

# **An assessment of customer care services in the public sector- A study of the Government Institutions Pension fund in Namibia**

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## Declaration

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## ABSTRACT

This thesis examines the quality of service from the perspective of customers' expectations of the quality of service compared to actual service delivery in the Government Institutions Pension Fund (GIPF). The main goal of the public sector is to render services to the public; hence, it is essential that those services are of good quality and delivered equitably. Seventy-five (75) walk-in members/clients of the GIPF (respondents) from various ministries and government agencies were interviewed. The public sector represents roughly more workforce in the economy compared to the private sector. Therefore, improving productivity in the public sector has a tremendous impact on a country's economic growth and development. Consequently, improved public sector productivity leads to a higher standard of living for the citizens. The service sector is in a state of rapid change, reflecting a variety of factors from regulatory changes to globalisation and use of new technologies. The net effect is increased competition. A clear understanding of the distinctive characteristics of service management is needed if service businesses are to succeed. Trade liberalisation as well as structural adjustment programmes brought about a lot of changes to the Namibian economy. All sectors were forced to change their business strategies as a way of accommodating these changes.

The service sector was not spared either. In actual fact, it is the most affected of all. The public sector saw itself opening up the market to new entrants. The number of pension fund administrators in the market increased to ten from a total of three before these developments took place. More players in the market meant more competition, as they would be servicing the same market that, in this instance, had not really changed in size. With all this tug of war, most public offices came up with ways to improve their customer services, such as setting up a customer care department. However, members of the GIPF feel that there are a number of issues its current customer care service needs to address which is summarised as follows:

- Long waiting time in queues for service
- Ignoring customers at point of service
- Speeding up enquiries into customer queries
- Setting up of convenient working hours.

The above refer to the most crucial findings of the study based on data captured by means of members' responses to the research questionnaire.

Members of the fund generally acknowledged that the GIPF needs to operate in line with technological development and in the customers' best interests, as no service organisation is complete today if it lacks knowledge and experience of customer care service. These aspects are discussed in more details in the thesis.

## OPSOMMING

Hierdie proefskrif ondersoek die gehalte van diens vanuit die perspektief van kliënte se verwagtinge van die gehalte van diens in vergelyking met die werklike dienslewering in die Regeringsinstellings se Pensioenfonds. Die hoofdoel van die openbare sektor is om dienste aan die publiek te lewer. Daarom is dit noodsaaklik dat die dienste van goeie gehalte is en regverdig gelewer word. Onderhoude is met vyf-en-sewentig inloop-lede / kliënte van die fonds (respondente) van verskeie ministeries en regeringsagentskappe gevoer. Die openbare sektor verteenwoordig na raming meer werkers in die ekonomie as die private sektor. Daarom het die verbetering van produktiwiteit in die openbare sektor 'n betekenisvolle impak op die land se ekonomiese groei en ontwikkeling gehad. Gevolglik lei die verbetering van die openbare sektor se produktiwiteit tot 'n hoër lewenstandaard vir die landsburgers. Die dienstesektor is in 'n staat van vinnige verandering wat 'n verskeidenheid faktore weerspieël van regulatoriese veranderinge tot globalisering en die gebruik van nuwe tegnologie. Die netto effek is verhoogde kompetisie. 'n Duidelike begrip van die kenmerkende eienskappe van diensbestuur is nodig indien diensbesighede suksesvol wil wees. Handelsliberalisering sowel as strukturele aanpassingsprogramme het baie veranderinge in die Namibiese ekonomie tot gevolg gehad. Alle sektore is gedwing om hul besigheidstrategieë te verander as 'n manier om hierdie veranderinge te akkommodeer.

Die dienstesektor het ook nie vrygespring nie. Inderwaarheid is dit die sektor wat die meeste geraak is van almal. Die openbare sektor het self die mark vir nuwe toetreders toeganklik gemaak. Die aantal pensioenfondsadministrateurs in die mark het tot tien toegeneem van 'n totaal van drie voordat hierdie ontwikkelings plaasgevind het. Meer spelers in die mark het meer mededinging beteken, aangesien hulle dieselfde mark sou bedien, wat in hierdie geval nie regtig verander het wat sy grootte betref nie. Met al hierdie toutrekkers het die meeste openbare kantore maniere gevind om hul kliëntediens te verbeter, soos die daarstel van 'n kliëntediensafdeling. Die lede van die Staats Instituut Aftree Fonds (SIAF) voel egter dat daar 'n aantal probleme is wat sy huidige kliëntediensorgdiens moet aanspreek, wat soos volg opgesom kan word:

- Lang wagtyd in toue voor diens
- Kliënte word by dienspunt geïgnoreer
- Versnelde navrae in kliënte-navrae
- Opstel van gerieflike werksure.

Bogenoemde verwys na die mees belangrike bevindings van die studie gebaseer op data wat opgeneem is deur middel van lede se antwoorde op die navorsingsvraelys.

Lede van die fonds erken gewoonlik dat die Staats Instituut Aftree Fonds (SIAF) in ooreenstemming met tegnologiese ontwikkeling en in die beste belang van kliënte moet funksioneer, aangesien geen diensorganisasie vandag behoorlik kan funksioneer nie, indien dit oor gebrekkige kennis en ervaring beskik wat betref kliëntesorghiens. Hierdie aspekte word in meer besonderhede in die tesis bespreek.

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## LIST OF ACRONYMS AND ABBREVIATIONS

BOT	Board of Directors
CEO	Chief Executive Officer
CSR	Customer Service Representative
DB	Defined Benefit Fund
ESAP	Economic Structural Adjustment Programme
ERM	Enterprise Risk Management
FART	Fairness (F), Accountability (A), Responsibility (R), Transparency (T)
FIM BILL	Financial Institutions Market Bill
FUND	Government Institutions Pension Fund
GIPF	Government Institutions Pension Fund
HR	Human Resources
ICT	Information Communication Technology
ISO	International Organisation Standard
IT	Information Technology
MS	Microsoft
MIS	Management Information Systems
NPM	New Public Management
NAM	Namibia Asset Management
NAMFISA	Namibia Financial Institutions Supervisory Authority
NAMCODE	Namibian Code of Corporate Governance
NGO	Non-governmental organization
PSC	Public Service Commission
SERVQUAL	Service Quality
SIAF	Staats Instituut Aftree Fonds
SIP	Statutory Institutions Pension
SWOT	Strength, Weaknesses, Opportunities, Strengths

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## **KEYWORDS**

Public sector, public sector, members, fund, customer satisfaction, pensions, pension fund administration, customer care, customer value, customer's expectations, service quality, service delivery, efficiency, contact center and service performance.

# CHAPTER 1 – INTRODUCTION AND BACKGROUND TO STUDY

## 1.1 Introduction

The main goal of the public sector is to render services to the public; hence, it is essential that those services are of good quality and delivered equitably. The public sector represents roughly more workforce in the economy compared to the private sector. Therefore, improving productivity and quality service in the public sector has a tremendous impact on a country's economic growth and development. Service reforms in public service have affected change in the public sector. It changed from being input and resource focused administration to output and result based public service (Cloete, 2003:10). This requires accurate measurement of policy outputs and outcomes, make value judgements on whether the services government provide are adding value to the lives of the citizens. Consequently, improved public sector productivity and customer service leads to a higher standard of living for the citizens.

Customer satisfaction is one of the most important factors in the public sector. However, customer service and productivity are often perceived as mostly poor in the public sector as opposed to the private sector. Despite the fact that productivity in the public services is supposed to be responsive to clients' needs, customer satisfaction does not appear to be a priority in the public sector. Viewing citizens as customers, in many cases, is more theory than reality owing to the indirect relationship between the tax payer and public services. At its most basic level, the relationship between a business and its customer is anti-democratic (Cloete, 2003:10). The customer has one major decision to make: the customer can purchase the product or can spend money elsewhere. If the customer is lucky, maybe the business offers some opportunity to customize the product or maybe it puts the customer in a focus group, so it can learn how to better cater for its desires. But at no point does the customer have any ownership stake in the business. The business may offer the customer choices, but it has total control over what those choices are. If the customer does not like those choices, all the customer can do is to walk away entirely (Resnikoff, 2013). When it comes to pension funds, customer satisfaction levels differ from one pension fund to another, which indicates that pension funds should be mindful of customer requirements and listen carefully to complaints.

A pension or pension fund is a fund into which a sum of money is added during an employee's employment years, from which payments are drawn to support the person's retirement from work in the form of periodic payments (Lemke & Lins, 2010:222).

A pension or pension fund is sometimes called retirement funding which can be government pensions, corporate pensions and private savings (Nyilas & Bieck, 2010:116).

The pension industry in Namibia has 97 active pension fund organisations registered with the Namibia Financial Institutions Supervisory Authority (NAMFISA) that includes both public and private pension organisations (NAMFISA, 2016). The Government Institutions Pension Fund (GIPF) is one of the pension fund organization in Namibia that offer pensions to employees of the government and member institutions such as government ministries, parastatals and local authorities. Despite being the organization for providing pension benefits for employees of the government institutions operating in an industry where there are other players offering the same product and services, it is imperative for the GIPF to improve on its service delivery.

It is therefore the main objective of this study to measure current customer satisfaction levels regarding services in the public sector with specific reference to the GIPF. The research is conducted to reveal customer expectations, which is crucial for the successful growth of the GIPF. This chapter outlines the research study that investigates customer satisfaction in the public sector with specific emphasis on the GIPF in Namibia. This chapter describes the background to the problem, articulates the objectives and related benefits of the study.

## **1.2 Background of the study**

New Public Management (NPM) is an approach running public service organization that is used in government and public service institutions. It is a term that was introduced by academics in the United Kingdom and Australia to describe the approaches that were used in the 1980's to make public service more "businesslike" and to improve efficiency by using private sector management models. The private sector focuses on "customer service", NPM reforms focus on the "centrality of citizens who are recipients of the services or customers of the public sector (Cordella and Bonina, 2012:513). Integrated public management is therefore needed at different levels for coordinating policy development and service delivery across organisations.

The GIPF is a statutory pension fund that was created by the Namibian government to provide pension and other related benefits to civil servants as well as employees of some institutions established by Acts of parliament (GIPF annual report, 2017:6).

The Namibia Asset Management (NAM) Annual Report of 2017, indicates that the pension fund sector in Namibia has grown immensely since independence in 1990. This is due to the introduction of the ESAP (Economic Structural Adjustment Programme), trade liberalisation and the implementation of the Pension Fund Act of 1956 (Act No.24 of 1956) adopted from South Africa. Consequently, the number of types of pension funds has multiplied tremendously in the past 28 years. In addition to traditional old age pension given by the state, pension funds, such as the GIPF, Old Mutual, Sanlam, Alexander Forbes, Retirement Fund Solutions, Kuleni Fund Administrators and the Metropolitan Ondunda Scheme have now appeared on the Namibian market. These developments in the pension fund sector have intensified competition amongst organisations offering the same services and products. Moreover, they provide an increasing array of services to members of the various funds.

As competition has intensified with the continued growth in the pension fund sector, the range of services provided has simultaneously grown. Such services are in the form of benefits that are claimed for retirement benefits, death benefits, resignation benefits and funeral benefits. These benefits are paid as specific events occur. Additional services offered are communication of member information and the management of member information.

Some of these services are now offered through a network of branch offices in the various regions (GIPF annual report, 2017:8). All these developments intensify the competition for members and improve on customer care facilities.

According to the productivity unit within the Ministry of Labour Industrial Relations and Employment Creation (2018), improved quality service delivery and continuous innovation is often perceived as lacking in the public sector. The public sector usually promotes a rule-based culture that promotes compliance of procedures rather than innovation and improvement. Members of the pension fund are increasingly becoming aware of the variety of services being offered by competing institutions. Furthermore, consumers and members of the fund in Namibia are, arguably, becoming increasingly knowledgeable and sophisticated in terms of services required. Despite the rapid expansion of the pension fund sector, members are cognisant of their buying power and are increasingly looking for more value in a rapidly changing economy, which means that issues of customer care and consumer value, therefore, arise.

In order for one to find out whether customer care services are being implemented or improved upon, one must focus on consumer rights, which in Namibia have been summarised by the Consumer Council of Namibia (2014) as follows:

- **Right to Satisfaction of Basic Needs**

All consumers have the right to basic goods and services, such as adequate food, drinking water, shelter, clothing, health care and education.

- **Right to Safety**

Consumers have the right to protect themselves against unsafe goods and services. Unsafe goods can lead to the destruction of property, injury and even death.

- **Right to be Informed**

Consumers are entitled to be fully informed about price, quantity and ingredients by the providers of goods and services.

- **Right to Choose**

Consumers have the right to choose from a variety of quality goods and services sold at competitive prices.

- **Right to be Heard**

Consumers have the right to be heard and represented regarding issues, policies, plans, programmes and decisions which concern them.

- **Right to Redress**

Consumers have the right to redress with respect to the following: grievances about substandard, unsafe and unduly expensive goods and services; and unfair claims and other unfair consumer practices.

- **Right to Consumer Education**

Consumers have the right to education that will empower them to make informed and confident choices of goods and services.

- **Right to Healthy & Sustainable Environment**

Consumers have the right to live and work in an environment which does not threaten their health and life, on the one hand, and does not pose any danger to present and future generations, on the other.

Items on the above list can be used in determining the rights of pension fund members regarding the implementation of customer care services: the right to information explaining the services being offered by the particular fund in layman's terms so that they are understood;

the right to be heard should the member make suggestions; and the right to redress if a member has grievances.

The Namibian government has a number of policies and legal frameworks in place to address challenges in the public sector. It includes the office of the prime minister, the public service commission, treasury that deals with monitoring and evaluation.

### **1.3 Benefit of the research**

The study presents an extensive literature review that focuses on the following: customer satisfaction; the pension fund sector; the competencies and skills that are likely to influence the success of the public sector pension fund or the GIPF; and the characteristics of excellent customer services. This could benefit customer management education, customer satisfaction learning, customer care, public policy and, particularly, customer satisfaction.

### **1.4 Research Problem**

There is a perception that the GIPF is failing to offer customers what they want, which indicates a need to find out why this view of service quality is so bad. Members of the fund feel that there are a number of issues the GIPF needs to address, and among them are the following:

- Waiting time in queues before service is rendered is considered too long
- Ignoring customers at point of service
- Speeding up enquiries into customer queries
- Setting up of convenient working hours.

GIPF management, therefore, needs to determine why such a state of affairs is prevailing in the fund and how this can be improved or changed. These problems and questions should be defined in such a manner that they reflect the organisation as a whole with a view to understanding GIPF services, which is the aim of this study.

### **1.5 Research Objectives**

The main objective of this study is to enable the GIPF to obtain feedback from its members/clients regarding service delivery and quality versus actual service delivery. The ultimate aim is for this information to be used for improving service delivery and for future strategic and operational planning.

The researcher explores and analyses pension fund members'/customers'/stakeholders' perceptions of the GIPF, although there is also a need to understand the importance of customer care, customer value, customer satisfaction service quality in the pension fund sector in general. The secondary objective of this research is to identify crucial service elements that are integral to customer satisfaction in the public sector the objective therefore is to:

- To improve customer retention
- To determine the perceived quality of services and customer care
- To indicate trends in services and customer care

## **1.6 Research questions**

To find solutions to the above-mentioned problems the study must answer the following questions that are important in dealing with customers/fund members:

- What is the level of satisfaction for members of the fund?
- What can be done to respond to customer complaints?
- How can the GIPF maintain or improve service excellence?

## **1.7 Limitation of the study**

Although the GIPF's stakeholders include government and local communities, investors, media, and the regulating bodies, the scope of this study was limited to one primary stakeholder, namely the members of the fund. Since many are customers and members of the GIPF by default and not by choice and do not have direct contact with GIPF at times it made participation difficult. Members often did not have sufficient knowledge and information about the GIPF to be able to rate their services, thus the decision on walk in member of the fund. The literature review for this study was limited due to the non-availability of a wide range of publications on the area of the study locally. The only available publications had no direct bearing on this study and made it in some way difficult to come up with a proper basis on how to tackle this study. There are inherent problems in investigation of the pension fund sector because of the lack of available data sources.

Customers were selected randomly. Most of the members were reluctant to cooperate and as a result, delayed in filling in the questionnaire or to be interviewed. The information given through the questionnaire was very limited. It made it difficult to give a deep analysis of the results.

The study was restricted to Windhoek, Namibia only and excluded regional offices regardless of their impact on the business. Ideally, a larger sample would have been preferred but due to limited time this did not materialized. Internally, the sampling unit was also limited to the customer services department. It was considered that the study will become too wide and perhaps less relevant and meaningful if regional offices were incorporated.

### **1.8 Research design and methodology**

The research study is a formal study. The research aims to arrive at answers which will contribute to an understanding of customer satisfaction in the public sector with specific emphasis on the GIPF. Quantitative research starts with a theory or a problem statement and involves quantitative data analysis. Quantitative analysis was chosen because it is suitable for research with a small population and because it takes both quantitative and qualitative aspects into consideration. The capturing of both qualitative and quantitative data aided meaningful analysis. The exploratory research design enhanced the reliability, credibility and validity of the research.

Various internal documents on customer satisfaction, productivity in the public sector in Namibia were examined for specific data, trends, results and conclusions that were relevant to the study. The researcher used articles published in leading academic journals and conference proceedings in disciplines such as marketing, management, productivity, customer satisfaction and loyalty. The study also looked for specific data, trends, results and conclusions that were relevant to the study.

The information gathered were from the following sources:

- Various GIPF publications and reports
- NAMFISA reports and publications
- Other pension funds publications and reports (public and private) in Southern Africa
- Actuarial valuation reports

Although the GIPF and other stakeholder's reports are seldom referenced in text, they were extensively reviewed in order for the researcher to understand the structure and origins of the GIPF, as well as its position in the market competitiveness. A questionnaire written in English was used in the collection of data on GIPF members/customers. The questionnaire for the purpose of this assignment was easy to use and a cost-effective research method.

Four dimensions of the service delivery to GIPF's members were assessed by means of the questionnaire that dealt with certain aspects of each aspects. These four service delivery aspects were as follows:

- customer services;
- benefit payment;
- member communication;
- management and maintenance of member information.

Face-to- face interviews were conducted for walk in members of the fund. These were self-administered questionnaires to ensure we had a full response rate as per sample describe. The approach was relevant to this study as it intended to gather data on the assessment of the member's satisfaction level with regard to their benefits and services.

## **1.9 Ethical consideration**

The researcher was responsible for conducting the research ethically and treating the participants in an ethical manner at all times. Emphasis was put on the anonymity of respondents; this was aimed at increasing willingness to participate (Kunene, 2008: 176). Confidentiality is always a critical issue with regard to managing processes. It was therefore important to manage the communication around the survey from the start in a transparent and simple way.

## **1.10 Reference technique**

The reference technique that is used here is the Harvard guideline style reference.

## **1.11 Organisation of the study**

The thesis is organized into six chapters:

### **Chapter 1: Introduction and background of the study**

This chapter presents the intended research study background, the objective and the limitation of the research work. A chapter summary is drawn from the chapter to prepare the reader for the next chapter.

## **Chapter 2: Literature review**

Chapter 2 reviews the relevant literature for the purpose of this research. It provides a theoretical approach to the research and offers both a contextual and legislative/policy framework for the study.

## **Chapter 3: Policy and legislative framework**

In this chapter, the relevant policies and legislative frameworks of the GIPF pertaining to its mandate and customer care services are reviewed in order to develop a proper framework for this study.

## **Chapter 4: Research methodology and design**

This chapter outlines the research methodology in terms of the survey, the sampling procedure, collection instruments, data collection and the survey respondent profile.

## **Chapter 5: Data presentation and exposition**

This chapter presents the results of an analysis of the responses to each question on the customer questionnaire and the Funds' questionnaire with specific reference to a number of questions which directly contribute to the study.

## **Chapter 6: Findings, recommendation and conclusion**

This chapter marks the end of the dissertation, as it takes a look at the study findings, conclusions, recommendations for further research and the bibliography.

