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# Employment Creation and Localization in Saudi Arabia: From Opportunity to Objectivity, the Role of Strategic HRM and HRD in Revitalising Private Sector National Employment

Haitham Altuwayjiri\*

#### **1-Introduction**

With a variety of terms being broadcast throughout the Gulf Cooperation Council (GCC) (Saudi Arabia, Bahrain, Kuwait, Oman, Qatar, and the UAE) including Saudisation (Al-Dosary and Rahman, 2005), Emiratisation (Forstenlechner et al., 2012), and Localisation (Harry, 2007), there is an increasingly critical focus emerging regarding the viability, adaptability, and sustainability of the domestic Saudi Arabian workforce. With employment rates of foreign nationals rising significantly throughout the country in a broad variety of capacities, Harry (2007:133) argues that robust underemployment of 'host country nationals' (HNCs) and increasingly variable skill sets and specialities are constraining the potential for employment opportunity creation and localisation. For this reason, the current study proposes to conduct an empirical assessment of localisation strategies, regional HRM and talent management, and employee opportunities in order to develop more pragmatic and strategic solutions for accommodating long term employment equity and regional economic performance.

## 2- Research Rationale

The quantitative evidence regarding the extreme disparity between national and expatriate workers throughout the KSA (Kingdom of Saudi Arabia) is robust and revelatory of significant systemic problems. For example, figure 1, highlights the variance between the national and total Saudi Arabian workforce over the past decade (CDSI, 2013). The findings reveal a significant disparity between the number of Saudi nationals employed within this population and the number of expatriates who are currently maintaining the vast majority of working positions. Further, when extended over a similar timeframe, it is evident that the Saudi unemployment rate is directly, quantitatively correlated with the unemployment of Saudi nationals, resulting in an unemployment rate of 12% for the domestic population in comparison with a rate of less than 0.2% of the expatriate population (CDSI, 2013). Such findings, when extrapolated across the KSA are indicative of a severe dependence upon foreign labour forces which, as argued by academics such as Harry (2007), Achoui (2009), and Forstenlechner et al. (2012), could have significant implications on the economic and global potentiality of the country in the competitive, globalised future.

<sup>\*</sup>Haitham Altuwayjiri, Glasgow Caledonian University, UK

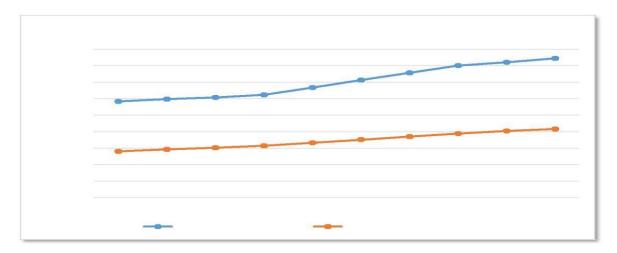


Figure 1: Saudi Arabian Labour Force #'s Over Time (Source: CDSI, 2012)

# **3- Proposed Aim and Objectives**

This research proposes the following primary aim that will be accomplished over the course of this empirical study:

-To assess the relationship between HRM and localisation strategies in Saudi Arabia, identifying those factors that can support and catalyse job creation and a broader scale employment of national citizens within the private sector.

-This particular research aim not only focuses on the potential for private sector job creation throughout the country, but emphasises a need for more proactive supports that encourage national citizen employment throughout a broader spectrum of positions. Accordingly, the following research objectives will be accomplished through this analytical process:

-To identify the current status of national versus foreigner employment in Saudi Arabia and highlight particular industrial, regional, and socio-cultural factors that are contributing to significant gaps.

-To assess those organisational and HRM factors that currently result in a higher degree of inequity between national and foreign employees.  $\Box$ 

-To identify possible factors that constrain national citizen interest in private sector positions and evaluate the catalysing forces that perpetuate these factors.

-To develop a solution-oriented HRM framework for job creation and national citizen employment within private sector in Saudi Arabia.  $\Box$ 

## 4- Preliminary Literature Review

Emphasising high degree of variance in Saudi Arabia between domestic and foreign workers, Harry (2007:140) argues that whilst the 'GCC countries (one of which is Saudi Arabia) are mostly capital rich (due to cheap and plentiful oil and gas resources)' they are inherently 'labour poor (due to the few people living in the harsh conditions of the region before wealth and urbanization brought the means of supporting a larger population). As a cultural issue, wasta is considered as an involvement of social connections of interpersonal network entrenched in family or relationship ties and influencing the power exercise (Kate Hutchings, David Weir, 2006). Forstenlechner et al. (2012:411) emphasise that the concept of wasta is of significant influence in the job seeking process, whereby it is perceived that one's occupation and sector of employment will determine one's social status. Given that foreign workers remain 'externalised' in the context of GCC citizenship and residency, the primary driving force behind importing foreign labour is to fill substantial, broadly seeded gaps in skill sets and knowledge foundations, as well as to maximise productivity by assuming roles and responsibilities that are traditionally avoided by nationals (e.g. low skilled, low paid employment) (Harry, 2007; Achoui, 2009; Salih, 2010). Also, shame or *aib* is seen as a factor preventing Saudi nationals, particularly women, to work for the private sector or family-owned businesses. This adds more pressure on the public sector (Harry, 2007).

In spite of localisation strategies and programmes such as the national employment strategy (NES) and Nitaqat Programme, empirical findings offered by Salih (2010) and more recently by Forstenlechner et al. (2012) suggest that private sector resistance to the employment of national citizens is due to multiple factors including the attitudes and lack of commitment amongst nationals, a lack of adequate skills and business acumen, and economic constraints. Harry (2007) suggests that in spite of a nationalistic perception that 'foreigners are taking domestic jobs', it is evident that the private sector is unable to adequately support a more effective localisation platform. In fact, more than a million domestic citizens are employed in the public sector (governmental jobs) (MSC, 2012), research by Forstenlechner et al. (2012) suggests that the pursuit of a more equitable, multi-cultural private sector is largely constrained by a lack of national motivation towards vocational positions, fragmented training and development practices, and an inconsistent human resource management (HRM) platform.

On the other hand, other empirical findings presented by Mercer KAS (2013) that show companies and HR managers are working hard to attract stabile national workforce to their buildings. While their survey show a raise in the turnover level among national workforce from different age groups due to different drivers.

The challenging nature of the Saudi workplace is not simply constrained to a division between national and foreigner. Instead researchers such as Farrell (2008) cite specific socio-cultural forces such as tribal origins and patriarchy as key limitations in the equitable access to employment for men and women in the region. Specifically, the shift from public to private sector employment is being facilitated by a perception of opportunities for advancement and career development; however, due to persistent cultural value systems, female employees have yet to achieve an adequate state of equity within this hierarchical architecture (Farrell, 2008). Solutions for inequalities within these HRM systems are variable, ranging from Sadi and Henderson (2010) who propose a more active, equality-oriented private sector regulation standard to Achoui (2009) who suggests that a more consistent, organisationally driven standard of employee support and equity should be employed.

## **5- Research Questions**

There are a variety of research questions that arise when considering the challenge of localisation and HRM within Saudi Arabia. The following questions have been proposed in order to govern the scope and scale of this research:

What are the primary factors constraining the employment of nationals in Saudi Arabia and are there opportunities to resolve these factors in the private sector? With possible reference to some industries, for instance, private education, information technology, and administration affair.

In what ways have government interventions and private sector companies supported localisation? How have they failed?

What constraints are impacting equality in Saudi Arabia private sector hiring practises? Are there incentives that could circumvent these limitations?

What are the factors that constraining nationals interest in private sector positions? What forces are behind these factors perpetuation?

What are the potential consequences of persistent, inequitable employment of foreign nationals? What are the benefits?

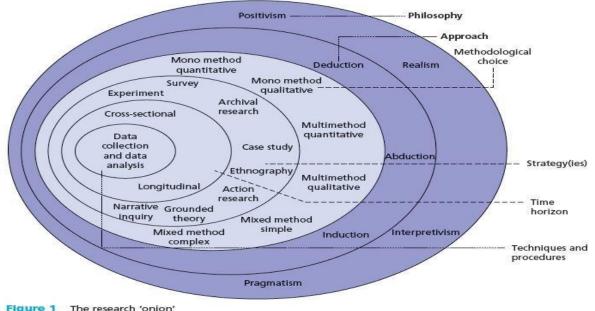
What are the recommendations for policy and company practices? And what are the further research questions?

# 6- Proposed Research Methodology

There are a broad spectrum of empirical methodologies that have been employed throughout the extant academic research relating to localisation, equality, and privatisation within Saudi Arabia. Sadi and Henderson (2010), for example employed a quantitative, multi-organisational questionnaire that surveyed managerial impressions of job localisation across multiple industries. Forstenlechner et al. (2012) utilised a mixed method, quantitative and qualitative questionnaire to assess recruitment decisions of employed a primarily qualitative interview methodology to assess the potential for workforce localisation within Kuwait. Each of these methodologies yielded similar outcomes: a robust interpretation of the current problem at hand regarding deficiencies in localisation, and a solution-oriented interpretation of possible solutions for future rehabilitation of these HRM practises. For the current study, it is suggested that the Forstenlechner et al. (2012) mixed method research approach which is explicated in Creswell and Clark (2011) and Teddlie and Tashakkori (2009) would provide the most value in capturing and analysing the current state of job creation and hiring practises for national citizens throughout private sector organisations in Saudi Arabia.

The mixed method approach, as described by Creswell and Clark (2011) involves the use of both quantitative and qualitative research techniques which typically involve some form of a multidimensional survey or experiment. For the current study, it is proposed that a survey of managers throughout multiple industries (similar to Sadi and Henderson, 2010) is administered utilising a triangulated approach to compare localisation challenges across Saudi Arabia (Teddlie and Tashakkori, 2009). Through the use of both quantitative, closed and structured questioning, and an open-ended, interview-based format, it will be possible to develop arguments that reflect an in-depth assessment of localisation factors in the private sector as well as possible solutions that are derived from intra-industrial experience.

However, Sunsders et al. (2012) introduce these data collection techniques as the central layer in their "onion research" framework which business and management researchers should equip their research designs with. The "onion research" contains six layers that should be peeled away one by another in order to determine the research design (Saunders et al., 2012). A researcher should utilise this framework to justify why he or she have preferred such techniques so others should take their study seriously (Crotty, 1998) (See Figure 1).



Source: © Mark Saunders, Philip Lewis and Adrian Thornhill 2011

According to the "onion research" framework, the present study has suggested "Pragmatism" as the first layer which determines the research philosophy. "Pragmatism" is how the researcher sights the world (Suanders et al., 2012). It emphasises that thoughts are only related wherever they support action (Kelemen and Rumens 2008). Pragmatists believe that there are different means to realise the world and no single opinion can offer the whole truth as there could be many realities. Moving forward, "Abduction" has been selected in the second layer which defines the research approach. As stated by Suanders et al. (2012), numerous management and business researchers use the abduction approach. In such approach, an academic may initially observe the "surprising facts"; and then explain how these facts have occurred by having a plausible theory. However, Van Maanen et al., (2007) say that some plausible theories can give explanations for what facts are observed better than others as these theories may help find more 'surprising facts'.

The upcoming layers in the "onion research" are methodological choices, strategies, time horizon, and lastly techniques and procedures. These layers will be influenced by the researcher's choice in the two

outer layers; philosophy and the research approach. Therefore, the proposed methodological choice is going to be "Mixed methods research – complex". Saunders et al. (2012), believe it to be more supported by management and business researchers. It has been the choice as both quantitative and quantitative methods can be used in an integrated manner and the data intend to be combined.

The next research onion layer is concerned about research strategies. Research strategy is defined as how the researcher will answer his or her research questions (Saunders et al., 2012). It is also seen as the methodological tie between the philosophy and how data are gathered and analysed (Denzin and Lincoln, 2005). Among the research strategies, there are only two strategies that can involve mixed research design; archival research and case study (Saunders et al, 2012). For this research, "case study" is theoretically to be the correct choice as it explores the research phenomenon within its contexts (Saunders et al., 2012).

Going further into the next layer, "longitudinal" time horizon is proposed for this current study as argued by Saunders et al. (2012), the key strength of "longitudinal" is its ability to explore variation and development. As in this research topic, the development of national employment in Saudi Arabia requires to be explored considering the situation development and change over the past and recent years. Eventually, potential techniques and procedures might be as declared earlier in the section.

## 7- Timeline and Budget

This research is proposed to take place over the three years immediately following the approval of this proposal. Whilst sponsored through university affiliation and resource-based support, the Saudi Government has agreed to financially support this research process, providing resources beyond the traditional scope of an academic study. From direct connection with private sector employers to access to governmental databases, these assets will be of particular importance in contributing additional evidence in this growing field of localisation theory.

