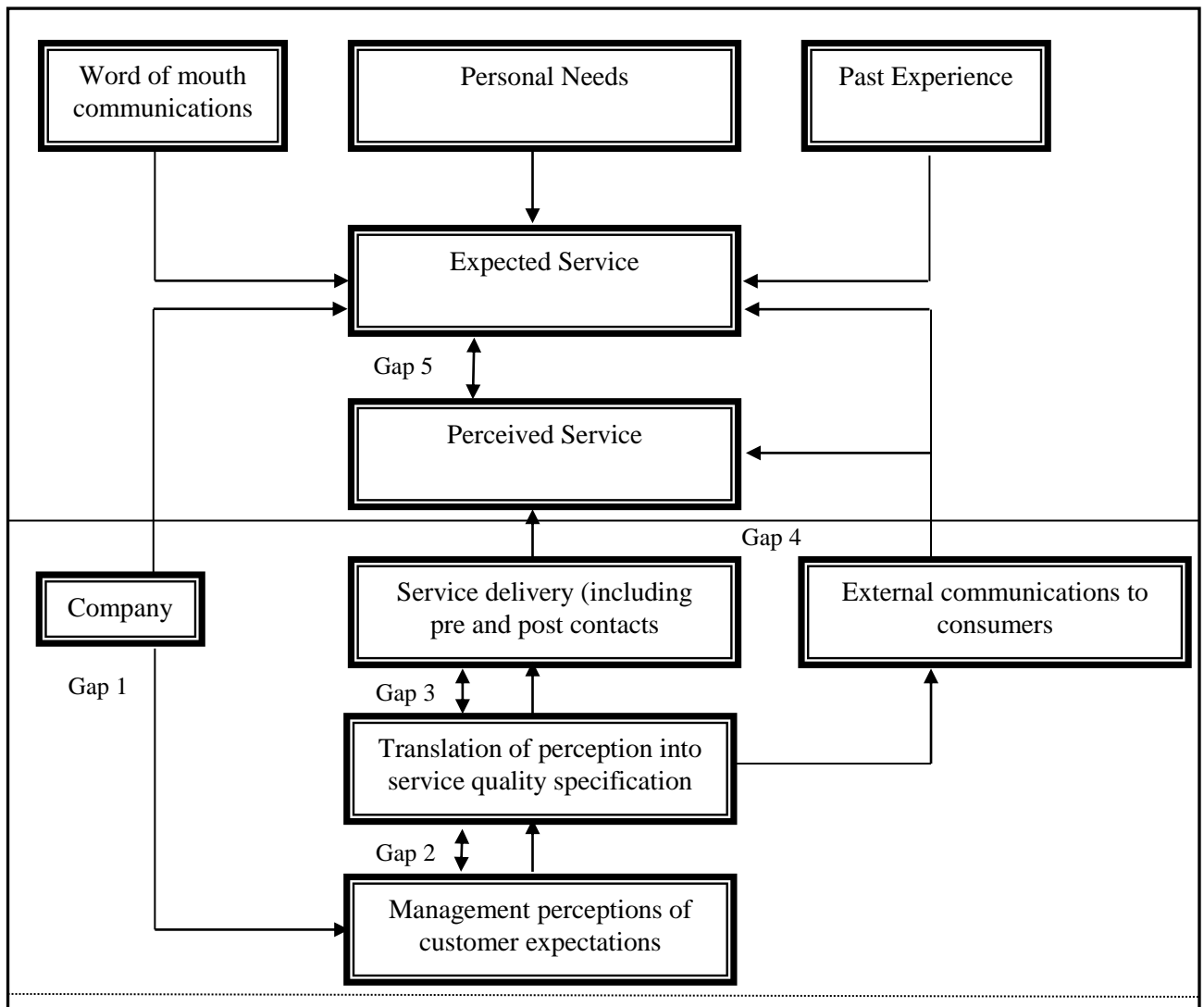


Figure 5: The Gap Model

Source: Parasuraman et al. (1985)

2.5.5.1 The Management Perception Gap (Gap 1):

This gap occurs when management perceives the quality expectations inaccurately due to inaccurate information from the market research and demand analysis, inaccurately interpreted information about expectations, non-existence demand analysis, bad or non-existent upward information from the firm's interface with its customer's to management and numerous organisational layers which stop or change the information that may flow upward from those directly involved in customer contacts. Necessary action to open up or improve the various internal information channels has to be taken in such situations.

2.5.5.2 The Quality Specification Gap (Gap 2):

This gap signifies that service quality specifications are not consistent with management perceptions of quality expectations due to planning errors or insufficient planning procedures, bad management of planning, lack of clear goal setting in the company and insufficient support for planning service quality from top management. The planning related problems vary depending on the first gap. However, even if there is sufficient accurate information on customer expectations, planning of quality specifications may fail due to lack of real commitment to service quality among top management. Commitment dedication and devotion to service quality among top management as well as service providers are of the highest importance and priority in closing the Quality Specification Gap.

2.5.5.3 The Service Quality Gap (Gap 3):

This gap means that quality specifications are not met by performance in the service production and delivery process due to specifications which are too complicated and/or too rigid, employees not agreeing with specifications and therefore not fulfilling them, specifications not being in line with the existing corporate culture, bad management of service operations, lacking or insufficient internal marketing and technology and systems not facilitating performance according to specifications. The possible problems here are many and varied and usually the reasons for the existence of a Service Delivery Gap are complicated and so are the cures. The reason for this gap can be divided into three categories: management supervision, employee perception of specifications and rules and customer needs and wishes and a lack of technological and operational support.

Management and supervision related problems may be varied too. For Instance, supervisors may not be encouraging and supportive of quality behaviour or the supervisory control system may be in conflict with good service or even with quality specifications. In an organisation where control and reward systems are decided upon separately from the planning of quality specifications, which is the case often, there is inherent risk of a Service Delivery Gap occurring. Often non-essential or important activities are controlled, perhaps even rewarded; and activities that contradict quality specifications are encouraged by the control system. Control and reward systems partly determine the corporate culture, goals and specifications that do not fit the prevailing culture tend not to be well executed. The cure here

involves changes in the way managers and supervisors treat their subordinates and in the way supervisory systems control and reward performance (Rushton et al., 2010).

Parasuraman et al. (1985), argued that since the way in which performance requirements of specifications, on one hand and existing control and reward systems on the other hand, are in conflict with each other, an awkward situation may arise for personnel when a customer contact person realises that a customer requires different behaviour on the part of the service provider than that expected according to the company's specifications. It must be noted that situations where the service provider is aware of the fact that the customer is not receiving what he expects and may feel that the demands and wishes of the customer are justified and perhaps could be fulfilled, however, the service provider is not allowed to perform accordingly, may ruin the motivation for quality-enhancing behaviour among personnel.

The skills and attitudes of personnel may cause problems if the wrong people are recruited. For example, the firm may have employees who are unable to adjust to the specifications and systems that guide operations. Besides, the workload perceived by employees may be a problem i.e. there may be too much paperwork or some administrative tasks involved, so that quality specifications cannot be fulfilled and a result of which, the service provider does not possess time to attend to customers as expected (Parasuraman et al., 1985).

Lastly, technology or the systems of operating, including decision making may not be suitable to employees. The problem may be the employees, but it is quite probable that technology and operational and administrative systems have been introduced inappropriately. Perhaps the technology and systems do not support quality behaviour, or they have been improperly introduced to the employees. To close the Service Delivery Gap, the problems need to be dealt with effectively and efficiently (Parasuraman et al., 1985).

2.5.5.4 The Marketing Communication Gap (Gap 4):

This gap occurs when promises given by market communication activities are not consistent with the service delivered due to market communication planning not being integrated with service operations, lacking or insufficient coordination between traditional external marketing and operations, the organisation failing to perform according to specifications, whereas

market communication campaigns follow these specifications and an inherent propensity to exaggerate and thus promise excessively (Parasuraman et al., 1985).

The reasons for marketing communications gap can be divided into two categories: the planning and executing of internal market communication and operations and a company's propensity to over-promise in all advertising and marketing communication. The cure in the first situation could be creating a system that coordinates planning and execution of external market communication campaigns with service operations and delivery. For instance, every major campaign could be planned in collaboration with those involved in service production and delivery for Dual goal to be achieved. First promises in market communications become more accurate and realistic and second, a greater commitment to what is promised in external campaigns could be achieved. The second category of problems i.e. over-promising can be dealt with by improving planning of marketing communication and/or closer management supervision (Parasuraman et al., 1985).

2.5.5.5 The Perceived Service Quality Gap (Gap 5):

This gap signifies that the perceived or experienced service is not consistent with the expected service resulting in negatively confirmed or bad quality and quality problem, bad word of mouth, a negative impact on corporate or local image and lost business. However, this gap may also be positive, which leads either to a positively confirmed quality or over quality. If a perceived service quality Gap occurs, the reason could be any one of those discussed above or other additional reasons. Addressing these gaps could be a basis for developing service processes in which expectations and experience consistently meet and a good perceived service quality will enhance.

Some of the possible strategies that could be adopted by organisations to close these quality gaps are tabulated in Table 1

Table 1: Possible Strategy to Close the Gap

GAPS	POSSIBLE STRATEGIES TO CLOSE GAPS
1	Change of management, in extreme situations, otherwise normally learn from front-line customer contact staff, flatten the hierarchical structure, include expectations data in consumer records, market research for improvement in the knowledge of the characteristics of service competition etc.
2	Change in firm's priorities, commitment to develop service standards wherever possible, feasibility assessment of customer expectations, develop a standards documentation process, automation of process wherever possible and desirable activities outsourced wherever competences are lacking, development of service quality goals etc.
3	Investment in people i.e. recruitment, training and retention; investment in technology, redesigning workflow, encourage self-organised teams; improve internal communication, clear job specifications to avoid ambiguity, reward service excellence etc.
4	Brief advertising company, external communication of what the customer can expect through advertising, training employees not to over-promise, penalise employees who over-promise, encourage customers to sample the service experience, excel at service recovery, encourage and manage customer complaints etc.

Source: Buttle, (2004)

2.6 Barriers and Performance

There are however, barriers that may affect both the organisation as well as its distributors from performing well in any particular market. Porter (1990) seems to agree with this point by suggesting that the first fundamental factor of a firm's profitability is its industry attractiveness. Therefore, competitive advantage must grow out of a sophisticated understanding of the rules of competition that determine an industry's attractiveness. The ultimate aim of competitive strategy is to cope with and, ideally, to change those rules in the firms favour which may in turn also pose as barriers and may eventually affect performance. In any industry, whether it is domestic or international or produces a product or service, the industry barriers are embodied in the five forces; the entry of new competitors, the threat of

substitutes, the bargaining power of buyers, the bargaining power of suppliers and the rivalry among the existing competitors as shown in the *Figure 6* (Porter, 1990).

The collective strength of these five competitive forces determines the ability of firms in an industry to earn, on average, rates of return on investment in excess of the cost of capital. The strength of the five forces varies from industry to industry and can change as the industry evolves. The result is that all industries are not alike from standpoint of inherent profitability (Porter, 2011). In industries where the five forces don't act like barriers, such as in beverage market as is the case in this study, many competitors earn attractive returns. Nevertheless in industries where pressure from one or more of the forces is intense, few firms command attractive returns despite the best efforts of management. Industry profitability is not a function of what the product looks like or whether it embodies high or low technology, but of industry structure. Unlike in the beverage sectors, in some very ordinary industries such as postage meters and grain trading are extremely profitable while some more stylish, high technology industries such as personal computers and cable television are not profitable for many participants (Zack, 2009).

The five forces determine the industry barriers and profitability because they influence the prices, costs and required investments of firms in an industry – the elements of return on investment. Buyer power influences the barrier of prices that firms can charge for example as does the threat of substitution. The power of buyers can also influence cost and investment, because powerful buyers demand costly service. The bargaining power of suppliers determines the costs of raw materials and other inputs. The intensity of rivalry influences prices as well as the costs of competing in areas such as plant, product development, advertising and sales force. The threat of entry places barriers on prices and shapes the investment required to bar entrants (Porter, 2008).

The strength of each of the five competitive forces is a function of industry structure or the underlying economic and technical characteristics of an industry that may also act as a barrier in a particular market (Grundy, 2006).

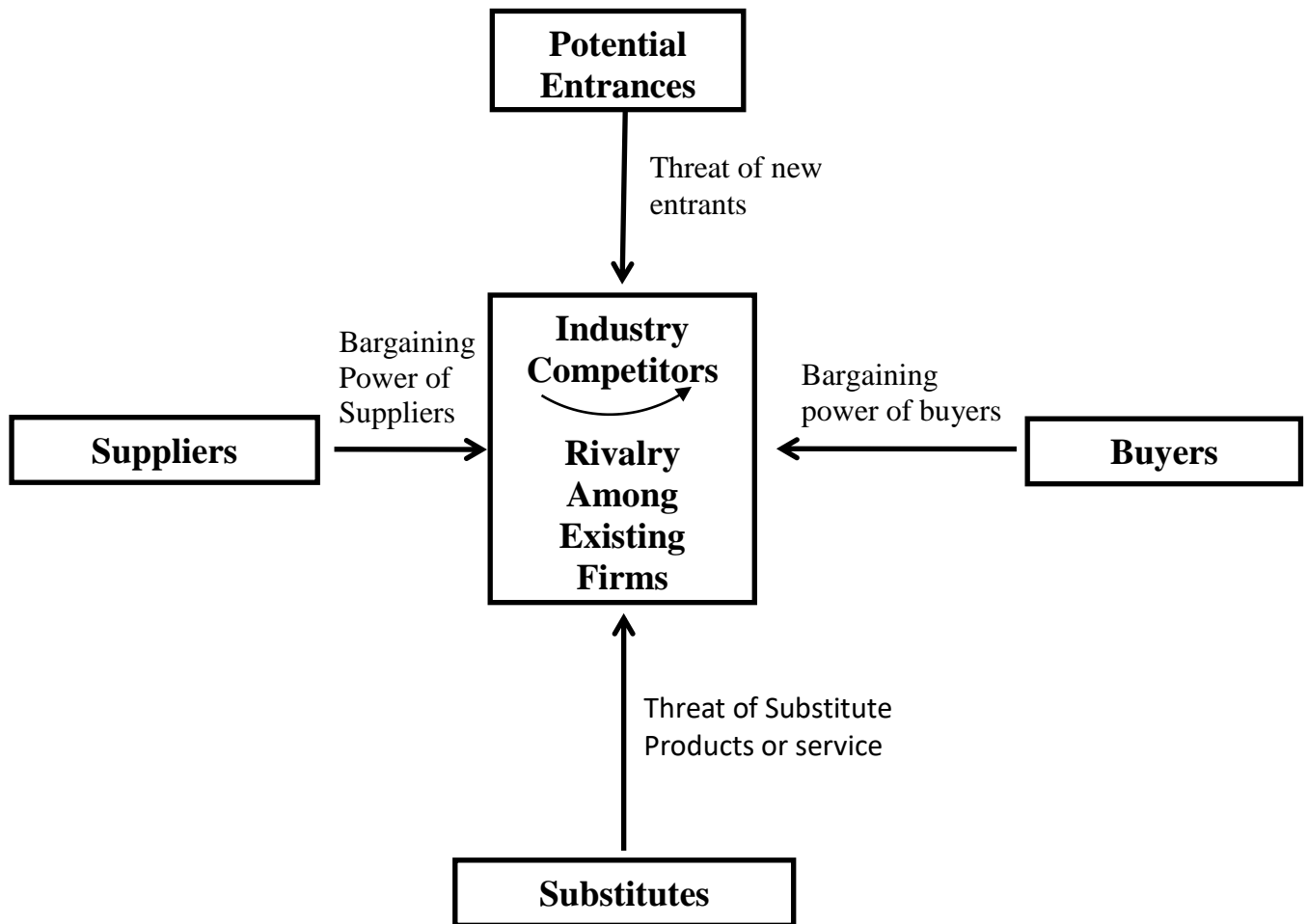


Figure 6: The Porter's Five Forces that Determine Industry Profitability as Well as Act as Barriers