### **1.12 Summary**

The introduction part of this study traced and depicted the area, period, scope and objectives of the study. The chapter also described the outline of the study to guide the reader. Chapter 2 deals with literature review where views of various authors are compared and contrasted in the researchers own words regarding the research topic.

## CHAPTER 2 – LITERATURE REVIEW

### 2.1 Introduction

This chapter consists of a review of local and international literature on improving customer satisfaction, productivity and services quality in the public sector. In particular, these studies examine factors that influence service quality and customer satisfaction in terms of loyalty, delight and retention, since the latter involves these different concepts. The literature is critically reviewed in order to identify the variables influencing customer satisfaction, which is the focus of this research study.

Customers all over the world believe in quality as an icon before purchasing any product or availing any service. The decision of purchasing depends on the attributes of quality in that particular product or service. Like other sectors of the economy, the services sector of Namibia is also striving hard to propagate and flourish itself as a vital component of the economy. Customers have created the challenging environment for organisations. The services are intangible, so these are being judged through the quality attached. The important factor in running a business or any organisation successfully is the quality perceived by the customer at the time of availing services (Peeler, 1996:99).

Customer satisfaction is the key element for creating future purchase demand of a particular product or service (Gloswa, 2014:79). The pension fund sector in Namibia is implementing quality management techniques to use them as strategic tool to gain a competitive edge in the market. Public sector pension fund services are rising, as every citizen is becoming aware of the importance of saving for old age. Pension funds have created a social value by providing stability, development of civil society and general enhancement of welfare. This in itself has raised the level of customer satisfaction and service quality. The Government of Namibia has played its role by charting national pension plans, rules and regulations for the members and institutions. The Customer Satisfaction Charter (2016) is an ample example of government's intervention.

The study of customer services has over the years attracted interest from scholars, authors, researchers and marketing experts. Service organisations look for a competitive edge and strategic uniqueness, which will distinguish them from their competition. One of the strategic routes involves courting the customer through a focus on service quality that might lead to customer satisfaction. The term "customer satisfaction" describes the positive feelings that a customer might experience about a company (Hill, Roche and Allen, 2007: 112).

To improve the performance of the business, companies strive to increase the level of customer satisfaction, which can be measured and managed. Therefore, organisations invest a great deal of time and money in influencing customers and persuading them to be loyal (Gloswa, 2014:80).

When a customer pays for a product or service, it is assumed that the product will work correctly or that the service received meets expectations. If there is a problem, the customer can complain, and it will usually be rectified through the company's customer service department. Public sector organisations have now realised that looking after customers and learning from them is key to delivering effective and efficient services.

As in other countries, the public sector in Namibia is striving hard to fulfill the financial security of each citizen. Government, through the GIPF, is providing affordable and sustainable pensions to the government employees. Therefore, customer satisfaction and its measurement have a very important role for business to get a competitive edge in the market place. It is observed that the organisations and businesses that recognize the importance of marketing strategies by acknowledging the customers expectation and perceived quality could have more chances to gain customer loyalty and increase rate of return. Customer satisfaction helps organisations to obtain information about the preference, needs, and wants of customers (Cengiz, 2010:76). The measurement of customer satisfaction at public offices is considered as the most requisite part of the research as it will open a window to asses and watch over the behavior of employees after receiving a particular service. The customer satisfaction and quality attributes have positive relations (Hsiu-Yuan, Chiug and Hong, 2011:196).

According to the Ministry of Labour, Industrial Relations and Employment Creation (2018), to improve productivity in the public sector, the compliance culture should be changed to encourage continuous improvement, increase innovation, as well as enhance quality and equity in service delivery. Improving and reforming traditional processes often require process redesign, new technology as well as training of employees. This will greatly contribute to efficient and effective service delivery and improved quality services. Nevertheless, improving productivity in the public sector requires a change in mind-set from being process-oriented to customer-oriented, which leads to customer satisfaction.

Although public sector organisations are often accused of being inward looking, the government's best value initiatives and the adoption of consultation processes with strategy formulation have driven public sector services closer to a market orientated approach. Such approaches aim at putting the customer at the centre of the activities of the organisation referred to as the customer centric approach (Ministry of Labour, Industrial Relations and Employment Creation, 2018).

## **2.2 Definitions - key concepts**

### **2.2.1 Customer service**

Customer service is defined by Lovelock (1992:263) as “a task, other than proactive selling, that involves interaction with customers in person, by telecommunications, or by mail. It is designed, performed and communicated with two goals in mind: operational efficiency and customer satisfaction”. This definition is much broader than the traditional view of customer service as a strictly reactive function that simply responds to customer problems and complaints, on an exception basis, which means it is not part of normal operations. Essentially, customer service embraces all personnel whose jobs bring them into contact with customers on a routine and an exception basis, which means that it is not part of normal operations. Such personnel become part of the overall service product, even though their jobs may have been defined in strictly operational terms; hence, the need to balance operational efficiency against customer satisfaction. Kotler (1997:68) notes that customer expectations are the true standards for gauging service quality and this fits in with the notion of service delivery methods mentioned earlier.

### **2.2.2 Customer satisfaction**

A comprehensive definition of customer satisfaction in terms of pleasurable fulfilment is given by Oliver (1997:210) in Grigoroudis and Siskos (2010:199):

“Satisfaction is the consumer's fulfilment response. It is judgement that a product or service feature, or the product or service itself, provided (or is providing) a pleasurable level of consumption-related fulfilment, including levels of under –or over fulfilment”.

According to an exhaustive review of Yi (1991: 109) in Grigoroudis & Siskos (2010:199), customer satisfaction may be defined either as an outcome, which indicates a final end resulting from the consumption experience, or as a perceptual, evaluative and psychological process contributing to the satisfaction.

Although different approaches of defining customer satisfaction may be found in the literature, the most popular are based on the fulfillment of customer expectations. As mentioned, satisfaction is a standard of how the offered product or services fulfills customer expectation.

### **2.2.3 Customer Care**

O'Sullivan, (2010: 36) defines customer satisfaction as a process of looking after customers to best ensure their satisfaction and delightful interaction with a business and its brand, goods and services. It is closely related to customer experience. For example, technology has a major role to play in providing customers with the care they want. The internet is a cost-effective tool for enquiries where the customer needs basic, standard format or repetitive information. Therefore, computer technology has the potential to vastly improve customer interaction and care. Customer care is important in an organization to ensure the customer is listened to and their voices are heard and where there is an issue it is addressed when they need it. Consumers are aware of their rights to a high standard of customer care. Customer care are therefore very important to any organization. Customer care can help you develop customer loyalty and improve relationships with your customers (O'Sullivan, 2010: 36).

### **2.2.4 Service quality**

According to Parasuraman, Zeitzmal and Berry (1998:354), service quality is defined as an overall judgement to attitudes towards service and generally accepted as an antecedent of overall customer satisfaction. Parasuraman et.al (1998:355) defined service quality as an ability of the organization to meet and exceed customer expectation. It is the difference between customer expectations of service and perceived service. Quality is more difficult to control with services because of heterogeneity. Service quality therefore needs to be carefully managed. In order for it to be managed it need to be measured. In the last ten years, tremendous progress has been made in the measurement of service quality. The development of gaps model of service quality, and the use of an instrument call SERVQUAL, has contributed significantly to this. Procedures available within the gaps approach to service quality measurement and management makes it possible for organisation's not only to measure their shortfalls in service quality but also to determine the barriers within the organisation that obstruct efforts to deliver better service. (Parasuraman et al, 1998: 356).

### 2.2.5 Client service excellence

According to O’Sullivan (2010: 36), not one word or sentence can describe and encompass the fullness of client service excellence for it is in essence a combination of many things. If the acronym “SERVICE” is used the respective letters in the acronym represents the following:

<b>S</b>	=	Status, Special
<b>E</b>	=	Experience, Energetic, Effective
<b>R</b>	=	Respect
<b>V</b>	=	Valuable, Value added
<b>I</b>	=	Importance, Intuition
<b>C</b>	=	Capable, Communication, Care
<b>E</b>	=	Efficient, Effort, Earnest

Therefore, it can’t be said that excellent service entails being courteous and caring, while at the same time, one lacks a knowledge of the product, is not readily accessible or does not respond to clients calls etcetera. Service is not just about products and sales, but also about understanding the needs, priorities and expectations of the client. It is not just about meeting but exceeding the clients need, priorities and wildest expectations (O’Sullivan, 2010: 36).

It is all about making life easier for the client. Your product and service should enhance quality of life for the client and add value to the organization (O’Sullivan, 2010: 36). This is done by:

- Giving the clients what they want (needs)
- When they want it (priorities)
- At their price, with all benefits (expectations)

### 2.3 Importance of customer satisfaction

Market driven business organisations place special emphasis on customer satisfaction. (Endosomwan, 1993:86) in Grigoroudis and Siskos (2010:199) defines these organisations as follows:

A customer and market driven enterprise is one that I committed to provide excellent quality and competitive products and services to satisfy the needs and wants of customers in a well-defined market segment... such an enterprise analyze its market capabilities and provides products and services to satisfy market needs. It considers its own customers as the final judges who determines product and service satisfaction level, delivery, price and performance.

## 2.4 Customer value positioning in the pension industry

Customer value is a customer's perceived preference for and evaluation of those product attributes, attribute performances, and consequences arising from use that facilitate (or block) achieving the customer's goals and purposes in use situations Endosomwan (1993:93). Furthermore, Endosomwan (1993:95) described customer value as the difference between the values the customer gains from owning and using a product and the cost of obtaining the product. According to Kotler and Armstrong (2012), customers form expectations about the value and satisfaction that various market offerings will deliver. Finally, it can be summed that customer value is the difference between total customer value and total customer cost where total customer value is the sum of product value, service value, personnel value, and image value while total customer cost is the sum of monetary cost, time cost, physics cost and energy cost.

Types of customer value according to Endosomwan (1993:91) include the following:

- **Functional Value** - is concerned with the extent to which a product is useful, has desired characteristics and performs a desired function. The appropriate features and characteristics include quality, aesthetics, creativity, customization, reliability and service-support outcomes.
- **Experimental Value** - is concerned with the extent to which a product creates appropriate feelings, experiences and emotions for the customer.
- **Symbolic or Expressive Value** - is concerned with the extent to which customers associate psychological meaning to a product such as appeal to customer's self-concept and self-worth.

According to Riscura (2015), companies in the corporate pensions market where they undercut each other, must move away from competing solely on price but should focus on finding new ways of meeting customer needs and adapting their services to improve customer value. With respect to this study, customer value positioning for GIPF will be based on climate and attitudinal surveys that include market mixes, end user, favourable points of difference, reasoning factors.

## 2.5 Corporate culture and organisational standards

The corporate culture of an organisation can be considered as a kind of social culture, in general, which supports a certain system of values and determines the representation of standards to be followed by employees. Although there are many definitions of organisational and corporate culture, most involve understanding it as a system of different regulation, standards, myths, patterns of behavior, such as communication, and values (Ronzina, 2010:203). Setting the values of a generalised trend of activity and standards concretise this direction. Thus, service quality is that component in the structure of the corporate culture, which, on the one hand is a manifestation of values prevailing in the organisation, and on the other hand, defines the specific parameters of behavior (Ronzina 2010:205). As a result, organisations may improve maintenance spontaneously or develop and implement certain requirements in customer services. In an organisation, service that is in accordance with specified standards determines the specific approach to the client in terms of specific behaviour in different situations (Ronzina, 2010:205). Moreover, behavioural parameters organisations, can be standardised in order to improve customer service (Ronzina 2010:208). A list of some of these follows:

- speech formulas, language and vocabulary
- facial expressions and gestures
- proxemics in communicating with the buyer
- clothes
- make-up and jewelry
- state of the environment that must be clean
- speed of service and response time
- security in the buying process

Service quality must be determined by certain external and internal factors in an organisation. The more specific and subtler these factors, the greater is the probability that service quality will be ensured. Some of these factors are as follows (Ronzina, 2010:210):

- Norms of human rights according to consumer protection law
- Cultural norms in the society in which the organisation offers its products and services in the market
- The value and mission of the organisation
- Characteristics of the goods and services offered by the organisation
- Characteristics of target groups (clients)

- Features of the premises where customers are served (close, spacious, noisy, quiet).

Customer satisfaction and service quality depends a lot on standard of the organisation where they are applied. Service quality might work as a great benefit to improve profit and customer loyalty.

## **2.6 Customer service in the pension fund sector**

There has been considerable debate, particularly during the 1980s, about the differences between goods and services. Particular criticism, including that from Enis and Roering (1981:189), has been directed at Berry's (1980:99) definitive article entitled "Services marketing is different", which argued that services are different from physical goods in that services are as follows:

- intangible
- heterogeneous
- inseparable (i.e. they have simultaneous production and consumption)
- perishable

Even though professional services are characterised by highly customised services and relatively long contact time, we find that this is not the case in the pension fund sector. The question is: "Does this, therefore, mean that pension funds administrators are not professional?" On the contrary, this just shows that businesses differ, and what may be good for one business may not apply to another. Academics debate the details regarding the distinction between services and physical goods marketing. However, it is important to note that the first person to clarify the differences between services and physical goods was a practitioner, Lynn Shostack, who was vice president at Citybank, at the time (Fisk, Brown & Bitner, 1993:153).

Shostack made a significant impact through her provocative article 'Breaking free from product marketing' (Shostack, 1977:189), in which she questioned the relevance of product marketing to services, particularly in banking services, where she was working. Shostack argued that it is dangerous to take the marketing concepts that apply to products and try to transfer them to services. Products are tangible, services are not, and that makes a lot of difference in how you market them. A service is rendered. A service is experienced. A service cannot be stored on a shelf, touched, tasted or tried on for size.

## 2.7 Factors affecting customer services

Many factors affect customer satisfaction. These are:

- Helpful and knowledgeable employees
- Friendly employees
- Service quality
- Competitive pricing
- Billing clarity (Hokanson, 1995:16)

The figure below shows all the factors that affects customer satisfaction.



**Figure 2.1 Factors affecting customer satisfaction**

*Source: Hokanson (1995:16)*

There are many business models available to measure the performance of customer satisfaction. This thesis, therefore, analyses some of the aspects of a particular model, which has proven to be effective. In service-oriented companies, services are provided by employees who interact with the customer by means of face to face meetings, phone calls or through emails.

Companies should, therefore, not underestimate the importance of employee satisfaction. It is important for the GIPF to measure the satisfaction and the level of loyalty of its employees because, if employees are treated badly, the message will reach the customer. Employees that are dissatisfied do not show enthusiasm for company services and can judge it publicly (Szwarc, 2005:204).

Employee satisfaction is revealed by the altitude of a single employee towards the job. Someone with high satisfaction is more likely to express a positive attitude towards the job, while someone with low satisfaction is more likely to show a negative attitude. This dissatisfaction can be caused by the feeling that the company could do more for the customers. On the other hand, employees can blame the company for the way they are treated. Whatever the case, customers will be affected by employee dissatisfaction (Robbins, 2001: 101).

## **2.8 A conceptual model of service quality**

Service quality is a complex construct, which has been the focus of a number of studies in the services marketing literature. Two schools of thought dominate the literature: the Nordic and the North American school of thought (Gronroos, 1996:396).

The main characteristics of the Nordic school are:

- Relationships between parties for long term creation of sustainability
- Marketing seen as functional and cross functional
- As building relationships is the core to this concept, price sensitivity is less
- Focuses on quality, value and customer satisfaction
- Importance of customer perceived value
- Dialogue between parties to create long term relationships

The delivery of quality in goods and services was a marketing priority in the 1980s. Though marketers of tangible goods have defined and measured quality with increasing levels of precision, marketers of services continuously experience difficulty in understanding and controlling quality. In 1982, Gronroos developed a model, which contended that, in order to evaluate services, users of that service compare the service they expect with perceptions of the service they receive. In other words, in the absence of objective criteria for measuring service quality, an appropriate approach for assessing the quality of an organisation's service is to measure customer perception of quality.

Research done by Thompson (1985:123) as well as that done by Rudie and Wansley (1985:7-9) revealed that delivering high service quality produces measurable benefits in profits, cost savings and market share. Therefore, an understanding of the nature of service quality, and how it is achieved in organisations, has become a priority for research.

In order to address the lack of sound conceptual literature on quality in services, a systematic service research programme was initiated in 1983, under the auspices of the Marketing Science Institute, by Zeithaml et al. (2006:78). An extensive qualitative study of service customers and executives was conducted by these researchers in four service sectors: appliance repair; credit cards; retail banking and securities brokerage. This set of services was chosen because it represents a cross-section of industries, which vary along the key dimensions used to categorise services (Lovelock 1992:193). In each sector, customer focus group interviews and in-depth executive interviews were held on issues pertaining to service quality.

The interviews were conducted over a geographical spread of a broad section of consumers. Discussion about quality centered on customer experiences and perceptions relating to each service in general and covered areas, such as satisfaction, dissatisfaction, description of the ideal service, factors important in evaluating service quality, and performance expectations concerning the service. The aim of the study was to gain specific insights into areas such as the following:

- what managers of service firms perceive to be the key attributes of service quality;
- what problems and tasks are involved in providing a high- quality service;
- what consumers perceived to be key attributes of quality in services;
- whether discrepancies exist between the perceptions of consumers and service marketers;
- whether consumer perceptions could be combined in a general model that explains service quality from the consumer's standpoint.

As a result of the consistency in the patterns that emerged from the executive interviews, the researchers developed a conceptual model, which defined service quality from the customer's standpoint, and identified the criteria customers used to judge quality and outlined potential organisational shortfalls that can cause poor service. In essence, the authors claim that "a set of key discrepancies exist regarding executive perceptions of service quality and the tasks associated with service delivery to consumers. These gaps can be major hurdles in attempting to deliver a service which consumers would perceive as being of high quality." As a result of the key insights gained in this study, Zeithaml et al (2006:110) developed a model of the concept of service quality and the factors affecting it. This model is known as the Gap Model.

In addition to the above, employee job satisfaction is a very important aspect in the efficient delivery of services, as a satisfied employee will make it a priority to please one's customers. This in turn results in customer loyalty, which is the most important aspect of repeat business for an organisation. Barnes and Glynn (1992:125) argue that the marketing costs involved in the creation of interest to an uninformed customer, far outweigh costs involved in maintaining the relationship necessary to continue exchanges between buyers and sellers. This emphasises the absolute importance of customer loyalty to a fund.

Productivity improves when services are provided more efficiently and effectively, through either producing the same outputs at lower cost or producing more outputs with fewer sources. A common misconception about productivity is the belief that it could be improved largely by cutting cost, for example, reducing personnel and other inputs, to deliver the same level of services. Not much consideration is given to expanding services and improving the quality of services, using the available services.

