

# University of Fort Hare

*Together in Excellence*

**THE IMPACT OF RELATIONSHIP QUALITY AND SERVICE QUALITY ON  
LOYALTY: A COMPARATIVE STUDY OF GERMAN AND SOUTH AFRICAN  
GENERATION Y CONSUMERS IN THE MOBILE PHONE MARKET.**

**BY**

**TRACEY CHIUJU**

**200909594**

**A DISSERTATION SUBMITTED IN FULFILMENT OF THE  
REQUIREMENTS FOR MASTER'S DEGREE IN BUSINESS MANAGEMENT IN  
THE FACULTY OF MANAGEMENT AND COMMERCE**



**AT THE UNIVERSITY OF FORT HARE**  
*University of Fort Hare*  
*Together in Excellence*

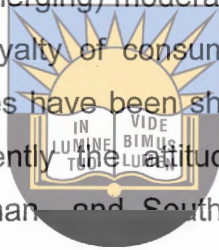
**SUPERVISOR: PROFESSOR R. ELLIOTT**

**JANUARY 2016**

## ABSTRACT

Technology based industries have been an important driver of world commercial growth, in both developed and emerging economies. In particular the mobile phone market is an important technology based industry but service providers can no longer rely on innovative technological developments alone as a way of building a sustainable business and are increasingly focusing on delivering quality services and building relationships as a way of attracting and retaining customers. However given that most service providers are multi-nationals, implementing an effective and cohesive global marketing strategy is proving challenging.

There is some conjecture about the extent to which the cultural differences between nations (particularly developed and emerging) moderate the influence of relationship quality and service quality on the loyalty of consumers, particularly the younger generation of consumers whose values have been shaped by globalisation and the influence of the Internet. Consequently the attitudes and perceptions of 447 Generation Y consumers from Germany and South Africa were analysed using Structural Equation modelling and t-tests.



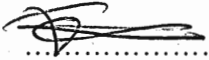
University of Fort Hare

*Together in Excellence*

The findings showed that cultural differences between German and South African Generation Y customers exist in respect of certain of Hofstede's cultural dimensions. However, these differences did not translate into any significant finding in respect of culture moderating the influence of relationship quality and service quality on loyalty. In addition while the study found that *Relationship quality* had a significant influence on *Loyalty*, not such relationship existed between *Service quality* and *Loyalty* although there was a significant relationship between *Relationship quality* and *Service quality*.

## DECLARATION

I, the undersigned, **Tracey Chiuyu** hereby declare that this dissertation with the topic, the impact of *Relationship quality* and *Service quality* on *Loyalty*: A comparative study of German and South African Generation Y consumers in the mobile phone market. A comparison between South African and Germany consumers is my own original works. The contents (words, figures and thoughts) of this dissertation are my own. Where I have made use of ideas or sentences of other people, acknowledgement was given by means of referencing the source in text and in the reference list. This dissertation will not be presented at any University for a similar or any other degree award.



SIGNATURE

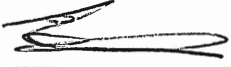
22-04-2016

DATE

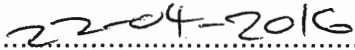
University of Fort Hare  
*Together in Excellence*

## PLAGIARISM DECLARATION

I, **Tracey Chiuyu** student number 200909594, hereby declare that I am fully aware of the University of Fort Hare's policy on plagiarism and I have taken every precaution to comply with the regulations.



SIGNATURE



DATE



University of Fort Hare  
*Together in Excellence*

## ETHICAL CLEARANCE DECLARATION

I, **Tracey Chiuyu** student number 2009095942 hereby declare that I am fully aware of the University of Fort Hare's policy on research ethics and I have taken every precaution to comply with the regulations. I have obtained an ethical clearance certificate from the University of Fort Hare's Research Ethics Committee and my reference number is, ELL401SHCI01.

*Chiuyu*

SIGNATURE

*18/04/2016*

DATE



University of Fort Hare  
*Together in Excellence*

## ACKNOWLEDGEMENTS

Indeed, it has been not an easy journey but my greatest gratitude goes to my supervisor Professor Roger Elliott. It is because of his patience, mentorship, support and guidance that I have seen the completion of this project. I also want to extend my gratitude to the following people:

- My friends you have done much through your words of encouragement in the most difficult times.
- Christ Seed of Hope (CSH) you are a family to me and all of you have made a very significant role in my life. Love, care and prayer I learnt from you.
- Above all, glory and honour be to the Lord God who loves me so much and has shown me mercies in difficult times. You are faithful always.



University of Fort Hare  
*Together in Excellence*

## DEDICATION

I dedicate this work to my family. Thank you for your love and support.



University of Fort Hare  
*Together in Excellence*

## LIST OF TABLES

Table 5. 1: Items used to measure Trust	108
Table 5. 2: Items used to measure Relationship satisfaction	109
Table 5. 3: Items used to measure Affective conflict	109
Table 5. 4: Items used to measure Commitment	110
Table 5. 5: Items used to measure Reliability	112
Table 5. 6: Items used to measure Tangibility	112
Table 5. 7: Items used to measure Assurance	113
Table 5. 8: Items used to measure Empathy	114
Table 5. 9: Items used to measure Performance of employees	114
Table 5. 10: Items used to measure Loyalty	115
Table 5. 11: Items used to measure Egalitarianism/Collectivism	116
Table 5. 12: Items used to measure Uncertainty avoidance	117
Table 5. 13: Items used to measure Power distance	118
Table 6. 1: Response rate	128
Table 6. 2: Demographic profile of respondents	129
Table 6. 3: Mobile network period of usage	130
Table 6. 4: Factor structure for the relationship quality construct	132
Table 6. 5: Satisfaction	133
Table 6. 6: Affective conflict	134
Table 6. 7: Commitment	134
Table 6. 8: Trust	135
Table 6. 9: Factor structure for the service quality construct	136



**University of Fort Hare**

Edgewood College

Table 6. 10: Conviction	138
Table 6. 11: Tangibility	139
Table 6. 12: Empathy	139
Table 6. 13: Reliability	140
Table 6. 14: Dependent variable (loyalty)	141
Table 6. 15: Factor structure for the dimension of culture	142
Table 6. 16: Collectivism	143
Table 6. 17: Power distance	143
Table 6. 18: Uncertainty avoidance	144
Table 6.19: Regression weights for the combined structural model	146
Table 6. 20: Regression weights for the South African and Germany structural model	148
Table 6. 21: Structural Equation Modelling	149
Table 6. 22: Descriptive statistics associate with Hofstede's cultural dimensions for generation Y customer	150
Table 6. 23: Levene's test for Equality and t-test equality of means	151
Table 7. 1: Hypotheses and results	157



**University of Fort Hare**  
*Together in Excellence*

## LIST OF FIGURES

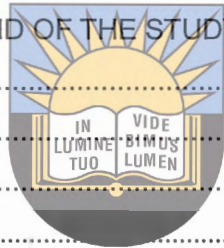
Figure 1. 1: Research frame work	10
Figure 3. 1: The technical and functional model	53
Figure 3. 2: Gap analysis model	55
Figure 4. 1 Proposed hypothesised model	83
Figure 5. 1: Questionnaire design process	103
Figure 6. 1: Second order measurement model	145
Figure 6. 2: Structural model	146



University of Fort Hare  
*Together in Excellence*

# TABLE OF CONTENTS

ABSTRACT.....	ii
DECLARATION .....	iii
PLAGIARISM DECLARATION.....	iv
ETHICAL CLEARANCE DECLARATION.....	v
ACKNOWLEDGEMENTS .....	vi
DEDICATION.....	vii
LIST OF TABLES.....	viii
LIST OF FIGURES .....	x
CHAPTER ONE: INTRODUCTION, PROBLEM STATEMENT AND DEMARCATION OF THE STUDY .....	1
1. 1 INTRODUCTION AND BACKGROUND OF THE STUDY.....	1
1. 2 PROBLEM STATEMENT .....	4
1. 3 PURPOSE OF THE STUDY .....	5
1. 4 DEFINITION OF TERMS .....	5
1. 4.1 Generation Y customers .....	5
1. 4. 2 Relationship marketing.....	6
1. 4.3 Relationship quality.....	6
1. 4. 4 Service quality .....	6
1. 4. 5 Loyalty.....	7
1. 4. 6 Culture .....	8
1. 4. 7 Developed economies.....	8
1. 4. 8 Emerging economies.....	8
1. 5 Objectives of the study.....	8
1. 5. 1 Primary objective.....	9
1. 5. 2 Secondary objectives .....	9
1. 6 HYPOTHESES FORMULATION.....	9
1. 7 SIGNIFICANCE OF THE STUDY.....	12
1. 7. 1 Theoretical level .....	13
1. 7. 2 Practical level.....	13
1. 8 THEORETICAL FRAME WORK.....	13
1. 9 HOFSTEDE’S THEORY OF NATIONAL CULTURE .....	14
1. 10 RESEARCH DESIGN AND METHODOLOGY .....	14
1. 10. 1 Secondary research .....	14
1. 10. 2 Primary research.....	15



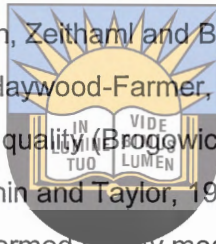
**University of Fort Hare**  
*Together in Excellence*

1. 10. 2. 1 Research design.....	15
1. 10. 2. 2 Research scope and sample size.....	15
1. 10. 2. 3 Sampling method.....	16
1. 10. 2. 4 Measures of research variables.....	16
1. 10. 2. 5 Reliability and validity of measuring instrument.....	16
1. 10. 2. 6 Data analysis.....	16
1. 11 ETHICAL CONSIDERATIONS.....	17
1. 12 SCOPE AND DEMARCATIONS OF THE STUDY.....	18
1. 13 OUTLINE OF RESEARCH STUDY.....	18
CHAPTER TWO: CULTURE.....	20
2. INTRODUCTION.....	20
2. 1 DEFINING CULTURE.....	21
2. 2 SUB-CULTURE.....	22
2. 2.1 Race and ethnicity sub-cultures.....	23
2. 2. 1. 1 Ethnicity.....	23
2. 1. 1. 1 Race.....	23
2. 2. 1. 1 Age sub-culture.....	24
2. 2. 1. 2. 1 Seniors (above 65).....	24
2. 2. 1. 2. 2 Baby Boomers (born 1946-1964).....	25
2. 2. 1. 2. 3 Generation X (born 1965-1980).....	25
2. 2.1. 2. 4 Generation Y (1981-2000).....	26
2. 3 CULTURAL DYNAMISM.....	27
2. 3. 1 Divergence of culture.....	27
2. 3. 2 Convergence of culture.....	28
2. 4 THEORIES OF CULTURE.....	29
2. 4. 1 Hofstede's theory of national culture.....	29
2. 4. 1. 2. Validity of Hofstede's (1980) theory and dimensions.....	36
2. 4. 2 Hall's theory.....	37
2. 4. 3 Trompenaars and Hampden-Turner theory of culture.....	38
2. 4. 4 House et al.'s Project GLOBE (2004).....	40
2. 5 THE INFLUENCE OF CULTURE ON CONSUMER BEHAVIOUR.....	41
2. 6 CULTURAL DIFFERENCE BETWEEN EMERGING AND DEVELOPED ECONOMIES.....	44
2. 7 CONCLUSION.....	46
CHAPTER THREE: SERVICE QUALITY AND RELATIONSHIP QUALITY.....	47



**University of Fort Hare**  
*Together in Excellence*

3. 1 INTRODUCTION.....	47
3. 2 SERVICES.....	48
3. 2. 2 Inseparability.....	49
3. 2. 3 Perishability.....	49
3. 2. 4 Heterogeneity .....	49
3. 3 QUALITY.....	50
3. 3. 1 The difference between quality of a good and a service. ....	50
3. 4 SERVICE QUALITY .....	50
3. 4. 1 Defining service quality .....	51
3. 4. 2 Service quality models .....	52
3. 4. 2. 1 Technical and functional quality model (Grönroos 1984).....	52
3. 4. 2. 2 The GAP model (Parasuraman, Zeithaml and Berry, 1985).....	53
3. 4. 4 Attribute service quality model (Haywood-Farmer, 1988) .....	55
3. 4. 2. 3 Synthesised model of Service quality (Brogowicz et al., 1990).....	56
3. 4. 2. 4 Performance only model (Cronin and Taylor, 1992) .....	56
3. 4. 2. 5 Evaluated performance and normed quality model (Teas, 1993).....	57
3. 4. 3 Measures of service quality.....	57
3. 4. 3. 1 SERVQUAL model .....	58
3. 4. 3. 1. 4 The dimension of empathy .....	59
3. 4. 3. 2 SERVPERF model (Cronin and Taylor, 1992).....	60
3. 4. 3. 6 Disconfirmation (SERVQUAL) versus Performance-only (SERVPERF) measurement.....	62
3. 4. 4 The importance of service quality .....	63
3. 4. 5 Service quality in the mobile phone industry.....	63
3. 5 THE CELL PHONE/ MOBILE PHONE INDUSTRY .....	65
3. 6 THE RELATIONSHIP MARKETING CONCEPT.....	67
3. 6. 1 Relationship marketing defined .....	67
3. 6. 2 Relationship marketing as a marketing strategy. ....	67
3. 6. 3 Relationship marketing tactics .....	69
3. 6. 3. 1 Loyalty Programs.....	69
3. 6. 3. 2 Price perception .....	70
3. 6. 3. 3 Brand reputation/image .....	70
3. 6. 3. 4 Service quality.....	71
3. 7 A RELATIONSHIP IN THE SERVICE ENVIRONMENT .....	71
3.8 RELATIONSHIP QUALITY.....	72



University of Fort Hare  
*Together in Excellence*

3.8.1 Trust .....	73
3. 8. 1. 2 Commitment .....	74
3. 8. 1. 3 Affective conflict .....	74
3. 8. 1. 4 Satisfaction .....	74
3. 9 LOYALTY .....	75
3. 10 SERVICE QUALITY AND LOYALTY .....	75
3.11 SERVICE QUALITY AND RELATIONSHIP QUALITY .....	76
3. 12 RELATIONSHIP QUALITY AND LOYALTY .....	77
3. 13 AN EXAMINATION OF THE RELATIONSHIP BETWEEN RELATIONSHIP QUALITY, SERVICE QUALITY AND CUSTOMER LOYALTY .....	78
3. 14 CONCLUSION .....	80
CHAPTER FOUR: THEORETICAL MODEL .....	81
4. 1 INTRODUCTION.....	81
4. 2 THE HYPOTHESISED MODEL .....	82
4. 7 LOYALTY.....	85
4. 8 RELATIONSHIP QUALITY AND LOYALTY.....	85
4. 9 THE EFFECT OF CULTURE ON SERVICE QUALITY, RELATIONSHIP QUALITY AND LOYALTY.....	87
4.11 CONCLUSION .....	90
CHAPTER 5: RESEARCH DESIGN AND METHODOLOGY.....	91
5. 1 INTRODUCTION.....	91
5. 2 RESEARCH PARADIGM .....	91
5. 3 Types of research designs .....	92
5. 3. 1 Experimental research .....	92
5. 3. 2 Exploratory research .....	93
5. 3. 3 Descriptive research .....	93
5. 4 CATEGORIES OF RESEARCH APPROACHES.....	94
5. 5 DATA COLLECTION.....	95
5. 5. 1 Secondary data collection.....	95
5. 5.2 Primary data collection .....	96
5. 5. 3 Population and sampling.....	96
5. 5. 4 Non-probability sampling .....	98
5. 5. 7 Data collection method.....	100
5. 5. 7. 1 Questionnaire design .....	101
5. 5. 7. 2 Administration of the questionnaires .....	106



University of Fort Hare  
h ll

5. 6 OPERATIONALISATION OF VARIABLES .....	107
5. 6. 1 Relationship quality.....	107
5. 6. 2 Service quality .....	110
5. 6. 3 Customer loyalty.....	115
5. 6. 4 Culture .....	115
5.7 METHOD OF DATA ANALYSIS.....	118
5. 7. 1 Descriptive statistics .....	119
5. 7. 2 Validity of the research instrument.....	119
5. 7. 3 Reliability of the research instrument.....	120
5. 7. 4 Exploratory factor analysis .....	122
5. 7. 5 Conducting confirmatory factor analysis (CFA).....	123
5. 7. 6 Inferential statistics .....	124
5. 8 ETHICAL ISSUES.....	125
5.9 CONCLUSION .....	126
CHAPTER 6: EMPIRICAL RESULTS.....	127
6. 0 INTRODUCTION.....	127
6. 1 EMPIRICAL FINDINGS.....	127
6. 1. 1 Response rate.....	128
6. 1. 2 Demographic information .....	128
6. 1. 3 Cell phone ownership, mobile network and period of usage.....	129
6. 2 INFERENTIAL DATA ANALYSIS .....	131
6. 2. 1 Results of the validity and reliability analyses.....	131
6. 2. 1. 1 Relationship quality .....	131
6. 2. 1. 1. 1 Satisfaction.....	133
6. 2. 1. 1. 2 Affective conflict.....	133
6. 2. 1. 1. 3 Commitment.....	134
6. 2. 1. 1. 4 Trust .....	135
6. 2. 2. 1 Service quality.....	135
6. 2. 2. 1. 2 Tangibility .....	138
6. 2. 2. 1. 3 Empathy.....	139
6. 2. 2. 1. 4 Reliability .....	140
6. 2. 3. 1 Loyalty.....	140
6. 2. 4. 1 Culture .....	141
6. 2. 3. 1. 1 Collectivism (CIV).....	142
6. 2. 3. 1. 2 Power-distance.....	143



**University of Fort Hare**  
*Together in Excellence*

6. 2. 3. 1. 4 Uncertainty avoidance .....	144
6. 3 HYPOTHESES TESTS .....	144
6. 3. 2. 3 Evaluating the significance of the relationship between service quality, relationship quality and loyalty .....	149
6. 3. 2. 3. 1 The difference (between Germans and South Africans) regarding the relationship between service quality and relationship quality (H <sup>4.1</sup> ) .....	149
6. 3. 2. 3. 2 The difference (between Germans and South Africans) in respect of the extent of the relationship between service quality and loyalty (H <sup>4.2</sup> ) .....	149
6. 3. 2. 3. 3 The difference (between Germans and South Africans) with regards to the relationship between relationship quality and loyalty (H <sup>4.3</sup> ) .....	150
6. 3. 3 Independent samples t-test results for the dimension of culture .....	150
6.3.3.1.2 Uncertainty avoidance .....	151
6. 3. 3. 1. 3 Collectivism .....	152
6. 3. 3. 1. 3 Power-distance .....	152
6. 4 CONCLUSION .....	153
CHAPTER 7: CONCLUSIONS, RECOMMENDATIONS AND IMPLICATIONS OF THE STUDY .....	154
7. 1 INTRODUCTION.....	154
7. 2 OVERVIEW OF THE STUDY.....	154
7. 3 DISCUSSION OF THE RESULTS, CONCLUSION AND RECOMMENDATIONS .....	158
7. 3. 1 The influence of service quality on relationship quality .....	158
7. 3. 2 The influence of relationship quality on loyalty .....	158
7. 3. 3 The influence of service quality on loyalty .....	159
7. 3. 4 Cultural dimensions.....	159
7. 4 CONTRIBUTIONS OF THE STUDY.....	161
7. 5 LIMITATIONS OF THE STUDY AND RECOMMENDATIONS FOR FUTURE RESEARCH .....	162
7. 6 CONCLUSION .....	164
LIST OF REFERENCES .....	165
Appendix A: Research instrument.....	193
Appendix B: List of constructs and items.....	198
Appendix C: Ethical clearance .....	201



University of Fort Hare

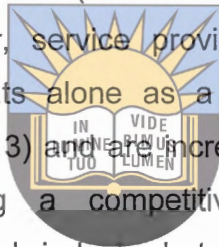
*Together in Excellence*

## CHAPTER ONE

# INTRODUCTION, PROBLEM STATEMENT AND DEMARCATION OF THE STUDY

### 1. 1 INTRODUCTION AND BACKGROUND OF THE STUDY

Technology based industries such as the mobile telecommunications industry have, since the late 20<sup>th</sup> century become important drivers of world commercial growth, in both developed and emerging economies (GMSA intelligent, 2014; Deloitte, 2014; GMSA intelligent, 2015:6). However, service providers can no longer rely on innovative technological developments alone as a way of building sustainable businesses (Mirpuri and Narwani, 2013) and are increasingly focusing on customer loyalty as a means of retaining a competitive advantage. The mobile telecommunications market is one such industry but to develop an effective loyalty program requires understanding of the drivers of loyalty (Lim, Widdows and Park, 2008) and consequently this study focuses on service quality and relationship quality as antecedents of customer loyalty.



University of Fort Hare  
*Together in Excellence*

Providing a service that meets or exceeds customer expectations (Service quality) (Chapman and Hall, 1991; Gladkova and Zinkevich, 2012) and the strength of the relationship between the service provider and the consumer (Relationship quality) has been identified in a number of studies as key drivers of customer loyalty for service businesses (Haeri, Rastin, Parisaraee and Altas, 2012; Auruskeviciene, Salciuvience, Skudiene, 2010; Athanassopoulos, 2009; Carlson and Tung, 2011; Liang and Wang, 2006, Rajaobelian and Bergeron, 2009). How customers perceive the quality of service offered by service providers is influenced by the quality of relationship, which in turn affect loyalty intentions of the customer. There are some debates about the precise nature of this relationship, in other words, whether relationship quality has an influence on service quality or vice versa.

The drivers of service quality and relationship quality are, however, not identical amongst individuals as well as groups of consumers and one of the key factors which influences customers' expectations and perceptions of relationship quality and service

quality is culture (Barrett, 1999). As such, culture moderates service provider's efforts to provide services in accordance with the customer's needs and consequently develop long term relationships with customers (Ueltschy, Laroche, Eggert, and Bindl, 2005).

Culture plays an important role in determining customer behaviour, hence it is the mostly researched variable in consumer behavioural studies (Li and Mantymaki, 2011:87; Nayeem, 2012:78; De Mooij and Hofstede, 2011: 85), which influence customers' relational behaviour and buying behaviour. For this reason culture can be described as an important variable in influencing customer service perceptions, relationship formulation and loyalty (Nayeem, 2012: 82; Gao and Newman, 2012: 7). The cultural values and beliefs of customers are believed to have changed as a result of immense technological advancements and globalisation, causing customer's preference to be dynamic between different national cultures and sub-cultures (De Mooij and Hofstede, 2011: 67). Globally, the generation Y market segment is one of the largest markets which is greatly influenced by technological advancements; this has resulted in divergent customer behaviour. When this age cohort is compared to other older generations (EFMA, 2010: 5, William and Page, 2011:8). However, when compared to customers with in their age group, generation Y customers are believed to be forming convergent customer behaviour (William and Page, 2011: 8; Ahmed and Moosavi, 2013: 4).

Notable studies exist within the academic literature which looks at the generation Y market in the mobile service industry and other industries. Koo (2010) conducted a study on the attitude of generation Y customers towards mobile advertising. The purpose of the study was to evaluate determinates of attitudes toward mobile advertising and subsequent behavioural intentions, the study also propounds on the effects of modality and culture on generation Y customers' attitude towards appeal mobile advertising. Similarly, Carter (2008) conducted a study on mobile marketing and the generation Y African-American mobile consumers. The study focuses at the effects of ethnicity on consumers' willingness to receive mobile advertisements. Rahman and Azhar (2011) conducted a study on the expressions of generation Y customers, the purpose of the study was to verify consumer preference and choice behaviour and also to determine the speculation of low loyalty behaviour of customers belonging to the generation Y customers and their perceptions regarding brands.

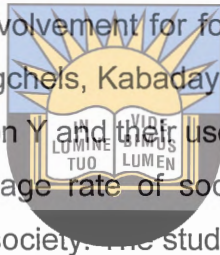
Lazarevic and Petrovic-Lazarevic (2007) conducted a study on brand loyalty of generation Y customers, the study looks at brand loyalty drivers of the generation Y market segment and how marketing tools can be used to influence loyalty. Petzer and Meyer (2011) conducted a study on perceived service quality, satisfaction and behavioural intentions towards cell phone network service providers. The aim of the study was to determine how different generations perceive service quality and satisfaction levels with services provided by cell phone network service providers; as well as determining behavioural intentions of customers towards service providers.

Parment (2012) conducted a comparative study between generation Y customers and Baby Boomers; the aim of the study was to examine the shopping behaviour of generational cohorts and purchase involvement for food, clothing and automobiles.

Bolton, Parasuraman, Hoefnagels, Migchels, Kabadayi, Gruber, Laureiro, and Solnet (2013) conducted a study on generation Y and their use of social media. The purpose of the study was to examine the usage rate of social media and to assess the implications for individuals, firms and society. The study went on to give a description

for the social media and highlight the moderating role of culture arising from economic factors such as economic, cultural, technology and political factors. Hanzaee and Dehkordi (2012) conducted a study investigating the impact of gender on the relationship between generation Y customers and cultural values and service quality expectation. The aim of the study was to examine genders' influence on the relationship between generation Y customers' individual levels of cultural values and service quality expectations.

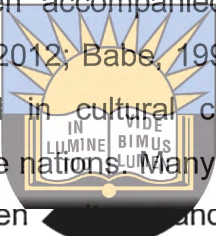
Yang and Khoo-Lattimore (2015) conducted a study on the effects of culture on the dining experience between generation Y customers in Taiwan. Various researchers such as, (Zhang and Pascual, 2012:590; Nayeem, 2012: 82; Gao and Newman, 2012: 7) have reviewed the concept of culture and its implications on customer service, quality perceptions, relational behaviour and loyalty. However none of the above mentioned studies investigated on whether culture played a moderating role on how the generation Y market segment perceive quality offered and their relational behaviour and also on whether the moderating role of culture was similar to generation Y customers across different cultures. Additionally, all the above studies were based on generation Y customers within one nation.



University of Fort Hare  
*Together in Excellence*

The current study is a comparative study between university students from Southern Africa studying in South Africa and Germany. The aim of the study was to investigate whether the cultural values and beliefs of generation Y from Germany and Southern Africa are becoming more like each other. This was seen by evaluating what values these customers place on relationship quality, service quality and loyalty. The main objective of the study was to examine if culture has any moderating effect on the relationship between relationship quality and service quality, service quality and loyalty, relationship quality and loyalty with respect to generation Y customers.

## 1. 2 PROBLEM STATEMENT

The 20<sup>th</sup> and 21<sup>st</sup> century have been accompanied with massive technological advancements, which some (Morrell, 2012; Babe, 1996) argue have resulted in the erosion of national boundaries and in cultural convergence amongst certain generational market segments of some nations. Many studies have been devoted to establishing the relationship between  and consumption behaviour of consumers (Lazarevic and Petrovic-Lazarevic, 2007). However, no consensus has been reached on whether the extent of the impact of service quality, relationship quality on consumer loyalty in respect of generation Y customers differs between emerging and developed countries (Lynton and April, 2012: 71).

The focus on the generation Y market segment is justified because of its current and potential spending power. As well as their influence on their family's purchase decision (Kumar and Lim, 2008; Hedrick-Wong, 2008). Targeting this market segment is however challenging because generation Y customers are described as being one of the least loyal age groups (Lazarevic and Petrovic-Lazarevic, 2007; Rahman and Azhar, 2010).

In spite of the efforts by marketers and service providers to gain the loyalty of this market segment, creation of long term relationships and delivering quality services to this cohort is still proving to be challenging. This might be due to the different cultural values, different attitudes and behaviours (when confronted by global marketing strategies and generic best practices of multinational organisations). Although a wide body of literature is available on the importance of relationship building and delivering service quality in developing customer loyalty base there is limited research that considers the moderating influence of culture on relationship quality, service quality

and loyalty for generation Y consumers (Hwa, Cheng and Lee, 2012; Rahman and Azhar, 2011; Maiyaki, 2013; Li and Mantymaki, 2011).

An appreciation of the cultural differences between developed and emerging economies (represented in this study by Germany and South Africa respectively) has also been somewhat confounded by the lack of understanding of the precise differences between these diverse nations. Notwithstanding the limitations of Hofstede's conceptualising of the differences in the dimensions (see Section 2. 4. 1. 2.) of nations, this issue is compounded in South Africa where the original cultural assessment was done only in respect of the "white" population and is consequently of limited value in understanding the cultural differences (and how these impact on loyalty) between contemporary South African and Germany generation Y consumers.

### **1. 3 PURPOSE OF THE STUDY**

The purpose of this study is to investigate the moderating impact of culture on the effect of service quality and relationship quality on the loyalty of generation Y customers in the mobile service sector.



University of Fort Hare  
*Together in Excellence*

### **1. 4 DEFINITION OF TERMS**

The following concepts were used repeatedly in this study hence the need to define them.

#### **1. 4.1 Generation Y customers**

Generation Y consumers (also referred to as the echo boomer/ the internet generation) are people born in the 1980s and 1990's (Petro, 2012; Mirpuri and Narwani, 2013) and with their inclination towards embracing the latest technologies are an important market segment for the mobile telecommunication industry globally (Renn and Arnold, 2003; Kumar and Lim, 2008; Hedrick-Wong, 2008). The generation Y market segment can be divided into three age groups, the teen, youth and the adult generation Y market segment. The teen generation Y market segment is made up of customers from the age of 14 - 17, whilst the youth market segment is made up of customers from the age of 18 - 26 and the adult generation Y market segment is made up of customers from the age of 27 - 35 (Hwa et al., 2012: 1084; William and Page, 2011:

8). For the purposes of the current study the researcher looked at youth and adult generation Y customers.

#### **1. 4. 2 Relationship marketing**

Relationship marketing can be described as a marketing process that involves identification, establishment, maintenance, enhancement, modification and termination of relationship with customers to create value for consumers and organisations (Koi-Akrofi, Koi-Akrofi and Welbeck, 2013: 80; Phiri, 2011: 23; Leverin and Liljander, 2006: 107). The main aim of the concept is to build mutually beneficial and valuable long-term relationships with customers (Nyaradzo, 2010: 112; Velnampy and Sivesan, 2012: 10). Effective implementation of the relationship marketing concept is seen by evaluating the strength of the relationship between service providers and customers; this can be referred to as relationship quality. For the purpose of this research, relationship marketing is described as a customer oriented marketing strategy, which focuses on creating and maintaining healthy relationships through equally beneficial exchanges (Savesan, 2012; 10).



**University of Fort Hare**  
*Together in Excellence*

#### **1. 4.3 Relationship quality**

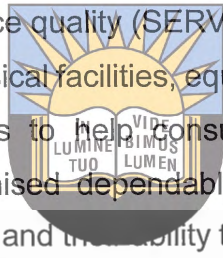
Relationship quality is considered to be an important aspect in maintaining and overall evaluation of the relationship strength between buyer-seller (Finn, 2005). The Relationship quality concept is said to capture the essence of relationship marketing, and serves as an indicator of the health and future well-being of long-term relationships (Ural, 2007). It can be defined as an overall assessment of the strength of a relationship and the extent to which customer expectations are met based on a history of successful or unsuccessful events (Narwani, 2007). For the purposes of this study, Relationship quality is defined as a measure of the durability of a relationship by evaluating the level of trust, commitment, relationship satisfaction and affective conflict that customers have on service providers (Mirpuri and Narwani, 2013).

#### **1. 4. 4 Service quality**

Service quality is seen as a determinate of the relationship strength between service providers and customers; hence it is referred to as an important relationship marketing construct. In today's highly competitive business environment, losing customers is very costly; which is why marketers and service providers are now concentrating more

on retaining and providing quality services to their customers (Auka, 2012: 33). For the purposes of this study, Service quality was defined as customer's evaluation of service superiority based on the assessment between customer expectations against perceived performance (Mirpuri and Narwani, 2013: 179; Tsoukatos, 2007: 78; Reid, 2011:164; Gladkova and Zinkevich, 2012).

The conceptualisation of service quality has its roots in the expectancy disconfirmation theory. The theory compares the gap between customer expectations and actual service performed (Chen, 2008). The research is going to use the SERVQUAL service model to measure service quality. The SERVQUAL frame work is the most prominent measure of service quality adopted in the mobile telecommunications industry (Chen and Aritejo, 2008). The following service quality (SERVQUAL) dimensions were used namely; tangibility (appearance of physical facilities, equipment, personnel and written material), responsiveness (willingness to help consumers and prompt services), reliability (ability to perform the promised dependably and accurately), assurance (Employees' knowledge and courtesy, and the ability to inspire trust and confidence) and empathy, caring, individualised attention given to customers (Parasuraman, Zeithaml and Berry, 1988).



University of Fort Hare  
*Together in Excellence*

#### **1. 4. 5 Loyalty**

Loyalty is both an attitudinal and behavioural outcome developed by customers, which is determined by the quality of relationships between customers and service providers; and quality of services provided to customers (Mirpuri and Narwani, 2013; Hill and Alexander, 2007). Hence, customer loyalty is described as a function of service quality and relationship quality. Loyalty of customers is evident in a variety of behaviours, namely positive word-of-mouth about the service/product, recommending the product to other customers and repeatedly patronising the service provider (Lin and Ding, 2006; Lai, Griffin and Babin, 2009). For the purposes of this study customer loyalty was defined as continued use of services of one mobile service provider even if other more convenient or alternatives exist (Gee, Coates, and Nicholson, 2008; Mirpuri and Narwani, 2013; Hill and Alexander, 2007).

#### **1. 4. 6 Culture**

Culture is a multi-dimensional concept that possesses more than one definition (Czinkota and Ronkainen, 2007: 54). Culture is described as a set of values, norms, and beliefs followed by a society/nation that shape societies way of living. For the purposes of this study culture refers to collective programming of the mind that is used to distinguish one nation from another (Hofstede, 1980). The concept of culture is going to be discussed in more details in Chapter 2.

#### **1. 4. 7 Developed economies**

A developed economy refers to a nation with relatively high levels of economic growth (i.e. highly industrialised) and has advanced technological infrastructure relative to other less industrialised nations (Marinov and Marinova, 2013: 1).

#### **1. 4. 8 Emerging economies**

Various definitions of “emerging economies” exist, but for the purposes of this research the following is offered. The term “emerging economy” refers to a country that has begun a path of economic growth, together with a process of transformation. Based on the rate of economic growth and the type of foreseen reforms, different countries may be defined under the above umbrella term. Hoskisson et al., (2000), defined an emerging economy as a country that “satisfies two criteria: a rapid pace of economic development and government policies favouring economic liberalization and the adoption of a free market system”.

#### **1. 5 Objectives of the study**

The main objective of the current study was to assess the moderating effect of culture on relationship quality and service quality on loyalty of generation Y customers. The study assessed on whether culture has a moderating role on the relationship between Relationship quality, Service quality and Loyalty. The research also examined the relationship between, Service quality, Relationship quality and Loyalty leading to the following research objectives:



University of Fort Hare  
*Together in Excellence*

### 1. 5. 1 Primary objective

The primary objective of the current study is to analyse how culture moderates the impact of relationship quality and service quality on the loyalty of generation Y in the mobile phone market.

### 1. 5. 2 Secondary objectives

1. 5. 2. 1 To examine the relationship between relationship quality and loyalty

1. 5. 2. 2 To assess the relationship between service quality and relationship quality

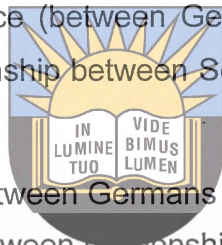
1. 5. 2. 3 To assess the relationship between service quality and loyalty

1. 5. 2. 4 To assess the difference (between Germans and South Africans) in respect of the extent of the relationship between Service quality and Relationship quality

1. 5. 2. 5 To assess difference (between Germans and South Africans) in respect of the extent of the relationship between relationship quality and loyalty

1. 5. 2. 6 To assess the difference (between Germans and South Africans) in respect of the extent of the relationship between service quality and loyalty

1. 5. 2. 7 To assess the difference in cultural values (as represented by Hofstede's (1980) cultural dimensions) between Germans and South Africans



University of Fort Hare  
*Together in Excellence*

## 1. 6 HYPOTHESES FORMULATION

This study is based upon the studies of Roberts et al., (2003) as well as those of Mirpuri and Narwani (2013). In the former study, positive relationships were hypothesised between: 1) service quality and relationship quality; 2) relationship quality and loyalty as well as 3) service quality and loyalty. In the latter study, positive relationships were hypothesised and tested between 1). Service quality and relationship quality as well relationship quality and loyalty, in other words service quality's influence on loyalty was hypothesised as being mediated by relationship quality (Roberts et al., 2003: 189). Although it is not clear where the study of Roberts et al., (2003) took place (it is not disclosed in the study), the study of Mirpuri and Narwani (2013), took place in Hong Kong and can be distinguished from the present study which is a cross-cultural study (comparing respondents from Germany and

South Africa), albeit in respect of the same generational market segment (generation Y), and in so doing answering the call in the study of Mirpuri and Narwani (2013) for the study to be replicated across different markets.

Similar to Mirpuri and Narwani (2013), the focus of the study was in one industry (mobile phone) as opposed to Roberts et al., (2003), which allowed respondent to select any service industry(as their point of reference) when answering the questionnaire. It is argued that the results from this study, as with Mirpuri and Narwani (2013), will be more valuable when the study is positioned within a particular industry. This is because the nature of the service may well have an influence on how the variables interact. The nature of the relationship may well influence a consumer's perceptions of service quality 'close contact' services, but may be less important in industries such as the mobile telecommunications industry where consumers have very little (or remote) contact with the service provider (Woo and Ennew, 2004: 1266).