Source: The five competitive forces that shape strategy (2008)

2.7 Theories

The Ansoff product/market growth matrix developed by H. Igor Ansoff, provides a simple way of generating four basic alternative directions for strategic development as in the illustration in *Figure 7* (Johnson et al., 2008). An organisation typically starts in box A, the top left-hand one, with its existing products and existing markets. According to the matrix, the organisation basically has a choice between penetrating still further within its existing sphere (staying in box A); moving rightwards by developing new products for its existing markets (box B); moving downwards by bringing its existing products into new markets (box C); or taking the most radical step of full diversification, with altogether new markets and new products (box D) (Cope, Watts & Hulme, 1999). The Ansoff matrix explicitly considers growth options. Growth is rarely a good end in itself. Public sector organisations are often accused of growing out-of-control bureaucracies; similarly, some private sector managers are

accused of empire building at the expense of shareholders. In this case, consolidation will be included to involve protecting existing products and existing markets and therefore belongs in box A.

		<i>Products</i>	
		<i>Existing</i>	<i>New</i>
<i>Markets</i>	<i>Existing</i>	<i>A</i> <i>Market Penetration</i> <i>Consolidation</i>	<i>B</i> <i>Product Development</i>
	<i>New</i>	<i>C</i> <i>Market Development</i>	<i>D</i> <i>Diversification</i>

Figure 7: Ansoff's Matrix

Source: Johnson et al. 2008

2.7.1 Market Penetration

Further market penetration, by which the organisation takes increased share of its existing markets with its existing product range, is on the face of it the most obvious strategic direction. It builds on existing strategic capabilities and does not require the organisation to venture into uncharted territory (Watts et al., 1998). The organisation's scope is exactly the same. Moreover, greater market share implies increased power vis-à-vis buyers and suppliers (in terms of the five forces), greater economies of scale and experience curve benefits. Nonetheless, organisations seeking greater market penetration may face two constraints (Saad, 1995).

2.7.1.1 Retaliation from Competitors

In terms of the Porter's forces, increasing market penetration is likely to worsen industry rivalry as other competitors in the market defend their share. Increased rivalry might involve price wars or expensive marketing battles, which may cost more than any market share gains

are actually worth. The dangers of provoking fierce retaliation are greater in low-growth markets, as any gains in volume will be much more at the expense of other players. Where retaliation is a danger, organisations seeking market penetration need strategic capabilities that give a clear competitive advantage. In low-growth or declining markets, it can be more effective simply to acquire competitors (Saad, 1995). Some companies have grown quickly in this way. For example, in the steel industry the Indian company LNM (Mittal) moved rapidly in the 2000s to become the largest steel producer in the world by acquiring struggling steel companies around the world. Acquisitions can actually reduce rivalry, by taking out independent players and consolidating them under one umbrella.

2.7.1.2 Legal Constraints

Greater market penetration can raise concerns from official competition regulators concerning excessive market power. Most countries have regulators with the powers to restrain powerful companies or prevent mergers and acquisitions that would create such excessive power. In the United Kingdom, the Competition Commission can investigate any merger or acquisition that would account for more than 25 per cent of the national market, and either halt the deal or propose measures that would reduce market power. The European Commission has an overview of the whole European market and can similarly intervene. For example, when Gaz de France and Suez, two utility companies with dominant positions in France and Belgium, decided to merge in 2006, the European Commission insisted that the two companies reduce their power by divesting some of their subsidiaries and opening up their networks to competition (Andersen & Kheam, 1998).

2.7.2 Consolidation

This is where organisations focus defensively on their current markets with current products. Formally, this strategy occupies the same box in the Ansoff Matrix as market penetration, but is not orientated to growth. Consolidation can take two forms:

2.7.2.1 Defending Market Share

When facing aggressive competitors bent on increasing their market share, organisations have to work hard and often creatively to protect what they already have. Although market share should rarely be an end in itself, it is important to ensure that it is sufficient to sustain the business in the long term. For example, turnover has to be high enough to spread essential

fixed costs such as R&D. In defending market share, differentiation strategies in order to build customer loyalty and switching costs are often effective.

2.7.2.2 Downsizing or Divestment

Especially when the size of the market as a whole is declining, reducing the size of the business through closing capacity is often unavoidable. An alternative is divesting (selling) some activities to other businesses. Sometimes downsizing can be dictated by the needs of shareholders, for instance an entrepreneur wishing to simplify his or her business on approaching retirement (Lynn, 1998). Divesting or closing peripheral businesses can also make it easier to sell the core business to a potential purchaser. The term 'consolidation' is sometimes also used to describe strategies of *buying up rivals* in a fragmented industry, particularly one in decline. By acquiring weaker competitors, and closing capacity, the consolidating company can gain market power and increase overall efficiency. As this form of consolidation increases market share, it could be seen as a kind of market penetration, but here the motivation is essentially defensive. Although both consolidation and market penetration strategies are by no means static ones, their limitations often propel managers to consider alternative strategic direction (Song & Montoya-Weiss, 1998).

2.7.3 Product Development

Product development is where organisations deliver modified or new products (or services) to existing markets. This is a limited extension of organisational scope. In practice, even market penetration will probably require some product development, but here product development implies greater degrees of innovation. For Sony, such product development would include moving the Walkman portable music system from audio tapes, through CDs to MP3-based systems. Effectively the same markets are involved, but the technologies are radically different. In the case of the Walkman, Sony probably had little choice but to make these significant product developments. However, product development can be an expensive and high-risk activity for at least two reasons (Andersen & Kheam, 1998).

2.7.3.1 New Strategic Capabilities

Product development typically involves mastering new technologies that may be unfamiliar to the organisation. For example, many banks entered online banking at the beginning of this century, but suffered many setbacks with technologies so radically different to their

traditional high street branch means of delivering banking services. Success frequently depended on a willingness to acquire new technological and marketing capabilities, often with the help of specialised IT and e-commerce consultancy firms. Thus product development typically involves heavy investments and high risk of project failures.

2.7.3.2 Project Management Risk

Even within fairly familiar domains, product development projects are typically subject to the risk of delays and increased costs due to project complexity and changing project specifications over time. A famous recent case was the a11bn (£7.6bn) Airbus A380 double-decker airline project, which suffered two years of delays in the mid-2000s because of wiring problems. Airbus had managed several new aircraft developments before, but the high degrees of customisation required by each airline customer, and incompatibilities in computer-aided design software, led to greater complexity than the company's project management staff could handle.

2.7.4 Market Development

If product development is risky and expensive, an alternative strategy is market development. Market development involves offering existing products to new markets. Again, the extension of scope is limited. Typically, of course, this may entail some product development as well, if only in terms of packaging or service. Market development might take three forms (Andersen & Kheam, 1998).

2.7.4.1 New Segments

For example, in the public services, a college might offer its educational services to older students than its traditional intake, perhaps via evening courses.

2.7.4.2 New Users

Here an example would be aluminium, whose original users in packaging and cutlery manufacture are now supplemented by users in aerospace and automobiles.

2.7.4.3 New Geographies

The prime example of this is internationalisation, but the spread of a small retailer into new towns would also be a case. In all cases, it is essential that market development strategies are

based on products or services that meet the *critical success factors* of the new market. Strategies based on simply offloading traditional products or services in new markets are likely to fail. Moreover, market development faces similar problems as product development. In terms of strategic capabilities, market developers often lack the right marketing skills and brands to make progress in a market with unfamiliar customers. On the management side, the challenge is coordinating between different segments, users and geographies, which might all have different needs.

2.7.5 Diversification

Diversification is strictly a strategy that takes the organisation away from both its existing markets and its existing products (box D in Table 7). In this sense, it radically increases the organisation's scope. In fact, much diversification is not as extreme as implied by the closed boxes of the Ansoff growth matrix. Box D tends to imply unrelated or conglomerate diversification, but a good deal of diversification in practice involves building on relationships with existing markets or products. Frequently too, market penetration and product development entail some diversifying adjustment of products or markets. Diversification is a matter of degree. None the less, the Ansoff Matrix does make clear that the further the organisation moves from its starting point of existing products and existing markets, the more the organisation has to learn to do. Diversification is just one direction for developing the organisation, and needs to be considered alongside its alternatives (Song & Montoya-Weiss, 1998).

That notwithstanding, most large corporations today are diversified, but also because diversification can sometimes be in management's self-interest, many scholars and policy makers have been concerned to establish whether diversified companies really perform better than undiversified companies. After all, it would be deeply troubling if large corporations were diversifying simply to spread risk for managers, to save managerial jobs in declining businesses or to preserve the image of growth, as in the case of Enron. Research studies of diversification have generally found some performance benefits, with *related diversifiers* outperforming both firms that remain *specialised* and those which have *unrelated* diversified strategies. In other words, the diversification–performance relationship tends to follow an inverted (or upside down) U-shape. The implication is that some diversification is good – but not too much. However, these performance studies produce statistical averages. Some related

diversification strategies fail – as in the case of the vertically integrating car manufacturers – while some conglomerates succeed – as in the case of Berkshire Hathaway. The case against unrelated diversification is not solid, and effective dominant logics or particular national contexts can play in its favour. The conclusion from the performance studies is that, although on average related diversification pays better than unrelated, any diversification strategy needs rigorous questioning on its particular merits (Andersen & Kheam, 1998).

The Ansoffs Matrix can be used in this project to try and explain various options that an organisation can use when trying to achieve performance improvement. Five concepts have been covered including market penetration, product development, diversification, market development and consolidation. The same can be applied in this project in order to improve performance (Saad, 1995).

2.8 Conceptual Framework

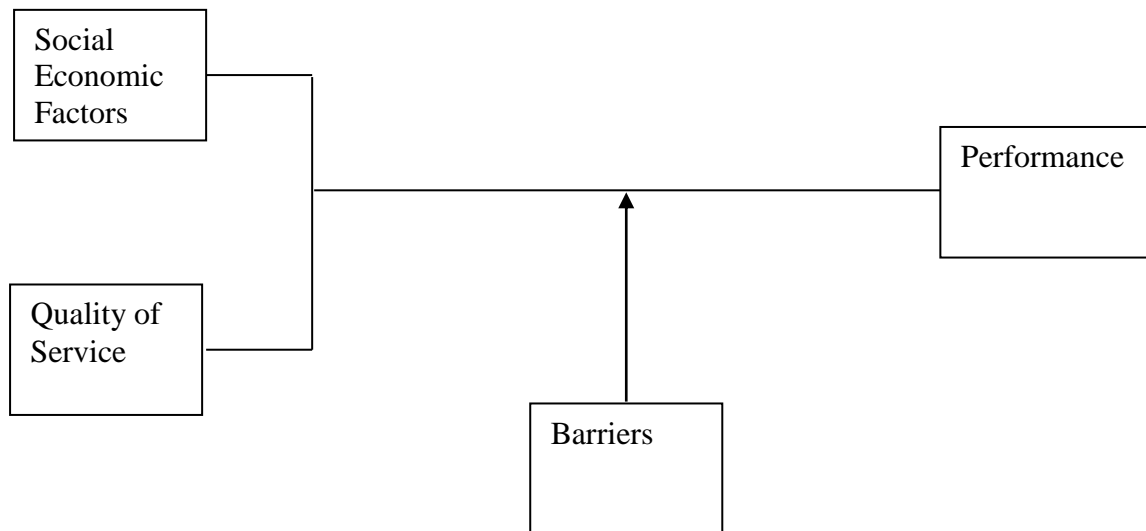


Figure 8: The Conceptual Framework

The above conceptual framework *Figure 8*, outlines the variables that have been used in the research namely; social economic factors, quality of service, barriers as independent variables that affect company performance as a dependent variable. Social economic factors, in this case, include analysis of sex, number of employees, qualifications and experience in the business. While under quality of service, the researcher has used SERVQUAL factors like reliability, timely delivery and customised service. Barriers have the following factors; convenience, accessibility, confidentiality, condition of equipment, appearance of the

delivery personnel, communication, helpfulness and friendliness, competency and knowledgeability of the products.

2.9 Summary of the Chapter

This chapter has discussed the literature on social economic factors, quality of service and barriers as independent variables that affect sales performance of CML. A conceptual framework has also been developed in support of the same.

CHAPTER 3

RESEARCH METHODOLOGY

3.1 Introduction

This chapter presents and explains the important assumptions on which the research was based. This research was aimed at establishing the impact of quality of service of third party route distributors on performance. This research was conducted using the five stages that were suggested by Saunders, Lewis and Thornhill (2009) in the “Onion” as one way of depicting the issues underlying a researcher’s choice of data collection method as shown in Figure 9.