## 8- Summary

The problematic nature of localisation throughout the kingdom of Saudi Arabia has arisen from a historic and systemic inequality that is exacerbated by national values, cultural ideals, and an under-developed private sector. The current study proposes to assess those particular factors which could catalyse job creation and stimulate national citizen employment in the short to medium term, effectively resolving key social problems such as inequality, minimal upward mobility, and unemployment. Ultimately, this research will contribute new knowledge to the field of strategic HRM and business development within this developing, multi-dimensional region, serving as a blue print for national and organisational policymaking in addition to satisfactory recommendations to different parties and future research questions.

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# The Impact of Deregulation on Productivity of the Libyan banks: A nonparametric approach

# Adel Enpaya\*

Abstract: This study investigates the impact of financial liberalisation on productivity change in Libyan banking over the period 1998-2009. Data Envelopment Analysis (DEA) based on the Malmquist index is utilized to evaluate commercial banks over the period. The productivity index is decomposed into its components: technical change, technological change, pure technical change and scale efficiency change. The findings indicate that on average the productivity growth of Libyan banks is 1.06, and the main source of progress is technological change and scale change. In addition, the productivity improved by 15.2% during deregulation period.

Key words: Libyan Banking, Deregulation, Productivity change

## **1-Introduction**

Until the end of last century, the Libyan banking sector, as anywhere else in the world, was highly regulated by the government, which led to lack of competition in the Libyan market. As a result, a significant decline in the performance and quality of banking services was observed. However, in 2005, the first initiative towards banking reform occurred, when the Libyan government, in response to the International Monetary Fund (IMF) and the World Bank (WB) economic adjustment program, undertook a series of steps towards financial liberalisation and deregulation, reducing government control over economic institutions in order to create a favourable environment to modernise and liberalise the banking sector (IMF, 2009). The main objective of this policy is to enhance financial market development and improve the efficiency and productivity of the financial sector by fostering competition between banks. The Central Bank of Libya (CBL) issued Banking Law no. 1 of 2005 to achieve these crucial steps. Key among the steps were: strengthening the level of competition in the domestic market; licensing of private banks and foreign banks; attracting strategic partners from abroad; promotion of bank mergers and acquisitions; privatising of a significant share of public banks; increasing adequate capital requirements; adopting improved strategic internal controls; liberalising interest rates; reducing the rediscount rate and enhancing the level of customer services through improving product quality. Consequently, the Libyan banking system witnessed a sequence of legal, structural and institutional changes during the 2000s. By the end of 2009, the number of private banks had risen from one bank to nine Banks, and four jointventure banks were established. A further step taken by the CBL privatisation, where two state banks (Wahda Bank and Sahara Bank) were privatised, with foreign strategic partners (BNP Paribas and Arab Bank of Jordan) own 19% of their shares, while the other two state banks were integrated. Forty-eight regional banks also existed between 1998 and 2005; they were founded to serve small businesses and investors in particular regions. During the 2000s, six out of these 48 regional banks became private banks and the remaining regional banks merged to establish a new joint-venture bank of which CBL owned 50%.

Although many studies have been done regarding the impact of financial liberalisation on the productivity of financial institutions (see Berger and Humphrey, 1997 for more details), to the knowledge of the present author, no study has been done to explore the impact of financial liberalisation on productivity of the Libyan banks. Only one study has examined technical efficiency of Libyan banks prior

<sup>\*</sup> Dr. Adel Enpaya, Banking and Finance, Business School, University of Azzaytona, Libya

to and during the deregulation period (Enpaya, 2013). Therefore, this study contributes to the literature on productivity by evaluating the productivity change of Libyan commercial banks, and using the non-parametric approach Data Envelopment Analysis (DEA) to construct a Malmquist total factor productivity index over the period 1998-2009. This study is organised in five sections. The next section reviews the previous literature and also presents an overview of the Libyan banking system. The third and fourth sections describe the methodology and data and discuss the empirical results, respectively, while the conclusions are presented in the final section.

# **2-Literature review**

After long period of heavy regulation that financial systems have been subject to throughout the world, deregulation policies have been adopted in many financial systems in developed and developing countries alike. The main objective of such policies is to enhance competition and improve the performance of financial institutions (Berger and Humphrey, 1997). Thus, since the 1990s, the academics, economists, policy makers and researchers have given much attention to efficiency studies in financial institutions in general and in the banking sector in particular. It has been argued that financial liberalisation has brought about considerable change in the financial sectors, and there is an extensive literature investigating the effect of deregulation on bank productivity; however, the findings have been mixed. Some empirical studies have reported a positive effect, among them those by Berg, Forsund and Janesen(1992),Dogan and Dietrich(2003),Gilbert and Wilson(1998),Howcroft and Ataullah(2006),Isik and Hassan(2003)Leightner and Lovell(1998)and Tortosa-Ausina et al.(2008). However, other studies have reported a negative impact. Examples of such studies include Berger et al, (2000)' Dogan and Fausten (2003), Grifell-Tatje and Lovell (1996), Fethi, Mohamed and Weyman-Jones (2011), Moffat et al. (2009), Ramanathan (2007), Sathye (2002) and Wheelock and Wilson (1999). .

Improvements in productivity indices were found in some studies, and the main source of this improvement was technological and scale change. Examples of early studies include that of Berg, Forsund and Jansen (1992) who investigated the Norwegian banks pre and post deregulation using the Malmquist index. Their findings indicate that the Norwegian banks gained rapid growth in productivity after the deregulation period, due to the large gains in technical efficiency rather than technological efficiency. Similarly, Gilbert and Wilson (1998) used the Malmquist index to examine the productivity change in Korean banks over the period of privatisation and deregulation and found a positive effect., i.e. privatisation and deregulation improved productivity among Korean banks.Rebelo and Mendes(2000) also examined productivity of Portuguese banks during the deregulation period. Employing the Malmquist index, the findings show an increase in productivity and strong technological progress. Isik and Hassan (2003) used the DEA Malmquist methodology to estimate the productivity growth of Turkish commercial banks during the deregulation period (1981-1990). They found that there were significant gains in productivity, driven by efficiency increases rather than technical progress. Their results also show that private banks began to close their performance gap with public banks in the new environment. In addition, studies have been undertaken to examine productivity growth. For example, in a comparative study, Howcroft and Ataullah (2006) applied the DEA Malmquist method to estimate productivity growth in the commercial banking sector in India and Pakistan during the period 1992-1998. The findings showed high productivity improvement in both countries. The findings also showed little improvement in productivity of state banks, due to the difficulty of adopting new technology and because of the presence of high non-performing loans, while there was high improvement for foreign banks, due to an improvement in their efficiency and technological innovation. Among recent studies examining productivity change is that by Tortosa-Ausina et al., (2008), who evaluated productivity growth and productive efficiency for Spanish savings banks over the (initial) post-deregulation period 1992-1998, employing DEA and bootstrapping techniques. The findings indicate an improvement in productivity, due to improvement in production possibilities.

In contrast, a decline in productivity was observed in some studies. For instance, Wheelock and Wilson (1999) estimated the productivity of the U.S commercial banks over the period 1984-1993 and found that productivity declined during the period of the study. Similarly, Sathye (2002) investigated 17 commercial banks in Australia and used the DEA Malmquist technique to measure change in productivity between 1995 and 1999. He found that the productivity declined by 3.5% and there was no link between size and productivity. Among recent studies examining the causes of productivity change, the findings of Al-Muharrami (2007) who used the Malmquist DEA index for 52 Banks in the Gulf Cooperation Council (GCC) indicated slight downward shift in average efficiency due to negative efficiency and technological regress driven by technical efficiency. Another study was conducted by Fethi, Mohamed and Weyman-Jones (2011) who evaluated the impact of liberalisation and privatisation on the productivity of the Egyptian banks during 1991-2002. They employed the DEA Malmquist approach, and their results show that the overall productivity growth of the Egyptian banks tended to be unstable. During the liberalisation period, the Egyptian banks experienced slight productivity regress due to technological regress.

#### **3-Methodology and data**

In order to measure changes in productivity, the Total Factor Productivity (TFP) measure is a common tool, which measures the relative changes in outputs to inputs. This notion was proposed by Malmquist(1953) and developed by Caves, Charistensen and Diewert (1982), who defined productivity as a geometric mean of two Malmquist indexes expressed in distance functions. Following Färe et al. (1992) and Färe, Grosskopf and Lovell (1994), an input based productivity index is constructed based on Caves, Christensen and Diewert's (1982) distance function, the input-orientated Malmquist productivity index (under CRS assumption) between the period t and t+1 is introduced as follows:

$$M_{i}^{(x^{t+1},y^{t+1},x^{t},y^{t})} = \left[\frac{D_{i}^{t}(x^{t+1},y^{t+1})}{D_{i}^{t}(x^{t},y^{t})} \times \frac{D_{i}^{t+1}(x^{t+1},y^{t+1})}{D_{i}^{t+1}(x^{t},y^{t})}\right]^{1/2},$$
1

where  $D_i^t$  is the input-orientated distance function and M is the geometric mean of two ratios of input distance functions. The first ratio indicates the period t Malmquist index, which measures productivity change from period t to period (t+1), using period t technology as a benchmark. The second ratio is the period (t + 1) Malmquist index and measures productivity change from period t to period (t+1) using period (t+1) as a benchmark. Färe et al. (1992 and 1994), decomposed the Malmquist Total Factor Productivity Change Index (MTFPI) into its components: the Technical Efficiency Change (TECH), which measures how much closer a DMU gets to the efficient frontier (catching up effect) or has fallen behind, and Technological Change (TCH), which measures how much the benchmark production frontier shifts at each DMU's observed input combinations (frontier shift). Accordingly the MTFPI = TECH ×TCH which will be expressed as:

$$M_{i}^{(x^{t+1},y^{t+1},x^{t},y^{t})} = \frac{D_{i}^{t+1}(x^{t+1},y^{t+1})}{D_{i}^{t}(x^{t},y^{t})} \times \left[\frac{D_{i}^{t}(x^{t+1},y^{t+1})}{D_{i}^{t+1}(x^{t+1},y^{t+1})} \times \frac{D_{i}^{t}(x^{t},y^{t})}{D_{i}^{t+1}(x^{t},y^{t})}\right]^{1/2}$$
where

where

$$TECH_{i}^{t+1} = \frac{D_{i}^{t+1}(Y^{t+1}, X^{t+1})}{D_{i}^{t}(Y^{t}, X^{t})}, \ TCH_{i}^{t+1} = \left[\frac{D_{i}^{t}(Y^{t+1}, X^{t+1})}{D_{i}^{t+1}(Y^{t+1}, X^{t+1})} \times \frac{D_{i}^{t}(Y^{t}, X^{t})}{D_{i}^{t+1}(Y^{t}, X^{t})}\right]^{1/2}$$

3

A value of MTFPI larger (or smaller) than 1 indicates productivity progress (or regress) between periods t and t+1, and indicates no change in productivity if it equals 1. According to Färe et al. (1994), the input orientated Malmquist total factor productivity growth of a  $bank(MTFPI_i)$  is affected by three components (three sources of productivity growth), under the assumption of Variable Returns to Scale (VRS). These are *Pure Technical Efficiency Change* (PTECH), *Technological Change* (TCH) and *Scale Efficiency Change* (SECH). This decomposition requires the calculation of distance functions under VRS rather than using Contant Returns to Scale (CRS). The Malmquist productivity index (MTFPI) = TECH \* TCH \*PTECH\* SECH. Therefore, the input-orientated Malmquist total factor productivity index is

$$TCH_{i}^{t+1} = \left[\frac{D_{ic}^{t}(y^{t+1}, x^{t+1})}{D_{ic}^{t+1}(y^{t+1}, x^{t+1})} \times \frac{D_{ic}^{t}(y^{t}, x^{t})}{D_{ic}^{t+1}(y^{t}, x^{t})}\right]^{1/2}$$

$$PTECH_{i}^{t+1} = \frac{D_{i}^{t+1}(y^{t+1}, x^{t+1})}{D_{i}^{t}(y^{t}, x^{t})}$$

$$SECH_{i}^{t+1} = \left[\frac{D_{iv}^{t}(y^{t}, x^{t})/D_{ic}^{t}(y^{t}, x^{t})}{D_{iv}^{t}(y^{t+1}, x^{t+1})/D_{ic}^{t}(y^{t+1}, x^{t+1})} \times \frac{D_{iv}^{t+1}(y^{t+1}, x^{t+1})/D_{ic}^{t+1}(y^{t+1}, x^{t+1})}{D_{iv}^{t+1}(y^{t+1}, x^{t+1})/D_{ic}^{t}(y^{t+1}, x^{t+1})} \right]^{1/2}.$$

$$7$$

Equation subscripts v and c were added to the above notation to distinguish between variable and constant returns to scale. The subscript *i* refers to input-orientated. The distance function of observations  $(y^t, x^t)$  and  $(y^{t+1}, x^{t+1})$  are represented by  $D_{iv}^t(y^t, x^t)$  and  $D_{iv}^t(y^{t+1}, x^{t+1})$  respectively. The first ratio calculates the pure technical efficiency change,  $PTEC_i^{t+1}$ , and shows whether or not the bank is moving closer to the VRS frontier, while the second ratio calculates the change in CRS technology,  $TCH_i^{t+1}$  as the geometric mean of the shift in technology, as observed at  $(y^t, x^t)$ , and the shift in technology observed at  $(y^{t+1}, x^{t+1})$ . The third term calculates the change in scale efficiency,  $SECH_i^{t+1}$ , as the ratio of scale efficiency for the two periods. Using DEA-like linear programming methods (LP), as suggested by Färe et al. (1994), the Malmquist index and its components in equations 5,6, and 7 can be computed in a similar way, under the assumption of CRS, as follows:

$$[D_i^t(y^t, x^t)]^{-1} = \min\theta$$

subject to

 $\theta_j x_{ij} - \sum_{i=1}^n \lambda_j x_{ij}$ ,  $\sum_{j=1}^n \lambda_j y_{rj} = y_{rj}$ ,  $\lambda_j \ge 0, j = \dots, n$ .

