

DECLARATION

This project is my original work and has not been submitted for

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**THE PERCEIVED QUALITY OF SERVICE IN THE
MORTGAGE SECTOR:**

THE CASE OF HOUSING FINANCE

Signed

Date

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Anne Nkirote Murugu

BY

MURUGU, ANNE NKIROTE

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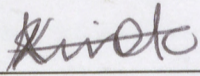
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**A Project submitted in Partial Fulfilment of the Degree of
Master of Business and Administration, Faculty of
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DECLARATION

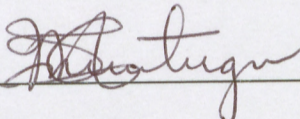
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Date 17- 11- 2003

T. Mutugu

Department of Business Administration

DEDICATION

This project is dedicated to my parents, sister and brothers and friends, who have given me a lot of hope and encouragement through out my life.

Commerce whom I interacted with especially those who imparted their knowledge to me.

To Housing Finance and the customers who took their invaluable time to respond to my questionnaire.

My most sincere thanks and gratitude goes to my family and friends who gave me a lot of encouragement, hope and assistance.

For those who have made other contributions to my life and their names are not mentioned here, thank-you.

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ABSTRACT

The primary objectives of this study was to determine customers' expectations are regarding the perceived quality of service in the mortgage sector and whether customers' perceived quality of Housing Finance mortgage services coincides with their expectations of this service.

The researcher was prompted to undertake this study as several researches have been carried out on the issue of perceived service quality in the commercial banks in Kenya but no research so far has addressed the perceived service quality in the mortgage sector in Kenya. Housing Finance was therefore selected, as it is the market leader in this sector.

To facilitate the study, 50 questionnaires were administered. In the end, the researcher managed to get 30 respondents. The results of the research indicated that Housing Finance and any other mortgage finance institution need to address the identified gaps which includes; greeting customers, ensuring faster service especially at peak time, and managing customer relationships to enhance satisfaction. Training of the main service providers should focus on these aspects. Service at the Mortgage Reception met the expectations fully in addressing customers by name (100%). There were slight service gaps (5%) in failing to give service on first come basis, maintain eye contact, smiling, appearing knowledgeable and availing stationery that is user friendly.

There were a notable service gaps in several aspects including; service provider failure to greet the customer (19%), service time being below expectation for 43% of the customers with a negative perception index (-48) and 'top box' satisfaction 'totally satisfied' being at only 3% indicating a major satisfaction gap.

The customers welcomed the new look (logo) and corporate identity. It was the most liked aspect about Housing Finance.

1.0 CHAPTER ONE - INTRODUCTION

It was not so long ago that customers did not have alternatives and had to rely on one particular organization to provide them with necessary services. Today's customers know what they want and are driven by what appears to be their own self-interest and do business on a one-way basis – their way. Yet organizations want to have “customers for life.”

Organizations of every size have therefore to run harder and faster to strive to become 110 percent customer sensitive in order to attain this illusive level of performance. Organizations then make every conceivable concession and offer every possible value added service in order to retain those who do business with them. But customers still leave.

Berry (1995) points out that delivering great service, one customer at a time, day after day, is difficult, but immensely rewarding. Service jobs have exceeded the manufacturing jobs in most developed economies. Today, service jobs dominate most of the USA's business activity. Developed economies are advancing with information and service sector growth while developing economies are still dominated by manufacturing and agriculture.

The most important question is not whether service is the industry of the future but rather: “Do today's organizations understand the principles and practices of service quality well enough to fend off their competitors and maintain competitive advantage over them?” Clearly, business owners do not want to find themselves in a position of trying to catch up with their competitors. They are all coming up with departments who deal and handle their customers and also coming up with new and innovative products to try and remain at the top over their competitors.

As a critical measure of organizational performance, service quality remains at the forefront in marketing and more specifically in service marketing. Organizations are keen on accurately measuring service quality in order to better understand its essential antecedents and consequences, and, ultimately establish methods for improving quality to achieve competitive advantage and build customer loyalty.

Zeithaml (1987) explains: Service quality is the consumer's judgment about an entity's overall excellence or superiority. It is a form of attitude, and results from a comparison of

expectations to perceptions of performance received. Lewis and Booms' (1983) definition clearly states: Service is a measure of how well the service level matches customer expectations. Delivering quality service means conforming to customer expectation on a consistent basis.

Both definitions make it clear that service quality revolves around customer expectation and their perceptions of service performed. Parasuraman et al. (1991) explain that consistent conformance to expectations begins with identifying and understanding customer expectations. Developing a system to identify customer expectations is critical. Only then will effective, service quality strategies be developed.

Aaker (1991) defines perceived quality as the customer's perception of the overall quality or superiority of a product or service with respect to its intended purpose, relative to alternatives. Perceived quality is a perception by customers. It cannot be objectively determined because it is a perception and that it is a judgment about what is important to those involved.

There have been various attempts to classify services:

First, Thomas (1978) states that services can be classified in relation to two considerations:

- (i) How is the service rendered?
- (ii) What type of equipment and people render this service?

Secondly, Chase (1978) states that services can be classified by the degree of customer contact in the creation of the service. Thirdly, Rathmell (1966) classifies services according to the buying motive exhibited by the buyer.

Finally, the literature has suggested classification based on the degree of some distinctive features of the service such as the degree of durability, the degree of tangibility and the degree of commitment when purchasing the service (Wilson, 1972). However this classification is not evident in practice. Blois suggests a classification according to the degree of essentiality, the degree to which one can postpone the consumption of the service

and the degree of cost. Zeithmal (1983) adds the degree of inseparability and also search, experience and credence qualities.

These various classifications of service is an indicator of the difficulty of categorizing services into clear segments that would lend themselves to be generalized approaches and techniques. The quality of service provided by an organization is a crucial prerequisite for establishing and sustaining satisfying relationships with valued customers. The quality of service and customer satisfaction has emerged as a topic of significant and strategic concern. Service quality has proved to be an important indicator of customer satisfaction. (Spreng and Mackoy, 1996)

Masinde (1986) states that the quality of a product or a service is the backbone of an organization as it determines whether the offering will sell or not and whether there will be a repeat purchase.

Ndegwa (1996) mentions that customer satisfaction begins with the product or service being provided. The more convenient it is, the less it breaks down, the more comfortable it is to use, the more satisfied the customer is.

The customer's perception of the overall quality or superiority of a product or service with respect to its intended purpose can be defined as the perceived quality of that product or service. Perceived quality is the perception by customers. It is defined relative to an intended purpose and a set of alternatives.

In a service business, part of how the customer receives the product is dependant of the service provider. Due to the close interaction between the service consumer and the service provider, what the purchaser eventually evaluates as the quality of service he or she has received, is inclusive of the performance of the service provider. The purchaser of the product gets his information about the service from the service provider through interaction. Therefore, the service firm must ensure that the service provider has the 'appropriate image' that will be communicated to the service purchaser. (Hostage, 1975; Gronroos, 1978)

1.1 HOUSING FINANCE

Studies that have focused on bank services (Dupoy et al; 1976; Anderson et al, 1976 and Meldan, 1988) have identified the following as the most important attributes as far as bank customers are concerned:

- (i) Speed of service delivery
- (ii) Contact personnel
- (iii) Service environment
- (iv) Interest Rates

The greater the financial institution's ability to manipulate these and other pertinent service attributes so as to match their customer's requirements and expectations, the more customers that institution will attract and by extension, the greater the likelihood of quality service delivery.