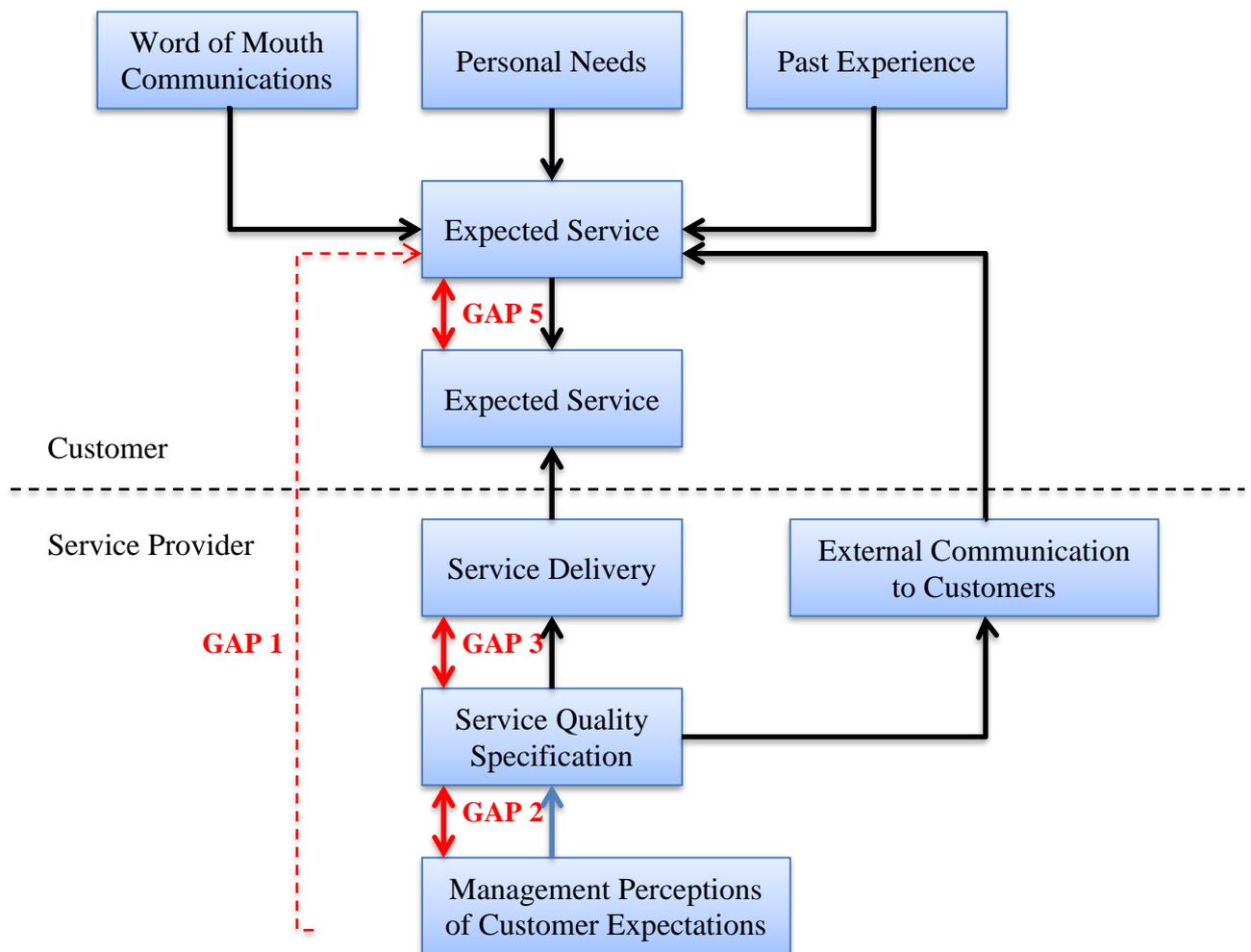
While the main drivers of economy-wide productivity are outside the control of individual organisations, such as investment in education and infrastructure, improvement in labour productivity can also be driven by issues that are within the control of individual organisations. In the absence of a competitive market, reporting on and understanding productivity within an individual, government organisation are key to improving performance. This assists in identifying strategies to improve how work is being carried out to improve service delivery (Ministry of Labour, Industrial Relations and Employment Creation 2018).

According to Kantsperger and Kunz (2005:25) customer satisfaction is primarily affected by employees' satisfaction in the public sector. This is because the satisfaction of employees is highly important in creating intensive customer relationships. It is also possible that employee satisfaction mediates how well the employee performs in the customer orientation behaviours listed by Rafaeli, Ziklik and Doucet (2008:205). Dean and Rainnie (2009:180) conducted research on organisation factors that can have an effect on service quality in the public sector. The research was actually based on the views of the contact centre agents. Their findings include nine themes which were found to affect service quality.

These themes are as follows: management emphasis on sales; performance monitoring and feedback; efficiency demands on contact centre work; all centre structures and support, human resource management issues, teams, service encounter stress and managerial attitudes.

## 2.9 Service Gap Model

Customer perceptions play a key role in the Service Gap Model, which outlines the differences between expectations and experience. As shown in Figure 2.2 below, the overall gap that results in dissatisfied customer is caused by one or more of the following gaps (Schneider & White, 2004:175):



**Figure 2.2 The Gap Model of Service Quality**

Source: Zeitzmal, Bitner and Gremler ( 2006: 46)

- **Gap 1 - Service Expected**

Gap 1 is the distance between what customers expect and what managers think they expect – research is the key way to narrow this gap. The gap exists when management do not understand the needs and wants of a customer. This mostly happens in organisations with a lack of research on customer satisfaction. This can be avoided if organisations conduct research and is aware of what the customer wants.

When a company is aware of the gap, they should identify the best way to get in touch with the customer and be aware of their expectations. Management can keep the gap small by building strong relations with its customers and develop an effective way of communication (Zeithaml et al., 2006:38).

- **Gap 2 - Perception of Management**

Gap 2 is between management perception and the actual specification of the customer experience, as managers need to make sure the organisation is defining the level of service they believe is needed. It is important to understand the needs of the customer, and this can only be done if the organisation understands it. Gap 2 becomes a problem when services are implemented without thinking of customer needs and there is a lack of goal setting, inadequate service scope and insufficient standardisation. To narrow the gap, organisations should develop measurements to gauge customer perceptions and the performance of the company (Zeithaml et al., 2006:39).

- **Gap 3- Service delivery**

Gap 3 is between the experience specification and the delivery of the experience. Managers need to audit the customer experience that their organisation currently delivers in order to make sure it lives up to the specification. Even when the organisation has closed the first two gaps, there could still be problems providing the services that the customer needs. Gap 3 means that the service delivered does not meet the standards set. This is due to failure in analysing and matching the supply, demand and inefficiency of the organisation. This gap can be closed if organisations build strategies around delivering excellent customer services. Organisations should hire people with the right skills and have an interest in doing their work. Teamwork is, therefore, essential for an organisation to consider closing this gap (Zeithaml et al., 2006:42).

- **Gap 4 – External Communication, Service delivery**

Gap 4 is the gap between the delivery of the customer experience and what is communicated to the customer. All too often organisations exaggerate what will be provided to customers or discuss the best case, rather than the likely case, raising customer expectations and harming customer perceptions. When an organisation has done everything to close gaps, there could still be risks of failure to meet the needs of a customer if the service that is delivered does not match with the communication delivered.

This is sometimes also referred to as the communication gap, which occurs when the quality of services, advertised and promised by a company on different media, does not match customer expectations based on the marketing communication. Thus, customers may end up being dissatisfied and consider the quality of service to be low. Organisations should, therefore, focus on developing strategies to reach customers and provide services in the right manner. Gap 4 can be closed by creating advertisements that honestly describe products, services and delivery offerings to create realistic expectations (Zeithaml et al., 2006:43).

- **Gap 5 – Expected service versus perceived service**

Gap 5 is the gap between a customer's perception and their expectation of the service, which is often shaped by word of mouth, personal needs and past experience. As the previous four gaps create Gap 5, they need to be addressed in order to close Gap 5. Research amongst employees must be carried out in order to know customer expectations and provide the right service at the right time (Zeithaml et al., 2006:44).

In 2006, after designing the Gap Model, Parasuraman, Berry and Zeithaml developed a five dimensional scale, SERVQUAL, to measure the gaps identified above. These dimensions are described as follows:

1. Tangibles: deals with personnel, equipment and physical facilities
2. Assurance: deals with trust, knowledge and courtesy
3. Reliability: deals with the ability of an organisation to perform services accurately
4. Empathy: deals with individualised attention to customers
5. Responsiveness: deals with the willingness of employees to help customers and deliver quality service.

The dimensions can be further divided into 44 questions, which are not relevant for this thesis. However, the SERVQUAL measurements and the five gaps contribute to the questionnaire design, as some questions are developed according to the gaps and dimensions mentioned above with the aim of understanding customer expectations, the service provided and the gaps in customer experience, which can be closed through diligent attention from management.

## 2.10 The ISO 9001:2000 standards

ISO standards are a set of recommendations that is applied to any organisation of any size, regardless of the type of products or services that are provided. If an organisation applies the set standards correctly it is able to deliver services that will satisfy the customer. The ISO institution is a non-governmental organisation and the standards that are required may not necessarily be applied. However, many companies implement and recognise the standards because the standards help to measure customer satisfaction and their demands. ISO 9001:2000 standards put customer satisfaction in the centre of a successful organisation (Hoyle, 2009:4).

The customer focus principle is described as follows:

“Organizations depend on their customers and therefore should understand current and future customer needs and should meet customer requirements to strive to exceed customer expectations”. (ISO 9000 2015)

This standard state that an organisation must understand the needs of customers, who can be purchasers or users of any service inside and outside of the company. Thus, by understanding customer needs and wishes; organisations can achieve a better marketing position and be more flexible towards changes. The standard further claims that organisations must constantly measure customer satisfaction and take steps to increase it. (Mutafelija & Stromberg, 2003:122)

One of the ISO standards recommends conducting a survey in order to measure customer satisfaction, although it does not recommend the type of survey to be conducted and there are no specific requirements. However, it does advise companies what to do with the survey results:

1. Determine the current level of customer satisfaction
2. Know what the needs of the customer are and whether these needs are met
3. Develop new ideas and products and services
4. Look for new opportunities regarding customers satisfaction

The questionnaire given to the GIPF customers of this study is based on the explanation of customer satisfaction that is provided in the theory part of this chapter. The end result of the questionnaire will be evaluated by looking at the ISO standards as suggested.

## **2.11 Summary**

This chapter started with the definition of customer service, customer satisfaction corporate culture and organisational standards. It further reviewed the literature on customer services and looked at the conceptual model of service quality. The purpose was to identify the external and internal factors that are crucial for excellent customer service. The chapter's main focus was to identify a set of capabilities and skills that are important in the delivery of service in the public sector. This chapter also looked at linking the Gap Model, which defines service quality from a customer's standpoint, to factors affecting it. The next chapter will discuss the policy and legislative framework of the GIPF pertaining to its mandate. Moreover, customer care services are reviewed in order to develop a proper framework for this study.

## **CHAPTER 3 – GOVERNMENT INSTITUTIONS PENSION FUND POLICY AND LEGAL FRAMEWORKS UNDER THE PENSION FUNDS ACT OF 1956 (ACT 24 OF 1956)**

### **3.1 Introduction**

Chapter two (2) defined and discussed key literature concepts of the research study. Chapter three (3) outlines the following with regard to the GIPF: the corporate governance statement, the historical background to its evolution; current strategic framework; strengths and weaknesses; and the competitive environment in which it operates. The chapter also outlines the governance frameworks describing service delivery that are used as a basis for the empirical research in this study. In line with both the Namibian Code of Corporate Governance (The Namcode) and King IV, the GIPF is of the view that effective and ethical leadership is central to good governance. This implies that, GIPF's leadership must deliver not only a seamless strategy but also operational excellence. Some of the factors in the different categories of the framework are in such a way that it could influence one another instead of influencing customer satisfaction directly. This is also important in a framework because its purpose is to showcase all influential factors for customer satisfaction whether direct or indirect. In other words, a framework is used to model a system and to clarify boundaries and relationships between dimensions (Rouse & Putterill, 2003:392).

The GIPF Corporate governance statement reads as follows:

“It is our conviction that good retirement governance is a catalyst for sustainable value creation for our multitude of stakeholders, in short-, medium- and long term. We aspire to uphold high standards of governance in respect of effective leadership, risk management, internal controls, information technology governance, regulatory compliance government, sound financial governance and responsible investment governance” (GIPF, 2017).

The GIPF conforms to four fundamental governance standards and principles and lie at the core of the Fund's governance philosophy as provided for in organisation's Corporate Governance Framework. Abbreviated as FART, the principles are:

- Fairness (F),
- Accountability (A),
- Responsibility (R), and
- Transparency (T).

## **3.2 The history and strategic framework of the GIPF**

The GIPF is created through an act of Parliament and came into existence in 1989. It is a statutory pension fund created by the Namibian Government for the benefit of all civil servants and some parastatals. Its objective is to provide an old age pension to all civil servants once they have reached the retirement age of 60. Added benefits to the GIPF are death, resignation and funeral benefits, which are paid as specific events occur. GIPF membership is compulsory and is a condition of service. It is a Defined Benefit Fund (DB), meaning that the pension, which the member receives at retirement, is calculated by a formula that takes into account the final salary, the number of years of service and a percentage of the salary. This pension is funded by both the employer (16%) and the employee (7%) (GIPF, 2017).

Fund membership is in excess of 75 000 active members and close to 20 000 pensioners/annuitants. The Fund is managed by a Board of Trustees consisting of nine members who are representative of the civil servant's population. Three board members are drawn from the employer, three from the employees and three from the Public Service Commission of whom one is a pensioner (GIPF, 2017).

The Pensions Fund Act of 1956 (Act No. 24 of 1956) governs the Rules of the Fund. Membership to the Fund is limited to civil servants and employees of statutory institutions. The GIPF assets are managed in a mix of Namibian, South African and international equities, bonds, property and cash markets. The combined assets grew from N\$6, 83 billion at the end of March 1999 to N\$ 90 billion at the end of March 2016. The GIPF's return compares favourably with the industry's average return, as measured by the Alexander Forbes Namibian Survey of Namibian Retirement Fund Investment Managers, of 21.5% for the year. The recent review of investments indicated that the total asset base of the Fund has reached N\$20 billion (GIPF, 2017).

### **3.2.1 The vision of the GIPF**

The GIPF' vision is stated as follows (GIPF Strategic plan, 2012-2017):

As a professionally managed pension fund, GIPF strives to be among the leading pension funds worldwide, providing real value benefits and a sustained stream of first-rate member services whilst meaningfully contributing to the development of Namibia's economy and society.

### **3.2.2 The mission of the GIPF**

The GIPF states the following (GIPF Strategic plan 2012-2017):

GIPF's mission is to provide the highest level of financial security to its members and deliver efficiently accrued and approved pension benefits and services to members and their dependants. This mission will be achieved through the successful administration of a diversified and professionally managed investment portfolio that generates competitive returns, and which is facilitated by excellent client and staff relations, a good corporate image and cost-effective support and administrative services.

### **3.3 Organisational dynamism**

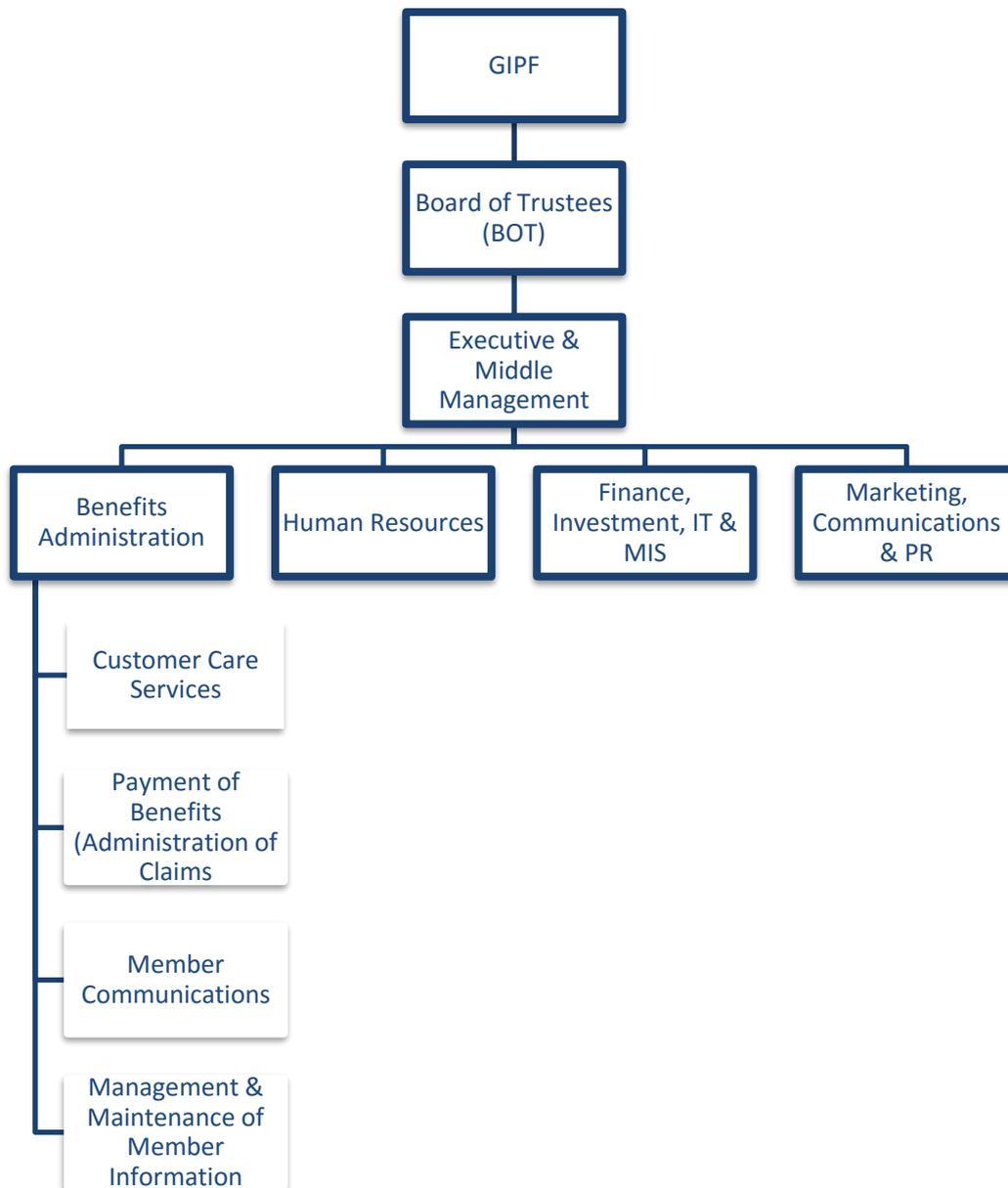
From 1989-1996, Sanlam South Africa administered the Fund and the funds were invested in an insurance policy, a situation that prevailed until 1996. After 1996, the then Board of Trustees resolved that the business of the Fund should be conducted on Namibian soil and that the Fund be actively invested and controlled by Namibians. After this decision, the combined assets grew from N\$6, 83 billion at the end of March 1999 to N\$ 110 billion at the end of March 2017. The GIPF's return compares favourably with the industry's average return, as measured by the Alexander Forbes Namibian Survey of Namibian Retirement Fund Investment Managers, of 21.5% for the year. The recent review of investments indicated that the total asset base of the GIPF has reached N\$190 billion (GIPF, 2017).

From 1996 to 1999 the Fund was administered by the local branch of Sanlam South Africa, namely, Sanlam Namibia. After 1999, the Trustees of the Fund decided to move the administration in house to start working towards their vision of superior administrative and customer service and to fully Namibianise the operations of the fund (GIPF, 2017).

The take on of administrative duties realised in June 1999 made this new creature, 22 months, thereafter, still a baby. However, during the latter part of 1999, another new initiative was debated, which would profoundly change the manner in which GIPF had conducted business up to then. This involved the creation of a mother company that would enable GIPF to take on new business and perform benefits administration duties on behalf of this new business (GIPF, 2017).

### 3.4 Business operations

Each month members contribute 7% of their pensionable salary towards their pension and the employer contributes 16%. The contributions are used for monthly expenditure on claims, operating expenses and investment, which is done through asset management companies. The benefits administration department, which is the heart of the GIPF, is supported by marketing, the public relations division, the principal officer, human resources, internal audit, finance, investments and information technology (GIPF, 2017).