Equation (8) can be computed under the assumption of VRS, in order to decompose technical efficiency into pure technical efficiency and scale efficiency by adding the convexity constraint  $\sum_{j=1}^{n} \lambda_j = 1$ . To compute the Malmquist total factor productivity index, the above LPs must be solved for each bank and for each pair of adjacent periods.

#### 3-1Data

By the end of 2009, the Libyan banking sector consisted of 19 banks, of which two were state commercial banks, four were specialised banks, nine were private commercial banks and four were joint-Venture banks. This sample considers only commercial banks. The final sample ranges between 8 and 13 banks across the period 1998-2009, and represents 98% of the total assets of the Libyan banking system during that period. The period of study covers the period before financial liberalisation (1998-2004) and the financial liberalisation period itself (2005-2009). This is in order to trace the impact of deregulation on banking productivity following the intermediation approach proposed by Sealy and Lindley (1977), two inputs and two outputs were selected. The inputs are *total deposits* and fixed *assets*. The two outputs are *total loans*, and *other earning assets*.

## **4-Empirical results**

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Table 1 presents a summary of the yearly Malmquist index and its components. On average, the productivity of Libyan banks improved by 1.6%. The main drivers were technological change (2.0%) and scale efficiency change (0.3%). The main cause of reduction in MTFPI was a negative technical efficiency change of 0.3% which, in turn, can be attributed to a negative pure technical efficiency change of 0.7%. The progress in technological change indicates that technological innovation and size played an important role in the banking system, in the form of new services offered by the banks, such as telephone banking and a network of automatic teller machines. These findings on productivity are lower than those observed in the Gulf Cooperation Council's banking industry by Al-Muharrami (2007), who found an average productivity growth of 5% in a similar period. However, it was better than the overall productivity of Egyptian banks, as examined by Fethi, Shaban and Weyman-Jones (2011). An examination of the individual years shows that the MTFPI of Libyan banks fluctuated over the period. While some progress was observed in the first two years, of 3.3% and 6.9% respectively, a reduction ranging between -3.8% and -13.5% was observed in the following five years up to 2004/2005. However, due to the injection of market reforms, notable progress was observed during the first three years of liberalisation, 2005/2006 to 2007/2008, ranging between 7.8% and 23.7%. The main drivers for this positive growth were technological improvements.

	1	2	3	4	5	6	7	8	9	10	11	All
TECH	1.069	0.987	1.004	0.981	0.962	1.002	0.830	1.195	1.001	1.022	0.951	0.997
TCH	0.966	1.082	0.924	0.981	1.006	0.924	1.042	1.002	1.076	1.254	0.964	1.020
PTECH	1.000	1.000	0.999	1.001	1.000	0.994	0.857	1.104	1.004	1.023	0.958	0.993
SECH	1.069	0.987	1.005	0.979	0.962	1.008	0.968	1.083	0.997	0.999	0.993	1.003
MTFPI	1.033	1.069	0.928	0.962	0.968	0.926	0.865	1.198	1.078	1.237	0.918	1.016
Change	3.3	6.9	-7.2	-3.8	-3.2	-7.4	-13.5	19.8	7.8	23.7	-8.2	1.6

Table 2. MTFPI and its components (1998-2009)

\*To estimate percentage change, (MTFPI -1) ×100; No: number of banks. 1=1998/1999; 2=1999/2000;

3=2000/2001;4=2001/2002;4=2002/2003;5=2003/2004;6=2004/2005;7=2005/2006;8=2006/2007;9=2007/2008;10=2008/2009

#### 4-1Financial liberalisation and productivity growth

The paper also examines the impact of deregulation on productivity growth, the period has been divided into two sub-periods: before liberalisation (1998/99-2004/05) and during liberalisation (2005/06-2008/09). Table 2 reveals that the productivity growth of Libyan banks increased by 15.2% during the liberalisation period. Their productivity (MTFPI) progressed from -4.1% before deregulation to 10.4% during the deregulation period. This improvement can be attributed to technological change (TCH), a factor which increased by 8.2% from -1.3% before deregulation to 6.8% during deregulation. Furthermore, technical efficiency change (TECH) improved by 6.5% from -2.9% before liberalisation to 3.4% during liberalisation. The TECH factor, under the assumption of VRS, was decomposed into its components. The PTECH increased by 4.3%, from -2.4% before deregulation to 1.8% during liberalisation. The SECH rose by 2.1% from 0.05% before deregulation to 1.6% during liberalisation. The present findings are similar to those of prior studies which found that productivity improved during liberalisation in Turkey, Australia, Pakistan, and Egypt, respectively (Isik and Hassan, 2003a; Sathye, 2002; Ali and Afzal, 2012 and Fethi, Shaban, and Weyman-Jones, 2011).

#### Table 2 Productivity growth of the Libyan banks before and during liberalisation

Duration	TECH	TCH	PTECH	SECH	MTFPI
Before Financial liberalisation(1998-2004)	0.971	0.987	0.976	0.995	0.958
<b>During Financial liberalisation</b> (2005-2009)	1.034	1.068	1.018	1.016	1.104
Change (%)	6.5	8.2	4.3	2.1	15.2
Whole period	0.997	1.020	0.993	1.003	1.016

MTFPI and its components are calculated as geometric means.

Two non-parametric tests, Kruskal-Wallis and Mann-Whitney tests were carried out to examine the significance of the improvement in productivity during deregulation. The findings of these tests are presented in Table3. The null hypothesis was rejected, as these indicate significant (at 10% and 5% level) improvement in productivity and its components during the deregulation period.

Table 3 Non-param	etric tests of the Malm	quist index prior	to and during deregulation

Test	TECH	ТСН	РТЕСН	SECH	MTFP
Kruskal-Wallis test	0.728*	0.058*	0.211**	3.092	0.738*
Mann-Whitney U test	0.853*	0.241*	0.2459**	1.758	0.859*

\* indicates significance level at 5%; \*\* Indicates significance level at 10%

#### **5-Conclusion**

This paper has evaluated the productivity change of the Libyan banks prior to and during liberalisation (1998-2009). The non-parametric method (DEA)-based Malmquist index was used. The findings indicate that there was an overall improvement in productivity by 1.6%, and the main sources of this were technological change, contributing 2%, and scale efficiency change, at 0.3%.. This study has also investigated the impact of financial liberalisation on the productivity growth of Libyan banks. In general, productivity growth of the sample increased during liberalisation, by 15.2%.

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# The Role Of Business And Economics Education On Developing Economies

Halima A. Usman\*

Abstract: Many of developing countries are rich in resources adequately to be harness to achieve economic growth and development, yet majority of the citizens of such economy's lives in Poverty. It is however observed that, for any meaningful development to be achieved there is the need to improve the living standard of the people. This paper assesses the job creation prospect in business and economics education. Reports shows that these economies have implemented several economic policies, yet desirable outcome is yet to be achieved. It is recommended that, developing countries should lay down sound and well design macroeconomics policies based on the features of their economies rather than importing foreign policies from developed economies.

<sup>\*</sup>Halima A. Usman, Federal College Of Education (Technical) Gusau, Zamfara State, Nigeria.

# Venture Capital Reputation and Long-Run Performance of IPOs

Chen Su\*

Abstract: TBA

<sup>\*</sup>Chen Su, Newcastle University, UK

# Students' Perception of Customer Service At A University Of Technology Contact Centre.

### Matsoso K, Monyane M\*

Abstract: The paper focus on customers' perception of service at TUT contact centre, and this was prompted by the need to understand customers' expectations which is the most important step on the road to deliver quality service. In this survey primary data was collected by means of a Likert scale questionnaire, and 127 usable self-administered questionnaires compiled from the existing customer service questionnaires, were used to collect the data. The population in this study consisted of students, parents, employers, sponsors and guardians. Since the nature of this data is categorical, Pearson's chi-square test was used to test for association between two categorical variables, and Cronbach's alpha Cronbach's alpha ( $\alpha$ ) was used to test for internal validity. Factor analysis was also used for data reduction, and all inferential analyses were performed at a 95% confidence limit.

The study revealed that the service at the Tshwane University of Technology contact centre was perceived average by the customers, and this is clearly indicated by responses gained from four factors, reliability, assurance, empathy and responsiveness that were retained as dimensions of service quality. Respondents reacted differently to all the questions pertaining to these factors where 70% of them agreed that the contact centre agents indeed responded promptly to their inquiries. Sixty one percent of the respondents have reacted positively to all the statements relating to assurance while 60% of them agreed that they get personalised service at the contact centre. Reliability was rated positively by 54% of the respondents who agreed that service providers at the contact centre performed the promised service accurately, dependably and timely. Findings of this study will enable the Tshwane University of Technology contact centre management to work together towards a common goal to meet and exceed the ever-changing expectation levels of their customers.

Keywords: Students, Service, Value, Quality, University.

## **INTRODUCTION**

Organisations all over the world use customer service excellence as a technique to win their customers' loyalty and to gain their trust. Some organisations have lost many of their clients due to poor customer service, while others have gained even more clients, but at a higher cost. In recent years, contact centres have emerged to ease not only the pain of high service-delivery costs, but also of face-to-face service delivery, which is even more costly. Contact centres manage to help organisations to provide better customer service to their clients through a telephone contact at reduced costs. Customer service entails anything done for the customer that enhances the customer's experience, and the customer service provider must get to know the customers in order to be able to strive for and to provide them with excellent customer service (Harris, 2007:2).

It is believed that the changes that have taken place in South Africa provide the potential for economic growth. However, growth must be supported by good service, particularly if we are to become active

<sup>\*</sup>Matsoso K, Monyane M, Tshwane University of Technology, Republic of South Africa

participants in the global market. The improvement of service standards presents a tremendous challenge to all South Africans, to business as well as to consumers, without whose feedback no service standards can be measured (Blem, 1995:166). Moreo (1996:1) describes the present-day situation where today's customer usually has a choice where he or she wants to do business. Organisations offering similar products will normally do so at comparable prices. Therefore, when stores or organisations offer the same products at the same price, the determining factor for where the customer will decide to do business will be the quality of the service given. The behaviour of the front-line employee towards the customer on a consistent basis will be what influences the customer's decisions to do business with a given supplier. The most important point about service quality is that good is not good enough in the market of today. It has to be exceptional, or it will be considered mediocre. If an employee is courteous, helpful and knowledgeable, the organisation is perceived as an organisation that looks after the customer. If an employee is rude, inattentive and lacks product knowledge, the organisation is perceived as being uncaring about the customer. In South Africa, unhappy customers do not fight, they go to the competitor. Once we understand what customer service is, we will be in a far better position to spoil, pamper, delight and satisfy our customers (Moreo, 1996:1).

## LITERATURER REVIEW

#### **CUSTOMER SERVICE**

Brink and Berndt (2004:12) found that customer service is an integral part of CRM and that it can be achieved by training all employees, even those who do not have direct contact with customers. Employees must understand that their own job satisfaction ultimately rests on the success of the organisation, because happy employees make happy customers. Employees need to be supported by technologies and processes to make them more effective.

No matter how accurately the definition of customer service is formulated, the employees still have to live up to what the customer thinks customer service is. The customer's satisfaction is the goal to attain. Customer service has become one of the most important issues facing organisations in every market. Customer service programmes come under a number of different titles, such as 'customer service', 'customer satisfaction', 'customer focus' and 'customer-orientated', and their common theme is meeting the customer's requirements and ensuring that all aspects of the organisation contribute to customer satisfaction.

The intention is to build repeat business. If customers are satisfied with the product and the standards of service they receive, they will return to the same organisation again and again for major or minor purchases (Linton, 1995:1).

#### **Importance of customer service**

Many researchers have looked into the importance of customer satisfaction. Kotler (2000:259) defines satisfaction as a person's feelings of pleasure or disappointment resulting from comparing a product's perceived performance (or outcome) with his or her expectations. Customer satisfaction is defined as the degree of happiness a customer experiences with an organisation's product or service, which results from the interaction and interrelationship of all people within that organisation.