Consequently it is hypothesised that:

H<sup>0.1</sup>: Service quality does not have an influence on relationship quality

H<sup>1</sup>: Service quality will have a significant influence on relationship quality

H<sup>0.2</sup>: Service quality does not a positive influence on loyalty

H<sup>2</sup>: Service quality will have a significant influence on loyalty

H<sup>0.3</sup>: Relationship quality an influence on loyalty

H<sup>3</sup>: Relationship quality will have a significant influence on loyalty

**Figure 1. 1: Research frame work**

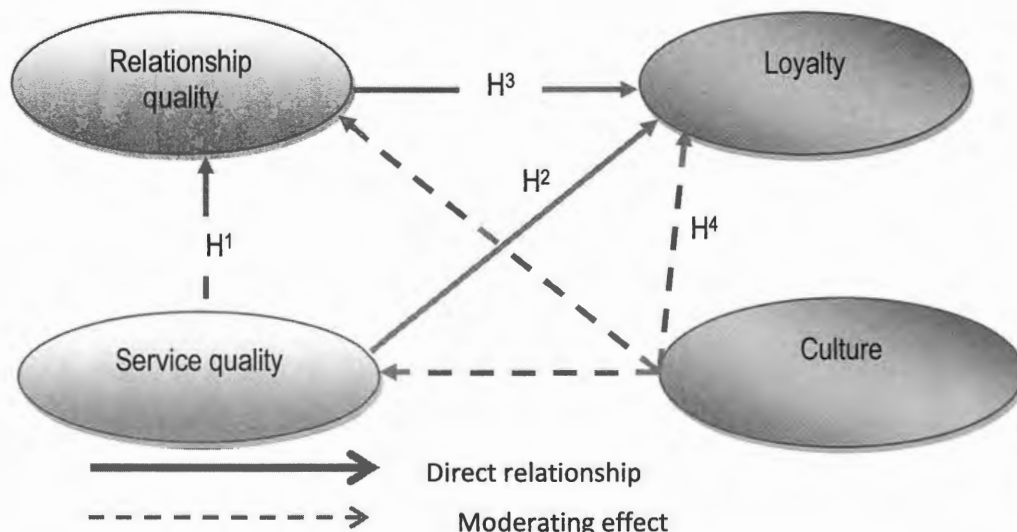


Figure 1.1 Research model adapted from Roberts et al., (2003). The researcher has modified the model by adding in culture. The model hypothesises that service quality impacts on relationship quality which in turn affect loyalty. The dotted line shows the moderating role of culture on the variables in this study, namely, relationship quality, service quality and loyalty.

H<sup>0.4</sup>: Culture will not moderate the relationship between service quality, relationship quality and loyalty.

H<sup>4</sup>: Culture will moderate the relationship between service quality, relationship quality and loyalty.

Customers from different cultural backgrounds are believed to put different value of service quality and relationship quality, this in turn can lead to varying loyalty behaviour. This study is evaluating if generation customers from both Germany and South Africa vary in the way they value service quality, relationship quality and loyalty. Thus, the following sub-hypotheses are articulated:

H<sup>0.4.1</sup>: There is no significant difference (between Germans and South Africans) in respect of the extent of the relationship between service quality and relationship quality

H<sup>4.1</sup>: There is significant difference (between Germans and South Africans) in respect of the extent of the relationship between service quality and relationship quality

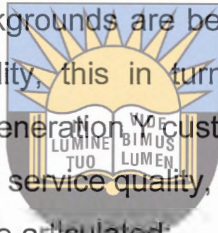
H<sup>0.4.2</sup>: There is no significant difference (between Germans and South Africans) in respect of the extent of the relationship between service quality and loyalty

H<sup>4.2</sup>: There is a significant difference (between Germans and South Africans) in respect of the extent of the relationship between service quality and loyalty

H<sup>0.4.3</sup>: There is no significant difference (between Germans and South Africans) in respect of the extent of the relationship between relationship quality and loyalty

H<sup>4.3</sup>: There is a significant difference (between Germans and South Africans) in respect of the extent of the relationship between relationship quality and loyalty

H<sup>0.5</sup>: There is no significant difference in the power distance score between Germans and South Africans



University of Fort Hare  
*Together in Excellence*

H<sup>5</sup>: There is a significant difference in the power distance score between Germans and South Africans

H<sup>0.6</sup>: There is no significant difference in collectivism score between Germans and South Africans

H<sup>6</sup>: There is a significant difference in collectivism score between Germans and South Africans

H<sup>07</sup>: There is no significant difference in the uncertainty avoidance score between Germans and South Africans

H<sup>7</sup>: There is a significant difference in the uncertainty avoidance score between Germans and South Africans

## 1. 7 SIGNIFICANCE OF THE STUDY



Culture is an important variable, which has a profound effect on consumer behaviour. It is believed that, customers' cultural values and beliefs can affect their perceptions, expectation, relational behaviour and referral behaviour. Hence, culture has become an important variable for service providers as it affects consumer behaviour and consequently marketing efforts by service providers to retain and create a loyal customer base.

The strength of the service provider to customer relationship is paramount as it shows the quality of relationship between exchange parties. This in turn can have intense effect on how customers perceive quality of service provided. This implies that, the quality of relationship between customers and service providers can determine how they view the quality of services provided. Due to the competitive nature of the service industry, provision of quality service accompanied by good relations with customers is vital for gaining customer loyalty.

The main contribution of this research to the body of knowledge concerning consumption behaviour of the generation Y market segment was achieved by investigating the moderation role of culture on the relationship between service quality, relationship quality and customer (generation Y) loyalty in the mobile service industry. To find out if the cultural values of generation Y customer from Germany and South Africa are converging, and to test whether service quality perceptions, relational and

loyalty behaviour of generation Y customers in these nations are similar. The contribution of this research can be divided into: Theoretical level contribution and practical level contributions;

### **1. 7. 1 Theoretical level**

Several studies have examined the relationship between, Relationship quality, Service quality and customer loyalty (Nwakanma, Jackson and Burkhalter, 2007; Phiri, 2011; Halliburton and Poenaru, 2010; Mirpuri and Narwani, 2013; Roy and Eshghi, 2013; Mosahab, Mahamad and Ramayah, 2010). However, limited research exists which investigates the moderating effect of culture on the mentioned variables, especially in the mobile service industry (Rahman and Azhar, 2011; Maiyaki, 2013; Li and Mantymaki, 2011). Moreover, globally, there is no agreement in literature on whether generation Y customers are developing similar cultural values (Lynton and April, 2012). The current study contributes in providing further evidence that may enrich and enhance understanding and knowledge of the relationship between culture, relationship quality, service quality and loyalty. The proposed findings may be used as a reference for similar studies to determine the effects of culture generation Y customers.

### **1. 7. 2 Practical level**

The findings of this study in general, provides a deep understanding of generation Y customers and how culture impacts and influence their service quality perceptions, relational and loyalty behaviour. Findings from this study are expected to assist mobile service providers in developing effective marketing strategies tuned to the specific needs of young consumers. This study also will help mobile service providers and marketers, by making them aware of cultural effects on generation Y consumers. Additionally, findings from this study will enable service providers and marketers to revise or modify their current marketing strategies in order retain and gain loyalty from the generation Y market segment.

## **1. 8 THEORETICAL FRAMEWORK**

Cultural theories provide an easy way to understand the difference between customer behaviour across cultures (Hofstede and Hofstede, 2005: 35; Reid, 2011; Tsoukatos, 2007; Seo, 2007). Although there are many cultural theories, Hofstede's theory of

national culture has become an established theory within the marketing and management literature and other research fields because it forms the basis for most cultural theories (Reid, 2011; Tsoukatos, 2007; Kutter, 2007; Kueh and Voon, 2007: 658). The theory has been used to underpin studies in such areas as organisational culture, cross cultural studies and consumer behaviour (Reid, 2011; Lynton and April, 2012: 67; Seo, 2007; Malai and Speece, 2005). The purpose of studying cultural theories is to help service/product providers and marketers understand their customers better. The theory is used to distinguish/ describe one nation's culture from another culture using different cultural dimensions, which are individualist/ collectivist, high/low power distant, high/ low uncertainty avoidance, masculinity/femininity and long-term orientation /short-term orientation (Seo, 2007; Malai and Speece, 2005). Most of the work in this chapter is influenced by the works of the great anthropologist Professor Geert Hofstede (1980), who developed the Hofstede's (1983) theory of national culture.



## **1. 9 HOFSTEDE'S THEORY OF NATIONAL CULTURE**

University of Fort Hare  
*Together in Excellence*

Hofstede's theory of national culture is a theory which is used to describe and differentiates one culture from another (Hofstede and Hofstede, 2005). Culture is believed to affect customer behaviour, such as customer perceptions, loyalty and relational behaviour. As such, it is described as an important social factor that influences how customers perceive things and behave (Seo, 2007; Malai and Speece, 2005). Hofstede's (1980) theory has been widely used in cross cultural study on consumer behaviour (Reid, 2011; Tsoukatos, 2007; Kutter, 2007) to understand customers' cultural differences (Matviyenko, 2009: 30; Kueh and Voon, 2007: 658).

## **1. 10 RESEARCH DESIGN AND METHODOLOGY**

In order to achieve the objectives of this research both secondary and primary data was used.

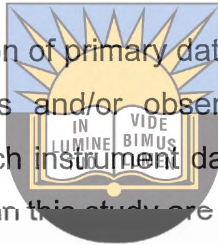
### **1. 10. 1 Secondary research**

Secondary data refers to data that was collected for other research purposes, but relevant to the current study (Kolb, 2008: 23). There are two sources of secondary data namely, internal and external data base. Internal database involves obtaining

information from annual report, sales data, customer profile and purchase patterns, whilst external database involves obtaining data from government records, publishes journal articles, newspapers and company records (McDaniel and Gates, 2010: 72; Kolb, 2008: 23). The current study used relevant text books, journal articles, search engines such as Google, Google scholar and Google books were used, as well as the University of Fort Hare (UFH), Rhodes University (RU), Nelson Mandela Metropolitan University (NMMU), University of Cape town (UCT) and University of Johannesburg (UJ) online library resources were used, to provide an in-depth literature review of culture, service quality, relationship quality and the relationship marketing concept.

## **1. 10. 2 Primary research**

Primary research involves the collection of primary data through the administration of questionnaires, conducting interviews and/or observations. An overview of the research design, sample size, research instrument data collection method and data analysis methods used to obtain data in this study are discussed below.



### **1. 10. 2. 1 Research design** University of Fort Hare *Together in Excellence*

The current research followed positivist research paradigm. A positivist research paradigm relies mainly on quantitative research methods where data comprises primarily of numbers, measures and analysis conducted by statistical methods (DeVellis, 2005: 12). Thus, the current research used quantitative researches approach. A descriptive research method was used to establish the relationships between culture, relationship quality, service quality and loyalty.

### **1. 10. 2. 2 Research scope and sample size.**

A population is made up of a complete group of people under consideration for research purposes (McDaniel and Gates, 2010: 326). It is from this population of interest that sample will be drawn. The population of interest in this study consists of generation Y mobile service customers who are currently at University, from the ages of 18 - 35 years studying in Germany and South Africa. The data was collected from University of Osnabreuck and University of Konstanz (Germany) and University of Fort Hare Alice campus (South Africa). The researcher chose these two countries due to their cultural diversity and differences.

### **1. 10. 2. 3 Sampling method**

In this study, primarily due to time and resource constraints, convenience sampling was used as a method of collecting data. Using convenience sampling the respondents were drawn on the basis of availability.

### **1. 10. 2. 4 Measures of research variables.**

Existing scales from the relevant literature were tailored to create self-administered questions. Relationship quality as shown in Figure 1. 1 is reflected in customer satisfaction, trust, commitment, and affective conflict. The study used 15 measures for relationship quality adapted from, (Mirpuri and Narwani, 2013); 7 measures for loyalty adapted from, (Lim, Windows and Park, 2008); 21 measures to measure service quality adapted from, (Mirpuri and Narwani, 2013); and 7 measures for culture adapted from, (Hanzaee and Dehkordi, 2012: 1409; Prasongsukarn, 2009; Li and Mantymaki, 2011:87). All items were consistent with a Cronbach Alpha ranging from 0, 72 to 0, 9.

### **1. 10. 2. 5 Reliability and validity of measuring instrument**

The measures to be used in this study were adapted from previous studies which have been found to be reliable and valid. In this study, steps were taken to ensure that the measurement instrument is valid and reliable. Pre-testing and pilot testing of measures was conducted using a sample of 20 university students at the University of Fort Hare Alice campus. The questionnaire was taken to a statistician before and after pre-testing for reliability and validity testing. A Cronbach Alpha test was used to test reliability of the study. A higher value of alpha normally indicates that, the questionnaire is reliable. For instance Cronbach Alpha Coefficient of 0, 803 is regarded as good according to (Allen and Yen, 2002). Revision of the instrument took place were necessary.

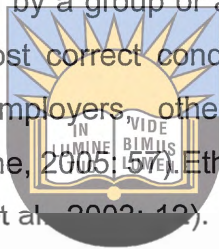
### **1. 10. 2. 6 Data analysis**

Data analysed using both descriptive and inferential statistics. The statistical package for social science (SPSS) was used for the majority of the inferential analysis, and it was used at four stages. Firstly, it was used to assess whether the research provided a good measure. Cronbach Alpha reliability analysis was used to test internal consistency of the questionnaire (Elshaer, 2012: 77). Secondly, factor analysis was

conducted to test the validity of the instrument (Hair et al., 2008: 781). Thirdly, structural equation modelling used to analysis the relationship between the independent and dependent variables. Lastly, independent samples t-test was conducted to measure the difference in means score on the cultural dimension were of significant difference between the sample groups. The results of the data analysis are presented in Chapter 6.

## 1. 11 ETHICAL CONSIDERATIONS

Cooper and Schindler (2006: 120) define ethics as norms or standards of behaviour that guide choices about behaviour and relationships with others. Ethics are a set of moral principles which are; suggested by a group or an individual, offer behavioural expectations and rules about the most correct conduct towards respondents and experimental subjects, sponsors, employers, other researchers, students and assistants (Devos, Strydom and Fouche, 2005: 57). Ethics ensure that the respondent is not hurt in any way possible (Cant et al., 2002: 12).



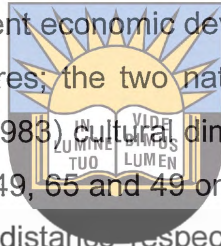
For the purposes of this research, the following guidelines were followed:

**University of Fort Hare**  
*Together in Excellence*

1. The researcher obtained ethical clearance certificate from Govan Mbeki research and Development Center
2. Respondents were informed that the researcher is a Masters student at the University of Fort Hare who is carrying out research for academic purposes by means of an ethical clearance certificate and a covering letter which will be attached to the measuring instrument
3. Personal data was processed fairly and lawfully
4. Data collected was only for used for the current study and will not be further processed in any manner incompatible with the purpose of the study
5. Participants were protected at all times
6. Ensuring respondent's anonymity and the information was held confidential.
7. The research was not conducted where the research for truth is compromised
8. Respondents were informed of the nature of the research and the purposes of the research

## 1. 12 SCOPE AND DEMARCATIONS OF THE STUDY

The generation Y market is one of the largest mobile service market segments in terms of customer numbers; hence it referred to as an important target market for mobile service providers. This study is a comparative study between generation Y customers from two Germany institutions namely, University of Osnabreuck and University of Konstanz and generation Y customers studying at University of Fort Hare from different Southern African countries. The study was limited only to generation Y consumers between the ages of 18 - 35 years. The study was restricted only to University student using the services of the different mobile service providers. The two nations Germany and South Africa where the geographical scope of the study, this is because both nations represent different economic development. In addition, the two nations also represent different cultures; the two nations produced different score when measured against Hofstede's (1983) cultural dimensions. Germany scored 65, 67 and 35, while South Africa scored 49, 65 and 49 on the dimensions of uncertainty avoidance, individualism and power distance respectively (The Hofstede's centre, 2015). Conclusions on this study may not be applicable to other businesses and general population.



University of Fort Hare  
*Together in Excellence*

## 1. 13 OUTLINE OF RESEARCH STUDY

The structure of this thesis is made up of seven chapters. The thesis is going to commence with the introduction and background to research problem, followed by three literature review chapters, research methodology, result analysis chapter and lastly conclusions and recommendations. The chapters in this study are presented as follows.

**Chapter 1:** This chapter introduces the study, stating the research problem, significance, objectives and hypotheses of the research. The chapter also outlines definitions of the terms used in the study literature, the research design, and research limitations and provides a chapter outline of the thesis.

**Chapter 2:** This chapter reviews the concept of culture by looking into various definitions of the concept and different sub-cultures that are entwined in culture. Hofstede's (1983) theory of national together with other popular theories of national culture were propound in the chapter. Following which the chapter looks into studies

that have been conducted in relation to culture. Finally the chapter will further look into cultural differences between nations.

**Chapter 3:** In this chapter the concept of service quality and relationship quality will be discussed. The chapter will start off by giving a general discussion of what a service is and the different attributes that make up a service. The chapter will go on to give a definition of quality leading to a discussion about the difference between the quality of goods and services. Additionally, the chapter will give a detailed discussion on the different service quality models. This will lead to a discussion on the different measures of service quality and a discussion of the importance of service quality concept in a service environment.

The second half of the chapter will look at relationships in the service setting and how it develops. The relationship marketing and relationship quality concepts will be discussed in greater detail.



**Chapter 4:** This chapter presents a model which hypothesises a positive relationship between culture, service quality, relationship quality and loyalty; the model also hypothesises that culture can act as a moderator to the relationship between service quality, relationship quality and customer loyalty. The variables which make up the model are discussed in more detail in this chapter.

**Chapter 5:** The research methodology chapter will discuss the design of the study including the sampling methodology, research variables and measures, data collection and data analysis procedures.

**Chapter 6:** This chapter will present the empirical results of the study. The chapter will report the research findings, analysis and the interpretation of data gathered during the research survey.

**Chapter 7:** This chapter will discuss the conclusions and recommendations of the research. The chapter will go on and evaluate whether the study objectives were accomplished and also discuss the implications of the research and indicate areas for further study.

## CHAPTER TWO

### CULTURE

#### 2. INTRODUCTION

Culture impacts the way people interact, communicate and behave and can be regarded as a set of norms, beliefs and values that are shared by a society which shape its way of living (Leng and Botelho, 2010: 269). Although some authors (Zhang and Pascual, 2012: 590; Nayeem, 2012: 82; Gao and Newman, 2012: 7) regard culture as a static construct, others (Nam, 2008: 47; Leslie, 2011: 6; Fischer, 2009: 32) believe that culture is dynamic and will adjust to accommodate changes in the environment, consumer needs and technological advancements (Lamb et al., 2010: 97; Du Plessis, Strydom and Jooste, 2012).

The late 20<sup>th</sup> century and early 21<sup>st</sup> century have been characterised by globalisation and technological advancements, which has impacted on the cultural values of societies. However, this veritable revolution in the way people interact with each other has not been embraced by the older generation to the extent that the younger generation adopted these innovations, resulting in cultural values becoming increasingly polarised between the generations. This implies that cultural values between generations are diverging whereas, at the same time, cultural values (and consequently the factors influencing their relationship with service providers) amongst the younger generations of different cultures are converging (Lynton and April, 2012).

Although culture is generally understood as the “glue” which binds a particular society or nations there is little agreement on a definition of culture. Consequently, this chapter starts off by considering the various definitions of the concept as well as the important issue of different sub-cultures that are entwined in culture. Although Hofstede’s (1980) studies are the bedrock of understanding culture, other theories are considered. Finally the chapter will further look into cultural differences between nations.

## 2. 1 DEFINING CULTURE

Culture is sometimes difficult to conceptualise as it has multiple definitions (Reid, 2011: 60; Taylor, 2006: 12; Tsoukatos, 2007: 86) which is largely because the way it is defined is determined by the paradigms and disciplines in which it is used (Kutter, 2007: 32). For instance, Kroeber and Kluckhohn (1985: 125) have documented the existence of over 160 definitions of culture. Leading to the conclusion that culture defies a single all-purpose definition as people using the term have ascribed many meanings to it (Reid, 2011: 61; Yeratziotis, 2008: 10). Notwithstanding some conjecture about the finer elements, most authors agree that the essence of culture revolves around cognitive components such as values, beliefs, attributes and norms (Reid, 2011: 61; Kutter, 2007: 32; Tsoukatos, 2007: 86).



Culture can be understood as describing (or explaining) a person's way of living or identity (Lee, 2010: 12; Disoloane, 2012: 61). Hofstede and Hofstede (2005: 4) define culture as the collective programming of the mind that distinguishes members of a group or category of people from others, which includes values as one of its building blocks. The concept of culture is not only reserved for ethnic societies, but it can be equally applied to other social orders (such as nations) which share the same values. On the other hand, Hall's (1966: 21 - 22) definition views culture as a subconscious and invisible control mechanism operating in people's thoughts which instruct people on what is ethically acceptable and not, consequently impacting people's perceptions, behaviour, relations, moral, consumption and productivity at work.

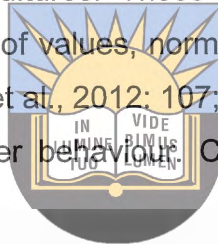
Du Plessis et al., (2012: 107), Tsoukatos (2007: 85) and Disoloane (2012: 62) also define culture as a set of norms, values and standards followed by a society and transmitted from one generation to another, that enable people to adapt to circumstance. Similarly, Reid (2011: 63) defines culture as a set of shared, distinguishing basic assumptions and values that is subconscious most of the time, with consequential behavioural norms, attitudes and beliefs that manifest in behavioural and non-behavioural patterns.

Culture contained elements that differentiates behavioural patterns of people, hence it can also be defined as a diverse element made up of a set of distinctive materials and intellectual, spiritual and emotional attributes of society that includes arts,

literature, lifestyle, ways of living, tradition, beliefs and values, systems that can change across time and space (Universal Declaration on Cultural Diversity, 2010: 20).

Consequently, it can be concluded that culture is a multi-dimensional concept and, importantly for this research, will influence the behaviour of customers (Tsoukatos, 2007: 86; Reid, 2011: 63). For the purposes of this research, culture is defined as the distinctive set of values, norms and beliefs that allows us to distinguish between different cultural groups and nations; this definition is consistent with Hofstede's (1980) definition of culture.

Although culture is usually analysed at country or societal level, within each cultural group, there may be different sub-cultures. These segments (within a particular society/nation) possess their own set of values, norms beliefs which distinguishes it from the principal culture (Du Plessis et al., 2012: 107; Lee, 2010: 14) and which may have a profound impact on consumer behaviour. Consequently, sub-cultures are considered below.



## 2. 2 SUB-CULTURE

## University of Fort Hare

*Together in Excellence*

A sub-culture can be described as a distinctive group of people within a society (the dominant culture) that shares common cultural meanings, despite (the sub-group) having its own unique and distinctive values, norms and symbols (Peter and Oslon, 2010: 324). Sub-cultures can be formed on the basis of several criteria namely nationality, geographic region, religion, age, race, occupation, community, language and income level (Borna, Steans and Sharma, 2007: 35; Spencer-Oatey, 2012: 19; Vijayalakshmi and Mahalakshmi, 2013: 15271).

Sub-cultures are important within the context of this research as they can have a profound impact on customer needs and consequently behaviour (Durmaz, 2011: 108). Although, having various sub-cultures race, ethnicity and age are considered to be the most influential sub-cultures on consumer behaviour (Lee, 2010: 14; Borna et al., 2007: 35; Spencer-Oatey 2012: 19). Consequently race, ethnicity and age are considered below.

## **2. 2.1 Race and ethnicity sub-cultures**

While race or ethnicity, because it is often easily apparent, may seem to be an obvious way of classifying consumers, it often does not add much value to marketing efforts (Spencer-Oatey, 2012: 19; Lee, 2010: 45). Race, ethnicity and age sub-cultures are discussed below.

### **2. 2. 1. 1 Ethnicity**

The term ethnicity can imply different things to different people and in a multi-cultural or racial society ethnicity may integrate the concepts of both race and culture (Pires and Stanton, 2014: 64). Although being distinct concepts the terms race and ethnicity are often used interchangeably (Pires and Stanton, 2014: 64). Nevertheless, the main difference between these two complex terms is that race refers to a physical attribute whereas ethnicity refers to shared cultural heritage (Cousins, 2014: 1121). Johnson (2007: 20) describes ethnicity as shared cultural practices by a group of people who through the process of interacting with each other and setting boundaries identify that they share common history, values, beliefs and similar physical features.

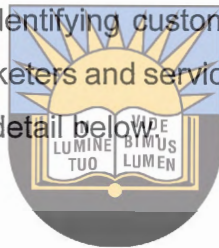
Ethnicity is often understood as, comprising of an intellectual (cultural) element as well as a physical component, while race on the other hand is described as a component of ethnicity, which distinguishes groups bases on physical characteristics (Johnson, 2007: 10).

#### **2. 1. 1. 1 Race**

Race is an important social construct that signifies involuntary recognized group membership based primarily on observable physical characteristics related with a particular group (Cousins, 2014: 1121). Hence, race refers to conferred identities based on gross biological features such as skin color, hair type and other biological expressions of group inferiority (Cousins, 2014: 1121). Race can be viewed from two perspectives: the etic and emic perceptive (Johnson, 2007: 10). When viewing race from an etic perspective an individual is identified or differentiated by skin colour, for instance black skin colour as opposed to white skin colour (Johnson, 2007: 10). Whereas viewing race from an emic perspective, an individual is recognized by level/degree of identification with a certain racial group and not skin colour (Spencer-Oatey, 2012; 19; Johnson 2007: 10).

Despite being commonly used grouping variables to differentiate between customers, viewing or classifying customers from an ethnic and racial perspective might lead to broad categorisations that are sometimes deceptive (Lee, 2010, 45). This is because they often mask substantial differences within groups (Lee, 2010, 45). For example, Kuada, 2010: 17 and Zhou and Guang, (2010), categorised individuals from emerging economies (Asia and Africa) as collectivistic which to some extent might be true for certain individuals. However, this does not mean that all individuals from emerging economies are collectivist as some individuals may be individualistic.

Different environmental and generational events such as massive globalisation and technological changes has led to some customers not to identify themselves by their racial or ethnic back ground, hence identifying customer with their age groups (age sub-cultures) has become vital for marketers and service providers (Howell, 2010: 21). Age sub-culture is discussed in more detail below



### **2. 2. 1. 1 Age sub-culture**

Each age group has its own set of values, beliefs, life experience and attitude, and consequently can also be regarded as separate sub-cultures because of the distinctive values and behaviours shown by individuals from different age cohorts (Bolton et al., 2013: 245). There are four main age ground namely, seniors (individuals above 65 years), Baby boomers (individuals born from 1946 - 1964), Generation X individuals born from 1965-1980) and generation Y individuals born from 1980-1998, these age cohort have different values, beliefs and behaviour as a result of the era in which they were born (Parment, 2012: 191), this in turn impact their behaviour (Howell, 2010: 22). These are discussed in detail below.

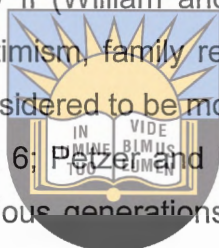
#### **2. 2. 1. 2. 1 Seniors (above 65)**

This age cohort is made up of people who were small children and young adults during the time of World War I (WWI), World War II and depression (William and Page, 2011: 3). Individuals from this age group value family unity, social serenity, however they are slow to embrace anything new and distrust change and embrace traditional values such as obedience to authority, commitment, responsibility, financial and social conservatism, hard work and discipline; thus they are also referred to as Traditionalist (William and Page, 2011: 3). When it comes to information and technology the older

members of this age group see no need for information age, whilst the younger members make up one of the fastest growing groups of internet users (William and Page, 2011: 5). They value quality and are more likely to remain loyal to service providers who deliver quality services. Due to the era they were born, seniors prefer the use of traditional means of media, such as radio, television, billboards, magazines and direct mail (William and Page, 2011: 6).

### **2. 2. 1. 2. 2 Baby Boomers (born 1946-1964)**

Baby Boomers can also be referred to as the Me Generation/Sandwich Generation, individuals from this age group were born during 1946-1964, and some of them were small children during the end of WW II (William and Page, 2011: 6). They value individualism, self-expression and optimism, family responsibilities are important to this age group. Baby Boomers are considered to be more self-centred and suspicious of authority (William and Page, 2011: 6; Petzer and Meyer, 2011: 7462). They are more technologically savvy than previous generations and use the internet as their mode of communication. In addition, despite having a high uptake on mobile phone technology, they have a limited use and understanding of functions beyond simple voice calls and SMS (William and Page, 2011: 6; Petzer and Meyer, 2011: 7462).



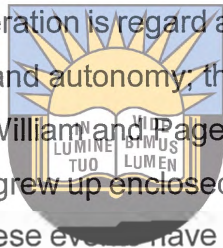
University of Fort Hare  
*Together in Excellence*

### **2. 2. 1. 2. 3 Generation X (born 1965-1980)**

This age cohort is also known as the “Why me Generation”, is made up of people born during 1965 - 1979 and are in the 38 - 50 age range as of 2015. Generation X individuals reached adult hood during difficult economic times, as a result they tend to be distrustful and disillusion with almost everything (William and Page, 2011: 6). They value family and embrace cultural diversity and are less traditional than any other Generation (William and Page, 2011: 6). Unlike Baby Boomers, Generation X individuals do not believe in sacrificing time, energy and relationship for advancement (William and Page, 2011: 6). People from this age group have experienced the increasing impact of personal computers, thus information technology is important to them as they see technology as changing their world and consequently technology literacy is highly valued (William and Page, 2011: 6). They prefer more informal means of communication and are heavy users of the internet, e-mails, multi-media and word-of mouth (William and Page, 2011: 6).

## 2. 2.1. 2. 4 Generation Y (1981-2000)

Generation Y also referred to as the Why Generation/Millennial, is made up of people born during 1981 - 2000 and are in the age range of 17 - 35 as of 2015. Many are in college or have entered the work force (William and Page, 2011: 6). They are children to Baby Boomers and are similar to Baby Boomers in terms of size making it the largest customer sub-group (William and Page, 2011: 6). They grew up in a time of immense and fast-paced changes, through globalisation and technological advancement (Schiffman, 2010: 7). Generation Y individuals have significant respect for ethnicity and cultural diversity, this is due to the era in which they were born of technological, electronic and wireless society, with global boundaries becoming more transparent (William and Page, 2011: 6). This generation is regarded as self-absorbed and self-reliant with a strong sense of independence and autonomy; they are image driven and make personal statement with their image (William and Page, 2011: 6). Unlike previous age sub-cultures, generation Y customers grew up enclosed by immense globalisation and high use of information technology; these events have made them to be more tolerant to cultural diversity compared to other age sub-cultures (Bolton et al., 2013: 245). For instance, the generation Y sub-culture has diverse values and beliefs from other age sub-culture because they grew up in an increasingly globally connected world defined by the internet.



University of Fort Hare  
*Together in Excellence*

From the above discussion, it can be said that generational/ age group differences are brought about by different environmental events (such as, WWI, depression), exposure to new technologies (such as, use of internet, computers and mobile phones), this in turn brings about different values and beliefs causing divergence/ convergence of cultural values (Shacaf, 2008: 3). Because of the diverse nature of consumer market and needs, marketers and service providers have adopted age sub-cultures in order to understand cultural effects on consumer behaviour between different age groups. It is believed that different age groups develop their own cultural values and beliefs based on the experience they have gone through (Bolton et al., 2013: 245; Howell, 2010: 22). From the above discussion, culture can be described as a diverse element, which can vary due to different generational events. The diverse nature allows it to be seen as a dynamic element.

## 2. 3 CULTURAL DYNAMISM

Culture is a dynamic construct which evolves due to environmental changes, technological advancement, generational difference and globalisation, resulting in a (constantly dynamic) divergence and convergence of cultures (De Mooij, 2004: 76). The divergence and convergence of culture are considered below:

### 2. 3. 1 Divergence of culture

Claussen, Ko and Rinehart (2008: 58) describe cultural divergence as cultural difference between nations or between different generations of the same culture. Cultural divergence occurs when different cultural influences cause individuals in the same culture to have different values, beliefs and behaviours (Arsenault, 2010: 125). Generational differences, new advanced technologies and globalisation are believed to be contributors of cultural divergence, which in turn result in divergent customer behaviour (Singh, 2014: 2; Leslie, 2011: 13; Arsenault, 2010: 125).

Generations create their own traditions and culture by sharing similar attitudes, preference and emotions (Arsenault, 2008: 124; Lynton and April, 2012: 68), which in turn results in different perceptions, values and behaviour between the young and old generation within the same culture (Lynton and April, 2012: 67). The convergence of technology across borders has led to cultural divergence (between the younger and older generation within a nation); globally the youth market is described as being more technology savvy than the older generation. This has resulted in new ways of doing things and viewing life (Singh, 2014: 2).

A wide body of literature on divergence of culture between the younger and old generation saturate the literature (Kumar and Lim, 2008: 67; Lynton and April, 2012: 67). Kumar and Lim (2008: 67) conducted a study on the implications of age difference perception on mobile phone services. Findings show that unlike the older generation, young mobile phone service users were more technology savvy and comfortable with using mobile phone services. Research findings also showed that due to difference in values, attitudes and lifestyle, both generations had varying intentions to use mobile phone services. Similarly, Gursoya, Maier and Chi (2008: 449) and Platteau, Molenveld, Demuzere and Hondegheem (2011: 60) agreed that generational difference can lead to cultural divergence. In their research on difference in work value between

Baby Boomer and generation Y (Gursoya et al., 2008: 449; Platteau et al., 2011: 60), findings show that significant generational differences exist in world views, attitudes toward authority and perspectives on work.

### **2. 3. 2 Convergence of culture**

One feature of globalisation is convergence of income, technology and media, resulting in the formation of homogeneous customer needs, taste and lifestyle (De Mooij, 2010: 183; De Mooij and Hofstede, 2011: 61). For example, increase in global communication has seen the erosion of national boundaries, encouraging the notion that the youth market segment is behaving more like each other across different cultures (Lynton and April, 2012: 67). De Mooij and Hofstede (2011: 63) and Hofstede and Hofstede (2005: 67) criticised the existence of convergence of customer behaviour stating that there is no consumer behaviour homogeneity, but consumer behaviour is becoming heterogeneous. Although this is true, some authors (Koo, 2010:13; De Mooij, 2010: 184; Singh, 2014: 4; Hassan, 2013: 44) on cultural convergence have contrasting views. They argued that consumer behaviour homogeneity does exist as a result of convergence in technology which in turn causes cultural convergence. Cultural convergence is described as convergence of values and homogenisation of customer behaviour across different nations (Singh, 2014: 2), this is seen in the values, perceptions and behaviour customer might have on similar products/services.

In their research on the similarity and difference of the values of generation Y consumers in China and South Africa, Lynton and April (2012: 68), found that generation Y customers in Chinese and South African cities behave more like each other, as shown by the way they dress, their occasional visits to internet cafes and the high use of laptops and smart phones. The behaviour of the generation Y in China and South Africa was described as similar to that of generation Y consumers in Europe and across America (Lynton and April, 2012: 68), showing signs of cultural convergence.

It is believed that the consumption behaviour, attitude and values of the generation Y are most likely to be influenced by immediate access to information on the internet and worldwide communication (Koo, 2010: 14). For example, generation Y customers are able to extract information from the internet about the advantages and

disadvantages of a mobile application for social media, such as Facebook or YouTube within, 48 hours after it has been launched. This in turn affects their perception and consumption of the products/service.

Koo (2010: 13) conducted a research on generation Y's attitude towards mobile advertising and impact of modality and culture; the research was a comparative study between USA generation Y and Korean generation Y customers. Research findings showed that generation Y customers from both cultures share the same characteristics, which includes having an interest in worldwide news and events and having global intellect (Koo, 2010: 13). The findings further described generation Y customers as technology savvy and having confidence to live abroad (Koo, 2010: 13).

In order to have a clear understanding of cultures impact on customer behaviour various theories of culture were formulated (Shi and Wang, 2011: 93), these are considered in more detail below.



## 2. 4 THEORIES OF CULTURE

University of Fort Hare  
*Together in Excellence*

Cultural theories allow researchers to appreciate the nature of culture as well as to understand cultural difference between individuals or groups of individuals (Taylor, 2006: 15; House et al., 2004; Hofstede, 1980). However, as mentioned above, culture is a complex construct and this may explain why cultural theories incorporate the use of dimensions to 'drill down' to appreciate the nature of the difference between different national cultures (Hofstede, 2011: 1). There are four well-known theories of culture namely; Hall's (1966) theory, Hofstede's (1980) theory, GLOBE project by House, Hange, Ruiz-Quintanilla, Dorfman, Javidan Dickson and Gupta (2004) and Trompenaars and Hampden-Turner (1997) theory of culture. These cultural theories have proven to be very useful in the study of customer behaviour. Although much of the contemporary studies and theories are influenced by the seminal works of Hofstede (1980), they are considered separately, below:

### 2. 4. 1 Hofstede's theory of national culture

In his study Hofstede (1980) used four dimensions Individualism/Collectivism, uncertainty avoidance, power-distance and masculinity/femininity to explain the intricacies of culture (Hofstede, 1983: 80). A further study in Hong Kong led to the

formulation of a fifth dimension; long-term/short-term orientation (Hofstede and Bond, 1988: 1012). Hofstede's theory (1980) uses the dimensions to explain the values of a particular group's members and how these values relate to behaviour (Nayeem, 2012: 80; Jung and Kau, 2004: 368). A significant contribution of the model lies in its ability to consider the importance of countries or national culture in explaining attitudes and values (Al-Emadi and Al-Asmakh, 2006: 108).

