

**PUBLIC SERVICE DELIVERY REFORM AND CUSTOMER SATISFACTION: THE CASE OF SOCIAL SECURITY AGENCY (SSA) AND DOCUMENT AUTHENTICATION AND REGISTRATION OFFICE (DARO)**

**BY: - DESTA TESFAW**

**A THESIS SUBMITTED TO THE SCHOOL OF GRADUATE STUDIES, ADDIS ABABA UNIVERSITY, DEPARTMENT OF PUBLIC ADMINISTRATION AND DEVELOPMENT MANAGEMENT IN PARTIAL FULFILLMENT OF THE REQUIREMENT FOR THE MASTERS DEGREE IN PUBLIC ADMINISTRATION.**

**JUNE, 2008**

## **Acknowledgements**

I would like to express my sincere and heartfelt appreciation to my thesis advisor Dr Paulos Chanie for his professional comments and suggestions provided to my thesis. Especially the support he gave me in shaping the research design contributed a lot for the success of this study. Above all, I would like to appreciate his timely responses for the draft works submitted to him.

I am also highly grateful to the DARO and SSA management and staff for their cooperation in providing me with the information for the study. My special thanks goes to Tsegay Habte, SSA staff member who supported me in facilitating data collection.

I am also highly grateful to Ato Kefyalew Azeze for his support in language editing of the paper. I also want to thank Ato Fantahun Abera , Ato Getnet Abera, Yohannes Geremew and W/rt Fantu Debele who helped me in data gathering and organizing .

Finally, I would like to thank my family, colleagues and friends whose enthusiastic encouragement has helped me to accomplish this thesis.

# Table of contents

<b>Topic</b>	<b>Page</b>
Acknowledgments.....	i
List of Abbreviations.....	v
List of tables.....	vi
Abstract.....	vii

## CHAPTER ONE

<b>1. Introduction.....</b>	<b>1</b>
1.1. Background of the problem	1
1.2 Statement of the problem.....	7
1.3 Objectives of the study.....	9
1.4 Research Question.....	10
1.5 Significance of the study.....	11
1.6 Limitation of the study.....	11
1.7 Research methodology.....	12
1.8 Structure of the Study.....	14

## CHAPTER TWO

<b>2. Theoretical and conceptual Framework.....</b>	<b>15</b>
2.1 Theoretical Framework.....	15
2.1.1 Meaning and Rational of public Sector Reforms (PSRs)..	15
2.1.2 Theories of PSRS.....	18
♦ Public Choice theory.....	18
♦ Principal –Agent /Agency theory/.....	20
♦ New –Institutional Economics Theory.....	21
♦ New Public Management (NPM).....	22

2.1.3	Modalities /Strategies of public sector Reforms.....	24
2.1.4	Experiences of NPM driven PSRs.....	27
	♦ Experiences of Advanced industrial countries.....	27
	♦ Public Sector reform in Developing Countries.....	28
2.1.5	Factors for successful implementation of PSRs.....	31
2.1.6	Public Service Delivery.....	32
	♦ Meaning and Nature of Public Services.....	33
	♦ Measurement of public Service Delivery.....	33
	♦ Conclusions.....	37
2.2	Conceptual framework of the Study.....	38

## CHAPTER THREE

<b>3.</b>	<b>Organizational Setup and Staff motivation in SSA and DARO.....</b>	<b>47</b>
3.1	Profile of Respondents.....	48
	3.1.1 The Staff of SSA and DARO.....	48
	3.1.2 The customers of SSA and DARO.....	49
3.2	Organizational setups emplaced to reform the service delivery in DARO and SSA.....	49
	3.2.1 Establishment of vision and mission.....	49
	3.2.2 Reengineering and redesigning working processes.....	51
	3.2.3 Establishment of service standards.....	53
	3.2.4 Complaint handling and customers feed back system.....	54
	3.2.5 Applications of Information Communication Technology (ICT).....	57
3.3	Staff Motivation and Satisfaction.....	58
	3.3.1 Training of the staff.....	58
	3.3.2 Staff communication.....	60
	3.3.3 Delegation of Authority in Decision making.....	61
	3.3.4 Performance appraisal and Reward.....	62

3.3.5	Material and office facilities.....	65
3.4	Conclusion of the chapter.....	66

## **CHAPTER FOUR**

<b>4.</b>	<b>The level of customers Satisfaction in SSA and DARO....</b>	<b>67</b>
4.1	Accessibility of Services.....	67
4.2	Assessment Customers on Organizational setups.....	69
4.3	Assessment of customers on staff willingness and capacity to provide service.....	71

## **CHAPTER FIVE**

<b>5.</b>	<b>Major findings Conclusion and Policy Implications.....</b>	<b>73</b>
5.1	Major findings.....	74
5.2	Conclusions.....	79
	<b>Appendix One- Staff Questionnaire.....</b>	<b>82</b>
	<b>Appendix Two- Customer.....</b>	<b>86</b>
	<b>Appendix Three-List of Informants.....</b>	<b>90</b>
	<b>References.....</b>	<b>91</b>

## **List of Abbreviations**

**BPR** - Business Process Reengineering

**CSRPO** - Civil Service Reform Program Office

**DARO** - Document Authentication and Registration office

**DPSA** - Department of Public Service and Administration of  
South African

**ECA** - Economic commission for Africa

**ICT** - Information Communication Technology

**NPM**- New Public Management

**PSRs** - Public Sector Reforms

**PSDR**- Public Service Delivery Reform

**SSA** – Social Security Agency

## **List of Tables**

Table 3.1: Sex, Age, Educational status and Service years of Staff

Table 3.2: Sex and Age of customers

Table 3.3: Staff perception on Vision and Mission

Table 3.4: Customers satisfaction on Suitability of working processes

Table 3.5: Customers response on service standards

Table 3.6: Customers perception on complaint handling and feedback system

Table 3.7: Perception of customers on ICT Application

Table 3.8: Training Opportunities of staff

Table 3.9: Staff Communication

Table 3.10: Perception of staff on Delegation of Authority

Table 3.11 Perception of staff on Performance Appraisal and Rewards

Table 3.12: Perception of Staff on Material and Office Facilities

Table 4.1: Assessment of customers on accessibility of services

Table 4.2: Assessment of Customers towards Organizational Setups

Table 4.3: Assessment of Customers towards the Staff

Table 4.4: Overall Customers Satisfaction

## **Abstract**

Public service delivery has become the central focus of recent Public Sector Reforms (PSRs) throughout the world. The public service reform program is one of the components of the Ethiopian civil service reform program. The overall objective of this study is to identify and analyze the factors that determine the success and failure of the public service delivery reform in relation to customer satisfaction. The study has used the case study method by selecting two case organizations namely Social Security Agency (SSA) and Document Authentication and Registration Office (DARO). The data have been collected from primary and secondary sources through interview, questionnaire, observation and document reviewing.

Based on the conceptual frame, the data have been presented and analyzed through comparative analysis of the case organizations. The findings of the analysis show that the two case organizations are different in satisfying customers in service delivery i.e. DARO satisfied its customers better than SSA. This study reveals that the differences in performance between the two case organizations are the result of organizational and motivational factors. The major organizational factors are vision and mission, service standards, customer complaint handling mechanisms, reengineering of working processes and application of Information Communication Technology (ICT). The major staff motivational factors are training, communication, performance appraisal and reward system, delegation for decision making and physical facilities. This study therefore concludes that these factors should be fulfilled at the organizational level to satisfy customers through public service delivery.

# Chapter One

## Introduction

### 1. Background of the Study

The establishment of the "modern civil service" in Ethiopia dates back to 1907, when Emperor Menelik II initiated the formulation of the first ministries. Studies conducted by the incumbent government, however, show that despite its long standing existence, the civil service in Ethiopia has suffered a number of problems. Until recently, effective delivery of services to the public has been given little attention (Ethiopian Public Service Delivery Policy, 2001).

In November 1994, the government established a national task-force mandated to study the problems the civil service system facing and come up with recommendations to reform the sector. Two years later the task-force submitted the results of the study to the government. The major weaknesses identified on public service delivery were: lack of service standards; lack of one stop shopping service delivery; inadequately skilled employees to provide the services; unavailability of training programs on service delivery for the employees; unaffordable service fees and charges; and unavailability of a complaints-handling mechanism.

Based on the recommendations of the task force, the government decided to implement a Civil Service Reform Program in public institutions. The Reform Program has the following sub-programs (Ministry of Capacity Building, 2001):

**1. Top Management Systems Sub-Program:** with the objective of improving and strengthening senior management systems and procedures;

**2. Human Resources Management Sub-Program:** with the objective of improving the governance and control of human resources, training and capacity building of human resources, merit-based recruitment and promotion systems, introduce modern human resources policies and procedures and transparent results-oriented performance appraisal system;

**3. Service Delivery Sub-Program:** with the objective of improving performance and service delivery to the public;

**4. Expenditure Management and Control Sub-Program:** with the objective of improving governance and control of public finance; and

**5. Ethics Sub-Program:** with the objective of improving accountability and transparency within the civil service operating under a code of ethics.

In order to coordinate the above reform programs the Federal Civil Service Reform Office was established under Ministry of Capacity Building and civil service reform offices were set up in each government organization. In addition, different legislations and policies such as the Finance Proclamation and the Civil Service Proclamation were adopted. This study will focus on the PSDR Program (PSDR).

The Ethiopian Service Delivery Policy was adopted in 2001 with the main objectives of: ensuring efficiency and effectiveness of service delivery; equity in access to government services; and ensuring accountability for failure to provide services. Article 6 of the Policy Paper provides the following instruments and directions for public service delivery:

- *formulation of mission statement*
- *promoting positive attitude towards serving the public*
- *defining eligibility*
- *facilitating easy access*
- *establishing a complaints handling mechanism*

- *providing adequate information*
- *consulting with service users;*
- *setting up service standards;*
- *providing cost-effective services; and*
- *promoting transparency.*

In 2001, the government also enacted the directive on “*complaints handling on public service delivery*” with the main objectives of: providing quick responses to customer complaints; collecting feed-back; and reducing the burdens of access to justice and legal institutions.

According to the interview made with the head of the Civil Service Reform Office (CSRO), the following major activities have been performed since the establishment of the office:

- Research studies have been conducted with the involvement of foreign consultants;
- Awareness creation programs on legislations, strategies and systems have been conducted;
- A Steering Committee has been established with the purpose of evaluating the activities of the reform program chaired by Ministry of Capacity building and with the members from different ministries;
- In collaboration with the World Bank, the central government supports public institutions by providing training, material and consultancy services.

The extent to which the PSDR of Ethiopia is being implemented has been recently the focus of attention for some researchers. In line with this Merga (2006: 82-87) identified the major achievements and challenges of two ministries (Ministry of Trade and Industry, and Ministry of Finance and Economic Development) in implementing the PSDR. The achievements indicated were: better quality services; beginning of result oriented evaluation;

and commitment of higher officials. The challenges identified included: shortage of experienced manpower; lack of incentives; inadequate training; insufficient evaluation and monitoring; lack of enough support from the concerned government bodies; the absence of policy documents; and resistance to change from the staff.

A survey study conducted in the Ministry of Finance and Economic Development and in the Ministry of Education by Common and Hailemariam (2006, : 18 &19) concludes that the achievements in PSDR were mainly registered as a result of the commitment of high ranking officials and the access to policy makers to request amendments of legislation. They also indicated that in particular Business Process Reengineering (BPR) has brought significant change in the efficiency and performance of service delivery units. However, they indicated that unless a mechanism is sought to enhance the momentum of the reform and unless appropriate reward and motivational instruments are put in place the change will tend to backslide.

The Civil Service Reform Program Office (CSRPO) conducted a service delivery survey in 2004/2005 in 17 federal government institutions and in some selected regional institutions of Ethiopia. The survey identified strengths and weaknesses. Some of the identified strengths were: government support, environment conducive to change, improvement in service delivery, ownership achieved through decentralization and availability of useful tools to implement the reform. Some of the weaknesses identified by the survey were: lack of leadership commitment; lack of capacity in human resources; lack of systems and structures; problems in designing programs; and lack of integration with the other sub–programs (CSRPO, 2005: 30-36).

Whilst these studies contributed in highlighting the achievements and challenges of the PSDR, they did not identify factors that contribute to the success and challenge of the reforms. In other words the surveys did not

identify the causal relationships between PSDR and customer satisfaction by identifying the specific factors that contribute to the success or failures of the reform program and how these factors affect the implementation of the reform, particularly the delivery of services to customers. In order to carry out a comparative analysis and explain the impact of organizational and motivational factors on the implementation of the PSDR, this study has selected two federal public institutions of Ethiopia namely the Document Authentication and Registration Office (DARO) and the Social Security Agency (SSA). The brief background of these institutions is presented as follows.

### **The Document Authentication and Registration Office (DARO)**

DARO was established with its previous name “Acts and Documents Registration Office” in April 1996 as an autonomous institution under the Addis Ababa city administration. In 2003, the federal Parliament enacted the first Special Law (Proclamation No 334/2003) as amended by proclamation No 467/2005 dealing with documents authentication and registration services. Based on this proclamation, the Document Authentication and Registration Office (DARO) was reestablished in July 1996 in its present form under Ministry of Justice (DARO Report 2008). The major statutory tasks and responsibilities of DARO are:

- *to authenticate and register documents;*
- *to verify and register copies of documents against their originals;*
- *to keep custody of specimen of signatures and/ or seal upon request from those concerned;*
- *to ascertain the capacity, right and authority of persons who are about to sign or who have signed documents submitted for authentication;*
- *to ascertain the legality of documents submitted for authentication;*
- *to ascertain the respect to contracts made to transfer properties for which title certificates are issued under the law.*

DARO has a main office in Addis Ababa and 5 branches (four in Addis Ababa and one in Dire Dawa). DARO provides document authentication and registration services on issues such as power of attorney; vehicle and motorcycle sales; construction machineries sales; and others.

### **The Social Security Agency (SSA)**

The Social Security Agency (SSA) was established in 1995 by Proclamation No 39/1995. The Authority is accountable to the Council of Ministers and managed by the Board of Directors. The social security services are not delegated to the regional governments. They are provided in a centralized manner under the responsibility of SSA. SSA has been organized with a main office in Addis Ababa and 11 regional branches (SSA (2005)). The major statutory powers and duties of the Authority are:

- *undertake and submit studies to the government to strengthen and expand social security programs;*
- *collect social security contributions, ensure that proper records are kept by every employer, inspect such records and documents where necessary and take legal action against employers who fail to pay the contributions and to furnish information on time;*
- *determine the amount of social security benefit to which a rightful claimant is entitled according to the relevant law;*
- *ensure that the preparation of the necessary documents is completed and that payment is properly effected;*
- *collect in advance, verify and record the evidence data that entitles persons to social security benefits; update periodically such records upon notification of changes received from employers;*

SSA provides services such as old age pension, invalidity pension, survivors pension and employment injury.

In short, the main task of both DARO and SSA is to provide public services to their customers: DARO has a responsibility to deliver services on

document authentication and registration and SSA has a responsibility to deliver social security services. Both of them run by the public fund.

## **1.2 Statement of the Problem**

The main aim of the PSDR is to provide efficient and quality services to the public. Studies (for example (Merga (2006); Common and Hailemariam (2006); CSRPO (2005)) done so far on the implementation status of the PSDR of Ethiopia revealed that some public organizations have registered service improvements as a result of the Reform Program. These studies, however, indicated that the implementation pace is slow due to different challenges and problems such as the absence of incentive system to employees, shortage of qualified staff and lack of commitment from the staff. These studies also identified differences in achievements among the different public institutions. However, the studies failed to provide the casual relation between customer satisfaction and PSDR and to identify the factors which are the causes for the success or failure of the reform program. This study aims at filling the gaps by taking two public institutions as case-study and by identifying two types of factors: organizational and motivational.