If the last person that the customer spoke to was a call centre agent from a research company, the customer will relate the experience of the interview to the organisation he or she is being interviewed about. Satisfaction with the outbound contact centre is thus not only vital to the research company, but also to the organisation the research is about (White, 2003:29). Moreo (1996:21) states that a good way to remember how to give great service is to use the acronym **RARE** (Responsive, Acknowledge, Reliability and Empathy) – to give RARE service:

#### • Responsive

Respond to the customers. Let them know that you know they are there. Make them feel that their business is appreciated. When the organisation is responsive to its customers, it tells them that they are appreciated.

#### • Acknowledge

Acknowledge the customers' presence. No one likes to feel like a number, or worse, feel as if one is deliberately being ignored.

#### • Reliability

Customers want to know that the organisation can do what they believe it can do or that it has the products that it has advertised.

#### • Empathy

Customers want to feel that the organisation understands them, their needs, wants and expectations. This can be made evident by giving them personal attention. Empathy makes the customers feel important and shows that the organisation cares (Moreo 1996:21).

# **CONTACT CENTRE**

The contact centre environment has never been more complex. Apart from traditional pressures to reduce operational costs, contact centres also face the challenging task of providing exceptionally high-quality service in order to retain current customers and attract new ones. Contact centres are also becoming the hub of customer interaction within organisations, taking on a more strategic role in building and maintaining customer relationships (Market Watch, 2005).

A contact centre may be defined as physical or virtual operations in which a managed group of people spend most of their time doing business by telephone, usually working in a computer-automated environment (Bagnara, 2000:5). A customer call centre is a single site at which incoming phone calls are received and answered. Typically, each call centre can provide several services and is staffed by agents from one or more skills groups. The term 'customer call centre' implies call processing only, and has undergone 'scope creep' to become the 'customer contact centre', including other text-based real-time or delayed customer requests such as e-mail, web browsing, web call-backs and traditional correspondence (Waite, 2001:473). According to Cleveland and Mayben (2005:263), the term 'contact centre' is an umbrella term that generally refers to reservation centres, helpdesks, information lines or customer service centres, regardless of how they are organised or what types of transactions they handle. The term is being challenged by many, because calls are just one type of transaction and the word 'centre' does not accurately depict the many multi-site environments.

# THE RESEARCH DESIGN AND METHODOLOGY

Below are discussions of the research design for the study.

#### Population

Jennings, (2001:136) describes population as the entire study subject. In this case, population refers to the call centre clients in Tshwane University of Technology.

#### Sample size

According to Plowright, (2011:36), sample size is the total numbers of selected individuals that will be privileged to partake in a study. The sample size is however considered as a fraction of the entire population. The sample size was selected with the aid of non-probability sampling. Respondents were provided with questionnaires. The sample is considered to be an acceptable sample size upon which generalization of findings could be made (Jennings, 2001:148).

#### **Data collection**

The instrument for collecting data for this study was questionnaires. These questionnaires were distributed by means of self-administered interviewer-completed questionnaires. The intercept survey was employed. (Intercept where the researcher approached visitors in public area and distributed the questionnaires for them to complete). The questionnaires were design using the following:

- structured questions to obtain demographics information about of the respondents and
- 5 point Likert scales questions to assess foreign technology experimentation.

#### Data analysis

In consideration of the nature of this study, data was analysed using statistics based on tables, figures, graphs, percentages and frequency distribution. The quantitative research requires numerical analysis to be used (Jennings 2001: 283).

# **RESEARCH RESULTS AND DISCUSSIONS**

The research findings are discussed as follows:

# What factors were identified by the TUT contact centre clients as contributing to service delivery in the contact centre?

The four derived factors are the following:

- Assurance
- Reliability
- Responsiveness
- Empathy

As measured by Cronbach's alpha, the reliability analysis results for the four factors were 10.59309, 9.79580, 8.23156 and 4.49306 respectively, and these results demonstrated that all the scales had a relatively high reliability.

#### • Assurance

Assurance accounted for 53.61% of the total explained variance. This factor was primarily related to the concept of knowledgeableness and courtesy of contact centre agents and their ability to inspire trust and confidence in their clients. The assurance factor was defined by nine items, and these items were found to be contributing to the assurance factor. Although this factor is not rated so positively at 61%, it had a high loading, from 0.3877 to 0.9917, which implies that all the questions correlated well with the factor, and indeed formed the assurance factor as identified by the clients.

#### • Reliability

Reliability explained 62.27% of the variance and was constructed by eight scaled items. The reliability in this study is characterised as the ability to perform the promised service dependably and accurately.

The majority of the respondents did not agree with most statements relating to this factor, and only 54% of the respondents reacted positively. This factor had a very high loading, from 0.6528 to 0.9876, and this implies that all eight questions (1 to 8) were correctly grouped as the important determinants of reliability.

#### • Responsiveness

Responsiveness accounted for 62.28% of the variance and comprised four items that were primarily associated with the concept of providing reliable, prompt and timely services to the clients. The four identified questions relating to responsiveness were questions 10 to 13.

The loadings of these questions were high enough (0.7625 to 0.9031) to confirm correlation between the questions and the factor. More than 70% of the respondents, on average, agreed that the TUT contact centre agents were always willing to help their clients and provide a prompt service.

#### • Empathy

Empathy is defined as caring and individualised attention given to the customers and differentiated services to satisfy specific individual needs. It is on this factor that three questions, questions 14, 17 and 22, were grouped as important determinants of empathy. These questions were grouped together because they correlated to form the empathy factor with factor loadings from 0.3854 to 0.9221, which is acceptable. The respondents showed some mixed feelings about this factor. In Question 14, only 51% of the respondents agreed that the TUT contact centre has shown empathy, while questions 17 and 22 were

both highly rated by 71% of the respondents. On average, 64% of the respondents reacted positively to questions relating to empathy.

# **RECOMMENDATIONS AND CONCLUSIONS**

The findings of the study indicate that four factors were identified by respondents as contributing to service delivery in the contact centre, namely assurance, reliability, responsiveness and empathy. Of the total respondents, 61% of them agreed with questions relating to assurance, approximately 54% agreed with questions relating to reliability, approximately 70% agreed that responsiveness was being practised in the contact centre and approximately 64% of the respondents reacted positively to questions relating to empathy. The reliability factor is considered dormant by respondents, as it was rated the lowest (54%) of the four factors. In general, the current customer service in the contact centre was rated as not excellent by the majority of the respondents, as can be seen from all the questions, including the following:

**Question 1**: When the Tshwane University of Technology (TUT) contact centre promises to do something by a certain time, it does so – only 42% of the respondents agreed with the statement.

**Question 4:** The Tshwane University of Technology contact centre performs the service right the first time – approximately 37% of the respondents reacted positively to the statement.

**Question 6**: The balances on the student accounts provided by the Tshwane University of Technology contact centre are error-free – only 33% of the respondents agreed with the statement.

**Question 10:** The agents of the Tshwane University of Technology contact centre are never too busy to answer your call – this question obtained the highest rating, namely 74%.

# DISCUSSIONS

In terms of the factors identified by the clients as contributing to service delivery, the following recommendations are made:

#### • Assurance

It is vital for contact centre staff to convey trust and confidence to the clients, as this builds loyalty. Physical contact makes it possible to establish a relationship with clients, which is not the case with contact through the telephone, where client and agent do not see each other. Assurance is however concerned with the safety of phone transactions and customer privacy. Customers' perception of good service plays an important role in their satisfaction and repeat purchase.

Lack of assurance is a stumbling block to the growth of contact centre clients, as they sometimes have concerns when it comes to paying students' accounts using credit card transactions and providing their personal information, and therefore contact centres need to instil trust and confidence in their clients to enable them to perform sensitive transactions with them without fear.

#### • Reliability

As reliability refers to the ability to perform the promised service accurately, dependably and timely, contact centre clients appeared to want the right quality of service within the timeframe promised by the contact centre agents. Contact centre employees should have clear and effective mechanisms for handling clients' queries and should follow up on those queries. It is important to give the client a guarantee that a query will be solved, and the timeframe is of high importance.

#### • Responsiveness

It is clear from the findings that clients expect the contact centre agents to respond promptly to their inquiries and queries, especially on statements. E-mails need to be attended to promptly to improve the customer service response time. Prompt response also refers to the handling of incoming calls and promptly providing the required information to the client. It is recommended that contact centre management choose an effective and efficient host server and avoid taking too long to retrieve students' information or statements to speed up the service. Previous research has shown that there is a significant positive correlation between the speed of loading information and client satisfaction, when four computer-based experiments were conducted to show that waiting time could affect the evaluation of service negatively if there was uncertainty about the length of the waiting time, as in the case of no countdown information being available.

#### • Empathy

Since the results of the present study indicated that contact centre clients long for personalised attention from contact centre service, it is recommended that TUT employs enough agents to answer contact centre clients' diverse questions via phones, fax and e-mails, and that the institution educates and empowers clients in using the available resources at the contact centre. The contact centre management should maintain message areas through voicemail on the phones in order to listen to individual clients' voices, gain a better understanding of clients' changing preferences and predict the clients' future requirements. This would make it possible to offer clients personalised services in order to build customer loyalty.

#### • Communication

It was important to add communication as one of the factors needed in the contact centre. Monitoring and surveillance using ACD monitors and pressure on staff to answer calls quicker is necessary, as listening on the phone and inputting information into a system lead to mental exhaustion. Communication at the TUT contact centre requires considerable improvement. This would lead to fewer repeat and abusive calls and a reduction in customer complaints.

## CONCLUSION

As the paper showed that the contact centre relies on operational measures for evaluating the quality of its service. It is important that the criteria used by customers for assessing best service differ from those of managers, and this results in a gap between perceptions of managers of service offered and perceptions of customers of the quality of service they received from the contact centre. It is vital to emphasise attributes that relate to the quality of customer–agent interactions. Four dimensions of service quality, namely assurance, reliability, responsiveness and empathy, have been identified as factors contributing to service quality in the TUT contact centre. Contact centre service providers need to know that the definition of quality service is a subjective matter, and that it is their responsibility to ensure that service is always tailor-made to accommodate the needs and wants of the customer.

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# STAKEHOLDERS' PERCEPTIONS OF SERVICE QUALITY PROVIDED BY NATIONAL HIGHER EDUCATION CENTRAL APPLICATIONS OFFICE.

# Ndaba Z, Monyane M\*

Abstract: Higher education institutions are the source of the intellectual capital that is demanded by the economic sector of the 21st century. The admission function of the institutions plays a vital role in promoting and facilitating access to prospective students. However, some processes are complex and institutions experience inevitable challenges every year during admission times which ultimately disadvantage the applicants.

Certain institutions have outsourced their application process to the Central Application Office (CAO). The literature revealed that institutions outsource for two major reasons: to enhance service quality and to reduce operation costs. This study was aimed at establishing the service quality perceptions of stakeholders who have directly experienced the CAO services and a case study method was used to capture these perceptions. Findings were that stakeholders showed high levels of satisfaction with the service quality of the CAO. The causes of poor service perception with the outsourced model were few and occurred when there were certain limitations.

The findings of the study could be helpful since the higher education sector is currently in the process of centralizing the admission's process. Understanding what works and does not work could help with avoiding problems and roadblocks as experienced within a limited centralized arrangement.

Keywords: Students, Outsource, Service, University, Value, Quality

# **INTRODUCTION**

The aim of this paper is to investigate clients' perception of customer service at the TUT contact centre. The findings will bring about a better understanding of the clients' perception of service. The main purpose of the study was to present identified practices through an organisational best-practice framework to enhance the clients' perception of customer service in the contact centre at TUT. To achieve the research purpose, the following research questions were investigated:

- What factors are identified by the clients as contributing to service delivery in the contact centre?
- What is the current perception of TUT clients of service delivery at the contact centre?
- What factors are currently perceived as inactive by the clients?

#### LITERATURER REVIEW

#### Service quality

Parasuraman, Zeithaml and Berry (1985, 1988) were among the first researchers who made a distinction between goods and service quality. These authors defined service quality as the outcome of an evaluation process whereby customers compare their perceptions and expectations of service with the service they have received. Similarly, Ramseook-Munhurrun, Naidoo and Lukea-Bhiwajee (2009) described the service quality concept as focused on meeting customer requirements and on how well the service delivered matches customer expectations. Various service quality definitions have been proposed over the years, based on different conceptualisations of the notion, but the general agreement is that service quality is customer-perceived quality.

<sup>\*</sup>Zukiswa Ndaba, Tshwane University of Technology, Republic of South Africa

#### **Customer Expectations**

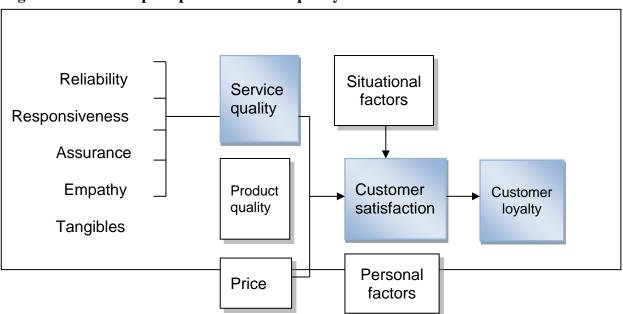
Customer expectations are described as what customers believe should happen in a service transaction (Zeithaml et al. 2009).