1.1 MORTGAGE INDUSTRY

Two years after our independence in 1965, saw the first mortgage company opened. After this two other companies have since opened up being Savings and Loans, which is a subsidiary of a giant local bank, Kenya Commercial Bank, and East African Building Society.

But Housing Finance Company of Kenya is key player in this sector boasting of about 59% of the market sector and the other two players sharing a market share of about 41%. The company has seen to it that the middle class have been provided with housing and put up the biggest housing estate in Eastern Africa, the Buru Buru estate which has over 1000 houses. It has also financed other housing estates such Komarock estate and the Kenya Medical Association estate and other estates and also financed in the either the purchase or construction of rural properties as well. The company has also provides banking services to its customers has a variety of banking products such as savings accounts, deposit accounts and housing development bonds which offer competitive interest rates.

1.2 HOUSING FINANCE PROBLEM

In the recent few months, the Kenyan economy has failed to stabilize and the Treasury bill rate, which was around 21% in January 2000, fell to a low of 9% in August and rose to 13.5% by December 2000, the rate stood at about 15% as at the end of the first quarter of 2001, and in 2003, the Treasury Bill fell to less than 1%. These fluctuations do not encourage borrower confidence as interest rates are pegged on the Treasury bill rate. The fluctuations also result in depositors taking short-term views about where to place their savings.

One consequence of the lack of borrower confidence is that the demand for houses is much reduced. Just like any other product whose value is determined by the laws of demand and supply, so too is the true value of property. At present there is an excess supply and consequently, house prices are falling. Housing Finance, whose core business is real estate has been hit hard.

Since its foundation in 1965, Housing Finance has helped thousands of people to buy their own homes at a reasonable cost and provided a safe and secure home for the savings of hundreds of thousands of investors. Housing Finance is a financial institution and the key player in the mortgage sector. Other competitors include the East African Building Society, and The Savings and Loan Company, which is a subsidiary of Kenya Commercial Bank Limited. The National Social Security Fund, which is not a financial institution, is an upcoming organization that is providing shelter for Kenyans.

The Housing Finance has therefore come up with a customer driven policy so as to reach out to their customers. They have shifted from being focused towards revenue and are focusing towards profitability, from being focused towards customer acquisition from its competitors to customer retention so that the already existing customers do not choose their competitors. It has set up a Customer Service team in the Mortgage Department, whose responsibility is to ensure that customer retain good and lasting relationships with the company both in the Corporate and Retail sectors. The company has also recently undergone re-structuring and re-branding with a view to creating awareness of the company's product offering.

1.3 STATEMENT OF THE PROBLEM

Karemu (1993) observes that service quality is an important tool in a competitive industry. Research reveals that the delivery of high quality service is closely linked to growth and profits; cost savings and market share in many industries (Lovelock, 1996; Robert et al, 1987; TARP, 1986; Peters & Waterman, 1988)

Several researches have been carried out on the issue of perceived service quality. Ndegwa (1996) carried out a study on the perceived quality of service whose focus was on the commercial banks in Kenya. However, no research so far has addressed the perceived service quality in the mortgage sector in Kenya.

In the study conducted by Masinde (1986) on perceived quality of service, the case of Kenya Airways, established that the company did not meet passengers' level of expectations on many service descriptions. These findings also led to the conclusion that the attributes of air travel that both the travel agents and the passengers consider important in a choice of an airline were unfortunately the weakest points of Kenya Airways. It is these weaknesses that led to passenger dissatisfaction.

A study of perceived quality of port services by Mwendar (1987) found out that users of the port of Mombasa thought that though their expectations were high for the quality of communications at the port, their perceptions indicated probable dissatisfaction.

A study on perceived service quality, the case of the matatu industry by Mwaura (2002) established that matatu operators to a large extent perceive service quality differently as compared to the commuters. The operators usually perceive functional dimensions and the availability of the service as important while for the commuters, on top of availability of service, also perceive the human dimensions for example courteous, friendly and helpful employees as important dimensions of service quality.

A study on comparative perceptions of service quality in the retailing industry by Ngatia (2000) found out that the service providers usually perceive functional dimensions and the

availability of the merchandise as important, while the customers, above availability of the merchandise, also perceive human dimensions of service quality (for example, courteous or helpful employees) as important dimensions of service quality.

There exists very little literature on the mortgage sector. The studies mentioned above were conducted in different areas for different objectives; hence the findings of these studies cannot be generalized across all sectors. Ngatia (2000) observes that unless the perceptions of both the service providers and customers are understood, there will always be a gap in the delivered service by the service providers and the expectations of the customers.

Identifying and understanding customer expectations is one of the most basic, yet perhaps the most overlooked principles of marketing. This research therefore aims at studying in detail the perceived quality of service in the mortgage sector.

1.4 OBJECTIVES OF THE STUDY

The objectives of the study include:

- (i) To determine customers' expectations are regarding the perceived quality of service in the mortgage sector.
- (ii) To determine whether customers' perceived quality of Housing Finance mortgage services coincides with their expectations of this service.

1.5 IMPORTANCE OF THE STUDY

- (i) The findings will be beneficial to Housing Finance so as to put in perspective the image of the mortgage company as perceived by their customers. Resources may then be directed toward strengthening their areas of weaknesses and sustaining the areas of strength to the company's best advantage.
- (ii) The study can stimulate comparative studies with other mortgage companies to assess the extent to which Housing Finance falls short of or exceeds the performance offered by these competitors.

2.0 CHAPTER TWO – LITERATURE REVIEW

INTRODUCTION

As a critical measure of organizational performance, service quality remains at the forefront of both the marketing literature generally and the services marketing literature specifically. (Jensen and Markland, 1996). Practitioners and academics are keen on accurately measuring service quality in order to better understand its essential antecedents and consequences, and ultimately, establish methods for improving quality to achieve competitive advantage and build customer loyalty (Palmer and Cole, 1995; Zahorik and Rust, 1992).

Service quality is commonly noted as a critical prerequisite for establishing and sustaining satisfying relationships with valued customers. In this way, the association between service quality and customer satisfaction has emerged as a topic of significant and strategic concern. Research in this area suggests that service quality is an important indicator of customer satisfaction (Spreng and Mackoy, 1996).

2.1 DEFINITION OF SERVICE

The American Marketing Association (AMA, 1960) defines service as “activities, benefits and satisfaction, which are offered for sale or are provided in connection with the sale of goods.”

Blois (1978) defined a service as an activity offered for sale that yields benefits of satisfactions without leading to a physical exchange in the form of a good.

Ndegwa (1996) and Masinde (1986) define as service as

“Activities, benefits or satisfactions which are offered for sale or are affected in connection with the sale of goods without leading to a physical exchange of a good or transfer of its title (if any) being effected”.

For the purpose of this study, the researcher will adopt the definition given by Ndegwa (1996) since it is fairly encompassing than the other two. This definition has the following implications:

- The entity that is under consideration must be intangible although perceived
- Marketing exchange occurs
- Something of value is acquired by the purchaser as an activity benefit or satisfaction.

2.2 CHARACTERISTICS OF SERVICES

The marketing of services has its special problems due to the unique characteristics that services have Masinde (1986) and Kotler (1985). These include:

- i. Intangibility of what is being offered on the market
- ii. Inseparability of the buyer and seller
- iii. Variability in what is being offered on the market
- iv. Fluctuations in demand and supply.

Each of these unique characteristics has varying degrees of effect on various services including the mortgage sector and the marketers of mortgage services need to tackle the unique situations that arise in order to enhance the perceived quality of the services offered.

2.3 PERCEIVED QUALITY

Aaker (1991) defines perceived quality as the customer's perception of the overall quality or superiority of a product or service with respect to its intended purpose, relative to alternatives. Perceived quality is a perception by customers. It cannot be objectively determined because it is a perception and that it is a judgment about what is important to those involved.