The Document Authentication and Registration Office (DARO) is one of the very few federal government institutions that have registered encouraging service delivery improvements and it is considered as a model for implementing the program (Yimer, 2004:2). As a DARO report written in 2008 shows, the office was a very poor performer before the implementation of the reform program. The report clearly listed the former weaknesses of DARO. Some of these were: the poor recording/filing system; the organization's management was highly centralized; the preconditions that were needed to be fulfilled by the customers were not clearly identified; and the organization was poorly-equipped with ICT.

According to the informants of this study, DARO has been implementing the PSDR since 2001 and it has registered a significant success in improving its service delivery as a result. Yimer (ibid) conducted a case study entitled “*Managing change to improve public service delivery in DARO*” and concluded that its experiences are exemplary and can be used as a model for other institutions. The office has obtained awards and acknowledgements such as the Special Award from the government, a certificate award for the leader of the office from the government, acknowledgement certificates from different commercial and civil society organizations, and two years salary bonus for the employees. The office has got special attention by the media and other bodies due to its success. As cited in ibid, the local newspaper ‘Capital’ described DARO as “*the most prominent, the most popular and the most proficient government office*”. This does not mean that the office has not experienced challenges and that there is no room for further improvement. The DARO (2008) report mentions problems such as shortage of budget and skilled manpower and lack of incentive system to sustain the achievements and to make further improvements.

The Social Security Agency (SSA), on the other hand, is implementing the service delivery reform program at a very slow pace. The services it provides are very crucial for its customers (pension beneficiaries): they are associated with provision of basic needs such as food and shelter mainly to the poor segments of the society. The service users (pension beneficiaries) request the Agency to provide them with their own money, which they contributed before, and with the services that they contributed to provide in the past. In other words, they are claiming their rights from the Agency. However, preliminary assessments done through observation and interviews in the Addis Ababa branch of SSA show that the Agency is currently not capable of fulfilling the needs of its customers. For instance,

this Ethiopian fiscal year, the application of the pension increment decided by the government was delayed because of the backward filing system.

According to the information gathered from personnel offices of the organizations, there is also a difference in terms of staff turnover between DARO and SSA. 45 employees that constitute 10.7% from the total number of staff working in the main office and the branch office in Addis Ababa left their jobs voluntarily from July –March 2008 from SSA. In the same period only 5 employees that constitute 2. 7% from the total number of the main office and branch offices of Addis Ababa in DARO left their job voluntarily.

Thus this particular focuses on the major factors that brought differences between DARO and SSA in satisfying their customers.

### **1.3. Objectives of the study**

Assessments and studies conducted earlier show the presence of both achievements and challenges in the implementation of the PSDR of Ethiopia at institutional level. However there is a gap in revealing which factors lead to success or to failure. It is very difficult to propose solutions to the problem if the major cause and effect factors are not identified clearly. Therefore the aim of this study is to fill the gaps of previous studies by identifying the intervening factors that affect the causal relationship of PSDR and customer satisfaction. The general and specific objectives of the study are the following.

### **1.3.1 General objective**

The overall objective of the study is to identify and analyze the factors that determine the success or failure of the implementation of the PSDR in relation to customer satisfaction by comparing the experiences of DARO and SSA.

### **1.3.2 Specific objectives**

The specific objectives of the study are:

- To assess the organizational setup emplaced by the reform program and its effects on customer satisfaction;
- To assess the motivation factors emplaced by the reform program and their effects on customer satisfaction;
- To assess the level of satisfaction among the customers with the services delivered;
- To identify the lessons learnt from organizational and motivational factors that influence the implementation of PSDRs.

## **1.4. Research Questions**

### **General Question**

What are the organizational and motivational factors that determine the implementation status of the PSDR and how do they influence the level of customer satisfaction?

### **Specific Questions**

1. Does the organizational setup cause differences among organizations in providing adequate services to customers?

2. How do staff motivation and satisfaction bring differences in the level of customer satisfaction?

## **1.5 Significance of the study**

Public service delivery is the central concern of the recent reforms taking place all over the world. The studies conducted so far on the implementation status of the public service delivery program contributed to present the existence of achievements and challenges in a descriptive manner, but failed to show the cause and effect relations in a systematic manner. As already indicated, the objective of this study is to fill the gaps of previous research. By doing so, the study will provide the following contributions:

- It will contribute for the development of the research on the issue by filling some of the gaps of previous researches by providing the cause and effect factors for successful PSDRs.
- It will contribute to the future successful implementation of the reform program by identifying the major determinant factors and the root causes of the problems. Accordingly it will provide policy makers and managers of public institutions with feedback that will allow them to prioritize their efforts.
- It will serve as a basis for further studies on the issue.

## **1.6. Limitations of the study**

Conducting successful and unbiased research is a challenging task. It requires the commitment of the researcher and the respondent and an adequate time and budget. Because of time and resource constraints the study focuses on only the service delivery of the case studies in Addis Ababa. In addition it is limited to only two organizations and the number of respondents has been limited to 100 customers.

## **1. 7. Research methodology**

### **1.7.1 Research Methods**

The research method used in this study is the case study method. Two service rendering case organizations have been selected according to the following procedures:

1. Based on the information gathered from CSRO, the good and the poor performers among the institutions that started the reform program before 2003 were identified;
2. One institution among the good performers and one among the slow performers were selected, based on considerations such as the accessibility of informants, the demands and the kind of services and the availability of concrete evidence on the current performances.

In this research, quantitative information such as the amount of time required getting the services or the number of contacts between the customers and employees are considered. However, most of the analysis will be qualitative and based on factors such as the attitude of the staff and customers towards the services delivered by the institutions

### **1.7.2 Selection of Respondents from Case Organizations**

DARO provides services both at the headquarters and at five branch offices in Addis Ababa and in one branch at Diredawa. SSA has its main office in Addis Ababa, and 11 regional branches. Two service centers from each institution (located in Addis Ababa) - i.e. a total of four service centers - were selected for the study. In these DARO and SSA service centers an average of 400 and 380 customers respectively are served within a day. Five consecutive days were taken to gather primary data from the customers. In

each day, 10 customers from each organization with the total number of 100 customers are selected based on convenient sampling. Since it is very difficult to generalize the findings to the total customers of the two case organizations with this limited sample size, the findings and conclusions of the study refer only to the surveyed customers.

DARO and SSA have an average of 185 and 420 staff members respectively in the main offices and branch offices in Addis Ababa. Among these 80 staff members of DARO and 100 staff of SSA are front staffs that are directly responsible for public service delivery. Among these, 50% (40 staff members of DARO and 50 staff members of SSA) have been selected in random sampling.

### **1.7.3 Sources and instruments of data**

In this research both primary and secondary data sources are used. The primary data has been gathered through interviews, questionnaires and observation. The highest officials from the Civil Service Reform Office at the federal level and the top management members of the case organizations were interviewed. Information was also gathered from the staff and the customers of the institutions through structured questionnaires. The researcher gathered information on issues such as office arrangements and information provided to the customers through observation.

The secondary sources of the data are reports from the institutions and from the reform offices and other research papers on the issues.

### **1.7.4 Data Analysis**

Descriptive statistical tools and percentages have been employed in the analysis and presentation of the collected data.

## **1.8. Structure of the study**

This study has been organized into five chapters. The first chapter deals with the introductory aspects such as background, objectives of the study, significance of the study, and methodology of the study. In Chapter two the theoretical and conceptual frameworks are presented by reviewing different literatures. The third Chapter deals with the presentation and analysis of data on the experiences of DARO and SSA in relation to organizational setup and staff motivation and satisfaction. The fourth chapter analyzes the level of customer satisfaction in DARO and SSA. The final chapter presents the major findings and conclusions.

# CHAPTER TWO

## 2. Theoretical and Conceptual Framework

### Introduction

This chapter deals with the theoretical and conceptual frameworks of the study. The meaning and rationale of Public Sector Reforms (PSRs) and theories and approaches, namely “New Public Management”, “Public Choice Theory”, “Agency Theory” and “Institutionalism Economics” are briefly reviewed. Following that, some reform modalities and experiences of countries and different aspects of Public Service Delivery (PSR) are discussed. Finally, the conceptual framework which guides the study is provided.

### 2.1 Theoretical Framework

#### 2.1.1 Meaning and Rationale of Public Sector Reforms (PSRs)

Lane (2000(b): 15&16) defined public sector as the budget(s) enacted by political assemblies; and government activity and its consequences. Focusing on the common roles of government, Musgrave and Musgrave (1980: 5-17) stated that the three main functions of the government are allocation function, distribution function and stabilization function. The allocation function deals with the provision of social goods, or with the process by which the total resource use is divided between private and social goods and by which the mix of social goods is chosen. The distribution function is about adjustment of the distribution of income and wealth to assure conformity with what the society considers a "fair" or "just" state of distribution. The stabilization function deals with the use

of budget policy as a means for maintaining high employment, a reasonable degree of price level stability, and an appropriate rate of economic growth allowing for effects on trade and on the balance of payments.

The concept of public sector reforms (PSRs) conjures different meanings and is used interchangeably with public management reforms (Ayeni, 2001: 2). Boyne et al. (2003: 4) defined public management reform as "a deliberate change in the arrangements for the design and delivery of public services." According to these writers, a reform is not accidental, nor does it consist of changes in structures or processes that are unintended. It is different from a spontaneous response by public officials to new circumstances. Chandarasorn (1997: 233) on the other hand, defined public sector reform as "the introduction of innovative or modern tools and equipment for performance improvement." This definition focuses on the innovation characteristics of PSRs.

According to Lane (2000(a): 6) the concepts of PSRs are multidimensional and covering a variety of phenomena which do not necessarily hang together. Turner and Hulme (1997) cited in Ayeni (2001: 2) identified the following common elements of different meanings given to PSRs.

- Deliberate planned change
- Innovation and improvement
- Need to cope with uncertainty and its rapid change, which in turn calls for some urgency
- Heavy technical content but also an inherently political process
- Targets at specific institutional issues or system wide-range
- Involving a combination of strategies and approaches.

PSRs which fulfill the above mentioned distinctive features are a relatively recent phenomenon. Reforming organizations is probably as old as public administration; however PSRs as a largely global movement is a recent agenda (ibid: 1).

The major reason for the emergence of NPM (New Public Management) driven PSRs is the inefficiency and ineffectiveness of the traditional public administration to meet the needs of the public and the government. Sarker (2006: 181) has identified the major shortcomings of the traditional mode such as: financial crisis of governments, poor performance of the public sector in different arenas, imperious bureaucracy, and lack of accountability, corruption, and the emergency of better alternative forms of service delivery. Lane (2000(a): 19) pointed out to the failure of the traditional administration to solve the major problems of the day like the fear of nuclear bomb, devastating population explosion, dangerous pollution of the environment, dissention of racial and economic origin, increasing social conflict and deepening fears and anxieties about the future.

Larbi (1999: 3) also summarized the factors driving public management reforms as follows:

*Public management reforms have been driven by a combination of economic, social, political and technological factors. A common feature of countries going through reforms has been the experience of economic and fiscal crises, which triggered the quest for efficiency and for ways to cut the cost of delivering public services. In the case of most developing countries, reforms have been driven more by external pressures and have taken place in the context of structural ideas from the late 1970s, the development of information technology, and the growth and the use of international management consultants and advisors on reforms.*

Ayeni (2001: 1) indicated that the current reform regime has been closely associated with economic and political developments around the Globe in recent decades, including the fall of the former Soviet Union and the subsequent decline of the communist ideology. The current reform agenda in public administration can be associated to worldwide trends such as the social, political and economic changes in industrialized countries, which underwent a rightward shift during the 1970s and the early 1980s as political leaders

recognized the unsustainable nature of the comprehensively centralized system of public service delivery (Denhardt and Cubbs 2003: 334).

As pointed-out above, there are various driving factors and motives for PSRs. It is very difficult to select which of them have been the most significant for a given country reform. It is the combination of the factors –which can differ depending on the country that contributed for the emergence of PSRs with radical and comprehensive change in different countries system of public administration.

### **2.1.2 Theories of PSRs**

Since the 1980s, public sector reforms have emerged to a considerable degree under the banner of NPM in New Zealand, the United Kingdom and elsewhere and as "reinventing government" in the United States (Page, 2005: 713). The reforms, however, stand on different theoretical foundations, some of them are: public choice theory, agency theory, new institutionalism economics, and NPM.

#### **Public Choice Theory**

Public choice is the economic theory of politics, being the application of economics to the study of politics, including public administration. The concept of public choice theory in public administration was first mooted in the mid-sixties through the leading role of scholars like Duncan, Dames Buchanan, Gordon Tullock, Willian Riker, M.Olson (Avasthi and Mahaswarl, 2000: 87).

According to this theory, the three characteristics of public bureaucracies that are the reasons for inefficiency and ineffectiveness are: (Boyne et.al.2003: 6-8).

- i. The monopolistic structure of public service market, which leads to poor performance because officials have little incentive to keep their costs down or to find innovative methods of service delivery.*

- ii. *The absence of valid indicators of organizational performance, which makes it very difficult to evaluate or influence the behavior of agencies or individuals against the public interest.*
- iii. *The large size of many government agencies, which leads to a problem of co-ordination and control. Disproportional growth increases in scale and eventually reduces performance*

The central concern of the public choice theory is to make different choices available to users based on a competitive environment. It introduces competition in public administration in a bid to make it more efficient and responsible. It also advocates institutional pluralism in the provision of public goods and services through the existence of a multiplicity of public agencies which can give the individual citizens the necessary choice (Avasth and Maheshwarl, 2007: 83).

Fadia and Fadia, (2008: 148) summarized the major limitations of this theory as follows:

- i. *It may develop an elite bias in the provision of public services as market is out of reach for the poor.*
- ii. *In the public service context "choice" is more apparent than real: what does one do when there is nowhere else to go? How can, for instance, one change one's electricity supplier? Choice is precluded from services provided by monopolies.*
- iii. *Public interest and welfare state are rejected by this theory; yet human development in history has been towards those concepts.*

According to Fadia and Fadia (2008: 145) the major contribution of public choice theory for PSRs is the questioning of the very basis of bureaucracy-run government by proposing the role of public administration as the development of a decentralized, small scale service system at different levels of government. This theory introduced the issue of competition in the public sector and using different alternatives for public service delivery. It contributed by introducing economics concepts in the public administration system.

## Principal - Agent/Agency Theory

In agency theory terms, the owners are the principals and the managers are the agents. At a wider societal level, the people are the principal and the government is an agent (Donaldson and Davis, 1991: 50). In the public sector the government becomes the sponsor or principal and the bureau or the department, private sector and community based organizations become agents (Awortwi, 2003: 55). In this type of principal agent relationship bidding, a head of hierarchy is favored; private agents are given precedence over public agent and the public enterprises remaining in public ownership are transformed into private agents (Lane (a), 2000: 285).

The central dilemma investigated by principal-agent theorists is how to get the agent to act in the principal's best interest, and their proposed strategy or solution is the creation of enforcement mechanisms or incentive structures that will effectively constrain the actions of the agent (Awortwi, 2003: 54 & 55). However, the principal-agent relationship can not be perfect because of some inevitable problems. Asymmetry is present in the relationship between principal and agent when the agent has relevant information that is inaccessible or prohibitively expensive to acquire for the principal (Lane, 2000 (b): 285). In addition to this, a moral hazard arises when high cost of monitoring forces the principal to measure compliance by a single proxy or indicator, and agents also face uncertainty about the future, which will force them to make decisions without optimizing future outcomes (Awortwi, 2003: 55).

Agency theory tries to indicate the advantages of relationships between the principal (the government) and the agents (government departments and private sector). It is highly associated with the recent PSRs which require the applications of different modalities such as contracting out and franchising. The theory suggested that it is impossible to satisfy the needs of the public by providing services only by the government. Public-private partnership and

establishing autonomous government institutions for public service delivery is highly recommended, as it also suggests technical contracting out to the market.

## **New – Institutional Economics Theory**

New-Institutional economics theory stated that the role of the State should be to define the basics of contractual arrangements that depend on existing technology and natural endowments. The changes on technology and endowments will be a base to initiate new contracts. According to this theory, the state may play a profound role in minimizing transaction costs by institutional innovation (Lane, 2000 (b): 227). Transaction costs are related to all expenses related to the contract: the cost of searching for contracting partners, acquiring information and negotiating, monitoring and enforcing contracts (Awortwi: 2003: 65).