They serve as standards or reference points against which performance can be judged. It is important for service providers to know what customers expect as this constitutes a critical step in delivering service quality. If service providers are wrong about customer expectations, they may expend valuable resources on areas that are not important for the customers (Bennett et al. 2005). To keep customers satisfied, organisations need to monitor the whole process to ensure that only realistic promises are made to customers.

#### **Customer Perceptions**

Customer perceptions are the views of customers concerning the service they have experienced. These perceptions occur during and after a service transaction. They are based on how satisfied customers are with the overall experience of service and how the service compares against their initial expectations. When the service experience exceeds the initial expectations, the perceived quality is high. If the experience does not reach the level of expectations, the perceived quality is poor (Wilson, Zeithaml, Bitner & Gremler, 2008). Customer perceptions are subjective assessments as the level of satisfaction varies from person to person. Moreover, customers use different words to describe the same level of service (Chidester, 1995). To evaluate service quality, organisations need to use an appropriate evaluation tool that would allow each customer to use the same scale to evaluate service.

Parasuraman et al. (1988) and Wilson et al. (2008) argued that in forming their judgements about service quality, customers rely on certain fundamental factors which are reliability, responsiveness, assurance, empathy, and tangibles, as shown in Figure 1 below. These service quality dimensions represent how customers organise information about service quality in their minds. These dimensions actually correlate with the perceived service quality model designed by Grönroos (1984).



#### Figure 1: Customer perceptions of service quality and customer satisfaction.

Source: Zeithaml et al. 2009, p. 103

Zeithaml et al. (2009) described the five dimensions of service quality as follows:

- Reliability: the term refers to the ability to provide a service according to the promises made dependably and accurately in order for a customer to have confidence in the service.
- Responsiveness: this involves being accessible, willing to help, and the ability to provide a prompt service to customers.
- Assurance: this involves being able to provide a professional and knowledgeable service to customers. This factor is important for high risk companies such as banks, insurance, and legal services.
- Empathy: the term refers to the way the service provider treats customers in a service encounter, which includes factors such as being approachable and helpful and offering individualised service.
- Tangibles: these are items that customers can touch and see which include the appeal of communication material, the appearance of physical facilities and other tangibles.

In some service contexts, all five dimensions are important; in other situations, only a few are relevant (Zeithaml et al. 2009). For instance, the tangible dimension would not be relevant in a service provided through a telecommunication system like the Internet.

#### THE RESEARCH DESIGN AND METHODOLOGY

Below are discussions of the research design for the study.

#### Population

Jennings, (2001:136) describes population as the entire study subject. In this case, population refers to the staff and students.

#### Sample size

According to Plowright, (2011:36), sample size is the total numbers of selected individuals that will be privileged to partake in a study. The sample size is however considered as a fraction of the entire population. The sample size was selected with the aid of non-probability sampling that will be discussed later under sampling method. Respondents were provided with questionnaires. The sample is considered to be an acceptable sample size upon which generalization of findings could be made (Jennings, 2001:148).

#### **Data collection**

The instrument for collecting data for this study was questionnaires. These questionnaires were distributed by means of self-administered interviewer-completed questionnaires. The intercept survey was employed. (Intercept where the researcher approached visitors in public area and distributed the questionnaires for them to complete). The questionnaires were design using the following:

- structured questions to obtain demographics information about of the respondents and
- 5 point Likert scales questions to assess foreign technology experimentation.

#### Data analysis

In consideration of the nature of this study, data was analysed using statistics based on tables, figures, graphs, percentages and frequency distribution. The quantitative research requires numerical analysis to be used (Jennings 2001: 283).

#### **RESEARCH RESULTS AND DISCUSSIONS**

#### **Students' Perceptions of Service Quality**

This section provides findings regarding the following investigative question:

# What are the perceptions of students regarding the service quality of the admission process offered by the Central Applications Office?

In order to establish the experiences of the students, the focus was on five service quality dimensions or factors. These five dimensions were established after an examination of the literature; they are indicated as having a significant impact in service quality assessments.

The reliability factor: Findings revealed that most of the students who participated in the study positively rated the reliability factor (good 56% and excellent 18%). Positive comments outlined in the findings gave a clear picture of their experiences and perceptions.

Although 26% of the student group perceived the service as poor, the conclusion made from these results is that the CAO is good at delivering services as promised: namely, the CAO is dependable and accurate, and students have trust in its services. The results further show a noticeable number of DUT students who viewed the reliability factor as poor. The general concern of students who rated the reliability factor as poor is the lack of communication. The results show a failure on the part of the CAO to specify when

admission results would be communicated to the applicants. This situation means that applicants are left confused and unsure about what to expect after the application.

The responsiveness factor: A large percentage (54% good and 19% excellent) of students showed satisfaction with the responsiveness of the CAO to their demands. Students supported their ratings with positive comments, as shown in Chapter 4. The remaining students (27%) indicated dissatisfaction by rating the responsiveness as poor. Results also show DUT as the leading institution in poor service ratings. According to the findings, the main causes of poor perceptions for this factor are poor communication, namely a telephone system which leads to a long wait on calls, and the inability to provide a prompt service. However, as two thirds of the students rated the service as good and excellent, the judgement made is that the CAO is prompt, attentive and shows a willingness to deal with students' requests and demands. The concerns of poor service are however noted as critical in service delivery and therefore need to be investigated further and corrected.

The assurance factor: Results showed that the majority of students rated the service as good and excellent (54% and 16% respectively). The general impression gained from the comments is that the CAO is good at helping students choose the right courses of study, is courteous and knowledgeable, and that students trust its services.

There is however a quite a high percentage (30%) of poor ratings with DUT leading in this group once more. The comments of dissatisfied students show that capacity is the main issue. Simply put, the CAO is unable to assist all prospective students in choosing the correct courses of study. Even if the percentage of poor ratings is lower than that of good and excellent ratings, these negative areas are noted as critical in achieving customer service excellence.

The tangibles factor: This factor, which relates to the appeal of the communication material used by the applicants, was positively perceived. Students indicated satisfaction with the handbook (20% excellent and 51% good), and 29% rated the tangible factor as poor. There was a notable percentage of poor ratings when comparing results from different institutions. The conclusion made is that the CAO material is satisfactory, though 29% experienced the material as not user friendly because of too much information and too many codes covered in one booklet.

The empathy factor: This factor relates to the way students are treated during the service encounter. The empathy factor was rated as good by 53% of the students, as excellent by 14%, but 33% of the students rated it as poor. The empathy factor received a high level of poor service ratings when compared to other factors. As the majority of the participants rated the service as good and excellent, the conclusion is that the CAO is good at understanding and solving the problems of students. However, the CAO needs to review the way students are treated in the service encounter as it seems they are dissatisfied. In this type of arrangement, it is difficult to individualise the service, but a way of satisfying students should be formulated. This needs to be done to assist students with matching their interests and abilities to appropriate courses of study.

#### **Recommendations to Institutions Interested in this Arrangement**

Institutions that wish to enhance operational efficiency in their admissions processes can adopt this strategy as the results indicate that it is a viable arrangement. The results of this study indicate that the CAO is efficient in managing the applications and with helping prospective students access higher education with ease. The CAO also provides institutions with the necessary information on which to base admissions decisions. By adopting this strategy, institutions would be entrusting the critical admissions function to experts who specialise in this particular function only. The institutions would be relieved of worrying about the logistics of managing this function, which would include technology and its upgrades, personnel and extra temporary staff for peak periods, etc. The institutions would benefit from efficient admission processes, which would serve the academic programmes with excellence. Moreover, the institutions would still retain the autonomy of making admission decisions and marketing themselves to attract more students and would still maintain their culture.

Application-processing functions are fairly common across the higher education sector and can be delegated easily. In this way, the walk-ins, who represent the major challenge of this function, can be totally eliminated. When evaluating the cost and benefit of the walk-ins, the researcher concludes that they result in more damaging consequences than benefits to the institution. Interested institutions could form a cluster or a manageable group and delegate the admission function to a well-trusted body or organisation, as shown below in Table 2. The smaller manageable clusters are emphasised because the results of this study indicate that capacity and communication are major factors that affect quality in this type of arrangement.

The clusters could partner with Umalusi, the organisation that issues matric certificates.

In this way, matric results could be obtained directly from this credible body rather than the slower process that goes via applicants. This system could fast track the admissions process and improve its efficiency.

NiSHE could also be used for providing guidance and support to prospective students. The higher education funders (such as providers of bursaries and loans) could also be co-opted to be part of this arrangement. This would be a beneficial arrangement to the applicants as the system would provide comprehensive yet affordable services. In conclusion, the strengths of the CAO could be capitalised upon in order to provide excellent customer service. However, it is important to take note of the limitations of this type of arrangement as revealed in the findings and in the literature.

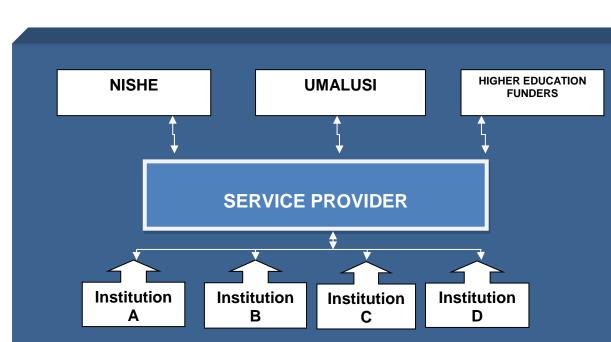


Figure 2: The proposed application processing function.

# CONCLUSION

The research conclude by providing a scale for ensuring service quality. This scale is useful in providing comprehensive results in all the aspects of service quality. The scale also managed to pinpoint the areas of deficiencies in service quality. However, the applicability of the service quality dimensions should be evaluated before the scale is applied as other dimensions may not be applicable to certain situations; trial tests should be run before the scale can be adopted.

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# Why National Employment is difficult to imply in The Saudi Health Sector? The Heath Care Sector in Saudi Arabia

Haitham Altuwayjiri\*

#### Introduction

The Ministry of Health (MOH) is the major government body assigned with providing curative, preventive, and rehabilitative health services for Saudi Arabia's population. It delivers primary health services over a network of around 2000 health care centres throughout the country. Furthermore, these health care centres adopt a referral scheme that offers curative care for the population, starting at the general practitioners' level at health centres up to advanced specialised services over a wide range of general or specialist hospitals (more than 259 hospitals). The Ministry of Health is described as the leading government authority that is accountable for the design, funding, management, and regulation of the health sector. In addition, it performs comprehensive supervision of the health services conducted by the private health sector. Consequently, it can be regarded as a national health service (NHS) of Saudi Arabia.

The following health care provider in the country is the private sector, comprising primary health care centres, hospitals, laboratories, drugstores and physiotherapy centres. According to the Health Statistics Annual Book (2012), the following are some of key fact indicators for health services delivered by the private sector in the country by the end of 2012:

- 137 hospitals with 14,165 beds, accounting for about 39% of the total number of hospitals beds in the Kingdom.
- 2,168 dispensaries, 785 clinics, 98 medical laboratories and 80 physiotherapy centres.
- 1,913 optical stores and 6,947 pharmacies. (Refer to table 1.7 for more information).

Most remarkably, the majority of MOH hospitals are also run and maintained by private health companies.

From 2008 to 2012, among the public and private health sectors, the MOH experienced the highest rise in the total number of hospitals (12%), the private sector followed with 11.4%. Again, between 2008 and 2012, there was an increase of 7,148 hospital beds (13% increase); the health sector was experiencing the highest growth in hospital beds in the private sector of 24.7%, followed by growth in hospital beds in the MOH by 13.0%. The ratio of the total hospital beds per each 10,000 population decreased from 21.7 beds in 2008 to 20.9 beds in 2012. Consequently, the overall number of health workers had to increase according to the recent expansion in the health service. Growth was as follows: doctors 33.9%, nurses 37.9%, and allied (applied) health professionals 48.9%.

<sup>\*</sup>Haitham Altuwayjiri, Glasgow Caledonian University, UK

The proportion of Saudi nationals amongst the total health workforce grew from 2008 to 2012 by: 14.4% among doctors (20.8% to 23.8%), 24.4% among nurses (29.1% to 36.2%), 49.2% among chemists (13.0% to 19.4%), and 18.0% among allied health professionals (61.2% to 72.2%). This reflects the existing efforts to continuously enlarge the national employment volume in the health sector.

However, official reports indicate that the results of employment localisation strategies enforced in the country are still unsatisfactory. For example, In 2012, the overall numbers of the health workforce was reported, according to the categories of doctors, nurses, chemists and applied health professionals, as follows: 71,518 doctors (including dentists), 139,701 nurses, 15,590 chemists, and 76,769 applied health professionals. While the percentages of the Saudi workforce within these categories were as follows: 23.8% doctors, 36.2% nurses, 19.4% chemists, and 72.0% allied health professionals. Next sections will address the forces for and against change towards higher numbers of national workforce in the Saudi health sector.