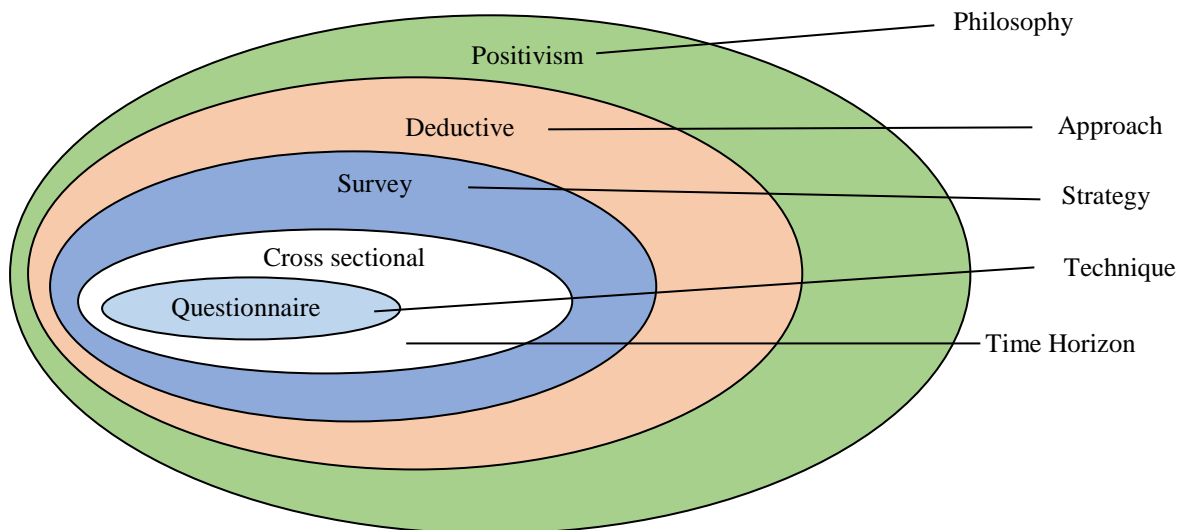


Figure 9: The Research Design "Onion" Model

Source: Saunders et al. (2009)

In this chapter, the methodology of the research will be discussed and this will include; setting of the study, historical and other economic as well as demographic information about Blantyre (where the study was conducted), design of the study, the population as well as sample frame, data collection tool and the variables that were used in the study.

3.2 Study Setting

This section, will discuss Blantyre as a city where the study was carried out.

3.2.1 Historical Information

Blantyre City, where the study was conducted, is a district in the Southern Region of Malawi and is a commercial city where most Malawian industrial and business offices are. The district covers an area of 2,012 km² and has a population of an estimated *1,068,681 inhabitants* as of 2015. It was named after Blantyre, the birth village of Dr David Livingstone in Scotland, one of the first missionary explorers who came to Nyasaland, as Malawi was originally called before independence. It is also a main trading point besides the other large cities in Malawi (CML Logistics Training Manual, 2008).

As a city, Blantyre is by far the major employment generator in the city and has the greatest multiplier effect on the urban economy. The city is Malawi's industrial centre with many manufacturing plants. There are eight designated industrial areas: Makata, Ginnery Corner, Maselema, Limbe, Chirimba, South Lunzu, Maone and Chitawira. Of these Makata, Ginnery Corner, Maselema, Limbe, Chirimba and Maone are actively hosting industries whilst South Lunzu is yet to be developed. Therefore, Blantyre was chosen as a study area since this city is among the highest economic centres in the country and it was convenient for the study.

3.2.2 Industrial Sites

The existing industrial sites are further categorised into heavy and light sites. Makata and Limbe, for example, are the sole heavy industrial sites hosting more than thirty companies. CML is situated in Makata. While Chirimba industrial area is designated a heavy industrial area, it is the least developed in terms of number of industries. Apart from Makata, Ginnery corner industrial site is another active site followed by Limbe and Maselema. The least are Chirimba and Maone industrial sites. Chitawira and Maselema are classic examples of light industrial areas. All the industrial areas are located along the banks of the main rivers or streams of Blantyre city. Makata industrial area lies between Mudi and Nasolo streams whilst Ginnery Corner industrial area is along Mudi River. Maselema industrial area exists along the Naperi River and Chirimba stream hosts Chirimba industrial area. As a major manufacturing city, where most of the residing in it are employed, gave an opportune setting for the study (CML Logistics Training manual, *ibid*).

Historically, manufacturing contributes approximately 14% to GDP in Malawi, Blantyre inclusive. In the period 1996–1999 the sector showed 0% growth, partly due to the rapid

liberalisation of markets exposing Malawi's manufacturers to competition from South Africa and Zimbabwe. The sector is still hampered by monopolistic behaviour (cotton), trade barriers, lack of access to capital, illegal imports, and unpredictable implementation or lack of implementation of existing bilateral trade agreements.

3.2.3 Employment Structure

The employment structure includes formal and informal sectors, together offering employment that is estimated to be between 50,000 and 55,000 jobs and absorbing 62% of the labour force. The study covered this sector. The formal sector employment consists of primary, secondary and tertiary industry subsectors, and the informal sector is principally small-scale business operations who are also dealing in CML products. The tertiary or services industry subsector is leading in terms of employment creation and importance to the economy of the city; it employs 26,074 people accounting for 56.5% of total formal employment. The secondary industry subsector employs 18,824 people principally in manufacturing and accounts for about 41% of the total employment. Information on informal sector activities is scanty or non-existent. But a recent study by Africon and field investigation under the Blantyre City Environmental City Profile, leads to the conclusion that it is a substantial and vibrant economy, offering employment to about 4,500 people who would otherwise be unemployed. For those that are working, more than 80% earn less than a dollar per day.

3.2.4 Transport Network

Blantyre City is served by a road network totalling about 554 kilometres (344 miles) consisting of six categories of roads: designated, collector, distributor, residential, industrial and access (in descending order of importance or traffic volumes). Very few formal footpaths exist in the city besides sidewalks, although the predominant mode of travel is walking. Most of CML business is carried out along these roads as the products are mostly purchased on impulse.

Private cars and minibuses which have completely replaced buses are a means of public transport in the city. Minibuses, a main fixture in most African cities, begin services from the early hours while the last services usually finish by 7:00pm. The taxis mainly found outside the city's top hotels, Mount Soche and Ryalls, provide an alternative mode of transport to the

residents of Blantyre. Needless to say that most of the travellers let alone the minibus operators are part of the beneficiaries of CML products. The city has almost complete transport network with railway as well as airport available.

It is against this background, apart from the fact that the researcher also stays in Blantyre that Blantyre was selected as the study area.

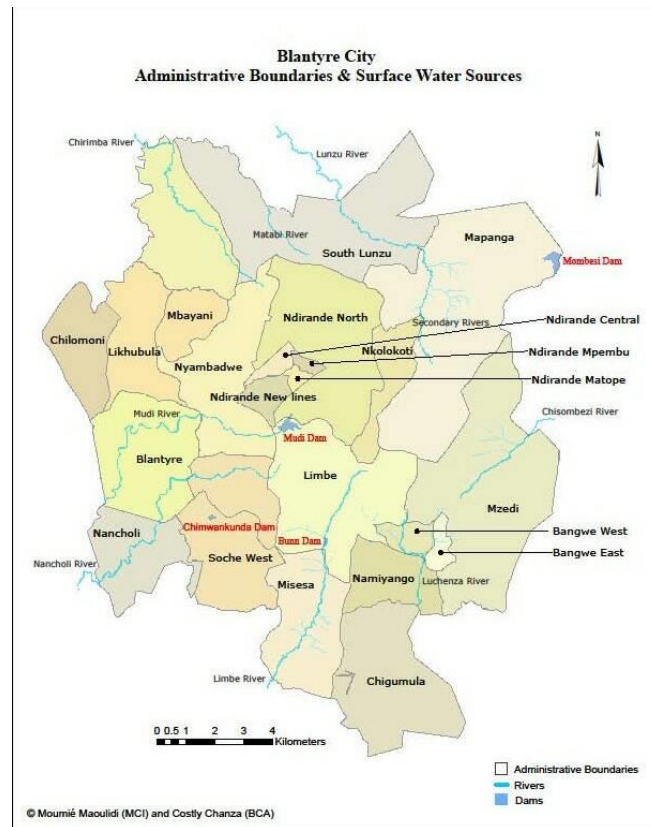


Figure 10: Map of Blantyre City

3.3 Study Design

The research was predominantly based on Qualitative and Quantitative and using a cross sectional approach within Blantyre urban.

3.4 Research Philosophy

Three approaches dominate the approach to research literature. Saunders et al. (2009) suggests the following; positivism, interpretivism and realism. Positivism philosophy connotes to the principles of natural science and involves working with an observable social reality. Ramenyi, Williams, Money and Swartz, (1998) states that the under positivism

philosophy, there is a general application of outcomes from a research into a law like definition similar to physical science. It is implied in positivism that the researcher must remain independent of the research subjects under study so as not influence the results. Furthermore, the observation must be easily quantified to allow statistical inference by use of highly structured methodologies (Gill & Johnson, 2002).

As businesses are complex and the environment in which they are being carried out, unpredictable, there may be need to use interpretivism philosophy. This philosophy recognises the need to understand the subjective reality of those attributes under study there by getting sense of and understand their motives, action and intentions in a way that is meaningful to the one carrying out the research. In this case, the social construction of the reality behind study must be considered (Saunders et al., 2009).

Saunders et al. (2009, p.114) further adds realism philosophy as an option that can be considered. This is the study of human subjects and the need for an understanding of how people construct their interpretation and meaning out of subjective situations around them. This aims at understanding the broader social forces, structures and processes that influence their views and behaviour.

Therefore, the researcher adopted the positivism and phenomenology philosophies. Unlike positivism philosophy, phenomenology philosophy is concerned with the study of experience from a perspective of the individual and it refers to the way in which humans make sense of the world around them (Saunders et al., 2009).

3.5 Research Approach

The research adopted both deductive and inductive research approaches.

Saunders et al. (2009) defines Deductive approach as that which involves a search to explain causal relationships between variables where the emphasis is on collection of quantitative data to test hypothesis of the study. This approach requires independence from the researcher on the study. The deductive approach in this study therefore is applied to the assessment of the impact of third party route distributors on quality service delivered in order to explain important variables.

On the other hand, inductive approach, develops theory from observation of empirical data. Hussey & Hussey, (1997) argues that this approach includes inducement of inferences from particular instances. The approach, therefore, involved collection of subjective qualitative data. The rationale behind this was to get a feel of what's going on and better understand the nature of the problem at hand. In this regard, the study collected data from individual experiences which were subjective to the individuals. Theory would therefore follow data other than vice versa with deduction. The researcher collected data and related it to existing theories and concepts. The inductive approach was used because data was collected from individual operators who expressed their personal opinions on the topic under study. This data was then analysed to draw conclusions on the impact of third party distribution on quality of service as felt by the operators.

3.6 Research Strategy

Malhotra, Hall, Shaw & Oppenheim (2002) defines research design as the framework or blue print for collecting information needed for the project in the possible way. Hedrick, Bickman & Rog (1993) suggests that the correct design will save the resources and is also important in coming up with valid and reliable research. This project adopted exploratory approach because it enables the researcher to explore the subject under study with flexibility and allows one to gather as much information as possible on the topic of study and thereby make general conclusions from particular instances (Hussey & Hussey, 1997). Needless to say that this approach allows the collection of qualitative data.

3.6.1 Time Horizon

The research was mainly cross-sectional as suggested by Saunders et al. (2009). It was not possible to carry out a longitudinal analysis because of time constraints. The study intended to understand whether third party route distributors were offering a better quality of service at the time the study was carried out.

3.6.2 Research Instrument

Data was collected using a questionnaire which was administered through personal and telephone interviews. The questionnaire had closed ended question which limited people to the choice they had on the responses. Besides, this questionnaire had a Likert scale with 5 points as follows:

- 1 – Represented strongly disagree
- 2 – Represented disagree
- 3 – Represented not sure
- 4 – Represented agree
- 5 – Represented strongly agree.

The respondents were randomly stratified according to the sales areas of CML.

3.6.3 Pilot Testing

Once the questionnaire was designed, it was circulated to 10 fellow MBA students and 5 others outside MBA class for testing. All the 15 questionnaires were received and there feedback was used to clear ambiguities and duplications in the questionnaire.

3.7 Sample Design

The questionnaire was administered to respondents mainly in Blantyre city who were chosen because of their proximity to the researcher, time constraint of the project and to cut down running expenses. However, the intention was to generalise them to Malawi as a whole. A sample can, if properly designed, produce the same result that can be obtained by surveying the whole population (Saunders et al, 2009).

3.7.1 Unit of Analysis

The unit of analysis was the customers of CML in Blantyre city.

3.7.2 Research Sample Frame

There are 183 third party distributors involved in the distribution of CML products throughout the country. Out of these third party distributors, 15 are route distributors spread between Blantyre and Lilongwe. Of the 15 route distributors, 7 are servicing routes in Blantyre City. Each route has an average of 45 customers that they serve. Approximately, a total sample of 421 customers were interviewed using a sample analysis table as suggested by Saunders et al. (2009).

3.7.3 Sampling Technique

The questionnaire was administered to the seven route distributors in Blantyre city. However, only a sample of the outlets were considered for the project using a questionnaire which was administered primarily using personal and telephone interviews.

The outlets were stratified according to routes and arranged in alphabetical order where a representative population was chosen for the interviews. Only the selected outlets were considered for the research with replacement. A questionnaire was then administered which was used during the interviews.

In this project, SERVQUAL tool has been used to collect data and measure the quality of service for CML's third party route distributors especially in Blantyre town. The remainder of the areas may need further research (Saunders et al., 2009).

3.8 Variables

Data was collected in three variables of social economic factors, quality of service factors and barriers that would affect the quality of the quality of service and sales growth.

3.9 Analysis

The data analysis includes, descriptive statistics in which frequencies and percentages were applied to explain the variables that the study adopted in order to achieve the study objectives. Secondly, the Pearson Chi-square Test of Association between the independent variables and the dependent counterpart. In this aspect, the 1%, 5% and 10% significance levels were used to assess the statistical associations between variables as suggested by Saunders et al. (2009).

3.10 Data Quality

Saunders et al. (2009) argues that data quality should be exposed to the Cronbach alpha for validity as agreed by Creswell (2013). In this case, a Cronbach value of 0.61 was found. According to Creswell (2013), a Cronbach alpha coefficient below 0.65 define the reliability of the data and thereby validity of the tool that was designed, captured and its validity assessed.

3.11 Ethical Issues

Several ethical issues were considered during the study. Confidentiality, privacy and respect for respondents were observed. The researcher made sure that the respondents understood properly the research objective before completion of the questionnaires. To ensure confidentiality, the respondents were given an option to indicate their names on the questionnaire. This increased the chances of getting more responses and likelihood of getting reliable and valid information.

Furthermore, despite including names on the questionnaire, the respondents, were assured that that data they were to provide, was going to be treated in confidence and their names were going to remain anonymous.

In addition, the respondents were not forced to participate in the study.