Hofstede's theory of national culture is one of the extensively used theories of culture in cross cultural comparative studies in academic literature (Reid, 2011: 73; Thompson, Newman and Liu, 2008; Anum, 2008: 9; Tsoukatos, 2007: 83) and is adopted for the purposes of this study although the criticisms about its conceptual focus (work and not customer behaviour) (Zhang et al., 2008: 7), when the data was collected (1967 to 1973) (Anum, 2008: 11) and the focus (on nations rather than on the individual) (Anum, 2008: 11; Bond, 1988: 1005). In addition, while it is conceded that the culture of nations may have certain sub-groups; Hofstede (1980) argues that cultural values are stable over the long term. Particular, it is thought that the impact of globalisation and technology have been fully appreciated in Hofstede's (1980) theory (Kueh and Voon, 2007: 658) and that the values and behaviour of younger generations in disparate nations are moving closer to each other while at the same time moving away from their (older) fellow citizens (Lynton and April, 2012: 67).

Notwithstanding the criticisms, Hofstede's (1980) cultural dimensions enable researchers to identify and measure the difference between nations, at the same time allowing them to explain why people from different cultures behave differently (Tsoukatos, 2007: 67; Kutter, 2007: 34). A wide body of literature on cross cultural research is based on Hofstede's dimensions (Reid, 2011: 75; Socha, 2012: 20; Jung and Kau, 2004: 364; Abhay, 2012: 6; Taylor, 2006: 15), because the dimensions, notwithstanding the criticisms, have proven to be valid and reliable (Reid, 2011: 75; Abhay, 2012: 6). The power-distance, uncertainty avoidance and individualism/collectivism cultural dimensions have proven to be the widely used dimensions amongst five of Hofstede's (1983) cultural dimensions because their effect on an individual are visible and they tend to have influence on consumer behaviour (Jung and Kau, 2004: 364; Abhay, 2012: 6). An understanding of the similarities and differences of cultures on customer expectation on services has been seen to add a



University of Fort Hare  
*Together in Excellence*

competitive advantage to the growth of service firms (Laroche, Kalamas and Cleveland, 2005: 280).

### 2. 4. 1. 1. Individualism/Collectivism

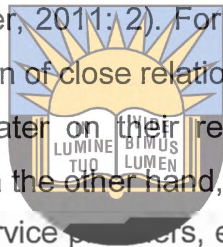
This dimension describes the extent to which a culture relies on and has allegiance to the self or the group. This suggests that individualistic cultures will only be concerned about themselves and their immediate family, in a sense self-centred and only concerned about their individual welfare (Individualists) (Shavitt, Lee and Tarilli, 2009: 218), as opposed to collectivist cultures (Collectivists) whose focus is on the broader community or group to which they belong (Hofstede and Hofstede, 2005: 5, Matviyenko, 2009: 30).

Collectivists are integrated into strong cohesive groups, often extended families (Matviyenko, 2009: 30) and usually regard their own personal interests as less important than group needs (Shavitt et al., 2009: 218). Typically, collectivists live by the idiom that "it takes a village to raise a child", and are used to forming close relationships with people outside their immediate family. These values are extended to collectivists' relationships with service providers and as a result of the value that is placed by this cultural group on harmony; collectivists tend to be more tolerant of mistakes in the delivery of services (Hofstede and Hofstede, 2005: 6). Collectivists, unlike Individualists, individuals that follow a collectivistic culture display greater loyalty, because customers from this cultural group embrace the concept of long-term buyer-seller relationships (Yoo, 2009: 43; Thompson et al. 2008: 4; Yoo, 2009: 43; Liao and Wang, 2009: 988; Maiyaki, 2013: 5).

Individualists prefer to be independent and use low context communication, which enable them to form less intimate relationships as privacy is an important consideration (Maiyaki, 2013: 4; Kueh and Voon, 2007: 662; Kutter, 2007: 35). In addition, Individualists are more demanding than collectivists, and expect prompt and quality service all the time. On the other hand, somewhat paradoxically, Individualists are less likely to engage in information sharing, indicating that customers from this culture do not easily engage in word of mouth referrals (Jung and Kau, 2004: 368). It follows that Individualists are less likely to praise the service provider when they have received superior services but when they receive poor service they have a propensity to engage in negative word of mouth (Lui, Furrer and Sudharshan, 2001: 124)

Implicit in the study of Laroche, Kalamas and Cleveland (2005: 279) which concluded that Canadian individualists differ from collectivists in terms of their service expectations was that Hofstede's (1980) dimensions can be used not only in comparing the cultures of nations, but also in intra-nation studies, the study was a comparative study between two subculture. In particular, Laroche et al., (2005: 279) found that while word of mouth is an important factor in shaping the expectations of all cultures, it was particularly so for especially for collectivists. In terms of what Individualists expect from a service, empathy and reliability are important dimensions in achieving service quality (Dash et al., 2009).

Cultural differences can have an impact on the value that is placed on the importance of relationships by customers (Fletcher, 2011: 2). For instance, Individualists do not place much importance to the formation of close relationships with people that are not part of their immediate family and later on their relations with service providers because of their egocentric nature. On the other hand, their collectivists tend to place much importance on relations with service providers, especially when they are of the perception that the service providers are part of their in-group members (Fletcher, 2011: 2).



University of Fort Hare  
*Together in Excellence*

Cultural differences between nations are seen when aspects that are acceptable in one culture are not acceptable in other culture. For example in China, (a nation with a predominantly collectivist culture), gift giving in a work place is seen as a way of building a good relationships while in individualistic nations, this practice may be perceived as bribe and consequently inappropriate or illegal (Olivieri and Tardy, 2010: 20).

Empirical evidence shows that customers who are associated with a culture that is collectivist and high uncertainty avoidance show different reactions to perceived Service quality when compared to customers from individualistic and low uncertainty avoidance (Nam, 2008: 59; Kong and Jogaratnam, 2007; Kassim and Abdullah, 2010: 355; Fletcher, 2011: 2). Collectivistic customers are willing to enter into long-term commitments with service providers whereas individualistic customers prefer to be independent and to have short-term relationships with the service provider. Consequently Individualists will be more transaction focused and demand that services are error-free as opposed to Collectivists, who more likely view any service

encounter within the context of an existing or potential long term relationship (Kong and Jogaratnam, 2007: 278). Individuals from collectivist cultures are considered to be more connected to people within their in-group, and they reinforce their relationships through reciprocity (Nam, 2008: 57).

Service recovery is also an important aspect of achieving service quality as inevitably, services will fail at some stage and cultural orientation (individualistic/collectivist) and relationship with the service provider have an impact on customer perceptions and post-purchase evaluation of successful and unsuccessful service encounters (Patterson and Mattila, 2008: 632).

Consumers' cultural values have a considerable influence on their expectations and perceptions from service/products; which in turn affects their purchase behaviour (Hanzaee and Dehkordi, 2012: 1406). However, one cannot consider the different dimensions in isolation as they tend to be correlated with other cultural dimensions and one has to consider the cumulative effect. Collectivistic customer tend to be risk averse and more tolerant of inequality, hence they are ranked the highest in uncertainty avoidance and power-distance, whilst individualistic customer are more of risk lovers and expect power to be distributed equally (Kassim and Abdullah, 2010: 355).



University of Fort Hare  
*Together in Excellence*

#### **2. 4. 1. 2 Uncertainty avoidance**

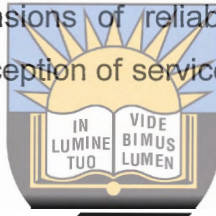
Uncertainty avoidance refers to the degree to which members of a culture feel uncomfortable or threatened by ambiguous situations and try to avoid them by establishing more structure (Hofstede and Hofstede, 2005: 7; Reid, 2011: 73). High uncertainty avoidance have a low tolerance for ambiguity and try to reduce uncertainty through consensus and by establishing formal rules (Hofstede and Hofstede, 2005: 7; Matviyenko, 2009: 30).

In cultures with low uncertainty avoidance, ambiguity is more acceptable (Reid, 2011: 73; Matviyenko, 2009: 30) and individuals tend to prefer fewer rules which allows them greater flexibility in accomplishing goals (Reid, 2011: 73). Low uncertainty avoidance cultures are more comfortable taking risks and show a relatively greater tolerance for opinions different to their own (Tsoukatos, 2007: 88; Matviyenko, 2009: 30). On the other hand, in high uncertainty societies generally, only known or calculated risks are

undertaken and individuals from high uncertainty cultures have a low tolerance for new ideas or views different from their own (Reid, 2011: 73; Tsoukatos, 2007: 88). Consequently, cultures that display high uncertainty avoidance experience greater stress or anxiety and are more resistance to change when compared to low uncertainty avoidance cultures (Reid, 2011: 73; Hofstede, 1983: 78).

Customers from a culture high in uncertainty avoidance tend to be risk averse and they are more brand loyal (Jung and Kau, 2004: 369) and consequently more likely to form relationships with service providers. This is because any form of change is associated with high levels of anxiety and stress (Reid, 2011: 76) by this sector of consumers. This cohort of consumers (high in uncertainty avoidance) also has high service expectations and the dimensions of reliability and responsiveness are important elements in achieving a perception of service quality (Dash et al., 2009).

#### 2. 4. 1. 3 Power-distance



This dimension refers to the extent to which a culture believes that power (in organisations) should be equally distributed throughout the hierarchy and the extent to which it is culturally acceptable to challenge the decisions of decision-makers (Hofstede and Hofstede, 2005: 5; Matviyenko, 2009: 30; Reid, 2011: 73; Hofstede, 1983: 79; Ho, 2007: 69). High power-distance cultures are associated with a high degree of inequality in the distribution of power and wealth, hence people in these societies tend to be more accepting of established hierarchies, status and privileges (Tsoukatos, 2007: 88; Reid, 2011: 73), whilst in low power-distance (or egalitarian) cultures, individuals value parity and do not perceive a large power differential between them and their superiors (Hofstede, 1983: 79).

Customers from a high power-distance culture tend to be more deferential to the expertise of service providers (Kutter, 2007: 35) and accept that they might have to rely in the judgement of an established authority in certain situations (Donthu and Yoo, 1998: 179). It follows that individuals from a high power-distance culture are more likely to be opinion seekers than those from cultures with low power-distance orientation (Jung and Kau, 2004: 370). Consequently, people from high power-distance cultures are tolerant of errors by service providers, whilst their low power-distance counterparts are less forgiving if there is inconsistency or error in service delivery.

Consumers with a higher power distance orientation will have a greater level of service expectations and required greater levels of personal service than consumers with a lower power distance orientation (Patterson and Mattila, 2008). Consequently for a service to be perceived as quality by consumers with a high power distance orientation and service providers need to ensure that their service is reliable and responsive (Laroche et al., 2005: 301; Hanzaae and Dehkordi, 2012: 1402; Dash et al., 2009).

#### **2. 4. 1. 4 Masculinity/Femininity**

This dimension reflects the degree to which a culture places emphasis on such elements as assertiveness, achievement, acquisition of wealth (or caring for others) and the quality of life. It refers to the extent role of males and females are expected to play different roles within a culture (Hofstede and Hofstede, 2005: 5) with males being regarded as confident, competitive and focused on material success, whilst females are regarded as tender and concerned with the quality of life (Hofstede and Hofstede, 2005: 5). On the other hand, societies that tend towards the femininity side of the masculinity/femininity continuum do not prescribe gender roles (Leng and Botelho, 2010: 26; Hofstede and Hofstede, 2005: 53) and they place less value on material wealth/achievements and more on helping others and empathy with the less fortunate. Many of the more developed countries seem to tend towards a more feminine culture (Tsoukatos, 2007: 89; Hofstede and Hofstede, 2005: 5).

Although this dimension is useful in understanding the difference in culture between nations, generally speaking there is no major difference between nations and has very little implications for the forming of relationships and the assessment of service quality, particularly for generation Y (Lundgren and Walczuch, 2010: 4). Consequently, the implications of this dimension for the formation of relationship quality and service quality are not considered in this study.

#### **2. 4. 1. 5 Time orientation**

Cultures also differ in their time orientation (Hofstede et al., 1993). Cultures with a long term orientation tend to emphasise tradition, history, and maintenance of the past whereas those with short-term orientation refers to a society that focuses the moment, living for today and making plans for the future (Hofstede, 2011: 13). A short term orientation implies a focus on consumption and a materialistic approach, whereas

Long-term orientation describes a society that has future oriented people who tend to demonstrate qualities of perseverance, thrift and ordering relationships by status (Hofstede, 2011: 13; Tsoukatos, 2007: 83; Nam, 2008: 54, Chen, 2010: 10; Taylor, 2006: 16).

#### **2. 4. 1. 2. Validity of Hofstede's (1980) theory and dimensions**

Hofstede's (1980) theory of culture has faced many criticisms from different scholars because of its originality and time frame (Hanna, 2008: 9; Anum, 2008: 9; Reid, 2011: 73; Zhang et al., 2008: 7). The theory has also been criticised for looking at culture at national level rather than at individual level (Anum, 2008: 11; Bond, 1988: 1005; Hanna, 2008: 9).

Despite being widely criticised, the theory remains one of the extensively used cultural theories (Matviyenko, 2009: 31; Parrot, 2013: 8; Minkov and Hofstede, 2011: 14; Reid, 2011; Kutter, 2007; Tsoukatos, 2007; Naveem, 2012; Abhay, 2012: 6; Chen, 2010). This is due to the simplicity and sensitive appeal of the cultural dimensions (Reid, 2011:75). The cultural dimensions are devised on the basis of a wide range of social science and they are considered conceptually grounded and robust (Al-Emadi and Al-Asmakh, 2006: 108; Nam, 2008: 49). A significant contribution of the model lies in its ability to consider the importance of national culture in explaining attitudes and values of individuals (Al-Emadi and Al-Asmakh, 2006: 108).

Hofstede's (1980) work forms the basis for most recent cultural theories, for instance Trompenaars and Hampden-Turner (1997) theory of national culture was a modification of Hofstede's theory (Matviyenko, 2009: 31; Taylor, 2006: 17). The GLOBE theory by House et al., (2004) cultural theory was also an extension of Hofstede's (1980) five cultural dimensions; the theory used nine cultural dimensions to describe culture (Parrot, 2013: 8; Minkov and Hofstede, 2011: 14). Because of its simplicity in differentiating and understanding cultural between customer Hofstede's (1980) theory is widely used in many consumer behavioural studies (Pandey and Dixit, 2011; Soares, Farhangmehr and Shoham, 2007; Jung and Kau, 2004; Kueh and Voon; Reid, 2011: 76).



University of Fort Hare  
*Together in Excellence*

## 2. 4. 2 Hall's theory

Edward T Hall (1966) an anthropologist and one of the founders of intercultural communication, describes culture in terms of the way people within a society communicate and manage time. The theory described cultures based on the following elements; Context- This is the level of information included in a communication message (low/high context), Space- ways of communicating through handling of personal space, and time different perceptions and orientations towards time, (monochronic cultures versus polychronic cultures). Hall (1966) categorises culture into two dimensions namely; high and low context culture, polychronic and monochronic time orientation culture (Yeratziotis, 2008: 13; Taylor, 2006: 1; Matviyenko, 2009: 17), these are considered in Section 2. 4. 2. 1. Hall (1966) postulated that cultures could be differentiated on the basis of the relationship between communication in that culture and the interactant's reliance on the context in which it is presented (Adair, Buchan and Chen, 2009: 148). Hall (1966) noted that individuals from a high-context culture rely more on indirect communication and contextual information, such as the distance between interactants (Hall, 1966). Whilst, individuals that come from a low context culture rely more on direct communication and explicit words to convey meaning (Adair et al., 2009: 148).

### 2. 4. 2. 1 High /Low-context dimension

Hall's (1966) high-low context cultural dimension captures the degree to which people are direct or indirect when communicating (Frost, 2013; Adair et al., 2009: 211). In a low context culture individuals require independence and anticipate having many less intimate relationships with other people (Parrot, 2013: 8; Taylor, 2006: 18). Individuals from this cultural group are described as individualistic and action oriented and they tend to value logic and facts (Matviyenko, 2009: 31; Taylor, 2006: 17). Whereas a high context culture is relational, meaning that individuals value having more intimate relationships, hence the formation of closely knitted groups is important and people rely on these groups permanently (Matviyenko, 2009: 31; Taylor, 2006: 17).

### 2. 4. 2. 2 Polychronic and Monochronic dimension

The cultural dimension of polychronic and monochronic time orientation is concerned with the way in which cultures structure their time (Taylor, 2006: 18). Individuals that follow a monochronic culture value punctuality, thus they tend to organise themselves

around a calendar and make sure that they accomplish one task at a time (Yeratziotis, 2008: 13; Taylor, 2006: 17). On the other hand, individuals from polychronic culture use time holistically and value performing multiple tasks at once. Empirical evidence shows that most western countries follow the low context and monochromic culture (Sapienza, 2008: 32), whilst non-western countries such as African and Asian countries follow a culture that is high context and polychronic (De Mooij, 2010: 66; Matviyenko, 2009: 31; Taylor, 2006: 17).

### **2. 4. 3 Trompenaars and Hampden-Turner theory of culture.**

Trompenaars and Hampden-Turner (1997) used a mixture of behavioural and value patterns to classify culture; this approach on culture is regarded as being identical to Hofstede's dimensions (Taylor, 2006: 20; Parrot, 2013: 5). As a result (Trompenaars and Hampden-Turner, 1997) defined culture as the way human groups solve problems. The theory used seven dimensions to describe national culture namely; Universal/Particularism, Individualism/Communitarianism, Specific/Diffuse, Affective/Neutral, Achievement/Ascription, Sequential/Synchronic, and Internal/External control (Trompenaars and Hampden-Turner, 1997: 8-10). These are considered below.

**2. 4. 3. 1 Universal/Particularism-**This dimension is used to describe the level of importance a culture assigns to either law or personal relationships. In a universalistic culture, individuals share the belief that general rules, codes, values and standards take precedence over the needs and claims of friends and other relationships (Trompenaars and Hampden-Turner, 1997: 8). In a pluralistic culture, individuals see culture in terms of human friendship and intimate relationships. While rules do exist in a pluralistic culture, they merely codify how people relate to one another (Trompenaars and Hampden-Turner, 1997:8).

**2. 4. 3. 2 Individualism/Communitarianism-** This dimension is used to describe the level to which members of a society viewed themselves function more as a society or more as individuals (Trompenaars and Hampden-Turner, 1997: 8). Individualism refers to people regarding themselves as individuals, while communitarianism refers to people regarding themselves as part of a group. In a principally individualistic culture, individuals place their needs before the community. In a principally communitarian culture, individuals place community need before individual needs. Therefore, it is the

responsibility of the individual to act in ways which serve society. In doing so, individual needs are automatically attended (Trompenaars and Hampden-Turner, 1997: 8).

**2. 4. 3. 3 Specific/Diffuse-**This dimension refers to the degree to which responsibility is assigned or is diffusely acknowledged (Trompenaars and Hampden-Turner, 1997: 9). In a specific culture, individuals analyse the elements individually before putting them together. People's lives are divided accordingly and, only a single factor can be entered at a time. Communication between people is very well-defined, while in a diffuse culture relationship between people are more important, in this culture all individuals are related to one another (Trompenaars and Hampden-Turner, 1997: 9).

**2. 4. 3. 4 Affective/Neutral-**This dimension measures the level to which individuals show their emotions. In an affective culture, a person is free to show his/her emotions and it is not considered necessary to hide feelings. However, in a neutral culture, individuals are taught not to show their feelings visibly (Trompenaars and Hampden-Turner, 1997: 9).



**2. 4. 3. 5 Achievement/Ascribed** This dimension describes how status is accorded. In a culture with achieved status, people develop their status from what they have accomplished (Trompenaars and Hampden-Turner, 1997: 10). While, in a culture with ascribed status, people develop their status from birth, age, gender or wealth. Here status is not based on achievement but it is accorded on the basis of the person's being (Trompenaars and Hampden-Turner, 1997: 10).

**2. 4. 3. 6 Sequential/Synchronic-** This dimension was used to measure the degree to which individuals do one thing at a time versus multiple things at once (Trompenaars and Hampden-Turner, 1997: 10). In a sequential culture individuals are expected to structure their time chronologically and do things one at a time, while in a synchronic time culture individuals perform more than one task at a time.

**2. 4. 3. 7 Internal/External control-**This dimension describes the degree to which individuals believe the environment can be controlled versus believing that the environment controls them (Trompenaars and Hampden-Turner, 1997: 10). In an internal control culture, people have a systematic view of nature; nature is multifaceted but can be controlled with the right expertise. In an external control culture, people have an organic view of nature. Mankind is viewed as one of nature's forces and

should therefore live in harmony with the environment. People therefore adapt themselves to external circumstances (Trompenaars and Hampden-Turner, 1997: 10).

Despite being appreciated in business practise, Trompenaars cultural theory is less accepted in academics and the dimensions were partially validated (Adler, 2008: 76).

#### **2. 4. 4 House et al.'s Project GLOBE (2004)**

The GLOBE model was founded by House, Hanges, Javidan, Dorfman, and Gupta (2004: 1). The main aim of the GLOBE project was to increase available knowledge on cross cultural interactions (Shi and Wang, 2011: 94; Parrot, 2013: 5). House et al. (2004: 18) criticised Hofstede's theory as too simplistic, and asserted that their theory was more comprehensive, cross culturally developed, theoretical sound and used empirically verifiable constructs (Parrot, 2013: 5). In their theory House et al. (2004: 14) defined culture as shared motives, values, beliefs, identities and interpretation of significant events that results from common experiences of members of groups that are transmitted from one generation to another. Researchers from GLOBE felt the need to expand Hofstede's (1980) models because they believed that Hofstede's (1980) model lacks face validity and did not capture all the dynamic aspects of a national culture (Parrot, 2013: 5; House et al., 2004: 18).



University of Fort Hare  
*Together in Excellence*

The theory used nine dimensions to describe and illustrate the difference between cultures of which two of these maintained Hofstede's (1980) labels, namely: (1) Uncertainty avoidance; (2) Power distance; (3) Institutional collectivism; (4) In-group collectivism; (5) Gender egalitarianism; (6) Assertiveness; (7) Future orientation; (8) Performance orientation, and (9) Human orientation (Shi and Wang, 2011: 93-94). These dimensions are explained below.

**2. 4. 4. 1 Power-distance**– This dimension is similar to Hofstede's (1980) power-distant dimension, it describes the extent to which members within a society expect power to be distributed equally.

**2. 4. 4. 2 Uncertainty avoidance**- This dimension is also similar to Hofstede's (1980) cultural dimension of uncertainty avoidance; it refers to the degree to which a society relies on rules, social norms and procedures to lighten uncertainty of future events.

**2. 4. 4. 3 Human orientation** – This dimension describes the degree to which a collective inspires and rewards people for being rational, generous and kind to others.

**2. 4. 4. 4 Assertiveness**-This cultural dimension is used to describe the degree to which individuals are confident and aggressive in their relationship with others.

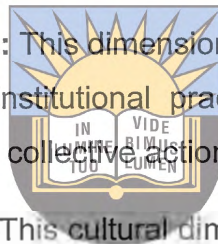
**2. 4. 4. 5 Gender egalitarianism**- This dimension is used to describe the degree to which a society reduces gender inequality.

**2. 4. 4. 6 Future-orientation**- This dimension describes the extent to which individuals engage in future-oriented behaviours such as planning and investing in the future.

**2. 4. 4. 7 Performance-orientation**- this dimension refers to the degree to which a collective encourages and rewards members of a collective for performance and excellence.

**2. 4. 4. 8 Institutional collectivism (I)**: This dimension is used to describe the extent to which organisation and societal institutional practices encourage and reward collective distribution of resources and collective action.

**2. 4. 4. 9 Collectivism II (In-Group)** -This cultural dimension is used to describe the degree to which individuals show unity, loyalty and cohesiveness in their organizations or families.



University of Port Harcourt  
*Together in Excellence*

In review of the GLOBE project, Hofstede (2011: 344) argues that the models were simply an extension of his five dimensions of national culture. Hofstede (2011: 344) went on to postulate that GLOBE's future orientation dimension was similar to his long-term orientation cultural dimension (Shi and Wang, 2011: 95; Parrot, 2013: 8).

## **2. 5 THE INFLUENCE OF CULTURE ON CONSUMER BEHAVIOUR**

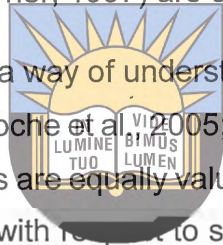
Culture can have a profound influence on consumer behaviour (Pandey and Dixit, 2011; De Mooij and Hofstede, 2011; Kueh and Voon, 2007: 256; De Mooij, 2010; Hanzaee and Dehkordi, 2012; Dash et al., 2009; Reid, 2011). Different cultures infer different mental programming that directs activities, motivations and values (Kong and Jogaratnam, 2007: 278; Kassim and Abdullah, 2010: 355).

In particular, culture may impact on a consumer's service expectations and how particular service encounters are evaluated (Hanzaee and Dehkordi, 2012: 1406; Laroche et al., 2005: 280) because different cultures can attach different meanings to the same occurrence or event (Laroche et al., 2005: 281). However, while the principle

that culture can influence consumer behaviour has been accepted, understanding the precise nature and extent of this relationship has proved challenging. Consequently much of the research into culture has focused on the extent to which the different dimensions of culture (see Soyez, 2012; and Hong and Lee, 2014) would explain a typical or aberrant behaviour by particular groups of consumers. Nevertheless, notwithstanding the obvious pitfalls of using what some might regard as outdated modes of distinguishing culture, contemporary studies still use criteria such as ethnicity, race and country of origin (Laroche et al., 2005; Hanzae and Dehkordi, 2012; Dash et al., 2009) as a way of distinguishing between cultures although the dimensions identified by seminal authors on culture (Hofstede, 1980; House et al., 2004; Trompenaars and Hampden-Turner, 1997) are still the dominant methodology.

Although many studies use culture as a way of understanding the difference between developed and emerging markets (Laroche et al., 2005; Hanzae and Dehkordi, 2012; Dash et al., 2009), intra-country studies are equally valuable in terms of understanding consumer's attitudes and behaviours with respect to services. For example, Laroche et al., (2005, 279) studied the impact of individualistic and collectivist culture on customer service expectations while comparing two sub-cultures in Canada. The study showed that both cultures vary in the way they formulated their service expectation. In collectivist cultures customer service expectations are shaped by word of mouth referral from their in-group members, as opposed to customers from an individualist culture whose service expectations are shaped by their own personal judgement (Laroche et al., 2005: 301-2).

Similarly, Jung and Kang (2004: 366) considered the impact of culture (using Hofstede's (1980) cultural dimensions) on the behaviour of consumers, comparing three different ethnic groups in Singapore. The different levels of collectivism in the groups had an impact on the extent to which the groups engaged in information sharing (Jung and Kang, 2004: 366) and consequently suggested that consumers from a more individualistic culture are less likely to engage in information sharing and consequently engage in word of mouth referrals. This finding, to a large extent is consistent with the findings Laroche et al., (2005: 279) but (Jung and Kau, 2004: 368) also found that the extent of the dimension of Uncertainty avoidance could also influence consumer behaviour as cultures high in Uncertainty avoidance tend to be risk averse and they are more brand loyal (Jung and Kau, 2004: 369).



University of Fort Hare  
Together in Excellence

Similarly these cultures associate conditions of uncertainty with high levels of anxiety and stress and consequently are less likely to seek out innovative or new products (Reid, 2011: 76) and will be more likely to remain loyal to existing service providers. Their findings further affirmed that people from cultures with a large power distance are more likely to be opinion seekers than those from cultures with a small power distance (Jung and Kau, 2004: 370).

One particular area of interest for marketers is the generational sub-culture of generation Y, this is as a result of the strong influence this age cohort has on the purchase decision of their families and great spending power they have. More specifically for mobile service providers, the generation Y sub-culture has proven to be a lucrative market. Generation Y customers are early adopters of new technologies and extensive users of the internet and mobile service (Kumar and Lim, 2008: 570). Kueh and Voon (2007: 256) considered how Hofstede's (1980) cultural dimensions could explain generation Y consumers' expectations in respect service quality and concluded that culture does influence this sub-culture's evaluations of service quality, with customers service quality perceptions being directly related to uncertainty avoidance (Kueh and Voon, 2007: 256). Although there is some argument that technology and globalisation is eroding the difference in cultural values between different (traditional) cultural groups, while at the same time accentuating the cultural differences between generations (Mishra, 2008; Werner, 2007), this notion is not wholly supported by the research of Lynton and April (2012). The study by (Lynton and April, 2012) compared generation Y consumers in South Africa and China and it was concluded that even though generation Y consumers in both countries may outwardly or superficially seem to behave similarly, this does not necessarily mean that they share cultural values. The South Africans in this are said to be mid-level power distance, and are more democratic than generation Y consumers in China. South African generation Y consumers are tending toward an individualistic culture, while their China counterparts are strongly collectivist. Both cultures showed that they are both high in uncertainty avoidance (Lynton and April, 2012).



University of Fort Hare

1072661

## 2. 6 CULTURAL DIFFERENCE BETWEEN EMERGING AND DEVELOPED ECONOMIES

There are a number of obvious differences between developed economies and emerging such as infrastructure, education, standard of living and access to technology (Farrell, 1997; Obijiofor and Inayatullah, 1998). In addition, in his seminal work, Hofstede (1983) stated that developed countries tend to follow individualistic culture, whilst emerging economies tend to follow a collectivist culture (Hofstede, 1983: 85) which is largely a consequence of the contrasting economies, social and political conditions between these two types of nations (Hofstede and Hofstede, 2005: 68).

The difference between an individualistic culture and collectivist culture is discussed above but it is important to reiterate that Collectivists place a great importance on relationship building and value the opinions of their group members when making an important decisions. It follows that in order to facilitate the perception of relationship quality, service providers should rather focus on the social or collective advantages of the relationship rather than the individual benefits to be gained. It is not to say that the individual benefits are immaterial, but rather that that are an “order qualifier” as opposed to an “order winner”.

The difference between emerging and developed countries is not restricted to the Collectivist/Individualist continuum and extends to other cultural dimensions as well. In addition, most emerging markets tend to be high in Uncertainty avoidance, embrace a collectivist culture and are high in power-distance, whilst the opposite is true for developed nations (Fletcher, 2011: 10). In high uncertainty avoidance cultures, customers tend to be to risk averse and consequently clear rules and regulations are important in facilitating both service quality and relationship quality. Conversely, in cultures with high power-distance, positioning the service as egalitarian will probably undermine the efforts of the service provider to form relationships and deliver quality services (Fletcher, 2011: 4; Kassim and Abdullah, 2010: 355; Kong and Jogaratnam, 2007: 279).

One of the propositions about the source of the differences between emerging and developed nations is that because of the substantial distance in terms of technological advancements between these two types of economies, cultural difference is inevitable

(Nam, 2008: 57). This view, largely echoes the observation by Hofstede (1980) that national cultures are extremely stable over time, while others (Reid, 2011: 73; Chen, 2010: 73) argue that globalisation and technological advancement have led to the convergence in values and beliefs of people within nations and that to talk of “national cultures” is passé as people from different nations may share a common culture. While it may have been argued, in the recent past, that disparities in the proliferation of technologies exacerbated the differences in cultural dimensions, the emergence of mobile technologies, compounded by the lowering of costs has largely mitigated the impact of phenomenon. Specifically, in respect generation Y, technology advancement has brought about massive globalisation, which in turn has led to convergence of technologies and cultural values and beliefs (Parrot, 2013: 10; Matviyenko, 2009: 31; Taylor, 2006: 17).



University of Fort Hare  
*Together in Excellence*

## 2. 7 CONCLUSION

Culture is one of the most influential factors on customer behaviour; therefore considerable attention should be given to the knowledge of cultures implication. A person possesses different cultural beliefs and values, hence the aim of the theories of national culture is to be able to classify people using different cultural dimensions, which enable them to identify and differentiate customers. This chapter gave a review on the concept of culture and cross cultural studies that have been done.



University of Fort Hare  
*Together in Excellence*

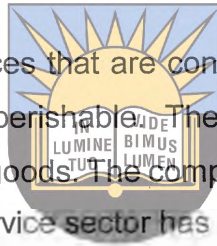
## CHAPTER THREE

### SERVICE QUALITY AND RELATIONSHIP QUALITY

#### 3. 1 INTRODUCTION

Services are becoming an increasingly important element of the global economy, and consequently the service industry is becoming one of the fastest growing and most competitive sectors. Service firms contribute greatly to the world economy, accounting for more global output and providing work for more individuals than any other sector (Kokou, 2014: 38).

Services are described as performances that are conducted by service firms, which are intangible, heterogeneous and perishable. These attributes makes services difficult to manage when compared to goods. The complex nature of services, together with the growing importance of the service sector has increased the need for a better understanding of what comprises Service quality.



University of Fort Hare  
*Together in Excellence*

Service quality has become a dominant theme in most service research and it is the most researched area in services marketing (Mostert, 1999: 13). The provision of quality services enables a firm to differentiate itself from its competitors, thus gaining a comparative advantage. The service firm's ability to deliver quality service on a consistent basis is believed to contribute to customer retention, satisfaction, repeated purchase behaviour and loyalty (Pather, 2007). Despite being an important contributor in the creation of loyalty behaviour, provision of quality services alone cannot guarantee customers' long-term loyalty or eliminate customers' switching behaviour when offered a perceived better alternative. Thus, there is need for service providers to form good quality relationships with customers. The quality of relationship between customers and service providers can contribute to creation of long-term relationships and consequently, long-term customer loyalty. The telecommunication industry, more specifically the mobile phone service sector has become an important part of the service industry contributing 3.8% of the global gross domestic product (GSMA, 2015: 2).

In this chapter the concept of service quality and relationship quality will be discussed. The chapter will start off by giving a general discussion of what a service is and the different attributes that make up a service. The chapter will go on to give a definition of quality leading to a discussion about the difference between the quality of goods and services. Additionally, the chapter will give a detailed discussion on the different service quality models. This will lead to a discussion on the different measures of service quality and a discussion of the importance of service quality concept in a service environment.

The second half of the chapter will look at relationships in the service setting and how they develop. The relationship marketing and relationship quality concepts will also be considered.

### 3. 2 SERVICES



Beedassy (2002: 11) states that, in order to understand the concept of quality in services, it is appropriate to start by defining what a service is and its different attributes. Yao (2010: 6) describes services as intangible and heterogeneous performances that are difficult to measure against certain consistent standards. Lamb et al., (2012: 337) and Agbor, (2011: 8) described a service as a deed or performance that comprises four attributes namely; intangibility, perishability, heterogeneity and inseparability. These attributes differentiate a service from a good, which can be described as a tangible object that can be used either once or repeatedly (Lamb et al., 2010: 337; Futrell, 2012: 18). These characteristics are considered in greater detail below.

#### 3.2.1 Intangibility

Unlike goods, services cannot be touched, seen, felt, tasted, or stored as a result they are described as intangible performances (Armstrong, Adam, Denize and Kotler, 2015: 437; Hoffman, Bateson, Elliott and Birch, 2010: 16; Verma, 2012: 38). Intangibility is believed to be the most dominate attribute of services which has an important impact on customer perceptions (Verma, 2012: 77) and can be described as the absence of tangible assets which can be seen, touched or smelled prior to purchase (Strydom, 2004). The intangibility nature of a service makes it difficult for customers to evaluate the service; this increases the uncertainty levels of customers hence, in order to

reduce this factor customers look for signals of service quality (Kotler, Wong, Saunders, and Armstrong, 2005; Verma, 2012: 43).

### **3. 2. 2 Inseparability**

Services are characterised by simultaneous production and consumption, meaning that their production and consumption are inseparable (Hoffman et al., 2010: 17; Verma, 2012: 38; Armstrong et al., 2015: 436). In the production of services customers are co-producers, meaning they play a part in the production process; hence there is more interaction between the service provider and the customer (Armstrong et al., 2015: 436). Unlike goods which are manufactured, stored, delivered and used at a later stage, as a result there is no direct relationship between the provider and customer (Armstrong et al., 2015: 436).



### **3. 2. 3 Perishability**

Perishability refers to the fact that services cannot be saved or inventoried, their unused capacity cannot be reserved, and they cannot be stored for repeated use (Hoffman et al., 2010: 25; Lamb et al., 2010: 336). Unlike goods that can be stored and sold at a later date (Armstrong et al., 2015; Hoffman et al., 2010: 25).