Aaker (1991) argues that the perceived quality differs from satisfaction. A customer can be satisfied because he or she had low expectation about the performance level of an organization. High-perceived quality is not consistent with low expectations. It also differs from attitude. A positive attitude could be generated because a product of inferior quality is

Word of mouth Personal needs Past Experience
inexpensive. Likewise, a person could have a negative attitude toward a high quality product that is over priced. Perceived quality is an intangible, overall feeling about a brand.

Goods quality is tangible and can be measured by objective indicators like performance, feature, and durability. Service quality, however, is intangible. It is the overall feeling about a brand. It cannot be objectively determined in part because it is a perception and also because judgments about what is important to customers. Hence, the service quality literature defines service quality in terms of subjectivity, attitude and perception.

Parasuraman et al. (1985) proposed service quality to be a function of pre-purchase customer expectations, perceived process quality and perceived output quality. They defined service quality as the gap between customers' expectations of service and their perceptions of the service experience, ultimately deriving the now standard SERVQUAL multiple-item survey instrument (Parasuraman et al. 1988).

2.4 SERVICE QUALITY MODEL

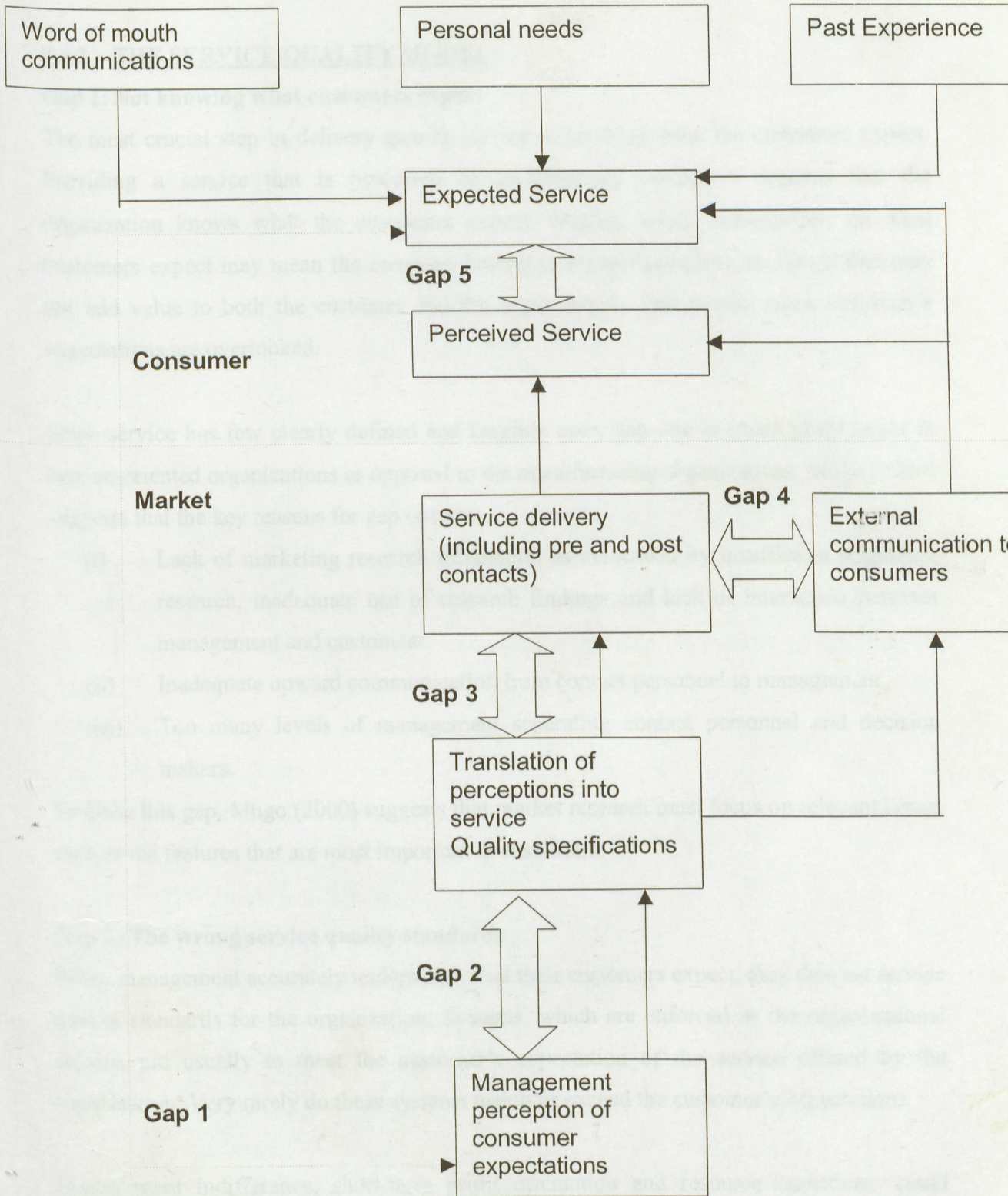
2.4.1 Service Gaps

Products can be good or impressive on their own but this is not what the customer wants. The products and services should meet the customer's needs. It is important that the said company's product meets the needs and expectations of the customer (Okatch, 2000)

Customers generally have expectations of quality delivery based on word of mouth, past personal needs and external communications from the service provider. Owino (1996) identified five gaps, which lead to poor service quality; the major contributing factors to the gaps and finally presented a model for continuously reducing the gaps and hence improving service quality. Palmer (1982) identified five gaps where there may be a shortfall between expectation of service level and the perception of actual service delivery.

Gronroos (1982) introduced the first comprehensive model of service quality. Parasuraman et al., (1985) amplified the model and refined Gronroos' framework. Research by Parasuraman et al., (1985) has indicated that consumers' quality perceptions are influenced by a series of four distinct gaps occurring in organizations.

2.4.2 THE SERVICE QUALITY MODEL



Source: A. Parasuraman, Valarie A. Zeithaml and Leonard L. Berry, "A Conceptual Model of Service Quality and its implications for future research," Journal of Marketing, Fall 1985, p. 44

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2.4.2 THE SERVICE QUALITY MODEL

Gap I: Not knowing what customers expect

The most crucial step in delivery quality service is knowing what the customers expect. Providing a service that is perceived as excellent by customers requires that the organization knows what the customers expect. Making wrong assumptions on what customers expect may mean the company having to invest financially on things that may not add value to both the customer and the organization. This results when customer's expectations are overlooked.

Since service has few clearly defined and tangible cues, gap one is consistently larger in service-oriented organizations as opposed to the manufacturing organizations. Mugo (2000) suggests that the key reasons for gap one are:

- (i) Lack of marketing research orientation as evidenced by insufficient marketing research, inadequate use of research findings and lack of interaction between management and customers.
- (ii) Inadequate upward communication from contact personnel to management
- (iii) Too many levels of management separating contact personnel and decision makers.

To close this gap, Mugo (2000) suggests that market research must focus on relevant issues such as the features that are most important to customers.

Gap 2: The wrong service quality standards

When management accurately understand what their customers expect, they then set service quality standards for the organization. Systems, which are enforced as the organizational culture, are usually to meet the customer's expectation of the service offered by the organization. Very rarely do these systems match or exceed the customer's expectations.

Management indifference, short-term profit orientation and resource constraints could account for the second gap, which is a discrepancy between the manager's perceptions of customer's expectation. Change requires a willingness to be open to different ways of structuring, calibrating and monitoring the way the service is provided. The key reasons for gap two are:

- (i) Inadequate commitment to service quality
- (ii) Lack of perception of feasibility
- (iii) Inadequate task standardization
- (iv) Absence of goal setting.