3.12 Summary of Chapter

In this section, the researcher has discussed the methodology of the project by discussing the setting of the study, historical information about Blantyre, and design of the study, the population as well as sample frame, data collection tool and the variables that were used in the study.

CHAPTER 4

FINDINGS

4.1 Data Analysis

In this section, the results from the research will be analysed following feedback from the respondents.

4.2 Background to the Characters of the Research

The attributes in this research were taken from the SERVIQUA questionnaire which is a standard quality service instrument. Besides, the social economic factors were also analysed based on their impact on the growth of the business. Finally, barriers to growth were analysed in order to have a voice on the likely factors that would affect the sales growth.

4.3 Individual Descriptive Analysis

This section, will analyse findings on the socio-economic, quality of service attributes include barriers to sales growth.

4.3.1 Social-Economic Factors

Under socio-economic analysis, the following attributes will be analysed; gender, number of employees, qualifications and years of existence of the respondents.

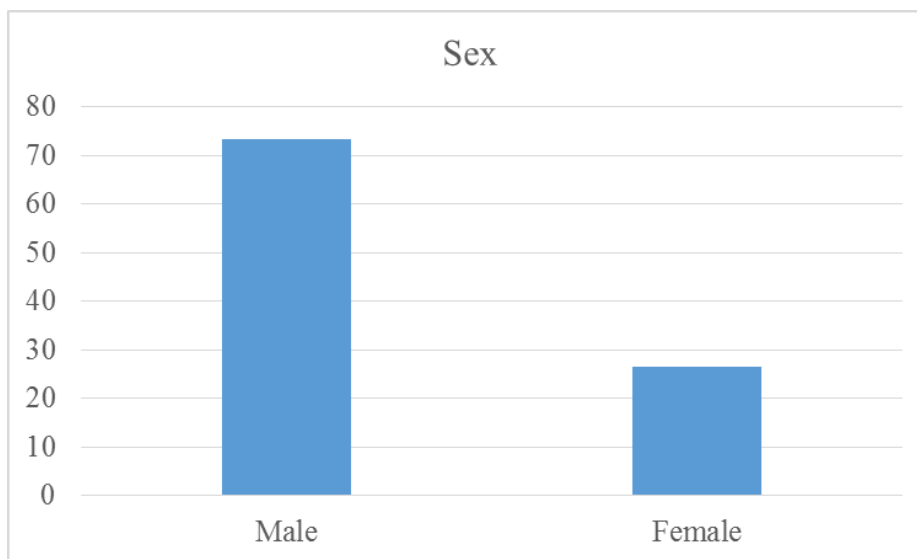


Figure 11: Representation of Gender Respondents

The study found that males (73.4%) dominated in participating in the distribution services as compared to the women (26.6%). This finding concurs with what Jobber (2004) suggested that gender difference has a significant impact in influencing levels of participation in small scale enterprises. On the contrary, a study in India observed that this gender difference is attributed to different supportive culture among communities which provide different opportunities among people and thereby result in variations in business enterprises performance.

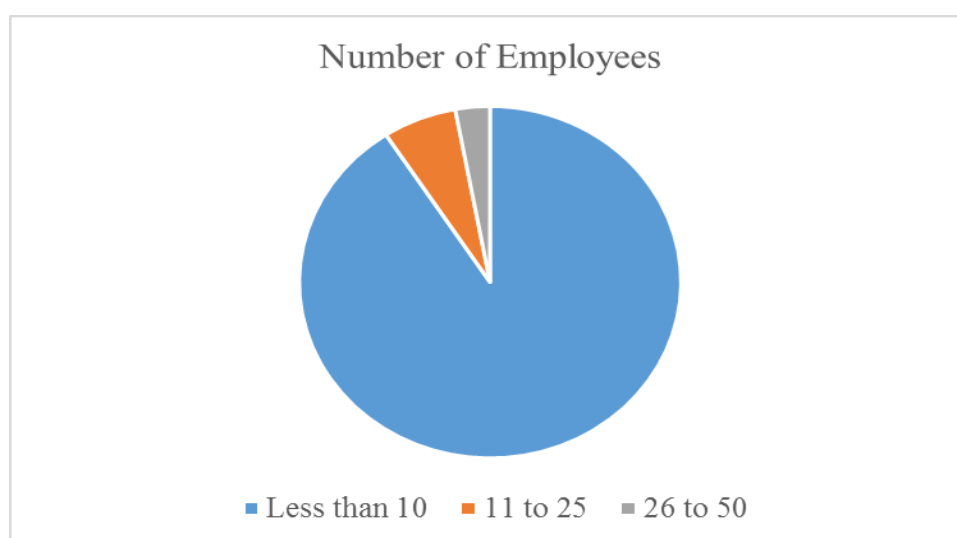


Figure 12: Number of Employees in the Sample Enterprises

The study found that by number of employees, the majority of those that are participating in distribution services have less than 10 employees (92.9%). This finding contrary to that of Parasuraman (1988), who submitted that the lesser number of employees, in this case less than 10, has a significant impact in the operation costs as well as service in small scale enterprises which can also be applicable in Malawi. However, Parasuraman (1988) suggested that the number of employees varies with the size and location of the business. Other businesses may need more employees if located in town for security reasons.

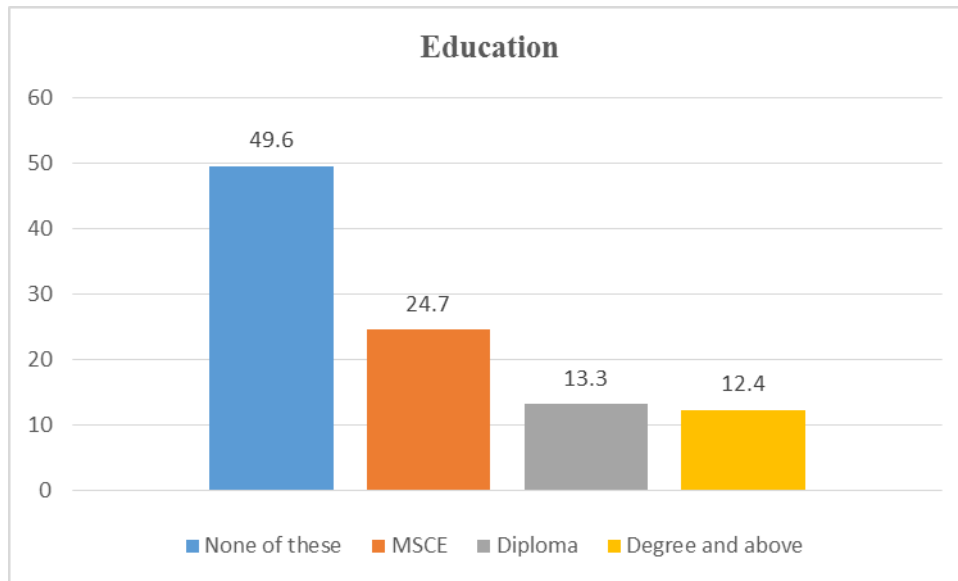


Figure 13: Education Qualifications

Based on education, the study further found that the majority of those that are participating in distribution services have no qualification (49.6%). This finding totally agrees with the findings of Parasuraman (1988), in that most of the people who are involved in small enterprises, are those with law education and they take business as another way of earning a living.

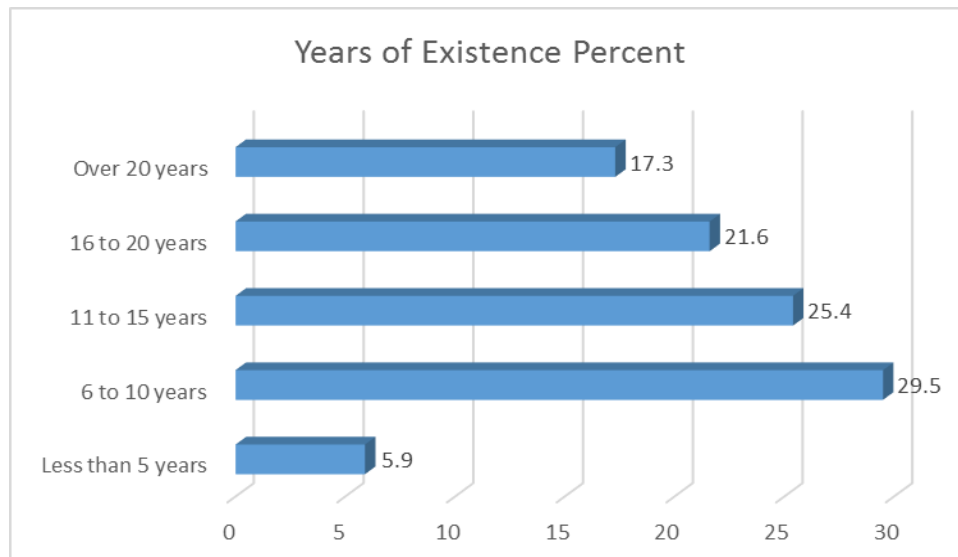


Figure 14: Years of Existence of Samples Enterprises

The number of years in distribution business was also another factor that was analysed. The study found that most of those who were involved in the distribution services, were at least in

business for a minimum of 5 years, very few were in existence less than 5 years. This contribution agrees with the findings of Oliver (1997) who established that people tend to stay longer in business especially when there are limited choices besides better customer service levels. However, Gill & Johnson, (1997), alludes to the fact that profitability, availability of complementary goods and ease of business are also contributing factors in how long people would stay in one business.

4.3.2 Quality of Service

The following section, will analyse attributes of quality of service which includes; competence, knowledgeability, customised service, accuracy, reliability, convenience and helpfulness.

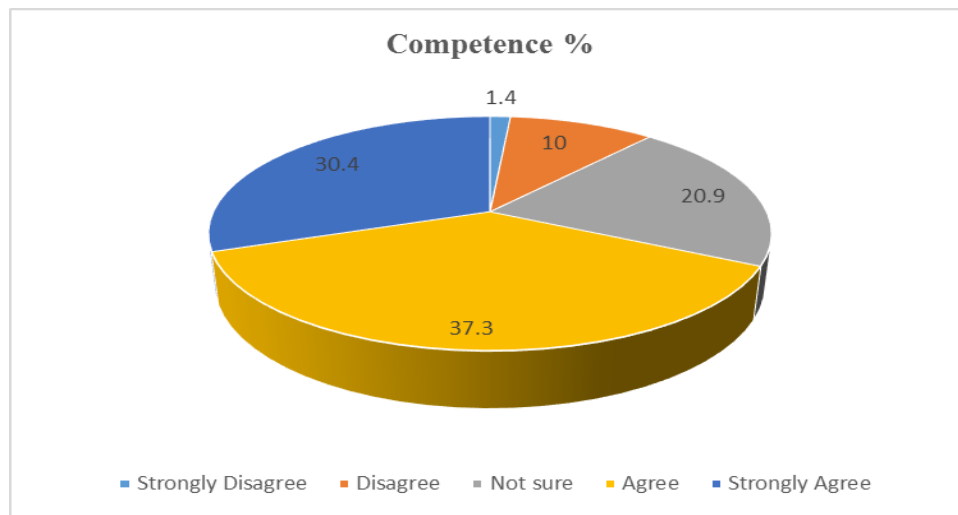


Figure 15: Competence of Staff

Under quality of service, there were various factors that were examined. Firstly, under competence (Figure 15), the study found that 67.3% of the people who were carrying out distribution services, agreed that competence of the sales force was significant to the quality of service as compare 32.3% who were neither sure nor disagreed with the findings. This seems to agree with findings of Oliver (1997) who found that competence of employees was indeed critical to the success of a quality service of an organisation.

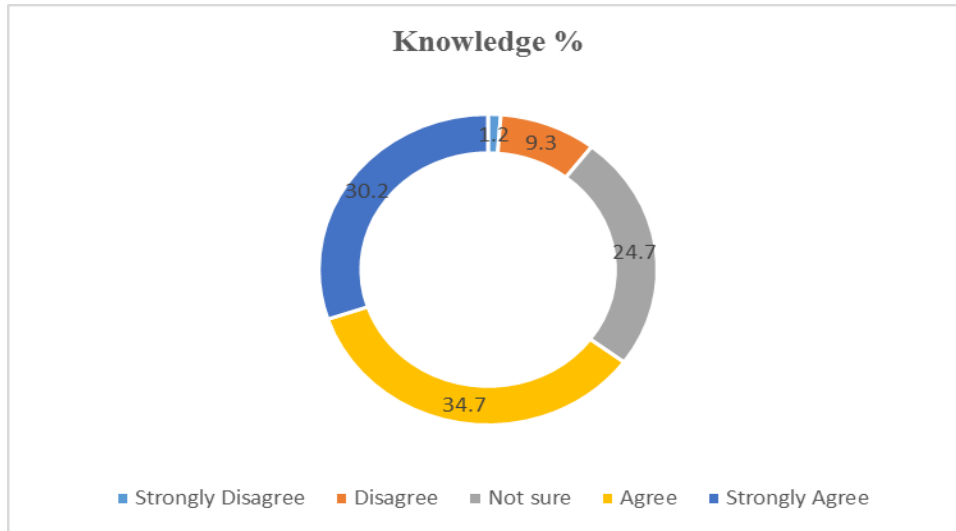


Figure 16: Knowledge of Products and/or Services

Just like under competence, 64.9% of the people carrying out distribution services, agreed that employees who know their products are in a better position to offer a better quality service (Figure 16). This observation concurs with the findings of Remenyi et al. (1998) in that knowledge of the products or services that one is dealing with, contributes to customer satisfaction let alone better perceived quality service regardless of the education qualifications.

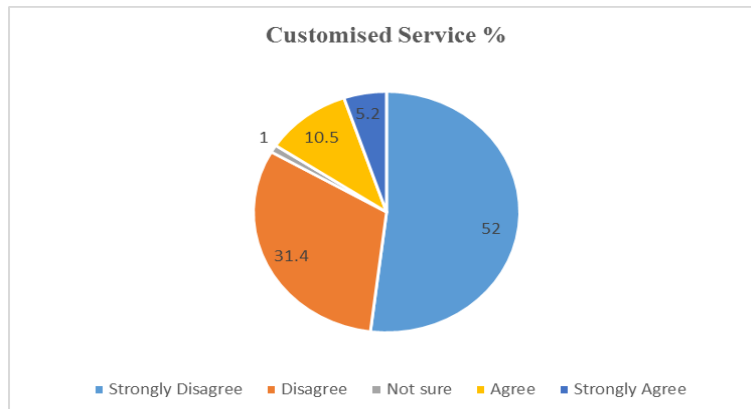


Figure 17: Customised Services Being Offered

In addition, most operators (83.4%) agreed that customised services were useful in delivering a quality service as it was found to be moderately significant (Figure 17). This agrees with the findings of both Ramenyi et al (1998) and Oliver (1997) who both, separately found that customized services play a vital role in quality services because of the good feel factor that they bring to the customers who feel special when given customised services.