University of Fort Hare  
*Together in Excellence*

### **3. 2. 4 Heterogeneity**

Services are regarded as heterogeneous because of the variation in consistency from one service encounter to another (Hoffman et al., 2010: 22). Service encounters occur in real time and customers are present and part of the production process (Hoffman et al., 2010: 22; Verma, 2012: 38). Unlike goods that are homogeneous, meaning once produced the quality of good is relatively easily ensured across all lines of production (Verma, 2012: 38; Hoffman et al., 2010: 22).

The above mentioned characteristics differentiate a services from a good (Hoffman et al., 2010: 13; Lamb et al., 2010: 340). Due to the sequential (a particular order followed in producing a good) nature of goods, the marketing of goods is regarded as simple when compared to the marketing of services (Hoffman et al., 2010: 16, Verma, 2012: 45). The production process of services involve more interaction between the service provider and the customer, as a result at the end of the process the customer might gain trust in the expertise of the service provider (Hoffman et al., 2010: 13). Thus,

marketing a service involve more of relationship building (Hoffman et al., 2010: 13; Verma, 2012: 38). On the other hand, good are produced without any customer participation, hence they is no relationship building, due to the lack of interaction between the provider and customer (Hoffman et al., 2010: 13; Churchill and Iacobucci, 2010: 327).

### **3. 3 QUALITY**

Quality plays an important part in the growth of any business. Hence, it should be defined appropriately. There are many definitions of quality; Crosby (1979) defined quality as conformance to requirements. Rao (2011: 374) defined quality as the degree of excellence in service performance. Based on the intangible nature of services, service providers and customers can define quality in their own terms (Tsoukatos, 2007: 42). The quality of a service is more difficult for consumers to evaluate than product quality; this is due to a lack of tangible evidence associated with a service (Hong and Goo, 2004). The differences between the quality of a product and a service are considered below.



**University of Fort Hare**

*Together in Excellence*

#### **3. 3. 1 The difference between quality of a good and a service.**

On the quality aspect, the quality of goods and services differ, due to the different environmental settings in which they are produced. Goods are described as homogeneous in nature; because once they are produced the quality is uniform across all lines of products (Lamb et al., 2010: 327; Hoffman, 2010: 22). The quality of a good can only differ between different sellers/providers (Hoffman, 2010: 22). On the other hand, services are described as heterogeneous in nature, thus, it is impossible for service providers to achieve 100% perfect quality (Hoffman, 2010: 26). The quality of a service is dependent on human effort and each time a service is offered it may vary in quality, out-put and delivery (Lamb et al., 2010: 327; Hoffman et al., 2010: 22).

### **3. 4 SERVICE QUALITY**

One of the important tasks for service companies is provision of quality services. The quality of service is considered to be a critical success factor, as it enables companies to gain a comparative advantage, and increase customer retention (Rao, 2011: 374; Tsoukatos, 2007: 39). Tsoukatos, (2007: 39) described Service quality as a synthetic

term, which requires a description of the terms (i.e. service and quality) before a definition can be given. These terms are discussed in sections 3. 3 and 3. 2 above.

### 3. 4. 1 Defining service quality

As a result of the nature of a service, customers perceive the quality of services by experiencing the consumption process and comparing the experience with their expectations (Rao, 2011: 374; Yao, 2010: 6). Grönroos (1984) advocated that service quality is the result of a comparison between customer expectation and what they actually experienced. Parasuraman et al., (1985) also described service quality as the difference between perceptions and expectations. If customers perceive the same service as they anticipate then this will result in service quality. Roy and Eshghi (2013: 446) further states that, service quality is a measure of customer's individual perceptions of services received, this can be referred to as customers' perceived quality. Perceived service quality refers to customer's judgement about the overall superiority of a service (Zeithaml et al., 1990).

Customer's perceptions about the same service experience may differ among individuals (Ueltschy, Laroche, Egger and Bird, 2005: 11). The way in which an individual sees an event, including a service encounter, is based on the experiences and cultural background that the individual brings to that event (Ueltschy et al., 2005: 11). Consequently, it is most likely that perceptions of Service quality would vary across cultures (Ueltschy et al., 2005: 12).

Zeithaml et al., (1990: 35) described service quality as the degree to which a service meets or exceeds customer expectations. This indicates that service quality can be determined by looking at customers' expectation in relation to service delivery and how this compared to their perceptions or attitudes relating to the superiority of the service that is produced during and after services are rendered. If customers' service expectation and perception do not agree, the 'gap theory' applies. The theory discusses the difference between the expectations and perceptions of customers (Ganesan-Lin, Russell-Bennet and Dagger, 2008: 550), this theory was developed by Parasuraman et al., (1985: 44 - 49). The *gap theory's* discussed in more detail in Section 3.4.2.

### 3. 4. 2 Service quality models

Many different models for service quality have been developed in order to explain and measure service quality in diverse business operations (Nimako, Azumah, Donkor, and Adu-brobbeu, 2012). These models are discussed in greater detail below.

#### 3. 4. 2. 1 Technical and functional quality model

This model was developed by Grönroos (1984) and can also be referred to as the Nordic (European) model. The model has three components of service quality, namely: technical quality, functional quality and image (Nimako and Azumah, 2009: 60; Tsoukatos, 2007: 43; Seth, Deshmukh and Vrat, 2005: 916). Grönroos (1984) indicates that service quality is measured by customers' evaluation of perceived performance of a service against customer's perceived Service quality. The three components of service quality are considered below.



- **Technical quality**

Technical quality is the quality of what consumer actually receives as a result of their interaction with a service firm and is significant to customers' evaluation of Service quality (Nimako and Azumah, 2009: 61; Seth, Deshmukh and Vrat, 2005: 916).

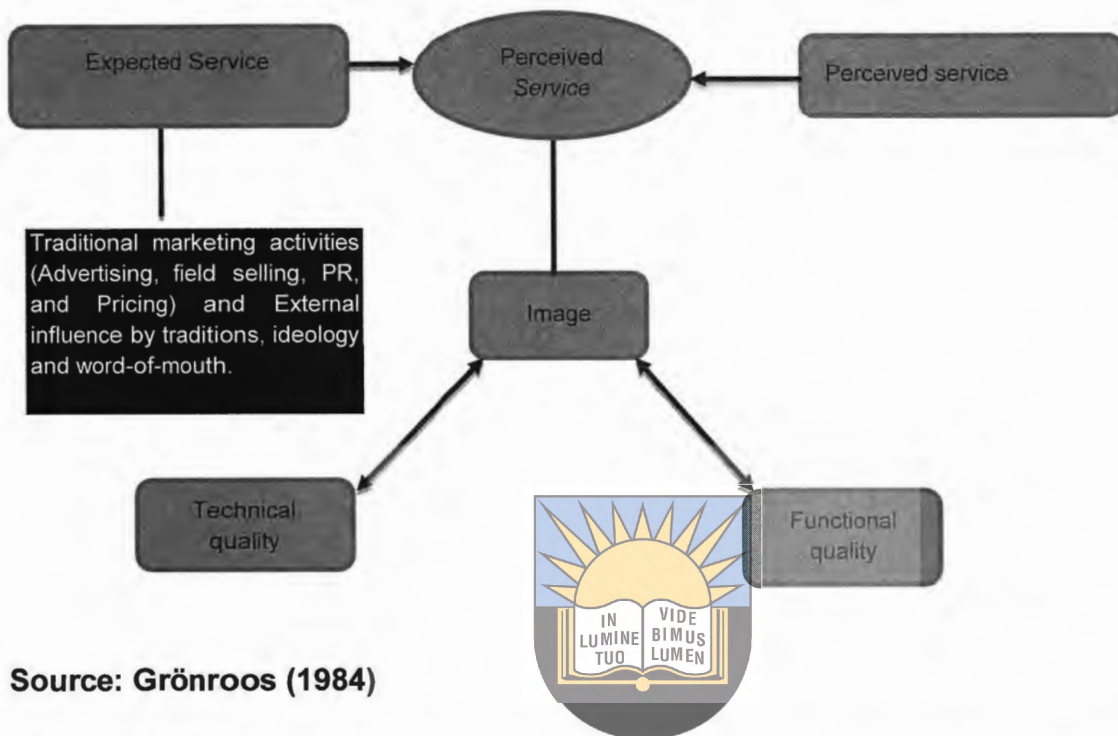
- **Functional quality**

Functional quality reflects the way that the service is delivered. How the service is delivered is important to customers' views of the service received (Tsoukatos, 2007: 44; Seth, Deshmukh and Vrat, 2005: 916).

- **Image**

This can also be referred to as reputational quality (Seth, Deshmukh and Vrat, 2005: 916). This component is very vital for service firms, as it is most likely to build up mainly by technical and functional quality of service including other factors (tradition, ideology, word of mouth, pricing and public relations).

**Figure 3.1: The technical and functional model**



**Source: Grönroos (1984)**

The Nordic model has been criticised for its lack of clarity on how to measure the different aspects of service quality, particularly technical quality (Tsoukatos, 2007: 45). Due to this shortfall, the technical and functional quality model lack popularity compared to the American (Gap) model by Parasuraman et al., (1985), Tsoukatos, 2007: 45). The Gap model is discussed below.

### **3. 4. 2. 2 The GAP model**

The Gap analysis model or the American model of service quality was developed by Parasuraman et al., (1985.1988). The model assumes that Service quality is the differences between expectations and performance relating to quality dimensions (Seth, Deshmukh and Vrat, 2005: 916; Nimako and Azumah, 2009: 62). These differences are referred to as gaps, Parasuraman et al., (1985) identified five gaps which are:

Gap 1: Variation between consumers' expectation and management's perceptions of those expectations, (not knowing what consumers expect);

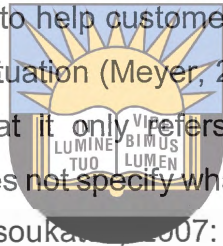
Gap 2: The difference between management's views of consumer's expectations and service quality specifications (improper service-quality standards);

Gap 3: The discrepancy between service quality specifications and service actually delivered, (service performance gap);

Gap 4: Variations between service delivery and what is communicated by firms to customers;

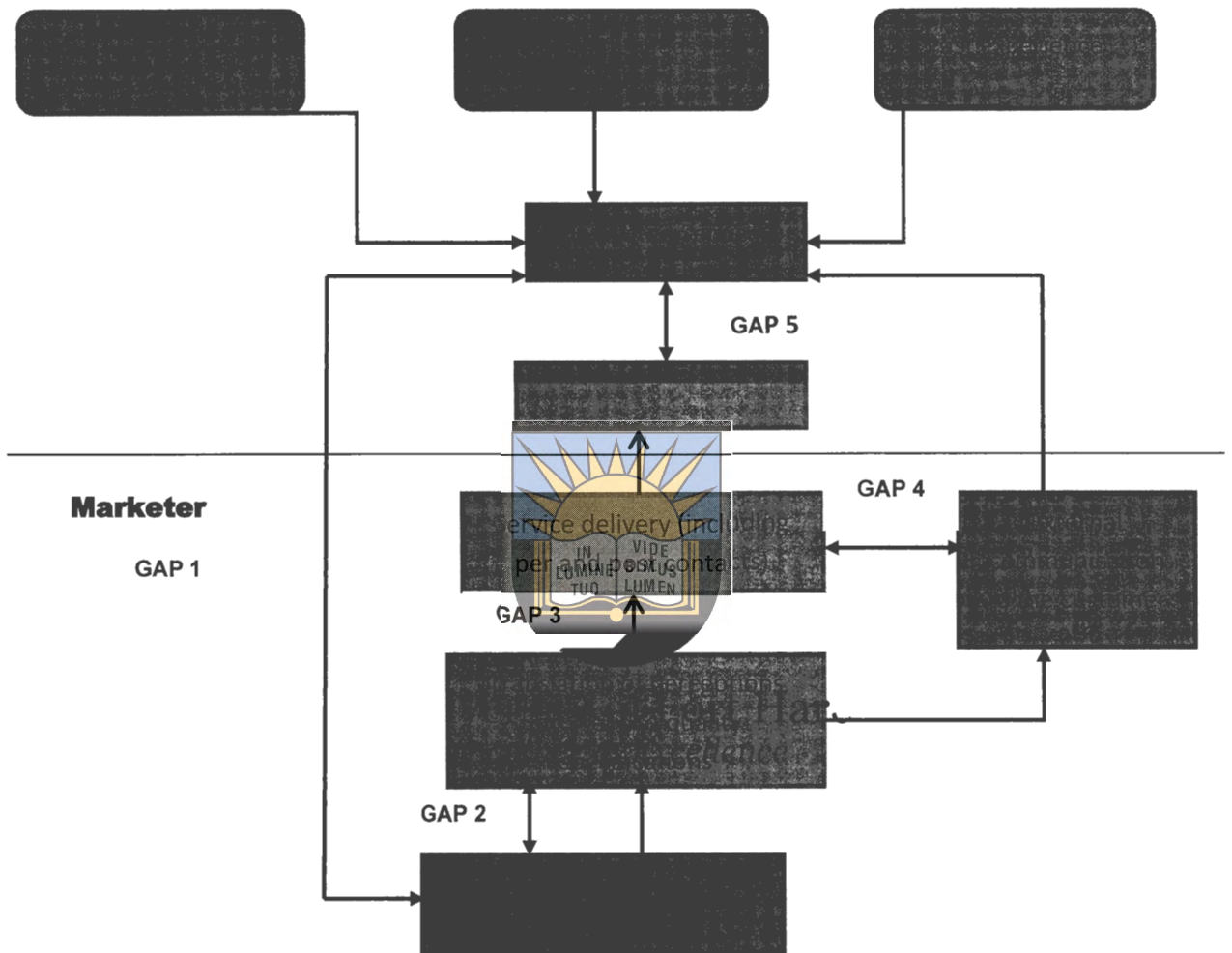
Gap 5: Gap 5 is described as a function of Gaps 1, 2, 3 and 4, and it reflects the difference between consumer's expectation and perceived service through five components of service quality namely reliability, responsiveness, assurance, empathy and tangibles (Parasuraman et al., 1988).

The Gap model is of the view that, service providers should identify and explicitly state the features of services upfront so as to help customers to determine which element of a service is critical in that unique situation (Meyer, 2009). The gap analysis model has been criticised on the basis that it only refers to functional quality without mentioning to technical quality and does not specify what must be reliable, responsive, assured, empathetic, and tangible (Tsoukatos, 2007: 47). Further, the gap analysis model only gives clear procedure for the measurement of Gap 5, from which the SERVQUAL scale was developed and does not give clear procedure on how to measure Gap 1, 2, 3 and 4 (Van Schalkwyk and Steenkamp, 2014: 93; Tsoukatos, 2007: 46; Seth, Deshmukh and Vrat, 2005: 916). Figure 3. 2 below show the Gap analysis model.



University of Fort Hare  
*Together in Excellence*

Figure 3. 2: Gap analysis model



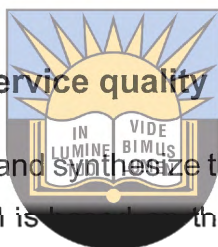
Source: Parasuraman et al., (1985)

Numerous Service quality models have been presented over the years, relating to conventional and recently electronic services. Most of these models are either extensions of the Gap analysis model, or a combination of the Nordic and Gap perspectives (Tsoukatos, 2007: 47). Some of these models are briefly introduced in the sections below.

### 3. 4. 4 Attribute service quality model

The model states that a service firm has high quality if it meets customers' preferences and expectations on a consistent basis. The model is based on the notion that services have three basic characteristics; physical facilities and processes; people's behaviour;

and professional judgment (Tsoukatos, 2007: 48; Seth, Deshmukh and Vrat, 2005: 916). The model emphasises that paying too much attention on only one of the above mentioned attributes to the omission of other might lead to disaster (Haywood-Farmer, 1988). Haywood-farmer (1988) tried to map different service situations with regards to degree of contact and interaction, degree of labour intensity and degree of service customisation in this model. However the model does not offer a system for measuring service quality or procedure that will help management to identify service quality problems (Tsoukatos, 2007). The model is unable to measure service quality. It does not provide a practical process to assistance management identify service quality problems or a practical means of improving Service quality (Van Schalkwyk and Steenkamp, 2014: 93).



### **3. 4. 2. 3 Synthesised model of Service quality**

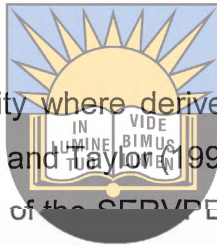
This model was formed as a way to try and synthesize the Nordic and the Gap analysis model into a single model. The model is based on the notion that, a service quality gap may exist even when a customer has not yet experience the service, but learned about the service through word-of-mouth, advertising or through other communication media (Brogowicz, Delene, and Lyth, 1990). The synthesised model of Service quality (Brogowicz et al., 1990) tries to integrate traditional managerial framework, service design, operations and marketing activities. The model considers three factors: company image, external influence and traditional marketing activities as influencing technical and functional quality expectations. The model however lacks empirical justification in different types of service settings (Tsoukatos, 2007).

### **3. 4. 2. 4 Performance only model**

The model is based on the assumption that performance instead of (performance minus expectation) determines service quality. Cronin and Taylor (1992) challenged Parasuraman et al., (1985) model with its SERVQUAL scale stating that performance only instead of performance minus expectations determined service quality and developed a performance only scale called the SERVPERF. As a result of this they illustrated that service quality is a form of customer attitude and the performance only measure is an enhanced means of assessing service quality. However, the model needs to be generalised for all types of service settings (Van Schalkwyk and Steenkamp, 2014: 93).

### 3. 4. 2. 5 Evaluated performance and normed quality model

Teas (1993) raised a number of criticisms against the conventional disconfirmation model, stating that the model (SERVQUAL) has theoretical and measurement problems in the assessment of service quality. The disconfirmation model is criticised based on the conceptual ambiguity; theoretical justification of expectations in measurement of service quality; the usefulness of the probability specification in the evaluation of performance measurement and the link between service quality and customer satisfaction/dissatisfaction (Nimako and Azumah, 2009: 70). Teas (1993) suggested evaluated performance model and normed quality model to measure service quality as he found the expectation perception gap model (Parasuraman et al., 1985) to be ambiguous.



Instruments to measure service quality were derived from some of the measures mentioned above. For instance, Cronin and Taylor (1992) developed the performance-only model, leading to the formulation of the SERVPERF scale, Parasuraman et al., (1985) developed the gap model, which led to the formulation of the SERVQUAL scale. Teas (1993) also developed the performance evaluation model which they used as a measure of service quality. These Different measures of service quality are considered in sections below.

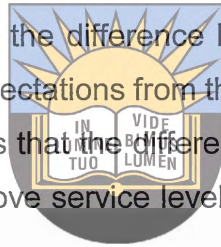
### 3. 4. 3 Measures of service quality

The intense competition in the service industry and the pursuit for customer retention through service excellence and delivery of high quality service to customers, according to customers' diverse needs and expectation, has bound firms to often evaluate the quality of their service in order to keep in line with market demands (Tsoukatos, 2007: 52). Various measures of service quality have been developed with the intention to measure service quality, with the SERVQUAL scale forming the basis for most measures of service quality namely; SERVPERF model, (Cronin et al., 1992), **Qualitometro** (Franceschini and Rosetto: 1998), **evaluated performance model and Normative quality model** (Teas, 1993), **Bank Service quality scale (RSQ)** Bahia and Nantel, 2000). These are discussed briefly in the sections below. Some of the scales used to measure service quality are 'industry specific' measures, meaning that, the scales are developed for specific industries. For instance, the **HEdPERF** this is a

model designed to measure Service quality in the High Education system (Prevos, 2012; Abdullah, 2005; Brochado, 2009: 175). **BANKSERV** this is an instrument which was developed for measuring service quality in the banking sector (Van Schalkwyk and Steenkamp, 2014: 94).

### 3. 4. 3. 1 SERVQUAL model

Ganesan-Lin et al., (2008: 550), described SERVQUAL as a differential tool that assess the difference between service expectations and service outcomes. The SERVQUAL scale was developed by Parasuraman et al., (1985, 1988; Zeithaml et al., 1990). The model is based on the disconfirmation paradigm, and is described as a by-product of the Gap analysis model (Tsoukatos, 2007: 52; Reid, 2011: 36). The aim of the SERVQUAL model is to measure the difference between customers' perceived performance of a service and their expectations from the service (Parasuraman et al., 1985, 1988). Ladhari (2008: 66) states that the difference between expectations and perceptions can then be used to improve service levels across a number of services types.



## University of Fort Hare

Initially, Parasuraman et al., (1985) ~~Together that, Customers~~ evaluated service quality by comparing their expectations and perceptions based on ten dimensions namely, reliability, tangibles, responsiveness, communication, credibility, security, competence, understanding/knowing customers, courtesy and access. The dimensions were later on reduced to five dimensions namely; tangibles, assurance, responsiveness, empathy and reliability (Parasuraman et al., 1988). This resulted from a strong correlation that was found among these dimensions (Mosahab, Mahamad, and Ramayah, 2010: 73). These dimensions are considered below.

### 3. 4. 3. 1. 1 Reliability dimension

This dimension refers to the service providers' ability to perform the service dependably, accurately and consistently. For instance, delivering what was promised at the exact time it is required (Hair, Lamb and McDaniel, 2008: 336; Hult, Pride and Ferrell, 2013: 395; Du Plessis, Strydom and Jooste, 2012: 226). Reliability can be described as service providers ability to deliver the service right the first time, resulting in the dimension being regarded as an important determinate in the

formation of customer service quality perceptions (Hair et al., 2008: 336; Hult et al., 2013: 394).

### **3. 4. 3. 1. 2 The dimension of responsiveness (Performance of Employee)**

The dimension looks at service providers' willingness or readiness to help customers by providing prompt services (Hult et al., 2013: 395; Du Plessis et al., 2012: 226). The service personnel's should be attentive when dealing with customer request and complains so as to deliver prompt services (Hult et al., 2013: 395; Hair et al., 2008: 336; Du Plessis et al., 2012: 226). In order to provide prompt services and show flexibility service providers should look at responsiveness from a customer's point of view (Iddrisu, 2011: 21), as this will enable them to gain customer trust.

### **3. 4. 3. 1. 3 The dimension of assurance (Reassurance)**

This dimension looks at service personnel's employees' knowledge about the product and courtesy towards customers (Hult et al., 2013: 395; Du Plessis et al., 2012: 226). The service provider and service personnel's are required to treat customers with respect, and inspire trust and confidence through the ability of service personnel to show perfect knowledge about the services being provided. This dimension is important where customers find it hard to evaluate services that they perceive as high risk (Du Plessis et al., 2012: 226).

### **3. 4. 3. 1. 4 The dimension of empathy**

Empathy refers to provision of considerate and individualised attention by service providers or service personnel (Hair et al., 2008: 336; Du Plessis et al., 2012: 226). This dimension measures the ability of service providers to provide personalised and customised service, thus showing customers that they are unique and special individual customers (Hair et al., 2008: 336; Du Plessis et al., 2012: 227).

### **3. 5. 1. 5 The tangibility dimension**

Tangibility refers to the physical evidence of the service, consisting of physical facilities, appearance of service personnel, and equipment used to provide services. Service providers pay great attention to tangibles of Service quality, because tangibles are often the only aspect of a service that can be viewed before purchase and consumption, thus they is need for service providers to ensure that tangible

elements are consistent with the overall image of the service (Hult et al., 2013; 395; Hair et al., 2008: 337; Du Plessis et al., 2012: 227).

Each of the above mentioned dimensions is measured by four to five items on a seven-point Likert model, making a total of 21 or 22 items for the five dimensions (Ladhari, 2008: 66). Each of the 22 items is measured in two ways; 1) expectations of customers regarding a service; and 2) the perceived levels of service actually provided (Ladhari, 2008: 66). The SERVQUAL model has been used in various industries (i.e. telecommunication retail, banking, fast food, and health) to measure service quality (Tsoukatos, 2007; Mosahab, et al., 2010). Despite being a commonly used measure of service quality the SERVQUAL model was contended by Cronin and Tylor (1992), stating that performance only measures (SERVPERF) where superior to difference or gaps measures (Tsoukatos, 2007: 53). The SERVPERF model by Cronin and Taylor (1992) is considered below.



### 3. 4. 3. 2 SERVPERF model

The SERVPERF model is based on the notion that customers evaluate the quality of a service based only on the performance of the service delivery, hence the term performance-only measure (Tsoukatos, 2007: 55; Josefa and Rocio, 2008: 31). The SERVPERF scale is based on the assumption that customers will evaluate the service after they have already, consciously or sub-consciously, compared performance perceptions with performance expectations. SERVPERF was developed as a result of SERVQUAL assessment (Tsoukatos, 2007: 54; Josefa and Rocio, 2008: 31). SERVPERF measures are based on the belief that evaluating perceptions of performance only is enough to determine the quality of a service. Cronin and Taylor (1992) used the items from the SERVQUAL model to formulate measures of SERVPERF model. The SERVPERF model consists of the perceptions part only part of the SERVQUAL model (Tsoukatos, 2007: 4).

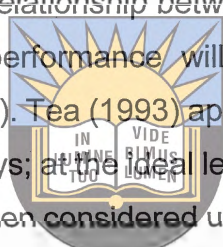
### 3. 4. 3. 3 Qualito metro

This is a service quality tool comprehended for evaluation of on-line Service quality control; the instrument was developed by Franceschini and Rosetto et al., (1998). An important feature of this measurement method is the possibility of a separate measurement of expected and perceived quality without the possibility of a cross-

influence (Franceschini and Rosetto: 1998). The Qualito metro method is based on the service quality dimensions proposed by (Parasuraman et al., 1994). Franceschini and Rosetto (1998) empirically evaluated tools for service quality evaluation, suggesting that the Qualito metro appears easy to use in comparison to SERVQUAL when it comes to online quality monitoring.

#### **3. 4. 3. 4 Evaluated performance model (EP model) and NQ (normed quality)**

Teas' (1993) evaluation performance model integrates the classic ideal point concepts into perceive quality model, whereas the normed quality model integrates the classic ideal point concept with the SERVQUAL revised expectation concept. The evaluation performance model shows a positive relationship between customer's view of quality and the likelihood that the actual performance will be able to fulfil customer's expectation (Prasad and Jha, 2013: 29). Teas (1993) apprise that expectations may be taken by customers in two different ways; at the ideal level by giving each attribute the higher score, or at the feasible level when considered under actual conditions in which service quality may be delivered. Later Teas (1994) highlighted the post-purchase experience as well as the change in the perspective of the customer.



University of Fort Hare  
*Together in Excellence*

The revised expectation led to the creation of the Normed quality model. Teas (1993) deal with the normed quality model as the excellence norm leading to the positive experience of the customer. The excellence norm is compared with the ultimate standard set in the mind of the customer (Josefa and Rocio, 2008: 32). The difference in the two expectations are referred to as the 'normed quality gap', if no difference exist in the excellence norm and the expectation then the normed quality is equal to the perception of the customer (Prasad and Jha, 2013: 29). The evaluation performance model has been proven to have a criterion and construct validity that is higher than the concurrent and construct validity of the SERVQUAL and the normative quality model (Teas, 1993).

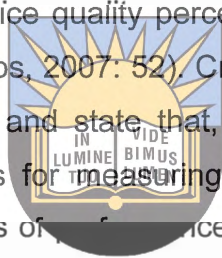
#### **3. 4. 3. 5 Bank Service quality scale (BSQ) (Bahia and Nantel, 2000)**

The scale was developed for evaluating perceived service quality in bank service; however the scale can be adopted in various service sectors. The scale consist of 31 items which span six dimensions namely; effectiveness and assurance, price, tangible, service portfolio and reliability (Bahia and Nantel, 2000). Bahia and Nantel's (2000)

empirical investigations compared favourably to SERVQUAL, producing a six dimension scale which covers a wide range of marketing variables.

### **3. 4. 3. 6 Disconfirmation (SERVQUAL) versus Performance-only (SERVPERF) measurement**

Based on the discussion above of the SERVQUAL and SERVPERF models, it is clear that although both models are used to measure service quality, there is a distinctive difference on the basis for their measure on service quality (Parasuraman et al., 1985; Cronin and Taylor, 1992, Tsoukatos, 2007; Josefa and Rocio, 2008). The SERVQUAL model is based on the notion that service quality is measured by examining the discrepancy between customers' service quality perceptions and their expectations (Josefa and Rocio, 2008: 32; Tsoukatos, 2007: 52). Cronin and Taylor (1992: 24) on the other hand questioned this view and state that, the use of the performance-expectation is an inappropriate basis for measuring service quality, arguing that measuring service quality on the basis of performance-only measures (SERVPERF) is a more reliable and superior way of measuring service quality when compared to using SERVQUAL.



University of Fort Hare  
*Together in Excellence*

The SERVQUAL model is one of the most common measures of service quality in the academic and marketing literature (Tsoukatos, 2007: 58). In spite of being commonly used and forming the basis of the SERVPERF model by Cronin and Taylor (1992), the model has encountered criticism (Ladhari, 2008; Tsoukatos, 2007; Cronin and Taylor, 1992; Josefa and Rocio, 2008). The model has been criticised for using the discrepancy between perceptions and expectations as a basis for evaluating service quality (Tsoukatos, 2007). The SERVQUAL scale has been criticised because it only focuses on measuring one dimension (functional) of the quality of service delivery and the role of the final (technical) outcome and the image of the business are not included in the equation (Ladhari, 2008: 75-76). This argument emanated from Grönroos (1984) view of service quality. Grönroos (1984) is of the view that service quality can be assessed by customers like the technical dimensions of a product. However, technical quality alone cannot account for the quality as perceived by customers. As customers are not only interested with the outcome of a service process, they are also interest in how the service is delivered, which is the functional quality of the service (Grönroos, 1984; Prevos, 2012).

The SERVQUAL scale is also criticised for its reliability and discriminate validity, Brown et al., (1993) claimed that the reliability and discriminate validity of SERVQUAL are not as good as those of a non-difference metric. Parasuraman et al., (1994) responded to this stating that, the conceptual superiority of non-difference measure was disputable and suggesting that the SERVQUAL has more diagnostic prospects and is therefore more practical than a perception only scale (SERVPERF).

Notwithstanding the criticism against the SERVQUAL scale, this study uses an adapted version of SERVQUAL in the mobile phone industry. The first reason of using this measure is the adaptable nature of the instrument across a variety of industry, thus making it the widely used instrument to measure service quality in various contexts in different studies and industries (Meyer, 2009: 34; Foster 2010; Tsoukatos, 2007: 58; Parasuraman et al., 1988). Unlike the SERVPERF model the SERVQUAL model enable service provider to identify the gaps in service delivery (Foster, 2010).

#### **3. 4. 4 The importance of service quality**

Service quality is imperative for organisational success and survival, more specially in most service firms (Meyer, 2009: 35; Kokou, 2014: 58). The ability of the service provider to offer good quality services can lead to customer retention and favourable behaviours such as loyalty from old customers as well as new customers. The delivery of quality services on a consistent basis can lead to the reduction of marketing cost, improving a business' financial performance (Meyer, 2009: 35). The importance of service quality lies in the fact that it is unnecessary and unproductive to spend resources (time, money and effort) trying to attract new customers, if service quality can assist in maintaining existing customers (Meyer, 2009: 36).

The benefits associated with providing satisfactory service quality to customers include developing relationships with customers, customer loyalty, and an increase in market share, better profits and thus, better comparative advantage (Meyer, 2009: 37).

#### **3. 4. 5 Service quality in the mobile phone industry**

The delivering of quality services is one of the greatest contributors' to gaining a competitive advantage for firms in the service industry. The ability to deliver and provide quality service enables the firms to have sustainable long-term relationships

with customers. A wide body of literature exist in the marketing and management literature which looked at the concept of service quality in the service industry (Tsoukatos, 2007; Reid, 2011; Al-Aali, Khurshid, Nasir and Al-Aali, 2011: 43; Khan and Fasih 2014: 332; Wang and Lo, 2002; Molapo and Mukwada, 2011: 52). Research on the effect of service quality on loyalty, customer satisfaction, customer values, and customer retention has been conducted in the banking sector, travel agency industry, hotel, mobile service and restaurant service sectors (Khan and Fasih, 2014: 332; Al-Aali et al., 2011: 43). Findings from these studies showed that customers can place different value on the antecedents of service quality resulting in different perceptions towards a service encounter/experience (Khan and Fasih 2014: 332; Al-Aali et al., 2011: 43). Although research results shown that the five dimensions of the Service quality variable are antecedent to customer perceptions about the quality of services, research also showed that in each sector there are different aspects of a service that make a customer to portray a service as, a quality service (Tsoukatos, 2007; Reid, 2011).



The delivery and provision of high quality services is a contributing factor to growth within the industry (Al-Aali et al., 2011: 43), hence it is important for service providers to meet customer expectations and requirements. Molapo and Mukwada (2011: 52) states that in order for the mobile service provider to retain and maintain long-term relationships with their customers, they must provide better deals through delivering of quality services, through adaptation of modern technologies which make mobile service more efficient and effective, and employing efficient service personnel to enhance customer relationships.

Customers' perceptions about the quality of services are most likely to have an effect of the behavioural intention of customers – mainly loyalty and purchase decision (Al-Aali et al., 2011: 43; Wang and Lo, 2010: 42). Research by Paulrajan and Rajkumar (2011: 42) on Service quality and customer preference of cellular service providers revealed that apart from price being a contributor to influencing customer choice of a service provider, promotion and product quality also contributed greatly to customer perception and choice of which service provider to use. Research by Cronin et al. (2007) contended that customers might place greater value on the quality of a service than on the cost associated with acquiring the product. Wang and Lo (2010: 42) and Al-Aali et al. (2011: 43) states that network quality is one of the greatest contributors

to customer Service quality perceptions about the quality of services. Research finding by Wang and Lo, (2010: 42) also showed that the reliability, responsiveness, empathy, tangibility and assurance of the service provider contributed to the formation of customers' perceptions about the quality of service being delivered by the service provider. As a result of immense competition with in the mobile service industry and high customer demands it is imperative for service providers to be able to fulfil or exceed customer expectations so as retain customers and gain their loyalty.

### 3. 5 THE CELL PHONE/ MOBILE PHONE INDUSTRY

The total number of mobile phone being used globally exceeds that of fixed-lines, making the mobile phone industry one of the dominating sectors in the telecommunication industry (Jonathar, 2008: 3; Nakhleh, 2012: 538). Nearly half of the world's population uses mobile phones for communicating, banking internet and social media; making the mobile phone industry one of the fastest growing and competitive industries globally (GSMA, 2010: 2; Modaphone, 2011; Asongu, 2013: 706; Malhotra and Malhotra, 2013: 13). Nowadays, people are living in a world surrounded with advance technology and everyone wants to keep pace with the new technologies. The mobile phone industry is growing larger because having a mobile phone has become a necessity for almost every individual (Khan and Manthiri, 2012: 61). The wide used of mobile phone has not only transformed the way people communicate with each other (video calls, sms), but also the way people access and share information (sms, social networking), use media (mobile wed, games and music) and navigate the world (GPS, mobile wed, applications). Mobile phones have evolved from a single-purpose communication device into multi-tasking devices (Malhotra and Malhotra, 2013: 13).

At the end of 2014, 2.4 billion individuals globally accessed the interned through mobile devices (GSMA, 2015: 30). The usage of mobile device to access internet is expected to increase as more people are expected to access the web through a mobile phone than a computer (Gerpott and Ahmadi. 2015). In order to meet the high demand for mobile connectivity (voice and data), mobile service providers are making substantial investments in improving their infrastructure, thus upgrading the clarity of the voice calls and reliability of data transfer (Malhotra and Malhotra, 2013: 13). This quality that comes from the base infrastructure (technical quality) is clearly important

to customer as it serves as the minimum requirement for positive customer service perceptions (Malhotra and Malhotra, 2013: 13). Additionally, mobile service providers have collaborated with hardware and software suppliers to produce devices that are fast, reliable and offer attractive data facilities to consumers (Malhotra and Malhotra, 2013: 13). Both on the hardware and software side, the mobile phone industry has experience a paradigm shift, from a voice-driven to data-driven model, due to the launching of smart phones such as blackberry, Apple's iPhone, Samsung's Galaxy (Malhotra and Malhotra, 2013: 13). A smart phone can be described as a portable computing device with a high-resolution screen (i.e. touch screen) internet connectivity, a number of multimedia features and an application store (i.e. Google play store (GSMA, 2015: 30). Hardware manufactures continue to improves device capacities such as speed, picture quality, video and face-to-face calling (voice and video calls).



On the service side of the mobile phone industry, software's and applications that have been designed, have contributed to the massive growth in this industry (Malhotra and Malhotra, 2013: 13). Services over the air and a number of applications have increased the value customers can get from the mobile devices themselves. Jointly, infrastructural investments accompanied with substantial improvements in both hardware and software has resulted in significant growth in the mobile phone service industry (Malhotra and Malhotra, 2013: 13). The growth of the mobile phone industry has brought about increase in competition, which is pressurising service providers to find ways of retaining and attracting new customers (Khan and Manthiri, 2012: 61; Malhotra and Malhotra, 2013: 13). The intense competition in the mobile phone industry is prevailing not only for new customers in the market, but also existing ones who are constantly enticed with attractive offers to switch providers (Malhotra and Malhotra, 2013: 14). In such a vibrant industry, it is expected that service quality among different providers would be high (Malhotra and Malhotra, 2013: 14). Service providers need to also develop good quality relationships with customer to increase the loyalty base (Niko, Askarina, Khalafi and Joyami, 2013: 6). This can be achieved through effective implementation of the relationship marketing concept.