It is important for top management in organizations to constantly express their commitment to get feedback from their frontline employees who meet customers. By so doing, they ensure that the organization is open to innovation and is receptive to the changing market trends.

Gap 3: The service performance gap.

In some cases, management may understand the customer's expectations and it sets appropriate specifications and still the service delivered falls short of the customer expectation. The difference between service specifications and the actual service delivery is the service performance gap. This occurs when employees are unable or unwilling to perform the service at the desired level. This service-performance gap is common in the service industry.

Key reasons for gap 3 are:

- (i) Role ambiguity
- (ii) Role conflict
- (iii) Poor employee – job fit
- (iv) Poor technology – job fit
- (v) Inappropriate evaluation or compensation systems
- (vi) Lack of teamwork

Gap three can be reduced by organizations empowering employees to satisfy their customers.

Gap 4: When promises do not match delivery

Accurate and appropriate company communication – advertising, personal selling and public relations that do not over promise or over represent a product or service essential in delivering service that customers perceive as high in quality. The gap between what a firm promises about the service or product and what it actually delivers must be consciously and

deliberately minimized. Because of the less controllable nature of human beings (as opposed to machines), the potential to over promise on service is high.

When advertising, personal selling or any other external communication set up unrealistic expectations for customers, actual encounters disappoint them. It is the role of marketing to ensure that external communications accurately (if compellingly) reflect what happens in actual service encounters, while operations in turn, must deliver the promise.

Key reasons for this gap four are:

- (i) Inadequate horizontal communication particularly between operations, marketing and human resources as well as across branches.
- (ii) Propensity to over-promise in communications.

Service quality is the discrepancy between customer's expectations and customer's perception of the delivered service. The discrepancy is gap five and is made of gaps one, two, three and four.

The objective of management is organizations that wish to maintain a competitive edge in quality service delivery is to close the gaps in all the four cases above. These results in closing the ultimate gap between the customer's expectation and the customer's perception of the quality of service delivered (Sokoni 1996).

Gap 5: Expected service – Perceived service gap

The quality that a consumer perceives in a service is a function of the magnitude and direction of the gap between service and perceived service. This gap is influenced by the four preceding gaps. There is little change of management action in any meaningful way to close the gap between performance and expectations if these two key variables are not defined and measured. If the gaps are great, the task of bridging the subsequent gaps becomes greater and indeed it could be said that in such circumstances, quality service can only be achieved by good luck rather than good management (Mugo, 2000)

2.5 THE SERVQUAL SCALE

The SERVQUAL scale is an instrument in the services marketing literature for assessing quality (Parasuraman et al., 1991; Parasuraman et al., 1988). Managers and academics have used this instrument to assess customer perceptions of service quality for a variety of services.

Based on Parasuraman et al.'s (1988) conceptualization of service quality, the original SERVQUAL instrument included two 22-item sections that intended to measure

- a) Customer expectations for various aspects of service quality, and
- b) Customer perceptions of the service they actually received from the service organization.

The scale is based on the gap theory (Parasuraman et al., 1985) and suggests that a consumer's perception of service quality is a function of the difference between his/her expectations about the performance of a general class of service providers and his/her assessment of the actual performance of a specific organization within that class (Cromin and Taylor, 1992).

When it comes to my perception of (the mortgage financing institution's) service level is:

- (i) Modern looking equipment
- (ii) Visually appealing physical facilities
- (iii) Neat appearing employees
- (iv) Visually appealing materials associated with the service (such as pamphlets and statements).
- (v) Keeping a promise do to something by a certain time.
- (vi) Showing sincere interest in solving a customer problem
- (vii) Performing the service correct at the first time.
- (viii) Providing the service at the time the service was promised.
- (ix) Insisting on error-free records
- (x) Employees telling customers exactly what services will be performed.
- (xi) Employees giving prompt service to customers.

- (xii) Employees always are willing to help customers.
- (xiii) Employees never being too busy to respond to customers' requests.
- (xiv) The behavior of employees instilling confidence in their customers.
- (xv) Customers feeling safe in their transactions.
- (xvi) Employees being consistent courteous with their customers.
- (xvii) Employees having the knowledge to answer customers' questions.
- (xviii) Giving customers individual attention.
- (xix) Operating hours convenient to all their customers
- (xx) Employees giving customers personal attention.
- (xxi) Having the customers' best interest at heart.
- (xxii) The employees understanding the specific needs of their customers.

(Note: These questions followed a nine-point Likert-type format with anchors of low (1) and high (9).

Results on the SERVQUAL instrument indicated that there are five dimensions of service quality that emerged across a variety of services (Parasuraman et al., 1988). These dimensions include:

- (i) Tangibles – These are the physical evidence of the service (e.g. physical facilities, appearance of personnel or tools and equipment used to provide the service.)
- (ii) Reliability – This involves the consistency of performance and dependability (i.e. a firm performs the service right the first time and honours its promises.)
- (iii) Responsiveness – This concerns the willingness or readiness of employees to provide service (e.g. timeliness of service.)
- (iv) Assurance – This corresponds to the knowledge and courtesy of employees and their ability to inspire trust and confidence.
- (v) Empathy – This pertains to caring, individualized attention that an organization provides to its customers.

Aaker (1991) points out that different dimension emerge in the service business that differ from the product business though they maybe similar to those in the product context. He is

in agreement with Parasuraman on tangibles, reliability, responsiveness and empathy. His fifth dimension is competence which to him concerns whether the staff within the organization have the skill and knowledge to get the job done right. This dimension is somewhat similar to Parasuraman's dimension of assurance.

2.6 DELIVERING HIGH QUALITY

The major step to improving the perceived quality of any organization is to develop the capability of delivering high-quality levels. Management should not attempt to convince customers that the quality of their service is high when it is not. This is because unless the use experience of customers is consistent with the quality position, then the image cannot be maintained.

In various studies done on achieving quality, the following are important:

- (i) Commitment to Quality – To achieve and maintain good quality service over time is difficult. If providing quality service is not a key priority for the organization, then it is impossible to achieve high standards of quality.
- (ii) A Quality Culture – Commitment to quality needs to be reflected within an organization's culture, its norms or behaviour, its symbols and the company's values. When there is a trade-off to be made between quality and cost, quality wins.
- (iii) Customer Input – It is customer's who ultimately define quality. Manager's maybe mistaken in their assumptions about what their customers believe is important. There is a need for organizations to obtain accurate and current customers' input in a bid to improve the quality of service within the organization.
- (iv) Means of measurement/goals/standards – The main difference between paying lip service to quality and actually achieving it is often to have goals, which are measurable and tied into the reward system. If the quality goal is too general, it can too easily become ineffectual. The resulting goals and standards should be understandable and prioritized. There should not be too many goals to be achieved without a set of priorities.

- (v) Allow employee initiative – Employees who work in teams provide a very effective approach to quality improvement. Employees groups are not only sensitive to problems but are also in a position to implement and support solutions.
- (vi) Customer expectations – Perceived quality can also be deficient when customer expectations on an organization are too high.

2.7 DETERMINANTS OF SERVICE QUALITY

The Parasuraman et al. (1985) research, which is supported by two decades of further research found that consumers evaluate the process as well as the outcome of the service received. The waiting time on the queues, the smile of the service provider and the attitude of the employees are just as important as the approval of the loans. Through focus group interview and later empirical investigation (Parasuraman et. al., 1985; 1988), the researchers found consumers used ten determinants in their evaluation of the service quality process.