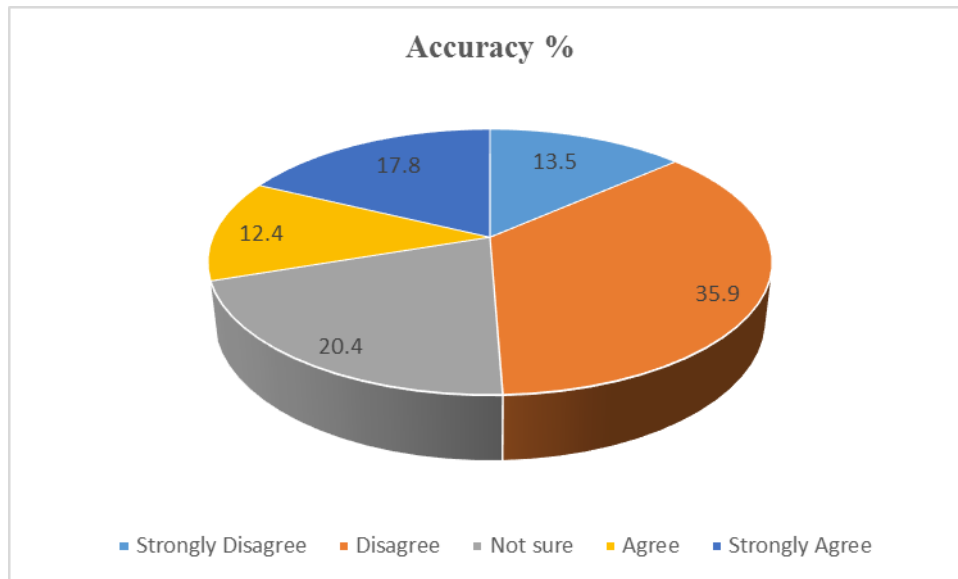


Figure 18: Accuracy in Getting Order by 3PL Distributors

Perhaps as an extension to lack of customised services as an input in quality service, the study found that 49.4% of those carrying out distribution services, disagreed with accuracy of the orders as being an input into quality of service. While Oliver (1997) seems to agree with this finding, Hussey and Hussey (1997), on the contrary, found that accuracy in getting and delivering what the customers had actually ordered, was very significant to a better quality service.

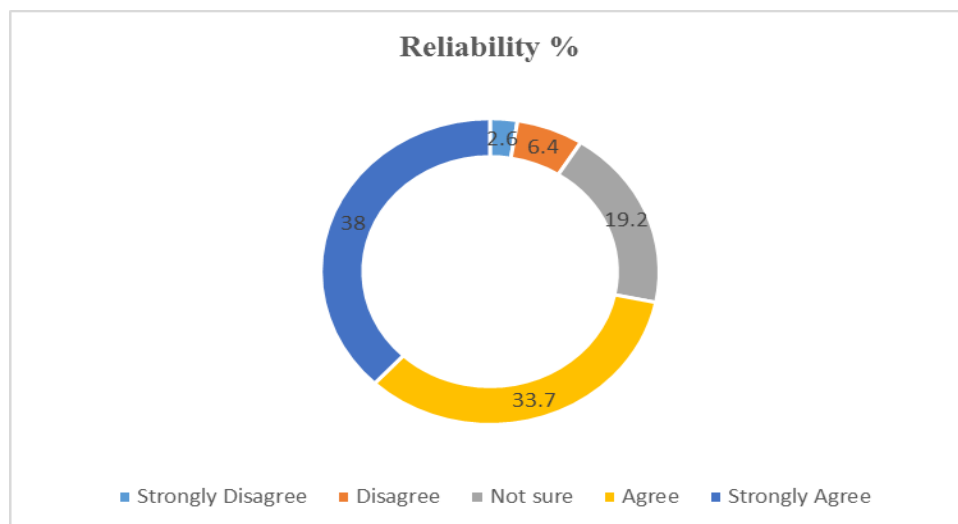


Figure 19: Reliability of 3PL Distributors

The study also found that reliability of the service (38%), convenience of the service providers (26.4%) and being helpful (28.3%) were all significant in quality of service. This

agrees in totality with the findings of both Parasuraman (2002) and Oliver (1997) who found that reliability, convenience and helpfulness were critical to customer satisfaction let alone quality service.

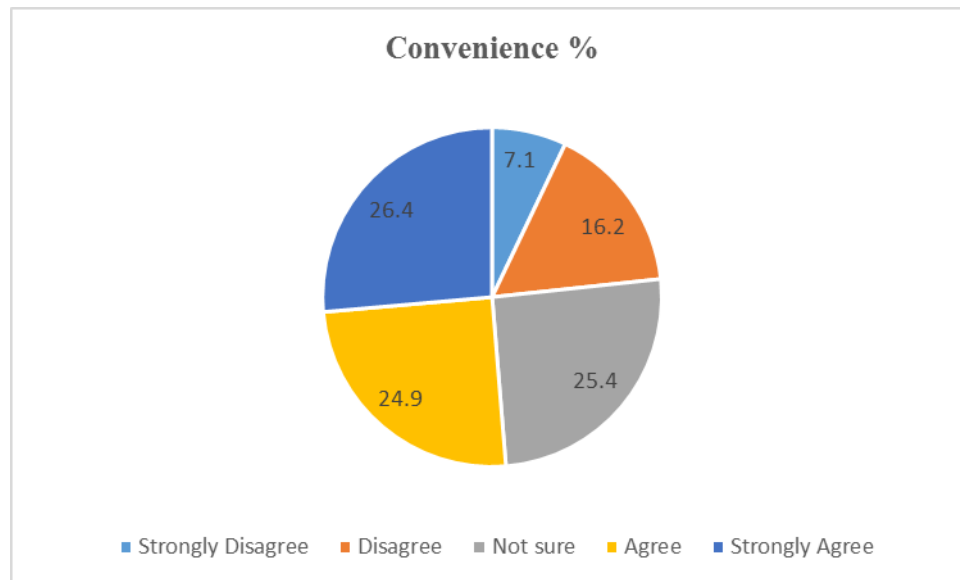


Figure 20: Location Convenience for 3PL Distributors

Convenience was another attribute that was considered. Under convenience, (Figure 20), the study found that 51.3% of the people who were carrying out distribution services, agreed that the distributors were conveniently located versus 23.3% who disagreed with the findings. This seems to agree with findings of Oliver (1997) who found that locations of facilities were critical to the quality delivery of services.

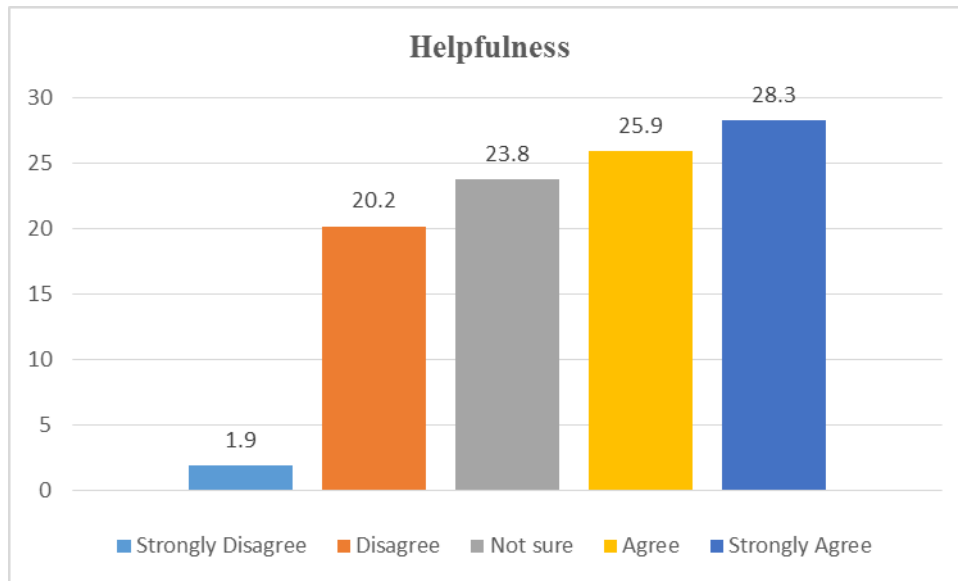


Figure 21: Helpfulness of 3PL Distributors' Staff

Just like under knowledge of products and services being offered, 54.2% of the people carrying out distribution services, agreed that employees who are helpful are in a better position to offer a better quality service (Figure 21). This observation concurs with the findings of Parasuraman (2002) in that willingness to offer assistance and help, contributes to customer satisfaction let alone better perceived quality service regardless of the education qualifications.

4.3.3 Barriers to Performance of 3PL Distributors

In this section, the findings on the barriers that affect sales growth and quality services will be analysed which will include accessibility, timely delivery of the products, friendliness, communication, confidentiality, availability and appearance of equipment.

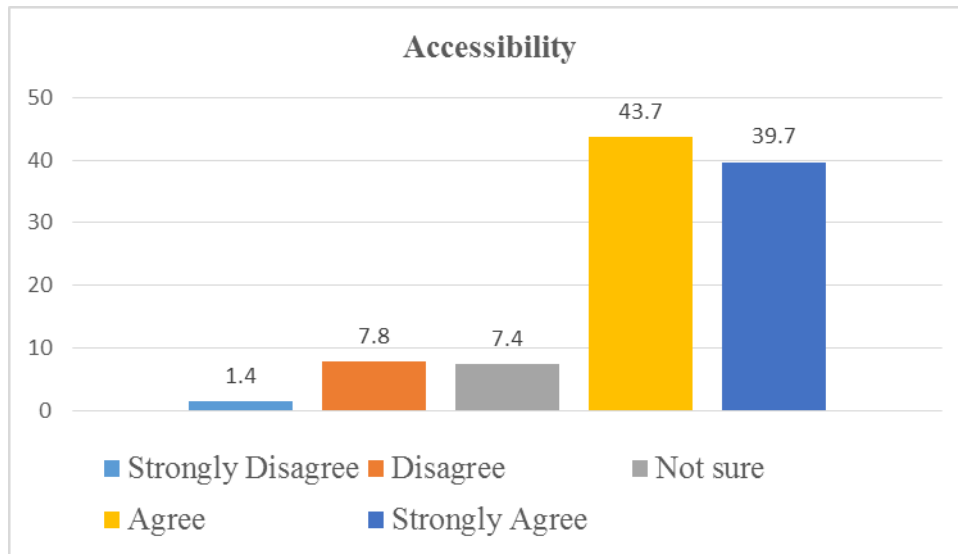


Figure 22: Accessibility of £PL Route Distributors

On the possible factors that would act as barriers to quality of service in distribution and sales growth, the study found that those respondents that were carrying out distribution services, agreed that accessibility of either the premises or the distributor (43.7%) could act as a barrier to distribution. This agrees with the findings of both Parasuraman (2002) and Oliver (1997) who suggested that location let alone accessibility of the premises where trade is being carried out, plays a significant role in the quality of delivery of service.

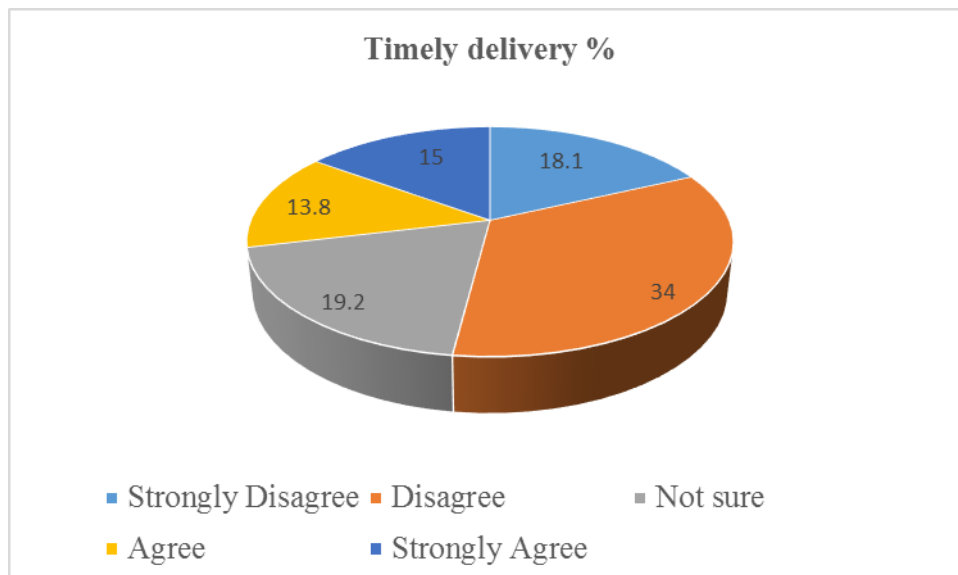


Figure 23: Timely Delivery of Order by 3PL Distributors

In contrast, the findings on timely delivery, were that timely delivery was not significant to the services which were being rendered (52.1%). This is indeed in sharp contrast with the

findings of Oliver (1997) who found that timely delivery allowed the flexibility of time and planning on the part of the customer as such were significant.

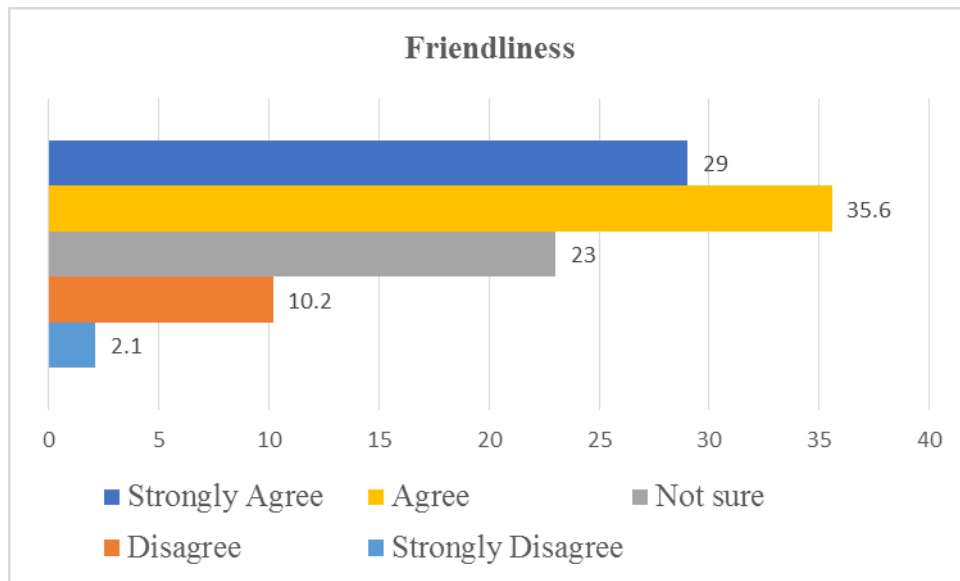


Figure 24: Friendliness of Staff of 3PL Distributors

Getty and Thompson (1994) defines friendliness as the art of breaking the barriers between two parties. This definition, agrees with the findings as 64.6% of the respondents agreed that if the sales staff are not friendly, it will be difficult to deal or transact with them during sales.