University of Fort Hare  
*Together in Excellence*

### 3. 6 THE RELATIONSHIP MARKETING CONCEPT

Keshvari and Zare (2012: 157) described relationship marketing as a concept that encompass a wide range of relationship type strategies that have developed over the past few decades in product as well as service markets and in consumer as well as business to business sectors. The relationship marketing concept can be described as a marketing strategy that involves several tactics such as, service quality, price perceptions, value offers, loyalty programs, brand images (Keshvari and Zare, 2012: 157; Niko et al., 2013: 5). The aforementioned relationship marketing tactic will be discussed in greater detail in Section 3.6.3.

#### 3. 6. 1 Relationship marketing defined

The importance of relationship marketing as a viable business strategy has led to an associated importance of this concept in the academic literature (Velnampy and Savesan, 2012: 15). Relationship marketing can be described as a long-term (customer-oriented) marketing strategy that is aimed at attracting, maintaining, developing and promoting customer relationships through different services provided by firms (Yu, 2010: 8; Gaurav and Khan, 2013: 46; Hui et al., 2013: 16; Chung, Tien, Tsai and Tang, 2007: 3), so as to gain a competitive advantage (Skarmeeas and Robson, 2008: 172; Kanagal, 2010:3; Yu, 2010: 8). Relationship marketing will work in favour of the organisation if successfully implemented, but if not executed well, it could become a double-edged sword that may do more harm than if there were not efforts to developed a relationship at all (Meyer, 2009: 39).

#### 3. 6. 2 Relationship marketing as a marketing strategy.

The marketing philosophy has faced many transformations from transactional marketing to relational marketing (Mirpuri and Narwani, 2013: 60). At one hand, transactional marketing approach is based on the concept of exchange. In other words, with transactional marketing the aim of marketers and service/product providers is to attract customers and making sales (Phiri, 2011: 23; Du Plessis et al., 2012: 345). Whereas, with relational marketing, marketers and service providers will be focusing on the life time value of customers; through establishing, maintaining and enhancing deep enduring relationships with customers (Leverin and Liljander 2006: 107; Ward and Dagger, 2007: 281-82; Gaurav and Khan, 2013: 46; Phiri, 2011: 23).

The rationale underpinning this (relationship marketing) approach is that marketing success would be more effectively and efficiently achieved by focusing on the lifetime value of the customer rather than the value of a single transaction (Nwakanma and Jackson, 2011: 5; Leverin and Liljander 2006: 107; Ward and Dagger, 2007: 281-82; Phiri, 2011: 23; Du and Tang, 2014: 28). Relationship marketing is a defensive marketing strategy that concentrations on retaining customers by creating value for customers and thus building and improving long-term relationships with customers (Dithan, 2009: 9; Yu, 2010: 8; Meyer, 2009: 40).

The establishment of good relationships with customers is essential for any service firms as it can result in a loyal customer base, positive word of mouth and low acquisition cost. Keating et al., (2003: 217-218) states that the most important aspect of investing resources to develop relationships with customers are trust, satisfaction commitment and loyalty. Keating et al. (2003: 217-218) believed that the aforementioned factors form the foundation of a relationship, which will in turn result in improved customer retention and long-term profitability of the organisation.

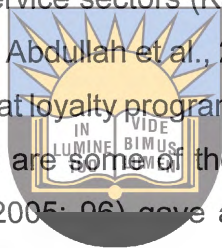
Many firms in different sectors of the economy have resorted to the development of long-term relationships with customers, as a result of benefits associated with effective implementation of the relationship marketing concept (Nwakanma and Jackson, 2011: 5; Leverin and Liljander 2006: 107). Upon effective implementation of the concept firms are able to obtain customer loyalty, retain customers for a longer period, through maintaining quality relationships with customers (Mirpuri and Narwani, 2013: 61; Tsoukatos, 2007: 63).

The relationship marketing concept is universal and applicable in almost all types of firms since they is need in every business for the development of long-term relationships with customers (Palmatier, 2008: 24). However, it should be known that despites being commonly accepted by companies, organisations and institutions the relationship marketing concept is not a solution to all problems which could appear during the product/service life cycle (Palmatier, 2008: 35). In addition, how the concept is applied might differ based on whether the product is a good or service (Hoffman et al., 2010: 13; Lamb et al., 2010: 340). The relationship marketing strategy involves different tactic that can be used by organisation so as to have good relationship quality with their customers. The different relationship marketing tactics are considered below.

### 3. 6. 3 Relationship marketing tactics

There are different relationship marketing tactics that can be employed by firms in order to have a strong relationship outcome (loyalty) (Raza and Rehman, 2012: 5086; Nakhleh, 2012: 539). Abdullah, Putita, Chui and Teo, (2014: 374) indicated that, different relationship marketing tactics impose different effects of perceived loyalty efforts by service providers. Relationship marketing tactic can be described as conscious actions taken by a company in order for customers to purchase their goods or services (Koi-Akrofi, Koi-Akrofi, and Welbeck, 2013: 80).

Various studies have discussed the numerous relationship marketing tactic that are used by service provider in different service sectors (Kanagal, 2008; Koi-Akrofi et al., 2013; Bansal, Taylor and James 2005; Abdullah et al., 2014: 374; Raza and Rehman, 2012). Kanagal (2008: 13), indicated that loyalty programs, data base marketing, direct mail newsletters, frequency marketing are some of the relationship marketing tactic use by service firms. Bansal et al., (2005: 96) gave a broader view of relationship marketing tactics, the authors pointed out that they are, 12 different ways to execute relationship marketing tactics namely: service quality, value, trust, commitment, price perceptions, alternative attractiveness, attitude towards switching, subjective norms, switching costs, switching behaviour, and variety seeking. Some authors (Abdullah et al., 2014: 374; Raza and Rehman, 2012: 5086) investigated relationship marketing tactics such as, service quality, price perceptions and reputation/brand image. The aforementioned relationship marketing tactics are considered important in the service industry (Nakhleh, 2012:539; Koi-Akrofi, et al., 2013: 80).



University of Fort Hare  
*Together in Excellence*

The following section is going to give a brief discussion of loyalty programs, price perceptions, brand image and service quality as relationship marketing tactics. The service quality concept was given in greater detail in Section 3. 4.

#### 3. 6. 3. 1 Loyalty Programs

In order to create and maintain a healthy relationship with customers many service firms, such as financial institutions, insurance, hotels, mobile service providers, have engaged in loyalty programs. These loyalty programs are part of relationship development activities (Mosahab et al., 2010: 73). Keeping loyal customers in long-term relationships is beneficial to the service firm: it not only creates great financial

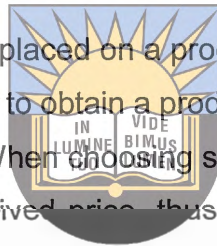
profits, but also achieves acceptable competitive advantage for the firm (Yu, 2010: 7; Tsoukatos, 2007: 63). A successful loyalty program will reduce customers from purchasing/switching to other service providers and increase repeat-purchase rates and usage frequency (Sattari, 2007: 2). Studies have found that loyalty programs frequently lead to increase in repeated purchases, profitability and decreases to price sensitivity (Sattari, 2007: 2; Mosahab et al., 2010: 73; Bove and Johnson, 2000: 493). Loyalty programs do not only increase customer retention, loyalty and trust, but they also increase a service firms total customer market share and also increase business revenue (Sattari, 2007: 2; Mosahab et al., 2010: 73).

### 3. 6. 3. 2 Price perception

Perceived price is the monetary value placed on a product or service that a customer is willing to give up or sacrifice in order to obtain a product or service (Zheng and Feg, 2009: 11; Koi-Akrofi et al, 2013: 81). When choosing service providers customers are believed to strongly depend on perceived price, thus prices are regarded critical in influencing customer purchase decisions (Koi-Akrofi et al, 2013: 81; Zheng and Feg, 2009: 11). When faced with a purchase decision customers price perception differ among individuals, based on the amount a customer is willing to pay in relation to their need and wants (Koi-Akrofi et al, 2013: 81; Zheng and Feg, 2009: 11). Customers' price perception can be influence by customer service quality perceptions, Koi-Akrofi et al., (2013: 81) indicated that, customers often judge price relating to Service quality. Malik (2012: 70), states that low-prices level in some regards are likely to give negative perceptions to customers regarding quality. Customers price perception not only affect service quality perceptions, but also it affects customer satisfaction and trust towards service providers (Koi-Akrofi et al, 2013: 81; Zheng and Feg, 2009: 11), hence it is important for service providers to place reasonable prices on their services or products to ensure that they obtain positive customer satisfaction, trust and loyalty.

### 3. 6. 3. 3 Brand reputation/image

Brand building is not only important for marketing of physical products, but then it is also a vital issue for service firms (Koi-Akrofi et al., 2013; 82; Zhang and Feng, 2009: 12). Brand image refers to perceptions or mental pictures of a brand that are formed and held in customers mind, through customers' response, be it rational or emotional



University of Fort Hare  
*Together in Excellence*

(Zheng and Feg, 2009: 12). The relationship marketing concept indicates the importance of one-on-one relationships between business and customers as well as between customers and the brand (Zheng and Feg, 2009: 13). Customers perception about a brand are formed during customers contact experience with a brand and through word-of-mouth from other customers (Zheng and Feg, 2009: 13; Koi-Akrofi et al., 2013: 82). Therefore, it is important for service firms to create and maintain a good reputation through the provision of quality services on a consistent basis.

### **3. 6. 3. 4 Service quality**

As previously mentioned, service quality is described as a comparison of customer expectation and actual service performance. The quality of services delivered is believed to contribute to customer retention and development of a loyal customer base. The concept of Service quality has been described in greater detail in section 3. 2.



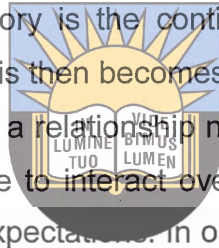
The above mentioned relationship marketing tactic help in developing and maintain good quality relations between customers and different organisation in need of creating a sustainable customer base so as to become market leaders. As mentioned before, due to the intangible nature of services it is important to develop relationships between customers and service providers in the service environment.

### **3. 7 A RELATIONSHIP IN THE SERVICE ENVIRONMENT**

Meyer (2009) refer to Zeithaml and Bitner (1996) and Hume and McColl-Kennedy (1999) when discussing the concept of a possible relationship in the service environment. Meyer (2009: 40) states that, when there is interaction between the customer and service provider, the interaction can either be favourable or unfavourable. These service episodes can be referred to as 'moments of truths' or encounters (Meyer, 2009: 40). The interactions between the customer and service provider will in turn impact customers' perceptions of the service encounter and in the long run impact customers perceptions about the overall service delivery. This means customer relationship with a business is moulded by continuous service encounters (Meyer, 2009: 40).

### 3. 7. 1 Development of the relationship

The interaction between service providers and customers can be referred to as a service encounter (Meyer, 2009: 40). If the interaction quality is greater than the sacrifice, the service provider is operating in zero of tolerance because the episode is associated with value created. A relationship is formed when an individual transaction is transformed into repeated episodes of interaction where value was created (Meyer, 2009: 41). The interaction between service providers and customers can be divided into three different categories (Meyer, 2009: 41). The first being a service episode that has a single revenue stream and defined duration, the second an extended episode that is the same as the service encounter, but during the delivery more than one transaction is given. The third category is the continuous service encounter that continues without a defined ending, this then becomes a service relationship (Meyer, 2009: 41). Unlike a service encounter a relationship needs time to develop because customers and service providers have to interact over a period of time to obtain a common understanding of common expectations. In order for service relationships to be established they is need to have a common expectation and co-production (Meyer, 2009: 42). High levels of customer participation in the service production limit disappointments because discrepancies in expectations and perceptions are removed as the relationship develops. Bettencourt, Ostrom, Brown and Roundtree (2002: 102) supports this idea when they concluded that co-production leads to the formation of effective and good quality relationships, where value for customers is created, while during the same process service providers creates a competitive advantage. Good quality relationships are established and maintained through willingness to learn and the ability to address issues through honest communications (Meyer, 2009: 43).



University of Fort Hare  
*Together in Excellence*

### 3. 8 RELATIONSHIP QUALITY

Relationship quality construct is the essence of the relationship marketing concept (Mirpuri and Narwani, 2013: 60; Yu, 2010: 6; Song, Su, Liu, and Wang, 2012; Zhan and Feng, 2009: 15). It is used to measure the effectiveness of relationship marketing tactics, and how they contribute in the formation of healthy long-term relationships with customers (Nakhleh, 2012: 541). Successful business transactions can lead to a lasting buyer-seller relationship if properly handled from both a buyer and a seller's

point of view (Zhan and Feng, 2009: 15). Due to the intangible nature of services, in some service environment customers feel high uncertainty and risk; this can be reduced with the establishment of a good relationship quality (Zhan and Feng, 2009: 15).

There are no constant definitions regarding relationship quality in literature (Yu, 2010: 6; Skarmeas and Robson, 2008: 172; Nakhleh, 2012: 541; Zhan and Feng, 2009: 15), but different views of what constitutes a quality relationship. Most researchers (Hanaysha and Hilman, 2015: 95; Nakhleh, 2012: 540; Velnampy and Sivesan, 2012: 11; Zhan and Feng, 2009: 16) regard trust, satisfaction, and commitment as key components for measuring relationship quality. For instance, Nakhleh (2012: 540) described trust and customer satisfaction as basic components in measuring relationship quality. Similarly, Velnampy and Sivesan (2012: 11) regarded trust and commitment as key factors in the formation of quality relationships, with trust contributing more significantly than commitment. Bojei and Alwie (2010: 83) described trust, commitment and relationship satisfaction as the most fundamental aspects of relationship formation that capture the quality of the relationship. In addition, research by Mirpuri and Narwani (2013) summarised the related studies and evaluated Relationship quality in terms of trust, affirmative commitment, satisfaction, affirmative conflict, which are described in more detail, below.

### 3. 8. 1 Trust

Trust is a key dimension of Relationship quality (Mirpuri and Narwani, 2013: 61; Bojei and Alwie, 2010: 85; Phiri, 2011: 2; Alawneh, 2011: 10) and is defined as the extent to which the customer has confidence that the service provider will deliver in terms of their expectations (Boonajsevee, 2005: 10; Alawneh, 2011: 1; Yu, 2010: 7). Specifically, Roberts et al., (2003: 174) argue that trust comprises two dimensions. Firstly, trust in credibility (or honesty) which is defined as the extent to which consumers are confident that the information provided by the business is sincere and that the service provider has both the capacity and motivation to deliver in terms of their promise (Mirpuri and Narwani, 2013: 61). Secondly, trust in benevolence refers to the customers' perception that the service provider is concerned about their welfare (Mirpuri and Narwani, 2013: 61) so that if inadvertent or unforeseen circumstances arise which compromise the delivery of the service as originally conceived, the service

provider will consider the customers interests foremost (Mirpuri and Narwani, 2013: 61).

### **3. 8. 1. 2 Commitment**

Commitment is the extent to which the relationship is viewed as desirable and sustainable in the long term (Skarmeas and Robson, 2008: 172; Mirpuri and Narwani; 2013: 62) and consequently the customer will be prepared to put some effort into sustaining the relationship (Bojei and Alwie, 2010: 86) as well as accept minor errors or uncertainties during the delivery of the service (Alawneh, 2011:6; Yu, 2010: 8).

### **3. 8. 1. 3 Affective conflict**

Obviously there is no such thing as a perfect relationship, and affective conflict can be understood as the tension felt by the consumer resulting from overall level of incongruity between the aspirations and responses of the respective parties within the context of a business relationship (Mirpuri and Narwani, 2013: 63; Skarmeas and Robson, 2008: 173). The greater the level of affective conflict, the greater the level of perceived risk and consequently the lower level of relationship quality (Chaudhuri, 1997).



University of Fort Hare  
*Together in Excellence*

Affective conflict is a negative attitude, (which could be understood as resentment, frustration and/or anger) towards the service provider (Brown et al., 1993) in contrast to manifest conflict which is where the negative thoughts are converted into actual (manifest) behaviour (Roberts et al., 2003). Consistent with the studies of Roberts et al. (2003) and (Mirpuri and Narwani (2013) affective conflict for the purposes of this study will be defined as “the retained level of conflict felt by the consumer”.

### **3. 8. 1. 4 Satisfaction**

Relationship satisfaction can be defined as a positive affective (sentimental) state resulting from the subjective evaluation by the customer of all their experiences with the service provider (Skarmeas and Robson, 2008: 172; Mirpuri and Narwani, 2013: 62) and is a key dimension of relationship quality construct (Nakhleh, 2012: 541; Skarmeas and Robson, 2008: 172). Given the personal and subjective nature of relationships, a key driver of satisfaction is the extent to which the service is personalised (Nakhleh, 2012: 541; Mirpuri and Narwani; 2013: 62).

### 3. 9 LOYALTY

Customer loyalty is a nebulous concept, which can be understood as both as: 1) being positively disposed towards a service provider as well as 2) actual (behavioural) support of the service provider (Dick and Basu, 1994; Mellens, Dekimpe and Steenkamp, 1996) and although both these constructs are both a form loyalty, they are distinct constructs (Beatty, Homer and Kahle, 1988; Pritchard, Havitz and Howard, 1999). Although the concept of loyalty may be actualised differently, depending on the context it can be described as the intention of the consumer to continuously re-patronize a service provider in the future (Gee et al., 2008: 361) and this definition is adopted for the purposes of this study. This approach (focusing on commitment rather than behaviour) is also justified by the phenomena that purchase behaviour may be habitual (or perhaps lack of choice or the transaction costs associated with changing the service provider) rather than informed by loyalty (Liljander and Roos, 2002; Roos, Gustafsson, and Edvardsson, 2005), particularly when there are few options in the market.

Customer loyalty is an important attribute in engaging in a service provider's customers because, besides the repeat purchase behaviour, loyal customers are less likely to be influenced by the promotional activities of competitors (Oliver, 1999) and less susceptible to negative word of mouth (Stank et al., 2003). In addition, because of the transaction costs associated with moving to a competitor, loyal customers are likely to be less price sensitive than new or occasional customers. Furthermore, loyal customers have a propensity to spread positive word of mouth (Bettencourt, 1997) and in so doing reducing the marketing costs (Chi et al., 2009; Yu and Dean, 2001).

### 3. 10 SERVICE QUALITY AND LOYALTY

The existence of a strong positive relationship between service quality and customer loyalty has been validated by many researchers (Adjei and Denanyoh, 2012: 85; Khan and Fasih, 2014: 337; Beibei, Shiyang and Jiahong, 2013: 11; Mosahab et al., 2010:74; Agrawal, Gaur, and Narayanan, 2012: 281). Some researchers Adjei and Denanyoh, 2012: 85; Khan and Fasih, 2014: 337), have agreed that a direct relationship exist between customer loyalty and service quality. On the other hand empirical evidence exist which support the existence of an indirect relationship

between loyalty and service quality (Beibei, et al., 2013: 11; Mosahab et al., 2010: 74). Agrawal et al., (2012: 281) described customer satisfaction as a mediator on the effects of service quality on service loyalty. Similarly, research by Khan and Fasih (2014: 337) indicated that a customers' perception of service quality has considerable impact on their loyalty. Hence, service providers are required to exceed customer expectation as this will result in an increased customer base of loyal service users, which will result in increased profitability for the service provider. The quality of service delivered to customers plays an important role in determining the development, duration and strength of relationship between a firm and its customers. Hence, service quality is regarded as determinate of relationship quality (Agrawal et al., 2012: 281).

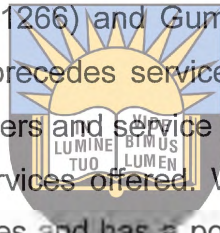
### 3. 11 SERVICE QUALITY AND RELATIONSHIP QUALITY

Service quality often has relevance in the formation of an enduring buyer-seller relationship (Du and Tang, 2014: 28). Empirical evidence shows that a significant relationship between service quality and relationship quality exists (Agrawal et al., 2012: 280; Du and Tang, 2014: 28; Kin and Dho, 2010). The two constructs are related in the aspect that both contribute to the establishment of long-term relationships and enhancing customer loyalty. Despite being closely related, there is no consensus as to the directional relationship between relationship quality and service quality (Woo and Ennew, 2004: 1259; Keating et al., 2003: 229; Pepur, Mihanović and Pepur, 2013: 100). Keating, Rugimbaba and Quaiz, (2003: 229); Chakrabarty et al., (2008); Hsieh and Hiang, 2004 and Hanaysha and Hilman, (2015) point out that service quality is an antecedent of relationship quality, meaning how customers view the quality of services offered by service firms has implications on the relationship quality. Study findings by Chakrabarty, Whitten and green (2008) shows a significantly positive relationship between service quality and relationship quality. Hsieh and Hiang (2004) study findings show that service quality has a significant influence on the relationship quality dimensions of trust and satisfaction.

Additionally, study finding by Hanaysha and Hilman (2015) showed that service quality has a positive effect the relationship quality dimensions of brand trust, commitment and satisfaction. The research findings also showed that service quality has a significant positive effect on the overall relationship quality. In their study Yu and Tung (2012) also supported the notion that service quality has a positive effect on

relationship quality. Study findings showed that the relationship quality between customers and service firms emanates from how customers perceive the quality of services being provided. Caceres and Papparoidamis (2007) and Hsieh and Hiang (2004) indicated that enhanced customer perceptions of Service quality will influence aspects of relationship quality dimensions such as customer satisfaction and trust. Service quality is known to be a predecessor of customer relationship satisfaction (Herington and Weaven, 2009; Hu, Kandampully and Juwaheer, 2009), which is one of the main dimensions of relationship quality. Vrontis, Weber and Tsoukatos, (2007: 1040), states that if customers perceive that the service provided is of high quality and provided fairly, the quality of their relationship with the provider increases.

In contrast Woo and Ennew, (2004: 1266) and Gummesso, (1987: 19) are of the perspective that relationship quality precedes service quality. This means that the quality of relationship between customers and service providers has an effect on how customers perceive the quality of services offered. Woo and Ennew (2004: 1266) argue that relationship quality precedes and has a positive effect on service quality, satisfaction and behavioural intention. In the context of business to business the study findings also showed that relationship quality has a positive and direct influence on service quality. The effect of service quality on relationship quality differs with regards to the type of services being provided. In some service settings, customers and service personals have a close interaction as customers are co-producers of the service being provided to them. The quality of the relationship (customer to service provider interaction) can have a significant influence on how customers perceive the quality of services being provided.



University of Fort Hare  
*Together in Excellence*

### **3. 12 RELATIONSHIP QUALITY AND LOYALTY**

Customer loyalty can be described as customer willingness/commitment to continuously re-patronize a service provider; this will in turn lead to the formation of long-term relationship with customers (Du and Tang, 2014: 28). Whilst, relationship quality is considered as a determinate of customer loyalty: which can be used to measure the strength of the customer to service provider relationship (Agrawal et al., 2012: 278-81; Dithan, 2009: 23). The dimensions of relationship quality have different magnitude of influence on customer loyalty, with relationship satisfaction having an indirect effect through the trust-commitment link (Agrawal et al., 2012: 280). In

research by Dithan (2011: 51), findings revealed that there is a positive relationship between relationship quality and customer loyalty. This means that customers are willing to enter into long-term relationships with service providers if there is trust, commitment satisfaction and reciprocity.

### **3. 13 AN EXAMINATION OF THE RELATIONSHIP BETWEEN RELATIONSHIP QUALITY, SERVICE QUALITY AND CUSTOMER LOYALTY**

This study focuses on two antecedents of customer loyalty - service quality and relationship quality but the nature and extent of the relationship between these constructs is the subject of some conjecture.

Some (Khan and Fasih, 2014: 332; Arokiasamy and Abdullah, 2013: 4; Koi-Akrofi et al., 2013: 80; Wang and Lo, 2010: 54; Shamdasani, Mukherjee and Malhotra, 2011: 123) argue that service quality is an antecedent of relationship quality by virtue of its influence on the dimension of satisfaction. On the other hand, Wilson et al., (2008), however, have a slightly different view suggesting that while service quality is a focused assessment of reliability, assurance, responsiveness, empathy and tangibility, satisfaction is more inclusive and that service quality is a component of customer satisfaction (Koi-Akrofi et al., 2013: 80). This rationale explains the view of some researchers (Woo and Ennew, 2004: 1252; Auruskeviciene, Salciuvience and Skudiene, 2010: 23-26; Beibei, et al., 2013: 11; Mosahab et al., 2010:74) that although service quality does have an effect on customer loyalty it is mediated through relationship quality although others (Kwabena et al., 2014: 85; Khan and Fasih, 2014: 337) argue that service quality has a direct influence on customer loyalty.

While there is consensus that service quality and relationship quality both have a positive influence on customer loyalty, there is less agreement on the direction of the influence (Woo and Ennew, 2004: 1259; Keating et al., 2003: 229; Pepur, Mihanović and Pepur, 2013: 100). There is an argument argue that Service quality has a positive influence on relationship quality (Keating, Rugimbaba and Quaiz, 2003: 229; Chakrabarty et al., 2008; Hsieh and Hiang, 2004; Hanaysha and Hilman, 2015) which could be through the dimensions of trust, satisfaction (Hsieh and Hiang, 2004; Hanaysha and Hilman, 2015) and commitment (Hanaysha and Hilman, 2015). In other words, if customers perceive that the service provided is of high quality, the quality of



University of Fort Hare  
*Together in Excellence*

their relationship with the service provider increases (Vrontis, Weber and Tsoukatos, 2007: 1040).

In contrast others, (Woo and Ennew, 2004: 1266; Gummesso, 1987: 19) are of the view that relationship quality precedes service quality suggesting that the quality of relationship influences how customers perceive the quality of services offered. However Woo and Ennew (2004: 1266) do concede that the extent of the influence of relationship quality on service quality may vary depending on the type of the service offered. Where the service requires a close personal interaction between the parties (in some cases to the extent that the customer is a co-producer), then the quality of the relationship can have a profound and significant impact on how customers perceive the quality of the service.



University of Fort Hare  
*Together in Excellence*

Nevertheless, what is in accord in the various studies is that a significant relationship exists between relationship quality, service quality and loyalty (Huang, 2012: 53; Vrontis et al., 2013; Kumar and Lim, 2008; Lai et al., 2009; Du and Tang, 2014) and that the relationship between these various constructs can be influenced by the nature of the service (Bae, 2012; De Araujo, Costa and Nobrega, 2012) or for that matter the culture of the respondents.

Service quality is an important element for the sustainability of businesses (Meyer, 2009: 35; Kokou, 2014: 58) as it leads to customer retention. The loyalty of existing customers will ultimately lead to improved financial performance as consistent service quality will retain existing customers and (through word-of-mouth) attract new customers and consequently reduce marketing costs (Meyer, 2009: 36). However while the positive influence of service quality on loyalty is well established (Anderson and Fornell, 1994: 242), the precise nature and extent of its influence in different contexts and environments is the subject of some conjecture. In particular the debate is whether service quality has a direct influence on customer loyalty or whether it is mediated through its influence on relationship quality (Heskett, Sasser and Schlesinger, 1997).

### 3. 14 CONCLUSION

The main goal of implementing relationship marketing tactics is to retain customers and gain a loyal customer base. To achieve this, effective execution of the relationship marketing concept is required; through provision of quality services and formation of good relationships with customers. This chapter gave a review on the relationship marketing concept and the different relationship marketing tactics, which are used to retain customers. Lastly, the chapter looked at relationships between relationship quality, service quality and loyalty. The following chapter is going to give a combined review of culture, relationship quality, service quality and customer loyalty with respect to the generation Y sub-culture market segment.



University of Fort Hare  
*Together in Excellence*

# CHAPTER FOUR

## THEORETICAL MODEL

### 4. 1 INTRODUCTION

As previously mentioned in the preceding chapter (3), the relationship marketing concept can be described as a marketing strategy that involves the use of different relationship marketing tactics so as retain customers and gain loyalty (Dithan, 2011: 9; Raza and Rehman, 2012: 5086). Relationship marketing tactics, are conscious actions taken by an organisation in order for customers to purchase their goods or services (Koi-Akrofi et al., 2013: 80). At the core of the relationship marketing concept is the gaining of customer loyalty (Rizan, Warokka and Listyawat, 2014: 3), which is attained through provision of quality service, customer retention and the development of good quality relationship with customers (Isoukatos, 2007: 63). Therefore, the effective establishment of the relationship marketing concept is imperative for any organisation as it enables them to increase their loyalty base and gain a comparative advantage over their competitors (Kanagal, 2008: 7; Koi-Akrofi et al., 2013: 80). Customer loyalty is both an attitudinal and behavioural outcome, that is expressed through customers' willingness to commit to the some service provider or brand name repeatedly (Oliver, 2007; Onditi, Oginda, Ochieng and Oso, 2012: 225).

A more detailed discussion of different relationship marketing tactics has been given in Section 3. 6. 3. In this study one of the relationship marketing tactics that has been discussed in more detail is service quality. This is because service quality has proven to be one of the most researched concepts; this is because service quality has proven to be an important determinant for customer loyalty and satisfaction and also has a profound effect on customer retention. The study also gave a detailed discussion of the relationship quality concept, which is referred to as the essence of relationship marketing (Mirpuri and Narwani, 2013: 60; Yu, 2010: 6). This chapter presents a model which hypothesises a positive relationship between culture, service quality, relationship quality and loyalty; the model also hypothesises that culture can act as a moderator to the relationship between service quality, relationship quality and loyalty. The variables which make up the model are discussed in more detail in this chapter.

## 4. 2 THE HYPOTHESISED MODEL

Hofstede's (1983) theory of national culture has proven to be the widely used theory of national culture which differentiates cultures between nations (De Mooij and Hofstede, 2011: 181; Sabiote, Frias, and Castaneda, 2011: 163), in most cross-cultural research on consumer behaviour (De Mooij and Hofstede, 2011: 181). As previously mentioned in Section 2. 4. 1. 1 the theory has five cultural dimensions namely, individualism/collectivism, uncertainty avoidance, power distance, long-term/short-term orientation and masculinity/femininity. The dimensions have been widely used in most cultural studies, to evaluate cultures effects of customers' *Service quality* expectations, behavioural intentions (i.e. loyalty, satisfaction) and relational behaviour (Maiyaki, 2013; Hanzaae and Denkordi, 2012; Li and Mantymaki, 2011; Sabiote et al., 2011; Hofstede and De Mooij, 2011).

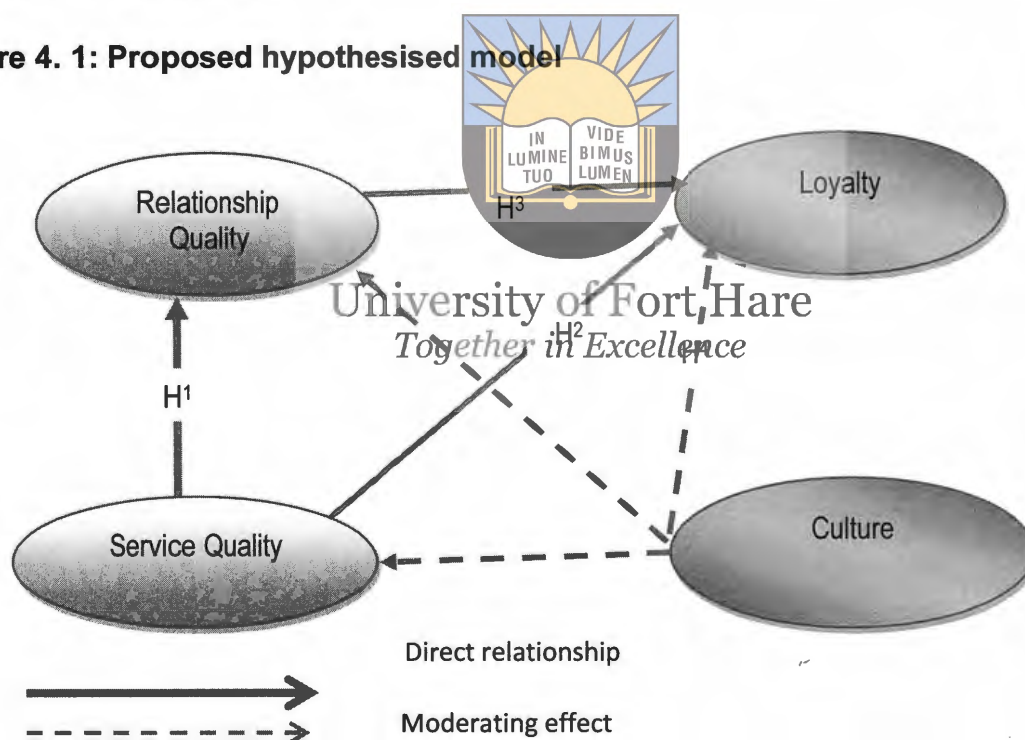
Hofstede's (1983) frame work was used in this study because it is considered to be the most reliable measure of national culture (Sabiote et al., 2011: 163). Hofstede's cultural dimensions play an important role in determining how customers expect services to be delivered (Sabiote et al., 2011: 163). For the purposes of this study only three of the five dimensions were used. The study used the dimensions of uncertainty avoidance, individualism/collectivism and power distance. Earlier studies (Jung and Kau, 2004: 364; Abhay, 2012: 6; Roozmand, Ghasem-Aghaee, Nematbakhsh, Baraani and Hofstede, 2011: 18; Hofstede and De Mooij, 2011: 85; Maiyaki, 2013: 13) have shown that they can explain certain elements of consumer behaviour.

The current study is a cross-cultural study making comparison between Germany and South Africa using Hofstede's' (1983) cultural dimensions. This is because the countries score differently on these dimensions. The Hofstede's centre, (2015) showed that on the power distance dimension Germany scored 39% while South Africa scored 49. The scores indicates that Germany is not among the low in power distance countries (The Hofstede's centre, 2015), however when it compared to South Africa, Germany is less tolerant of power distance. Germanys are described as a nation that dislikes control. When it comes to the dimension of individualism Germany and South Africa scores were almost similar, Germany scored 67 while South Africa scored 65, showing that both nations are individualistic. In Addition, when it comes to the dimension of uncertainty avoidance Germany scored 65 while South Africa scored

49, this score indicates that South Africa has a low preference for uncertainty which does not accommodate uncertainty, rather they prefer instructions so as to avoid the unknown, while on the other hand Germans has a slight preference for uncertainty (The Hofstede's centre, 2015). A more detailed discussion of Hofstede's (1983) cultural dimensions is given in Section 2. 4. 1. 1.

In this study culture, service quality and relationship quality act as independent variables, while customer loyalty servers as the dependent variable. Culture is posited to have a moderating effect on the relationship between service quality, relationship quality and loyalty. The hypothesised relationships and proposed hypothesised model are depicted in Figure 4. 1.

**Figure 4. 1: Proposed hypothesised model**



(Source: Researcher's own construction)

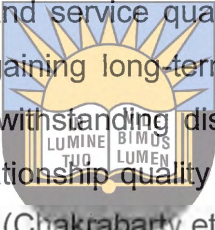
Support has been found in literature (Motamedifar et al., 2013; Roy and Eshghi, 2013; Agrawal and Gaur, 2012; Dithan, 2011; Chakrabarty et al., 2008; Kwabena, Adjei and Denanyoh 2014; Khan and Fasih, 2014; Beibei et al., 2013; De Mooij and Hofstede, 2011; Anuwichanont, 2010; Maiyaki, 2013; Aksoy, et al., 2012; Thompson et al., 2008; Malai and Speece, 2005) which supports the hypothesised relationships between the independent and dependent variables identified in this study. The following section present empirical evidence in support of these hypothesised relationships.

### 4. 3 RELATIONSHIP QUALITY

Kaufmann (2015: 495) described relationship quality as customers'/parties' perception or judgement of a personal, business or exchange relationship, often based on trust, commitment, reliability and mutuality. The ability of service providers to formulate strong and effective relationships with customers is believed to result in the creation of long-term relationships. As previously revealed in Section 3. 10, there is no consensus in literature as to the direction of the relationship between relationship quality and service quality (Keating et al., 2003: 229; Pepur et al, 2013: 100).

### 4. 4 RELATIONSHIP QUALITY AND SERVICE QUALITY

The concepts of relationship quality and service quality are closely related, in the aspect that, they both contribute to gaining long-term loyal relationships between customers and service providers. Notwithstanding disagreements pertaining to the nature of the relationship between relationship quality and service quality, a positive and direct relationship has been found (Chakrabarty et al., 2008; Yu and Tung, 2012; Agrawal and Gaur, 2012).



**University of Fort Hare**  
*Together in Excellence*

It is therefore hypothesised that:

H<sup>1</sup>: Service quality will have a significant influence on relationship quality

### 4. 5 SERVICE QUALITY

Service quality is categorised as one of the relationship marketing tactics, and contributes to the formation and sustaining of long-term relationships between customers and service providers (Koi-Akrofi et al., 2013; Abdullah et al., 2014: 374; Raza and Rehman, 2012). The provision of quality services on a consistent basis is believed to contribute to customer loyalty.