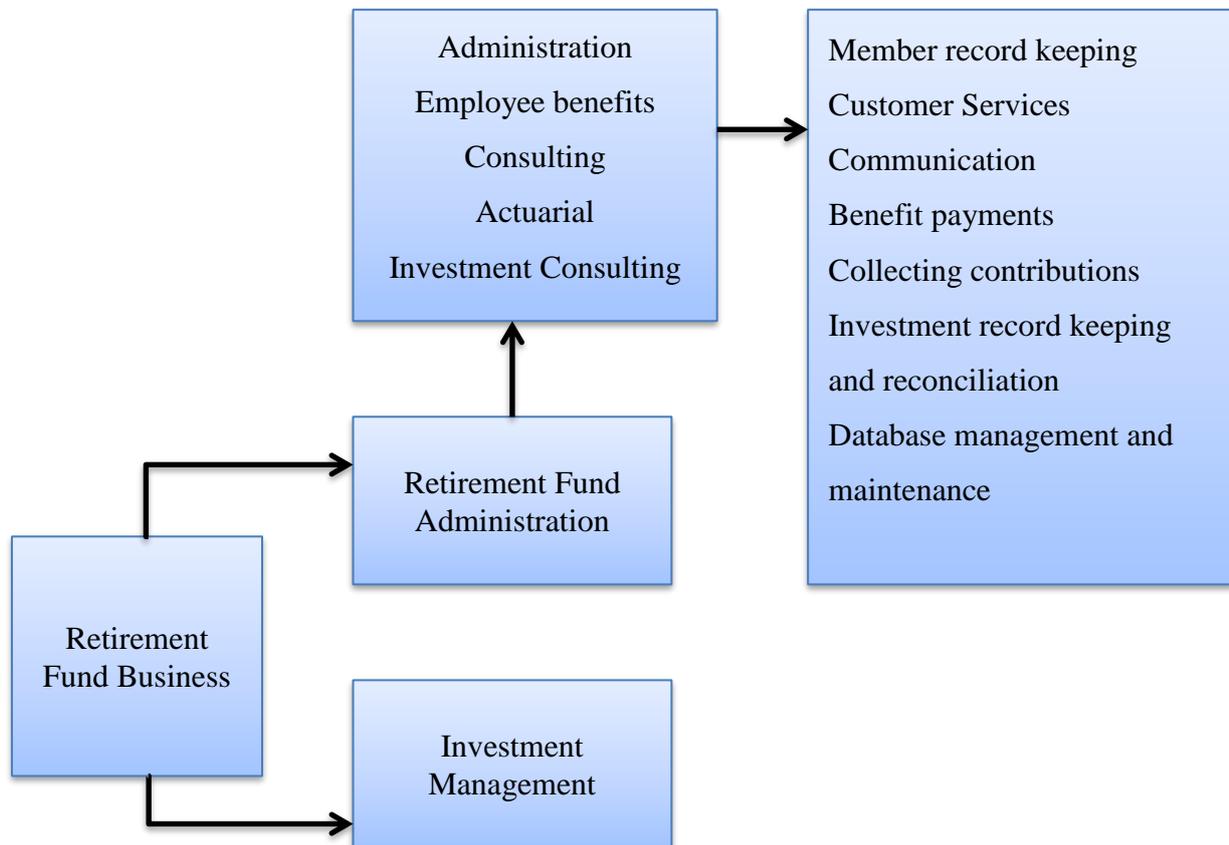


**Figure 3.1: The GIPF current structure**

*Source: GIPF Strategic plan 2012-2017*

### 3.5 The strategic framework of the GIPF

It is important to look at the strategic framework in which the GIPF operates in judging exactly where the Fund is at the moment and gauging whether the findings and recommendations of this study make sense and will improve the current situation. This necessitates a brief overview of the GIPF environment:



**Figure 3.2: The new look professional administrator**

*Source: GIPF Strategic plan 2012-2017*

### 3.6 SWOT analysis of the GIPF

#### 3.6.1 Organisational assessment

It is important that the GIPF starts making use of particular business analytical tools to assess the organisation. One such tool is a SWOT analysis, which could evaluate the Fund's internal strengths and weaknesses, and how it can be strengthened to take advantage of potential market opportunities and minimize potential threats. Thus, conducting a SWOT analysis revealed the following:

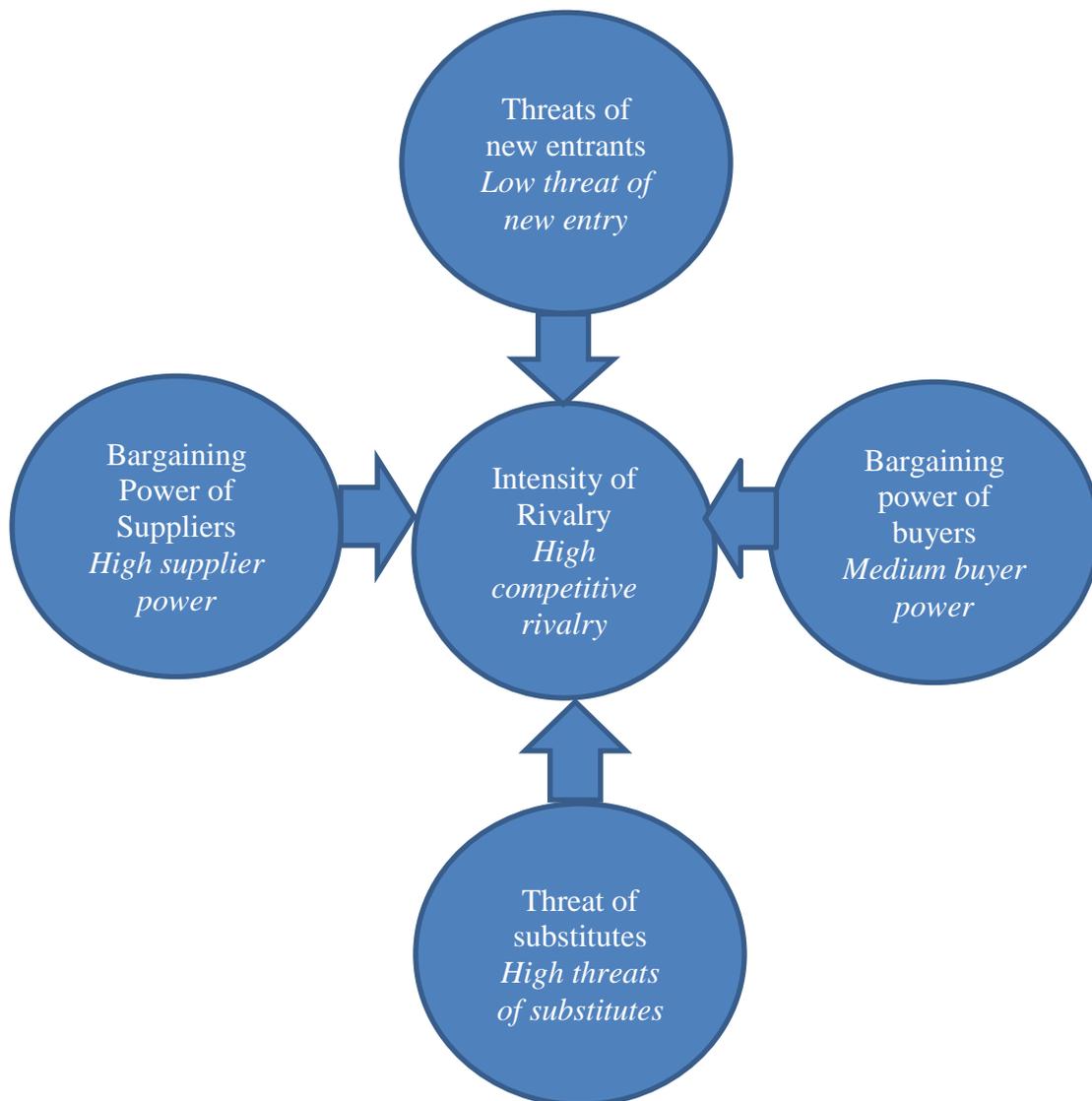
<b>Strengths</b>	<b>Weaknesses</b>
<ul style="list-style-type: none"> <li>a) Financially strong</li> <li>b) Good reputation</li> <li>c) Large customer base</li> <li>d) Market share leader</li> <li>e) Customer loyalty</li> <li>f) Economies of scale</li> <li>g) Previous performance</li> </ul>	<ul style="list-style-type: none"> <li>a) Interdepartmental cooperation is weak</li> <li>b) Lack of competitor analysis/knowledge</li> <li>c) Lack of customer knowledge</li> <li>d) Inefficient administration – inadequate cost control</li> <li>e) Organisational culture still developing</li> <li>f) Leadership and management not fully developed</li> <li>g) Weak management staff relationship</li> <li>h) Weak channel control</li> <li>i) Administration system and process not fully in place</li> <li>j) Weak organisational capacity needs to be strengthen</li> <li>k) Lack of clear policies and guidelines</li> <li>l) Average service levels</li> </ul>
<b>Opportunities</b>	<b>Threats</b>
<ul style="list-style-type: none"> <li>a) The repositioning and restructuring – expansion of customer base, resulting in more revenue</li> <li>b) The development of a new administration system – a more efficient service</li> </ul>	<ul style="list-style-type: none"> <li>a) Reduction in size of the civil servants – reduction/ loss of revenue</li> <li>b) No business development –facing a steep learning curve</li> <li>c) Not geared for operating in a fluid environment- sudden and higher exposure to competition.</li> </ul>

**Table 1.1: SWOT Analysis**

Source: GIPF Strategic Plan 2012 -2017

### 3.7 Porter's Five Forces

In an attempt to describe the current competitive environment in which the GIPF functions, Michael Porter's 5 Forces Model is useful (Doyle, 1994).



**Figure 3.4: Porter's 5 forces adapted to GIPF**

*Source: Hooley, Piercy and Necoulaud, (2004: 68)*

Michael Porter's 5 forces framework is used to understand the market that the GIPF is competing in. Pension funds must understand what the competition is communicating and what threats they are faced with in order to develop a strong brand (Hooley et al., 2004:234). Porter's 5 forces model was developed to analyse competition in the market. The framework suggests that 5 forces shape competition within an industry which are intensity of rivalry, buyers, substitutes, suppliers and new entrants.

**a) Threats of new entrants**

The rate of new entrants into the pension fund is very low and the industry remains quite stable for retirement funds administrators.

Currently the GIPF is competing with companies that have the administration of retirement funds as a part of their entire business, for example, Sanlam Namibia, Old Mutual, Alexander Forbes and two or three other smaller companies. These companies are:

- Metal worker's pension fund
- Services stations association pension funds
- Non-governmental (NGO's) pension and disability funds.

Moreover, heavy capital investment is required since companies need to (1) invest in an administration system that must be geared to accommodate multiple types of schemes; and (2) meet the huge pressure to Namibianise their entire business. For them to do so, they need to invest in an expensive state-of-the-art administration system and high-quality human capital. Therefore, the barrier to entry is high.

#### **b) Threat of substitute products/services**

The pension membership and contributions are compulsory. Therefore, there is no immediate threat of substitute products and services to attract the members away from the Fund. This might change if pension participation becomes voluntary, which may happen.

#### **c) Buying Power**

In the retirement environment, buyers are referred to as members, who are not really voluntary consumers with options to make choices. Although there is a large number of members, who can apply some pressure, members have to work through their representatives at the Board of Trustees level to effect any significant changes to the benefit structure of the rules of the Fund. The mandatory membership also affects them adversely, since members cannot move to another if dissatisfied. The only power presently yielded by members is that they can lodge a complaint whenever they are not satisfied with the general administration and customer services; however, buying power is low.

#### **d) Supplier power**

The main suppliers of the pension fund are the government ministries and institutions, which supply the personal information of a member and submit claims as they occur. These suppliers are critical to the GIPF business. Then there are other service providers such as the financial institutions, the courts and the police. Suppliers have a major impact on the service levels of GIPF.

### **3.8 The role of the pension administrator**

The role of the administrator is important in the relationship with membership; and, failing to perform this role aptly is not honouring that relationship and negatively affects the GIPF. The Pension Funds Act of 1956 (No. 24 of 1956) stipulates what the role of the administrator must be as follows (GIPF Strategic plan 2012- 2017):

- Maintenance of membership records;
- Collection and deposit of contributions;
- Referring of funds to investment accounts;
- Proper calculation and payment of benefits including pensions, withdrawals, and lump sum payments on retirement or death to the correct beneficiaries. All of the payments may involve some deductions for tax and documentation, such as death certificates and identity documents of dependents;
- Submission of information to the underwriters of group life assurance benefits;
- Preparation and submission of financial statements and other documents to the Registrar;
- Maintenance of the Funds records for audit purposes and the preparation of data for the valuation of the fund;
- Checking the fund is adequately covered by fidelity insurance against fraud or negligence on the part of trustees; and
- Attending to the plight of pensioners and monitoring social welfare benefits.

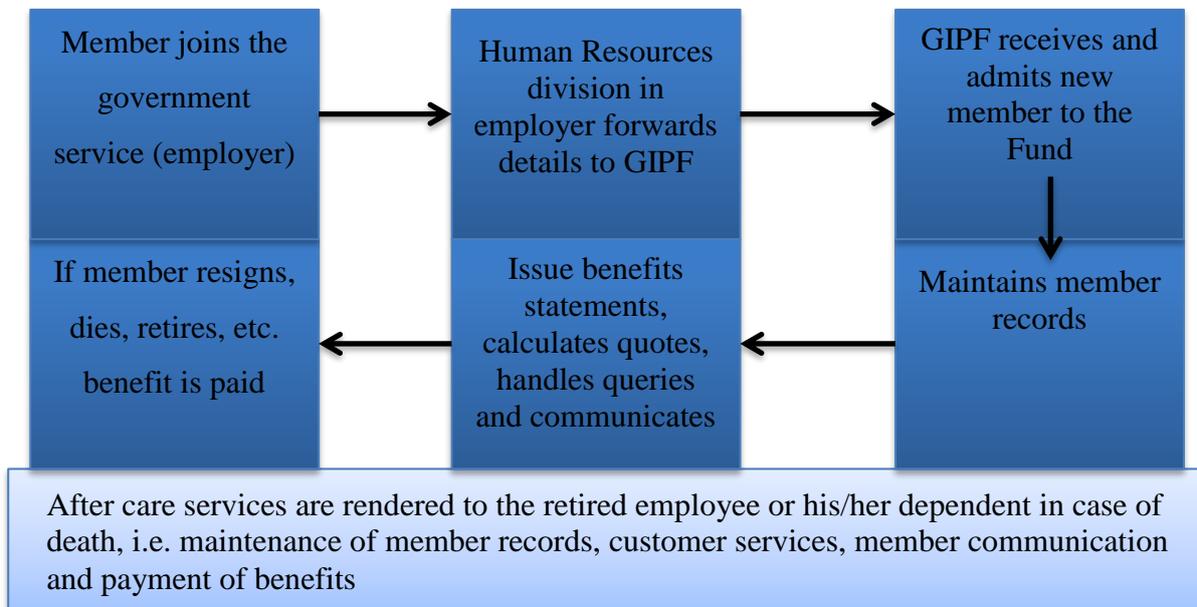
### **3.9 The GIPF business process model**

The process includes all aspects of the organisation with which the customer may interact, such as its personal, physical assets and other tangible evidence. The processes of interest are those associated with satisfaction of customers in terms of efficiency and effectiveness and these include admission or registration of an employee and the processes associated with claim of benefits by member employee or beneficiaries after the death of the member. The flow charts that follow show the processes associated with registration/admission of an employee to the GIPF Fund and the claims of benefits from the GIPF Fund.

According to GIPF Rules (1999), the process of admission of a member/employee into the Fund must not take more than three months from the date of employment/engagement of the member/employee. However, challenges do exist that include delays by member institutions

HR departments/sections that may go up to several years before GIPF receives the forms. Volumes of forms to be listed by GIPF's Records Section may contribute to the lag time but this is manageable and insignificant in comparison to the external delays by employers.

The GIPF admission processes flow chart is described as follows:



**Figure 3.5: A GIPF business process model**

*Source: GIPF strategic plan 2012-2017*

### 3.10 Responsibility of Government

The Minister must ensure that there is a governance and performance management agreement in place with the Board and with individual Board members. Moreover, the Minister must make sure that the Board is acting strictly according to its investment mandate approved by the Minister (GIPF Strategic plan 2012- 2017).

### 3.11 Responsibility of the Board of Trustees

The Board must be held accountable for a number of key responsibilities:

- Protecting the assets and records of the Fund
- Acting with fidelity, honesty, and with integrity
- Ensuring effective and efficient administration of the Fund
- Keeping financial, investments and related records

- Producing:
  - Financial statements
  - Annual budgets
  - Performance agreements of management
  - Business and financial plans

### **3.12 Ownership and control over the management of GIPF**

The strategic leadership of the GIPF is vested in the Board of Trustees, assisted by the executive leadership team. The Law Reform and Development Commission (2013) stated that through “privatization” of the SIP Fund, the pre-independence administration made sure that the Government of Namibia cannot own or control the GIPF and it cannot use the pension monies for any other public expenditure. This is evident from the Rules of the Fund, as the composition of the Board is as follows:

- Three appointed by Government
- Three appointed by organised labour, and
- Three appointed by the PSC (Public Service Commission)
- One representing the employees and one representing pensioners

In line with both the Namibian Code of Corporate Governance (The Namcode) and King IV, the GIPF is of the view that effective and ethical leadership is central to good governance. This implies that, GIPF’s leadership must deliver not only a seamless strategy but also operational excellence, which would in turn encompass the following:

- Providing direction to the organisation through strategy;
- Giving effect to that strategy through the development of appropriate policies;
- Providing oversight over management’s implementation of the strategy; and
- Demonstrating accountability and transparency through disclosure.

Government is the voice on the Board of GIPF and is therefore limited to one third of the decisions taken, which ranges from appointing the CEO/Principle Officer, the administrator, the auditors and taking investments decisions. Government contributes 16% to the pension fund meaning government is guaranteeing the benefits of the GIPF (GIPF Strategic plan 2012-2017).

The Pension Funds Act, 1956 is under review. The new FIM Bill lays down clear criteria for the trustees and the principal officers. Moreover, it even empowers NAMFISA to remove and cause the replacement of Trustees if failing to meet the requirements. This is the largest fund in the country, of which government is the underwriter. However, it is not feasible that specific legislation for the GIPF is crafted to empower the Government to have direct control over the Board of Trustees and not only through a regulator who is weaker in resources compared to the GIPF (GIPF Strategic plan 2012- 2017).

### **3.13 Board Committees**

The Board creates value to its governance processes through committee work support. The following committees support the work of the Board (GIPF Strategic plan 2012- 2017):

- a) The Audit and Risk Committee
- b) The Benefits and Administration Committee
- c) The Investment Committee
- d) The Legal, Governance and Compliance Committee
- e) The Remuneration and Human Resources Committee

The committees do not generally, except where specifically so authorized under the Terms of Reference and/ or Delegation of Authority, perform and discharge strategic executive functions and responsibilities. They instead provide a platform for elaborate discussion of issues within their respective mandates and develop recommendations for consideration and approval by the Board of Trustees. Report-backs of committee meetings are done at subsequent Board meetings (GIPF Strategic plan 2012- 2017).

#### **3.13.1 Audit Committee**

The committee consists of four members, one of whom is an independent external member appointed on the basis of his/her expertise in finance and/or auditing. The audit committee's mandate is to ensure effective internal controls and risk management as well as promote the integrity of financial reporting in the GIPF (GIPF Strategic plan 2012- 2017).

The specific responsibilities of the committee include the following:

- a) to review and recommend to the Board of Trustees the annual financial statements;
- b) to deal with matters relating to internal control, accounting policies, reporting and disclosure;

- c) to deal with the engagement of external auditors and determine fees payable to these auditors;
- d) to review and approve internal audit policies, plans, reports and findings;
- e) to evaluate the performance of external auditors;
- f) to review external audit plans, findings and reports;
- g) to assist the Board in exercising the oversight of risk management and governance;
- h) to review matters of an actuarial nature and recommend those to the Board;
- i) to deal with matters relating to ICT risks and governance on such occasions as may require.

The Committee meets on a quarterly basis, or such times as the circumstance may require.

### **3.13.2 ICT Governance**

The Board has adopted an approach whereby issues relating to information and communication technology, are a matter for the Board. ICT governance is a standing item on the Audit and Risk Committee agenda. The Board, the Audit and Risk Committee has oversight over investments in IT, alignment between IT strategy and organizational strategy, information security and IT risk management. During the year under review, the Board through the Remuneration Committee, adopted a new structure for the IT department in an effort to derive significant value from the ICT function. The management level ICT steering committee was also established (GIPF Strategic plan 2012- 2017).