According to Mathews (1986) cited in Lane (2000(b): 2298) the new-institutional economics theory describes the interaction of given utility-maximizing individuals in a determined institutional structure. This theory believes that an individual may pursue his interests more effectively by making an effort to change the institutional constraints he faces than by simply adapting to the institutional structure as if it was unsusceptible to changes.

The new- institutional economics theory has made a useful contribution on PSRs by emphasizing the necessity of contracts in public service delivery among the different actors, such as government and private sector.

## **New Public Management (NPM)**

NPM became the most popular approach during the 1980s and 1990s in reforming the public sector. NPM is theory of the most recent paradigm change in how the public sector is to be governed, and it is part of the managerial revolution that has gone throughout the world affecting all countries (Lane, 2000 (a): 3). Avasthi and Maheshwarl (2007: 86) stated "NPM is amongst the latest concepts to enter the lexicon of public administration in a bid to transform it completely".

According to ( ibid: 86) NPM is a mixed approach of public and business administration. Public administration is associated with rules and procedures ultimately embedded in the democratic theory, while business administration is free-wheeling and dealing with achievements and performance. NPM is a merger of these two disciplines by taking the "what" and "why" from public administration and "how" from business administration. Hood (1991) cited in Olowu (2002: 3 - 4) set out the following seven key NPM's components.

1. *Hands-on professional management*
2. *Explicit standards and measures of performance*
3. *Greater emphasis on output controls*
4. *Desegregation of units in the public sector*
5. *Greater competition in the public sector*
6. *Private sector styles of management practice, and*
7. *Greater discipline in resource use*

The description of these components of NPM is presented in the following table:

## Components NPM

No	NPM components	Meaning	Typical Justification
1	Hands-on professional management in the public sector	active, visible, discretionary control of organizations from named persons at the top, "free to manage"	accountability requires clear assignments of responsibility for action
2	Explicit standards and measures of performance	definition of goals, targets, indicators of success, preferably expressed in quantitative terms and to which managers would be required to work	accountability requires clear statement of goals; efficiency requires "hard look at objectives"
3	Greater emphasis on output controls	resource allocation and rewards linked to measured performance; break up of centralized bureaucracy-wide personnel management; performance agreement	need to stress on results rather than procedures
4	Desegregation of units in the public sector	Break-up formerly "monolithic" traditional bureaucracy into corporatized units or separate agencies on operating on decentralized "on-line budgets and relating with one another and with the center on an " arms'-length" basis	need to create "manageable" units, separate policy core from operation units
5	Greater competition in the public sector	move to contracting and public tendering procedures to stimulate competition between service-providing agencies	rivalry as the key to promote cost savings, efficiency, user responsiveness and better standard
6	Private sector styles of management practice	move away military style "public service ethics", greater use of public relations techniques	need to use "proven" private sector management tools in the public sector
7	Greater discipline in resource use	cut direct cost; raise labor accountability requires clear "compliance costs" to business, downsize	need to check resource demands of the public sector and do "more with less"

Source: Larbi (1999: 15&16)

NPM theory contributed considerably to the radical and comprehensive PSRs taking place all over the world. It brought several techniques and tools to make public sector efficient and effective. This theory focuses on the internal efficiency and effectiveness of public organizations by transforming the traditional public administration through a new management system. Its proposals to decentralize management system and set up standards and performance measures are among those factors that contribute to public service delivery improvements.

### **2.1.3 Modalities/Strategies of Public Sector Reforms**

There are various modalities/strategies proposed for PSRs that can be categorized into two broad categories, namely partnership modalities and internal reform modalities. The partnership modalities are used to manage partnership of government with other bodies to provide services (Awortwi, 2003: 45). These modalities are mainly characterized by the involvement of entities outside the public sector in the public service delivery. The internal modalities, on the other hand, are used to reform the public institution through internal mechanisms. Among the partnership modalities contracting-out, franchising, open competition, concessions and voucher can be mentioned, and among the internal modalities decentralization, business process reengineering, benchmarking, total quality management and citizens charter. All these are discussed in the following tables.

## Category one: Partnership modalities

No	Modality/ Strategy	Meaning	Justification
1	Contracting-out /outsourcing	Contracting-out refers to the provision of services over an extended period of time, such as a road construction or the daily provision of cleaning services for office buildings, rather than one-off purchasing products (Christensen and Laegreid (2007: 203).	The efficient gains from contracting-out have resulted from an increased scope for competition (Kitchen, 2005: 130).
2	Franchising	A franchise exists when a private firm provides a service to residents within a specific geographical area and when the supplier is paid (price or user fee) directly by the users (Kitchen, 2005: 133).	It saves the government body the cost of buying and maintaining equipment; and since user pays directly, there is always pressure on agents to deliver timely high-quality service (Awortwi, 2003: 46 & 47).
3.	Leasehold agreement	A lease contract is a type of modality whereby a private operator rents the assets of the government body to deliver a service for a certain period of time (Awortwi, 2003: 47).	The government body remains the sole owner of the assets and responsible for expansion and upgrading of investments, debt servicing and financing of the initial capital investment (Awortwi, 2003: 48).
4.	Concession	In this type of modality, the role of the government body is to establish performance standard and to monitor that the contractor meets the standard and the role of the contractor is to provide the service based on the standards (Awortwi, 2003: 48)	Gives the private contractor full responsibility for the delivery of infrastructure service in specified area. (Awortwi, 2003, 48)
5.	Voucher	A means of paying for goods or services that are issued by the public authorities to individual 'consumers' who are authorized to use it in an approved institution for the specific purpose for which it was issued (Colin, 2007: 21).	Delivery of services such as day care, homemaker's services, public transportation and medical expenses could be well suited for the voucher system (Kitchen, 2005, 136).

## Category two: Internal Reform Modalities

No	Modality/ Strategy	Meaning	Justification
1	Decentralization	The empowerment of institutional branches, units and employees to make decisions within the boundaries of their responsibility (Lane, 2000 (b): 55).	Decentralization improves the quality of decision-making through better information flows and participation of all stakeholders at the grass root level (ECA, 2003: 52)
2	Performance Management	Performance management includes pay system, objective setting, appraisal process and carrier management (Williams, 2004: 7)	Performance management increases efficiency and accountability in public organization through clear and explicit managerial targets, combined with managerial autonomy and incentives to performer, (ECA, 2003: 13)
3	Total Quality Management (TQM)	A management process and a set of disciplines that are co-ordinate to ensure that the organization consistently meets and exceeds customer requirement (Capecio and Moorehose cited in Smith ,1999: 61).	TQM as the public sector reform strategy will help to improve efficiency, productivity and integrity in the public service by creating a culture of commitment to identify and meet customer requirements throughout organizations and within available resources. (ECA, 2003: 40 ).
4	Benchmarking	Improving detailed processes or parts of processes (reception, making appointments, answering the phone, etc) by copying "best practices" from wherever it can be found (Gaster and squires, 2003: 260)	Helps an organization to look outwards and to reinforce organizational learning through detailed and systematic analysis of what you are doing and what you are trying to do.
5	Business Process Reengineering (BPR)	The fundamental rethinking and radical redesign of business processes to achieve dramatic improvements in critical contemporary measures of performance, such as cost, quality, service, and speed (Hammer and Champ, 2001: 35).	Aiming to bring about radical rather than incremental or marginal change (Gaster and Squires, 2003: 261).
6	Citizens charter	The main idea of the citizens charter initiative was to oblige providers of public services to define and publicize service standards, to measure their service performance, and to create channels for handling citizens complaints (Barzelay, 2001: 26)	To improve the public service delivery through transparency

The choice of modalities and strategies to be used should be based on the needs of a particular reform program. They are not prescriptions for every reform program. For instance to use the modalities for PSDRs, the nature of the service and the situation of the service provider are among the factors that should be used as a criteria to select the appropriate modalities.

## **2.1.4 Experiences of NPM driven PSR**

### **Experiences of Advanced Industrial Countries**

Different countries have undertaken PSRs based on NPM approaches since 1980s. However, the modalities that are used as instrument of reforms differ from country to country. NPM initiated in the United Kingdom and spread first to the United States, Australia and especially New Zealand and then further on to Scandinavia and continental Europe to considerably different extents (Lane, 2000(a): 3). It is possible to categorize the advanced industrialized countries PSRs into two major categories: "The Westminster style" and "The American reinvention style". The Westminster reform took place in the 1980s and early 1990s. The reform experiences range from the so called "radicalism" of United Kingdom and New Zealand through the more "measured" approaches of Australia and the Nordic countries to the smaller changes in countries like Italy and Spain. Rosenbloom and Kravchuk (2005: 20) described New Zealand, Australia and United Kingdom as models of new management reforms.

The American reinvention style of reform focuses on minimizing the number of bureaucratic layers and increasing the span of control by assuming that organizations would focus on their work better and improve their responsiveness to customers. It uses a strategy of more contracting-out with proportionately fewer frontline workers and proportionately more high level

managers to engage in negotiating, writing and overseeing contracts (Awortwi, 2003: 42).

## **Public Sector Reform in Developing Countries**

Kirago (2002: 1) categorized the PSRs of developing countries into three categories or waves. The first wave covered the decade of 1980s to mid 1990s and its distinctive feature was its focus on restructuring the public service. The second wave was dominant in the late 1990s and its predominant concern was capacity building. The third wave started around 2000, with a particular objective to improve service delivery.

According to Kirago (2002, 6) the first wave (structural reform) failed to impact positively on service delivery because most programs' strategies and interventions had little or no direct link to improvements in services, and some of the interventions directly undermined capacity building for service delivery. The second wave, which involves capacity building measures, did not have any perceptible impact on service delivery, especially in developing countries, because these capacity building measures were piecemeal and fragmented. The following six factors are identified as the added impetus for the reform programs of the third wave that focuses on service delivery improvements (ibid).

- 1) *The need to demonstrate early results i.e. the need to promote early progress in service delivery improvements like "quick wins" results in order to achieve and sustain crucial public and political support for the overall reforms. It is also essential to respond urgently to shortcomings of previous reforms;*
- 2) *Public demands for transparency and accountability: the global surge of political liberalism and pluralism-enhanced democratic environment in the 1990s has provoked a demand for good governance;*
- 3) *The economic growth;*
- 4) *Influence of "new public management";*
- 5) *The need for public service delivery program to support sector wide approaches; and*
- 6) *Pursuit of an integrated systems approach.*

The PSRs experience of developing countries originated mainly from external donors' pressure and the success stories are very rare. The structural adjustment reforms were initiated in the mid-1980s by donors in order to help overcome the developing countries crises caused by the rise in oil prices and the fall in the prices of primary products. The reforms were focused on reducing the role of the State in production as well as on enhancing service delivery and encouraging deregulation of public enterprises (ECA: 2003, 2). McGill (1997: 255) also stated "in most developing countries, civil service reform programs are externally driven by the World Bank or other donor interventions. Indeed such reforms are often a condition for loans, most notably concerning structural adjustments for macroeconomic management improvements". According to McGill this externally-driven nature of public sector reform presents a major challenge for developing countries.

A World Bank Strategy paper published in November 2000 identified the following weaknesses of the 1980s and 1990s public sector reform supported by the bank:

- *The Bank has sometimes taken a rather narrow and "technocratic" view of what is needed for public sector reform, interacting exclusively with government interlocutors and funding consulting services, computers and other inputs in the absence of deep and sustainable demand for institutional reform on the part of the borrower and the society,*
- *It has sometimes relied on models of "best practice" that have not been feasible in the particular country setting, given the variations in human and institutional capacities,*
- *Traditional applications of the Bank's lending instruments – Structural Adjustment Loans, and other loans have not always allowed the long-term commitment and systematic viewpoint needed to achieve lasting results,*
- *There has traditionally been a shortage of staff skills in certain specialized areas related to governance, institutional reforms, and capacity building, in part reflecting the lower demand for these skills in the past, given the limited emphasis placed on institution building goals.*

However one can not conclude that the failure of reforms is only on the donors' side. Schacter (2000: 8) argued "although one can (and should) find fault with the donors, it is also clear that donors have been stymied by a harsh local environment of public sector reform in many developing countries." According to Schacter one of the major failure factors for reforms was the dysfunctional channel through which governments hold themselves accountable to citizens and citizens communicate their demands for better government.

Nevertheless, the reform programs in developing countries are not a complete failure story. Some developing countries have indeed registered successes in reforming their public sectors. Sarker (2006, 180-203), analyzed the success and failure of NPM in developing countries, and came with the conclusion that even though the complete package of the NPM model has not been experimented anywhere in developing countries, countries like Singapore experimented a relative success in NPM. Polidano (1999: 5) is also of the same opinion. He stated that there are both NPM success as well as failure stories in the developing world. According to him, regardless the gaps in experimenting the NPM model in its totality, there are some well known examples such as for instance: Malaysia's experiments with total quality management, the result-oriented management initiatives in Uganda and the wholesale restructuring of Chilean education along internal market lines.

South Africa is also one of the developing countries that have been undertaking successful public sector reforms. The document published by Department of Public Service and Administration of South Africa (DPSA) in 2004 provides information about South African public sector reform. Since 1995, different legislative, policy and institutional measures have been taken by the government to reform the public sector. Among these measures, in 1997 the Government adopted the White Paper on Transforming Public Service Delivery (Batho Pele) as a policy framework for the provision of services. The Batho Pele White Paper provided a policy framework and practical implementation

strategy for the more efficient, effective and equitable provision of public services. The Batho Pele White Paper contains 8 principles for the transformation of public service delivery, namely: consultation, service standards, access, courtesy, information, openness and transparency, redress and value for money. The definitions of these principles have been given in Section 2.6.5 of this chapter.

### **2.1.5 Factors for Successful Implementation of PSRs**

Economic Commission for Africa (ECA) (2004: 31-37) identified four challenge areas for PSRs in developing countries: low institutional capacity, multiple accountabilities, declining of public service ethics and lack of access to ICT. The low institutional capacity includes lack of separation of power among the branches of government; lack of public servants ability to implement and monitor policies and programs; absence of physical infrastructures for public servants and lack of motivation of public servants. Declining Public Service ethics refers to the erosion of the traditional values of the public service, which emphasize equity, integrity, moral conduct and political neutrality. As far as multiple accountabilities are concerned, public servants often face a situation of being financially, managerially and ethically accountable to the public and political system. Consequently, efforts to ensure accountability are often frustrated by conflicting expectations from the public and the political bosses. Successful implementation PSRs in general and PSDRs in particular require ICT access to the public. However, the majority of the populations, particularly in developing countries, have no access to reliable ICT infrastructure.

Schacter (2000: 5-6) has identified the success factors for PSRs in developing countries: local leadership and ownership of reforms; popular pressure for reform, a strong bond of accountability between citizens and the public sector; wide dissemination of information; creating an organizational culture that is outcome oriented and mission-driven; capacity building on policy-making and

implementation; and integrating downsizing programs into a large frame of reference like the appropriate role and size of the government. In general the challenges for successful implementation are therefore multidimensional and wide in scope.

According to Owusu (2006: 478-479) the factors that affect performance of public sector can be broadly classified into internal and external factors. The external factors include the incentive system, specificity of tasks, political interference and client demand and oversight. The internal factors include organizational mission, recruitment criteria, performance expectations and evaluations, employee sanctioning and autonomy. The factors identified by different writers in one way or another will be appropriate to all countries in the world with possible adjustments according to the political, social and economic environment of each country.

### **2.1.6 Public Service Delivery**

Public service delivery is the most important element of NPM driven PSRs. Kiragu (2002: 6) stated that among the factors that caused the first and second generation of reforms in developing countries to fail was the lack of emphasis on public service delivery. Batley (2004: 53) also stated the major failure of the first generation reform of 1980s and 1990s was to focus merely on reforms in the organization rather than on public service delivery, due to the pressure of crisis and structural adjustments. The third generation reforms emphasized on public service delivery based on the lessons learnt from the previous reforms. PSRs that fail to emphasize on public service delivery are unlikely to be successful. The meaning and measurement of public services are discussed briefly in the following sections.