#### Forces against the change towards higher Employment of Locals in the Health Sector

According to official reports, higher numbers of expatriates are present in the Saudi health services; this is due to the fact that health professions are considered as a less desired occupational choice for Saudis compared to other careers (Lamadah and Sayed, 2014; Tumulty, 2001). Although most medical professions are widely respected among the Saudi population, there are a number of forces that constraining many high school graduates from initially taking a medical discipline at college or university thereafter being part of the health workforce. As a result, there is a continuous shortage of national health manpower. A number of health professions including nursing which forms the biggest group of the health workforce in Saudi Arabia (MOH, 2012) have witnessed several forces against the change towards higher percentage of localisation, these forces can be divided into different categories: social and cultural forces, educational forces, and work environment forces As follows:

#### Social and Cultural Forces against Change

It is commonly perceived that some health jobs like nursing appear to be avoidable in nations where strong traditional and cultural customs harshly constrain the involvement of females in paid professions outside their homes. Consequently, nursing occupations in such nations are mostly filled by females from only low social classes (Pizurki, 1987). Empirical studies with the female nurses indicated that they were suffering from social pressures linked with being at work in publicly unacceptable mixed-sex environments with the requirement to cover long periods of hostile nights and weekend working (Gazzaz, 2009). These societies used to look at nursing professionals with a kind of disrespect and suspicion; therefore, females generally are frightened of becoming nurses although they may desire it. Also, some women had to leave their nursing schools or jobs in order to get married since their spouses along with their relatives do not consider nursing as acceptable work. Similarly, many families do not allow their girls to work night shifts, work for long hours, or to work over weekends. Furthermore, others look at nurses as just humble assistants of doctors (Al-Sa'd, 2007).

In Saudi Arabia, female students from high schools who have an interest in nursing; although for jobrelated motives this interest is frequently faced with their families' refusal (Al-Johari, 2001). Equally, high school graduates have notably quite a low interest in becoming nurses (Al-Omar, 2004). These students seemed to think that their surroundings would not endorse such a choice. Likewise, some national males whose career is nursing also encounter some discouragement from friends and families. According to Miller-Rosser et al. (2006) a national male nurse has reported that his mother did not wish to tell her friends that her son's job was nursing.

Some national studies show that the society's poor awareness of the health sector as a working preference is due to several reasons. Firstly, weak roles of education in improving the image of health sector, for example, there is fairly insufficient job-related counseling especially for those of high school age which can lead to further interest in health careers. In addition, there are inadequate teaching facilities used to raise awareness of some of the health professional careers such as nursing. These facilities may include brochures, documentaries movies, and accessible information for teacher to present, etc. Secondly, the nursing profession is poorly presented and characterised by media reporting. For example, the respondents commonly mentioned the media as a major factor that negatively influenced the common image of nursing. According to these studies, half of the respondents thought that local TVs and newspapers also played a major role in creating these images. Furthermore, a weak understanding with regards to nursing as a respected field of study is associated with an absence of families' encouragement for nursing, but are afraid from a social perspective. In a report by Hamdi and Al-Hyder (1995), 33% of the girls from high schools believed that nursing is a suitable occupation for national females; nevertheless, nearly 25% supposed that being a nurse would lead to some struggle with social traditions.

Also, the form of communication is a crucial force of discouraging higher employment of nationals in the health services (Mebrouk, 2008). Although the majority of patients, as well their relatives, are nationals with the Arabic language as their first language, the English language is being used as the professional language in the Saudi health sector, either at the universities or hospitals. However, most of the foreign health workforce are not native English speakers, nor they are fluent in Arabic (Simpson et al., 2006). According to Mebrouk (2008), using the Arabic language in delivering health care would have a positive impact on enhancing the health care outcomes.

#### **Educational Forces against Change**

From a worldwide viewpoint, a number of academics have debated whether theoretical nursing education has constrained the development of nursing professionalism (Karaoz, 2004; Whittock et al., 2002; Letvak, 2001). Advanced education and specialty were often associated with professionalism and have been described as a concern for numerous nursing students in developed countries (Park et al., 2007).

As part of their study that was conducted on the registered nurses' job retention, Rambur et al. (2005) debated that Bachelor of Science in Nursing (BSN) nurses have a higher level of professionalism than those with a junior educational degree and claimed that BSN education was linked to social repetition on self-educational investment. Exploring the factors that negatively affect the image of nursing as a profession, Watson (2006) mentioned three factors: nursing is more practical than theoretical, therefore, it should be trained not educated; nursing is always directed by medicine; finally, nurses are not eventually responsible for what they do. Also, he continued to argue that institutions of higher education should be formed to train nurses, formatting their characters and preparing them to be accountable, with a common opinion that junior degrees including diplomas qualifications are just low-level practical education (El-Sanabary, 2003; Hamdi and Al-Hyder, 1995). For many years, Saudi nursing education has been done through junior degree programmes provided by the private sector with the government's supervision or BSN programmes provided and supervised by the Ministry of Higher Education. Taking into

consideration the variety of nursing programmes offered in the Kingdom at different levels, a cautious strategic planning that considers the practices of other countries is required since diverse nursing educational systems may lead to some overlapping in job duties between different nursing levels (Gazzaz, 2009).

## Work Environment Forces against Change

The workplace-related forces against the change towards greater employment localisation are, for example, long working times, mixed-sex settings, and uncomfortable rotational working shifts which endorse the social image about nursing as an undesirable job choice. In addition, due to the existing shortage in the available nurses, hospitals tend to overly utilise nurses with extra working times and overload them with more patients. It was widely cited by national female students from high schools that the long working times and rotational shifts are the key forces constraining them from taking up the occupation of nursing (Al-Johari, 2001; Mansour, 1992).

Besides the increasing job loads, it is always reported that weak salaries offered as well as financial motivation, poor appreciation and recognition from management appear to cause some disappointment and remorse that have negatively affected job satisfaction for nurses and therefore their retention (Rothrock, 2007). It is also identified in some hospitals' managements do not pay attention and listen to their nurses' concerns (Gazzaz, 2009). Additionally, as females in Saudi Arabia are not allowed to drive. Therefore, transportation is another challenge for female nurses, since public transport facilities are not offered (El- Sanabary, 2003; El-Gilany and Al-Wehady, 2001; Al-Rabiah, 1994). Also, nurses have clearly mentioned their struggle to get access to reliable affordable nursery services for their babies (El-Gilany and Al-Wehady, 2001; Al-Rabiah, 1994). Obviously, this has been a common issue amongst nurses from different countries including the USA, Canada, Turkey, Egypt, and Jordan (Demir, 2003; Whittock et al., 2002; Ghazi et al., 1994; Stewart and Arklie, 1994). Such obstacles, with the daily commuting and baby care facilities, additionally cause family conflicts that put more work-life pressure upon national female nurses. Therefore, according to Al-Rabiah (1994), many national female nurses continuously quit their jobs at the Ministry of Health (MoH) for similar social and job-related issues, which cause, at the same time, a reduced number of students enrolling in nursing programmes.

## Forces For change towards higher Employment of Saudi Locals in the Health Sector

Although there are a number of existing forces against larger employment localisation in the health services, literature shows that there are a number of ways to tackle these forces. These ways can be divided into the same categories used earlier; social and cultural forces, educational forces, and work environment forces As follows:

# Social and Cultural Forces for Change

Moores et al. (1983) discovered that the experienced female nurses who participated in their study were inspired by their family and close friends to take up health careers. Likewise, Ward et al. (2003) stated that family members play an essential role in encouraging and supporting fresh nursing students to embrace nursing as a profession. Encouraging support from a close social network was also perceived to impact on the students' choices on being nurses (Mendez and Louis, 1991). Hamdi and Al-Hyder (1995) claimed that inspiration and support from a close social network have a positive impact on the embracement of nursing as a personal occupation. Some national female students from high schools who

have an interest in nursing were inspired and supported by their families to approach the health professions (Al-Johari, 2001).

According to some local studies, the poor awareness of the health sector as a professional choice in the country can be changed via different means. First, focusing on the educational responsibilities to improve the image of the health careers, this can be via job-counseling sessions for high school students in order to increase their interests in health careers. Likewise, the media reports should play a better role in presenting the health services as a work environment and change the common image regarding health careers as avoided fields of work that is also associated with a lack of encouragement from close social network (Gazzaz, 2009).

## **Educational Forces for Change**

Gazzaz (2009) debates that even though there is a variety of health programmes accessible in Saudi Arabia at different levels, a thorough and comprehensive strategic planning considering other countries' practices is certainly required, as these different educational programmes may cause some job overlaps at different occupational levels.

Also, from the previous study, Gazzaz's findings showed that her most respondents mentioned that the on-job teaching is an element affecting their decision whether to remain or quit a particular employer. They mostly considered the opportunities for ongoing advanced education and training as significant motivations as such opportunities are essential to improve their occupational knowledge and abilities. However, such opportunities appeared to differ significantly between various organisations. Compared to their colleagues at other governmental bodies, nurses employed at the government hospitals seemed to be more unfulfilled and dissatisfied due to poor access to such opportunities.

# Work Environment Forces for Change

As outlined earlier, there is a group of forces constraining Saudi citizens from working in the health sector. Among these forces is the social image of the health sector as a whole. Such an image has been due to several workplace factors. Some argue that the health sector would more desirable if health schools and hospitals had more regulations for mixing-sex environment, in addition to reducing the working hours especially at nights and in weekend shifts as they cause conflicts with the personal life and family duties of the nationals. Also, salaries were suggested to change for better pays as they are widely believed to be low. These factors would help to increase the organizational attractiveness of the health sector. There are some examples from both private and public health organisations, which became more attractive and desirable through enhancing their workplace environment.

# Conclusion

The challenging nature of national employment across the Saudi health service has occurred as a result of historic and systemic inequalities that were exacerbated by national values, cultural ideals, and developing educational and health sectors. For example, society views of females working in the health sector is usually linked with being at work in publicly unacceptable mixed-sex environments with the requirement to cover long periods of hostile nights and weekends. Also, the English language used in the health services is seen as barrier faced by Saudi high school graduates. Educational qualifications are

offered in a wide variety of levels, which may lead to some overlaps in the job roles and responsibilities. Other workplace-related issues were also reported by mainly nursing workforce such as weak salaries, low recognition and appreciation, and especially for national females, transportation and nurseries are not always obtainable. It seems that further research is required to address this problem further and also to improve the national employment strategies enforced in the Saudi health sector.

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Divinely Inspired Redistributive Scheme For Entrepreneurial Development

Halima A. Usman\*

# International Journal of Advanced Research in Business Vol. 3, No.3, 2015

Abstract: The paper assesses the role of Divinely Inspired Redistributive Scheme in eradicating poverty and promoting entrepreneurship in the Islamic Economies. The objectives of the scheme were assessed, and it is discovered that; the scheme has positive impact in improving the living standard of the low and middle class of the society. The paper looked at how this scheme is superior to other system of modern taxation of the conventional system. The various types of business organization found in the Islamic economies were also discussed. It is however, recommended that, developing Islamic economies should lay more emphasis on Divinely Inspired Redistributive Scheme to eradicate poverty and promotes entrepreneurial activities in their economies.

<sup>\*</sup>Halima A. Usman, Federal College Of Education(Technical) Gusau, Nigeria.

# Urban Destination Services As A Day Visitor's Experience.

Monyane MS, \* Tauoatsoala P, \*\* Henama U, Ndaba Z. \*\*\*

**Abstract**: The article focus on learners as day visitors experiences of a tourism destination. Tshwane is one of the regions that attract day visitors in Universities like Tshwane University of Technology. In a destination students tourism activities, such as need for social life, entertainment, curiosity about the destination attraction are regarded to be generating income for the tourism destination at the same time (Vickers & Bekhradnia, 2007:3). Questionnaires were distributed amongst the learners at a University of Technology open day. One hundred percent of the questionnaires were returned and data analyses were performed by means of the statistical analyses. The article further made recommendations and conclusions based on the findings.

Keywords: Day visitors, Service, Quality, Learners, University.

## **INTRODUCTION**

South Africa's scenic beauty, magnificent outdoors, sunny climate, cultural diversity and reputation for delivering value for money have made it one of the world's fastest growing events, leisure and business travel destinations. The country is highly diverse in terms of its climate, culture, tourist activities and infrastructure, catering for every tourism niche, from business, eco- and cultural tourism through to adventure, sport and events. South Africa is experiencing a never ending growth in the travel industry to date. From the beginning of 1994 there were 3 million visitors and this numbered went up to over 9,9 million in 2009 of which, just over 7 million were tourists. For the period January to November 2010 foreign visitors was 10.3 million of which 7.3 million were tourists and domestic tourism contributes 52% of total tourism industry. The land markets in Africa also increased by 5.7% in 2009. The tourism sector has the ability to create employment opportunities. The 2010 Tourism Satellite Account, indicate that a total of 599 412 people in 2008 were directly employed by the tourism industry. According to the 2007 South Africa Tourism annual report 61.3% of the foreign visitors' purpose of visit was leisure. Recreational and Leisure Tourism is a major foreign and domestic visitor's motivation to travel factor in South Africa. The South African Cabinet in October 2010 approved South African New Growth Plan of which the plan identifies tourism as one of the six core pillars of economic growth in South Africa. The paper focus on the service gaps theory and the day visitors at a destination.