### **3.13.3 Financial Governance**

The GIPF has taken a conscious decision to align its financial processes to good governance standards. It operates on a cost-to-serve limit. It follows a methodological budgeting process based on activity-based costing. The Finance function renders requisite cooperation to the external auditors, ensuring the attainment of an unqualified audit opinion, while the culture and ethics of quarterly management reporting to the Audit Committee was maintained throughout the financial year. The financial statements are submitted to the Regulator in line with the Pension Funds Act, 1956 (GIPF Strategic plan 2012- 2017).

### **3.13.4 Risk Governance**

The Board maintains the view that governing risk is a matter for the Board. The organization has established a robust Enterprise – wide Risk management framework, which comprises the risk appetite statement, the ERM policy and procedure manual, the risk register. The Board, through the Audit and Risk Committee, exercised oversight over risk, with executive management responsible for the management of Risk. The risk function is evaluated at a strategic level (GIPF Strategic plan 2012- 2017).

### **3.13.5 Internal Controls**

The Board has overall responsibility for the Fund’s system of internal control and is accountable for reviewing its effectiveness. Internal control systems are designed to manage risks within the business rather than totally eliminate the potential failure to achieve the organisation’s objectives. The board is extremely conscious of the importance of the Fund’s system of internal controls and attaches a high priority to monitoring effectiveness and development in line with best practices (GIPF Strategic plan 2012- 2017).

### **3.13.6 Benefits and administrative committee**

The committee consists of four (4) members. The Benefits and Administration Committee’s mandate is to ensure a sound administrative framework for the Fund and an efficient management and distribution of member and beneficiary benefits (GIPF Strategic plan 2012- 2017).

The specific responsibilities of the Committee include the following:

- a) to review, advise and make recommendations on matters pertaining to administrative policies of the Fund;
- b) to review, advise and make recommendations on the Fund’s benefits from time to time, on matters pertaining to guidelines and processes on disposition of death benefits and the actual distribution of death benefits in terms of section 37 C of the Pension Funds Act;
- c) to advise, review and make recommendations on pension increases to the Fund
- d) to review, advise and make recommendations on matters pertaining to the procurement of goods and services for the GIPF;

- e) to develop, review and make recommendations to the Board for the approval of the communication policy, strategy and plans, the brand strategy, the social investment programs and governance of stakeholder relations; and
- f) to review, advise and make recommendations on any other matter of a general administrative nature which warrants the attention of the Board through its Committees.

### **3.14 Investment Committee**

The committee consists of five (5) members. The Committee's mandate is to guide and advise the Board of Trustees on investment related policies and strategies (GIPF Strategic plan 2012-2017).

The specific responsibilities are:

- a) to act as an interpretive and advisory body of the Board for investment related policies and strategies
- b) to receive management reports on investments and provide direction based on the investment policies;
- c) to monitor and evaluate the implementation of the investment related policies;
- d) to obtain and consider proposals on investment related matters from external service providers and from management;
- e) to assist management in the formulation and review of investment related policies; and
- f) to report to and advice the Board on any investment related matter.

### **3.15 Legal, Governance and Compliance Committee**

The committee consists of four (4) members, one of whom is an independent external member appointed on the basis of his/her expertise in legal, governance and/or regulatory compliance. The mandate of the Committee is to guide and advise the Board on legal, governance and compliance matters. The specific responsibilities are to:

- a) develop and regularly review the corporate governance framework, which includes the Board Charter, the Board committees' terms of reference, the code of conduct, the code of ethics, conflict of interest policy, the Board's performance assessment framework, the trustee remuneration policy, the Board's induction and training policy.
- b) consider and recommend all rule amendments to the Board;

- c) deal with legal risk management, litigation and complex contracts and disputes involving the Fund;
- d) monitor and oversee the Fund's compliance management framework.

### **3.16 Summary**

The GIPF was not created by law, but was registered under the Pension Funds Act, 1956 (Act No. 24 of 1956) with the Directorate of Financial Institutions Supervision of the Department of Finance in 1989. Although the State-owned Enterprises Governance Act, 2006 (Act No. 2 of 2006) classifies the GIPF as a State-owned Enterprise, this is factually and legally not correct. The regulation of pension funds in Namibia is based mainly on the statutory provisions of the Pension Funds Act of Namibia of 1956 (Act No.24 of 1956). Under the Namibian pension law, employer and individual retirement plans are voluntary (except in so far as pension plans sponsored by government). Legislation can help protect customers, but excellent customer service requires sustained focus from organisations.

The GIPF subscribes to the Namcode's guideline that, entities should comply with laws, regulations and codes. The organization continued to escalate the compliance management culture through maintaining the compliance policy framework, which has systematically become embedded in the organization. The state of compliance continued to be a standing item at the Legal, Governance and Compliance Committee (GIPF Strategic plan 2012- 2017).

The next chapter will discuss the research methodology employed to address the question whether GIPF is performing to customer expectations or not.

## **CHAPTER 4: DATA GATHERING AND DATA ANALYSIS**

### **4.1 Introduction**

This chapter outlines the research methodology used to gather the required data. The goal of the research is to ascertain whether the GIPF, as a pension fund administrator, is performing according to the members' expectations in terms of its service delivery methods. The research method used in this study aims to arrive at answers which will contribute to an understanding of customer satisfaction. The main idea is to develop generalisations that can answer the main question and contribute to theory (Johnson & Gustafsson, 2000:240). Quantitative research starts with a theory or a problem statement and involves a quantitative data analysis. Quantitative analysis was chosen because it is suitable for research with a small population and because it takes both quantitative and qualitative aspects into consideration.

### **4.2 Research design**

The research study is a formal study. A critical part of the research activity is to develop an effective research strategy or design. Research design provides a structure for the collection, measurement and analysis of data (Saunders, Lewis and Thrnhill, 2009:213). The research makes an attempt to analyse customer satisfaction at the GIPF. "The research process can be presented in a form of a model which usually starts with a broad area of interest, which is the initial problem that the study attempts to analyse" (Zikmund, 2003: 345).

Concepts were determined and included in the study theory to support the foundation and the background of the study. It is an intensive exploratory study on existing literature and used secondary data available on the topic of customer satisfaction. A comprehensive number of textbooks and articles were also reviewed.

The focus of the literature was articles published in leading academic journals and conference proceedings in such disciplines as marketing, management, customer satisfaction and loyalty. Furthermore, various internal documents on customer satisfaction, productivity in the public sector in Namibia were examined for specific data, trends, results and conclusions that were relevant to the study. The exploratory study achieved the following:

It clarified key definitions, concepts and constructs used in the study in such disciplines as marketing, management, customer satisfaction and loyalty.

Furthermore, various internal documents on customer satisfaction, productivity in the public sector in Namibia were examined for specific data, trends, results and conclusions that were relevant to the study. The exploratory study achieved the following:

- It clarified key definitions, concepts and constructs used in the study
- It identified elements of customer satisfaction in the private and public sector, its performance and those that measure competence
- It identified previous research studies on customer satisfaction. This helped the study to be focused and avoiding duplication of research work plus it encouraged the building on work already done.
- It refined the research design into a final blue print that could guide this study from the formulation of the proposition to the report about the analysis of the data collected.

The study comprised of formal research with the summary of the research design descriptors given in Table 1.2.

<b>Category</b>	<b>Option Used</b>
Research question clarity	Formal
Method of data collection	Communication
Type	Ex post facto
Purpose	Part descriptive/part casual
Time frame	Cross sectional
Scope	Statistical study
Environment	Office and field setting

**Table 1.2 Descriptors of the formal research design**

*Source: Adapted from Cooper & Schindler (2008:142)*

- The method of data collection for the study was communicated through a combination of personal interviews that were formal and interrogative.
- The formal study was ex-post facto, as the investigator had no control over the variables. The study sought only to report on what happened and is happening.
- The formal study was cross sectional, taking a snap shot of the perception of customer services in the GIPF.
- The design was in the fieldwork environment with all the interviews conducted on the premises of the GIPF.

Research design needs a thorough analysis to ascertain the outcomes of the project. In order to carry out effective research, all the available methods should be considered, and only the most appropriate method should be selected (Sekaran and Bougie, 2010). Each method has its own pros and cons and a careful blending of one or more methods, can lead to generation of relevant information, pertaining to the objective of the study. The sections ahead detail the research methodology, the structured questionnaire, response rate, data analysis, reliability and validity and pilot study.

### **4.3 Research methods**

A questionnaire written in English was used in the collection of data on GIPF members/customers. The New Dictionary of Social Work (1995:51) defines a questionnaire as a set of questions on a form, which are to be completed by respondents in respect of a research project. The questionnaire for the purpose of this assignment was easy to use and a cost-effective research method. Four dimensions of the service delivery to GIPF's members were assessed by means of the questionnaire that dealt with certain aspects of each aspects. These four service delivery aspects were as follows:

(a) customer services; (b) benefit payment; (c) member communication; and (d) the management and maintenance of member information as well as how these services measure up to the expectations of the GIPF membership.

#### **4.3.1 Customer services**

During any claim process, whether it is a resignation, death or disability, the member will have to contact the customer services division of the GIPF, thus making it one of the service delivery methods used by the GIPF. It is, therefore, very important that the member is satisfied with the services rendered by the customer service division, not just because GIPF wants to be the best in the business but also because it is prescribed by law.

#### **4.3.2 Benefit Payment**

A benefit must be paid in monetary terms. The pension law requires that the correct benefits be paid according to the rules of the particular fund and that the member be informed how the benefit was calculated. Thus, in addition to the payment itself, documentation must be included informing the member about the calculation and other relevant conditions.

### **4.3.3 Member communication**

The member is entitled to comprehensive information, including the rules of the Fund, operations of the fund, changes, new developments and the statutes of members. Thus, the member must be kept abreast of all developments and must be educated on the benefit structure.

### **4.3.4 Management and maintenance of member information**

The member must be confident that records are kept in good order. Pension law stipulates this. At claim time, the member should not discover that he or she was never entered into the system or that a change has never been affected because this inevitably will lead to a delay in paying out the benefit or in paying out the incorrect benefit. Member information must be updated, correct, reliable and current.

## **4.4 The structured questionnaire**

Part 1 of the questionnaire consisted of subject descriptors, describing the profile of the member. It was presented in a multiple-choice format where the respondent had to choose from the available options. Part 2 required the respondents to list expected services that the GIPF must provide. The second part thereof tested the knowledge the respondents have about the current services provided by GIPF. The information was gathered by using open-ended questions. Part 2, 3, 4 and 5 had to give responses on the following: service delivery aspects of customer services; payment of benefits; member communication; and management and maintenance of member information. The format included multiple choice, closed and open-ended questions. However, most of the questions were closed, dichotomous questions of the “yes” and “no” type where the respondent had to tick the appropriate response. The questionnaires were administered during interviews with the members or customers of the Fund who were asked to complete the questionnaire. Interviews were restricted to GIPF offices in Windhoek and some were interviewed at their places of employment.

The sample size of the participants, who answered the questionnaires, was chosen after consultation with the supervisor of the customer care department. Data were collected from one sample, which was from a cross section of members of the Fund. The intention was to evaluate existing customer care elements in relation to customer expectations and experiences.

The sampling area was restricted to Windhoek, GIPF Head office, although sample units were limited to the customer care service department.

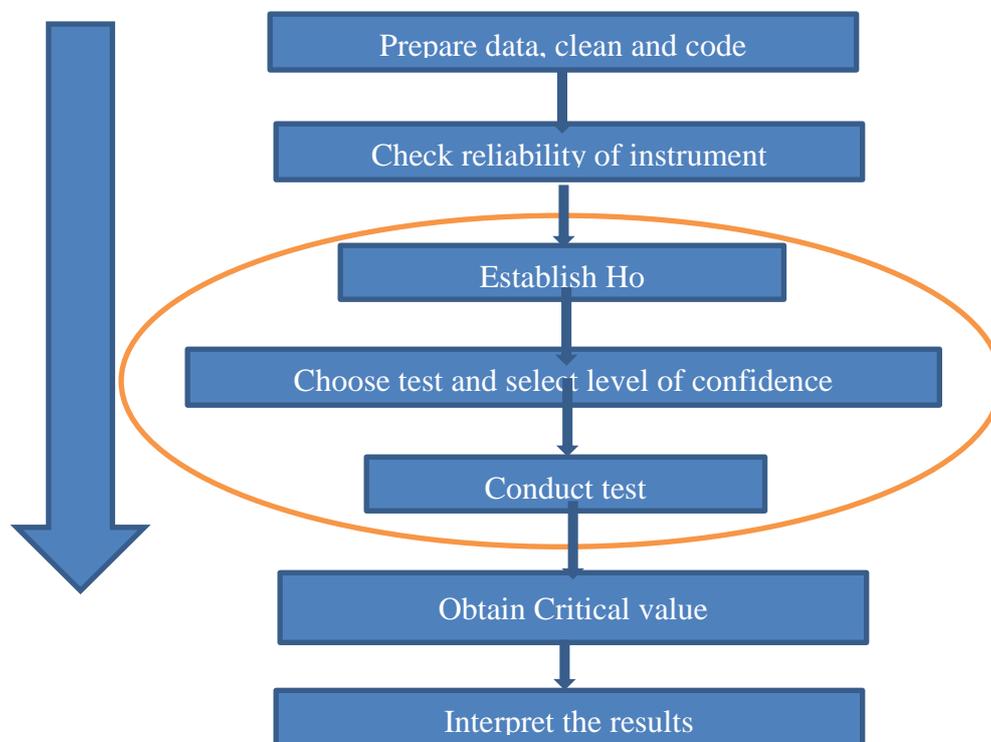
The sample size was chosen to be 75 individuals of the target population. Systematic sampling was used to select the 75 members of the fund to answer the questionnaire, which allowed the researcher to generalize findings across the population. The researcher personally interviewed members who walked into the customer services department.

#### 4.5 Response rate

Of the targeted sample of 75 members of the fund, 75 were collected, which is an acceptable yielding of hundred percent (100%) response rate.

#### 4.6 Data analysis

Once data is collected the following steps (see figure 4.1) were followed for analytical purposes as adopted from Cooper and Schindler (2008:476). In quantitative research, data is normally used to refer to the process of breaking down data collected into parts in order to obtain answers to research questions (Blanch & Durheim, 2004:105). Data analysis begins with editing and coding of the data. Editing includes checking of data collection forms for omission, legibility and consistency in classification as well as discarding of complete responses that has missing data, identify potential error in data collection and discussing its implications (Zikmund, 2003:174).



**Figure 4.1. Steps in Analysing Data**

*Source: Adopted from Cooper D R, Schindler PS (2008). Business Research Methods (2008:476)*

#### **4.7 Reliability and validity**

Validity refers to a situation when evidence proves that the findings are reasonable (McMillan, 2012: 17). The research is not considered valid if the researcher misinterpreted the answer of the respondents or if the respondents did not understand the questions clearly. The respondents' answers can also be influenced by other factors, which are out of control of the researcher, such as the time of the interview and the mood of the respondent. Therefore, the results of the survey could be influenced by the respondent's situation. The interview was conducted in English, which is not the mother tongue of many of the respondents.

The research tried by all means to avoid uncertainty and create clarity by not changing the questionnaire that remained as it was during the interviews. However, the research did try to guide respondents during the handling of the questionnaires to make them feel at ease.

For example, if the respondents raised any questions, it could be clarify on a one on one basis. As the questions were based on theories discussed in previous chapters, they needed some explanation, which the researcher attempted to do when respondents needed guidance. The open-ended questions facilitated respondents' understanding of the questionnaire to a great extent. In addition to the afore-mentioned strategies to make the research comfortable for the respondents during the interviews, the researcher promised them that the responses would be anonymously recorded.

Reliability is described as the stability of the measurement (Ghauri & Gronhang, 2005: 81). Research reliability is measured if another researcher conducts the same research at a different time and place. If the research is consistent the results are reliable. The questionnaire was based on the theories explained in the previous chapters for the respondents to easily rate the quality of the performance of the pension fund. The questionnaire was created and printed, and the interviewer completed each and every answer.

The survey was based on the attributes of customer satisfaction as described in ISO 9001:2000 standards, which is about the quality of products and services, communication, accessibility and performance of the Fund's employees.

The results of the questionnaire were explanatory or analytical. The respondents were allowed to answer questions without being rushed.

It did not require any special skills or any specialist knowledge. Questions were summarised into figures and tables, as this fulfilled the purpose of the study to provide accurate answers and enhance the quality of the research.

#### **4.8 Ethical consideration**

The researcher solicited information from GIPF pamphlets, reports and publications, NAMFISA's reports and publications as well as actuarial valuation reports. All information was obtained from reliable, credible and recognised sources mostly published by GIPF or NAMFISA. The information obtained was subject to rigorous checking and editing process to ensure accuracy and consistency of published data. The researcher was responsible for maintaining the dignity of all respondents.

This obligation also entailed protecting the respondents from harm, unnecessary risk or mental and physical discomfort that may be inherent in the research procedure. Questions that posed potential harm, risk or danger to the participants were not allowed unless fully informed consent was given.

The researcher was always also responsible for conducting the research ethically and treating the participants in an ethical manner. Emphasis was put on the anonymity of respondents; this was aimed at increasing their willingness to participate (Kunene, 2008, 176).

#### **4.9 Confidentiality**

Leedy and Ormrod (2010:102) maintain that researchers must keep the nature and quality of the participant's performance strictly confidential. This means that ethical issues of participant's rights and privacy need to be considered in research. Thus, the information gathered in this study was confidential and the identity of respondents was kept anonymous for the sake of protecting the interviewees against being victimised. Moreover, the information gathered was used only for this study. Confidentiality is always a critical issue with regard to managing processes. It was therefore important to manage the communication around the survey from the start in a transparent and simple way.

Furthermore, confidentiality of responses were highlighted to respondents before the survey commenced. This was done by using a letter of endorsement which emphasized that their replies will be treated confidentially and requesting them to participate.

#### **4.10 Pilot study**

Data were analysed even though interviews were still being conducted. This preliminary analysis made it possible to re-design the questions to focus on central themes as the interview process continued. Once interviewing was finalized, a more detailed analysis of information collected from the interviewees started. Materials collected from all the interviews were integrated with data from the documentation. Microsoft Excel was employed in analysing the results. In the same program, a descriptive analysis was conducted with the formulation of graphs to visualise the responses. This assisted in producing a simple analysis of the results of the study.

Most responses were simply summarised. The study focused more on the members of the Fund; therefore, a general perspective of customer satisfaction was captured in a non-specific manner. This approach was considered the best for the study since it focused more on the members of the fund than the employees. The GIPF employees' element was included as a supporting aspect.

#### **4.11 Administration of the questionnaire and interviews**

The questionnaires were handed over personally to the respondents, who were individually informed about the purpose of the study and, especially, assured of anonymity. Respondents were asked questions by the interviewers and responses were recorded. All questions provided were completed. Interviews with members of the fund were successfully conducted.

#### **4.12 Limitation of the study**

Although the GIPF's stakeholders include government and local communities, investors, media and regulating bodies, the scope of this study was limited to the members or customers of the Fund. The literature review for this study was limited owing to the non-availability of a wide range of publications on the area of study locally. The only available publications had no direct bearing on this study; and, it was difficult to come up with a proper basis on how to tackle this study. Members of the Fund were selected randomly.

Most of the members were reluctant to co-operate and, as a result, delayed in filling in and returning the questionnaires. The information given through the questionnaire was very limited, which made it difficult to deeply analyse the results. The study was restricted to Windhoek, Namibia only and excluded regional offices, regardless of their impact on the business. Ideally, a larger sample would have been preferred; but, due to limited time, this did not materialise.

The sampling unit was also limited to the customer service department and the marketing department, as the study might have been too broad, and perhaps less relevant, if regional offices were incorporated.

#### **4.13 Summary**

In summary this chapter focused on a description of the methodology applied and on the research questions posed. The data collected based on personal responses were collected through research questionnaires. After the results from the analysis, the study was able to make recommendations needed to help the GIPF do well and succeed in offering excellent customer services. Chapter 5 describes in detail what results stemmed from the research.