## **Meaning and Nature of public services**

According to Gaster and Squires (2003: 8) Public services is a term usually employed to mean services provided by the government to the citizens, either directly (through the public sector) or indirectly by financing the private provision of the services, and it is associated with a social consensus (usually expressed through democratic elections) that certain services should be available to all, regardless of their income. Even where public services are neither publicly provided nor publicly financed, for social and political reasons they are usually subject to stricter regulation than most economic sectors. According to Baden (1977:138) as cited in Awortwi (2003: 26) " a public good is one which, if available for anyone is available for every one". Musgrave and Musgrave (1980: 56) identified two major reasons for the existence of social or public goods due to market failure namely non-excludability and non-rivalry. Non-excludability refers to the difficulties to exclude potential users from the services. Non- rivalry refers to the enjoyment of services without diminishing the benefits for other users.

Public services have distinguishing characteristics from private goods and services. Public services are paid through general taxation or means-tested payment or direct fees. Individual payments by choice and profit motives, which are common in the private services, are rare in public services. Public services operate within a legal and financial framework that is very different from the profits-driven private sector (Gaster and Squires, 2003, 8).

## **Measuring Public Service Delivery**

Measuring service quality and customer satisfaction is a central issue to evaluate the PSDRs implementation. It is the best instrument to check whether the reform program has been successful or not. However, it is not an easy task. The challenge arises from the absence of universal definition of quality

services and measurement indicators. Gagster and Squires (2003: 3) explained the challenges as "differences of definition and identification of need, conflicts of interests, constraints of finance, arguments about policy, and legal requirements must necessarily be taken into account in decisions about the extent, nature and focus of services to and for the public. Therefore any discussion of quality and its improvements must be within this context."

Chakrapani (1998: 4) indicated the difficulties of defining quality and suggested to avoid getting into an academic definition of quality by accepting some operational definitions. He stated "a product or service has quality if customer's enjoyment exceeds their perceived value for money. In a competitive market, the product or service with the highest quality is the one that provides the greatest enjoyment". This definition focuses on customer satisfaction to measure service quality.

Leisen and Vance (2001: 308 & 309) identified two schools of thought on service quality from a theoretical perspective. The first school of thought is European and maintains that consumers judge the quality of services on two broad aspects: (1) the service delivery process - the way the services are performed; and (2) the service outcome - the end-result of the service. The second one, the US school of thought on service quality, identifies five service quality dimensions, which in general correspond most closely to the European process component of the service. These five dimensions of services quality are reliability, responsiveness, assurance, empathy, and tangibles (each of them will be elaborated later).

The above mentioned schools of thought in general agree that quality of services should be measured or judged by the customers. However, they differ on the techniques or methods of how customer satisfaction is measured in relation to service quality. The European school of thought includes both the

process and outcome of the services to measure quality, while the US school of thought focuses on process aspects of the services.

In the following paragraphs two prominent measures of service quality and customer satisfaction namely SERVQUAL and Batho Pele are discussed:

## **SERVQUAL Instrument**

Suresuchandar et al. (2002: 363) stated that the SERVQUAL instrument is the most popular and widely used instrument to measure service quality. Leisen and Vance (2001: 309) also indicated that SERVQUAL has been applied both in its original and slightly modified form in a number of international service settings. SERVQUAL was developed in the mid 1980s by Zeithaml, Parasuraman and Bery. Originally it was set to measure 10 aspects of service quality: reliability, responsiveness, competence, access, courtesy, communication, credibility, security, understanding or knowing the customer and tangibles. However by the early 1990s the authors had refined the model with five dimensions: reliability, assurance, tangibles, empathy and responsiveness (Wikipedia Encyclopedia) 2008). Wal et al. (2002, 325) elaborated these five dimensions as follows:

- *Tangibles* include the company's or service provider's physical facilities, equipment, dress of their employees, decor and communication materials.
- *Reliability* refers to the ability of the service providers to perform the service accurately and dependably, as promised.
- *Assurance* refers to the knowledge and courtesy of the company's employees and their ability to inspire trust and confidence in the customer towards the service company.
- *Responsiveness* refers to the willingness of the firm's staff to help customers and to provide the requested service promptly.
- *Empathy* refers to the ability of the service provider to provide a caring and personalized attention to each customer.

There are however writers who criticized the SERVQUAL instrument. For instance Frances Buttle argued that the five dimensions of SERVQUAL are not

universal, and that the model fails to draw on established economic and psychological theory (Wikipedia Encyclopedia, 2008). Among the 11 different SERVQUAL studies reviewed by Wal et al. (2002, 326&27) some of them showed the lack of clarity within the five dimensions of the SERVQUAL instruments, such as dichotomization of tangible into two sub-dimensions and the similarity of reliability and responsiveness dimensions. However, most of these studies revealed the reliability and appropriateness of the SERVQUAL instrument.

### **The Batho Pele (Putting People First) Principles**

In terms of public service delivery, South Africa established exemplary policy and various initiatives and programs. The White Paper (Batho Pele) established the following eight principles of public service delivery: (Russell and Bvuma, 2001, 245).

1. *Consultation- citizens should be consulted about the level and quality of the public services they receive and, where possible, should be given choice in the services that are offered.*
2. *Service Standards- citizens should be told what level and quality of public services they will receive so that they are aware of what to expect.*
3. *Access- all citizens should have equal access to the service they will receive.*
4. *Courtesy- citizens should be treated with courtesy and consideration.*
5. *Information- citizens should be given full, accurate information about the public services that they are entitled to receive.*
6. *Openness and Transparency- citizens should be told how public institutions are run, how much they cost and who is in charge.*
7. *Redress- if the promised standard of service is not delivered, citizens should be offered apology, as full explanation and a speedy and effective remedy, and when complaints made, citizens should receive a sympathetic positive response.*
8. *Value for money- public services should be provided economically and efficiently in order to give citizens the best value for money.*

## 2.1.7 Conclusion

In the above sections of the theoretical framework of the study the issues related to PSRs such as its meaning and rationale, the contribution of theories, the modalities used, the experiences of advanced and developing countries, and the factors that determine the successful implementation have been discussed, as well as the meaning and measurements of public service delivery. It is possible to conclude that the major reason for the comprehensive and radical nature of PSRs that have taken place from 1980s onwards is the inefficiency and ineffectiveness of the traditional public administration to satisfy the demand of the day. The four theories discussed, namely Public Choice, Principal-Agent, New –Institutional Economics, and NPM have contributed to PSRs, even if to different extent. Above all, NPM became the leading theory of the reforms. This theory proposes techniques and mechanisms to solve the shortcomings of the traditional public administrations. The experience of different countries shows that PSRs is not an easy task. Even countries that registered successful implementation of PSRs experience many challenges. The first and second generation PSRs in developing countries were mostly failure stories, with very few exceptions.

The theoretical framework of this study shows that public service delivery is the central theme of PSRs. The ultimate goal of any reform is to ensure the satisfaction of the public through efficient and quality services. All the schools of thoughts agree that the quality of services should be judged or measured by customers.

There are different instruments available to measure the quality of service delivery and customer satisfaction such as SERVQUAL with five dimensions (reliability, responsiveness, tangibles, assurance and empathy) and the Batho Pele principles with 8 dimensions (consultation, service standards, access,

courtesy, openness, information, redress and value for money). Both of these instruments have more or less the same indicators, regardless the different names given and the different categorizations of issues.

## **2.2 Conceptual framework of the study**

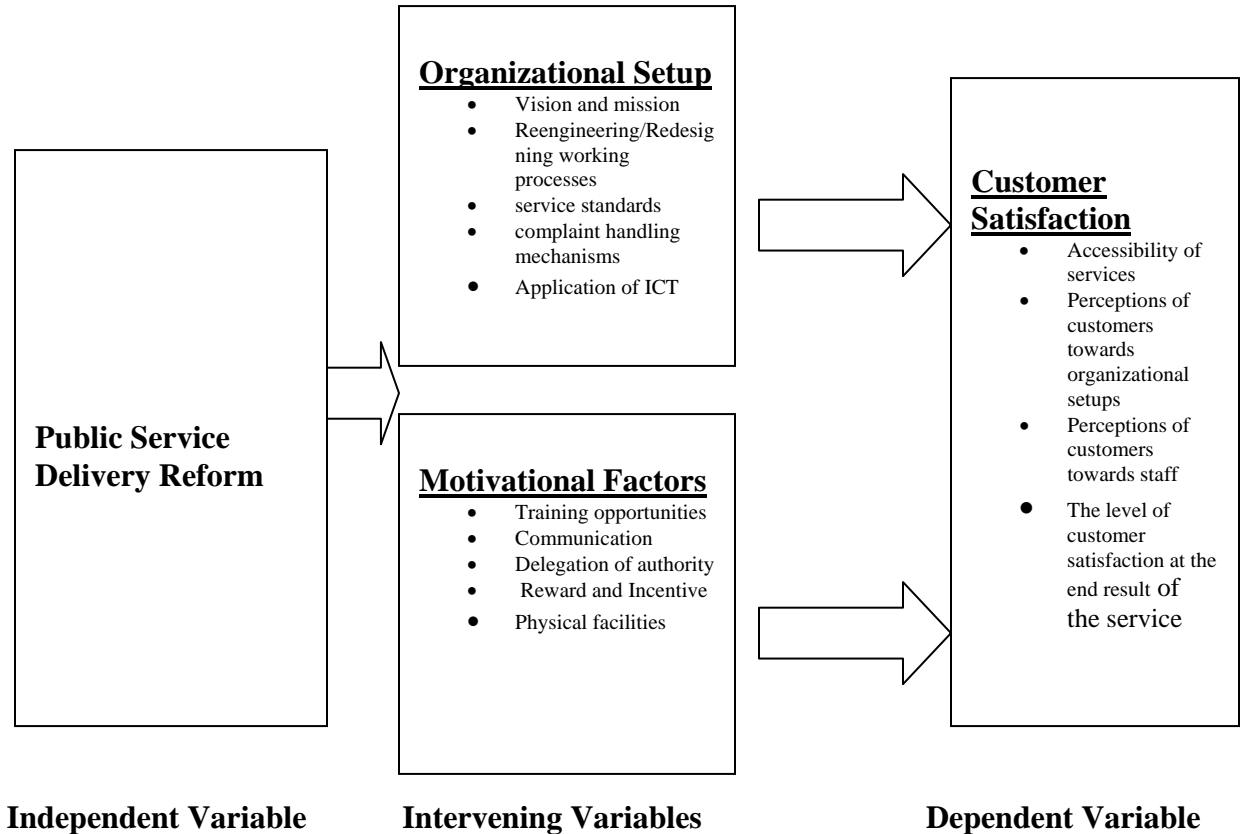
Studies and assessments done on the implementation status of the PSDR in Ethiopia identified both success stories and challenges. For example Merga (2006: 82-87) identified the major achievements in implementing the PSDR to be: better quality services; beginning of result oriented evaluation and commitment of higher officials. The challenges are: shortage of experienced manpower, lack of incentives, inadequate training, insufficient evaluation and monitoring, and politicization of the reform, lack of enough support from the concerned government bodies, absence of policy documents and resistance to change from the staff.

Common and Hailemariam (2006, : 18 &19) identified achievements of public service delivery such as the commitment and full involvement of high ranking officials and the access to policy makers to request amendments of legislations. However, they concluded that unless appropriate reward and motivational instruments are put in place the change will tend to backslide.

The Civil Reform Program Office (CSRPO) identified strengths and weaknesses. Some of the strengths are: government support, environment conducive to change, improvement in service delivery, decentralized ownership, availability of useful tools to implement the reform, and institutions taking the initiative in the reform. Some of the weaknesses identified are lack of leadership commitment, lack of capacity of human resources, systems and structures, problems in designing the program, and lack of integration among the sub-programs. (CSRPO, 2005: 30-36).

These studies, however, did not show the specific causes that contributed to success or failure in the PSDR. Based on the theoretical discussions, this study suggests that the important factors that influence service delivery reform can be categorized into two major factors namely organizational and motivational factors. Organizational setup factors include vision and mission; reengineering of working processes; service standards; customer complaint and feedback mechanisms; and application of Information Communication Technology (ICT). The motivational factors include training; communication; performance and reward system and physical facilities. The following conceptual frame of the study well elaborates on these factors.

## Conceptual Framework of the Study



As it is indicated above PSDR is the independent variable which affects the customer satisfaction. Organizational factors and motivational factors are the intervening variables for customer satisfaction through PSDR. The description of these variables is briefly discussed as follows.

## 1. Organizational Factors

To satisfy customers in public service delivery the necessary organizational setups should be fulfilled. The major organizational factors that influence the success of PSDR and customer satisfaction are vision and mission; redesigning working processes; service standards; customer complaint handling and feedback system, and applications of Information and Communication Technology (ICT). Each of them is briefly discussed as follows.

### 1.1 Vision and Mission

Any reform program should start with establishing vision and mission that can inspire different stakeholders. According to Pitts and Lei (2003: 10) a *vision* relates to the broadest goal of an organization and describes its aspirations and wishes. *Vision* is important because it is designed to capture the imagination of the stakeholders and galvanize their efforts to achieve a higher purpose and therefore the most effective vision is the one that bonds all the stakeholders of the organization with a common purpose.

*Mission* is defined by Donnelly et al (1992: 806) as “the unique aim that differentiates an organization from similar organizations”. *Mission* describes the organization in terms of the business it is in, the customers it serves and the skills it intends to develop to fulfill the vision. *Mission* is more specific than *vision* in that it establishes the broad guidelines of how the organization will achieve or fulfill its vision over a certain period of time (Pitts and Lei, 2003: 10).

PSDR requires more efforts from the management and employees than the traditional way of delivering services. A vision that is shared among the people of the organization is one of the determinant factors for the success of public service delivery. The vision and mission of service providers should take in to consideration the needs of the customers.

## **1.2. Reengineering/Redesigning working processes**

Redesigning working processes is a prerequisite to satisfy customers through reforming the service delivery reform. Attempting to implement the reform without redesigning the process is like having a new wine in an old glass. In this paper the word reengineering and redesigning, and working process and business process are used interchangeably. Hammer and Champy (2001: 35&38) defined reengineering as “fundamental rethinking and radical redesign of business process to achieve dramatic improvements in critical, contemporary measures of performance such as cost, quality, service, speed.” They also defined business process “as a collection of activities that takes one or more kinds of inputs and creates an output that value customers”. According to these authors job designs, organizational structures, management systems and anything associated must be refashioned to achieve dramatic improvements. This shows that redesigning a process which begins with input and ends with output is a serious assignment to be undertaken by any organization that has an aim to reform its services delivery.

## **2.3 Service Standards**

Service standards are a basis for measurement of service delivery. Standards help to measure the extent which service is being improved. The established service standard should be available to the public in order to meet its objectives (DPSA, 2005: 100). Organizations should establish service standards which include required time, conditions expected from customers, service fees, and the particular organizational unit providing the service, the focal person's names and address. Unless there is predetermined service standard, it is very difficult to satisfy the needs of customers because of the subjectivity of the service provisions. It is also difficult to ensure transparency, responsibility, and accountability system without predetermined service standards. To make the service standards obligatory, it is very important to introduce a Citizens Charter. A service citizens charter is a

statement of the commitment of the organization towards service delivery and it is very useful to protect customers right (DPSA, 2005: 87).

#### **2.4 Customer Complaint Handling and Feedback system**

Unless there are complaint handling mechanisms established as a system, it is very difficult to respect the rights of citizens to get services from public organizations. The suggestions and feedbacks are very useful to improve service delivery continuously. Ibid ( : 191) defined complaint as expression of dissatisfaction with public services. Therefore dissatisfaction with public services, whether justified or not, and complaints should elicit a sympathetic response from the service provider. Complaint handling in an effective manner makes a statement about how important customer care and satisfaction are in the organization. A learning organization is one that: listens to its customers; learns from mistakes; and continuously strives to improve service delivery and achieve service excellence.