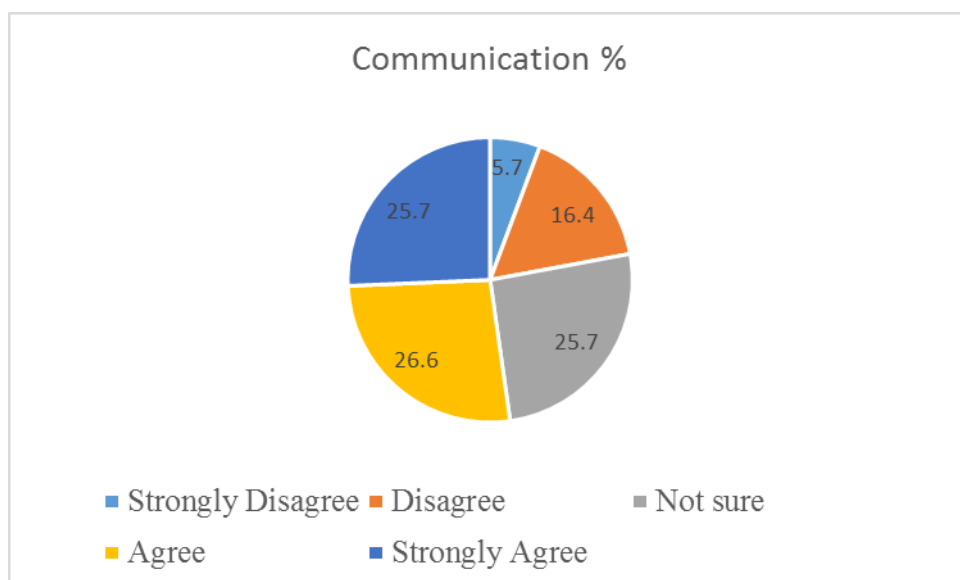


Figure 25: Communication by 3PL Distributors

Communication is critical in any business undertaking especially, where the receiver of information or data correctly decodes what the sender wants to communicate (Bovee & Thill,

(2008). This seems to agree with the findings of the study where 52.3% of the respondents agreed that good communication is an inter-medium of good business, otherwise it will be a barrier.

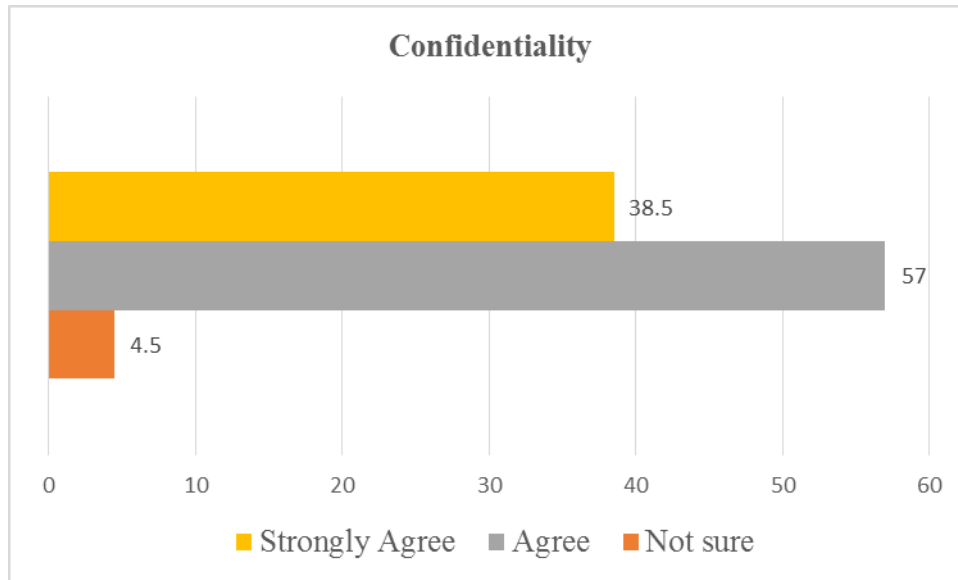


Figure 26: Confidentiality by 3PL Distributors

Bovee and Thill (2008) defines confidentiality as the act of keeping transactions or business deals or their details between the parties involved in the sale. If one party doesn't keep the transactions in confidence, the other party will feel insecure to do further deals with that particular party. The findings under confidentiality in the study, seems to agree with this argument as 95.5% of the respondents agree that confidentiality was critical and if not done properly, could be a barrier to trade.

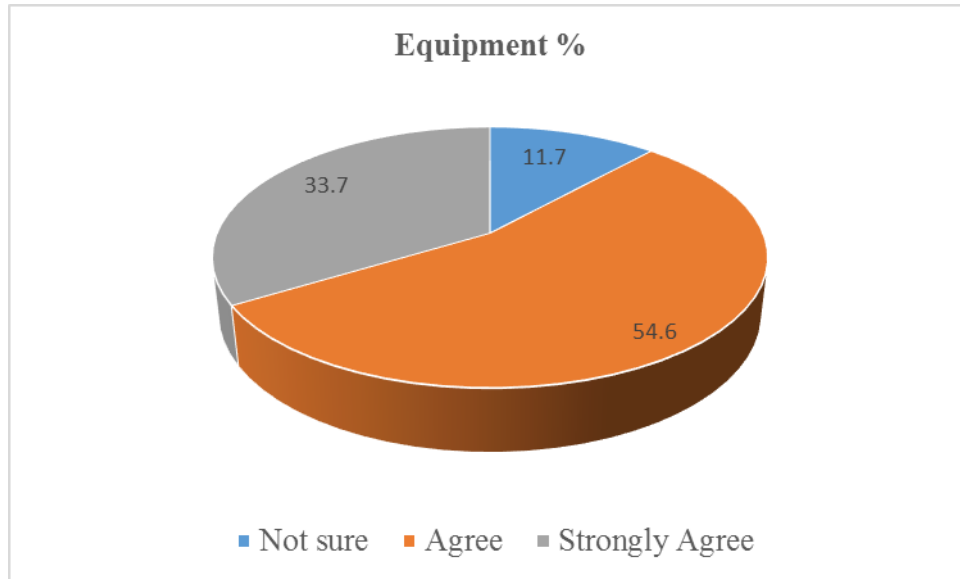


Figure 27: Appearance of Equipment of 3PL Distributors

Just like on confidentiality, the study found that 88.3% of the respondents agreed that appearance and lack of availability of equipment could be a deterrent for further business dealings.

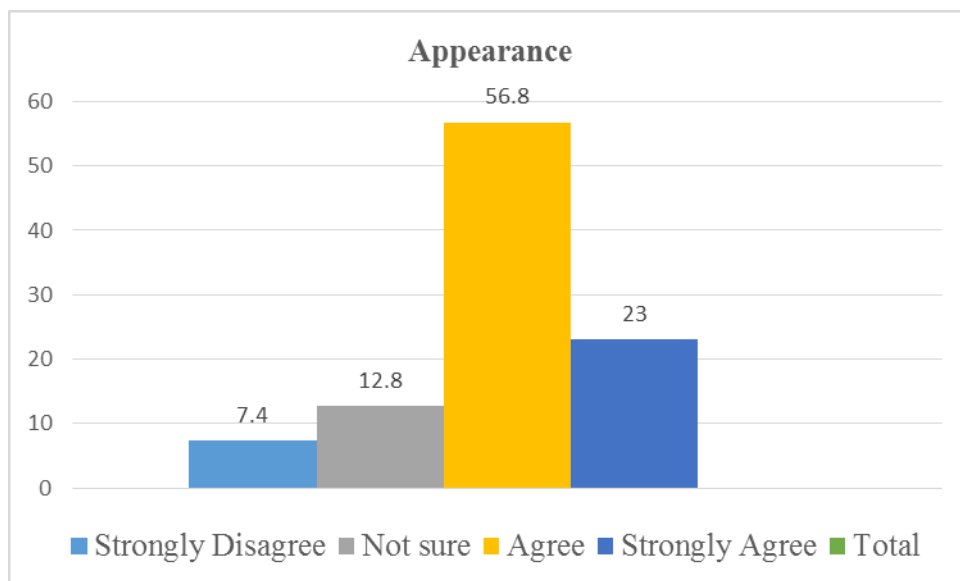


Figure 28: Appearance of Members of Staff of 3PL Distributors

The people that are selling or delivering, must be presentable when dealing with customers (Oliver, 1997). This statement seems to agree with the finding on appearance where 80% of the respondents agreed that appearance of the staff may act as a barrier to trade let alone sales growth.

While Parasuraman (2002) agrees with accessibility, friendliness, confidentiality as being significant factors to barriers, Oliver (1997) seems to accessibility, communication and appearance and critical items that need to be considered because of their significance and they may act as barriers to a better quality distribution service.

4.3.4 Effect of Service Quality on Sales Growth

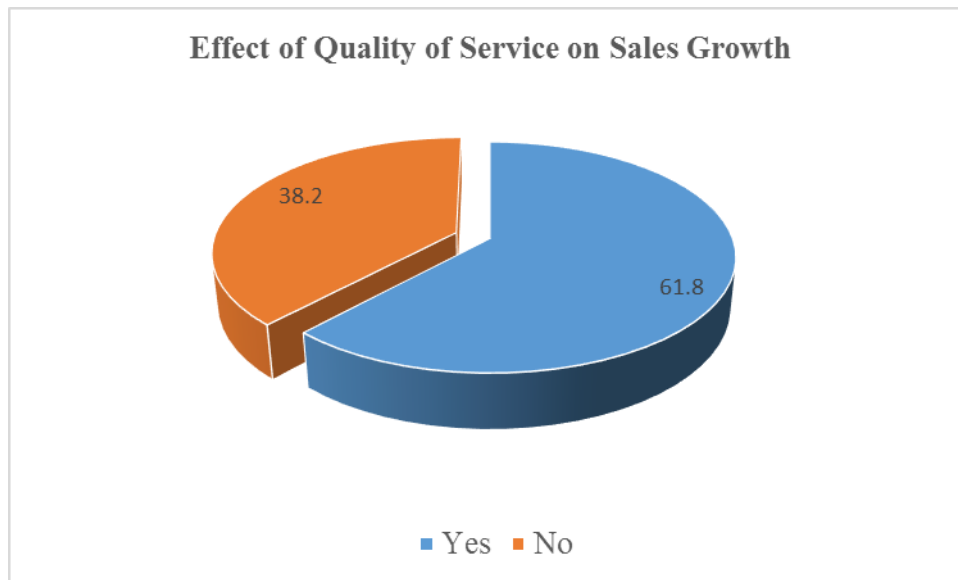


Figure 29: Does Quality of Service Affect Sales Growth?

The study found that there was a relationship between quality of service and sales growth as there were 61.8% of the distribution service providers who agreed that quality of service will affect sales growth as compared to 38.2% who disagreed (Figure 29). Both Oliver (1997) and Parasuraman (2002) agreed with this finding as they also found that quality service was a critical component and ingredient of sales and market growth.

4.4 Bivariate Analysis

The study analysed the significance of the attributes which were used in the study by using p-values and chi-square. This section will therefore discuss the findings.

4.4.1 Social-Economic Factors

Some tests were carried out in order to check the relationship between the social economic factors and growth of the business. Unfortunately, it was established that all social economic factors were lowly or weakly significant in the CML business as the P values were all greater than 10%.

4.4.2 Quality of Service

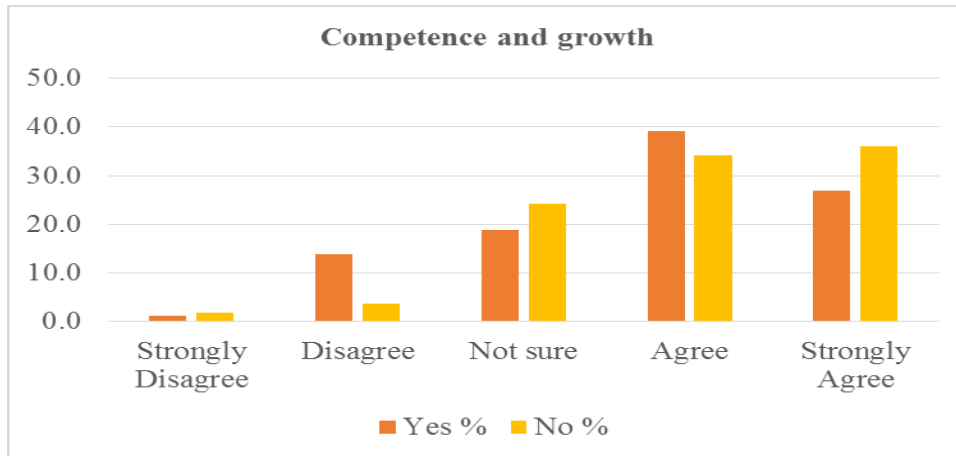


Figure 30: Cross Tabulation of Competence and Growth

The study established that competence was moderately significant in this business which would influence the quality of service at 15.357 chi-square and 0.004 ($p < 0.05$) p-value (Figure 30). This finding, agreed with those of Parasuraman et al. (2002) who contributed that a competent personnel is in a better position to offer a better quality of service. It is the view of the researcher that regardless of the qualifications, basic skills of the sales crew which may sometimes be inborn, may help in offering a better service which may be perceived as good by the customers.