## **CHAPTER 5 - PRESENTATION OF RESEARCH FINDINGS**

### **5.1 Introduction**

The study or research work already explained, was done on Namibia's biggest pension fund (GIPF) and involved a questionnaire that dealt with elements of each of four service delivery aspects. These four service delivery aspects were (a) customer services, (b) benefit payment, (c) member communication, and (d) the management and maintenance of member information and how these services measure up to the expectations of the GIPF membership.

The questionnaire was submitted to the USB – REC review committee for approval before data collection started. Special care was taken to include all necessary and vital information and secondly keep the questionnaire as short as short as possible as unnecessary lengthy interviews have a negative impact on the result as well as future surveys.

After detailed quality checks were performed on all questionnaires, all data was captured electronically. The data gathered from the questionnaires had to be converted to information that could be related to the GIPF and were captured on MS Excel, which has a data analysis tool. This tool generates tables and graphs that assist in the graphical presentation of information. This chapter presents the information in both tables and graphs coupled with a short description of what is depicted. Data were analysed and evaluated according to the layout of the questionnaire. The presentation format of this research is done in reference to the responses given to each question, which was asked in the questionnaire. These responses all have either direct or indirect relevance to the issue under discussion. Thus, the purpose of this chapter is to present empirical research results.

The results of the analysis have been summarized into a set of findings.

### **5.2 Description of the sample**

The sample size was chosen to be 75 of the target population. Systematic sampling was used to select the respondents who answered the questionnaire. The researcher personally interviewed each member that walked into customer services department. Systematic sampling allows the researcher to generalise findings across the population.

### 5.3 Analysis of data

Data were analysed even though interviews were still being conducted. This preliminary analysis made it possible to re-design the questions to focus on central themes as the interview process continued. Once interviewing was finalised, a more detailed analysis of information collected from the interviewees started. Materials collected from all the interviews were integrated with data from the documentation. Microsoft Excel was employed in analysing the results.

In the same programme, a descriptive analysis was conducted with the formulation of graphs to visualise the responses. This assisted in producing a simple analysis of the results of the study. Most responses were simply summarised. The study focused more on the members of the Fund; therefore, a general perspective of customer satisfaction was captured in a non-specific manner. This approach was considered the best for the study since it focused more on the members of the fund than the employees GIPF. The employee's (GIPF) element was included as a supporting aspect.

#### 5.3.1 Response rate

Of the targeted sample of 75 respondents (GIPF members), 75 were collected which is an acceptable yielding of hundred percent (100%) response rate.

#### 5.3.2 Personal demographics

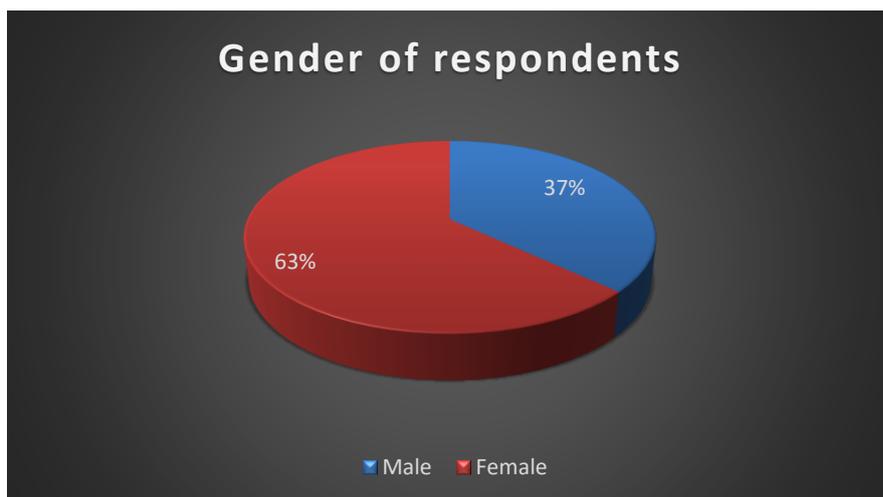
The personal demographics variables of the information obtained about the respondents included gender, age, level of education and work experience. These are presented in the tables and figures that follow:

##### 5.3.2.1 Gender of respondents

	Number	%
Male	28	37.3%
Female	47	62.7%
Total	<b>75</b>	<b>100%</b>

Question 1: Questionnaire : **Table: 5.1: Gender of respondents**

The data represents the total number of respondents sorted according to gender. It shows that 37.3% of the respondents are male and 62.7% are females.

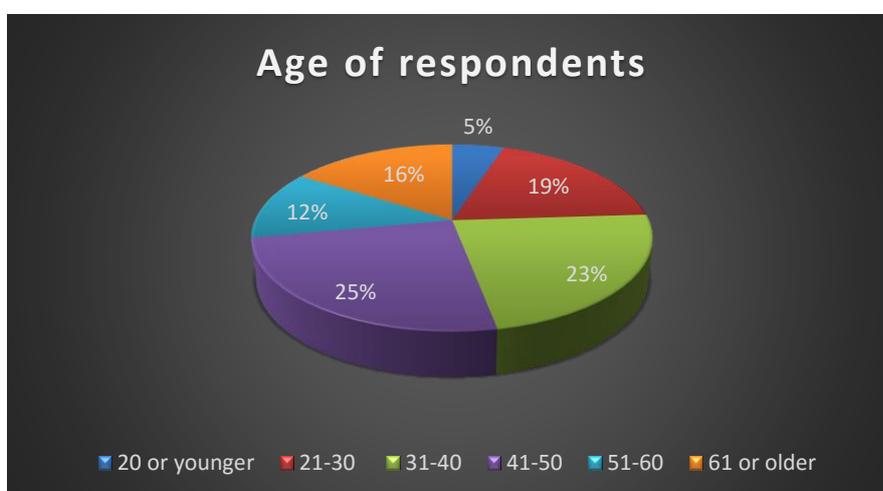


#### 5.3.2.2 Age of respondents

	Number	%
20 or younger	4	5.3%
21-30	14	18.7%
31-40	17	22.7%
41-50	19	25.3%
51-60	9	12%
61 or older	12	16%
<b>Total</b>	<b>75</b>	<b>100%</b>

Question 2: Questionnaire : **Table 5.2: Age of respondents**

The data represented the different age groups and the number of responses within each age group. The bulk of the respondents (25.3%) fall into the 41-50 age category, followed by 22.7% and 18.7% for the 31-40 and 21-30 age group respectively.

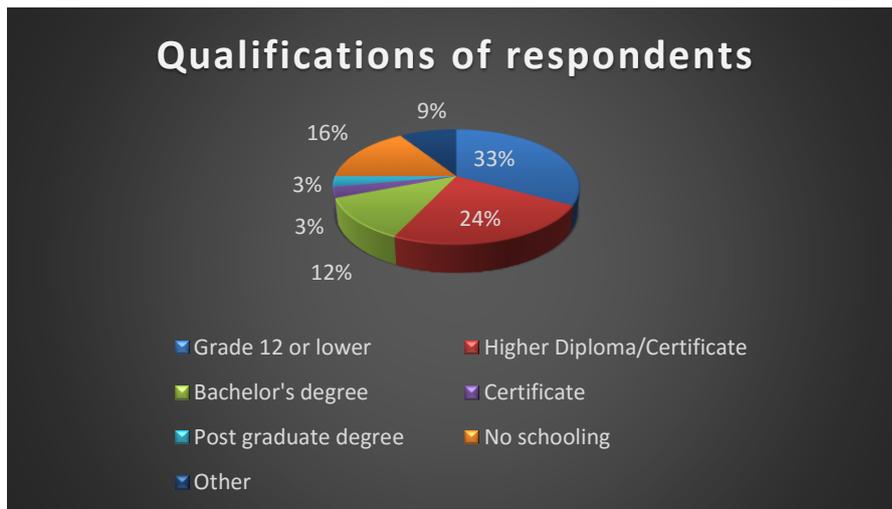


### 5.3.2.3 Qualifications of respondents

	Number	%
Grade 12 or lower	25	33.3%
Higher Diploma/Certificate	18	24%
Bachelor's Degree	9	12%
Certificate other	2	2.7%
Post graduate degree	2	2.7%
No schooling	12	16%
Other	7	9.3%
<b>Total</b>	<b>75</b>	<b>100</b>

Question 3: Questionnaire: **Table 5.3: Qualification of respondents**

The majority of the respondents (33.3%) are qualified with a grade 12 or lower grade, followed by 24% in possession of either a higher diploma or certificate. Two-point six percent (2.7%) are qualified with some other certificate, 12% with a bachelor's degree and 2.7% boast with a post graduate degree.

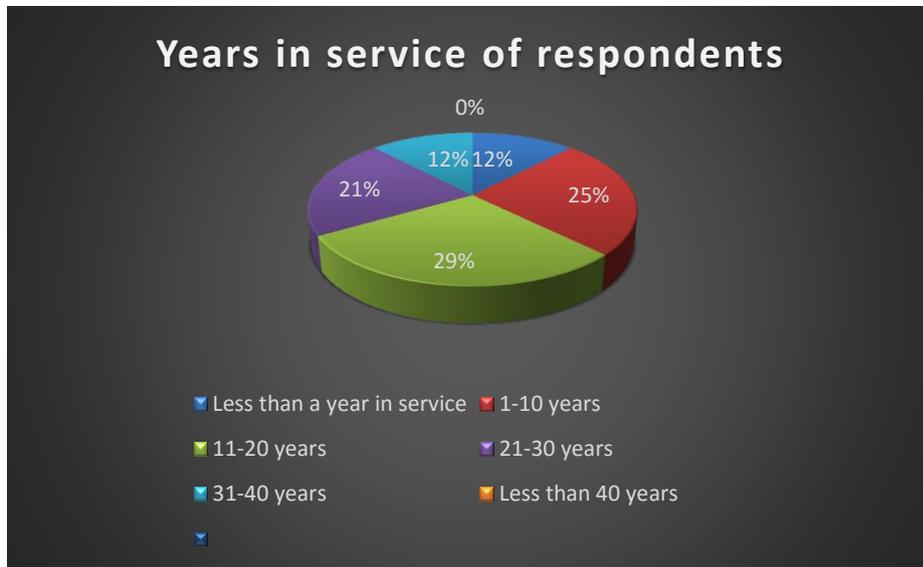


### 5.3.2.4 Years in service of respondents

	Number	%
Less than a year in service	9	12%
1-10 years	15	25.3%
11-20 years	12	29.3%
21-30 years	9	21.3%
31-40 years	3	12%
Less than 40 years	0	0.0%
<b>Total</b>	<b>75</b>	<b>100</b>

Question 4: Questionnaire : **Table 5.4: Years in service of respondents**

The majority of the respondents (29.3%) have been employed between 11-20 years, 25% are employed between 1 and 10 years, 12% is employed less than a year, another 21.9% between 21-30 years and 12% between 31-40 years.



**Summary of Part 1 of the survey**

Most of the respondents are equipped with a grade 12 diploma or some form of schooling. It is significant to note that 16% of the respondents had no schooling, which will have an effect on the design of the communication strategy. Therefore, the statistics should be treated with caution. The average length of service of the respondents is between 11-20 years, meaning that the members should have some experience with the Fund at one or the other stage of their jobs. The following paragraphs deal with the questions of Part 2 of the survey that asked questions about customer services.

**5.3.2.5 Reason for contacting GIPF**

	Number	%
Delay in benefit payment	17	22.7%
Non-Payment of benefit	9	12%
Did not receive an important document	9	12%
Wanted more information	39	52%
To supply more information	8	1.3%
Other	0	0.0%
<b>Total</b>	<b>75</b>	<b>100</b>

Question 5: Questionnaire : **Table 5.5: Reason for contacting GIPF customer services**

Most members contacted the GIPF customer services because they wanted more information (52%) and because of a delay in benefit payment (22.7%).

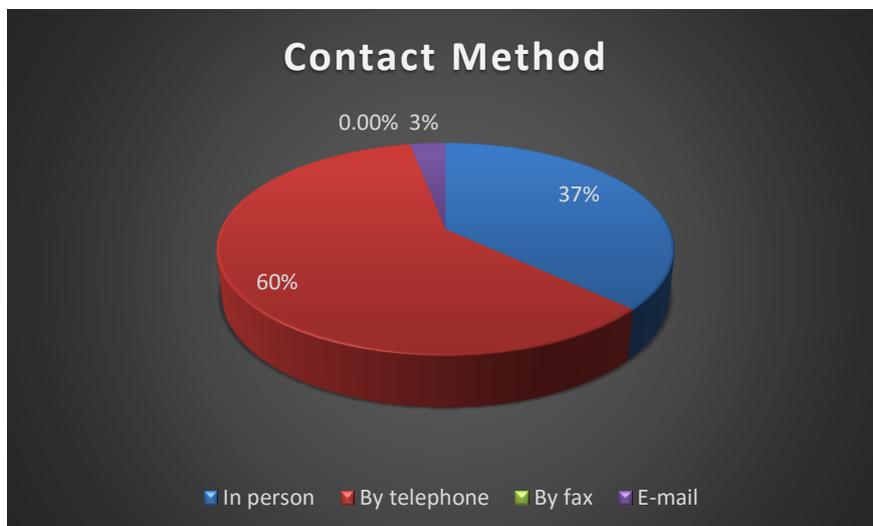


### 5.3.2.6 Contact method

	Number	%
In Person	28	37.3%
By Telephone	45	60%
By Fax	0	0.0%
E-mail	2	2.7%
<b>Total</b>	<b>75</b>	<b>100</b>

Question 6: Questionnaire : **Table 5.6: Contact method**

The most preferred contact method is the telephone ranking close to 60% followed by face-to-face contact (37.3%).



### 5.3.2.7 Response from Customer Services Representative (CSR)

	Number	%
2 minutes	39	52%
2 to 5 minutes	24	32%
5 to 10 minutes	4	5.3%
10 to 15 minutes	3	4%
15 to 20 minutes	4	5.3%
More than 20 minutes	1	1.3%
<b>Total</b>	<b>75</b>	<b>100</b>

Question 7: Questionnaire : **Table 5.7: Response from CSR**

Fifty two percent (52%) of the respondents reported that the response time of the customer services representative (CSR) was less than 2 minutes with 32% more than 2 minutes but less than five minutes. About 1.3% reported a response time of more than 20 minutes.

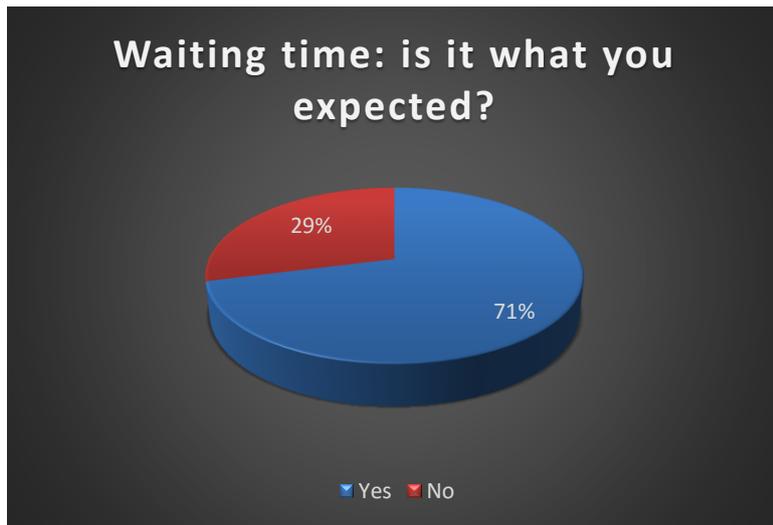


### 5.3.2.8 Waiting time: Is it what you expected?

	Number	%
Yes	53	70.7%
No	22	29.3%
<b>Total</b>	<b>75</b>	<b>100</b>

Question 8: Questionnaire : **Table 5.8: Waiting time expectation**

Most respondents (70.7%) expected to be served in less than 2 minutes. Close to 29.3% expected to have waited longer.

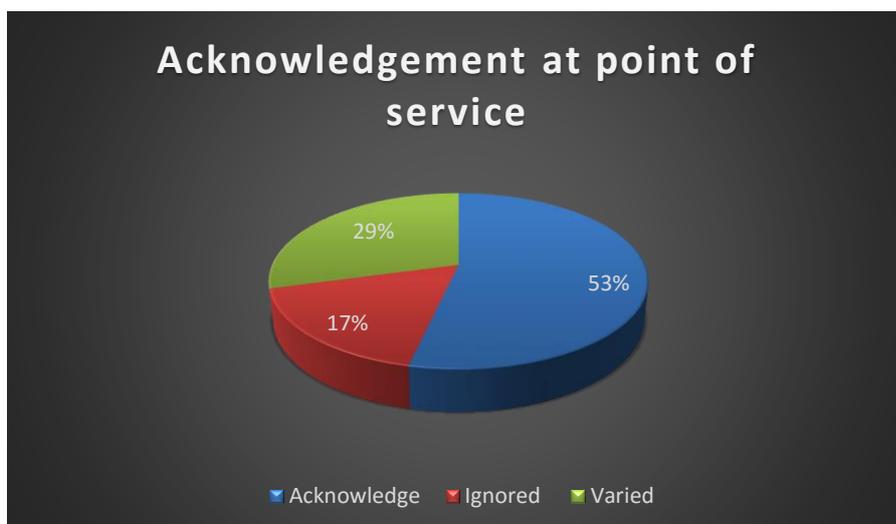


### 5.3.2.9 Acknowledgement of presence at the point of service

	Number	%
Acknowledged	40	53.3%
Ignored	13	17.3%
Varied	22	29.3%
<b>Total</b>	<b>75</b>	<b>100</b>

Question 9: Questionnaire : **Table 5.9: Acknowledgement of presence at the point of service**

More than 50% supported the fact that more and more personnel do acknowledge their presence at the point of service in no time at all. Around 17% said that personnel ignored them and were partially supported by the 29% who said that the situation varies each and every time and never is the same. Sometimes one is served in no time and in some instances, it takes ages.

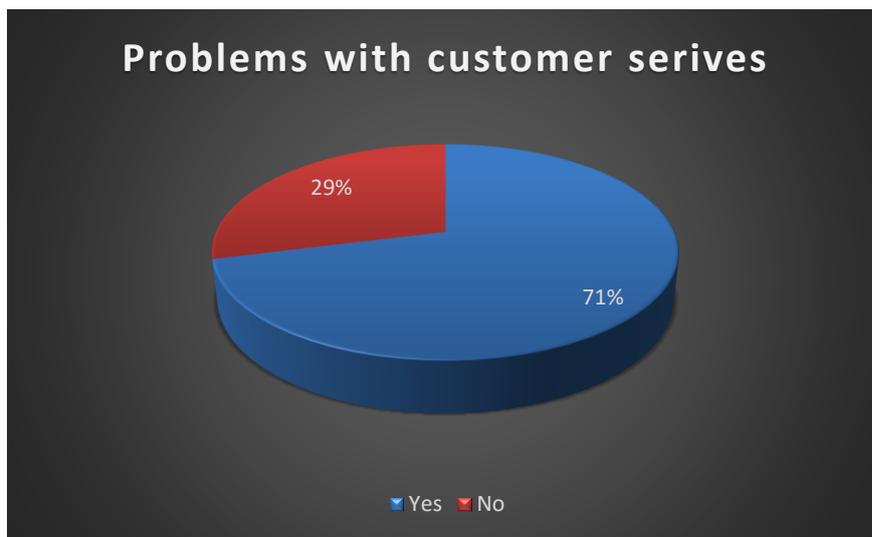


### 5.3.2.10 Problems with customer services

	Number	%
Yes	53	70.7%
No	22	29.3%
<b>Total</b>	<b>75</b>	<b>100</b>

Question 10: Questionnaire : **Table 5.10: Problems with customer services**

More than 70% of the members did experience problems with customer services before. The rest (29.3%) did not have any problem with customer services.