#### **2.5 Application of Information Communication Technology**

The public service delivery organizations should be supported by Information and Communication Technology-i.e. to satisfy customers through quick and reliable service provision. There is also a need to establish clear working procedures which can serve as a guideline for the staff in public service delivery and as a base for responsibilities and accountability.

### **2. Motivational Factors**

Motivation is one of the most crucial factors that determine the efficiency and effectiveness on an organization and all organizational facilities become useless unless people are motivated to utilize these facilities in a productive manner (Fadia

and Fadia( 2008: 360). Higher motivation leads to job satisfaction of workers and this leads in turn to high productivity. Staff motivation and satisfaction is one of the variables for customer satisfaction in public service delivery. Staff sense of belonging to an organization is an engine to successful implementation of reform programs. Unmotivated staff cannot satisfy the needs of customers. The detailed factors of this variable are presented as follows.

## **2.1 Training**

Training programs includes numerous activities that inform employees of policies and procedures and educate them in job skills and help them develop for future promotion (Donnelly et al, 1992: 468). Training is very useful to update the knowledge and skill of employees. Training is very important to improve performance in the existing job and in developing for the future and should be linked to performance appraisal (Armstrong, 1996:130). The staff should be provided with awareness creation and training programs on public service delivery in relation to their work in order to satisfy customers.

## **2.2 Communication**

According to Fadia and Fadia (2008 : 370) the concept of communication in administration includes: transmission of information, orders, instructions from the top to down; transmission of reports , ideas, top-down suggestions; and cross communications between management groups and the worker groups. They also indicated that communication is a basic tool for motivation and an increase in the morale of the employees largely depends upon the effectiveness of communication. Smooth and healthy relationship between subordinates and superiors is essential to satisfy the needs of customers. Team work is also essential.

### **2.3 Performance appraisal and reward system**

Performance management system which can reward good performance and discourage poor performance is a prerequisite for successful PSDRs. The incentive system which can at least fulfill the minimum needs of the staff based on their performance is very important to motivate the staff. Recognizing and rewarding good performance is useful to motivate and ultimately customers will get quality services.

### **2.4 Delegation of Authority to decision making**

According to Denhardt and Grubbs (2003: 398) delegation is the processes of assigning tasks to others. It is essential to delegate jobs with complete and clear instructions. Armstrong (1996: 118) identified among others, the following advantages of delegation: it reduces delay in decision making as long as authority is delegated close to the point of action; it allows decision to be taken at the level where the details are known; and it develops the capacity of staff to make decisions, get things done and take responsibility.

### **2.4 Physical facilities**

The working environment of the staff such as office arrangements, working materials and equipments and facilities are also useful to motivate the staff. Materials and equipments should be based on the established criteria.

### **Customer Satisfaction**

Satisfying customers and needs and interests is the ultimate goal of PSDRs. Unless customers are satisfied on provisions of services, it is impossible to say PSDR are successfully implemented. The indicators are presented as follows:

## **1. Accessibility of services**

Predetermined service standards are essential for customers to know about the services they are going to be provided so that they will be able to complain if services are not rendered according to the standards. In addition to this, other information such as office indicators and information desk should be provided to make services easily accessible to customers. The public service institutions should serve citizens without discrimination at affordable fees.

## **2. Customers assessment towards organizational setup**

The organizational factors have direct impact on customer satisfaction. The organizational factors identified for this study are assessed by customers based on the measurement indicators.

## **3. Customers assessment towards staff willingness and capacity to deliver services**

Employees who are going to provide services are the central element to satisfy customers. Willingness of employees to help customers and their readiness to respond to customers request are essential to the successful implementation of reforms. The quick service provision, willingness to help customers, service provision as promised, honesty, knowledge and skill of the staff are the indicators.

# CHAPTER THREE

## 3. Organizational Setup and Staff Motivation in SSA and DARO

### Introduction

This chapter presents and analyses the data on organizational setup and staff motivation experiences in SSA and DARO and their impact on service delivery. The data were gathered through interviews, questionnaires, observation and reviewing documents. The top management members from the two institutions were interviewed and constitute the major informants of the study (their names and positions are found in the annex of this paper). 50 staff members of SSA and 40 staff members of DARO responded to the questionnaires. In addition to these, 50 customers from each organization – making a total number of 100 - responded to the questionnaires. All the sample centers of the two organizations have been observed. Relevant documents have been reviewed.

The data are presented in three sections of this chapter. The first section provides background information about the respondents - i.e. age, sex, educational qualifications and working experience of the respondents. The second part presents the data about the organizational setups put in place to improve the public service delivery. The third part deals with motivation factors. The data have been presented using tables. The tables show the percentages of each type of response. The interpretation of the data on each table has been done mainly by comparing and contrasting the two organizations performance.

### 3.1 Profile of Respondents

The following sections provide the profile of staff and customers who responded to the survey instruments.

#### 3.1.1 The staff of SSA and DARO

Table 3.1 shows that among of staff respondents, 56.3% of SSA staff and 50.0% of DARO staff are male and 43.8% of SSA staff and 50.0% of DARO staff are female. The majority of DARO staff (92.4%) is below 40 years of age, whereas the majority of SSA staff (60.4%) is above 40 years of age. With respect to educational status, 70% of SSA and 76.9% of DARO respondents have technical college diploma. Only 2.6% of DARO staff has educational qualification under grade 9-12, whereas 22% of SSA staff belongs to this educational qualification category. 20% of DARO and 8% of SSA staff has first degree. With regards to years of service, 60% of SSA staff and 17.5% of DARO has more than 20 years of service. 10% of SSA staff and 45% of DARO staff has less than 10 years of service.

**Table 3.1: Sex, Age, Educational status and Service years of Staff**

Indicators	Category	Organization		Total
		SSA	DARO	
Sex	Male	56.3%	50.0%	53.4%
	Female	43.8%	50.0%	46.6%
Age	18 - 30 years	10.4%	36.8%	22.1%
	31 - 40 years	29.2%	52.6%	39.5%
	41 - 50 years	47.9%	7.9%	30.2%
	Above 50 years	12.5%	2.6%	8.1%
Educational status	9 - 12 grade	22.0%	2.6%	13.5%
	TVET training	18.0%	17.9%	18.0%
	College diploma	52.0%	59.0%	55.1%
	First degree	8.0%	20.5%	13.5%
Total service years	1 - 5 year	2.0%	25.0%	12.2%
	5 - 10 year	8.0%	20.0%	13.3%
	10 - 15 years	10.0%	25.0%	16.7%
	15 - 20 years	20.0%	12.5%	16.7%
	Above 20 years	60.0%	17.5%	41.1%

### 3.1.2 The Customers of SSA and DARO

Table 3.2 shows among the 100 respondents, 57.1% of SSA customers and 69.4% of DARO customers are male and 42.9% of SSA customers and 30.6% of DARO customers are female. As the same table indicates, the majority of DARO customers (76%) are below 40 years of age, whereas the majority of SSA customers (64%) are above 40 years of age.

**Table 3.2 Sex and Age of customers**

Indicator	Category	Organization		Total
		DARO	SSA	
Sex	Male	69.4%	57.1%	63.3%
	Female	30.6%	42.9%	36.7%
Total		100.0%	100.0%	100.0%
Age	18-30 yrs	40.0%	18.0%	29.0%
	31-40 yrs	36.0%	18.0%	27.0%
	41-50 yrs	18.0%	32.0%	25.0%
	Greater than 50	6.0%	32.0%	19.0%
Total		100.0%	100.0%	100.0%

Source: Own Survey

### 3.2. Organizational setups emplaced to reform the service delivery in DARO and SSA

This section presents the findings on the factors identified as organizational setups and standards necessary to satisfy customers, namely vision and mission, redesigning of working processes, the establishment of service standards and complaint-handling mechanisms, and use of ICT tools.

### **3.2.1 Vision and mission**

Vision and mission that take into consideration the needs of customers and that are shared among all the stakeholders are the basic components for PSDRs. The Department of Public Service and Administration of South Africa (DPSA) (2005: 5) stated that all service delivery reform starts with a vision and a commitment to a mission in order to make it happen, because vision and mission are the well-spring of public service delivery. The vision and the mission should be communicated to the stakeholders in order to make them play their role in PSDR. In other words, it should be shared among the management, the staff, and the customers.

The vision of DARO is “to improve the work of document authentication and registration by making it more reliable, modern, speedy, and exemplary for others, and further to enhance its service provision in improved and continual model office.” Its mission is “to deal with all kinds of legal contracts and agreements by organizing the services of document authentication and registration in a modern and suitable manner that is honest, genuine, transparent and justifiable”. As it is observed by the researcher of this study, the vision and mission of DARO are available in different places of the office and written clearly on the boards.

The vision of SSA is “to become a modern institution with expanded social security services which can ensure their benefits to the citizens” and its mission is “to provide efficient and improved services for the beneficiaries through an ethical and customer oriented staff and a modern institution, and to increase the pension fund” (own translation). The vision and mission of SSA has not been well communicated to the stakeholders. During observations for this study the researcher did not see the vision and mission statement of SSA, not even at the main gates of the offices. It is only available in the strategic planning document of the organization.

The staff respondents were asked their opinion on the vision and mission of the institutions (table 3.3). The majority of DARO staff 48.7% strongly agree and the other 48.7% agree with the vision and mission statements. Whereas, the majority of SSA staff i.e. 34.7% and 24.5% responded that they strongly disagree and disagree respectively.

**Table 3.3 Staff perception on Vision and Mission**

Indicator	Response	Organization		Total
		SSA	DARO	
The organization has a vision and mission that inspire you	Strongly disagree	34.7%	.0%	19.3%
	Disagree	24.5%	2.6%	14.8%
	Uncertain	20.4%	.0%	11.4%
	Agree	14.3%	48.7%	29.5%
	Strongly agree	6.1%	48.7%	25.0%
	Total		100.0%	100.0%

Source: Own Survey

As indicated above, the data gathered through observation shows a significant difference between DARO and SSA in terms of communicating their vision and mission to their stakeholders. DARO is better in establishing a shared vision and mission for its PSDR.

### **3.2.2 Reengineering and redesigning working process**

The major characteristic of the NPM driven reform is to challenge the status quo i.e. replacing the traditional way of doing things, especially changing rule-based activities, for a more flexible and efficient way. According to the theoretical framework of this study, BPR is one of the modalities used to reform

the public service delivery. The central concern of BPR is processes. Working Process is defined by Hammer and Champy (2001: 38) as “a collection of activities that takes one or more kinds of inputs and creates an output that value customers”. Therefore, in order to satisfy customers in providing public service delivery, reengineering and redesigning process is one of the determinant factors.

As the informants of the study indicated, DARO conducted a PSDR study in 2001. At first, the reform study was implemented in a pilot manner for selected working processes like birth and marriage registration. A revised comprehensive implementation guideline document was produced in June 2003, after an evaluation of the achievements and a review of the overall working processes. As it is indicated in the DARO report (2008), before the reform it used to take 3 to 4 days to give power attorney services, while now the organization is able to deliver the service within 15- 30 minutes. Before the reform, the average number of customers served daily by the office was 30 but now the number has increased to 700-800.

According to the informants of the study, SSA conducted a PSDR study with one selected working process called “benefit entitlement” at the main office in 2002, and as a result the time required to provide the service has been reduced from months to 20 days. This reform was not comprehensive in its scope and did not bring any organizational change. SSA has been conducting a comprehensive BPR study since 2006. Currently the organization is piloting one working process called “contribution collection and benefit payment”.

Table 3.4 shows that the majority of DARO customers (64%) consider the working processes suitable to get the service from the organization, while no one is satisfied in SSA. The majority of SSA customers (89%) are dissatisfied while only 4% of DARO customers are dissatisfied.

Table 3.4 Customers satisfaction on suitability of working processes

Indicator	Response	Organization		Total
		DARO	SSA	
The organization working processes to get the service are suitable to you	Strongly Disagree	4.0%	59.2%	31.3%
	Disagree	20.0%	30.6%	25.3%
	Uncertain	12.0%	10.2%	11.1%
	Agree	46.0%	0.0%	23.2%
	Strongly Agree	18.0%	0.0%	9.1%
Total		100.0%	100.0%	100.0%

Source: Own Survey

There is a difference between DARO and SSA on the approach they used in reforming the public service delivery: the former undertook a comprehensive reform from the beginning, while the latter started with a partial reform. DARO has implemented the redesigned working processes in its branch offices as well, while SSA has not redesigned the working processes at all in its Addis Ababa branch office. These differences between the two organizations brought different level of customer satisfaction. DARO having redesigned its working processes faster is able to satisfy customers, while SSA customers are dissatisfied with its working processes.

### 3.2.3 Establishment of service standards

Establishing explicit standards and measures of performance are among the components of NPM. The service standards include the kind of services, the preconditions expected from the customers, the fees for each service, the amount of time required to get the service and the addresses of the service centers. Establishment of clear service standards is one of the preconditions to satisfy customers through efficient services.

Based on the data gathered through interviews and observation, DARO

established service standards and published them in a booklet. This booklet contains all the components of service standards explained above, except the amount of time required to deliver the service.

The customers were requested to give their opinion on the service standards through identified indicators. Table 3.5 shows that the majority of DARO customers (65.3%) answered yes to the question of whether the organization provides them ahead with information on the preconditions to be fulfilled to get the service, whereas the majority of SSA customers (72%) responded no to the same question. Furthermore, the majority of DARO customers (62%) responded yes to the question of whether the organization provides them ahead with information on the service fees, while the majority of SSA customers (83.7%) responded no to the same question.

Table 3.5 Customers response on service standards

Indicator	Response	Organization		Total
		DARO	SSA	
Pre information on documents to present	No	34.7%	72.0%	53.5%
	Yes	65.3%	28.0%	46.5%
Total		100.0%	100.0%	100.0%
Pre information on payment issues	No	62.0%	83.7%	72.7%
	Yes	38.0%	16.3%	27.3%
Total		100.0%	100.0%	100.0%

Source: Own Survey

The above indicated data show that DARO established services standards that fulfill most of the basic components, except for the required time to deliver the service. However SSA has so far not established service standards. As the information gathered by interview shows, it has no well established system like citizens chart introduced by the government, except for the policy directions.

### **3.2.4 Complaint-handling and customers feed back system**

Complaint-handling is a system aimed at providing solutions to the dissatisfaction of customers in relation to service delivery. An accessible complaint-handling system is useful to create mutual understanding between the customers and the service providers. It should be communicated to the customers so that it can play its role. Customers feedback is a system used to get suggestions and comments about the service delivery for further improvements. Customers' feedback can be gathered by different means such as suggestion box, questionnaires, interviews, consultation meetings, etc.

According to the information gathered through interview and observation, DARO has established effective complaint-handling and feedback systems. The customers have a right to complain about the services, from the immediate boss of the front officer to the head of the organization, and the customers are aware of this right. A customer feedback system has also been established. A committee was set up with the task of collecting and analyzing suggestions and comments from the customers. Usually the committee collects feedback using questionnaires. The management committee of DARO meets periodically to discuss the feedback and take the appropriate decisions.

SSA has established complaint-handling system, but has not communicated it to its customers. There are suggestion boxes available in SSA, but there is no established system to use the feedback for future improvements. The officials from the main office sometimes observe the branch office service delivery to get feedback from the customers.

Table 3.6 shows, 51.7% and 22.4% of DARO customers agree and strongly agree respectively about the existence of a conducive comment collection system. 36.7% and 26.5% of SSA strongly disagree and agree respectively for the same indicator. With respect to the existence of a conducive complaint-

handling system, the majority of DARO customers strongly agrees (26.5%) and agrees (36.7%) while only 16% of SSA staff agrees.