### 4. 6 SERVICE QUALITY AND LOYALTY

Service quality is considered to be one of the most frequently investigated customer loyalty determinants (Ivanauskienė and Volungėnaitė, 2012: 114). It has been indicated that service quality is very important for the satisfaction of customers, which in turn impacts customer loyalty (Siddiqi, 2011: 18; Cronin and Taylor, 1992; Oliver, 1999). This implies that an indirect relationship exist between service quality and customer loyalty. In contrast, some researchers (Kwabena, Adjei and Denanyoh 2014:

85; Khan and Fasih, 2014: 337; Adeleke and Aminu, 2012: 221; Agyei and Kilika, 2013: 26), suggests that a direct relationship exist between customer loyalty and service quality. The existence of a strong positive relationship between service quality and customer loyalty has been validated by many researchers (Kwabena et al., 2014: 85; Khan and Fasih, 2014: 337; Beibei et al., 2013: 11).

It is therefore hypothesised that:

H<sup>2</sup>: Service quality will have a significant influence on loyalty

#### **4. 7 LOYALTY**

Customer Loyalty is a commitment on the part of the customer to maintain a relationship and a devotion to buy a product or service repeatedly (Oliver, 2007). As a result customer loyalty can be described as an important behavioural and attitudinal outcome, which may result from satisfactory relational experiences (Egan, 2008: 291; Gee, Coats and Nicholson, 2008: 361; Anuwichanon, 2009: 75). Loyalty can be defined as a deeply held commitment to repurchase or re-patronise a preferred service/product consistently in response to competitive same-brand or same brand-set purchasing, despite situational influences and marketing efforts having the potential to cause switching behaviour (Oliver, 2007: Bello, 2012: 21; Mirpuri and Narwani, 2013: 63; Gee et al., 2008: 360).

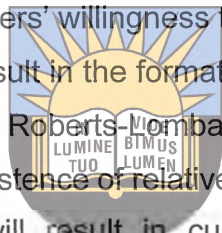
As mentioned above customer loyalty can be viewed from a behavioural and an attitudinal perspective (Bello, 2012: 21; Rai and Srivanstava, 2014: 138), with behavioural loyalty characterising customers' behaviour as passive and habitual, hence it suggests that repeated purchase of a brand or service overtime by customers express their loyalty (Bello, 2012: 21; Rai and Srivanstava, 2014: 134). While, attitudinal loyalty characterises customers' repeated purchase decision as more active and deliberated, as a result attitudinal loyalty can be defined as an individual's overall attachment to a product or service based on affective and positive customer preferences (Gee et al., 2008: 360; Bello, 2012: 20; Rai and Srivanstava, 2014: 138).

#### **4. 8 RELATIONSHIP QUALITY AND LOYALTY**

A wide body of literature exists which looks at the relationship between relationship quality and customer loyalty (Roberts et al., 2003; Motamedifar, Nadimi, Mojdehi,

Kandsar and Razavipour, 2013; Roy and Eshghi, 2013: 447; Nwakanma and Jackson, 2007: 58), in these study customer loyalty acted as the dependent variable. The purpose of doing this is to show that good relationship quality contribute to loyalty of customers (Motamedifar et al., 2013: 1869).

Roy and Eshghi, (2013: 447) and Nwakanma and Jackson, (2007: 58), described relationship quality as an important determinate of customer loyalty. In a study conducted by Shpëtim, (2012: 20) study findings show that two key components of relationship quality namely, satisfaction and trust are contributing factors to the creation of customer loyalty. Shpëtim (2012: 20) went on to state that when customers are satisfied with their service experience they will develop trust towards the service provider. This is shown though customers' willingness to continue interacting with the service firm. Consequently, this will result in the formation of closer relationships and increase in customer loyalty (Vuuren, Roberts-Lombard and Tonder, 2012: 96; Yu, 2010: 7; Tsoukatos, 2007: 35). The existence of relatively good relationships between customers and service personnel will result in customers returning for further purchases and recommending the service to family and friends (Yu, 2010).



University of Fort Hare  
*Together in Excellence*

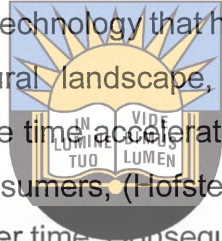
The gaining of customer loyalty has proven to be the objective of many organisations. Researchers have agreed that, loyalty is an outcome of service provider's ability to keep effective and healthy long-term relationships, built on the bases of trust and commitment (Roy and Eshghi, 2013: 447; Nwakanma and Jackson, 2007: 58). The quality of relationship between parties involved is believed to be a determinate of customer loyalty (Motamedifar et al., 2013: 1869; Leverin and Liljander, 2006). There is a general consensus that customer loyalty is a result of good business relationships (Kaufmann, 2015: 495). Previous studies by Agrawal and Gaur (2012: 278-81), Dithan, (2011: 23), Zeithaml et al., (1990) and Khan and Fasih (2014: 337) reveals that, the strength of the relationship between customers and service providers contributes greatly to customer loyalty.

It is therefore hypothesised that:

H<sup>3</sup>: Relationship quality will have a significant influence on loyalty

#### 4. 9 THE EFFECT OF CULTURE ON SERVICE QUALITY, RELATIONSHIP QUALITY AND LOYALTY.

Culture is an important element in understanding behaviour of the consumers and this construct is constantly evolving due to environmental changes, technological advancements, generational difference and globalisation, resulting in a (constantly dynamic) divergence and convergence of cultures (De Mooij, 2004: 76). Culture remains one of the most influential factors of customer behaviour (Pandey and Dixit, 2011: 21; Soares, Farhangmehr and Shoham, 2007: 26), hence it has become vital for market providers to understand culture's influence on consumers (Pandey and Dixit, 2011: 23; Jung and Kau, 2004: 366). Notwithstanding, the argument that the technological revolution in information technology that has taken place in the last three decades, has transformed the cultural landscape, by exacerbating differences between generations while at the same time accelerating the convergence of values and the behaviour of generation Y consumers, (Hofstede, 1983) argues that national cultures are stable extremely stable over time. Consequently it is argued that there will still be significant difference between the groups of respondents (from Germany and South Africa) in terms of how they perceive the importance of service quality and relationship quality as antecedents of loyalty. Supporting this argument is that all of the respondents are university students and that the existing (traditional) values will be reinforced by the belief that themselves are products of their countries dominant cultural value systems (Kowk and Tadesse, 2006). Consequently it is hypothesised that:



University of Fort Hare  
*Together in Excellence*

H<sup>4</sup>: Culture will moderate the relationship between service quality, relationship quality and loyalty.

Cultural differences between individuals make them to exert different perceptions on the quality of a product or service (Hanzaee and Dehkordi, 2012: 1406). Cultural differences between nation result from difference in economic, political, and technological advancements. The current study focused specifically on whether the difference in culture between Germany and South African made generation Y customers to exert different value to service quality, relationship quality and loyalty. Consequently the following sub-hypotheses are articulated:

H<sup>4.1</sup>: There is significant difference (between Germans and South Africans) in respect of the extent of the relationship between service quality and relationship quality

H<sup>4.2</sup>: There is a significant difference (between Germans and South Africans) in respect of the extent of the relationship between service quality and loyalty

H<sup>4.3</sup>: There is a significant difference (between Germans and South Africans) in respect of the extent of the relationship between relationship quality and loyalty

Cultural differences between nations can be explained by the variance in political and economic background and consequently score differently on different cultural dimensions. However there is some debate whether Hofstede's (1980) cultural dimensions can be applied to the South African context because of its plethora of different ethnic groups namely black African majority, English speakers, mainly of British descent, Afrikaans speakers mainly of Dutch descent, Coloureds and Asians. (Smit, DeJ Cronje, Brevis and Vrba, 2007). The black African consists of nine tribal groups, each with its own cultural heritage, languages and sense of identity. Broadly speaking, the African value system is commonly known as Afrocentric, while the whites are referred to Eurocentric (Smit et al., 2007).



University of Port Hare

*Together in Excellence*

Smit et al. (2007), described Individuals that fall within the Afrocentric group as Collectivistic, high in power distance and high in uncertainty avoidance. While, individuals that fall within the Eurocentric group tend to be individualistic, low in uncertainty avoidance and high in power distance. Similarly, a study by Addison (2006) described South Africa to be a high power-distance, collectivistic, femininity, and low uncertainty avoidance. The study went on to make a distinction between the white population and the black population within South Africa. Study findings show that both ethnic groups had a low preference for power distance, and were individualistic. However, they scored differently on the dimension of uncertainty avoidance with whites having low preference for uncertainty avoidance, while black were high in uncertainty avoidance (Anderson, 2006).

According to the country scores which Hofstede's (2015) determined on the dimensions of power distance South Africa scores 49 on this dimension which means that people to a large extent accept a hierarchical order in which everybody has a place and which needs no further justification (The Hofstede's centre, 2015). While on the other hand, despite being highly decentralised and supported by a strong middle

class, Germany is surprisingly not among the low power distance countries scoring 35 (The Hofstede's centre, 2015). An earlier study by House et al., (2004) and Hiedtmann (2011: 58), described Germany as a middle ranking power distance culture.

Hofstede's (2015) classified South Africa as an individualistic culture scoring (65). This means there is a high preference for a loosely-knit social background in which individuals are expected to take care of themselves and their immediate families' only (The Hofstede's centre, 2015). Similarly, Germany is also regarded as a true Individualistic culture with a score of (65).

The Germany society is described as risk-averse when in come to it tolerance on ambiguous situations (Heidtmann, 2011). According to scores by Hofstede (2015) Germany follows a high uncertainty avoidance culture scoring (65). This implies that, there is a strong preference for deductive rather than inductive approaches, be it in thinking, presenting or planning and Germans prefer to compensate for their higher uncertainty by strongly relying on expertise (Hofstede centre, 2015). These findings are supported by earlier studies (Hiedtmann, 2015). South Africa is described as a low uncertainty avoidance scoring (49), meaning South Africans have a low preference for avoiding unknown situations. Individuals within a culture that is low in uncertainty avoidance believe that, there should be no more rules than necessary and if the ambiguous does not work they should be abandoned or changed (The Hofstede's centre, 2015). As previously mentioned, Hofstede's scores are based on the white population with in the South African nation. Smit et al., (2007) also described South Africans (Eurocentric/Whites) as low in uncertainty avoidance, while Afrocentric (black Africans) are regarded as high in uncertainty avoidance.

The above mentioned scores for South Africa are however based of the Eurocentric (white) population (The Hofstede's centre, 2015), thus they don't apply to the Afrocentric (black) population. Accordingly it is there for hypothesised that:

H<sup>5</sup>: There is a significant difference in the Power Distance score between Germans and South Africans

H<sup>6</sup>: There is a significant difference in Collectivism score between Germans and South Africans

H<sup>7</sup>: There is a significant difference in the Uncertainty avoidance score between Germans and South Africans

## 4.11 CONCLUSION

In this chapter the proposed hypothesised model was presented and several hypotheses formulated. The dependent variable was identified as loyalty; service quality, relationship quality and culture were identified as independent variables, with culture having a moderating effect on the relationship between relationship quality, service quality and loyalty of customers. The above mention variables were hypothesised as being influenced by culture. Empirical evidence was presented to support the hypothesised relationships between the underlying independent and dependent variables. The following chapter, chapter five is going to discuss the research design and methodology adopted in this study in order to address the research objectives.



University of Fort Hare  
*Together in Excellence*

## CHAPTER 5

### RESEARCH DESIGN AND METHODOLOGY

#### 5. 1 INTRODUCTION

This chapter discusses the research methodology and design used to examine the moderating effect of culture on relationship quality and service quality on the loyalty of generation Y customers in the mobile phone market. The quality of research findings is directly linked to the validity of the research methodology and design employed. This chapter focuses on the research methodology and design used in this study. A research methodology is a frame work that channels the planning, gathering, analysis and interpretation of the data. As a result it is critical to be aware of how the data was collected and analysed in order to evaluate the research findings, and to make proper conclusions and recommendations (Krauss, 2005: 760).

Chapter 1 presented the primary objective of the study namely, to analyse how culture moderates the impact of relationship quality and service quality on the loyalty of generation Y. The main objective of chapter five is to justify the research design and methodology used in order to achieve the objectives of this study. This chapter explains and justifies the research design. In this regard the population of the study, sampling size and data collection are considered. The operationalisation of the variables is discussed as is the development of the measuring instrument. The tests employed to assess the validity and reliability of the instrument used to measure the variables in the theoretical model will be discussed. This chapter will conclude with a discussion of the statistical technique used to analyse the data.

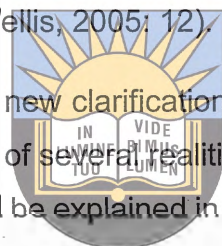
#### 5. 2 RESEARCH PARADIGM

A paradigm can be seen as basic beliefs directing researchers' actions in a net of epistemological, ontological and methodological premises (Pasian, 2015: 35; Thomas, 2010: 292). Collis and Hussey (2009: 11) described a research paradigm as the belief system that guides how research ought to be conducted, based on the individuals philosophies and their assumptions about the world and the nature of the knowledge. Due to the nature and purpose of this study, the epistemology research paradigm will only be explained. Epistemology mainly constitutes accepts of knowledge in the field

of study (Thomas, 2010: 292). It involves the concepts of knowledge, evidence, reasons for believing, justification, probability and what ought to be believed. This philosophy is usually divided into positivism and interpretivism (Pasian, 2015: 35).

The positivist paradigm holds that knowledge is absolute and objective and that a single objective reality exists (DeVellis, 2005: 12). Positivism is equated with the scientific method, whereby knowledge is discovered by controlled empirical means, such as experiments (DeVellis, 2005: 12). This research paradigm is intended to produce an exact representation of reliability and unbiased free results (DeVellis, 2005: 12). A positivist research paradigm relies mainly on quantitative research methods where data comprises primarily of numbers, measure and analysis conducted by statistical methods (DeVellis, 2005: 12).

Interpretivism by contrast aims to find new clarifications or underlying meanings and adheres to the ontological assumption of several realities, which are time and context dependent (DeVellis, 2005: 12). As will be explained in section 5. 3, this study is using a quantitative research approach. Because of the nature of the study a positivist research paradigm was employed. The reason for this choice is based on the fact that positivist research paradigm concentrates on description and explanation, where thought is governed by explicitly stated theories and hypothesis.



University of Fort Hare  
*Together in Excellence*

### **5. 3 Types of research designs**

A research design is the logical and systematic plan for conducting research and it constitutes a 'blue print' of collecting, measuring and analysing data (Maboe, 2009: 61). A research design is a fundamental element of research as it enables smooth sailing of the different research operations (Khan, 2008: 30). It involves coming up with the research methods that will help govern how the information would be obtained. In selecting a research design a choice can be made between exploratory, descriptive and casual research design. The aforementioned research designs are going to be considered below.

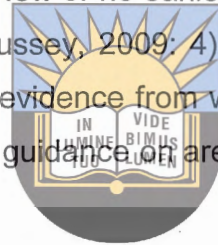
#### **5. 3. 1 Experimental research**

In an experimental research, there is control and manipulation on one or more independent variables (McDaniel and Gates, 2010: 223). Experimental research holds

the greatest potential for establishing the cause-and-effect of relationships, hence enabling an exploration of the existence and nature of a causal relationship (Hair, Black, Babin and Anderson, 2010: 77; McDaniel and Gates, 2010: 223). A causal relationship permits for causal inference to be made, meaning it seeks to identify cause and effect relationships to indication that one event actually make another happen (Churchill and Iacobucci, 2010: 60; Zikmund and Babin, 2010: 53).

### 5. 3. 2 Exploratory research

Exploratory research is conducted to reveal issues related to understanding and defining the problem correctly (Churchill and Iacobucci, 2010: 60). An Exploratory research design is ideally suited when few or no earlier studies have been conducted on a research problem (Collis and Hussey, 2009: 4). The main aim of exploratory research is not to provide conclusive evidence from which to determine a particular course of action, but to provide formal guidance on areas that needs further research (Zikmund and Babin, 2010: 50).



### 5. 3. 3 Descriptive research

University of Fort Hare  
*Together in Excellence*

A descriptive research is attributed as methodically, describing a situation, problem, service or program, or provides information about a community or describes attitudes towards an issue (Rahman and Azhar, 2010: 97). Descriptive research involves the use of statistical data to obtain or find a relationship between a single and few variables (Kolb, 2008: 25). The mostly used approaches to conduct descriptive research are surveys (Kolb, 2008: 25). A descriptive research can be used to describe the characteristics of specific groups of people, and estimate the amount of individuals reacting and behaving in certain ways (Churchill and Iacobucci, 2010: 84). Unlike exploratory research, descriptive research is conducted with considerable understanding of the situation being studied (Zikmund and Babin, 2010: 53). The current study implemented the descriptive research method, as a result of its ability to establish relationships between specific variables, with no intention to alter the behaviour or conditions of the variables (Thomas, 2010: 296).

## 5. 4 CATEGORIES OF RESEARCH APPROACHES

There are three different types of research approaches namely qualitative, quantitative and mixed method, with qualitative and quantitative research being the commonly discussed research methods (Shiu et al., 2009; Kolb, 2008; Bradley, 2013: 48). Qualitative and Quantitative research designs are going to be discussed below.

### 5. 4. 1 Qualitative versus Quantitative research approach

A distinction and comparative analysis of the qualitative and quantitative research approach is essential for proper identification of the research design that will be adopted in a study. Quantitative research is defined as a technique that make use of structured close-ended questions which have predetermined answers possible in surveys or questionnaires that are distributed to a larger number of participants (Hair et al., 2010: 78). Quantitative research methods are more directly related to descriptive and causal research designs than to exploratory designs (McDaniel and Gates, 2010: 106; Bradley, 2013: 268). Quantitative research usually gathers numerical data from large samples with the aim of analyzing data through the use of statistical procedures, testing theories and in so doing build new knowledge (Shiu et al., 2009: 171; Cant et al., 2006: 234). The main aim of quantitative research is to provide specific facts that decision makers can use to make accurate predictions and gain meaningful insights or verify and validate existing relationships (Tustin et al., 2005: 89; Shiu et al., 2009: 17; Bradley, 2013: 268).

On the other hand, qualitative research can be defined as a methodology that addresses research objectives through techniques that allows the elaboration and interpretations of data without depending on numerical measurements (Shiu et al., 2009: 169). Most importantly, qualitative research focuses on discovering true inner meaning and new insights, often through the use of exploratory research (Bradley, 2013) and the use of small samples in order to build new theories (Bradley, 2013: 268; Shiu et al., 2009: 171). Qualitative research does not involve the application of specific numbers to measure variables or use of statistical procedures to numerically specify a relationship strength (Zikmund and Babin, 2010: 131; Kolb, 2008: 29).

Unlike qualitative research, quantitative research involves surveys or experienced field workers to collect data useful in addressing research objectives (Shiu et al., 2009:

171). The main goal of this research method is to provide specific fact about a research problem or opportunity (Shiu et al., 2009: 17; Bradley, 2013: 268).

For the purposes of this research quantitative research was used as it allows for larger sample size to be used to produce generalizable results of the population (Hair et al., 2010: 78; Shiu et al., 2009: 171). It provides quick, effective and inexpensive responses and analyses data by apply simple statistical tools (Hair et al., 2010: 78; Zikmund and Babin, 2012: 136-147). Another advantage of a quantitative design is that it provides meaningful insight to relationships between market factors and behaviours. Through the quantitative method a direct link between the concepts of culture and relationship quality, service quality and customer loyalty can be determined, as well as the relationship between service quality and relationship quality.



## 5. 5 DATA COLLECTION

There are two methods of data collection, namely primary data collection and secondary data collections method. This can be done as follows.

University of Fort Hare  
*Together in Excellence*

### 5. 5. 1 Secondary data collection

Secondary data refers to already existing data which was collected for other purpose, but relevant to a particular research problem (Malhotra and Birks, 2007: 94; Malhotra, 2007: 106; Kolb, 2008: 23). Secondary data unlike primary data holds the advantage that it is readily available, thus it is a cost effective method of data collection (Malhotra and Peterson, 2006: 106). Extensive literature on culture, service quality, relationship quality, customer loyalty and the mobile phone industry was collected as part of secondary data. This information was collected from various academic journals, text books, academic dissertation, thesis, websites such as University of Fort hare (UFH), Rhodes University (RU), Nelson Mandela Metropolitan University, (NMMU), University of Cape Town (UCT) and University of Johannesburg (UJ) online library resources were used, to provide an in-depth literature review of culture and the relationship marketing concept.

Despite secondary data being valuable in explaining similar situations, it is not able to explain the current/exiting situation and thus the need to conduct primary research so

as to collect primary data (Malhotra, 2007: 106). The following section gives a detailed discussion of the primary data collection method.

### **5. 5. 2 Primary data collection**

Primary data is data which has been collected by the research through survey, observations and experiments in order to solve the research problem under investigations (Kolb, 2008: 23; McDaniel and Gates, 2010: 72). The collection of primary data, gives meaningful insights on the current research problem being investigated. For the purpose of this study, an insight was gained on how culture impacts generation Y customers service quality perceptions, relationship quality and loyalty in the mobile service industry through the collection of primary data. Descriptive research designs utilised surveys as data collection method, thus the current research used this method, section 5. 5. 7 gives a detailed discussion of the data collection method used. The following sub-sections are going to give measures taken in order to collect primary data.



### **5. 5. 3 Population and sampling**

**University of Fort Hare**  
*Together in Excellence*

Churchill and Iacobucci, (2010: 283) defined a target population as the total number of cases that conform to predetermined specifications. The important element of a target population is that it shares a common set of characteristics (Hair et al., 2010: 131). For the purpose of this study, the target population is represented by generation Y customers from both Germany and South Africa who were between the age of 18 and 35 at the time the study was conducted. More specifically, the study includes those who own a mobile phone and make use of mobile phone services offered by different service providers within their respective countries. It is from this population of interest that a sample unit is drawn (Cooper and Schindler, 2013: 239). In order to collect data from the chosen sample there are two types of sampling techniques that can be used, namely, probability sampling and non-probability sampling. The sampling techniques will be considered below.

#### **5. 5. 3. 1 Probability sampling**

Probability sampling is a selection technique whereby the sampling units are selected at random (Hair, Wolfinbarger, Ortinau and Bush, 2010: 135). This means that every element within the target population has a known non-zero chance of selection (Kolb,

2008: 183; McDaniel and Gates, 2010: 332). There are different types of probability sampling methods than can be used to collected data from respondents these include simple random, stratified, systematic and cluster sampling (McDaniel and Gates, 2010: 332; Kolb, 2008: 183).

### **5. 5. 3. 2 Simple random sampling**

Gates (2010: 332) described simple random sampling as the best known and most commonly used probability sampling method. The sampling method guarantees that every member from the population of interest has a known and equal chance of being selected for the sample (Kolb, 2008: 184; McDaniel and Gates, 2010: 338). Zikmund and Babin (2010: 339) states that despite being an easy sampling method to undertake, the sampling technique requires long hours that result in increasing cost (Zikmund and Babin, 2010: 339).



University of Fort Hare  
*Together in Excellence*

### **5. 5. 3. 3 Cluster sampling**

Cluster sampling is a probability sampling method in which the population is divided into mutually exclusive groups (such as geographic areas) then a random sample of cluster is selected (Lamb, Hair, McDaniel, Boshoff, Terblache, Elliott and Klopper, 2010: 164; McDaniel and Gates, 2010: 340). The purpose of cluster sampling is to economically and efficiently obtain a sample from a large population that provides precise representation of the total population (Kolb, 2008: 186). McDaniel and Gates (2010: 341) mentioned that there are two basic steps used to select the sample unit. The first step involved dividing the population into mutually exclusive and exhaustive subsets; secondly, a random sample of the subset is designated. This probability sampling method is applied when it is impossible to determine the exact number of people within a population (Kolb, 2008: 187; McDaniel and Gates, 2010: 341).

### **5. 5. 3. 4 Systematic sampling**

It is a probability sampling method which involves selecting subjects from the population list, based on the sampling frame and predetermined number of respondents needed for the sampling. As a result of its simplicity this probability sampling method can be used as a substituted for simple random sampling (McDaniel and Gates 2010: 338). Its main advantage is that it is simple, less time consuming and

less expensive to use when compared to simple random sampling (McDaniel and Gates, 2010: 334).

### **5. 5. 3. 5 Stratified sampling**

Stratified sampling is a technique in which the population is divided into different independent groups with each group containing similar characteristics (McDaniel and Gates, 2010: 339). This sampling technique is used to ensure that any differences are reduced and also when the aim of the study is to learn more about difference between groups (Kolb, 2008: 185). The sampling method has greater potential for efficiency and small possibility of sampling errors (McDaniel and Gate, 2010: 339).

### **5. 5. 4 Non-probability sampling**

Non-probability sampling takes place when sampling unite are selected based on personal judgment (Kolb, 2008: 24). This type of sampling technique is used where probability sampling cannot be applied (McDaniel and Gates, 2010: 335). Non-probability sampling techniques are less expensive to use when compared to probability sampling techniques and it involves the selection of sample elements from the population of interest on a judgmental or convenient basis (Kolb, 2008: 193; Gates. 2010: 335). Data can be collected more quickly, however careful consideration need to be taken in order to ensure that the population of interest is reasonably represented (McDaniel and Gates, 2010: 335). There are different types of non-probability sampling techniques that can be used namely, Snowball, Quota, Convenience and Judgmental sampling (McDaniel and Gates, 2010: 335).



University of Fort Hare  
*Together in Excellence*

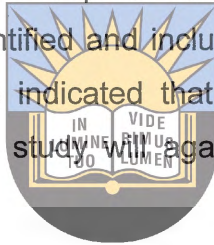
#### **5. 5. 4. 1 Snowball sampling**

This sampling technique is also referred to as referral sampling (Shiu et al., 2009: 482) and it involves identification and qualification of an initial set of participants, who can in turn help in the identification of additional participants to include in the study (McDaniel and Gates, 2010: 345). Snowball sampling is used when the target population is small, unique and hidden making the compilation of a complete list of sampling units difficult (McDaniel and Gates, 2010: 345; Shiu et al., 2009: 482). One of the main advantages of this sampling method is low search costs as respondents are selected based on referrals made by other respondents within the population of interest. However, sample quality is compromised due high level of bias associated

with this sampling methods (Zikmund and Babin, 2010: 432; McDaniel and Gates, 2010: 345).

#### **5. 5. 4. 2 Quota sampling**

Quota sampling is a non-probability sampling technique in which quotas base on demographic characteristics (e.g. age, gender etc.), specific attitudes or specific behaviours are used to select prospective participants (Shiu et al., 2009: 481; McDaniel and Gates, 2010: 344). The core purpose of this sampling method is to assure that pre-specified quotas of the population of interest are represented on selected variables which are believed as having major impact on the finding of the survey (Shiu et al., 2009: 482). The use of quota sampling method ensures that the professed suitable subgroups are identified and included in the survey (Shiu et al., 2009: 482). Shiu et al., (2009: 482) indicated that an inherent limitation of the technique is that the success of the study will again be dependent on personal decisions.



#### **5. 5. 4. 3 Judgemental sampling**

University of Fort Hare  
*Together in Excellence*

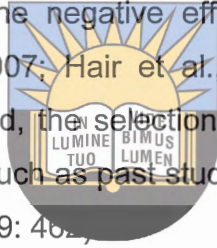
Judgemental sampling is also referred to a purposive sampling (Shiu et al., 2009: 481) and it involves selection of sample elements based on the researchers judgment about representativeness of the population of interest (McDaniel and Gate, 2010: 344). This non-probability sampling technique is suitable for certain types of forecasting, and if the judgment of the investigator is correct the sample is guaranteed to meet specific objectives (Shiu et al., 2009: 481; Zikmund and Babin, 2010: 432). However, this sampling method is prone to bias due to expert's beliefs which may make sample unrepresentative (Shiu et al., 2009: 481; Zikmund and Babin, 2010: 432).

#### **5. 5. 4. 4 Convenience sampling**

Convenience sampling is a non-probability technique in which sample elements are selected based on accessibility/ availability (McDaniel and Gates, 2010: 344; Shiu et al., 2009: 480). This sampling method is economical and enables large amounts of data to be collected in a relatively short period (McDaniel and Gates, 2010: 344). For the purposes of this study, convenience sampling technique was adopted. The sampling technique was used primarily due to time and resource constraints.

#### 5. 5. 4. 5 Sample size

There is no consensus in the various studies about how large a sample should be, but the rule of thumb is: the larger the better (Hair et al., 2008; Pallant, 2011). In general, the size of a sample can be determined by three different factors namely, variability or level heterogeneity, magnitude of acceptable error and confidence interval (Zikmund and Babin, 2010: 461). The high the level of heterogeneity the larger the sample size, this will result in a more accurate research as increase in sample size will reduce sampling error (Zikmund and Babin, 2010: 461). A further consideration is the issue of normality and where it is claimed that the negative effect of non-normality can be serious in small sample size (less than 50 cases), while with a larger sample size (the current study sample size is 447) the negative effect of non-normality may be negligible (Tabachnick and Fidell, 2007; Hair et al., 2008). However when non-probability sampling methods are used, the selection of sample size is sometimes more of subjective, based on factors such as past studies, experience or the amount of resources available (Shiu et al., 2009: 462).



University of Fort Hare  
*Together in Excellence*

In respect of Structural Equation Modelling specifically, valid results can be found in sample sizes as low as 50, it is recommended that minimum sample size should be between 100 and 150. In multi-variant analysis, and although there is some conjecture on the topic, at least the five respondents per variable times are required (Andersen, 2008: 3). Consequently, with SEM, a minimum sample size of 100 is preferable with a maximum of 500, as a greater number may compromise the effectiveness of this technique (Hair et al., 2010).

The sample size in this study is made up of 447 university students 221 from South Africa and 226 university students from Germany. Respondents from this population of interest were approached on a convenience sampling basis and requested to fill-in the questionnaire. The 447 usable questionnaires returned represent a sample size that is adequate for the intended statistical analysis.

#### 5. 5. 7 Data collection method

A survey is defined as a method of collecting primary data based on communication with the respondents of a sample representing the population of interest (Gaiser and Schreiner, 2009: 47). The main objective of surveys is to identify possible relationships

between market factors and behaviours of interested parties (Shiu et al., 2009: 226). Surveys provide a quick, often less costly, effective and accurate means of collecting data from a large sample size (Gaiser and Schreiner, 2009: 47). A number of survey methods are available such as electronic surveys, person-administered surveys, telephone and self-administered surveys (Aaker et al., 2007: 246-270; Zikmund and Babin, 2010: 189). Due to the demographic spacing between Germany and South Africa, it was determined that a combination of self-administered and electronic questionnaires would best facilitated the objective of this study. The study is focusing on generation Y customers from Germany and South Africa. Since the study was collecting data from university student studying at university of Fort Hare a self-administered questionnaire was used, while an online questionnaire was given to Germany respondent because accessing these respondents would have been difficult and costly due to geographical spacing. Electronic survey methods allow for high quality data to be collected at a rapid rate and at low cost. In addition to this, interviewer bias can kept to a minimum and respondents are able to complete the survey during their own time whilst remaining anonymous, allowing form truthful answers (Malhotra and Birks, 2006: 234).



University of Fort Hare  
*Together in Excellence*

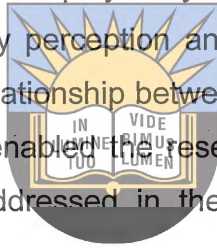
### 5. 5. 7. 1 Questionnaire design

Questionnaires are the most commonly used method of data collection in research studies (Cant et al., 2005: 147). Therefore questionnaire questions have to be reliable, clear, and valid (Elshaer, 2012: 75). One of the major decisions in the questionnaire design process is to identify what should be asked, in this respect the questionnaire questions have to be relevant and accurate. Relevant means that no unnecessary information is collected and all required information to solve the research problem is obtained. Accuracy of the questionnaire questions means that the information is valid and reliable. The questionnaire design process is discussed in detail below, while later in this section, the validity and reliability of the current study questionnaire are explained. Given that developing a measurement instrument that is valid and reliable is a complex and time-consuming procedure, and in order to ensure validity and reliability of a measurement instrument, the current study adopted the measurement instruments from previous studies in related areas to measure both the independent variable and dependent variables. Zindiye (2008: 131), states that questionnaire design refers to the appearance and layout of the questionnaire. Malhotra, (2010:336)

described questionnaire design as a process that entails a series of consistent successive steps. The current study adopted a nine step sequence steps to design a good questionnaire. Figure 5. 1 show the nine step questionnaire design process which are discussed below.

### **Step 1: Specify the information needed**

The current study aims at investigating the moderating effect of culture on relationship quality, service quality on the loyalty of generation Y customers. In this regard, all the needed information regarding culture, relationship quality, service quality and loyalty is collected and presented in the literature review chapter in order to achieve the study objectives; which is to understand the role played by culture in moderating customer service quality and relationship quality perception and also to understand the role played by culture in moderating the relationship between relationship quality, service quality and loyalty. This information enabled the researcher to clearly address the needed questions that should be addressed in the current study measurement instrument (questionnaire).



University of Fort Hare

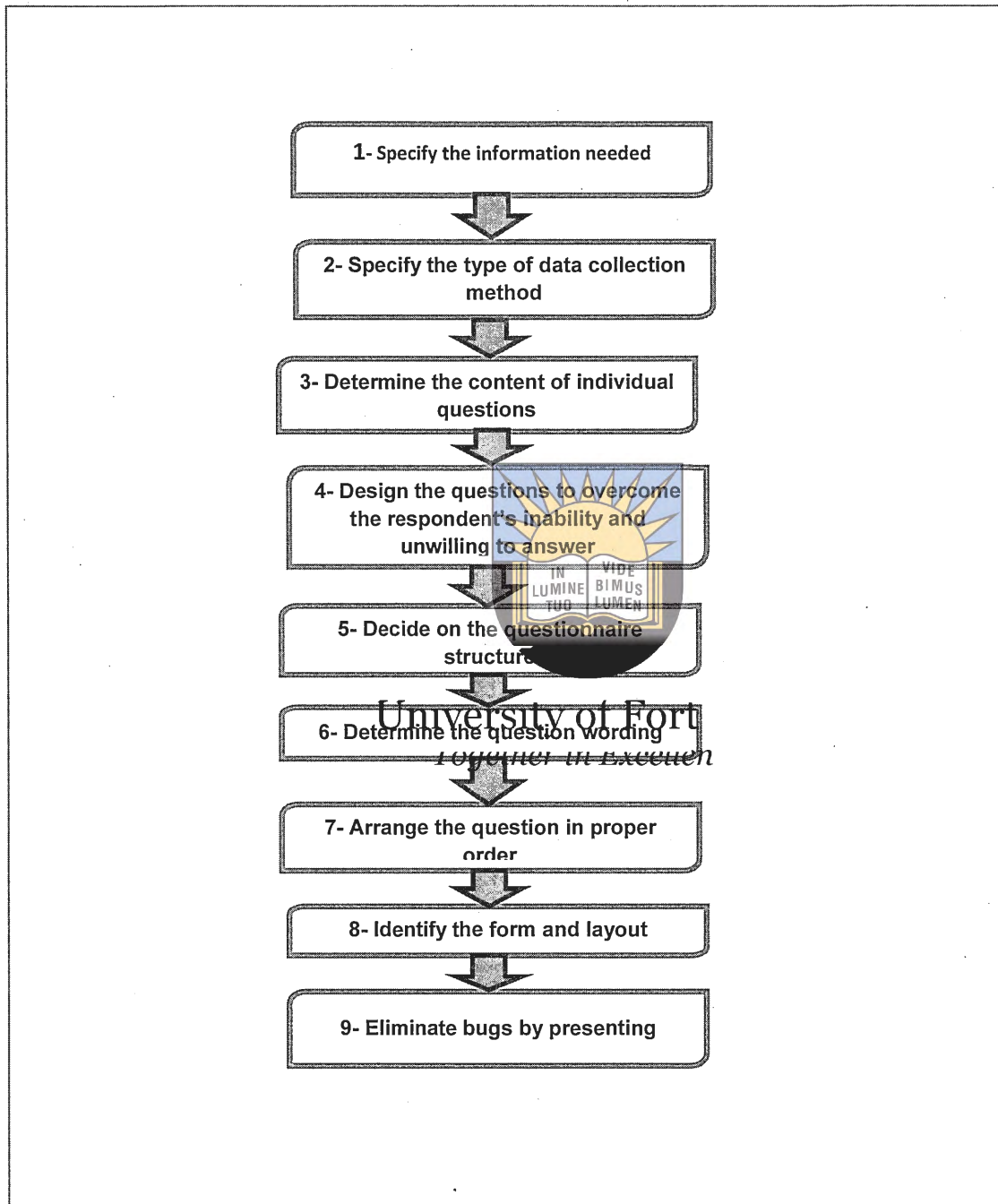
*Together in Excellence*

### **Step 2: Specify the type of data collection method**

There are different methods to conduct a survey, specifically personal interviews, telephone interviews, mail and online surveys questionnaires. A personal interview is a two way communication initiated by the interviewer to obtain information from the respondents related to the research hypotheses (Cooper and Schindler, 2006: 323). Hence, they tend to be lengthy and complex. In telephone interview, the respondent interacts with the interviewer over the phone, however the type of questions designed need to be short and simple. In mail surveys, the questionnaire is distributed using postage or email (Cooper and Schindler, 2006: 323).