Beginning with the most important determinant of service quality, the list includes:

- (i) Reliability
- (ii) Responsiveness
- (iii) Competence
- (iv) Access
- (v) Courtesy
- (vi) Communication
- (vii) Credibility
- (viii) Security
- (ix) Understanding and
- (x) Tangibles

Ten years latter, Berry et al. (1994) summarized their collective research with ten lessons learned:

- (i) Listening to customers precedes action
- (ii) Reliability is essential

- (iii) Customers want basic service
- (iv) Poor service quality is a system design problem and not an employees problem
- (v) Good service recovery can overcome poor service delivery
- (vi) Service excellence includes both outcome and process
- (vii) Customers expect fairness
- (viii) Service takes teamwork
- (ix) Employee feedback is vital to service improvement
- (x) Leaders should serve employees

While many companies focus on strategies that overemphasize new sales, seriously neglecting the vital strategies related to customer loyalty and retention. In business, the customer is the centre of activity. He is the source of ideas, complaints, solutions and profit. He is the Alfa and omega of any business and can only be ignored at a company's peril.

Many companies lose a lot of money when they ignore their customers. Studies have shown that a lost customer leaves with ten others. They also discourage prospects that might have approached the company for business. The cost of getting a new customer is five times more than the cost of retaining existing customers. They are more valuable in terms of sales and a reliable source of information and research pertaining to products and services. Loyal customers also provide very persuasive and free advertising.

3.0 CHAPTER THREE – RESEARCH METHODOLOGY

3.1 RESEARCH DESIGN

The research framework is of descriptive nature. A descriptive study is preferred to simple data as the researcher is able to investigate the relationship between two or more variables (Peterson, 1982). A descriptive study presupposes much prior knowledge about the phenomena being studied (Churchill, 1983). This design is followed because several other studies pertaining to customer service have successfully used it in the past (Masinde, 1986; Mwenda 1987; Ndegwa 1996).

3.2 THE POPULATION - HOUSING FINANCE MORTGAGE CUSTOMERS

The study was based on Housing Finance mortgage customers. Mortgage institutions lend money out for a maximum period of fifteen years to their customers and hold the original title documents as security for the loans given out to them. It is long-term relationship. The term customer is defined as “one who maintains a mortgage account with the institution regardless of the number of years in which the account is active and the state of the account, that is whether the account is a performing or a non performing loan.

3.3 SAMPLE DESIGN

Systematic random sampling was used to select the respondents as banks do not ordinarily disclose details about their customers due to confidentiality. A sample of 50 were selected. For each branch, the third mortgage customer on a given date were selected to respond to the questionnaire. A total of five customers were interviewed for each branch. The sampling interval of five was selected due to the time constraint which faced the researcher and that that customers coming to the branches would be either holders of the variety of the savings products offered by the institution and therefore may not be necessarily mortgage customers. The effective sample achieved was 30 because of drop outs in form of incomplete questionnaires and non mortgage customers selected.

Any month of the year is desirable as mortgage repayments are due and payable on or before the last day of every month therefore payments are made to the mortgage account on any date before the last day of the month. The end month period is characterized by long

queues in the branches and the respondents are likely to give a true and rational assessment of the quality of service received in the respective branches.

3.4 DATA COLLECTION

The data collection instrument is a largely structured and undisguised questionnaire designed for the sample. The questionnaire consists of both open-ended and closed questions which have been designed following the Likert approach (Churchill, 1979). The pertinent mortgage attitudes and import quality service factors were derived from the literature and from discussions with a pilot sample of mortgage customers.

BANK CUSTOMER QUESTIONNAIRE

The questionnaire contains three parts. Part one consists of introductory questions on the mortgage account and for number of years it has been active. The second part is designed to elicit information about the customer's attitude on the quality of service offered at the branch they make their mortgage repayments and the customer's perceived image of the branch and the products offered by the institution. The third part is designed to elicit information on whether the perceived quality of service offered by Housing Finance coincides with their expectation of service. The questionnaires were to be filled in the presence of the researcher.

3.5 DATA ANALYSIS TECHNIQUES

Two tools of analysis used by the researcher were descriptive statistics (which measures central tendencies and dispersion) and factor analysis. The best analytical tool for part one is descriptive statistics. Therefore the use of means, frequencies and percentages was ideal as it enabled cross comparison of two sets of data. The main purpose of factor analysis is to describe where possible the covariance relationships among many variables in terms of underlying but un-observable random quantities called factors. Essentially, the factor model is driven by the following argument: supposed variables can be grouped by their correlation, that is, all variables in a particular group are highly correlated among themselves but have relatively small correlation with a variable in a different group. It is conceivable that each group of variables represents a single underlying construct or factor that is responsible for the observed correlation. Thus the general objective of factor analysis is to summarize a set of the variables by creating a smaller number of variables or factors

that are defined in terms of the original variables. This smaller number of variables is defined such that the maximum amount of information available in the original variables is retained in the smaller number of factors. For the questionnaires, the first section was analyzed using descriptive statistics, the second and third part was using factor analysis. For factor analysis, SPSS will be used to analyze the service attributes. This procedure has the advantage of improving the interpretability of the resulting factors.

Table 4.1: Response of Overall Satisfaction

Year	Very Dissatisfied	Dissatisfied	Satisfied	Very Satisfied
2011	1	1	1	1
2012	2	2	2	2
2013	3	3	3	3
2014	4	4	4	4
Total	10	10	10	10

Overall Satisfaction

The service satisfaction of HealthCare workers was measured by 5-point Likert scale. 33% of respondents were dissatisfied, 40% were satisfied, and 27% were very satisfied. Only 3% of respondents were very dissatisfied. The overall satisfaction was improved.

Table 4.2: Overall Satisfaction

SAT	Count	Percentage
Average	12	40%
Satisfied	17	52%

4.0 CHAPTER FOUR – RESEARCH FINDINGS

The data analysis was guided by the research objectives presented in Chapter 1. The body of the report only contains tables related to the research objectives.

Main Findings

Demographic Characteristics

Table 4.1a: Sex of the Respondent

Sex	N=30	
Male	12	40%
Female	18	60%
Total	30	100%

Table 4.1b: Age of the Respondent

Age	N=30	Frequency	%
25-34		11	37%
35-44		8	27%
45-55		6	20%
55+		5	17%
Total;		30	100%

Table 4.1c: Respondents' Formal Schooling

Number of Years of Formal Schooling		
Years	Frequency	%
8 to 11	4	13%
12 to 13	7	23%
14 +	19	63%
Total	30	100%

Overall Satisfaction

The service satisfaction at Housing Finance was rated as 'satisfied' by 57% and 'Average' by 40%. Only 3% came at the top box 'totally satisfied', this indicates a lot of room for improvement.

Table 4.2a: Overall Satisfaction

BASE	30	100%
Average	12	40%
Satisfied	17	57%

Totally satisfied	1	3%
Mean score	3,63	

What they do not like about Housing Finance

The service aspects disliked by customers were mainly related to lack of automated services (ATM) (27%), lack of card facilities/use of passbooks (17%), loan barriers and inflexibility (13%) and slow services (13%). The service aspects relating to the core service (Mortgage loans) that were disliked include high processing costs, low limits on loans, stringent terms for self-employed and discrimination for loans on premises in the rural areas. (See tables 2ab & 2c below)

Table 4.2b: Dislikes

	Count	%
BASE	30	100%
LACK OF ATMS	8	27%
• No ATMS	4	13%
• Lack of ATM banking	4	13%
Cards	5	17%
• Lack of credit card facilities	1	3%
• Using passbooks as opposed to cards	4	13%
LOANS	4	13%
• High cost of processing and obtaining loans	1	3%
• Low limits on loans	1	3%
• Stringent loans terms on self employed applicants and middle income earners	1	3%
• Disqualification for loans on premises in the rural areas	1	3%
Slow Services	10	33%
• Nothing	1	3%
• Long queues	4	13%
• Few cashiers at the end of the month	3	10%
• Slow banking services	2	7%

What was liked about Housing Finance

The customers liked the new logo (30%), good/friendly services (37%), the company is caring in that it helps people to own home, improved information systems and marketing (17%) and they are more reasonable than other mortgage firms (13%).