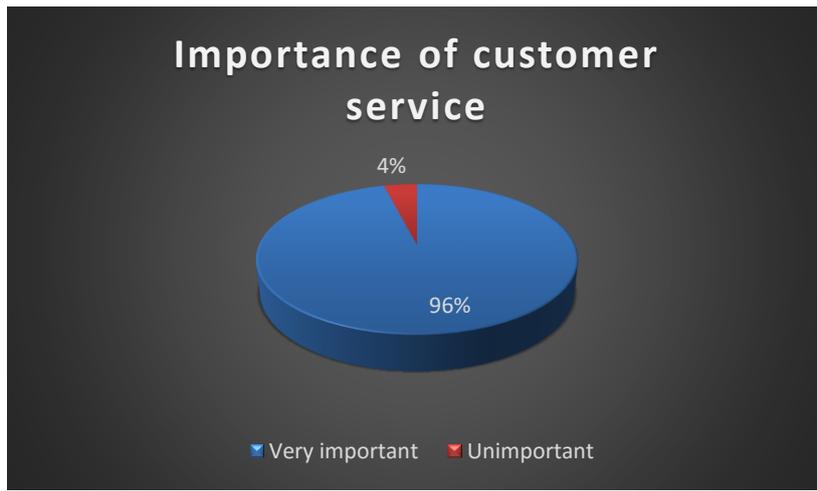


### 5.3.2.11 Importance of Customer Service

	Number	%
Very Important	72	96%
Unimportant	3	4%
<b>Total</b>	<b>75</b>	<b>100</b>

Question 11: Questionnaire : **Table 5.11: Importance of customer services**

Customer services to members are very important and this was reflected by the overwhelming response of 96%.



### **Summary of Part 2 of the survey**

The survey tested the opinions of the respondents on the ease and comfort to engage with the GIPF which is another good performance indicator. Members do contact the customer services for various reasons. They do not necessarily claim but it is normal for them to enquire on behalf of a claimant or to supply the Fund with relevant information. Members wanted mostly more information via telephone. It must be noted the pensioners were the major complainants against the ability of the CSRs. Customer services to members are viewed as very important and this was reflected by the overwhelming response of 96%.

The most pertinent challenges were mentioned as: too little engagement from GIPF, document verification process takes long, GIPF does not send out invoices or statements, GIPF nor being present in all town therefore members must travel long distances. Staff members of the GIPF is sometimes also not reachable.

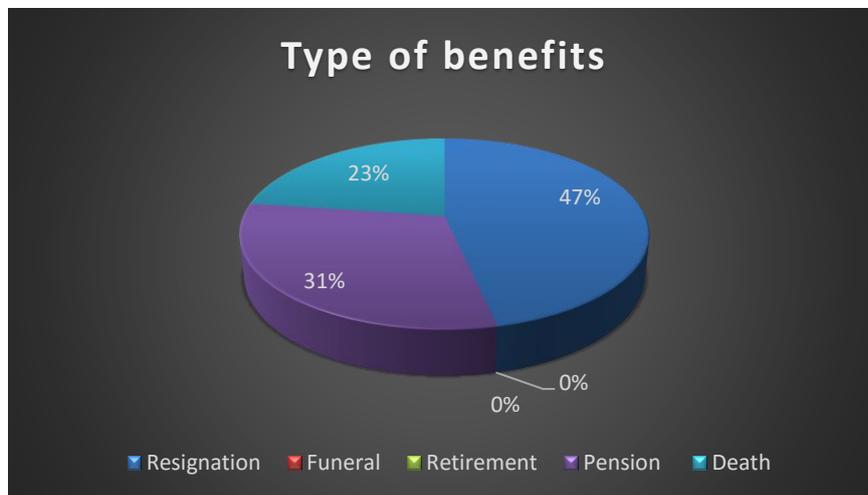
## **PART 3: PAYMENT OF BENEFITS**

### **5.3.2.12 Type of benefits**

	<b>Number</b>	<b>%</b>
Resignation	35	46.6%
Funeral	0	0.0%
Retirement	0	0.0%
Pension	23	30.6%
Death	17	22.6%
<b>Total</b>	<b>75</b>	<b>100</b>

Question 12: Questionnaire : **Table 5.12: Type of benefit received**

Pension benefit with 30.6% and resignation benefit with 46.6%.



### **5.3.2.13 Waiting period**

	<b>Number</b>	<b>%</b>
30 working days	36	48%
30 and 39 working days	11	14.6%
40 and 49 working days	9	12%
50 and 59 working days	9	12%
More than 60 working days	10	13.3%
<b>Total</b>	<b>75</b>	<b>100</b>

Question 13: Questionnaire : **Table 5.13: Waiting period for receipt of benefits**

The bulk of payments were paid out within 30 days (48%) and 13.3% after 60 working days.

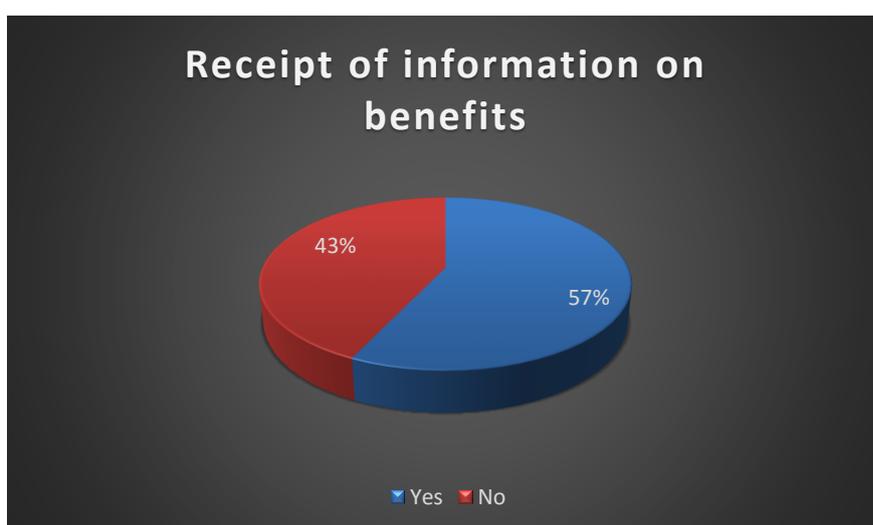


#### 5.3.2 14 Receipt of information on benefits

	Number	%
Yes	43	57.3%
No	32	42.6%
<b>Total</b>	<b>75</b>	<b>100</b>

Question 14: Questionnaire : **Table 5.14: Receipt of information on benefits**

It is alarming to note that a large number of members had not received information (42.6%). Fifty seven percent (57%) responded “yes”.

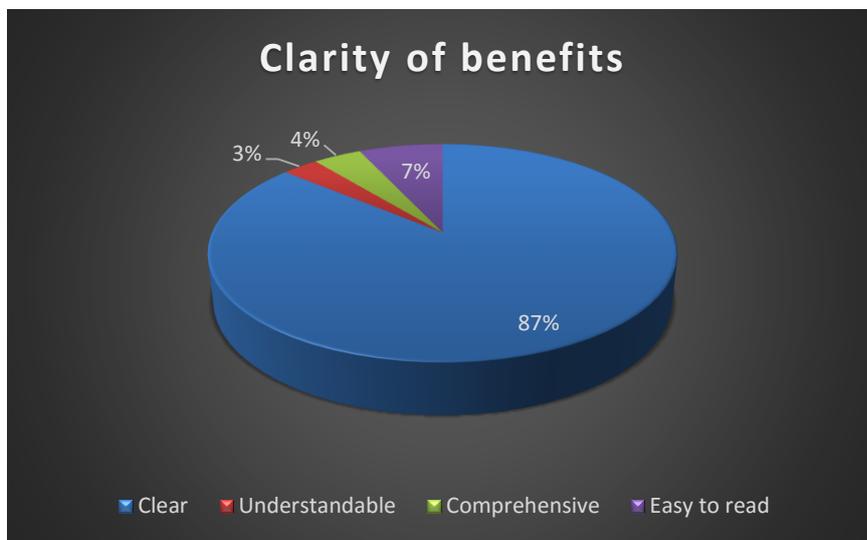


### 5.3.2.15 Clarity of benefits

	Number	%
Clear	65	86.6%
Understandable	2	2.6%
Comprehensive	3	4%
Easy to read	5	6.6%
<b>Total</b>	<b>75</b>	<b>100</b>

Question 15: Questionnaire : **Table 5.15: Clarity on benefits**

Ninety three percent (86.6%) of respondents consisting of members agreed that the information is clear followed by other respondents 2.6% and 4% where some said it was easy to read.



### Summary of Part 3 of the survey

From the sample more than 50% of the members receive a benefit from the GIPF with resignation topping the list with 46% followed by pension with 37%. The waiting period seemed reasonable but some of the pension claims took more than 30 days falling outside the current prescribed delivery period of 30 working days.

Respondents believed that correct benefits were paid out, not because of how it was calculated but because they felt they can trust the Fund to pay the correct benefit. Although 53% of the respondents received information, an alarming number did not receive any type of information. In general, the quality of the information was clear, understood, comprehensive and easy to read.

## **PART 4: MEMBER COMMUNICATIONS**

The following shows the quality of communication.

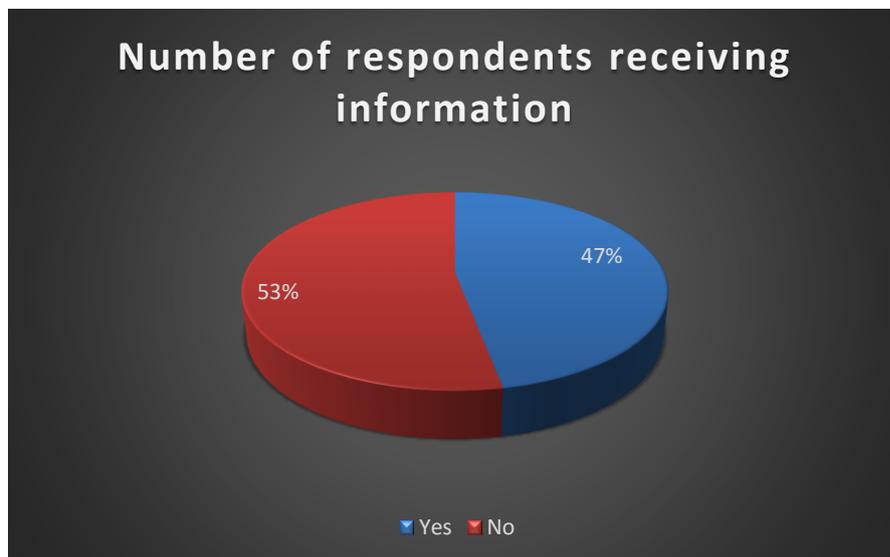
### **5.3.2.16 Number of respondents receiving information**

	<b>Number</b>	<b>%</b>
Yes	35	46.6%
No	40	53.3%
<b>Total</b>	<b>75</b>	<b>100</b>

Question 16: Questionnaire

**Table 5.16: Number of respondents receiving information**

Forty six percent (46.6%) of respondents received member information that is less than one-half.



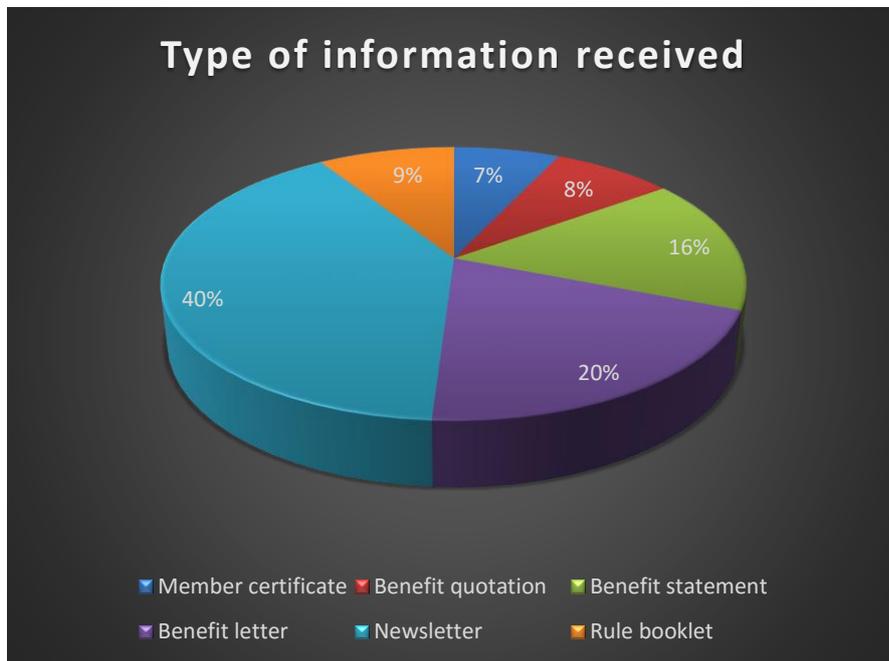
### **5.3.2.17 Type of information received**

	<b>Number</b>	<b>%</b>
Member Certificate	5	6.6%
Benefit Quotation	6	8%
Benefit statement	12	16%
Benefit letter	15	20%
Newsletter	30	40%
Rule Booklet	7	9.3%
<b>Total</b>	<b>75</b>	<b>100</b>

Question 17: Questionnaire

**Table 5.17: Type of the information received by respondents**

The most popular information type is the newsletter with 40% followed by the benefit letter (20%) and benefit statement (16%). Most of the members were recipients of such information.



### 5.3.2.18 Quality of information

	Number	%
Clear	45	60%
Understandable	6	8%
Timely	5	6.6%
Informative	7	9.3%
Easy to read	12	16%
<b>Total</b>	<b>75</b>	<b>100</b>

Question 18: Questionnaire

**Table 5.18: Understandable information**

Eighty percent (80%) reported that the information received is clear, understood it and said it was timeous.

### Summary of Part 4 of the survey

Only forty-six percent (46%) of the respondents received member's communication material, which is fewer than half of the total respondents. The most received communication is the newsletter. Overall the respondents reported that the member communication is clear, understandable, informative and easy to read.

## **PART 5: MANAGEMENT AND MAINTENANCE OF MEMBER INFORMATION**

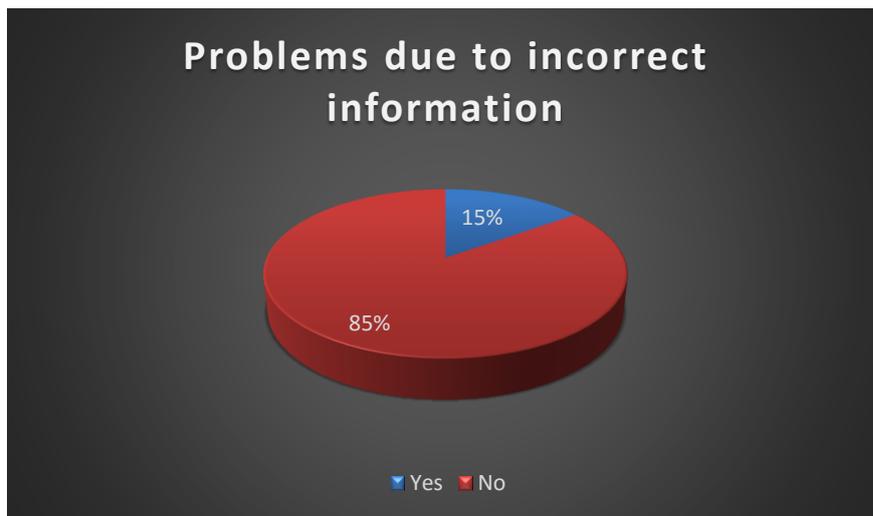
### **5.3.2.19 Problems due to incorrect of information**

	<b>Number</b>	<b>%</b>
Yes	11	14.6%
No	64	85.3%
<b>Total</b>	<b>75</b>	<b>100</b>

Question 19: Questionnaire

**Table 5.19: Problems due to incorrect member information**

Eighty five percent (85%) agreed that member information is correct.



### **Summary of Part 5 of the survey**

The majority of respondents did not experience any problems with incorrect member information. Generally, respondents were satisfied with the quality of the member information. Member's, however, were not too convinced whether it was well managed. The main reason was not knowing what the information was about and how exactly the information is managed. It appears that there is alack in providing sufficient information, i.e. Members of the fund do not receive statements as well as progress updates on their when transacting with GIPF regularly, the website is not known or not used by many and member feel that there is not sufficient information available about GIPF's services and benefits.

### **5.3.2.20 Customers' suggestions**

Many customers appealed for more branches especially within the areas where they live. Customers also requested more customer services representatives (CSRs) as well as speedy problem solving. Other requests were to revise operations and the training of personnel on how to treat customers.

### **5.3.2.21 Summary of open-ended questions**

The open-ended questions allowed for the respondents to say exactly what they experienced and what they wanted to see in place and operational at the GIPF.

Respondents provided much more explanatory information than the ranked and scaled responses from employees and management. These contrasted the other responses, highlighting much more problematic areas and provided suggestions that could be useful to implement. However, it was particularly disappointing to note that more than half of the respondents on average did not provide any feedback on the open-ended questions.

With regard to the question on the services expected from the GIPF, many respondents were vague in their expectations and others showed a lack of knowledge about what services are provided by GIPF. The biggest complaint about the quality of the CSRs was about general conduct including rudeness shown towards members and not providing decent responses to their queries.

As for the question on benefit payments, half of the respondents complained about benefits being delayed because of various system-related problems. An alarming complaint was the payment of benefits into the wrong bank account. The above data analysis provided results, based on the research methodology, on how the members perceived the service delivery of the GIPF. Moreover, these results were all based on evidence collected from the research.

## **5.4 Summary**

This chapter presented the main findings of the study. During the course of this chapter, relevant information was obtained and explained by means of descriptive statistics.

Relevant data were captured and provided in graphs and tabular format. Chapter 6 revisits the objectives, discusses the findings, and comes to final conclusions and make suggestions on areas of further research.

## **CHAPTER 6: SUMMARY, CONCLUSION AND RECOMMENDATIONS**

### **6.1 Introduction**

While research in the area of productivity and customer satisfaction in the public sector is continuing, very little research is being done in the area of service delivery and its competencies. The purpose of this study was to explore customer satisfaction within the framework of the GIPF. The question arises, “what do the results reveal and what impact do they have on the GIPF?” In other words, the question is about what is to be learned from the research and the subsequent results.

The main aim of the research should be to enhance awareness, engage with members of the fund, improve and maintain the level of satisfaction, attend to those issues of lower customer satisfaction that is prevailing and focus to meet its goals and overcome challenges.

This chapter describes the findings and includes recommendations. The findings of each service delivery area are discussed, and the scene is set for offering recommendations. Moreover, in this chapter, the objectives are re-visited, and it is indicated that all objectives were met. Petzer and Steyn (2006:281) warn “that service failure leads to a negative customer experience, which in turn results in an unfavourable perception of the organisation by the customer”.

### **6.2 Theoretical framework**

The main concepts that were the key focus of the study were productivity and performance measurement. These were defined in Chapter 2, which discussed customer satisfaction and gave an overview of the relevant definitions governing service delivery measurements. Legislative and policy frameworks in relation to the GIPF and customer satisfaction were discussed in detail in Chapter 3. Chapter 3 also sketched a historical background, the evolution of GIPF and the current strategic framework it operates in.

Moreover, it discussed the strengths and weaknesses of the Fund and the competitive environment in which the GIPF operates in. Frameworks that describe customer satisfaction were used as a basis for the empirical research in this study. Some of the factors in the different categories of the framework were such that they could influence some of the other factors instead of influencing customer satisfaction directly.

This was also an important part for the framework because the purpose of the framework was to showcase the influential factors for customer satisfaction. The GIPF was discussed in detail and this included the legislative mandate of the fund. The mission, vision and values of the fund, as well as the organisational structure and services rendered by the fund, were discussed.