# THEORIES OF THE SERVICE GAPS

According to George (2012) there are several service gaps and are discussed as follows:

- Gap 1. The gap between customer expectations and management perceptions of these gaps.
- Gap 2. The gap between management's perceptions of customer satisfaction expectations and customer satisfaction expectations.
- Gap 3. The gap between service quality specifications and actual service delivery.
- Gap 4. The gap between actual delivery and external communication the service gaps,

<sup>\*</sup>Monyane MS, \*\*Tauoatsoala P, \*\*\*Henama U, Ndaba Z., Tshwane University of Technology, Republic of South Africa

The next discussion will elaborate further upon the causes of these gaps and possible ways of closing such gaps.

Gap 1. Not understanding customer expectations.

Gap 1 mainly entails management's expectations of customers' needs, wants and demands of services.

According to Nicolaides, (2003:6) services must be offered to suit customers' needs and their willingness to pay for it. An organisation that does not have knowledge of customers' needs cannot supply them satisfactorily, therefore enlarging Gap 1. Possible causes of gap 1 are:

- management needs to have open communication with lower management, because a lack of upward communication contributes to Gap 1; and
- too many management levels are not advantageous for a company as they are likely to block the flow of communication between the customer and employees who are responsible for setting up the standard of service delivery.

Zeithaml, et. al. (2009:44-45) suggest the following strategies to close Gap 1:

- customer complaints can be used to respond to customers' needs;
- managers must react positively to customers' complaints and treat them seriously;
- the organisation can learn from other organisations, their previous experiences and how they overcame problems. The organisation can thus learn from an organisation with similar experiences;

Managerial levels should be kept to the minimum. This will help the organisation to deal with changes in the business environment.

Gap 2. The gap between management perceptions of customer expectations and customer expectations

Gap 2 is mainly the result of ignorance from the side of the management regarding the expectations of the customer. Management thus relies on what they think the customer's expectations are, and deliver services based on that (Nicolaides, 2003:9).

The causes of Gap 2 are explained as:

• inadequate commitment by top management. Unless management is committed to service, quality will not be achieved and therefore, management should come up with objectives and goals that should be acted upon;

• the absence of service goals setting in the organisation results in inadequate service goals that are supposed to be in line with customer's needs and would be neglected, and the organisation will be doing what is pleasing, therefore losing the customer (Nicolaides, 2003:11).

Zeithaml, et. al. (2009:44-45) suggest the following solutions to close Gap 2:

- hard technology can be used to replace human effort, and soft technology such as the Galileo reservation system and a human touch can be added together, with the aim of standardising tasks within the organisation; and
- nothing should stand in the organisation's way when it comes to satisfying customer needs. The organisation should have a positive vision. Furthermore, the organisation should develop a mentality of attainability through possibility in that whatever little resources the organisation has should be used to the maximum to obtain the best results.

Gap 3. The gap between service quality and service delivery

This is the gap that occurs when the customer has arrived at the business. According to Bennet, (2000:239) and Nicolaides, (2003:10), possible reasons for Gap 3 are:

- employees who lose control over their jobs will be left with stress and a feeling of helplessness, resulting in poor performance;
- complex rules and procedures and unpredictable demands by the manager to employees lead to a lack of employee control.

Pressure at work should be reduced to a manageable level to avoid a lack of employee control over the job;

• teamwork within the organisation is part of service quality. Management should stress that a lack of teamwork results in poor quality service delivery;

Zeithaml, et. al. (2009:44-45) and Bennet, (2000:240) recommend the following solutions to close Gap 3:

• goals, strategies, objectives and philosophies of the organisation should be communicated to the employer, and interpersonal and technical training should be offered to the employee. Managers' and customers' expectations, perceptions and problems should be negotiated. Clarity with regard to quality standards and job descriptions should be provided;

Gap 4. The gap between service delivery and external communication

Gap 4 is concerned with what the customer experiences in the company. The transaction period will determine whether the customer will return to the tourist product as well as the word of mouth messages that will be spread about services offered by the visited organisation.

According to Bennet, (2000:243), the possible causes of Gap 4 may be the following:

• insufficient horizontal communication within the organisation results in a conflict between different levels of management. There must be mutual communication in place to avoid such conflict;

Zeithaml, et. al. (2009:44-45) propose the following ways to overcome Gap 4:

• the company should encourage advertising and operations to have effective communication and this will result in an accurate and true promotion;

All stakeholders should follow the same procedures and policies; and

• a manual containing the code of conduct of the organisation can be distributed amongst all the members of the organisation. However, an exception should be made where an organisation deviates for quality service purposes. Characteristics of service that are most important to customers should be the focus of advertising efforts to the target market, and the aim should be to reduce over-promising in promotional campaigns.

Gap 5: The gap between the qualities a customer perceives in a service and his/her expectations

Gap 5 incorporates all the causes of Gaps 1, 2, 3 and 4: when all these gaps are closed, then Gap 5 will automatically be closed and service quality will be achieved. Service quality requires the involvement of both staff and management. This gaps play a major role with regard to quality service delivery in a tourism destination.

## PROBLEM STATEMENT

The number of students in South African Universities was more than 64,000 as at 2008 (Higher Education in Context, 2010:24) and 66, 600 in 2009 Van Wyk (2009). Both figures reflect that the learners' influx in South African cities is of a considerable number which means a need to explore the host cities will be inevitable hence the need to examine students experience of a tourism destination like Tshwane area in South Africa.

## **RESEARCH QUESTION**

The research question will be discussed as follows:

#### The primary research question

What are the day visitors service quality experience at Tshwane area as a tourism destination?

#### **Secondary research questions**

The following investigative questions are formulated in support of the main research question:

- what is the mode of information source the students used to search for the destination tourism information;
- what are the experiences and preferences of day visitors when traveling to the host destination
- what are the likely developments expected and possible suggestions that can further improve service quality delivery at the host destination area.

## SIGNIFICANCE OF THE PROPOSED RESEARCH

The outcome of this research will provide the basis and meaningful recommendations for the:

- implementing policies that will ensure that a tourism destination recognises the importance day visitors;
- encouraging the destination and stakeholders to view and accept day visitors as s viable tourism ingredients for generating additional revenues to boost Tshwane economy;
- contribute to literature the importance of day visitors and tourism destination experiences from the student's perspective.

## THE RESEARCH DESIGN AND METHODOLOGY

Below are discussions of the research design for the study.

#### Population

Jennings, (2001:136) describes population as the entire study subject. In this case, population refers to the day visitors in the Tshwane area.

#### Sample size

According to Plowright, (2011:36), sample size is the total numbers of selected individuals that will be privileged to partake in a study. The sample size is however considered as a fraction of the entire population. The sample size will be selected with the aid of non-probability sampling that will be discussed later under sampling method. About 130 students were provided with questionnaires. The 130 sample figure is considered to be an acceptable sample size upon which generalization of findings could be made (Jennings, 2001:148).

#### **Data collection**

The instrument for collecting data for this study was questionnaires. These questionnaires were distributed by means of self-administered interviewer-completed questionnaires. The intercept survey was employed. (Intercept where the researcher approached visitors in public area and distributed the questionnaires for them to complete). The questionnaires were design using the following:

- structured questions to obtain demographics information about of the respondents and
- 5 point Likert scales questions to assess foreign technology experimentation.

## Data analysis

In consideration of the nature of this study, data was analysed using statistics based on tables, figures, graphs, percentages and frequency distribution. The quantitative research requires numerical analysis to be used (Jennings 2001: 283).

## **RESEARCH RESULTS AND DISCUSSIONS**

The following were the findings:

20g Years										
ſ	17	18	19	20	21	22	23	26	29	TOTAL
Freq	14	64	16	14	4	2	2	3	1	120
<b>%</b>	11	53	13	11	4	2	2	3	1	100%

## Figure A: Age

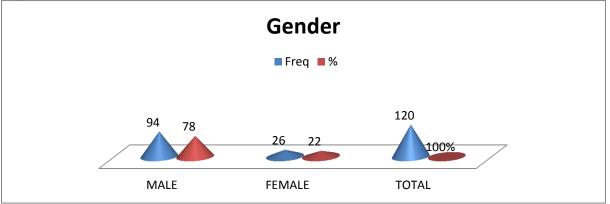
Figure A indicate that the majority of the respondents were 18 years of age. This is because they are students who were attending the day open day at TUT.

#### Recommendations

The destination should identify the services that will satisfy the needs and wants of the youth market. This will include the presale marketing information and post-sale follow-ups. However caution should be

practiced with regard to the fact that other age categories like parents form part of these event which will require the services that will cater for them.

#### **Figure B: Gender**



According to Figure B the Majority of the respondents were male.

#### Recommendations

Just like Figure A results the destination should identify the services that will satisfy the needs and wants of the male market. However precaution should be taken in terms of balancing the services between the male and females. Recent studies (George 2012) indicated that there is an emergence of a powerful female generation who are wealthy and are likely to engage on holidays.

#### **TABLE C: Education**

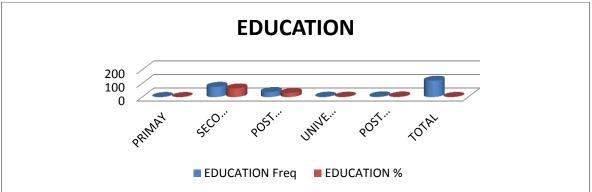
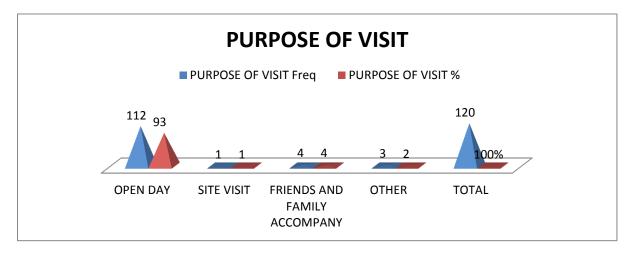


Table C indicates that the majority of the respondents have the secondary level education.

#### Recommendations

The level of education of the respondents is sufficient to them to acquire information during the gap one of the service delivery. During the presale literature based marketing information can be used to attract this market. Furthermore in gap four the destination managers may use prior knowledge on the experiences that this visitors had to further market the destination so that they may come back.

TABLE D: Purpose of Visit,



According to table D the Majority of the respondents were the University open day visitors from other areas other than Tshwane Tourism area.

#### Recommendations

The Tshwane destination managers can use this day in ensuring that they market Tshwane positively to the students. This will ensure that this day visitors will spread the positive word of mouth back home. The positive word of mouth will ensure that there is more visitors who are travelling to Tshwane. Part of the strategy will be to close gap one and two of service delivery.

#### **TABLE E: Transport**

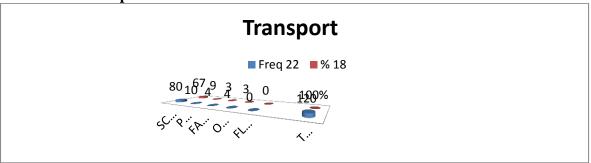


Table E indicates that the majority of the respondents used the School bus as a mode of transport.

#### Recommendations

The Tshwane destination managers should be engaged with Schools to campaign for the destination attractions awareness and tourism education. This can be done through encouraging schools that are outside Tshwane to organize educational tours that will be subsidized by the local government of Tshwane. In the same vain educational out reaches should not be limited to Tshwane area only. The strategy will assist in terms of closing gap two and three of service delivery.

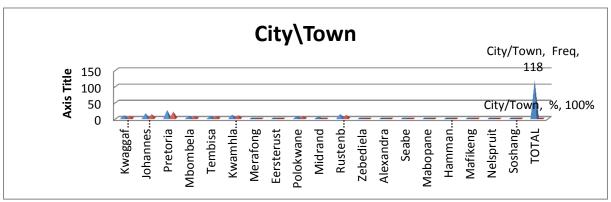


Table F indicates that the majority of the respondents emanated from Pretoria.

## Recommendations

It is very interesting to note that even though the majority of the respondents emanated from Pretoria. There is a large significance of respondents who came from outside Pretoria when combining the total number of outside visitors. This indicates that the Tshwane Tourism area have a significance tourism interest from the visitors coming from other towns. These calls for the Tshwane destination managers to ensure that the four gaps of service delivery are closed when approaching this market. The strategies will include ensuring that the needs of these markets are identified and products are designed according to them.