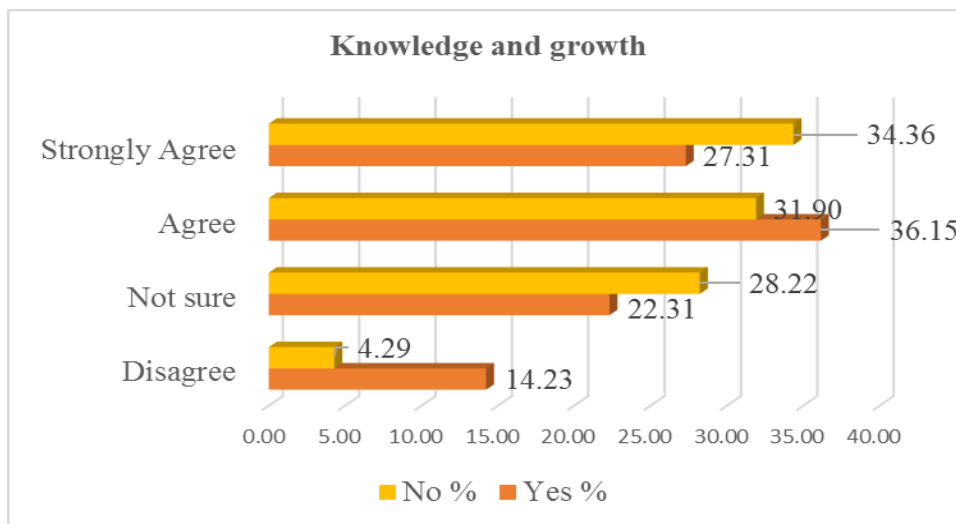


Figure 31: Cross Tabulation of Knowledge and Growth

Similarly, the study found that knowledge (Figure 29) of the products that is being traded was moderately significant in offering a better quality service in distribution with a Chi-square value of 14.526 and a P-value of 0.006 ($p < 0.05$). Normann (1999) partly agreed with this

finding, but further found that the knowledge of the products should go together with technical qualifications which would enrich delivery of service. The researcher, agrees with both contributions and further adds that the knowledge of the products can be taken as standalone and contribute massively to quality service. In South Africa For example, majority of better performers have not gone very far with education, but rather, because of the competitiveness of the market, the service providers have to be knowledgeable so as to offer information about the product which competitors don't have.

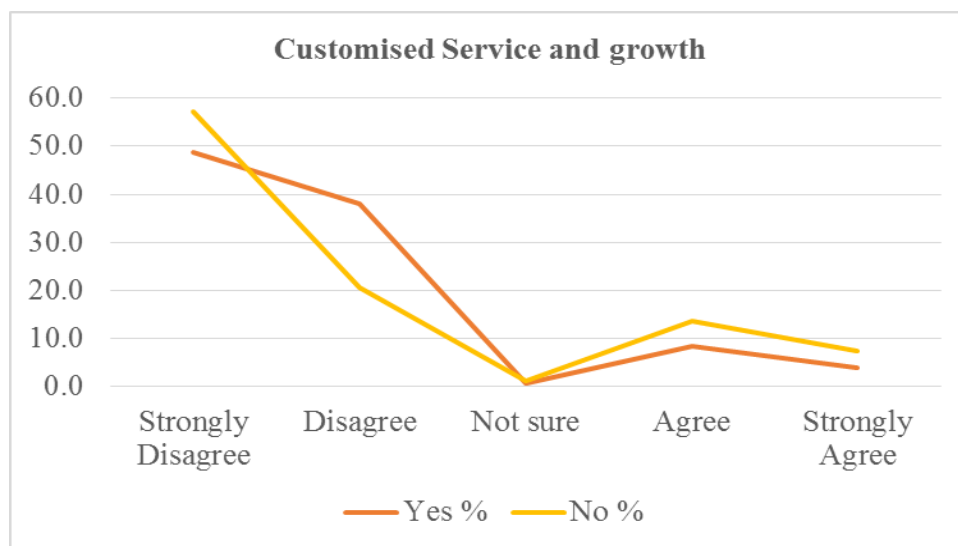


Figure 32: Cross Tabulation of Customised Service and Growth

The study found that customised services were moderately significant (P value of 0.003 = $P < 0.05$ and a chi-square value of 16.402) in offering a better quality service in distribution as alluded to by Parasuraman (2002). A customised service, will indeed make the customer to look forward in dealing with a particular service provider. In such a way, the service would limit the chances of the customer to look elsewhere for better service. Total Malawi, for example, have given Illovo Company a customised service on fuel services which can neither be replicated elsewhere by Total nor its competitors.

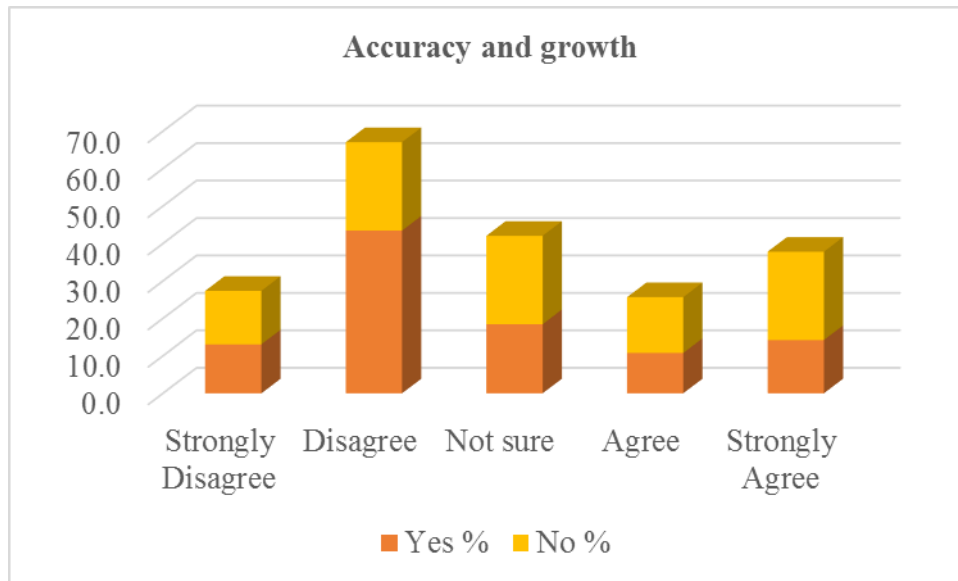


Figure 33: Cross Tabulation of Accuracy and Growth

According to the study, accuracy (figure 33) in getting orders let alone delivering products, has a strong significance (p value $0/001 = p < 0.01$ and chi-square value of 18.607) in quality distribution services. Markland et al. (1998) agreed with this finding and said that accuracy of order process from the supplier reduces delays as well as waiting time. The researcher as well agrees with these findings in that if the order has to be redone, not only is it costly, operation wise, but also inconvenient to the customer. There is need to get it right first time and avoid waste of repetition.

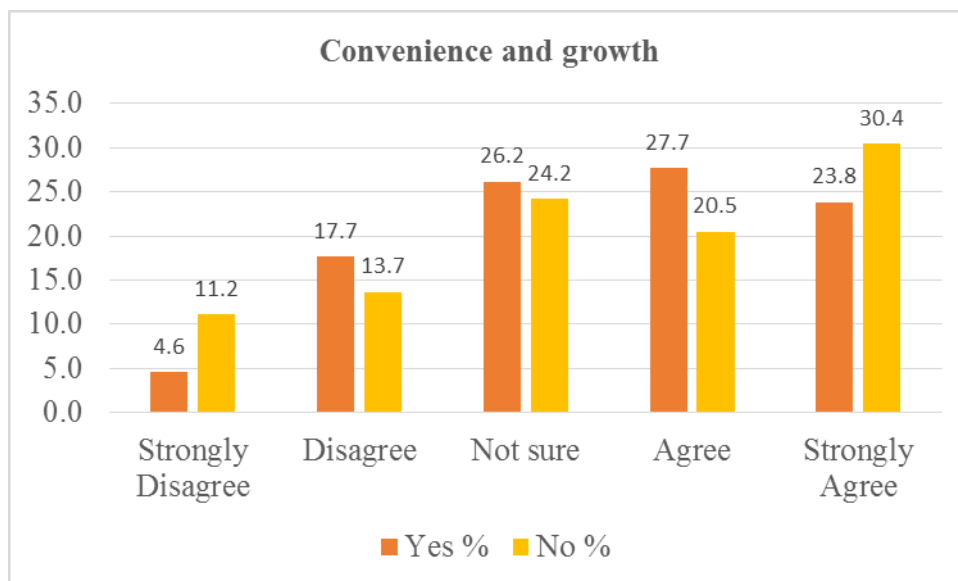


Figure 34: Cross Tabulation of Convenience and Growth

Under convenience (Figure 34), the study found that convenience was moderately significant (p value of 0.028 = $p < 0.05$ and chi-square 10.859) in delivering a quality service let alone sales and market growth. The finding of Looy et al. (2003) strongly agreed that conveniently located or accessed service provider is more significant to a quality service let alone growth of sales and market. Similarly, the researcher attest to this contribution as a convenient service provider may reduce errors that come with searching for a particular service there by wasting time and other resources like money in fuel and communication costs.

4.4.3 Barriers to Service Quality of 3PL Distributors

This section analyses barrier attributes versus growth.

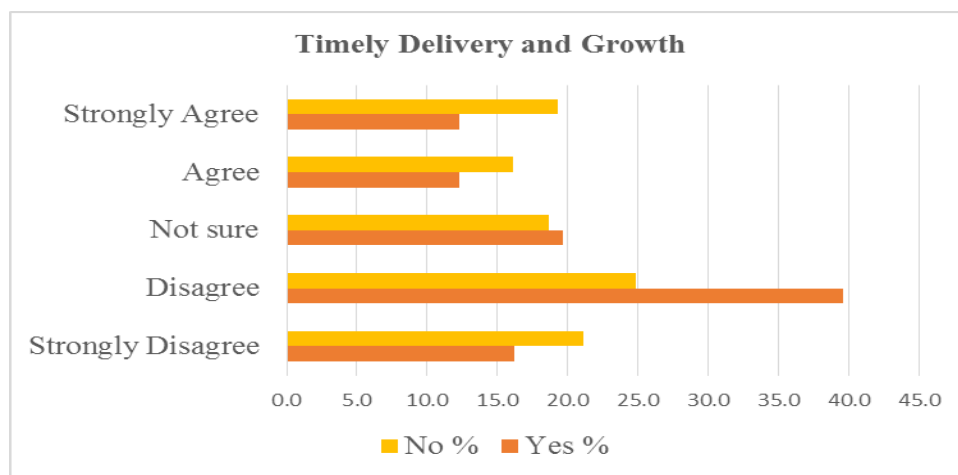


Figure 35: Cross Tabulation of Timely Delivery and Growth

In Figure 35, delivering in time was found to be moderately significant (p value 0.017 = $p < 0.05$ and chi-square value of 12.065) in the study. Not only does Keaveney (1995) agree with this finding, but also he found that timely delivery was a main ingredient in Just-In-Time delivery services which reduces stockholding as well as waiting or demand time on the side of the customer. IT is the researcher's view that indeed timely delivery will reduce the lead times, therefore the speed to market will be improved and the organisation will compete successfully using time.

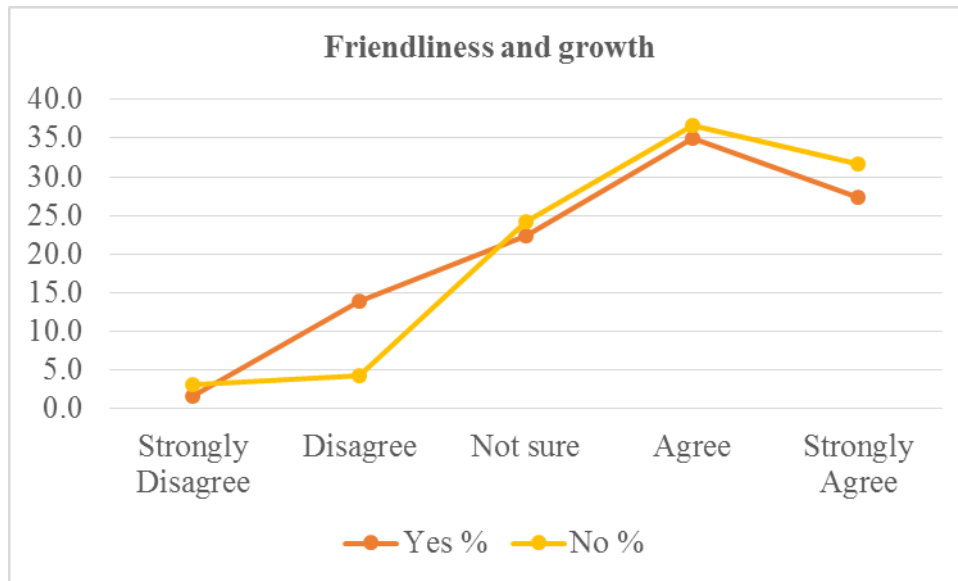


Figure 36: Cross Tabulation of Friendliness and Growth

The study equally found that being friendly (figure 36) was moderately significant (p value $0.029 = p < 0.05$ and chi-square value of 10.814) in the study. Kandampully and Suhartanto (2000) in agreeing with this point, further contributes that being friendly, would lead to the customer having confidence in dealing with service provider. If the customer has confidence with their service provider, chances are slim that they will look for alternative suppliers. Confidence building, takes times as such, service provider who have established the confidence, would hang on to the suppliers as it will be difficult to trust another service provider besides the long time it will take to build that level of confidence.

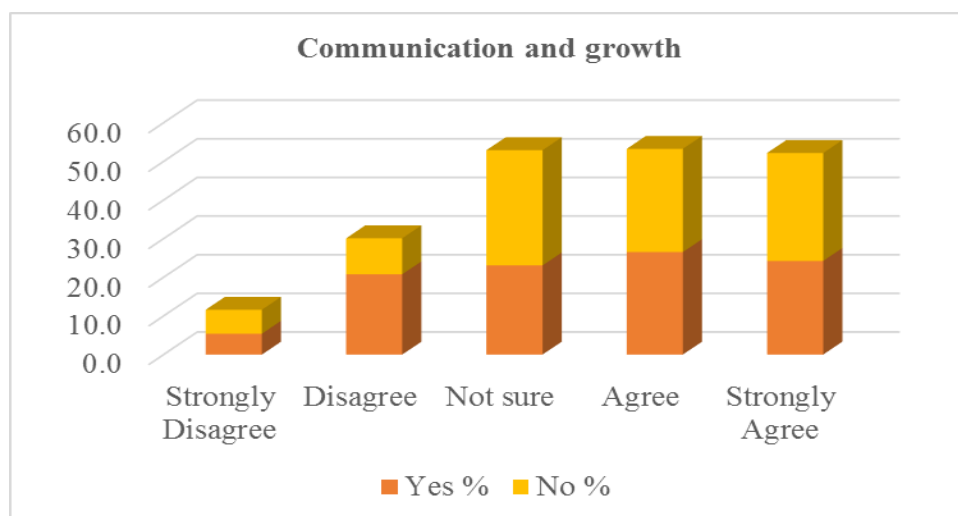


Figure 37: Cross Tabulation of Communication and Growth

Communication takes place when the receiver has received what has been communicated by the sender (Bovee & Thill, 2008). Without proper and audible communication in any form, organisation will find it difficult to deal with a particular supplier. The study (figure 35) found that communication was equally and moderately significant (p value $0.035 = p < 0.05$ and chi-square 10.372). Not only does the customer expect to be told when to receive but they also expect to be updated on the status of the order in case there are delays.