In a self-administered questionnaire, the questions must be simple and have detailed instructions (Malhotra, 2010: 335). Due to time and money constraints and other reasons, the current study employed a combination of a self-administered and online questionnaire as the main data collection methods.

Figure 5. 1: Questionnaire design process (Malhotra, 2010: 336)



### Step 3: Determine the content of individual questions

The type of data collection method determines the type of information needed, once that is done the next step is to identify the individual question content (Elshaer, 2012: 76). Every question in the questionnaire should be able to answer the research objectives, therefore if there is no reasonable use for the data resulting from a question, that question should be removed (Malhotra, 2010: 337; Elshaer, 2012: 76).

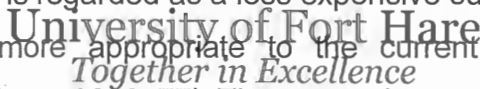
In the current study only the necessary questions that achieve the aim of the study were employed.

#### **Step 4: Overcome the respondent's inability and unwilling to answer**

Numerous aspects might limit the respondents' ability to provide the desired information; hence it is necessary to take into account possible non-response rate or refusal. For example, the respondents may not be informed, or may be unable to articulate a certain type of responses, or the information requested may be sensitive (Malhotra, 2010). In order to overcome some of these problems several steps were taken to increase the response rate as discussed in the sampling Section 5. 5. 7. 2.

#### **Step 5: Decide on the questionnaire structure**

A structured/close ended questionnaire was used for data collection purposes. This provides ease of understanding and flexibility to respondents. Structures/closed-ended questions are also suitable for computer analysis and take less time from the interviewer and participant. It is regarded as a less expensive survey method. Closed ended questionnaires are more appropriate to the current studies philosophy positivism and deductive (Elishaer, 2012: 77). The respondents were requested to give their opinions based on a 7-point Likert scale anchored from strongly disagree (1) to strongly agree (7). The 7-point Likert scale was used based on the assumption that, all respondents possessed the knowledge to interpret the scales which were quite easy to answer and complete.



#### **Step 6: Determine the question wording**

In order to get desired responses from respondents, it is important that question wording used is clear. As it is the translation of the desired question content and structure of words that respondents can clearly and easily understand (Malhotra, 2010). In this respect, the current study made sure to make use of ordinary words, whilst avoiding ambiguous, leading or biases questions. Furthermore, caution was made to ensure that the questions are simple and full instructions were provided where necessary.

### **Step 7: Arrange the questions in proper order**

Malhotra (2010: 379) states that opening questions should be simple, interesting and nonthreatening, whilst more sensitive and difficult questions should be placed later in the sequence. The current study questionnaire contains some simple questions in the first section (section A) about respondents' demographic information, respondents' current service provider. Detailed information about respondents' service experience were placed in the second section (section B) of the survey instrument.

### **Step 8: Identify the form and layout**

The questionnaire should be divided into several parts, each part should be numbered and the questionnaires themselves should be numbered serially (Malhotra, 2010). The current study questionnaire contains a brief introduction regarding the aim of the study and the contact number if there are any concerns about the study, an ethnicity clause and two sections: the first section contains seven questions regarding respondents demographic information, respondents current service provider, the period for which they have been using the service provider, country of origin, gender and occupation. Additionally, the respondent were also asked to indicate whether or not they own a cell phone. The second section (Section B) contains 15 items measuring *Relationship quality*, seven (7) items measuring customer loyalty, 21 items measuring *Service quality* and lastly seven (16) items measuring *Culture*.

### **Step 9: Pre-testing the questionnaire**

The initial structure of the questionnaire included 55 items to measure the study constructs (18 items to measure RQ, eight to items measure CL, 21 items to measure SQ and lastly eight to items measure culture. In order to identify, eliminate and purify any potential problems such as possible uncertainty in the vocabulary of the current study questionnaire, a pilot study was conducted through personal administration of the questionnaire. The questionnaire was pre-tested using 20 respondents from the population of interest. The respondents were asked to fill in the questionnaire and, at the same time, comment on its content.

The questionnaire was assessed by five academics at the University of Fort Hare to eliminate any ambiguities in the phrasing of words. The suggestions outlined by the academics, which mainly concerned the wording of the questionnaire, were

incorporated. The total items of the final questionnaire were reduced to 53 (15 items measuring relationship quality, seven items measuring customer loyalty, 21 items measuring service quality and lastly seven items measuring culture). The final questionnaire is presented in Appendix A.

### **5. 5. 7. 2 Administration of the questionnaires**

Taking into consideration the usually low response rate of the employed data collection technique (self-administrated and online questionnaire), several precautionary procedures were taken to increase the response rate of the current study questionnaire as discussed. First to make sure that the questionnaire was easy to understand and quick to answer, the questionnaire questions were designed as Likert scale questions to be simple and clear, and full explanations were provided of any complex concepts, to avoid any problems regarding the articulating of certain types of responses. The confidentiality and anonymity of the collected data was clearly assured in the first paragraph of the questionnaire to encourage the respondents to answer and to avoid any sensitive issues. Additionally sensitive questions such as personal information (respondents name, telephone number and email address) were avoided. This is consistent with Sapsford and Jupp (2006), who asserted that if questions which are sensitive appear too early in the measurement instrument this might jeopardize obtaining the required information or even the completion of the questionnaire itself.

An electronic (online) questionnaire was used to collect data from (South African and German) respondents. Respondents were requested to complete a structured questionnaire via an online link, which was created by the researcher with the assistance of her supervisor.

Lastly, in order to speed up the process and increase the response rate, questionnaires were personally distributed to Alice Fort Hare students. The researcher used social networks (Whats App messenger) for follow-up the respondents and to conform date and time to collect the questionnaire from the respondents. However, respondents who failed to respond within seven days after visiting and phoning them twice were regarded as non-responsive.

## 5. 6 OPERATIONALISATION OF VARIABLES

Operationalisation is the transformation of a concept/construct to be measurable (Elshaer, 2012: 57). It is a process which begins by giving a conceptual definition of the study constructs, followed by identifying the dimensions that make up the study constructs. Dimensions are aspects that go together to make up the study construct (Elshaer, 2012: 57). After identifying the dimensions of the study constructs, the next steps involved selecting indicators, these are measurable aspects of the dimensions usually expressed in observable or behavioural terms and lastly the indicators are then transformed into variables (Elshaer, 2012: 57). The operationalisation of the variables both independent and dependent is discussed below.

### 5. 6. 1 Relationship quality

This study is going to replicate Mirpuri and Narwani (2013: 60) in operationalizing relationship quality as the degree of relevance of a relationship to fulfil the needs of customers associated with the relationship. Relationship quality is described as a key construct of relationship marketing, which comprises of the dimensions of trust, commitment, affective conflict and satisfaction. In the current study, relationship quality was measured using a scale adapted by Mirpuri and Narwani (2012: 78 - 9) from the work of Roberts et al., (2003: 20). In respect of each dimension the items showed evidence of convergent validity, discriminate validity and concurrent validity on the analysis conducted (Mirpuri and Narwani, 2013: 78 - 9). The dimensions making up the relationship quality construct are considered below.



#### 5. 6. 1. 1 Trust

Trust is regarded as the foundation of a lasting relationship. Trust is a key dimension of the relationship quality construct which acts as a catalyst for customers' retention (Mirpuri and Narwani, 2003: 61; Bojei and Alwie, 2010: 85; Boonajsevee, 2005: 10). Trust is the set of beliefs held by customers regarding certain characteristics of the service provider (Roberts et al., 2003: 174). Trust, in this study is operationalised as the extent to which customers rely on their service provider to deliver services as per customer expectations (Mirpuri and Narwani, 2013: 61). In this research trust was viewed in two aspects trust in integrity and trust in benevolence. Trust in benevolence

is described as a customer's perceptions of the extent to which the service firm is concerned about the welfare of customers (Roberts et al., 2003: 175).

On the other hand trust in benevolence refers to the extent to which customers believe that the firms' word can be relied on, that they are sincere and that they will perform their role effectively and reliably (Roberts et al., 2003: 175). The current study is going to replicate Roberts et al., (2003: 178) in that both dimensions of trust are indicators of relationship quality. The researcher used 6 items on a seven Likert scale to measure trust. These items were adapted from Mirpuri and Narwani, (2013: 78). The reliability coefficient of this scale was ranging from 0. 817 to 0. 88 (Mirpuri and Narwani, 2013: 68). Table 5. 1 below shows the questions used to measures the dimension of Trust.

**Table 5. 1: Items used to measure Trust**



University of Fort Hare  
Together in Excellence

Dimension	
Trust in integrity	My service provider is honest about problems
	My service provider has high integrity
	My service provider is trustworthy
Trust in benevolence	My service provider is concerned about my welfare
	When I confide my problems to my service provider, I know they will respond with understanding
	I can count on my service provider considering how their actions affect me

**5. 6. 1. 2 Relationship satisfaction**

Relationship satisfaction is defined as a consumer's emotional state resulting from an overall evaluation of his or her relationship with a service provider (Liang and Wang, 2006: 178). Relationship satisfaction is a dimension of relationship quality that measures the extent to which mobile service customers are content with the service being delivered. Relationship satisfaction can be influenced by customers' past relations with the service firm. The ability of a service provider to provide unique and efficient services is a major contributor to relationship satisfaction. Relationship satisfaction is operationalised as the extent to which customers are delighted about being associated with their current service provider. In the current study a three item

scale was used to measure relationship satisfaction as a dimension of *relationship quality*. The questions were adapted from (Mirpuri and Narwani, 2013: 78). The Cronbach alpha reliability coefficient of this scale was 0.808 (Mirpuri and Narwani, 2013: 68). Table 5. 2 shows questions used to measure the relationship satisfaction dimension.

**Table 5. 2: Items used to measure Relationship satisfaction**

Dimension	Items
Relationship satisfaction	I am delighted with the performance of my service provider
	I am happy with my service provider's performance
	I am content with my service provider's performance

### 5.6.1.3 Affective conflict

A conflict is a disagreement between two parties that arise as a result of incompatibility of actual and desired responses (Roberts et al., 2003). The level of conflict is found in both cognitive and affective areas. With affective conflict being defined as frustration, hostility and anger towards a partner (Roberts et al., 2003: 179; Mirpuri and Narwani, 2013: 62). This study is imitating Mirpuri and Narwani (2013: 62) and Roberts et al., (2003: 179) in that the affective conflict is used as a measure of the retained level of conflict felt by generation Y customer's towards service providers and as a negative indicator of relationship quality (Mirpuri and Narwani, 2013:62). The current study used three items to measure affective conflict. The questions used to measure affective conflict were adapted from Mirpuri and Narwani (20013: 78). The Cronbach alpha reliability coefficient of this scale was 0. 645 (Mirpuri and Narwani, 2013: 67). Table 5. 3 show questions used to measure affective conflict.

**Table 5. 3: Items used to measure Affective conflict**

Dimension	Questions
Affective conflict	I am angry with my service provider
	I am frustrated with my service provider
	I am annoyed with my service provider

#### 5. 6. 1. 4 Commitment

Commitment has been identified as another key dimension of relationship quality (Mirpuri and Narwani, 2013: 61). It is vital for a business relationship, and it shows the strength of a relationship. Commitment is described as a customers' enduring desire to maintain what they perceive as a valuable relationship with service providers. Commitment is operationalised as customers' willingness to positively commit and remain loyal to a service provider (Mirpuri and Narwani, 2013: 61). This study used a three item scale to measure commitment as a relationship quality constructs. The Cronbach alpha reliability coefficient of this scale was 0. 653 (Mirpuri and Narwani, 2013: 68). Table 5. 4 below show questions used to measure the relationship quality dimension of commitment; the questions were adapted from (Mirpuri and Narwani, 2013: 78).



**Table 5. 4: Items used to measure Commitment**

Dimension	
Commitment	I feel emotionally attached to my service provider
	I continue to deal with my service provider because I like being associated with them
	I continue to deal with my service provider because I genuinely enjoy my relationship with them

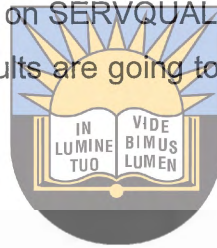
#### 5. 6. 2 Service quality

Due to the intangible and heterogeneous nature of services, delivering of quality services on a consistent basis has become a norm for service providers as it enables them to have a competitive advantage in the industry (Mirpuri and Narwani, 2013: 63). Service quality is regarded as an important tool that can differentiate a service firm from its competitors (Daniel and Berinyuy, 2010: 32). Parasuraman et al., (1985) described service quality as the discrepancy between customers perception of a service minus customer expectation. The concept of service quality was discussed in greater detail in Section (3. 2).

The current study used five dimensions, namely, tangibility, reliability, performance of employees, assurance and empathy to measure service quality. These five dimensions of service quality are also referred to as the SERVQUAL dimensions and

they were adapted from (Mirpuri and Narwani, 2013: 78). The SERVQUAL instrument was originally developed by Parasuraman et al., (1988) with the purpose of comparing customers' perceptions vs. expectations of a service. The Instrument was later on adopted by Mirpuri and Narwani (2013: 78) in the context of the mobile telecommunication industry.

The current study is going to look at service quality with respect to the mobile phone service sector. The study is going to precisely look at how generation Y customers view the quality of services being offered to them. The study will also evaluate if customers perceptions about services is affecting the relationship strength (relationship quality) and loyalty of generation Y customers. Additionally, the study is going to look at the importance placed on SERVQUAL dimensions by customers with respect to mobile services. These results are going to be discussed in greater detail in chapter 6.



#### 5. 6. 2. 1 Reliability

Reliability has been acknowledged as an important determinate of customers perceptions of *service quality* (Hair et al., 2008: 336; Hair et al., 2013: 394). Reliability measures the performance consistency and the dependability of a service (Iddrisu, 2011: 19). Zeithaml et al., (1996), defined reliability as the ability to perform the promised service dependably and accurately. Reliability is operationalised as the ability of a service provider to provided prompt service and error free records (Mirpuri and Narwani, 2013: 78). This study used a four item scale to measure reliability as a SERVQUAL dimension. The questions were adapted from Mirpuri and Narwani, (2013: 78). The Cronbach alpha reliability coefficient of this scale was 0. 801 (Mirpuri and Narwani, 2013: 67). Table 5. 5 show the questions used to measure the dimension of reliability.

**Table 5. 5: Items used to measure Reliability**

Dimension	Items
Reliability	When I have a problem, my service provider shows a sincere interest in solving it.
	My service provider performs the service right the first time
	My service provider provides their services at the time they promise to do so
	My service provider insists on error-free records

### 5. 6. 2. 2 Tangibles

Tangibles are the only aspect of a service that can be viewed before purchase and consumption. These tangibles include physical facilities of the service provider, service personnel (agents), equipment used to provide a service such as starter packs (Iddrisu, 2011: 19). Service providers are advised to make sure that the tangible aspect of their service are visually appealing and are constant with the overall image of the service, as they convey the image and quality signal of the firm (Hult et al., 2013: 395; Hair et al., 2008: 337; Du Plessis et al., 2012: 227).



University of Fort Hare  
*Together in Excellence*

Tangibility is operationalised as the extent to which customers view the tangible aspect of their service provider (such as, equipment, service personnel and materials (starter packs) as modern and visually appealing (Iddrisu, 2011: 19; Saghier and Nathan, 2013: 5). This study used a four item scale to measure tangibility as a SERVQUAL dimension. The questions were adapted from (Mirpuri and Narwani, 2013: 78). The Cronbach alpha reliability coefficient of this scale was 0. 822 (Mirpuri and Narwani, 2013:67). The questions used to measure this dimension are depicted in Table 5. 6 below.


**Table 5. 6: Items used to measure Tangibility**

Dimension	Items
Tangibles (Tang)	My service provider has modern-looking equipment
	My service provider's physical facilities are visually appealing
	My service provider's employees are well presented
	Materials associated with the service (such as pamphlets or statements) are visually appealing at my service provider

### 5. 6. 2. 3 Assurance (Reassurance)

Service personnel of any service firm are obliged to treat customers with respect. Assurance is an important measure of *service quality* as it helps customers where they find it hard to evaluate service risk (Du Plessis et al., 2012: 226). Assurance can be operationalised as the knowledge and courtesy of service personnel that convey a sense of confidence that service outcomes will match expectations (Upal, 2008: 21). This study used a four item scale to measure assurance as a SERVQUAL dimension. The questions were adapted from (Mirpuri and Narwani, 2013: 78). The Cronbach alpha reliability coefficient of this scale was 0. 851 (Mirpuri and Narwani, 2013: 67). Table 5. 7 shows a list of questions used to measure the dimension of assurance.

**Table 5. 7: Items used to measure Assurance**



Dimension	Items
Assurance/ Reassurance	The behaviour of employees of my service provider instils confidence in me
	I feel safe in my transactions with my service provider
	Employees of my service provider are consistently courteous to me

### 5. 6. 2. 4 Empathy

Empathy involves caring and providing individualised attention to customers by service personnel. It describes a service firm’s ability to show customers that they are special and their needs are understood (Du Plessis et al., 2012: 227). Empathy can be operationalised as the extent to which customers are willing to be given individualised attention by service providers (Iddrisu, 2011: 20). This study used a four item scale to measure empathy as a SERVQUAL dimension. The questions were adapted from (Mirpuri and Narwani, 2013: 78). The Cronbach alpha reliability coefficient of this scale was 0. 858 (Mirpuri and Narwani, 2013: 67). Table 5. 8 shows a list of questions used to measure the dimension of empathy.

**Table 5. 8: Items used to measure Empathy**

Dimension	Items
Empathy	My service provider gives me individual attention
	My service provider has operating hours convenient to me
	My service provider has employees who give me personal attention
	My service provider has my best interests at heart
	Employees of my service provider understand my specific needs

**5.6.2.5 Performance of employee (responsiveness)**

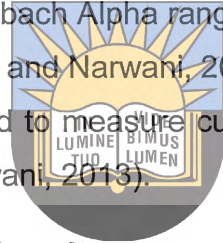
The responsiveness of service personnel is an important aspect of *Service quality* (Upal, 2008: 21; Iddrisu, 2011: 20). Employees' responsiveness is characterised as their willingness to help and provide prompt services to customers (Iddrisu, 2011: 20). This *service quality* dimension can be operationalised as the extent to which service personnel deal with customers' University of Fort Hare *Together in Excellence* and attentively (Iddrisu, 2011: 21). This study used a four item scale to measure employee performance as a SERVQUAL dimension. The questions were adapted from (Mirpuri and Narwani, 2013: 78). The Cronbach alpha reliability coefficient of this scale was 0.782 (Mirpuri and Narwani, 2013: 67). Table 5. 9 below shows a list of questions used to measure the dimension of performance of employee.

**Table 5. 9: Items used to measure Performance of employees**

Dimension	Items
Performance of employees	Employees of my service provider tell me exactly when services will be performed
	Employees of my service provider give prompt service
	Employees of my service provider are always willing to help
	Employees of my service provider are never too busy to respond to my requests

### 5. 6. 3 Customer loyalty

Customer loyalty is a very important behavioural outcome for service providers, which contributes to customer retention (Mirpuri and Narwani, 2013: 63). It is both a behavioural and attitudinal outcome that is portrayed by customers (Gee et al., 2008: 361). Customer loyalty is described as the deeply held commitment to repatronize a preferred service or product consistently (Mirpuri and Narwani 2013: 63; Gee et al., 2008). The current study used the following dimensions measure customer loyalty; saying positive things, sharing information about the service provider, recommendation to other people, willingness to try new services from the service provider, and buying additional services. These constructs have been widely used to measure customer loyalty, with a Cronbach Alpha ranging from 0. 75 - 0. 92 showing that the constructs are reliable (Mirpuri and Narwani, 2013; Futrell, 2012). Table 5. 10 below shows the list of questions used to measure customer loyalty. The questions were adopted from (Mirpuri and Narwani, 2013).



**Table 5. 10: Items used to measure Loyalty**  
 University of Fort Hare  
*Together in Excellence*

Dimensions	Items
Share information	I am willing to provide my service provider with more information about myself to help them try to serve me
Say positive things	I say positive things about my service provider to other people
Recommend friends (RF)	I encourage my friends and relatives to do business with my service provider.
Continue purchasing	I will keep purchasing from my service provider for another year
Purchase additional services	I am willing to purchase other services from my service provider over the next Year

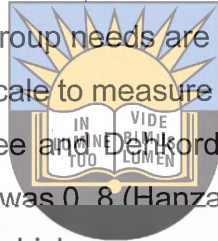
### 5. 6. 4 Culture

Culture is a very important and powerful force in regulating human behaviour (Li and Mantymaki, 2011: 87; Nayeem, 2012: 78). In this study, culture is described as the collective programming of the mind that direct customer behaviour and distinguishes member of one society from another. Culture impact customers service expectation, evaluation, perception and loyalty; hence it is vital for service providers to be aware of culture's effects on customer behaviour. The researcher used Hofstede's cultural dimensions of, individualism-collectivism, uncertainty avoidance and power distance

to measure culture with relation to generation Y customers. These dimensions were adopted from Hofstede and Hofstede (2005: 75). These dimensions have been extensively used with a Cronbach alpha ranging from 0.72- 0.84 showing that the constructs are reliable (Tsoukatos, 2007; Kueh and Voon, 2007; Maiyaki, 2013). The dimensions are briefly considered below. A more detailed discussion on culture is given in Chapter 2.

#### 5.6.4.1 Individualism/collectivism

An individualistic culture refers to a culture where relations between individuals are loose, meaning that people in a society/nation only look after their own interest and that of their immediate family (Kueh and Voon, 2007; Hofstede, 1983: 85; Maiyaki, 2013). Whilst in a collectivist culture, group needs are more important than individual needs. This study used an eight item scale to measure individualism-collectivism. The questions were adapted from (Hanzaee and Dehkordi, 2012: 1409). The Cronbach alpha reliability coefficient of this scale was 0.8 (Hanzaee and Dehkordi, 2012: 1409). Table 5.11 shows a list of questions which were used to measure the dimension of individualism/collectivism.



University of Fort Hare  
Together in Excellence

**Table 5.11: Items used to measure Individualism/Collectivism**

Dimension	Items
Individualism /Collectivism	Everyone grows up to look after him/ herself and his/her immediate family only
	Identity is based in the individual
	Speaking one's mind is a characteristic of an honest person
	Identity is based in the community to which one belongs
	I would sacrifice my self-interest for the group
	I would stick with the group even through difficulties
	Group welfare is more important than individual rewards
	Group success is more important than individual success

#### 5. 6. 4. 2 Uncertainty avoidance

Uncertainty avoidance refers to the degree to which members of a culture feel threatened by ambiguous or unknown situations (Hofstede and Hofstede, 2005: 7). This dimension measures how members of a society see time and whether they are comfortable with the unknown or feel the need to control it (Reid, 2011: 73). An individual can either be high/low in uncertainty avoidance. In the current study, this construct has been used to measure if young consumers are comfortable with unknown situations. This study used a three item scale to measure uncertainty avoidance. The questions were adapted from (Hanzaee and Dehkordi, 2012: 1409). The Cronbach alpha reliability coefficient of this scale was 0. 7 (Hanzaee and Dehkordi, 2012: 1409). Table 5. 12 below shows a list of questions used to measure uncertainty avoidance.



**Table 5. 12: Items used to measure Uncertainty avoidance**

Dimension	Items
Uncertainty avoidance	Service providers should give instruction on how to use mobile services
	Fear of unknown situations and of unfamiliar risks is normal
	Uncertainty is a normal feature of life and each day is accepted as it comes

#### 5. 6. 4. 3 Power distance

The power distance culture dimension looks at inequality with in a society; this can be described as unequal distribution of authority/wealth with in a society (Hofstede, 1984). A society can either be high/low in power distance. Service providers are generally seen as having more power over their customers (Kueh and Voon, 2007: 667). This study used a five item scale to measure power distance, and the questions were adapted from (Hanzaee and Dehkordi, 2012: 1409). The Cronbach alpha reliability coefficient of this scale was 0.8 (Hanzaee and Dehkordi, 2012: 1409). Table 5. 13 below shows a list of items used to measure the dimension of power distance.

**Table 5. 13: Items used to measure Power distance**

Dimension	Items
Power distance	People in higher positions should make most decisions without consulting people in lower positions
	People in higher positions should not ask the opinions of people in lower positions too frequently
	People in higher positions should avoid social interaction with people in lower positions
	People in higher positions should not delegate important tasks to people in lower positions
	People in lower positions should not disagree with decisions made by people in higher positions



University of Fort Hare  
*Together in Excellence*

**5.7 METHOD OF DATA ANALYSIS**

This section describes the different statistical techniques used to analyse data collected from respondents who completed the questionnaire. The purpose of the analysis process is to turn raw data into useful information, which will be used to draw conclusions about the study. Once data has been collected, before was analysed it was first be edited, coded, transcribed and cleaned (Shiu et al., 2009: 464). After this has been done the focus then moves to data analysis. Editing is done to verify the completeness, consistency and accuracy of data. Incomplete responses are cleaned up and codes assigned to the raw data for capturing. Data analysis is the process of transforming data into useful information (Zikmund and Babin, 2010: 66). The current study used a computer software program called SPSS to analyse data collected. A combination of descriptive and inferential statistical procedures was used to analyse the data and empirically validate the main research question.

Descriptive statistics consist of procedures used to summarize and describe the important attributes of a set of measurements (Pallant, 2011: 53; Mendenhall, Beaver and Beaver, 2012: 4; Sajid, 2014). On the other hand, inferential statistics use a random sample of data taken from a population to describe and make inferences about the population (Sajid, 2014; Mendenhall et al., 2012: 4). It also allows conclusions about the population based upon the principle of probability and statistical distribution

between hypothesised variables to be drawn (Sajid, 2014). The following section discusses descriptive and inferential statistics.

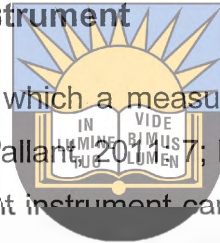
### 5. 7. 1 Descriptive statistics

Descriptive statistics are used to describe the main features of collection of data in quantitative terms. They provide simple summaries about the sample and the measures. Together with simple graphics analysis, they form the basis of virtually every quantitative analysis of data. Descriptive statistics help to simplify large amounts of data in a sensible way. Each descriptive statistic reduces a lot of data into simpler summary.

### 5. 7. 2 Validity of the research instrument

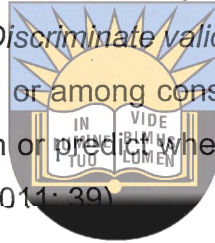
Validity is described as the extent to which a measurement process measures the variable that it is meant to measure (Pallant, 2011: 7; Elshaer, 2012: 81; Cooper and Schindler, 2006: 289). A measurement instrument can be assessed for validity both internally (internal validity) and externally (external validity Cooper and Schindler, 2006: 211). Internal validity refers to the ability of a research tool to compute what it is supposed to compute (Cooper and Schindler, 2006: 349). While, external validity refers to the ability to generalised data across persons, settings and time (Cooper and Schindler, 2006: 289). Besides the above mentioned validity types, other different type of validity exist such as content, construct, discriminate, criterion and convergent validity (Cooper and Schindler, 2006: 211).

*Content validity* (or face validity) of the measuring instrument is the degree to which the instrument provides sufficient coverage of the concept (Pallant, 2011: 7; Cooper and Schindler, 2006: 211). If the instrument contains a representative sample of the subject of interest, then content validity is good (Cooper and Schindler, 2006: 211). With regard to this study, content validity would be ensured if the investigative questions adequately cover culture, relationship quality, customer loyalty and service quality concepts. Content validity is a judgmental process that can be achieved in many ways (Tsoukatos, 2007; Kueh and Voon, 2007). In this study a group of experts were used to evaluate how well the instruments meet the required standards (Cooper and Schindler, 2006: 21). The questionnaire was tested and revised by the supervisor and three academic researchers in the department of Business management.



University of Fort Hare  
Together in Excellence

*Construct validity* testifies how well the results acquired from the use of a measurement instrument fit the theories around which the test is designed (Tsoukatos, 2007: 83). In this study construct validity was used to determine if the questionnaire measure that which it is designed to measure. A measuring instrument is considered to demonstrate construct validity if the scale has both convergent (highly positive correlation with other measures of the same construct) and discriminate validity (not highly positive correlation with other related constructs) (Shiu et al., 2009: 282). Convergent and discriminate validity are considered to be sub-categories and sub-types of construct validity (Cooper and Schindler, 2013: 320, Zikmund and Babin, 2010: 251). *Convergent validity* refers to a strong relationship between the scale under investigation and another validated scale measuring the some construct (Taleghani, Gilaninia and Mousavian, 2011: 160). *Discriminate validity* reflects the degree to which an instrument can distinguish between or among constructs (Shiu et al., 2009: 282). *Criterion validity* attempts to evaluation or predict whether the current behaviour of a respondent will be repeated (Pallant, 2011: 39).



University of Port Harcourt

For the purpose of this study, both content and construct validity were assessed. As for content validity the questionnaire, was developed from existing scales used by Mirpuri and Narwani (2013), Roberts et al., (2003), Hanzaee and Dehkordi (2011); Kueh and Voon (2007) and Hofstede, (2005), discovered through literature review. In addition, the questionnaire was pretested as discussed earlier in (Section 5. 5. 7. 1). In terms of construct validity, exploratory factor analysis (EFA) was conducted using SPSS to uncover the underlying structure of constructs and a confirmatory factor analysis (CFA) to confirm the underlying structure of constructs. Both confirmatory factor analysis and exploratory factor analysis are discussed in more detail in sections 5. 7. 4 and 5. 7. 5.

### 5. 7. 3 Reliability of the research instrument

On the other hand reliability is concerned with the accuracy, precision, consistency and stability of the measures (Cooper and Schindler, 2006: 352). Instrument reliability is dependent on the instruments ability to produce the same result when used repeatedly (Cooper and Schindler, 2006: 352; Cant et al., 2005: 188). Thus, reliability refers to the ability of a measure to generate the some results over different times and different measurements. The main aim of conducting a reliability test on a research

instrument is to minimise errors and biases in a study. The greater the degree of consistency and stability in a research instrument, the greater is the reliability (Cooper and Schindler, 2006: 352).

There are three test of reliability that can be used namely; test-retest reliability, this reliability measure, measures the stability of results and is usually used to determine whether the results are consistent when the some measurement instrument is provided to the same respondents at different times (Malhotra, 2010: 284); Alternative-forms reliability, this reliability test measures two consistent sets of scales among the some group of respondents at two different time intervals (Eiselen et al., 2007: 112) and lastly Internal consistency reliability, this test assess the ability of the questionnaire to produce similar results when different samples are used to measure an occurrence during the sometime period. The internal consistency reliability test is based on the concept that, the different statement in the scale measure some features of the construct and these statements should be constant in measuring the construct. It thus, focuses on the level of internal consistency between the set of statements and the complete measurement instrument. There are two types of internal consistency test available, namely the spilt-half reliability test and the coefficient alpha. The spilt-half reliability test divided the scale into two halves and correlates the results with one another. On the other hand, the coefficient alpha, or Cronbach's alpha coefficient test, calculates an average for the entire possible splits-half coefficient by splitting the scale statement in different ways (McDaniel and Gates, 2010: 316). The Cronbach alpha analysis is a statistical measurement that is widely used to measure internal consistency reliability of multi-item scales at an interval level of measurement.

For the current study Cronbach alpha coefficients were calculate to determine whether the scales used to measure, *culture*, *relationship quality*, *service quality* as well as *customer loyalty* were reliable. The Cronbach's alpha coefficient values vary from 0-1, coefficient values which are less than 0. 60 are regarded poor, whilst reliabilities ranging from 0. 70 are acceptable and scores over 0. 80 are considered good (Cooper and Schindler, 2006: 352). The Cronbach alpha coefficient for this study ranged from 0. 75 to 0. 89.

#### 5. 7. 4 Exploratory factor analysis

Exploratory factor analysis (EFA) is a multi-variant statistical technique used to reduce data from large set of variables to a smaller set of factors or components (Hair et al., 2008). Exploratory factor analysis can be used to explore the interrelationship among a set of variables (Pallant, 2011: 181). The aim of the EFA in the current study was to purify the scale, through data reduction and to ascertain whether the survey questions loaded on their respective dimensions. To ensure that an EFA provides valid results, the sample size needs to have at 300 least respondents (Pallant, 2011: 183). The sample size for this study is made up of 447 respondents, thus making it possible to conduct EFA. The sample size is, however, not the only determinant to ensure that EFA will provide valid results (Eiselen et al., 2007: 105). Other determinants include the method of extraction, method of rotation, the Bartlett's test of sphericity and the Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy that assess the factorability of the data (Pallant, 2011: 183). Kaiser-Meyer-Olkin (KMO) and Bartlett's test of sphericity are measures used to determine the suitability of data for factor analysis (Pallant, 2011: 187). The Bartlett's test of sphericity tests the null hypotheses that the variables are uncorrelated. The KMO index, range from 0-1 with 0.6 suggesting sufficient correlation between variables to warrant a continuance with factor analysis (Malhotra, 2007: 614; Pallant, 2011: 183). In respect to this study both the KMO and Bartlett's test of sphericity were used.



The next aspect to investigate before conducting CFA is communalities. Communality is investigated in order to determine how much a single variable has in common with all the remaining variables. Meyers, Gamst and Guarino (2006: 490 - 491) states that it is a measure of the relationship between a particular variable and the set of remaining variables in the analysis. Communalities provide information about how much of the variance in each item is described. This information can be used to improve a scale and variables can be deleted from the scale. A value that is less than 0.3 indicates that the variable does not fit well with the other variables. When removing items with items low communality, values tend to increase the total variance explained (Pallant, 2011: 198).

There are a variety of approaches that can be used to extract (Identify) the number of underlying factors or dimensions. Some of the most frequently available extraction

techniques are: principle components; principle factor; image factoring; maximum likelihood factoring; alpha factoring; un-weighted least squares; and generalised least squares, with principle components analysis being one of the most commonly used approach (Pallant, 2011: 183). Therefore, for the purposes of this study principle component analysis was used. Once the number of factors has been determined, the next step is to try and interpret them. The factors are rotated; rotation is used to assist with the identification of the variables contributing most to a factor (Eiselen et al., 2007: 105). The rotated factor matrix is analysed to determine the variables that load on a particular factor (Eiselen et al., 2007: 109). Once this has been established, labels are given to each factor with an appropriate name describing all the variables included in each factor (Pallant, 2011: 198). A loading that is greater than 0.3 are considered acceptable (Strydom, 2011: 137), thus for study all relationship quality, service quality, culture and loyalty statement with a factor loading above 0.3 were retained for further analysis.



### 5.7.5 Conducting confirmatory factor analysis (CFA)

University of Fort Hare  
*Together in Excellence*

Confirmatory factor analysis is similar to exploratory factor analysis (EFA) in that, it is also used to examine the relationships between a set of variables and a smaller set of factors that might account for the variables. DeVellis (2012: 151) states that confirmatory factor analysis is used to confirm a specific pattern of results of relationships predicted on the basis of the previous analytical or theoretical results. In addition Cooper and Schindler (2013: 430) describe CFA as a factor analysis that is conducted to test the hypothesised factors to confirm theories about the factors that a study expects to find. Confirmatory factor analysis permits assessment of the contribution of each scale item as well as incorporate how well the scale measures the construct (reliability). Since the items used in the questionnaire for each variable were adopted from previous studies, the aim of this study is to identify if any sub-dimensions were evident as well as confirm whether the items from the scales were relevant to the study. It is for this reason that confirmatory factor analysis was conducted (Pallant, 2011: 179).

## 5. 7. 6 Inferential statistics

Inferential statistics deduce something from the sample to the population, and determine the probability of attributes of a population based on the attributes of the sample (Sajid, 2014). Inferential statistics help measure the strength of the relationship between the independent and dependent variable (Sajid, 2014). Inferential statistics were needed to answer the research hypotheses and to meet the primary objective of the study.

A correlation assesses the strength of a linear relationship between two variables (Pallant, 2011: 128). A correlation coefficient is a numerical index that reflects the relationship between two variables (Salkind, 2014: 81). The Pearson's product moment correlation is commonly used to compute a correlation coefficient between variables that are linearly related (Pallant, 2011: 128; Salkind, 2014: 82). A correlation coefficient is usually referred to as  $r$  and is used to determine whether any two variables are related to each other (Pallant, 2011: 128). Pearson's product moment correlation is a measure of correlations that quantifies the strength and direction of the relationship between two variables (Salkind, 2014: 84). The coefficient ( $r$ ) varies over a range of +1 to -1 (Pallant, 2011: 128; Salkind, 2014: 83). The positive sign implies that the variables increase and decrease together (Pallant, 2011: 128; Salkind, 2014: 82). A larger magnitude implies that there is a strong relationship between the two variables; the magnitude is the degree to which the variable moves in union or opposition to one another (Pallant, 2011: 128).