## GENERAL DISCUSSIONS AND CONCLUSIONS

The following recommendations are made for further consideration to assist the Tshwane Tourism Managers with improving the region's productive capacity. The recommendations made under the following marketing conceptualisations:

## Stimulating consumer demand

A key strength of the Tshwane area is the wide variety of experiences around history, culture and nature, including things for the students to do. This should be taken into consideration when marketing the region and increasing first-time visitation.

#### Improving product and service delivery

The internet is a key source for visitors to obtain information on the region and to make bookings before their trip. Tshwane Tourism managers s should be encouraged to become more proficient in digital marketing and distribution, ensuring visitors can access information on the region easily online. Encouraging visitors to disperse across the entire Tshwane region is important, with information services—including signage—a way of achieving this.

#### Delivering quality tourism experiences is more than just delivery of the tourism product.

Tshwane Managers should ensure that the service delivery needs to encompass all factors that contribute to the whole visitor experience, including accessibility, supporting infrastructure, services and amenities, quality service delivery as well as the natural or urban environment.

#### Conclusion

The paper focused on the service gaps and day visitors services experience at Tshwane Tourism area. The Tshwane Municipality should therefore adopt these strategies which will in turn assist in terms of harmonising service gaps with the customer satisfaction and loyalty. Furthermore adapting tourism products and experiences to respond to the ever changing competitive environment, particularly around changing consumer attitudes and travel behaviour.

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# Tourism Attractions And Local Community Profiling In A Urban Tourism Destination.

# Monyane MS\*, Matsoso K\*\*

Abstract: The paper focus on learners as day visitors experiences of a tourism destination. The city of Tshwane (COT) is one of the regions that attract local visitors. The local community tourism activities, such as need for social life, entertainment, curiosity about the destination attraction are regarded to be generating income for the COT. Questionnaires were distributed amongst the local community within the COT area. One hundred percent of the questionnaires were returned and data analyses were performed by means of the statistical analyses. The article further made recommendations and conclusions based on the findings.

Keywords: Community, Attractions, Profiling, Motivation, City of Tshwane (COT).

#### **INTRODUCTION**

Tourism is a powerful economic force providing employment, foreign exchange, income and tax revenue. The generators of economic impact for a city, a state, a province, a country or a destination, are visitors, their expenditures, and the multiplier effect (Goeldner & Ritchie, 2009:326). The concept of the multiplier is based upon the recognition that sales from one firm require purchases from other firms within the local economy (Cooper et al, 2008:138). Tourism is regarded as a modern-day engine of growth and is one of the largest industries globally. In 2012, G20 heads of state recognised tourism as a driver of growth and development, as well as a sector that has the potential to spur global economic recovery (Hall 2008).

South Africa has earmarked tourism as a key sector with excellent potential for growth and the government aims to increase tourism's contribution, both direct and indirectly, to the economy from the 2009 baseline of R189, 4-billion (7.9% of GDP) to R499-billion by 2020 (Statssa, 2011). Tourism supports one in every 12 jobs in South Africa. The sector was given a massive boost by the successful hosting of the World Cup in 2010, when the country received a record breaking 8.1-million foreign visitors. Domestic tourism is also an important source of revenue and employment, contributing 52% of total tourism consumption (Kester, 2011).

The National Tourism Sector Strategy, launched in 2011, aims to ensure the sector realises its full potential in terms of job creation, social inclusion, services exports and foreign exchange earnings, fostering a better understanding between peoples and cultures, and green transformation (Shaw & William, 2002:40; Roday & Joshi, 2009:399-420). A visitor attraction also known as tourist attraction is a place of interest where tourist visit, typically for its inherent or exhibited cultural value, historical significance, natural or built beauty, or amusement opportunities. Examples of visitor's attractions include, zoos, museums, building structures, hotels and animal parks. South Africa's spectacular scenery, friendly people, world-class infrastructure make it one of the most desired destinations in the world (Murphy, et al. 2010).

<sup>\*</sup>Monyane MS, \*\*Matsoso K., Tshwane University of Technology, Republic of South Africa

The City of Tshwane (COT) is the capital in South Africa, with a rich heritage and immense cultural diversity with its many landmarks, heritage sites, and other places of important historical, cultural and spiritual significance (Kgaditse, 2012 & Nile guide, 2012).

The City manages a number of recreational and sports facilities that offer residents and visitors alike a large variety of opportunities for leisure and relaxation. In keeping with our focus on inspiring the world, influencing Africa and leading South Africa (SA places, 2014). Tshwane is replete with many fine heritage sites, museums and art galleries (Mallguide, 2008 & Pretoria.com, 2014). These include the Union Buildings and its spectacular gardens, as well as the Diamond Hill Battlefield, Voortrekker Monument and Freedom Park. Other must-sees include the Pretoria Botanical Gardens, the Zoo, and museums and galleries such as Melrose House, the Pioneer Museum, and Sammy Marks museum. Besides celebrating our cultural diversity, visitors can also range outdoors – Tshwane's parks and other outdoor facilities offer the perfect respite from the hustle-and-bustle of business of the central business district (CBD) and urban districts. The City is particularly proud of its natural heritage and is world renowned for its many trees. Affectionately known as the Jacaranda City, COT, is home to the Pretoria National Zoological Gardens -- the largest zoo in the country (Nile gude, 2012 & Planet ware 2012).

According to Cooper *et al.* (2008:45-46), maintained the theory of motivation is holistic and dynamic and can be applied to both work and non-work spheres of life. He treats his levels of need as universal and innate, yet of such instinctual weakness that they can be modified, accelerated or inhibited by the environment. This first needs on the hierarchy are physiological needs, which include hunger, thirst, rest and activity. The second needs on the hierarchy are safety needs and they include security, freedom from fear and anxiety. Maslow model identifies the need to belong and love on his hierarchy model, those include affection, giving and receiving love.

Esteem is also listed on the hierarchy as the next need, and it includes self-esteem and the esteem of others. A need that is at the top of the hierarchy model identified by Maslow is self-actualisation which implies the need for self-fulfilment. Copper *et al.* (1993:21; 2008:46), argue that Maslow's hierarchy of needs model could be applied to work and non-work contexts, such as tourism and leisure. Maslow's model is not necessarily ideal since needs are not hierarchical in reality because some needs may occur simultaneously. But such a model does emphasise the development needs of humans, with individual striving towards personal growth, and those can be understood in a tourism context (Page 2009;93). Page (2009:94) indicates that an analysis of travel motivators (excluding business travel identifies a range of reasons commonly cited to explain why people travel to tourism destination for holidays:

- A desire to escape from a mundane environment
- The pursuit of relaxation and recuperation functions
- An opportunity for play
- The strengthening of family bonds
- Prestige, since different destinations can enable one to gain social enhancement among peers
- Social interaction
- Educational opportunities
- Wish fulfilment
- Shopping

## PRIMARY OBJECTIVE

The primary objective of this study is to investigate whether residents of Tshwane Metropolitan area visit the attractions located within their metropolitan area.

## SECONDARY OBJECTIVES

- To identify residents' level of awareness of the tourism attractions within the Tshwane Metropolitan area,
- To determine residents' visitation patterns to tourism attractions within the Tshwane Metropolitan area and
- To identify the reasons why residents visit the tourism attractions which are indicated as being visited.

## **RESEARCH METHODOLOGY**

## **Research design**

The research was conducted using both qualitative and quantitative methodology. Quantitative research because some data was collected from existing literature – questionnaires and other textual literature (textbooks) that already existed. The data was analysed to support the objectives of the study. Qualitative research because the research was conducted in familiar worldly environments within the COT with real people. Data was based on textual representation of the phenomenon under the study, the tourism attractions of the Tshwane Metropolitan Area. Primary Data was collected using questionnaires, from the real-world, then interpreted and presented accordingly. With some of the respondents, verbal interviews needed to be conducted due to language barriers and illiteracy, creating an opportunity for a subjective relation between the interviewer and the interviewees (Jennings 2010).

#### Sampling method

The probability sampling method -a random sampling method, was used for the target population of 100 respondents. Questionnaires were used to collect the primary quantitative data for the purpose of this study. The survey was random, giving equal opportunity for everyone to participate in the study.

#### **Data Collection and analysis**

Questionnaires were distributed to all possible respondents, interviews were conducted with some of the respondents, and research on information for the literature review was compiled using a number of sources, from existing literature. The SPSS was used to analyse the data.

## FINDINGS AND DISCUSSIONS

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There is a significant difference between the number of respondents who reside in the COT and respondents from other places in South Africa and the rest of the world. Research results show that the residents of the COT make 72% of the respondents who visit the attractions of the metropolitan area. Only 8% are from Johannesburg, 4% from other location in Gauteng, 16% from other provinces, and none of the respondents are from other countries outside of South Africa. One of the objectives of the study was to determine whether residents of the metropolitan are being studied (Tshwane), visit the attractions around them. According to the data that was collected, research results proved that the residents of the COT do visit their attractions; in fact they make up the majority of the visitors 25 respondents that were surveyed.

According to the data that was collected, the data analyses of the findings show that the most visited attraction with 26% of visitations, is the Union Buildings, followed by the National Zoological Gardens of South Africa (Pretoria Zoo), then the Magaliesberg Mountains, making up 23% of visits. Church Square and Museum of Natural History Museum comes 4<sup>th</sup> with 7% each of the respondents, Freedom Park with 5% of visits, Ditsong Museum, Pretoria Botanical Gardens and Sammy Marks Museums with 2% each.

Another objective of the study was to determine which of the attractions of the Tshwane Metropolitan Area were visited the most, and as the research results stresses, the Union Building are in fact the most visited among all the other attractions of the COT.

The most impressive tourist attraction, according to visitors, is the Union Buildings with 20% of the votes. The Pretoria Zoo (South African Zoological Gardens) and the Pretoria Botanical Gardens have 16% each of the preferences from the respondents, the Dinokeng Museum, Natural History Museum, Church Square, Magaliesburg Mountains, Burgers Park and Bird Watching have 5% of responses each. The Union Buildings is the most popular and favoured by the visitors than any other attraction of the COT.

According to the data that was collected, again the Union Buildings seems to be a favoured among respondents, as an attraction that is most likely to be visited at the COT, making 34% of the responses. Union Buildings is followed by National Zoological Gardens of South Africa (Pretoria Zoo) (17%), then the Pretoria Botanical Gardens (10%), the Church Square and the Voortrekker Monument (7% each), and then the Hatfield Square, Paul Kruger Museum, Loftus Stadium and Dinokeng with 3% of the respondents each. Other attractions such as the Apartheid Museum have 3% respondents altogether. The Union Buildings is undoubtingly a favourite among many visitors.

Respondents who visit the attractions of the COT stated the following reasons for their interests in travelling (Figure 3.7). Most if the respondents said they visit attractions to discover and learn new things (about 40% of the respondents). This means that the most tourist travel for discovery purposes. Other respondents (about 16% each) travel to get away from daily routine and relax and to be part of a group. This groups of the respondents to the survey see attractions as a leisure escape from their bust lives, and as means of relaxing. Some visitors travel to enjoy themselves (12%), and others to interact with family and friends as well as to challenge their abilities for a sense of achievement (8% each). Data collected and presented in Figure 3.9 illustrates that most people travel in common groups – preferably with family and friends to learn new things, relax and enjoy themselves.

## **RECOMMENDATIONS AND CONCLUSION.**

Recommendations are made with references to the data presentation of this study, as illustrated in chapter three. Data in chapter three is presented in a series of tables and figures that were constructed using data collected from the survey that was conducted concerning tourism attractions of the Tshwane Metropolitan Area.

According to the data that was collected for the study on tourist attractions of the Tshwane Metropolitan Area that could contribute to the progression and prominence of the attractions, recommendations are as follows:

The Council of the City of Tshwane should implementing tourism awareness programmes for the residents of City of Tshwane, as a means to make them aware of the attractions around them. At the same time they should offer information about the attractions to create interest among potential visitors. According to Keyser (2002:236), factors such as the lack of finance, information, awareness and training have an inhabitation influence on the development of tourism communities.

Marketing of attractions should be done in such a way that they appeal to all residents of the metropolitan area such ages, genders, occupational educational levels. The marketing mix elements that must be considered (Morrison, 2010:309-310), are the product which is what being offered – in this case a wonderful tourist experience; the price which is based on the decision of how much to charge for the tourist experience; promotion which implies ways on how to tell people – local and international visitors – about the experience, i.e. through tools such as advertising, personal selling, sales promotion, merchandising, public relations and publicity; and place focusing on how or where people can buy it , the channel in which the product or service can be made available to prospective visitors – travel agents, tour operators, the internet.

## CONCLUSION

The paper focused on profiling the visitor's attraction in an urban tourism area. The urban tourism area like the City of Tshwane can use the recommendations to develop further ways in which the urban tourism area can attract more tourists. Furthermore the urban tourism areas willingness to explore attractive promotional ways will assist in stimulating local community interest in attractions and boost domestic tourism

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