Table 3.6 Customers perception on complaint handling and feedback system

Indicator	Response	Organization		Total
		DARO	SSA	DARO
Availability of Comments and suggestion Collection system	Strongly Disagree	2.0%	36.7%	19.4%
	Disagree	6.1%	26.5%	16.3%
	Can't Decide	18.4%	22.4%	20.4%
	Agree	51.0%	12.2%	31.6%
	Strongly Agree	22.4%	2.0%	12.2%
Total		100.0%	100.0%	100.0%
Availability of complaint handling mechanisms	Strongly Disagree	2.0%	32.0%	17.2%
	Disagree	12.2%	32.0%	22.2%
	Can't Decide	22.4%	20.0%	21.2%
	Agree	36.7%	16.0%	26.3%
	Strongly Agree	26.5%		13.1%
Total		100.0%	100.0%	100.0%

Source: Own Survey

As the above data show, there is a difference in performance of DARO and SSA with respect to customer complaint-handling and feedback system. Concerning the complaint-handling system, the difference between the two organizations is about communicating the established system to customers. DARO communicated the system better than SSA. However in terms of feedback system, the difference lies in the established system itself. DARO experience of establishing a committee for this purpose with the involvement of the management makes the difference. The system of observations by the officials used by SSA can have a positive impact on the actual service delivery if it is supported with adequate procedures.

### 3.2.5. Applications of Information Communication Technology (ICT)

ICT is an essential tool to provide quick and reliable services for customers. Currently various software and technologies are available.

As indicated in the report of DARO (2008), the organization has conducted a system study to support its service delivery with ICT. Based on the study, six different types of software have been developed and three of them are being applied on different working processes in the office, namely registration and checking of injunctions or restriction order, signature sample reservation and checking, and registration and checking for lawyers. Moreover, digital Local Area Networking (LAN) between the main office and the “Amstkillio” branch has been installed. According to the informants and the researcher’s observation, SSA services are so far not supported by ICT. It is indicated in the magazine published by SSA (1988: 23) that the organization plans to replace its traditional way of providing services with modern technology-supported activities to satisfy customers. This study reveals that this promise made 22 years ago has not yet been translated into practice.

Table 3.7: Perception of customers on ICT Application

Indicator	Response	Organization		Total
		DARO	SSA	
Services of the organization Supported by ICT	Strongly Disagree	4.1%	32.7%	18.4%
	Disagree	8.2%	30.6%	19.4%
	uncertain	12.2%	34.7%	23.5%
	Agree	53.1%	2.0%	27.6%
	Strongly Agree	22.4%	.0%	11.2%
Total		100.0%	100.0%	100.0%

Source: Own Survey

As indicated in table 3.7, the customers of the organizations were asked to give their views about the use of ICT in service provision. The majority of DARO customers (75.5%) agrees and strongly agrees that ICT tools are being used in

the organization, whereas only 2% of SSA customers agree on the same statement. 12.2% of DARO customers and 34.7% of SSA customers is uncertain about whether ICT are being used in service provision. The majority of SSA customers (63.3%) strongly disagrees and disagrees on the indicator.

In general the analysis of organizational factors above shows differences in the performance between DARO and SSA. DARO performed better than SSA.

### **3.3 Motivational Factors**

Motivational factors were identified as key factors for customer satisfaction in public service delivery. The data has been gathered from the staff of DARO and SSA through questionnaire and from the managers through interview. The results are presented and analyzed as follows.

#### **3.3.1 Training of the staff**

Training is one of the factors that determine staff motivation. The staff should get on-job training to serve customers properly. Training is one of the mechanisms that motivate employees in providing better carrier through knowledge and skill development. Short-term training programs based on the needs assessment can be organized within the organization or outside the organization. However training is valueless unless it fills the knowledge and skill gaps of the staff, and therefore the selection of the training programs has to be fair and transparent.

As table 3.8 shows, the majority of DARO staff (71.4%) and only 34.8% of SSA staff has got training opportunity at least once for the last two and half years. As it has been shown in the same table, the respondents were asked about the frequency of training opportunities in the last three years. Among the respondents who had received training, the majority of them (95% of SSA staff

and 83.3% of DARO staff) responded that they had the training opportunity once since the last two and half years. With respect to the fairness and transparency of access to the training programs, the majority of DARO staff (65.8%) agrees, but only (22.9%) do.

**Table 3.8 Training Opportunities of staff**

Indicator	Response	Organization		Total
		SSA	DARO	
Does your organization provide you trainings that can help you increasing efficiency and success in your work?	Yes	34.8%	71.4%	50.6%
	No	65.2%	28.6%	49.4%
	Total	100.0%	100.0%	100.0%
If your answer for the above question is Yes, how many training programs did you get since 1998 EC?	Once	95.0%	83.3%	89.5%
	2 - 3 times	5.0%	16.7%	10.5%
	Total	100.0%	100.0%	100.0%
Selection for training programs is done in a fair and transparent manner	Strongly disagree	22.9%		12.8%
	Disagree	20.8%	7.9%	15.1%
	Undecided	33.3%	26.3%	30.2%
	Agree	10.4%	47.4%	26.7%
	Strongly agree	12.5%	18.4%	15.1%
Total		100.0%	100.0%	100.0%

Source: Own Survey

According to the above data, there is a difference between DARO and SSA in terms of providing training opportunities for their staff. There is also a difference in the staff perception about the fairness and transparency in the selection of training programs between the two organizations i.e. DARO has a more fair and transparent system than SSA. This shows that when ever the staff members are provided with appropriate training, they are better able to provide services that can meet the needs of customers based on the skills and motivation they achieved.

### 3.3.2 Staff Communication

Good communication between the superior and the subordinates and among staff members at the same level is one of the essential factors for staff motivation. If the subordinates get clear work instructions from their superiors, the tasks will be implemented easily. Moreover, the existence of a team spirit among staff members is essential to satisfy customers in public service delivery. Unless the staff members work together cooperatively to achieve organizational goals, it is difficult to satisfy customers. The failure of one employee may affect the success of the other.

Table 3.9 indicates the perception of the staff about their communication with their boss and colleagues. The majority of DARO staff (92.3%) and 38.8% of SSA staff strongly agree and agree that their boss communicates well and gives them clear instructions about their work. All the DARO staff members (35% agree and 65% strongly agree) and the majority of SSA staff (33.3% agree and 25% strongly agree) indicated the existence of a team spirit among the colleagues.

Table 3.9 Staff Communication

Indicator	Response	Organization		Total
		SSA	DARO	
Your boss communicates well and gives clear instructions about your work	Strongly disagree	22.4%		12.5%
	Disagree	16.3%	5.1%	11.4%
	Uncertain	22.4%	2.6%	13.6%
	Agree	30.6%	51.3%	39.8%
	Strongly agree	8.2%	41.0%	22.7%
	Total	100.0%	100.0%	100.0%
You work in team spirit with other colleagues	Strongly disagree	18.8%		10.2%
	Disagree	12.5%		6.8%
	Uncertain	10.4%		5.7%
	Agree	33.3%	35.0%	34.1%
	Strongly agree	25.0%	65.0%	43.2%
	Total	100.0%	100.0%	100.0%

Source: Own Survey

As indicated above there is a difference between DARO and SSA in the superior-subordinate relationship. The majorities of SSA staff are not provided with clear working instructions from their superiors. With respect to working in team spirit, there is a difference in the degree of staff satisfaction between the two organizations, with a better experience in DARO. This shows that communication is one of the staff motivational factor which affects customer satisfaction in public service delivery.

### 3.3.3 Delegation of Authority in Decision Making

Delegation of decision making authority contributes to organizational effectiveness and is considered to be an effective way of offering development in the employees' career (DPSA, 2005:65). Delegation of authority takes into consideration three basic issues: participation, authority to take decisions and accountability system. Involving the staff in decisions that require their participation is very useful to improve their motivation and the implementation of decisions. Even though delegation of authority to lower levels requires ensuring the capacity of the person to be delegated to carry the responsibilities, there is a need to empower the front staff to satisfy customers with quality service delivery. Trainings and orientations supported by clear procedures and accountability systems are essential to solve the problems that may arise in relation to delegation of authority.

Table 3.10 Perception of the staff on Delegation of Authority

Indicator	organization	% of respondents				
		Strongly disagree	disagree	uncertain	agree	strongly agree
You are able to participate in decisions regarding your work	SSA	28.3	19.6	19.6	23.9	8.7
	DARO	8.3	5.6	13.9	50.0	22.2
The authority to take decisions has been delegated to you	SSA	28.6	24.5	12.2	20.4	14.3
	DARO	7.5	5.0	10.0	52.5	25.0
There is well established accountability system to failures to responsibility	SSA	30.4	23.9	15.2	17.4	13.0
	DARO	5.1	7.7	15.4	48.7	23.1

Source: Own Survey

Table 3.10 shows that most of DARO staff (72.2%) and 32.6% of SSA staff agree that their organization provides for the participation of the employees in the decision making processes in relation to their work. Similarly, with respect to the delegation of decision-making authority, 77.5% of DARO staff and 34.7% of SSA staff agrees that they are delegated in decision making . The last indicator for this category is the presence of an accountability system for the failures. In this indicator the majority of DARO respondents (71. 8%) and only 30.4 % of SSA indicated the presence of well established accountability system.

Table 3.10, therefore, reveals the presence of differences between the two organizations. DARO performs better in the three identified indicators for the delegation of authority to the staff. In other words the three important components of delegation of authority to make decisions are fulfilled better in DARO than in SSA. This shows delegating employees to make decisions has an impact in public service delivery. An organization that empowered its staff with appropriate decision making can satisfy its customers.

### **3.3.4 Performance appraisal and reward**

Rewards and Incentive system based on periodic and agreed standard performance appraisal is one of the factors that determines the motivation and satisfaction of a staff. A performance management system that includes the definition of goals, targets and indicators of success, expressed in quantitative terms and to which managers would be required to work on, is one major component of NPM. Unless there is a well established performance and reward system, it is very difficult to keep the sustainability of a PSDR.

Table 3.11 Perception of staff on Performance Appraisal and Rewards

Indicator	orga nizati on	% of respondents				
		Strongly disagree	disagr ee	Uncer tain	agree	strong ly agree
1. The organization has a performance management system where performance is periodically evaluated	SSA	31.9	29.8	25.5	6.4	6.4
	DARO	11.4	14.3	51.4	14.3	8.6
2. Your performance evaluation is done based on indicators which are agreed upon with your boss	SSA	28.6	36.7	18.4	10.2	6.1
	DARO	13.9	13.9	55.6	11.1	5.6
3. You have been promoted based on the results of your performance evaluation	SSA	52.0	30.0	8.0	6.0	4.0
	DARO	7.9	10.5	55.3	18.4	7.9
4. You became beneficiary of other benefits based on performance evaluation	SSA	54.2	29.2	12.5	2.1	2.1
	DARO	10.5	18.4	44.7	26.3	
5. Guidance and counseling services are provided for poor performances	SSA	38.8	24.5	24.5	8.2	4.1
	DARO	2.5	10.0	27.5	47.5	12.5
6. Your work load is fair when compared to the work load of other colleagues	SSA	42.9	22.4	14.3	16.3	4.1
	DARO	10.5	21.1	18.4	28.9	21.1
7. You are able to utilize your knowledge and skills in your work	SSA	30.0	30.0	12.0	18.0	10.0
	DARO	2.5	2.5	10.0	50.0	35.0
8. There is a system that can handle your complaints in the organization	SSA	42.9	20.4	18.4	12.2	6.1
	DARO	10.0	5.0	10.0	47.5	27.5

Source: Own Survey

Table 3.11 provides the perception of the staff towards the performance management and incentive system of the organizations. Accordingly:

- a) 22.9% of DARO staff and 12.8% of SSA staff agree that their respective organization has performance management system where performance is periodically evaluated. Moreover 16.7% of DARO staff and 16.3% of SSA staff agree that their performance evaluation is done based on indicators which are agreed upon with their superiors.
- b) 26.3% of DARO staff and 10% of SSA staff indicated that they were promoted based on the results of their performance evaluation. 26.3% of DARO staff and 4.3% of SSA staff said that they benefited from other advantages based on the performance evaluation.
- c) 60% of DARO staff and 12.3% of SSA staff indicated that guidance and counseling services are provided for poor performances. With respect to work load distribution, 65.3% of DARO staff and 20.4% of SSA staff agree that the

workload given to them is fair. Moreover, 85% of DARO staff and 28% of SSA staff agree that they are able to utilize their knowledge and skills in their work.

- d) 75% of DARO staff and 18.3% of SSA staff indicated the presence of a system that handles their complaints in the organization.

As indicated above, there is a difference in performance between DARO and SSA with respect to performance appraisal and reward system. In all of the eight indicators DARO is better than SSA.. As indicated above, in the first four indicators -i.e. periodic performance evaluation; evaluation based on agreed standards; promotion based on performance evaluation; and other benefits based on performance evaluation- less than 50% of SSA staff agree on the indicators.

According to the information gathered through interview, the reason for the shortcomings of the performance and reward system is associated with the national performance appraisal system. Each federal institution should follow the result-oriented performance evaluation directive enacted for this purpose. However, this directive suffers from frequent changes. According to the management of DARO, the staff is currently motivated by the awards and bonuses given in recognition to the improved service delivery of the institution: the two month's salary bonus that its employees got four years ago, the awards given by different bodies and the overall satisfaction of customers made a difference. According to them, there are concerns on the sustainability of the achievements due to the absence of well established performance and reward system.

Regardless the external challenges they faced, there are differences between the two institutions. DARO performed better than SSA in its efforts to motivate employees through guidance and counseling for poor performers; fair workload allocation; better utilization of staff knowledge and skills; and the availability of

staff complaint handling mechanism. Therefore when we see the cumulative aspects of performance and reward system, DARO performs better than SSA.

### 3.3.5 Material and Office Facilities

The fulfillment of the necessary material and office facilities are among the factors identified that result in staff motivation and satisfaction. The staff should be provided with the necessary materials to perform the assigned tasks. The office arrangements and cleanness also have an impact on staff motivation.

Table 3.12 Perception of Staff on Material and Office Facilities

Indicator	orga nizati on	% of respondents				
		Strongly disagree	disagree	uncertain	agree	strongly agree
The organization has office arrangements suitable to your work	SSA	25.5	27.7	14.9	29.8	2.1
	DARO		5.1	5.1	33.3	56.4
The organization provides you with the necessary working equipments and materials	SSA	38.3	17.0	17.0	25.5	2.1
	DARO		5.0	2.5	55.0	37.5
The distribution of equipments and materials is done based on the requirements of the work	SSA	36.7	14.3	16.3	28.6	4.1
	DARO		5.3	15.8	63.2	15.8

Source: Own Survey

Table 3.12 shows the perception of the staff in DARO and SSA in relation to material facilities. The majority of DARO (89.7%) staff and only 31.9% of SSA staff agree and strongly agree on the suitability of office arrangement for their work. As far as the accessibility to working materials and equipments is concerned, 95.5% of DARO staff agree and strongly agree while only 27.6% of SSA staff agree and strongly agree. 79% of DARO staff and 32.7% of SSA staff are agree and strongly agree on the fairness of material and equipment distribution.

In short, the above findings show that DARO is better than SSA in fulfilling the necessary office and material facilities to the staff.

## **Conclusion**

In this chapter the experiences of DARO and SSA on organizational and motivational factors identified as the major determinants of effective PSDR have been discussed. The data gathered from primary and secondary sources were presented and analyzed by comparing and contrasting the two case study organizations (DARO and SSA). Most of the organizational and motivational factors are fulfilled in DARO, whereas most of these factors are not fulfilled in SSA. Among the organizational factors, the good efforts made by DARO in communicating the vision and mission to the stakeholders, establishing service standards, communicating the complaint-handling mechanisms to the customers, redesigning the working processes in a comprehensive way, and supporting the service delivery with ICT, are the major areas of difference. The availability of better communication between subordinate and superiors, better staff guidance and counseling and complaint-handling mechanisms, better delegation of authority and better office and materials in DARO are the major motivational factors that differ it from SSA.