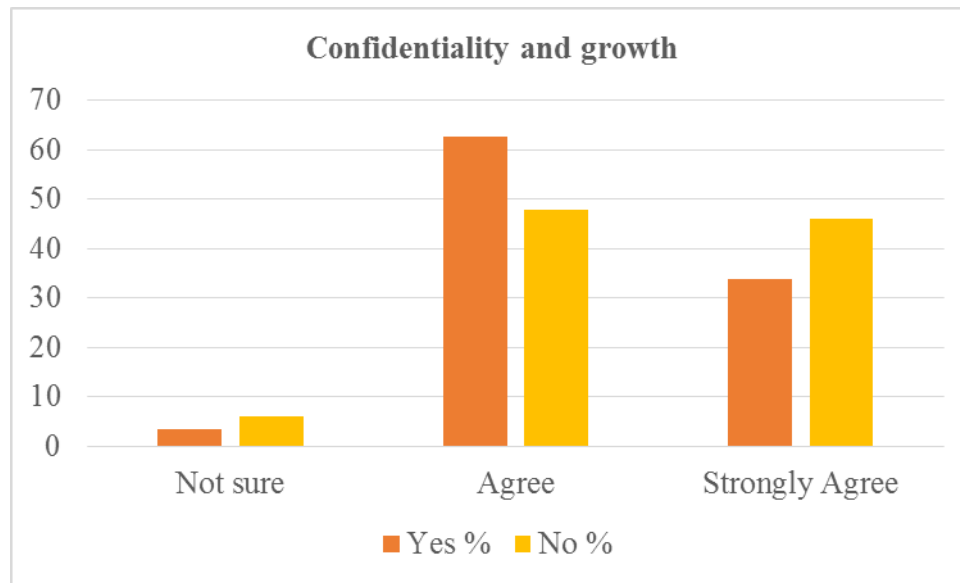


Figure 38: Cross Tabulation of Confidentiality and Growth

The study (figure 38) found that confidentiality was moderately significant (p value $0.025 = p < 0.05$ and chi-square of 9.320). Getty and Thompson (1994) agreed with this submission and further suggested that confidentiality should not be treated in isolation, as it is as a result of many other factors. Building confidence in someone takes a lot of time, but it takes seconds to lose it that's why confidentiality is paramount.

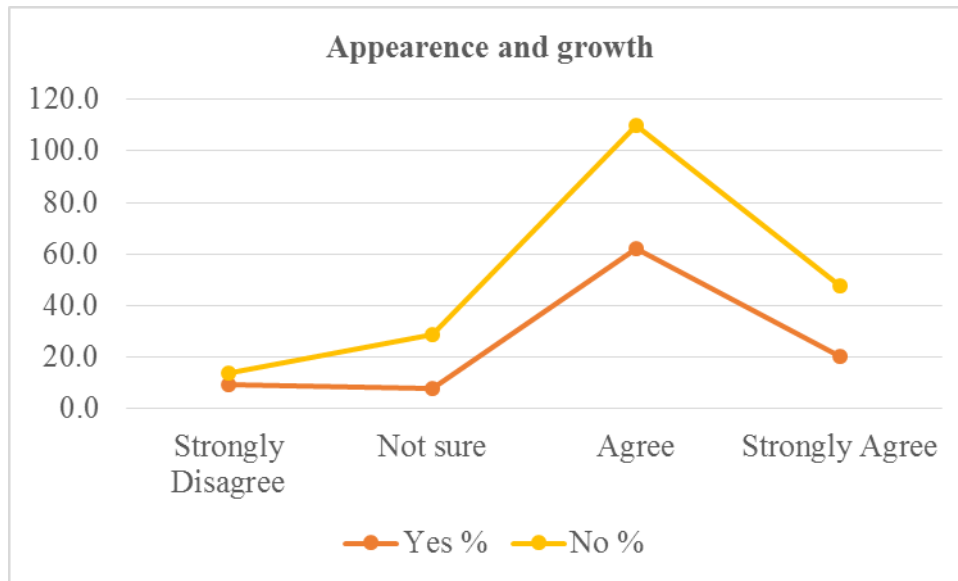


Figure 39: Cross Tabulation of Appearance and Growth

In figure 39, Appearance had a strong significance p value of less than 0.001 = $p < 0.001$ while accessibility had a weak significance of less than 0.1. However, timely delivery, friendliness, communication and confidentiality had moderate significance with p value scores of less than 0.05. Dick and Basu (1994) found that appearance affected customer loyalty let alone satisfaction besides being an ingredient of confidence building.

Note: $P < 0.05$ = moderately significant and it's regarded as a standard, $P < 0.001$ = highly significant and $P < 0.1$ = weakly/low significant

4.5 Chapter Summary

In this section, the study found that competence of staff, knowledge of products and services, customised services being offered, reliability, convenience and helpfulness of 3PL Distributors were significant and important in provision of service quality as it affects the performance of sales and market growth of CML. However, lack of being accessible, communication, confidentiality, untimely delivery of orders, unfriendliness, and appearance of 3PL sales staff as well as their vehicles as premises acted as barriers to service quality of 3PL distributors.

CHAPTER 5

CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter presents conclusions drawn from the study findings and makes recommendations based on the same. It first summarises the results of the study and draws necessary conclusions. Later, the study suggests recommendations and direction of future research in the area.

5.2 Conclusions

The results of the study have managed to address the key objective which set out to investigate.

5.2.1 Socio-Economic Factors

From the literature review, it was possible to identify key attributes that must be present for an organisation to be said to be achieving quality of services using third parties so as to achieve growth in business as a whole. Although the study showed that social economic factors were not significant in the study, the study however concluded that gender difference exist in as far as business of CML is concerned in Malawi with majority that are domination being males.

5.2.2 Quality of Service

Besides, the study also concluded that competence of the staff, knowledge of the products being traded, customised services and convenience of the organisation were moderately significant in this fast moving consumer goods industry, in this case the distribution of drinks. Quality of service in this case, was defined as that desirable service as perceived by the customers. Serviqua was therefore used to assess the quality of service.

Furthermore, the study concluded that accuracy of the orders both when the customers are placing them as well as when the suppliers, in this case CML and its distributors are making deliveries, was strongly significant in this business when it comes to quality of service. Although there may be various gaps in service quality, between the customer and the

organisation, within the organisation, i.e. what it can supply versus the actual delivery, and the customer that is their perceived quality versus they desired quality. In this case, what matters is the perception that the customer perceives about the organisation, its personnel and premises as well as products.

5.2.3 Barriers

There were also some barriers which were under the spot light in this study. The significant ones were timely delivery, friendliness, communication and confidentiality. The study therefore concluded that these factors, were significant in the business and could lead to better service quality which would in turn lead to customer satisfaction let alone customer loyalty.

5.3 Recommendations

Therefore, the study suggest that if women are promoted in doing this business and given enough support, they can do better and become economically independent to support their households, although there is need to maintain the population and participation from the male participations so that it can be used as a benchmark.

5.3.1 Socio-Economic Factors

As such, the need to improve SE factors of the communities dealing with distribution in the form of cash empowerment, and training on route distribution, is imperative if participants do have a better position to improve marketing of products like carbonated soft drinks like in this case.

5.3.2 Quality of Service

Other than reliability, and helpfulness which needs attention, the study recommends that there is also need to develop a robust customer service policy which will guide customised services to which customers. This in a way will make the customers to feel secure and special.

5.3.3 Barriers

Furthermore, there is also need to find ways on how timely deliveries, friendliness with the customers, adequate and enough communication and confidentiality can be sustained as they are significant to the business. Therefore the study recommends policies aimed at improving

information dissemination among small scale business communities to ensure that customers are being kept aware and abreast on the status of their orders, assuming there is a delay, as well as being informed of upcoming events, product offers and promotions so that they can plan and help in market execution.

5.4 Further Research

As a result of this study, there is need for further study in order to establish the relationship between qualifications and distribution service, in order to find out why people with higher education are not fully participating in the distribution business like that of CML.

Furthermore, there is need to examine the customised services in order to sustain the significance of the logistics business which is in the hands of SMEs.

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APPENDICES

Appendix 1: Questionnaire on Performance for Third Party Route Distributors

Questionnaire on Performance for Third Party Route Distributors

Title of Research: The impact of Quality Service for Third Party Route Distributors on company performance – The Case of Blantyre Routes Distributors for Carlsberg Malawi Limited.

NB: I would like to thank you in advance for taking your time to respond to this questionnaire. It is part of my research work entitled “The Impact of Quality Service for Third Party Route Distributors on Company Performance – A Case of Blantyre Route Distributors for Carlsberg Malawi”. All your responses will be confidential.

SECTION A: GENERAL ORGANISATIONAL INFORMATION

1. Name of organisation (OPTIONAL)
2. Sex
 - a. Male
 - b. Female
3. Circle the letter representing total number of employees for your organisation
 - a. Less than 10
 - b. From 11-25
 - c. From 26-50
 - d. From 51-75
 - e. Above 75
4. Circle the letter representing your highest qualification
 - a. MSCE
 - b. Diploma
 - c. Degree
 - d. Masters
 - e. PhD
 - f. None of these
5. How many years has your organisation been in existence?
 - a. less than 5
 - b. From 6-10
 - c. From 11-15
 - d. From 16-20
 - e. Over 20

SECTION B: GENERAL ORGANISATIONAL INFORMATION

Based on your experiences as a trader, please think about the kind of Route Distributors that would deliver excellent quality of service. Think about the Route Distributor who can provide such type of service.

Note:

1= Strongly Disagree; 2= Disagree; 3= Not sure; 4= Agree; 5= Strongly Agree

	Strongly Strongly Disagree Agree				
1. The Route Distributor is <i>reliable</i>	1	2	3	4	5
2. The operating hours of the Route Distributor are <i>convenient</i> to their customers.	1	2	3	4	5
3. The Route Distributor is easily <i>accessible</i> .	1	2	3	4	5
4. We feel safe in our dealings with the Route Distributor. (<i>Confidentiality</i>)	1	2	3	4	5
5. The Route Distributor has modern <i>equipment</i> .	1	2	3	4	5
6. The physical facilities at the Route Distributor look good in <i>appearance</i> .	1	2	3	4	5
7. The Route Distributor offers <i>timely delivery</i> .	1	2	3	4	5
8. The Route Distributor is <i>accurate</i> in getting orders.	1	2	3	4	5
9. The personnel of the Route Distributor effectively <i>communicate</i> with their client(s) as to when an order will be delivered.	1	2	3	4	5
10. The personnel of the Route Distributor are always <i>helpful</i> .	1	2	3	4	5
11. The personnel of the Route Distributor are <i>friendly</i> .	1	2	3	4	5
12. Personnel for the Route Distributor are <i>competent</i> to handle customers.	1	2	3	4	5
13. Personnel for the Route Distributor are <i>knowledgeable</i> of the products they are selling.	1	2	3	4	5
14. The Route Distributor gives <i>customised service</i> to customers.	1	2	3	4	5

Questions on Dependable Variable - Performance

	Strongly Strongly Disagree Agree					
1. Sales performance – Route distributor always performs beyond set targets	1	2	3	4	5	
2. There is growth in market share in areas serviced by Route Distributors.	1	2	3	4	5	
3. There is focused approach to competitive activities.	1	2	3	4	5	
4. Route Distributors are focused on growing number of customers?	1	2	3	4	5	

Appendix 2: Cover Letter

COVER LETTER



Professor Grant Kululanga, PhD. Eng., MSc. Eng., BSc. Eng., MASCE

Our Ref.:

Your Ref:

01st August, 2012

Dear Respondent,

**RESEARCH: AN ASSESSMENT OF THE IMPACT OF QUALITY SERVICE FOR
THIRD PARTY ROUTE DISTRIBUTORS ON COMPANY PERFORMANCE ~ THE
CASE OF CALRSBERG MALAWI**

I write to seek your assistance in completing the attached questionnaire for MBA dissertation on the above mentioned topic. The research forms part of the requirements for the Master of Business Administration degree at the University of Malawi, The Polytechnic.

The major objective of this study is to examine the impact of third parties on company performance, the case of Carlsberg Malawi and suggesting possible solutions. Everyone stand to benefit from the study as it will critically look at ways how the third parties can contribute positively and how constraints can be eradicated.

I would be very grateful if you can spare some time and complete and/or answer the attached questionnaire. Needless to say, the information provided will be treated with strict confidentiality and names of individual customers will not be identified. At the same time, a copy of the summary report will be available at the Polytechnic. The response to the questionnaire should take about six minutes of your available time and I look forward to receiving your response by not later than 15th August 2012 please.

Thank you in advance.

Yours faithfully,

James C Katunga
Student/Researcher

Dr EJ Sankhulani
Supervisor

Please address all correspondence to the Principal

The Malawi Polytechnic
Private Bag 303
Chichiri
Blantyre 3
MALAWI

Tel: (265) 870 411
Fax: (265) 870 578
Telex: 44613
E-Mail: principal@poly.ac.mw

Appendix 3: Letter from Carlsberg Malawi to Customers

LETTER FROM CARLSBERG MALAWI TO CUSTOMERS



Carlsberg Malawi

P.O. Box 406
Makata
Blantyre
Malawi

Tel +265 1 872 999
Fax +265 1 873 038/039

To: All customers,

From: Sales & Distribution Manager (SR)

Subject: Assistance to an MBA Project of Mr James C Katunga

The above-mentioned individual was/is studying for a certificate of Master of Business Administration at the Malawi Polytechnic. He has therefore chosen to do a project on Carlsberg Malawi, him being an ex-employee.

I am therefore writing you to give him all the assistance he may require. All the assistance rendered will be handled confidentially.

If there is any doubt, please do not hesitate to contact the undersigned.

Thank you all for your usual cooperation!

Yours faithfully,

Robert Ngwira

Sales & Distribution Manager (Southern Region),
Commercial Department.
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Mob2+265 888 514 110
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