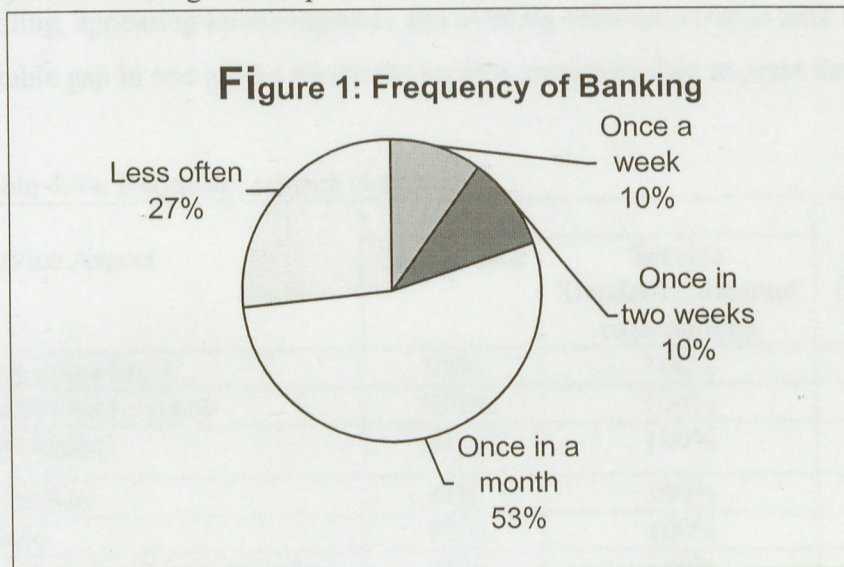
Table 4.2c: Likes

	Count	%
BASE	30	100%
LOGO	9	30%
• New colourful logo	4	13%
• Logo and colours	3	10%
• Branding of the logo	1	3%
• Corporate colours	1	3%
Good Services	11	37%
• Friendly and helpful staff	6	20%
• The service is good	5	17%
Caring/Reasonable	4	13%
• Help people to own homes	3	10%
• Far much considerate than any other mortgage firm/ Lower interest rates	1	3%
Improved information system & Marketing	5	17%
• More informative these days	• 3	• 10%
• Online in all branches	• 1	• 3%
• Intensified advertising	• 1	• 3%

Frequency of visiting the banking hall

The respondents said they visit the banking halls at least once a month (53%), once a week or once in two weeks (10% each) and less often (27%). Out of all the respondents 70% said they had visited the Housing Finance Reception in the last six months.

Table 4.3: Banking Usership



Actual VS Ideal Waiting Time

Fifty two percent (52%) said they generally wait for five to ten minutes before they are served in the mortgage administration reception compared to 48% who wait for ten to fifteen minutes. On the other hand the ideal waiting time is perceived to be less than five minutes (19%), five to ten minutes (76%) and ten to fifteen minutes (5%). Considering that the service time is below expectation for 19% and 24% of the customers this indicates a service gap of 43%. The perception index best time (X) minus worst time (Y) is positive for ideal time (+14) and negative for actual time (-48).

Table 4.4a: Waiting time

Waiting time in minutes	Ideal N=21	Actual N=21	Gap
Less than 5 (X)	19%		-19%
5 to 10	76%	52%	-24%
10 to 15 (Y)	5%	48%	43%
Perception Index (X-Y)	14	-48	

Mortgage Administration Reception (Last Visit)

According to the respondents most of set service standards that are based customer expectations are complied with to a great extent. The Mortgage Reception service providers met the expectations fully in addressing customers by name (100%). There were slight service gaps (5%) in failing to give service on first come basis, maintain eye contact, smiling, appearing knowledgeable and availing stationery that is user friendly. There was a notable gap in one aspect where the service provider failed to greet the customer (19%).

Table 4.4b: Reception service evaluation

Service Aspect			Gap (Expectation – expectations)
	Compliance	Service Standard/Customer expectations	
First come basis	95%	100%	-5%
Addressed by name	100%	100%	
Eye contact	95%	100%	-5%
Greetings	81%	100%	-19%
Smile	95%	100%	-5%
Service provider appeared knowledgeable	95%	100%	-5%
Stationery available & user friendly	95%	100%	-5%

Staff Performance

Table 4.4c: FRIENDLINESS

BASE	30	
Average	11	37%
Friendly	19	63%
Mean Score	3,63	

Table 4.4d: INTEREST IN CUSTOMERS

BASE	30	
Average	3	10%
Interested	27	90%
Mean Score	3,9	

Table 4.4e: KNOWLEDGE

Base	30	100%
Average	3	10%
Knowledgeable	27	90%
Mean Score	3,9	

Complaint Handling

Majority (90%) had never had a cause to complain compared to 10% who had complained. Those who had complaints registered them in person at the head office. The nature of complains was mainly slow service all were satisfied with the complaint handling.

Telephone Service

Sixty percent (60%) said they had ever telephone the company compared to 40% who had not. They said the telephone service was slow (33%), average (44%) or prompt (22%).

Table 4.5a: Speed of answering the phone

BASE	18	100%
Slow	6	33%
Average	8	44%
Prompt	4	22%

Table 4.5b: Action taken-telephone

BASE	18	100%
Call transferred to someone who assisted me	7	39%
Keep on hold but with feedback	5	28%
Keep on hold without feedback	4	22%
Had to disconnect and call again	2	11%

Table 4.5c: satisfaction with the handling of the phone

BASE	18	100%
Dissatisfied	3	17%
Average	8	44%
Satisfied	7	39%
Mean Score	3,22	

Table 4.6a: Whether received a letter

	Count	%
BASE	29	100%
Yes	19	66%
No	10	34%

Table 4.6b: Description of the letter

	Count	%
BASE	19	100%
Relevant	9	47%
User friendly	6	32%
Polite	3	16%
Timely	1	5%

Suggestions for improvement

The main suggestions for improvement relate to ATMs (83%), Branch network (17%) and efficient services (23%).

Table 4.7a: Suggestions for improving the services

	Count	%
BASE	30	100%
ATMs	25	83%
More ATM machines	15	50%
Bank cards for the accounts	6	20%
Electronic banking	4	13%
Branches	5	17%
Accessibility- have more branches	3	10%
Branches to open for longer hours	1	3%
More branches	1	3%
Efficient services	7	23%
Faster in banking halls	3	10%
Switchboards needs to pick calls quickly	3	10%
Attend positively to customer complaints	1	3%
Others	6	20%
Issue cheque books	3	10%
Low mortgage rates	3	10%

Suggested New products or services

The new products suggested include ATMs (43%), Unsecured/personal loans (27%), and lower charges on mortgages/higher returns on savings (17%), and current accounts (7%).