# **Chapter Four**

## **4. The Level of Customers Satisfaction in SSA and DARO**

### **Introduction**

This chapter presents and analyzes the data on customer satisfaction in SSA and in DARO. Customer satisfaction in this study is identified as a major indicator for the success of the PSDR. As it is indicated in the theoretical framework of this study, the best measurement criteria for service delivery is customer satisfaction. In order to compare the customer satisfaction level of the two organizations, primary data have been gathered through questionnaire. 100 customers (50 customers from each organization) responded to the questionnaire. The data been presented and analyzed into four sub parts: accessibility of services; customers' assessment on organizational setups; customers' assessment on staff willingness and capacity to provide service; and overall satisfaction of customers on the delivered services.

### **4.1. Accessibility of services**

The “access to service delivery” principle of Batho Pele states that all citizens should have equal access to the service to which they are entitled. Access to service delivery includes expanding the availability by establishing service centers near the customers; simplification of procedures; delivery of services on time; and signposting that indicates where the services are provided.

**Table4.1 Assessment of customers on accessibility of services**

Indicators	Organization		Total
	DARO	SSA	
<b>Traveling distance</b>			
Less than 5kms	26.0%	4.0%	30.0%
5-10 kms	38.0%	28.0%	66.0%
10-15 kms	16.0%	18.0%	34.0%
Greater than 15 kms	20.0%	50.0%	70.0%
<b>Queuing time</b>			
Less than 15 min	54.0%	2.0%	56.0%
15-30 min	14.0%	16.0%	30.0%
30-60 min	18.0%	10.0%	28.0%
More than an hour	14.0%	72.0%	86.0%
<b>Time taken to get the service</b>			
Less than 30 min	20.0%	6.0%	26.0%
30-60 min	38.0%	8.0%	46.0%
1-4 hrs	28.0%	16.0%	44.0%
4-8 hrs	6.0%	14.0%	20.0%
1day-1month	8.0%	12.0%	20.0%
more than 1 month		44.0%	44.0%
<b>Number of appointments to get the service</b>			
As I came first time	72.0%	2.0%	74.0%
1 Appointment	8.0%		8.0%
2-3 Appointments	16.0%	16.0%	32.0%
3-5 Appointments		16.0%	16.0%
More than 5 Appointments	4.0%	66.0%	70.0%

Source: Own Survey

As table 4.1 shows, the majority of DARO customers (64%) traveled less than 10 kilometers to reach the service center, whereas the majority of SSA customers (68%) traveled more than 10 kilometers. The majority of DARO customers (54%) were able to submit their service request within a queuing time of less than 15 minutes, while the majority of SSA customers (72%) had to wait more than one hour to submit their service request. Regarding the time taken to get the service, the majority of DARO customers (86%) obtained the services from the organization within less than four hours, whereas the majority of the SSA customers (56%) had to wait for more than one day to get the service (among these, 44% of the respondents waited for more than one

month). The majority of DARO customers (72%) got the service the first time they came without needing to fix an appointment, whereas the majority of SSA customers (66%) only got the service after more than five appointments.

In general, DARO and SSA differ in performance on the accessibility of their services. DARO performs better at creating the right conditions to make its services accessible to customers than SSA. As it is observed by the researcher of this paper, DARO has established office signposting indicating where the service is provided. Meanwhile in SSA, especially in its Addis Ababa branch office, the customers find many obstacles to find the person in charge of providing the service they require. The location of the information desk and the unavailability of an information officer in the desk were the shortcomings observed.

#### **4.2 Assessment customers on organizational setups**

This study identified organizational factors that affect customer satisfaction in public service delivery. The factors are discussed in detail in chapter three of this paper. The following data show the overall customers' assessment on organizational factors in DARO and SSA within the identified major indicators.

Table 4.2 provides the assessments of customers on organizational setups. 90% and 81.7% of DARO and SSA staff respectively agree that the organization delivers services without discrimination based on gender, religion or race. With respect to the availability of comfortable waiting places for customers, 90% of DARO and 71.3% of SSA staff agree on its availability. On the other hand 64% of DARO customers agree that the processes designed to get the service are easy, while none of the SSA customers agree on the existence of easy process to get the service. More over 75.5% of DARO customers and 2% of SSA customers agree that services of the organization are supported by ICT. 73.4% and 14.2% of DARO customers and SSA

customers respectively recognized the presence of established mechanisms to provide their comments and suggestions on the services delivery of the organization. With respect to complaint handling mechanisms, 63.2% of DARO customers and 16 % of SSA customers recognized their presence.

Table 4.2 Assessment of Customers towards Organizational Setups

Indicators	orga nizati on	% of respondents				
		Strongly disagree	disagree	uncert ain	agree	strongly agree
1. The working processes to get the service are easy	DARO	4.0	20.0	12.0	46.0	18.0
	SSA	59.2	30.6	10.2	0.0	0.0
2. Services of the organization supported by ICT	DARO	4.1	8.2	12.2	53.1	22.4
	SSA	32.7	30.6	34.7	2.0	
3. The organization is impartial on service delivery	DARO	2.0	2.0	6.0	38.0	52.0
	SSA		4.1	14.3	49.0	32.7
4. Comfortable Customers waiting place	DARO	2.0	4.0	4.0	52.0	38.0
	SSA	14.3	6.1	8.2	59.2	12.2
5. availability of Comment and suggestion Collection system	DARO	2.0	6.1	18.4	51.0	22.4
	SSA	36.7	26.5	22.4	12.2	2.0
6. availability of Complaint handling mechanisms	DARO	2.0	12.2	22.4	36.7	26.5
	SSA	32.0	32.0	20.0	16.0	

Source: Own Survey

As the above data show, DARO is a better performer than SSA in all the indicators identified for the customers assessments on organizational factors. In two indicators namely, the impartiality of service delivery and comfortable waiting place for customers, the majority of both DARO and SSA agreed on their existence regardless the difference in percentages. For the rest of the indicators i.e. working processes; ICT application; comment collection; and complaint handling the gap of the difference is wider. The overall customers' assessments on the organizational factors show that DARO performed better than SSA.

### 4.3 Assessment of customers on staff willingness and performance

Table 4.3 Assessment of Customers towards the Staff

Indicators	orga nizati on	% of respondents				
		Stron gly disagr ee	disagree	uncert ain	agree	strong ly agree
1. Staff Providing you quick services	DARO	2.0	4.0	8.0	50.0	36.0
	SSA	50.0	30.0	14.0	4.0	2.0
2. Staff are available in office in working hours to serve you	DARO	2.0	2.0	16.0	42.0	38.0
	SSA	12.2	14.3	40.8	32.7	
3. Staff cooperative to serve you	DARO		2.0	8.0	54.0	36.0
	SSA	26.0	30.0	24.0	20.0	
4. Staff members are ready to provide the required service to you	DARO	0.0	2.0	2.2	59.2	36.7
	SSA	38.0	14.0	34.0	14.0	0.0
5. Staff members are committed to serve you	DARO	2.0	2.0	12.0	48.0	36.0
	SSA	36.0	22.0	26.0	16.0	
6. Staff members have ample knowledge and skill to provide the required service	DARO	2.0		14.0	56.0	28.0
	SSA	10.2	12.2	63.3	12.2	2.0
7. Staff members honestly serve you	DARO			26.1	45.7	28.3
	SSA	16.0	28.0	36.0	20.0	
8. Staff members are polite while providing services	DARO	4.0	4.0	16.0	54.0	22.0
	SSA	38.0	22.0	26.0	8.0	6.0

Source: Own Survey

Table 4.3 presents the attitude of customers towards the staff in relation to service delivery. The majority of DARO customers and a smaller number of SSA customers who replied agree and strongly agree in all indicators of this category. The data are summarized as follows:

- a) 86% of DARO and 6% of SSA customers agree that the staff of the organization provide them quick services. Moreover 90% of DARO customers and 20% of SSA customers agree that the staff members are cooperative to serve them.
- b) 82% of DARO and 32.7% of SSA customers indicated that Staff are available in office during working hours to serve them. 95.9% of DARO and 14% of SSA customers agree on the readiness of the staff. Moreover 84% and 16% of DARO and SSA customers respectively said that the staff

members are committed to serve them.

- c) 84% of DARO and 14.2% of SSA customers agree that the staff have appropriate knowledge to provide the required service.
- d) 74% and 20% of DARO and SSA customers respectively indicated that the staff members serve them with honesty. Moreover 76% Of DARO and 14% of SSA agree that staff members are polite while providing services.

As it is indicated above, in all indicators DARO customers are more satisfied than SSA customers in relation to the willingness and capacity of the employees in the delivery of services.

**Table 4.4: Overall Customers Satisfaction**

Indicators	organization	% of respondents				
		Strongly disagree	disagree	uncertain	agree	strongly agree
The organization registered remarkable changes by reforming its service delivery	DARO		4.0	20.0	46.0	30.0
	SSA	42.0	28.0	22.0	6.0	2.0
Generally you are satisfied with the service you got from the organization	DARO		6.0	4.0	44.0	46.0
	SSA	64.0	24.0	12.0		

Source: Own Survey

Table 4.4 is dealing with the overall customer satisfactions in DARO and SSA. The majority of DARO customers (76%) agreed that the organization registered remarkable change by reforming its service delivery, whereas the majority of SSA customers (68%) replied that the organization did not satisfy them by reforming its service delivery. With respect to the overall satisfaction of the customers, the majority of DARO customers (90%) are satisfied while the majority of DARO customers (88%) are not satisfied with the services delivered to them. As it is indicated in table 4.4, the mean of the overall satisfaction level of customers is 4.16 in DARO and 1.73 in SSA.

# Chapter Five

## 5. Major Findings and Conclusions

### Introduction

In chapter one of this study the following general and specific research questions were formulated:

General question

- What are the organizational and motivational factors that determine the implementation status of the PSDR and how do they influence the level of customer satisfaction?

Specific Questions

- Does the organizational setup of an organization make a difference in providing adequate services to customers?
- How do motivational factors make a difference in increasing the level of customer satisfaction?

In order to answer the research questions, the organizational and motivational factors were identified based on the theoretical discussion of the study. Customer satisfaction was selected as an ultimate effect of PSDR. The data gathered from the two case study organizations (DARO and SSA) has been presented and analyzed in chapter three and four. This chapter presents the major findings on the identified cause and effect relations and the major conclusions drawn from the findings are presented.

## **5.1 Major Findings**

### **The level of Customer Satisfaction in the Case Study Organizations**

As it is indicated in the theoretical framework of this paper, there is no better method or instrument to measure public service delivery than customer satisfaction. The success of any service delivery reform should be judged and measured by the customers. The result of the analysis on the level of customer satisfaction in chapter five, showed the existence of differences between the case study organizations. DARO has been able to satisfy 90% of its customers (respondents) by providing services that fulfill their needs, while 88% of SSA customers (respondents) are dissatisfied with its services. By considering customer's judgment on accessibility of services, organizational setups and staff willingness, DARO has performed better than SSA. The following sections will analyze the reasons for the differences.

### **Major Findings on the Role of Organizational Factors in Public Service Delivery**

- Organizational shared vision and mission was identified as one factor for successful implementation of public service delivery.. The analysis of this study revealed that DARO has vision and mission that was well communicated to stakeholders. Meanwhile SSA has mission and vision but it is not well communicated to stakeholders. The staff of DARO is inspired by the vision and mission of the organization, while SSA staff lack such inspiration. PSDR requires extra effort compared to the traditional way of providing services. Thus it can be stated that the organization with shared vision and mission can satisfy its customers through PSDR.
- Reengineering working processes was identified as one organizational factor that determines customer satisfactions in public service delivery.

This study shows that an organization that redesigned its working processes in a radical and comprehensive manner can satisfy its customers with service delivery. In this study it was indicated that DARO reengineered its processes better than SSA. Thus, customer satisfaction in DARO was higher than in SSA.

- As shown in theoretical discussion literatures on NPM driven PSRs demand the establishment of predetermined service standards and making the standards publicly available in order to satisfy the customers on public service delivery. Service standards are serving as a base for the accountability system in public service delivery. If the customers are informed ahead about the standards of services, they will be able to claim their rights and get services as promised. The finding drawn from the analysis of this study indicates that an organization with established service standard is able to satisfy its customers better than one that failed to do so. DARO established service standards and communicated them to customers; it has a better record of customer satisfaction than SSA. This had a very positive contribution in satisfying DARO customers. Meanwhile, the absence of predetermined service standards contributed to the dissatisfaction of SSA customers.
- Customer complaint-handling and customer feedback systems are important elements for customer satisfaction in public service delivery. The former is a system that enables the customers to complain to the service provider whenever dissatisfaction occurs. The latter is a system to get the comments and suggestions from the customers on service delivery. These systems are very useful for continuous service delivery improvements and for mutual understanding between the service provider and the customers. The study shows that an organization with established and communicated complaint-handling and feedback systems can satisfy its customers. The analysis indicated that the limited usefulness of established complaint-handling systems without informing the customers and feedback systems without clearly identified

implementation procedures. As far as the existence of a system is concerned, both of the two case study organizations believe that they have. The difference is that DARO communicates its established complaint-handling system to its customers and its customer feedback system is operational with a clearly established implementation procedure.

- ICT is an enabling factor to satisfy customers with improved service delivery. Hammer and Champy (2001: 87) stated that ICT plays a significant role in reengineering working processes and it is part of the reengineering effort. The findings in this study show that supporting public service delivery with ICT tools is one major factor that improves customer satisfaction in public organizations. DARO has made efforts to introduce ITC technology in its service deliveries, while SSA has failed to do so.

### **Major Findings on Staff Motivation and Satisfaction Factors**

The theoretical and conceptual framework of this study indicated the importance of the role of the staff in organizations for an effective reform in public service delivery. Armstrong (1996: 214) stated “a satisfied worker is necessarily a productive worker”. This study indicated that staff motivation has a strong relation with customer satisfaction. The major indicators in this study used to assess staff motivation were: training, communication, performance and reward system and physical facilities. The findings of these factors are presented As follows:

- Training plays two major roles namely in increasing the capacity of the employees to perform their tasks and in developing their career, giving them access to higher level. The analysis of this study confirms the relation between training and staff motivation and the ultimate impact of training in customer satisfaction.

- As indicated in the theoretical discussion of the study communication is one factor for motivating employees of the organization. This study also confirms that communication, especially between subordinate and superior, is an essential factor for staff satisfaction and ultimately customer satisfaction.
- The literature shows delegation of authority that can empower the employees to make decision within their responsibility is essential to motivate them and it has an ultimate impact on customer satisfaction. This study revealed the presence of differences between the case organizations with better performance of DARO. This confirms the necessity of delegation of authority to satisfy customers.
- The existence of a reward system based on an effective performance management system is very important for employees' motivation. This study reveals the necessity of performance and reward system. In all the identified indicators DARO is better than SSA. However, the study also identified the external challenges that the organizations faced. The performance appraisal system is highly associated with the performance appraisal system of the central government, as it is governed by centralized directives. The previously behavior-based performance appraisal system has been replaced by the government directive with a result-oriented system. However the government has so far not been able to implement the directive, due to frequent changes of approach in the system. As a result, even DARO, the good performer of public service delivery, is in difficulty to introduce better performance and incentive system. The staff of the organization was rewarded with two months salary bonus 4 years ago, but until now a proper staff incentive system is lacking. The staff in charge of dealing with customers at DARO is overloaded with too many customers. The finding of this study shows that the sustainability of DARO successes is also at risk because of the identified challenge.

- Office and material facilities are essential for staff satisfaction. This study shows that physical facilities influence employees' motivation and ultimately customer satisfaction. The DARO has better office and material facilities for its employees than SSA. The distribution of office and materials are distributed based on the need of the work in DARO than in SSA.

In short, the above findings reveal that the major factors that can bring differences in customer satisfaction through PSDR are the following:

1. Organizational factors

- Vision and Mission
- Redesigning of working processes
- Service standards
- Customer complaint and feedback mechanisms
- Application of ICT

2. Motivational Factors

- Training
- Communication
- Delegation of authority
- Performance appraisal and reward
- Physical Facilities

## 5.2 Conclusions

The findings of this study reveal differences between DARO and SSA in relation to their PSDRs. Within the same national policy and political environment, DARO has successfully undertaken reforms on public service delivery that enable it to satisfy customers, while SSA has failed. Customer satisfaction in public service delivery is the cumulative effect of different organizational and motivational factors.