### **6.3 Research objectives revisited**

The objectives of the study were:

**Objective 1:** The main objective of this study was to enable the GIPF to obtain feedback from its members/clients regarding service delivery and quality versus actual service delivery with the aim of using this information to improve service delivery or functions and for future strategic and operational planning. The researcher explored and analysed the views and perceptions of the current reality on the ground in terms of service delivery between the GIPF and the relevant stakeholders, who are the customers/members of the fund. There was, moreover, a need to understand the importance of customer care, customer value, and customer satisfaction service quality in the pension fund sector.

**Objective 2:** The secondary objective of this research was to identify crucial service elements that are integral to customer satisfaction in the public sector and suggest areas of improvement in supporting the public sector and identify research needed to help bridge the information gap in addressing problems relating to productivity and customer satisfaction in the public sector. It is hoped that the research will contribute to the body of knowledge in the field of marketing and customer services.

### **6.4 Research methodology**

Chapter 4 provides an overview of data gathering and analysis. A questionnaire written in English was used in the collection of data on members/customer of the GIPF. The questionnaire designed for the purpose of this assignment was easy to use and cost effective in respect of the research project. Four dimensions of the service delivery to GIPF's members were assessed. The questionnaire dealt with certain aspects of each of the four service delivery aspects. These four service delivery aspects were:

(a) customer services, (b) benefit payment, (c) member communication, and (d) the management and maintenance of member information and how these services measure up to the expectations of the GIPF membership.

The sample size was chosen after consultation with the supervisor of the customer care department. Data were collected from one sample; which is from a cross section of members of the Fund. Microsoft Excel was used to analyse data collected from interviews and questionnaires.

## **6.5 Research findings**

The research findings regarding the GIPF customer care services show that the Fund is making efforts to retain customer loyalty and satisfy them, which, to a large extent, supports the study's objectives. The customer service function is changing dramatically in many service businesses.

It is evolving from a purely reactive function to a responsive and even proactive function designed to enhance the organisation's competitive posture. On the other hand, members have a number of issues that they need the GIPF to address in addition to what they have already done. The members also have little knowledge of what the Fund has in store for them at their disposal. Ideas from both sides need to be reconciled for unity in solving problems.

The challenge for management is to integrate every aspect of customer service as part of a broader function that is, itself, integrated with marketing, operations, and human resources strategies. At all times the need to take a customer perspective is paramount as indicated as follows:

- The fund has to adopt a customer focused philosophy. This will compel its management to build processes around the needs of the customer to ensure effective service delivery;
- In adopting such a focus it follows a business re-engineering process should be initiated to test the current processes against the new philosophy;
- Periodic assessments must be performed to ascertain whether the Fund is maintaining the customer-focused philosophy;
- A thorough evaluation of current relationships with its partners is needed and should be evaluated to a much more strategic level. This includes financial institutions, social organisations and the employer.
- The Fund is not complying with its administrative duties, especially in the area of member communication or information and supplying of important instructional documents. Efforts should be made to address this unwanted situation sooner than later.

It is noted that some of these issues have been identified, but only at the surface, and should be analyzed in more depth;

- Technology will play a much more prominent role in the years to come. E-commerce and web-based communication should become a reality to accommodate those members who have access to these.
- The sorting and preparation of letters, as well as the printing of statements, should also be performed by high quality machines to reduce overheads, wastage and delivery times. This will enhance the competitive position of the GIPF.
- Research is at the heart of improving the current position of the GIPF. It makes sense that the problem should first be identified in all its facets before a solution can be administered. Knowledge of the operations of the Fund, the profiles of the members, their wants and needs and the interface with other stakeholders is important.

The findings are based on the actual research conducted, which indicated mixed results. In some service delivery aspects, the GIPF performed well, although in others it was merely average or poor. Thus, the recommendations made could be used to improve the current situation.

## **6.6 Recommendation**

### **6.6.1 A new philosophy**

The GIPF is part of the service industry; and, the sooner this reality is accepted and assimilated the better the chances of improving overall service delivery to members. At the heart of the service organisation is the customer/member with whom Baran, (2008:474) maintains the organisation has to be familiar in order to provide the best possible service. Moreover, the organisation must know the needs and expectations of the members and the problems and frustrations they experience. The regulatory framework directs what type of information and how it must be delivered to the member; and, as the findings show, the GIPF is lacking in some of these areas. As an organisation, the GIPF is not achieving one of its key objectives of providing excellent benefits administration services to its members.

The emphasis placed on efficiency has increased as is evident by the office of the labour commissioner declaring that government will be challenged to provide more and better services in the public sector.

Improved service delivery, better dialogue with members and the communities are but some of the challenges facing the public sector. Government departments themselves must establish networking and collaborative processes, which will take over the role of supporting the public sector to become efficient.

With respect to customer value in terms of efficiency and efficacy (effectiveness), customers tend to value the speed of service especially when claiming benefits.

However, GIPF processes of admissions and processing of benefit claims show that there are manual processes and duplication of activities that slow down processes and increase waiting times thereby making the system to slow. In this respect, GIPF lags behind technology as competitor organisations such as Old Mutual Orion process electronically with few stages involved and Momentum process online.

## **6.7 Specific recommendations**

Specific recommendations based on the findings are as follows:

### **6.7.1 Customer services**

If most members have access to a telephone, then the GIPF must anticipate high volumes of telephone calls and satisfy that anticipated demand.

The procurement and introduction of a high-quality telephone management system, therefore, becomes imperative. Benefits are three fold: (a) it will enable the GIPF to accommodate more calls; (b) it will improve the response time of the operators and customer services representative (CSR); and (c) it will assist with analysis, such as the number per calls per day, the numbers of calls from a certain destination, and how many calls from a specific destination. Management must use these analyses to improve this particular aspect of service delivery. The overall benefit will be that the GIPF will start to know its members, which is not the case at this stage. To achieve this objective, the GIPF will have to invest. The cost of this will be the price of a new telephone management system, documentation, management's time and adequate training for telephone operators to answer the queries successfully. Concerted efforts should be made to reduce the number of calls. The analysis suggests that many calls result from a need for more information and delay in the payment of a benefit. This could be addressed by looking at the following factors:

**a) Research the need for more information**

Operators and CSRs must be trained to record the reasons for calls. These reports must be forwarded to management on a periodic basis for analysis and implementation. Training, cost, documentation and time will be incurred.

**b) Proactive information provision and sharing**

The first step would be to fully inform the member at the date of admission to the GIPF exactly what the conditions are and what is to be expected. Once the member is armed with such information, there should be no need to call until the change is made.

The GIPF must be proactive and responsible that when a change is made it is fully explained to the membership. If this is not feasible, a member who wants to resign or retire must be identified early in the claim process. The member must be thoroughly informed about what is awaiting him or her. This will include amongst others, the investment options, the manner in which the benefit will be paid and the waiting period. Extra human resources, which may be on a project basis, will be needed in addition to incidentals such as refreshments. The vision and mission of the Fund must be actively employed to motivate and convince management and staff to align themselves to characteristics, such as friendliness, honesty, respect and being perceptive with regard to answering customer queries. Investment of management's time is needed. A separate research or survey must be conducted with all active members to establish why they have rated the overall customer's services as poor despite rating the individual aspects thereof as average to excellent.

Consultancy fees for a consultant will be incurred. The GIPF should also consider introducing feedback sessions where staff and members alike could voice their opinions. Periodic assessment of the GIPF's performance against expectations is also advisable to prevent it from becoming outdated and isolated. The GIPF must communicate regularly to the members for them to understand its function vis-à-vis the member. The cost of printing literature will be incurred.

**6.7.2 Payment of benefits**

It is the member's right to know what his or her benefit is and not to speculate about it. Therefore, members must be educated on the general principles of pension provision and on how to calculate a benefit.

It is suggested that such training be implemented through a training programme plan specifically focusing on on-site member education taking institutions one by one. This could be outsourced. Training material will be required. Unambiguous standards must be established to guide the delivery of service as well as to keep the GIPF accountable for poor service rendered. It should be cautioned that processes must be aligned to these standards to ensure compliance. If any other consideration is made, it will defeat the establishment of standards. Consultancy fees will be incurred.

It is also recommended that pensioners be treated separately and exclusively. The needs for pensioners must be determined to ensure effective service delivery to them. Such a needs analysis must be in the format and language of the instructional documentation. It must be investigated why members are complaining that they do not receive important documentation. This ties in with the recommendation made for customer services.

### **6.7.3 Member communication**

A focused communication strategy is vital. Member information should be relevant and address the needs of the membership. An effective communication strategy should be built by: (1) understanding the needs of the GIPF through research; (2) having proper knowledge of the members through research; (3) cost effectiveness; and (4) focusing on simplicity and speed.

Research will be pivotal in such a strategy, since the GIPF does not know the members and what their needs are. It will indicate the members' location, who should receive information, what type of information, how and when they should receive it. A practical way could be by the distribution of newsletters and benefit statements. Another way is for the regional advisor to identify pensioners and then provide the details to government institutions and other statutory institutions, who will distribute the information further. Management's time and/or consultancy fees will be necessary.

### **6.7.4 Management and maintenance of member information**

Although the respondents did not experience major problems with incorrect information, there is a concern that it might not be correct and updated, therefore resulting in incorrect benefits. The updating of member information must occur periodically; and, there should be a data control section to manage the process. The cost of relevant software will be incurred.

All these recommendations reflect on the most important factors to customers which are as follows:

- Time factor
- Treatment of people as part of the product
- Customer involvement
- Nature of interaction.

### **6.8 Customer engagement**

Customer engagement is the emotional connection between a customer and a brand. Providing a high-quality customer experience is an important component in your customer engagement strategy. Providing a long-term customer engagement by building and developing trust enhances a higher level of satisfaction and connection. Below are some of the benefits that emphasizes the importance of customer engagement:

- Understand customer needs and expectations
- Discover factors that encourages customer involvement
- Identify “at risk” customers and implement measures to prevent customer dissatisfaction
- Enhance brand loyalty and company reputation

### **6.9 Communication channels**

Despite the fact that GIPF does not need to promote itself in a classic term, it is still important to create awareness about its services, strategies and future amongst its customers which are the members of the fund and general stakeholders. GIPF members cannot choose whether they want to be customers of the GIPF or not. Therefore, the GIPF must evaluate communication channel mix that is most appropriate for its objective and target audience of the message.

### **6.10 Complaint and handling procedure**

It is suggested that the GIPF adopt a formal and structured complaint and enquiry handling procedure. Complaints can offer an opportunity to correct immediate problems and restore goodwill. In addition, it provides constructive ideas for improving services, adapt market practices, upgrading services and modify communication processes. However, management must be committed to the process and successful complaint resolution and to the optimum use of complaints as a management tool.

The following guidelines for the complaint and enquiry handling procedure is recommended:

- Develop a system for record keeping
- Process and record complaint
- Acknowledge complaints
- Investigate and acknowledge complaints
- Resolve the problem in a manner consistent with organisational policy
- Prepare and file a report on the disposition of the complaint, analyse and summarise complaints

### **6.11 Suggestions for further research**

From the above summarised finding, some actionable issues are suggested and listed below.

The GIPF must:

- Continue with the current member education with the purpose of enhancing knowledge base of the members
- Involve employees of the GIPF to assess why one third of the respondents have rated GIPF's service delivery negatively
- Do a customer mapping with the purpose to define ways and methods to communicate
- Develop an engagement and communication strategy
- Management should allocate time for making contact with major customers
- Develop a monitoring and evaluation tool
- Develop action plans
- Align service levels at all regional offices
- Develop a framework for sending out statements at regular intervals
- Promote website as an ideal tool to share information.

Furthermore, a customer satisfaction survey should be carried out as a follow up of the competitiveness of GIPF in terms of products and services. The survey should be done in order to find out whether GIPF is a leading player in delivering its service to the customer, which might make it more competitive in most aspects of its business. The rationale of this survey would be to see whether GIPF's products and services are a choice to the actual customers in terms of meeting their needs.

## 6.12 Conclusion

The main aim of the study was to analyse current customer satisfaction of the GIPF through interviews with its customers. Seventy-five respondents answered the survey and the results were analysed and presented as figures. The research also looked at different ways to measure and analyse customer satisfaction, which involved SERVQUAL measurements and the five gaps. The SERVQUAL measurements are proven theories that have a strong correlation to customer satisfaction and can be used to analyse pension funds (Roberts-Phelp, 2001:110). When setting out service standards, it is important to develop a culture of customer service excellence. This will help to define what a customer can expect and to remind management and the employees of the challenges and obligations they must be committed to. A set of service standards must clearly set out the purpose and priorities of the organisation which is set out as follows:

- Tell the customer how to comment or complain or compliment
- Make clear how customers can contact an organisation and get more information
- Make sure the information is accessible and easy to understand
- Explain to the customer about improvement plans
- Assure customers that they will receive a fair service
- If there is any relevant legislation, the customer must be informed.

The findings concluded that the GIPF is the market leader in the pension industry in Namibia in terms of active membership. Furthermore it was also concluded that the GIPF has more to offer to its customers/clients in comparison to other players in the Namibian pension industry. It is hoped that the findings of this study will make an important contribution to theory in the field of marketing, communications and customer services and the development of training programs and policy formulation in the various ministries responsible for the promotion of customer service charter and satisfaction in the public sector. Future research might open new avenues in this important area.

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## APPENDIX A: APPROVAL TO CONDUCT THE STUDY

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25 August 2018

**REF: KURTZ 18116892**

Dr Barbette Rabie  
MPA Programme Head  
University of Stellenbosch  
School of Public Leadership  
P.O B0x 610  
Bellville, South Africa

Madam,

### **LETTER OF AUTHORIZATION TO CONDUCT RESEARCH ON GOVERNMENT INSTITUTION PENSION FUND NAMIBIA**

This letter will serve as authorization of Ms Erna Irene Simeon-Kurtz to conduct the research project entitled "**IMPLEMENTATION OF CUSTOMER CARE SERVICE IN THE PUBLIC SECTOR – A STUDY OF THE GOVERNMENT INSTITUTION PENSION FUND IN NAMIBIA**"

Upon a review of the letter sent to us by your institution, we are glad to offer you an opportunity to conduct the same study in our organisation. All interviews, filed surveys, observations around the organisation and the distribution of questionnaires are approved and will be duly supervised by the Operations and Customer services department.

If you have any concerns or require additional information, feel free to contact the organisation.

Thank you.

Yours faithfully,

A handwritten signature in black ink, appearing to read "Elvis Nashilongo".

Elvis Nashilongo

**GENERAL MANAGER: OPERATIONS**

## APPENDIX B: INTERVIEW QUESTIONNAIRE



UNIVERSITEIT • STELLENBOSCH • UNIVERSITY

**UNIVERSITY OF STELLENBOSCH  
SCHOOL OF PUBLIC LEADERSHIP  
QUESTIONNAIRE FOR CUSTOMER CARE SERVICES IN THE GOVERNMENT INSTITUTIONS  
PENSION FUND (GIPF)**

**QUESTIONNAIRE FOR MEMBERS- MASTER'S STUDIES**

### DEAR RESPONDENT

I am inviting you to participate in my survey on the implementation of Customer Care Services in the Government Institutions Pension Fund (GIPF). It will take approximately 15 minutes to complete the questionnaire. Your participation in this survey is completely voluntary. There is no expected risk associated with this project. It is very important for me to learn your opinions. Your responses will be **STRICTLY CONFIDENTIAL** and data from this research will be reported only for academic purposes.

Please feel free to contact the researcher or the supervisor in cases of any enquiries.

**Researcher:** Ms. Erna Irene Kurtz, Tel +264 64 530026/36, Cell: +264 811288150 or by email: [irene@engenusakos.com](mailto:irene@engenusakos.com).

**Supervisor:** Mrs. Junay Lange, Tel +27 21 808, Cell: +27 82 435 2479 or by email: [Junay.Lange@spl.sun.ac.za](mailto:Junay.Lange@spl.sun.ac.za)

### Instructions for completion

1. Please read the questions and instructions to answer them carefully.
2. Please answer the questions as objectively and honestly as possible
3. Please answer based on your own experience as much as possible
4. Please mark the option which reflects your answer the most accurately by marking an (X) in the space provided
5. Where asked for comments or to express own opinion, keep answers short and to the point
6. Please answer all the questions as this will provide more information to the researcher so that an accurate analysis and interpretation of data can be made.
7. The interviewee will assist you with the completion of the questionnaire.

**RESPONDENT NR:**

**CUSTOMER CARE SERVICES  
QUESTIONNAIRE**

**Venue:** .....

**Interviewee:** .....

**Time interview begins:** .....

**Time Interview ends:** .....

**PART 1: PERSONAL DEMOGRAPHIC INFORMATION**

**1. Your Gender (Sex)**

- Male [ ]
- Female [ ]

**2. Age Group**

- 21-30 [ ]
- 31-40 [ ]
- 41-50 [ ]
- 51-60 [ ]
- 61 and older [ ]

**3. Qualifications: What is the highest educational level you have attained?**

- Grade 12 or lower [ ]
- Higher diploma/certificate [ ]
- Bachelor's degree [ ]
- Post graduate degree [ ]
- No schooling [ ]
- Other [ ]

**4. Years in Service: How long have you been a member of the Fund?**

- Less than a year in services [ ]
- 1-10 years [ ]
- 11-20 years [ ]
- 21-30 years [ ]
- 31-40 years [ ]
- More than 40 years [ ]

## **PART 2: CUSTOMER SERVICES**

### **5. What are the reasons for contacting customer services?**

- Delay in benefit payment [ ]
- Non-payment of benefits [ ]
- Did not receive an important document [ ]
- Wanted more information [ ]
- To supply important information [ ]
- Other (please specify) [ ]

-----

### **6. How did you make contact with Customer services?**

- In Person [ ]
- By telephone [ ]
- By fax [ ]
- By E-mail [ ]

### **7. How long did you wait to speak to a customer service representative?**

- 2 to 5 minutes [ ]
- 5 to 10 minutes [ ]
- 10 to 15 minutes [ ]
- 15 to 20 minutes [ ]
- More than 20 minutes [ ]

### **8. Waiting time: Is that what you expected?**

- Yes [ ]
- No [ ]

### **9. Does the staff acknowledge your presence the minute that you are at the point of service?**

- Acknowledge [ ]
- Ignores [ ]
- It varies [ ]

### **10. Have you ever experience problems with customer services?**

- Yes [ ]
- No [ ]

### **11. How important is customer service to you?**

- Very important [ ]
- Unimportant [ ]

### **PART 3: PAYMENT OF BENEFITS**

**12. What type of payment benefit have you received from GIPF?**

- Resignation [ ]
- Funeral [ ]
- Retirement [ ]
- Death [ ]
- Disability [ ]
- Ill-health [ ]

**13. How long did you wait for the benefit to be paid?**

- 30 working days [ ]
- Between 30 and 39 working days [ ]
- Between 40 and 49 working days [ ]
- Between 50 and 59 working days [ ]
- More than 60 days [ ]
- More than two years [ ]
- More than five years [ ]

**14. Did you receive any written information and explanation regarding your benefit?**

- Yes [ ]
- No [ ]

**15. How would you rate the information provided?**

- Clear [ ]
- Understandable [ ]
- Comprehensive [ ]
- Easy to read [ ]

### **PART 4: MEMBER COMMUNICATION**

**16. Have you at any time received information from the GIPF?**

- Yes [ ]
- No [ ]

**17. If yes, please indicate what information you received from the GIPF?**

- Benefit Statement [ ]

- Benefit letter [ ]
- Newsletter [ ]
- Rule booklet [ ]
- Nomination form [ ]

**18. How would you describe the information?**

- Clear [ ]
- Understandable [ ]
- Timely [ ]
- Informative [ ]
- Easy to read [ ]

**PART 5: MANAGEMENT AND MAINTENANCE OF MEMBER INFORMATION**

**19. Did you have any problems with incorrect information regarding your personal details at the GIPF?**

- Yes [ ]
- No [ ]
- If yes, please specify the type of problem:

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**20. What suggestions would you offer GIPF for it to improve its customer care service?**

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*Thank you for your co-operation. Please indicate if you would be interested in receiving a copy of the finalized research work for future use and reference work.*