Table 4.7b: Suggested New products or services

	Count	%
BASE	30	100%
ATMs	13	43%
ATMs to be introduced	7	23%
Telebanking	3	10%
Introduce bank cards	3	10%
Unsecured Loans	8	27%
Introduce unsecured soft loans	5	17%
Personal loans	3	10%
Interest Rates	5	17%
Accounts for young people with higher returns but low minimum rates	3	10%
Low interest on mortgages	1	3%
Higher interest on savings account	1	3%
Current accounts	2	7%
Current account	2	7%

Account Information

Table 4.8a: How long the mortgage account has been active

	Count	%
BASE	30	100%
1 to 3 years	11	37%
4 to 6 years	9	30%
7 to 10 years	9	30%
Over 10 years	1	3%
Average time = 5 years		

Table 4.8b: Other accounts operated in Housing Finance

BASE	30	100%
Accounts	%	Average time period (active)
Savings	60%	5 years
Housing Development Bonds	23%	3.5 years
Fixed term	13%	4years
Children Account	3%	7 years

Table 4.8c: Any other accounts operated in other banks?

BASE	30	100%
Yes	26	87%
No	4	13%

Table 4.8d: Account Type (other accounts)

BASE	26	100%
Savings	12	46%
Current	14	54%

Table 4.8e: Other Bankers

BASE	26	100%
Barclays	8	31%
Stan Chart	7	27%
Consolidated	4	15%
National Bank	4	15%
Co-op bank	2	8%

Average time period for holding other accounts =8.5 years

The main reasons for maintaining other accounts in other financial institutions are ATM facilities, cheque book, salary transfer, savings, convenience and unsecured loans. Most of these services are not available at Housing Finance.

Table 4.8f: Reasons for opening the account mentioned

BASE	30	100%
ATMs cards	6	20%
Cheque books	6	20%
Receive salary from my employer	3	10%
Save a little	3	10%
Convenience in that they could offer facilities at reasonable rates	1	3%
Unsecured loans	1	3%

4.2 Factor analysis

The main purpose of factor analysis is to describe where possible the covariance relationships among many variables in terms of underlying but un-observable random quantities called factors.

This section carries out further analysis of the collected data to meet research objectives. The researcher first obtained communalities between the variables under selected aspects perceived service quality. The variables are then factored out using the principle component analysis method. This analysis combines correlated variables into one factor. Kaiser Normalization criterion of selecting variables with an Eigen value that is greater than one was also applied.

Table 4.9a: Communalities

	Initial	Extraction
Var 1 (OS)	1	0,691
Var 2 (FB)	1	0,747
Var 3 (Re)	1	0,795
Var 4 (Friend)	1	0,927
Var 5 (inte)	1	0,75
Var 6 (Knowle)	1	0,726
Var 7 (compla)	1	0,954
Val 8 (tele)	1	0,739
Var 8 (other)	1	0,777

Extraction Method: Principal Component Analysis.

Table 9a above estimates the communalities for each variable representing the proportion of variance that each variable has in common with others. The shared relationships are as follows, Variable 1 (overall satisfaction 69.1 %), 2 (frequency of banking 74.7%), 3 (reception visit 79.5%), 4 (friendliness 92.7%), 5(interest in customers 75%)and so on.

Table 4.9b: Total variance explained

Component	Initial Eigen values			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
<i>1</i>	2,967	32,966	32,966	2,967	32,966	32,966
<i>2</i>	2,114	23,49	56,456	2,114	23,49	56,456
<i>3</i>	2,024	22,493	78,948	2,024	22,493	78,948
4	0,675	7,503	86,451			
5	0,581	6,452	92,903			
6	0,35	3,89	96,793			
7	0,204	2,262	99,055			
8	6,06E-02	0,673	99,729			
9	2,44E-02	0,271	100			

Extraction Method: Principal Component Analysis.

Using the Kaiser Normalization Criterion the researcher extract components that have an Eigen value that is greater than one. As a result the researcher extracted 3 major Components (marked in *Italics*). The table above indicates that those 3 factors accounted for 78.948% of the total variance.

Table 4.9c: Component Matrix(a)

	Component		
	1	2	3
Var 1 (OS)	-0,527	<u>0,534</u>	0,356
Var 2 (FB)	<u>0,855</u>	0,105	-6,43E-02
Var 3 (Re)	0,46	-0,52	0,559
Var 4 (Friend)	8,08E-02	<u>0,73</u>	0,622
Var 5 (inte)	-0,315	6,93E-03	<u>0,807</u>
Var 6 (Knowle)	-0,441	<u>0,712</u>	-0,156
Var 7 (compla)	<u>0,87</u>	0,426	0,123
Val 8 (tele)	0,147	<u>0,484</u>	-0,695
Var 9 (other)	-0,816	-0,302	<u>-0,142</u>

Extraction Method: Principal Component Analysis.

a 3 components extracted.

The components were rotated by use of Varimax (Variance Maximization) method to generate the component matrix above. This matrix enabled the researcher to identify the variables that fall under each of the extracted factors. A variable was viewed to belong to the factor to which it explains most of the variation than any other factor.

Maximum value = 3
Minimum value = 1

Table 4.9d: Variable constituting the factors

Factors	Variables constituting
1	2 and 7
2	1,4,6 and 8
3	9 and 5

This analysis indicates that the 3 extracted factors absorbed all the 8 variables in the mortgage service quality.

The analysis in the findings extracted 3 components/factors from all the initial variables considered as shown in the table below.

Table 4.10: Factors considered in selection of Doctors

Factor name	Constituent Variable	explains
1 Contact/familiarity	Frequency of banking Complaint handling	33%
2 Staff competence	Overall satisfaction Friendliness Knowledgeable staff Telephone service	23%
3 Competition/alternatives	Interest in customers Other Banks (22%

Total Variance explained = 78%

From the table above, it can be derived that perceived service quality is highly influenced by contact/ familiarity, staff competence and competition.

Table 4.11

Performance aspect	Rating (Mean Score)
Friendliness	3.63
Interest in customers	3.9
Knowledge	3.9
Complaint Handling	4
Telephone Service	3.22

Maximum score =5

Minimum score=1

The table above indicates that Housing Finance performed below average on telephone service and friendliness. Still, there is enough room for improvement in all areas.

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5.0 CHAPTER FIVE : SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter attempts to address the objectives outlined in chapter one. The objectives sought to determine customers' expectations regarding the perceived quality of service in the mortgage sector and whether customers' perceived quality of Housing Finance mortgage services coincides with their expectations of this service.

5.2 Summary of Findings

In this section the researcher seeks to determine customers' expectations in the mortgage sector and identify the perceived service gaps. Because of the broadness of the subject matter the focus here is on summarized data and factor analysis.

The extracted component/factors are considered in the light of the constituent variables. These were used to come up with simplified concepts to summarize the variables. These concepts were considered the important factors that enhance each aspect under examination.

Service at the Mortgage Reception met the expectations fully in addressing customers by name (100%). There were slight service gaps (5%) in failing to give service on first come basis, maintain eye contact, smiling, appearing knowledgeable and availing stationery that is user friendly.

There were a notable service gaps in several aspects including; service provider failure to greet the customer (19%), service time being below expectation for 43% of the customers with a negative perception index (-48) and 'top box' satisfaction 'totally satisfied' being at only 3% indicating a major satisfaction gap.

The customers welcomed the new look (logo) and corporate identity. It was the most liked aspect about Housing Finance.

Finally, customers expect more modern services from Housing Finance they suggested Automated services, centralization and better/flexible loan services. Most of the mortgage customers are also multi banked and more educated indicating a higher service expectation than standard banking customers. However, they appear to be elderly which means they more loyal but with less longevity.

5.3 Recommendations

Housing Finance and any other mortgage finance institution need to address the identified gaps which includes; greeting customers, ensuring faster service especially at peak time, and managing customer relationships to enhance satisfaction. Training of the main service providers should focus on these aspects.