This study revealed that the following organizational factors play an important role in satisfying customers through PSDR.

- The literature shows that vision and mission are the best instruments to bond the people in an organization to a common purpose. This study also concludes that a vision and a mission that take into consideration the interests of the stakeholders and that are well communicated to them is important to implement PSDRs.
- BPR is one of the reform strategies proposed by the literature to provide efficient and quality services to customers. This study concludes that radical reengineering of working processes is the prerequisite to reform the public service delivery. It will be difficult to satisfy customers without a comprehensive and radical processes reengineering.
- NPM theory proposed explicit standards and measures of performance to accountability and transparency. Based on the findings of this study it is concluded that establishing service standards and making them available to the public is a mechanism to ensure accountability in public service delivery. Introducing citizens' charter helps to make service standards obligatory for public organizations.

- Customer handling and feedback mechanism are also instruments to assess the customer interests and satisfaction level. A mechanism established for the sake of fulfilling legal obligations but not adapted to the real needs, and without the appropriate implementation procedure with the involvement of the management cannot meet its purpose.
- Supporting public service delivery with ICT contributes to implementation of reforms. It is very difficult to reform the public service delivery without application of ICT.

This study also shows that the following motivational factors are essential for successful public service delivery implementation.

- The theoretical framework of this study shows that training motivates staff by providing career development and ultimately it enhances staff capacity to deliver services efficiently and effectively. This study also concludes that training based on needs assessment is very important to motivate employees to deliver services that satisfy customers. Unless the skills and knowledge of the staff are periodically updated with appropriate training programs, there is a possibility that their skills become obsolete.
- Effective communication between employees and managers and among staff members is an instrument to achieve common goals. In the absence of effective communication, the service delivery will be affected by the lack of task clarities from frontline staff.
- Decentralization of decision making that empowered employee within the boundary of their responsibility is one of the internal reform modalities proposed by the literatures. This study also concludes that empowering the frontline staff in decision making is useful to provide quick services to customers.

- The establishment of clear performance goals and indicators followed by reward system is one of the instruments proposed by NPM theory to reform the public sector. In this regard this study concludes that Performance and reward system within the organizations as well as at the government level should be inbuilt to the reform programs for their successful implementation.
- NPM theory proposed the resource allocation to be linked to measured performance in public organizations to give great emphasis on output controls. This study also revealed that office and material facilities required for the work should be fulfilled to deliver services that can satisfy customers. In addition the allocation of materials and equipments needs to be based on the requirement of the work.

.....The END .....

## **Appendix One- Staff questionnaire**

Dear Madam/Sir

This survey instrument is an initiative of a final year student enrolled in the Masters Program of Public Administration at the Addis Ababa University. The aim of the study is to gain comparative data on public service delivery in two federal public organizations in Ethiopia, namely the Social Security Authority and the Document Authentication and Registration Office. The specific objectives of the survey are to gather data on:

- The availability of the necessary organizational set-up to implement the PSDR
- Reward and incentive system to the staff
- working environment
- Delegations on decision making

When completing this questionnaire

- Please try to answer all the questions
- please work through the questionnaire by ticking the most appropriate response
- Please remember that there is no right or wrong answers as what is needed is to know your personal experience
- Please be assured that your answers will be held in strict confidentiality.

I thank you in advance for your support and cooperation.

Desta Tesfaw

Graduate student in the Masters Program of Public Administration  
Department of Public Administration and Development Management  
Addis Ababa University



2. If your answer for 7 is Yes, how many training programs did you get since 1998 EC?

a) One training program

b) Two-three times

c) Three-five times

d) More than five

**Please choose one of the alternatives provided in the right side for the following statements (3-19)**

No	Variables	Strongly agree	Agree	Uncertain	Disagree	Strong disagree
3.	Selection for training programs is done in a fair and transparent manner					
4.	Your boss communicates well and gives clear instructions about your work					
5.	You work in team spirit with other colleagues					
6.	The organization has a vision and mission that inspire you					
7.	You are able to participate in decisions regarding your work					
8.	There is well established accountability system to failures to responsibility					
9.	The organization has a performance management system where performance is periodically evaluated					
10	Your performance evaluation is done based on indicators which are agreed upon with your boss					
11	You have been promoted based on the results of your performance evaluation					

No	Variables	Strongly agree	Agree	Uncertain	Disagree	Strong disagree
12	Guidance and counseling services are provided for poor performances					
13	Your work load is fair when compared to the work load of other colleagues					
14	You are able to utilize your knowledge and skills in your work					
15	There is a system that can handle your complaints in the organization					
16	The organization has office arrangements suitable to your work					
17	The organization provides you with the necessary working equipments and materials					
18	The distribution of equipments and materials is done based on the requirements of the work					
19	You are generally satisfied with your work in the institution					

## Appendix two- Customers Questionnaire

Dear Madam/Sir

This survey instrument is an initiative of a final year student enrolled in the Masters Program of Public Administration at Addis Ababa University. The aim of the study is to gain comparable data in public service delivery in two federal public organizations in Ethiopia, namely Customs Authority and Immigration Department. The specific objectives of the survey are to gather data on:

- The availability of information about services
- Accessibility and affordability of services
- willingness and readiness of the staff to serve customers
- Complaint handling mechanisms

When completing this questionnaire

- Please try to answer all the questions
- please work through the questionnaire by ticking the most appropriate response
- Please remember that there is no right or wrong answers as it is only needed to know your personal experience
- Please be assured that your answers will be held in strict confidence.

I thank you in advance for your support and cooperation.

Desta Tesfaw

Graduate student in the Masters Program of Public Administration

Department of Public Administration and Development Management

Addis Ababa University

## II. General Information of Respondents

5. Sex            M             F

6. Age            18-30             31-40             41-50             51 and above

## III. Specific Information

1. How many kilometers you travel to reach the service center of the organization?

- A. less than 5 kilometers             B. 5-10 kilometers   
C. 10-15 kilometers             D. more than 15 kilometers

2. How much time did you spend queuing before you managed to submit your request for services?

- A. less than 15 minutes             B. 15-30 minutes   
C. 30 minutes-1 hour             D. more than 1 hour

3. How much time did it take to get the service?

- A. less than 30 minutes             B. 30 minutes-1 hour   
C. 1 hour - 4 hours             D. 4 hours- 8 hours

E. Other (specify) \_\_\_\_\_

4. How many times did you come back to get the service?

- A. the first time I came             B. I came back 1 time   
C. I came back 2-3 times             D. I came back 3-5 times

E. I came back more than 5 times

5. Does the organization inform you ahead about the time needed to obtain the services?

A. Yes  B. No

6. Does the organization inform you of the conditions that you need to fulfill to get the service?

A. Yes  B. No

**Please choose one of the alternatives provided in the right side for the following statements (7-26)**

No	Variables	Strongly agree	agree	uncertain	Disagree	Strongly disagree
7.	You reached the service center of the organization easily					
8.	The processes you passed to get the service were simple for you					
9.	Service delivery of the organization is assisted by Information Communication Technology					
10.	The organization serves citizens without discrimination					
11.	The organization has office arrangements suitable to you					
12.	The organization arranges a suitable waiting area for you until the service is provided					
13.	The organization gathers feedback from customers					
14.	The organization has a customers complaint handling system					

No	Variables	Strongly agree	agree	uncertain	Disagree	Strongly disagree
15.	The formats to be filled are clear and understandable for you					
16.	The staff provide quick services to you					
17.	The staff are available in office to serve you					
18.	The staff are willing to help you					
19.	The staff are willing to satisfy your needs					
20.	The staff are working hard and doing their best to serve you					
21.	The staff have the required knowledge to serve you					
22.	The staff serve you honestly					
23.	The staff serve you with a smile					
24.	The staff are well presented in appearance and dress to serve you					
25.	You have noticed significant improvements in the way the organization serves you					
26.	In general you are satisfied with the services you get from the organization					

## **Appendix Three- List of Informants**

### **Civil Service Reform Program Office (CSRPO)**

1. Ato Bezabh Gebreyes

### **Document Authentication and Registration Office (DARO)**

1. Ato Yirga Tadesse, Head of DARO
2. Ato Desalegne Bekele, Head of Planning Department
3. W/ro Likyelesh Abay, Head of Document Registration and Authentication Department
4. Ato Estezia Asresu, Head of Legal Service
5. Ato Abrha G/Hawaria, Head Civil Service Reform Office

### **Social Security Authority (SSA)**

1. Ato Hailemicheal Melaku, D/Director General of SSA
2. Ato Tlahun Bekele, Head of Civil Service Office
3. Ato Gizaw Gardew, Head of Pension Approval Working Process
4. Ato Kasahun Zeleke, Head of Addis Ababa Branch
5. Ato Ephrem Bekele, Civil Service Reform Officer

## REFERENCES

- Armstrong, Michael 1996. How to be an Even Better Manager. New Dehhi: University bookstall.
- Avasthi, Amreshwar and Maheshwari, Shriram 2007. Public Administration (29th Edition) New Delhi: Lakshmic Narain Agarwal Educational Publishers.
- Awortwi, Nicholus (2003). Getting the Fundamentals Wrong: governance of Multiple Modalities of Basic Service Delivery in Three Ghanaian Cities. The Netherlands Shaker Publishing PV,
- Ayeni, Victor 2001. Public Sector Reform in Developing Countries: A Hand Book of Common wealth Experiences, common Wealth Secretariat, United Kingdom.
- Barzelay, Michael 2000, the New Public Management: Improving Research and Policy Dialogue. New York: University of California Press.
- Batley, Richard 2004. The Politics of Service Delivery Reform, Journal of Development and Change. *Blackwell publishing*, 35(1): 31-56,
- Batley, Rechard 2004. The Politics of Service Delivery Reform. *Development and Change*, 35(1): 31-56.
- Boyne, a George et al. 2001. Evaluating Public Management Reforms. USA: Open University Press.
- Chakrapani, Chuck 1998. How to measure Service Quality & Customer Satisfaction. USA: American marketing Association.
- Chendarasorn, Voradej 1997. Public Sector Reform: A Hypothetical Model of Successful Reform Adoption and Implementation. *Asian Review of Public Administration* , Vol. 16(1) : 233-247.
- Christensen, Tom and Laegried, Per 2007. Transcending New Public Management. England: Ashagete Published Limited,.

- Civil Service Reform Office (2004/2005). survey Study on Public Service Delivery Program. Addis Ababa.
- Colmin, Frderic 2007. Public Service Vouchers. *International Review of Administration Science*, 71(1): 19-34.
- Common, Richard and Hailemariam, Getachew 2006. Civil Service Reform in Ethiopia Success in to Ministries. United Kingdom: University of Hull.
- Denhardt, B. Robert, Grabbs, W. Joseph 2003. Public Administration in Action Orientation. Canada:Thomson Weadsworth.
- Department of Public Service and Administration of South Africa (DPSA) (2005) Butho.Pele Hard Book - South Africa.
- Ibid(2004). A guide to Revitalise batho Pele .South Africa.
- Document Authentication and Registration Office 2008. Unpublished report. Addis Ababa
- Donaldson, Lex and Davis, H. James 1991. Stewardship Theory or Agency Theory.
- Donnelly. H Jumes 1992. Fundamentals of Management (8<sup>th</sup> ed.) USA: R1CHARD D.IRWIN. INC.
- European Commission for Africa (ECA) (2004), Public Sector Management Reforms in Africa Lessons Learned, Addis Ababa Ethiopia.
- Fadia, B.L. and Fadi, Kaldeep 2008. Public Administration: Administrative Theories and concepts, Sahitya Bhawan Publications, New Delhi.
- Gaster, Lucy and Squires, Amanda 2003. Providing Quality in the Public Sector: A Practical Approach to improving Public Services. USA: Open University Press:.
- Hammer, Michael 2001. The Agenda: What Every Business Must Do to Dominant the Decade. New York: Crown Business.
- Hammer, Michael and Champ, James 2001. Reengineering the Corporation: A Manifesto for Business Revolution. UK: NiCholas Brealey.
- Kiragu, Kithinji 2002. Improving Service Delivery Through Public Service Reform. Kenya: KK Consulting Associates,.

- Larbi, A. George 1999. *The New Public Management and Crisis States*, , Switzerland: United Nations Research Institute for social Development.
- Lane, Jan-Erik 2000(a). *New Public Management*, New York: Routledge,
- Lane, Jan-Erick 1997(b), *Public Sector Reform; Rationale, Trends and Problems*, SAGE Publications Ltd, New Delhi.
- Leisen, Birgit and Vance, Charles 2001. Cross-National Assessment of Service Quality in the Telecommunication industry. *Journal Service Quality*, 11 (5): 7-717.
- Mc Gill, Ronald 1997. Civil Service Reform in Developing Countries. *International Journal of Public Sector Management*, 10(4): 254-267.
- Merga, Etefa 2006. Challenges and Prospects of Civil Service Reform with Respect to Service Delivery: A comparative Study of Ministry of Trade and Indention and Finance and Economic Development Unpublshion Master Thesis, Addis Ababa University, Ethiopia.
- Ministry of Capacity Building 2001. *Ethiopian Civil Service Program*, Addis Ababa
- Musgrave, R.A. Musgrave, R 1989. *Public Finance in Theory and Pructic* (3rd ed.) USA: Mc Graw-Hall.
- Olowu, Dele 2004. Introduction NPM: An African Reform Paradigm. *African Development*, 17(1): 1-10.
- Owusu, Francis 2006. *On Public Organizations in Ghana: What Differentiates good performer from poor performer*, Blackwell Publishing Ltd.
- Page, Stephen 2005, What's New about the NPM? Administrative Change in the Human Service, *Journal of Public Administration Review*. 65(6): 715-727.
- Pitts, A. Robert and Lei, David 2003. *Strategic Management*, New Dellhi: vik as publishing House.
- Polidano, Chorles 1999. *The New Public Management in Developing Countries*, University of Manchester.

- Rosenbloom, H. David and Kravchuk, S. Rober. 2005. Public Administration: Understanding Management, Politics and Law in the Public Sector 6th Edition, New York: Mc Graw Hill,.
- Russell, W. Edward and Bvuma, G.Dick 2001. Alternative Service Delivery and Public Service Transformation in South Africa. *The international Journal of Public Sector Management*, 14 (3): 241-264
- Sarker, Abu Elias 2006. NPM in developing Countries International Journal of Public Sector Management. Vol. 19(2): 180-203
- Schacter, Mark 2000. Public Sector Reform in Developing Countries; Issues, Lessons and Future Directions. Canadian International Development Agency (Unpublished).
- Smith, V. clifford (1999). Total quality management. Vol. 3(1) :61-64.
- Social Security Agency 2005 – Unpublished Brochures – Addis Ababa
- Sureshchandar G.C. et al. 2002. The relationship between Service Quality and customer Satisfaction a Factor Specific Approach. *Journal of Services Marketing*. 16(4): 363-379
- The Federal Democratic Republic of Ethiopia 2001. Service Delivery Policy in the Civil Service, Addis Ababa
- Wal et.al. 2000. Service Quality in a Cellular Telecommunications Company: a South African Experience, *Journal Managing Service Quality*. 12(5): 323-335.
- Wikipedia, the free Encyclopedia – <http://en.Wikipedia.Org/wiki/SERVQUAL>
- Williams, Stephen 2004. Strategies and Objectives. In Neale Frances (Eds). *Hands Book of Pe.Mg*. Numbia: Jakio Publishing House.
- World Bank Strategy 2000. Reforming Public Institutions and Strengthening governance, USA.
- Yimer, Eshetu 2004. Managing Change to improve Public Service Delivery A case study in the Addis Ababa city Administration Acts and Documents Registration Office (ADRO) Unpublished Masters thesis, Oxford books University.