The recent branding efforts were highly appreciated by customers. This indicates an increase level of expectations, which must be met. There is also need for continuous branding efforts to enhance the brand competitiveness and market presence

Since most of the mortgage customers are multi banked and more educated there is need to parallel new products to existing products in the general banking sector. The sector is also faced by an aging customer population, which means that the customers are more loyal, but they have less longevity. There is need to recruit younger customers such as the young upcoming professionals (YUPPIES) by designing cutting edge products that can appeal to them. Technology driven products are known to appeal to this market segment; the low-tech orientation (passbook) was disapproved by some customers.

Contact/familiarity have come out as an important factors influencing perceived quality in the sector. This implies that a mortgage company can improve their service over time since they have a long-term relationship with their customers. This advantage should be exploited to win customers for life. Longevity is known to increase profit per customer, loyal customers also demand less hand holding and make referrals Complaints should be taken as opportunities to convert customers into advocates.

Staff competence was also identified as an important factor. This affects how an institution is perceived. This implies that staff training is of utmost importance. Customer relation staff should also be selected carefully as their personalities directly impact on perceived service quality.

Competition also appeared as a very important factor. This is mainly because customer expectations are shaped by customer exposure in day-to-day experiences. This means that Housing Finance should adopt a benchmarking program to compare themselves with the best in class and try to perfect what already exists. Increased marketing activity may also help to create awareness and encourage trial/usage..

5.4 Limitations of the Study

This study faced several limitations. The major limitations were time and financial resources. For this reason the study was narrowed to Housing Finance only, more resources would have enabled the research to cover other companies in the sector.

Another limitation was the scarcity of mortgage customers. These are busy people who are hard to convince or get. The researcher administered the questionnaire in the banking hall to enhance availability.

APPENDICES

Appendix 1 - REFERENCES

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Appendix 2 – Letter of introduction

Department of Business Administration,
Faculty of Commerce
University of Nairobi
Po Box 30197
Nairobi

15th August 2003

Dear Respondent,

My name is Anne Murugu. I am a postgraduate student in the University of Nairobi doing a research project as part of the requirements of the degree of Masters of Business Administration. I am doing a study to establish the perceived service quality in mortgage finance.. You have been randomly selected to participate in this study. The information collected will be treated confidentially; your opinion will be combined with those of others to give an overall understanding of subject. In case there are any issues you require clarification, Kindly contact me at University of Nairobi, Box 30197 Nairobi, Telephone 333910) A copy of the research will be made available to you on request. I highly appreciate your kind assistance. Please fill in the attached the research questionnaire for this study.

Yours Sincerely

Anne Murugu
MBA Student

Mr. T. Mutugu
Department Of Business Administration
Faculty of Commerce
University of Nairobi

adoption → Income

Appendix 3 - QUESTIONNAIRE FOR MORTGAGE CUSTOMERS

PART A: DEMOGRAPHICS

For statistical purposes only, please indicate your responses to the following questions

1. Respondent's name (optional): _____
2. What is your occupation? ✓ _____
3. Sex: Male () Female ()
4. Age Group:
 18 - 24 ()
 25 - 34 ()
 35 - 44 ()
 45 - 55 ()
 55+ ()
5. Number of years of formal schooling?
 1 - 7 years ()
 8 - 11 years ()
 12 - 13 years ()
 over 14 years ()

PART B: ATTITUDES TOWARDS THE MORTGAGE FINANCE INSTITUTION AND ITS SERVICE

6. Overall, how satisfied are you with the services provided by Housing Finance?
 Totally dissatisfied ()
 Dissatisfied ()
 Average ()
 Satisfied ()
 Totally satisfied ()
7. Is there anything you do not like about Housing Finance?

8. What do you particularly like about Housing Finance?

9. How often do you come to the banking halls of Housing Finance?

- More than once a week ()
- Once a week ()
- Once in two weeks ()
- Once in a month ()
- Less often ()

10. In the past six months, have you visited Housing Finance Mortgage Administration Reception?

Yes () No ()

11. Generally, how long do you have to wait before being served at the Mortgage Administration reception?

- Less than 5 minutes ()
- 5 to 10 minutes ()
- 10 to 15 minutes ()
- 15 to 30 minutes ()
- Over 30 minutes ()

12. Generally, how long would you say is the ideal waiting time before being served?

13. Thinking of your last visit:

	Yes	No
Were you served on a first come basis?	()	()
Were you addressed by name?	()	()
Did the service provider make eye contact?	()	()
Did the service provider greet you?	()	()
Did the service provider smile at you?	()	()
Did the service provider appear knowledgeable?	()	()
Was stationary available for your use?	()	()
Was the stationery accessible?	()	()
Was the stationary user friendly?	()	()

14. Thinking of Housing Finance staff, please tick the comment that closely describes your opinion?

- Friendliness

- Not friendly at all ()
- Not friendly ()
- Average ()

Friendly ()
Very friendly ()

• Interest in customers

Not interested at all ()
Not interested ()
Average ()
Interested ()
Very interested ()

• Knowledge

Not knowledgeable at all ()
Not knowledgeable ()
Average ()
Knowledgeable ()
Very knowledgeable ()

15. Have you had cause to complain in the last 6 months?

Yes () No () go to question 21

16. How did you register your complaint?

Letter () Email () Fax () Telephone () In person ()

17. Whom did you complain to?

Head office staff () Mortgage administration receptionist ()
Mortgage Manager () Directors ()
Others (please specify) _____

18. What was the nature of the complaint?

Slow/Lack of response to queries ()
Account statement errors ()
Delayed statement ()
Poor/Lack of communication ()
Staff related ()
Others _____

19. How was the speed of response to your complaint?

Very Slow () Slow () Average () Prompt () Very prompt ()

20. Overall how satisfied were you with the way the complaint was handled?

Totally dissatisfied ()
Dissatisfied ()
Average ()
Satisfied ()

Totally satisfied ()

21. Have you telephoned Housing Finance in the last 6 months?

Yes () No () go to question 25

22. How fast was the telephone answered

Very Slow () Slow () Average () Prompt () Very prompt ()

23. What was the immediate reaction on being answered?

Call transferred to someone who assisted me ()

Kept on hold but with feedback ()

Kept on hold without feedback ()

Had to disconnect and call again ()

Disconnected and never called again ()

24. Overall, how satisfied were you with the way you were handled on telephone?

Totally dissatisfied ()

Dissatisfied ()

Average ()

Satisfied ()

Totally satisfied ()

25. Have you received a letter from Housing Finance in the last 6 months?

Yes () No () go to question 27

26. How would you describe the letter you received?

User friendly (easy to read and understand) ()

Polite ()

Timely ()

Relevant ()

27. What suggestions would you make to improve services that we currently offer you?

28. What new products or services would you like us to offer?

PART C:

29. How long has your mortgage account with Housing Finance been active?

30. Besides the mortgage account, what type (s) of account(s) do you operate and for how long?

Account Type operated	Time period
a. Savings Account	_____
b. Housing Development Bond	_____
c. Fixed Term Account	_____
d. Children's Account	_____

31. Besides the account(s) mentioned above, do you operate any other accounts with other bank(s)?

Yes () Go to Question 4 No () Go to Question 6

32. Please indicate the type(s) of account(s) held with other banks and for how long you have operated the account(s).

Type of Account	Bank & Branch	Time Period
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

33. Why did you open the account(s) mentioned in Question 4 above? (If more than one account, please mentioned the name of the account followed by the reasons?)

THANK YOU VERY MUCH FOR YOUR CO-OPERATION