University of Fort Hare  
*Together in Excellence*

Structural equation modelling was used to test the interrelatedness among a set of variables and to assess the significance of each of the independent variables in the model and to test the overall fit of the model to data (Pallant, 2011: 96). SEM is an extension of the general linear model (GLM, Division of statistics and scientific computation, 2012: 5). The current research used SEM to test the significant of the hypothesised relationships for this study. The results for the SEM are discussed in greater detail in chapter 6.

A t-test is one type of inferential statistics, which is used to determine whether there is a significant difference between the means of two groups. Zikmund and Babin (2010: 351 - 352) states that a t-test is used to compare means of a variable grouped in two categories and base on some less-than-interval variables. Pallant (2011: 239)

described two type of t-test, namely the Independent samples t-test and the paired samples t-test. The Independent sample t-test is sued when comparing the mean scores on some continuous variable, for two different groups (Pallant, 2011: 239). The paired samples t-test is described as a test for comparing the scores of two interval variables. Results will be considered significant when the p-value between the means of the pairs of items is  $\leq 0.05$ . This study used the independent t-test to determine whether differences between means for the two culture groups of concern, Germany and South Africa were significant. The results for the t-test are revealed in chapter 6.

## 5. 8 ETHICAL ISSUES

Cooper and Schindler (2006: 120) define ethics as norms or standards of behaviour that guide choices about behaviour and relationships with others. Ethics are a set of moral principles which are; suggested by a group or an individual, offer behavioural expectations and rules about the most correct conduct towards respondents and experimental subjects, sponsors, employers, other researchers, students and assistants (Devos, Strydom and Fouche, 2005: 57). For the purposes of this research study, the following guidelines will be followed:



University of Fort Hare  
*Together in Excellence*

- 1 The researcher obtained an ethical clearance certificate from Govan Mbeki research and development center
- 2 Respondents were informed that the researcher is a Masters student at the University of Fort Hare who is carrying out research for academic purposes by means of an ethical clearance certificate and a covering letter which was attached to the measuring instrument
- 3 Personal data was processed fairly and lawfully
- 4 Data collected was obtained only for use in the current research and will not be further processed in any manner incompatible with the purpose of the study
- 5 Participants will were protected at all times
- 6 Ensuring respondent's anonymity and the information was held confidential.
- 7 The research was not conducted where the research for truth is compromised
- 8 Respondents were informed of the nature of the research and the purposes of the research.

## 5. 9 CONCLUSION

This chapter discussed the research methodology used in this study. This chapter provided a discussion of the quantitative testing and analysis used, how the operationalisation of the research variables was conducted and the statistical technique used in this study to ensure the reliability and validity of the results. This chapter has defined the questionnaire, justified its use as the main source of data collection and explained the process of its construction. The structure and the distribution of questionnaires were also discussed in this chapter. The positivistic philosophy was the appropriate paradigm to explore the underlying relationship between service quality, relationship quality, loyalty and culture. Thus, a quantitative approach was adopted to collect and analyse data. The statistical package used for the data analysis was also explained. Finally discussion on the ethical consideration carried out in this study was done. The next chapter presents the empirical results of the study.



**University of Fort Hare**  
*Together in Excellence*

# CHAPTER 6

## EMPIRICAL RESULTS

### 6. 0 INTRODUCTION

The previous chapter (Chapter 5) discussed the research methodology used to collect, analyse the data and test the proposed hypotheses. This chapter reports and analyses the empirical evidence collected. The chapter begins with a discussion of findings obtained from the descriptive statistics, in particular the demographics of the respondents who participated in the study. The chapter further present research results of the reliability and validity analysis for the research instrument. The reliability and validity analysis were conducted using exploratory factor analysis (EFA) and confirmatory factor analysis (CFA), after which the Cronbach reliability coefficients were calculated in order to confirm the reliability of these scales. Section 6. 1 proceeds with the presentation of the empirical findings, while Section 6. 2 is concerned with reporting the inferential statistics. The study used the Structural Equation Modelling (SEM) to analyse the relationship between the two independent variables (relationship quality and service quality) and dependent (loyalty) variable depicted on the models in Figure 6. 1, Figure 6. 2 and Tables 6. 19, 6. 20 and 6. 21. The study used the independent samples t-test to measure the mean score difference (between Germany and South Africa) on the cultural dimensions used for this study. The result for the SEM and t-test results for the cultural dimensions are discussed in Section 6. 3. Finally section 6. 4 concludes the chapter by summarising the most relevant findings.

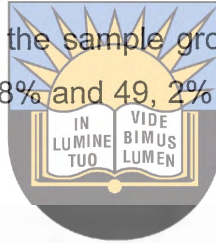
### 6. 1 EMPIRICAL FINDINGS

This section consists of empirical results which have been obtained from the data gathered from this study. Initially the data was screened and where there were missing values, these were replaced with the median (in the case of continuous variables). A series of exploratory factor analyses were carried out in order to determine the factor structure of the constructs of Relationship quality and Service quality as well as assess the discriminant validity. Initially though, Bartlett's test of sphericity as well as the

Kaiser-Meyer- Olkin measure of sampling adequacy were considered and in both cases the results indicated that it was appropriate to use factor analysis. The factor analyses were conducted using the principal components method to extract the factors and the direct Oblimin (oblique) rotation with Kaiser Normalisation to achieve simplicity. Subsequently, the measurement model of the second order conceptualisation of the constructs was considered using Amos 23 (including Loyalty) and the fit of the model was considered using various fit indices, which are considered in Section 6. 2. First, however, the descriptive statistics which describe the sample are considered.

### 6. 1. 1 Response rate

Table 6. 1 show the response rate of the sample groups, 447 questionnaires were filled, and the responses rate was 50, 8% and 49, 2% for Germany and South Africa respectively.



**Table 6. 1 Response rate**

Country	Number of questionnaires answered	Response rate
Germany	226	50.8
South Africa	221	49.2

### 6. 1. 2 Demographic information

Section 1 of the questionnaire comprised of several questions requesting the demographic information of respondents. Results provided in this section comprised of demographic information such as, gender of respondents, age, occupation and country origin. Table 6. 2 presents a summary of this information for both Germany and South African generation Y customers. Section 1 also requests for information relating to mobile phone services such as, mobile network, cell phone ownership, length of usage, name of service provider and cell phone ownership. Table 6. 3 gives a summary of this information. A discussion of the above mentioned demographic information is given in the paragraphs that follow.

From Table 6. 2 it can be seen that the majority of respondents are generation Y customers between the ages of 18 - 35 (98. 9%). The majority of the respondents of this study were female (72. 9%), with 27. 1 being male. Findings show that (88, 1%)

of respondents where full-time university students without any form of employment, while (9%) were both studying and employed and (2, 9%) where both students and self-employed.

The current study was a cross cultural comparative study, thus it was important to determine the country of origin of the respondents. Findings show that the majority of respondents where from Germany 50, 8%, while 49, 2% of respondents where from South Africa.

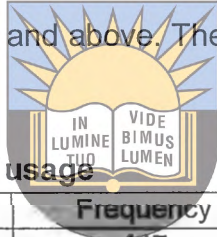
**Table 6. 2: Demographic profile of respondents**

Age	Generation Y mobile users	
	Frequency	Percentage (%)
18.0	38	8.5
19.0	48	10.7
20.0	45	10.1
21.0	23	5.2
22.0	35	7.8
23.0	50	11.2
24.0	45	10.1
25.0	80	18.1
26.0	55	12.3
27.0	34	7.6
28.0	25	5.6
30.0	6	1.3
31.0	2	0.44
32.0	11	2.45
Total	447	100.0
Gender		
Male	121	27.1
Female	326	72.9
Total	447	100.0
Occupation		
Student	394	88.1
Self-employed	13	2.9
Both a student and employed	40	9.0
Total	447	100.0
Country of origin		
Germany	227	49.2
South Africa	220	50.8
Total	447	100.0

### 6. 1. 3 Cell phone ownership, mobile network and period of usage

From Table 6. 3 it can be seen that all the respondents (100%) who filled in the questionnaire owned a cell phone, research findings went on to reveal that, (29, 1%)

have been using the some mobile network/service provider for more than six years; 16, 1 % of respondents have been using the same service provider for two years. While 13, 6% having using the same provider for three years; 11% of respondents have been using the same service provider for four years. The results further show that 10, 5%, 10, 1% of respondents have been using the same service provider for less than one year and two years respectively. Finally, findings also revealed that 9. 4% have been using the some service provider for five years. There was need to determine the period of usage, so as to measure loyalty/commitment level of respondents to service providers. From the above discussion we can see that a greater number of generation Y customers (50. 5%) having been using the same mobile phone service provider for not more than three years, while 49, 5 have been using the same provider for four years and above. These results are shown in Table 6. 3 below.



University of Fort Hare  
Together in Excellence

**Table 6. 3: Mobile network period of usage**

Cell phone ownership	Frequency	Percentage (%)
Valid	447	100.0
Total	447	100.0
Network provider		
MTN	120	26.9
Cell C	44	9.8
Virgin Mobile	1	0.2
8-ta	12	2.7
Vodacom	43	9.6
T-Mobile	30	6.7
Vodafone	10	2.2
E-Plus	19	4.2
o2	18	4.0
Other service providers	71	15.9
More than one service	79	17.7
Total	447	100.0
Period of use		
Less than 1 year	13	7.6
2-3 years	47	27.5
3-4 years	13	7.6
4-5 years	21	12.3
5-6 years	20	11.7
More than 6 years	58	33.3
Total	447	100.0

The results in Table 6. 3 also revealed that, a greater percentage of South African generation Y (more specifically University of Fort Hare students) customers use MTN

as their service provider, while a greater percentage (31, 75) of Germany generation Y used o2 as their mobile service provider.

## 6. 2 INFERENCE DATA ANALYSIS

In this section, several data analyses results are reported, such as (1) exploratory factor analysis and (2) confirmatory factor analysis to test construct validity and dimensional structure of the Service quality and Relationship quality constructs, (3) reliability analyses by calculating Cronbach Alpha coefficients for each construct/dimension, (4) SEM to test the causal direct/indirect relationship between service quality and relationship quality and loyalty. Lastly, results for the Independent samples t-test to measure the mean difference on cultural dimensions between Germany and South African generation Y customers.



### 6. 2. 1 Results of the validity and reliability analyses

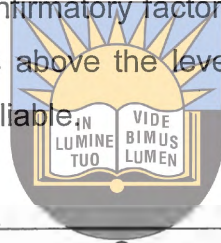
In order to assess the validity of the measuring instrument, initially, exploratory factor analysis (EFA) was undertaken. In this study, factor loadings of greater than 0.5 were considered significant. Reliability represents the consistency and repeatability of a measure (Cooper and Schindler, 2006: 352). The main aim of conducting a reliability test is to ensure that the measuring instrument is free from error, bias and yields consistent results. In this study Cronbach Alpha coefficients (CA), was used to assess the reliability of the measuring instrument. Cronbach Alpha coefficient range from 0 to 1, a Cronbach Alpha of 0. 70 or above shows good reliability of the measuring scale, whereas a Cronbach Alpha 0. 60 and 0. 70 can be accepted if the models construct validity is good. The results are considered below.

#### 6. 2. 1. 1 Relationship quality

In terms of Likert-scale (interval) data, the generally accepted lower limit for Cronbach Alpha is 0. 70 (Hair et al., 2008) and a loading value of at least 0. 4 (Churchill, 1979). The factor loadings from the EFA are reflected in the first column of Table 6. 4 below and the loadings from the CFA in brackets. Although a number of different exploratory factor analysis solutions were considered, it emerged that the exact four dimensions of relationship quality proposed by Mirpuri and Narwani (2013), could not be repeated

and the most interpretable factor structure was a four dimension one shown in Table 6. 4.

Originally the relationship quality construct was conceived as dimensions of *Trust*, *Commitment*, *Affective conflict* and *Satisfaction* and although *Trust* was originally split into two distinct dimensions in the factor analysis, all the items measuring *Trust in integrity* as well as one item measuring *Trust in benevolence* (TIB 4), showed considerable overlap and loaded onto one factor. This factor was labelled *Trust*, and operationalised as the extent to which the customers have trust in the service provider. All the other items loaded on their respective factors (*Commitment*, *Affective Conflict* and *Satisfaction*), as expected and all factor loadings were above 0. 5, in both the exploratory factor analysis and the confirmatory factor analysis (as is apparent from Table 6. 4) and all Cronbach Alpha's above the level of 0. 7 and accordingly the measures was considered valid and reliable.



**Table 6. 4: Factor structure**

	Component			
	Trust	Affective conflict	Satisfaction	Commitment
Cronbach Alpha	.786	.881	.785	.760
TII 3	.776 (.735)			
TII 1	.753 (.683)			
TII 2	.657 (.812)			
TIB 4	.560 (.579)			
AC 2		.913 (.957)		
AC 1		.874 (.838)		
AC 3		.866 (.751)		
Satis 1			-.881 (.643)	
Satis 2			-.750 (.854)	
Satis 3			-.623 (.750)	
Com 3				.770(.727)
Com 2				.757 (.861)
Com1				.514 (.617)

Extraction Method: Principal Component Analysis.  
 Rotation Method: Oblimin with Kaiser Normalization.  
 A Rotation converged in 11 iterations.

The model fit for the construct of relationship quality was excellent (CMIN/DF = 4. 3; GFI = 0. 92; PCFI = 0.71; CFI = 0. 932) and all the indicators loaded on the respective dimensions identified in the EFA. Consequently, *relationship quality*, for the purposes

of this study, is operationalised as a construct, that has *Trust*, *Commitment*, *Affirmative conflict* and *Satisfaction* as dimensions which the respondents used in assessing the quality of the relationship.

The reliability results of the individual dimensions making up *relationship quality* are considered below. For the sake of completeness, and to improve readability, the results of the EFA and CFA scores are also reiterated in tables below.

### 6. 2. 1. 1. 1 Satisfaction

For this study *satisfaction* has been operationalised as customers' positive affective (sentimental) state resulting from the evaluation of all customer experiences with service providers (Mirpuri and Narwani, 2013: 62). Factor loading for this item ranged from 0. 623 to 0. 881 and Cronbach Alpha of 0. 785 was obtained for *Satisfaction*. The corrected item-total correlations were greater than 0. 499, these results are depicted in Table 6. 5. Base on the results of the reliability and validity analysis obtain for this dimension, we can conclude that, the dimension *Satisfaction* is reliable and valid.

**Table 6. 5 Satisfaction**

University of Fort Hare  
*Together in Excellence*

Cronbach Alpha: .786					
Item		Factor Loading		Item- total correl	(C A) if Item Deleted
		EFA	CFA		
Satis 1	I am delighted with the performance of my service provider	.881	(.643)	.557	.782
Satis 2	I am happy with my service provider's performance	.750	(.866)	.723	.598
Satis 3	I am content with my service provider's performance	.623	(.748)	.600	.735

### 6. 2. 1. 1. 2 Affective conflict

*Affective conflict* has been operationalised as the "retained level of conflict felt by customers" (Roberts et al., 2003; Mirpuri and Narwani, 2013). Factor loading for this dimension ranged from 0. 75 to 0. 913 and Cronbach Alpha of 0. 881 was obtained for *Affective conflict*. The corrected item-total correlations were greater than 0. 70 these results are depicted in Table 6. 6. based on the results of the reliability and validity

analysis obtain for this dimension, it is safe to conclude that, and the dimension of *Affective conflict* is valid and reliable.

**Table 6. 6: Affective conflict**

Cronbach Alpha: .881					
Item		Factor Loading		Item-total correl	(CA) if Item Deleted
		EFA	CFA		
AC 1	I am angry with my service provider	.874	(.837)	.763	.837
AC 2	I am frustrated with my service provider	.913	(.957)	.847	.761
AC 3	I am annoyed with my service provider	.866	(.752)	.703	.891



**6. 2. 1. 1. 3 Commitment**

In this study *Commitment* has been operationalised as customers' willingness to positively commit and remain loyal to a service provider (Roberts et al., 2003; Mirpuri and Narwani, 2013). The items which were used to measure commitment have a factor loading ranging from 0. 51 to 0. 86 and a Cronbach Alpha of 0.760 was obtained for *Commitment*. The corrected item-total correlations were greater than 0. 49 these results are depicted in Table 6. 7. Based on the results of the reliability and validity analysis obtain for this dimension, it is safe to conclude that, the dimension of *Commitment* is considered reliable and valid.

**Table 6. 7: Commitment.**

Cronbach Alpha:.760					
Item		Factor Loading		Item-total correl.	(CA) if Item Deleted
		EFA	CFA		
Comm 1	I feel emotionally attached to my service provider	.514	.623	.499	.779
Comm 2	I continue to deal with my service provider because I like being associated with them	.757	(.866)	.731	.514
Comm 3	I continue to deal with my service provider because I genuinely enjoy my relationship with them	.770	(.719)	.556	.718

#### 6. 2. 1. 1 .4 Trust

*Trust* has been operationalised as the extent to which the customer has confidence in the service provider. Factor loading for this dimension ranged 0. 56 to 0. 82 and a Cronbach Alpha of 0. 760 was obtained for *Trust*. The corrected item-total correlations were greater than 0. 491 these results are depicted in Table 6. 8. Base on the results of the reliability and validity analysis obtain for this dimension, it is safe to conclude that, the dimension of *Trust* is considered to be reliable and valid.

**Table 6. 8: Trust**

Cronbach Alpha:881					
Item		Factor Loading		Item-total correl.	(CA) if Item Deleted
		EFA	CFA		
TII 1	My service provider is honest about problems	.753	(.679)	.585	.740
TII 2	My service provider has high integrity	.816	(.816)	.678	.698
TII 3	My service provider is trustworthy	.716	(.741)	.644	.709
TII 4	My service provider is concerned about my welfare	.560	(.567)	.491	.792

#### 6. 2. 2. 1 Service quality

Although a number of different exploratory factor analysis solutions were considered, it emerged that the exact five dimensions of *service quality* proposed by Parasuraman et al., (1988), could not be repeated and the most interpretable factor structure was a four dimension one shown in Table 6. 9. Although the items proposed to measure the dimensions *tangibility*, *empathy* and *reliability* loaded on the factors, as expected some of the items which were supposed to measure *Performance of employee (Responsiveness)* and *Assurance (Reassurance)* loaded on the same factor. Performance of employee items are: employees' ability to give prompt service (POE 2), employees' willingness to help (POE 3) and employees' agency to respond to customers' requests (POE). Assurance items are: the behaviour of employees of my service provider instils confidence in me (Reas 1), and I feel safe in my transactions with my service provider (Reas 2). These dimensions were measuring customers' perception of service employees' behaviour when delivering services and customers

view of the efficiency of the service provider when performing certain transactions. Therefore, the appropriated label for this factor was *conviction*. Section 6. 2. 2. 1. 1 gives a brief discussion as to the reasons why the dimensions of *Performance of employees and Assurance* loaded in the same factor.

**Table 6. 9: Factor structure**

Pattern Matrix				
	Dimensions of Service quality			
	Conviction	Tangibility	Empathy	Reliability
Cronbach Alpha	.877	.832	.857	.836
POE4	.851 (.707)			
POE3	.800 (.825)			
Reas1	.688 (.804)			
POE2	.668 (.798)			
Reas2	.657 (.703)			
Tang2		.859 (.738)		
Tang1		.830 (.661)		
Tang4		.726 (.756)		
Tang3		.652 (.814)		
Emps3			.838 (.748)	
Emps2			.757 (.679)	
Emps4			.745 (.761)	
Emps5			.687 (.747)	
Emps1			.675 (.754)	
Relia3				.810 (.782)
Relia2				.800 (.791)
Relia4				.725 (.686)
Relia1				.401 (.753)

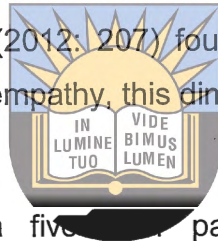
Extraction Method: Principal Component Analysis.  
 Rotation Method: Oblimin with Kaiser Normalization.  
 A Rotation converged in 11 iterations.

The model fit for the construct of service quality was excellent (CMIN/DF= 2. 79; GFI= 0. 92; PCFI =0. 8; CFI = 0. 95) and all the indicators loaded on the respective dimensions identified in the EFA. Thus, for the purposes of this study, service quality is operationalized as a construct, that has Conviction, Tangibility, Empathy and Reliability as dimensions which the respondents used in assessing the quality of service delivered. The reliability results of the individual dimensions making up service

quality are considered below. For the sake of completeness, and to improve readability, the results of the EFA and CFA scores are also reiterated in tables below.

### 6. 2. 2. 1. 1 Conviction

The failure of the SERVQUAL dimensions to fit the five-factor structure is in line with earlier studies (Buttle, 1995: 10; DeCoster, 1998: 1; Boyce; 2002: 530), especially the tendency for overlap between the dimensions of Responsiveness, Empathy and Reassurance (Kueh and Voon, 2007: 672). In the present study, two of these dimensions (Performance Of employee (Responsiveness) and Assurance (Reassurance) loaded onto the same factor resulting in a four-factor solution. Previous studies have also produced five/four/three-factor structures. For instance, Nimako, Azumah, Donkor, and Adu-Brobbey (2012: 207) found three dimensions namely, tangibles, responsiveness/assurance/empathy, this dimension was labelled customer care and reliability.



Meyer (2009: 90-91) discovered a five-factor pattern comprising Tangibility, Empathy/Responsiveness, Reliability/Assurance/Tangibility, Reliability and Customer focus. Kueh and Voon (2007) found three dimensions namely tangibles, assurance/responsiveness/empathy and reliability. A study by Daniel and Berinyuy, (2010: 58) also indicates that items from different dimensions can regrouped under the same factor and some items from one dimension are found to fall in more than one factor. In the aforementioned study, the dimension of Responsiveness and Empathy loaded into more than one factor. This is because, the strength of the link between each factor and each measure differs in that, a factor could influence some dimensions more than others (Daniel and Berinyuy, 2010).

A possible justification is that the dimensions of Empathy, Responsiveness and Assurance as they are currently measured by the SERVQUAL items lack adequate discriminant validity, causing respondents to consider them as conceptually alike (Smith, 1999). This issue is raised once again in the context of generation Y mobile phone service customers in Germany and South Africa. The service quality dimensions of Performance of employees (Responsiveness) and Assurance (Reassurance), loaded into the same factor, this is because these items have a strong correlation hence loading into the same factor (DeCoster, 1998: 1). Boyce (2002:

530) also indicated that items are grouped into the some factor based on the correlation between them.

For the purposes of this study Conviction has been operationalised as the degree to which customers believe that the service provider and its employees always have the best interests of customers at heart. Factor loading for this dimension ranged from 0. 657 - 0. 851 and a Cronbach Alpha of 0. 877 was obtained. The corrected item-total correlations were greater than 0. 675 these results are depicted in Table 6. 10. Base on the results of the reliability and validity analysis obtain for this dimension, it is safe to conclude that, the dimension is considered reliable and valid.

**Table 6. 10: Conviction**

		Cronbach Alpha: .877			
Item		Factor loading		Item-total corre.	(C A) if Item Deleted
			CFA		
POE4	Employees of my service provider are never too busy to respond to my requests	.851	(.713)	.675	.859
POE 3	Employees of my service provider are always willing to help	.860	(.824)	.763	.838
POE 2	Employees of my service provider give prompt service	.668	(.800)	.754	.840
Reas 1	The behaviour of employees of my service provider instils confidence in me	.688	(.803)	.735	.845
Reas 2	I feel safe in my transactions with my service provider	.657	(.698)	.615	.872

### 6. 2. 2. 1. 2 Tangibility

The dimension of *Tangibility* has been operationalised as the tangible aspects of a service that can be visually seen by customers. Factor loading for this dimension ranged from 0. 652 to 0. 859 and a Cronbach Alpha of 0. 832. The aforementioned, factor loading results are depicted in Table 6. 11 together with the corrected item-total correlations results which were greater than 0. 60. The results of the reliability and validity analysis obtain for this dimension; indicate that the dimension of *tangibility* is valid and reliable.

**Table 6. 11: Tangibility**

Cronbach Alpha: .832					
Item		Factor loading		Item-total correl.	(CA) if Item Deleted
		EFA	CFA		
Tang 2	My service provider's physical facilities are visually appealing	.859	(.738)	.698	.771
Tang 1	My Service provider has modern-looking equipment	.830	(.661)	.608	.812
Tang 3	My Service provider's employees are well presented	.652	(.814)	.686	.776
Tang 4	Materials associated with the service (such as pamphlets or statements) are visually appealing at my service provider	.726	(.756)	.653	.791

### 6. 2. 2. 1. 3 Empathy

Empathy has been operationalised as the extent to which customers are willing to be given individualised attention by service providers (Iddrisu, 2011: 20). The dimension has a factor loading ranging from 0.65 to 0.86 and Cronbach Alpha of 0.832 and corrected item-total correlations which were greater than 0.60 these results are depicted in Table 6. 12. The above mentioned results show that, the dimension of Empathy reliable and valid.

**Table 6. 12: Empathy**

Cronbach Alpha: .857					
Item		Factor loading		Item-total correl.	(CA) if Item Deleted
		EFA	CFA		
Empa 1	My service provider gives me individual attention	.675	(.754)	.679	.825
Empa 2	My service provider has operating hours convenient to me	.757	(.679)	.625	.838
Empa 3	My service provider has employees who give me personal attention	.838	(.748)	.706	.818
Empa 4	My service provider has my best interests at heart	.745	(.761)	.679	.825
Empa 5	Employees of my service provider understand my specific needs.	.687	(.747)	.668	.828

### 6. 2. 2. 1. 4 Reliability

*Reliability* is operationalised as the capability of a service provider to provide quick and error free services (Mirpuri and Narwani, 2013: 78). The factor loading for the dimension of *Reliability* ranged from 0. 40 to 0. 80 and a Cronbach Alpha of 0. 836 was obtained. The corrected item-total correlations were greater than 0. 60 these results are depicted in Table 6. 13. The mean score for this dimension is 14. 07. Consequently, the reliability and validity results obtained for this dimension shows that, the dimension is considered reliable and valid.

**Table 6. 13: Reliability**

		Cranach's Alpha: .836			
		Factor loading		Item-total corre.	(CA) if Item Deleted
		EFA	CFA		
Relia 1	When I have a problem, my service provider shows a sincere interest in solving it.	.401	(.753)	.621	.816
Relia 2	My service provider performs the service right the first time	.800	(.791)	.723	.768
Relia 3	My service provider provides their services at the time they promise to do so	.810	(.782)	.725	.768
Relia 4	My service provider insists on error-free records	.725	(.686)	.610	.818

### 6. 2. 3. 1 Loyalty

The multidimensional nature of marketing suggests that no individual measure will be acceptable to measure these undistinguishable concepts. The items measuring *Loyalty* were not subjected to a factor analysis as it is not anticipated that they will load on a single variable. Six items (derived from the literature) were formulated to measure the dependent variable of *Loyalty*. Table 6. 14 shows the reliability analysis of the variable. The Cronbach Alpha for the items used to measure loyalty ranges from is 0. 773 to 0. 784 which is acceptable. Thus, it is safe to conclude that with regards to this study, the variable is measuring what it is supposed to measure. The corrected item-total correlations were greater than 0. 4 these results are depicted in Table 6. 14.

**Table 6. 14: Dependent variable (loyalty)**

Cronbach Alpha: 0.796				
Item		Factor Loading	Item-Total corre.	(CA) after deletion
CL 1	I am willing to provide my service provider with more information about myself to help them try to serve me	N/A	.478	.784
CL 2	I say positive things about my service provider to other people	N/A	.609	.752
CL 3	I encourage my friends and relatives to do business with my service provider	N/A	.662	.738
CL 4	I will keep purchasing from my service provider for another year	N/A	.514	.773
CL 5	I am willing to purchase other services from my service provider over the next year	N/A	.552	.765
CL 6	I am willing to test new services developed by my service provider	N/A	.496	.778

**6. 2. 4. 1 Culture**

All the items used to measure Culture loaded on their respective factors as expected Table 6. 15 shows factor loadings from the EFA for Culture. Upon conducting exploratory factor analysis the items were grouped in to four components. The first component consisted of items measuring the cultural dimension of Collectivism (CIV). Secondly, items which were measuring the dimension of Power distance loaded on the second component. The third component was made up of items which were used to measure the dimension of Individualism. Lastly, the fourth component (UA) comprise of items which were used to measure the cultural dimension of uncertainty avoidance. However, because Individualism and Collectivism are, in a sense mirror images or dichotomous, in the sense that if a nation is low on Individualism one would expect it to score high on Collectivism, it was decided to restrict further analysis to just one of these two variables, Collectivism.

**Table 6. 15: Factor structure**

	Components			
	Collectivism	Power distance	Individualism	Uncertainty avoidance
<b>Cronbach Alpha</b>	.792	.792	.610	.679
CIV4	.837			
CIV2	.783			
CIV5	.770			
CIV3	.714			
CIV1	.551			
PD4		.846		
PD2		.827		
PD5		.823		
PD3		.805		
PD1		.793		
IDV2			.775	
IDV1			.756	
IDV3			.698	
UA2				.853
UA3				.801
UA1				.600

Extraction Method: Principal Component Analysis.

Rotation Method: Oblimin with Kaiser Normalization.



**6. 2. 3. 1. 1 Collectivism (CIV)**

The dimension of Collectivism has been operationalised as the extent to which an individual believes that group needs are more important than individual needs, Table 6. 16 show the reliability and validity results. Factor loading for this item ranged from 0. 551 to 0. 837 and Cronbach Alpha of 0. 792 was obtained. The corrected item-total correlations were greater than 0. 40. The reliability and validity results obtain for this dimension shows that, the dimension is reliable and valid.

**Table 6. 16: Collectivism**

Cronbach Alpha:.792				
Item		Factor loading	Item-total correl.	(CA) if Item Deleted
CIV 1	Identity is based in the community to which one belongs	.551	.437	.794
CIV 2	I would sacrifice my self-interest for the group	.783	.626	.735
CIV 3	I would stick with the group even through difficulties	.714	.562	.756
CIV 4	Group welfare is more important than individual rewards	.837	.678	.719
CIV 5	Group success is more important than individual success	.770	.566	.756

**6. 2. 3. 1. 2 Power-distance**

For the purposes of this study *Power-distance* has been operationalised as the extent to which generation Y customers believe that service providers are superior to them because of their expertise. Factor loading for this dimension ranged from 0. 793 to 0. 846 and Cronbach Alpha of 0. 792 was obtained. The corrected item-total correlations were greater than 0. 674 these results are depicted in Table 6. 17. Thus, it is safe to conclude that, the dimension is valid and reliable.



University of Port Harcourt

**Table 6. 17: Power distance**

Cronbach Alpha:.792				
Item		Factor loading	Item-total correl.	(CA) if Item Deleted
PD 1	People in higher positions should make most decisions without consulting people in lower positions	.793	.674	.860
PD 2	People in higher positions should not ask the opinions of people in lower positions too frequently	.827	.720	.849
PD 3	People in higher positions should avoid social interaction with people in lower positions	.805	.687	.858
PD 4	People in higher positions should not delegate important tasks to people in lower positions	.846	.748	.843
PD 5	People in lower positions should not disagree with decisions made by people in higher positions	.823	.721	.849

### 6. 2. 3. 1. 4 Uncertainty avoidance

*Uncertainty avoidance* has been operationalised as the extent to which individuals tolerates and deals with unknown situations. Table 6. 18 shows the reliability of the fourth component (UA). Factor loading for this dimension ranged from 0. 600 to 0. 853 and Cronbach Alpha of 0. 679 was obtained for the dimension. The corrected item-total correlations were greater than 0. 438 these results are depicted in Table 6. 18. Base on the results of the reliability and validity analysis obtain for this dimension, it is safe to conclude that, the dimension of *Uncertainty avoidance* was found to be reliable and valid.

**Table 6. 18: Uncertainty avoidance**

		Cronbach Alpha: .679		
Item		Factor loading	Item-total correl.	(CA) if Item Deleted
UA 1	Service providers should give instruction on how to use mobile services	.600	.438	.666
UA 2	Fear of unknown situations and of unfamiliar risks is normal	.853	.489	.590
UA 3	Uncertainty is a normal feature of life and each day is accepted as it comes	.801	.564	.505

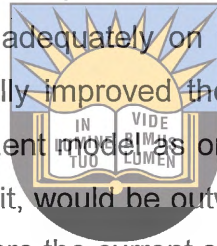
### 6. 3 HYPOTHESES TESTS

As previously indicated in Chapter 5, independent samples t-test and SEM using Amos were applied for data analysis to test the significant of the study hypotheses. Figure 6. 1 and Figure 6. 2 represent the SEM models for this study. The conceptual framework as proposed in Chapter 4 remains unchanged. The Structural Equation Modelling (SEM) approach was used to validate the research hypotheses. The focus of SEM is on estimating relationships among hypothesized latent constructs (Schreiber, Nora, Stage, Barlow and King, 2006: 325). For each hypothesis, a model of regression was run separately for both the independent (relationship quality, service quality) and dependent (loyalty) variables.

### 6. 3. 1 Measurement model

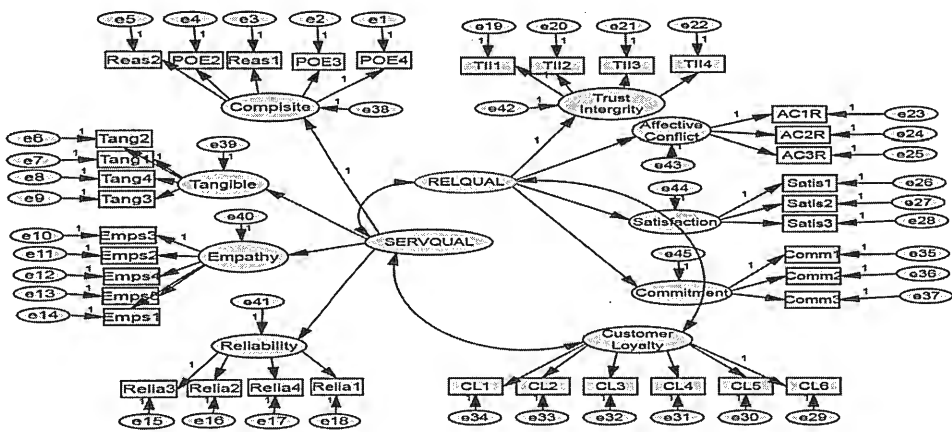
The data was analysed in three steps, firstly, subsequent to the exploratory factor analysis, a first order confirmatory factor analysis was conducted, in the form of measurement models for service quality and relationship quality, respectively, to assess the reliability and validity of all the constructs of the two independent variables. Next, a second order CFA was conducted to test the second-order model with the second order constructs of service quality, relationship quality and loyalty.

A perusal of the modification indices for the measurement model revealed some anomalies in the modification indices. It was attempted to deal with these problems, firstly, where possible co-varying the respective error terms and, deleting some observed variables that did not load adequately on the first order latent variable. However, these actions only marginally improved the model fit indices, so it was decided to rather leave the measurement model as originally conceptualised as the advantages of a marginally improved fit, would be outweighed by the disadvantages associated with being unable to compare the current study with previous studies due to the difference in measuring instruments. The fit indices for the model can be classed as moderately acceptable (CMIN/DF = 2. 35 GFI = 0. 77; PCFI = 0. 68; CFI = 0. 856).



University of Fort Hare  
Together in Excellence

Figure 6. 1: Second order measurement model



### 6. 3. 2 Structural models

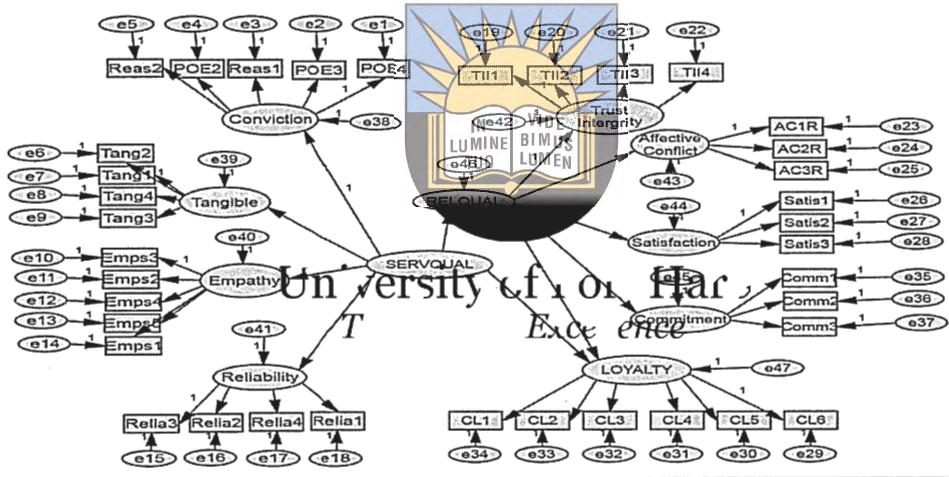
There were three separate structural models which were considered: The Integrated Model (inclusive of all respondents), the South African model (using only the sample of South African respondents) and the Germany model (using only the sample of Germany). The Integrated model is considered first (with a view to answering H<sup>1</sup>, H<sup>2</sup>

and H<sup>3</sup>) and thereafter the results contained in the South African model and the Germany model are compared (with a view to answering H<sup>4</sup> and the sub-hypotheses).

### 6. 3. 2. 1 The integrated model

Because of the similarity between the structural model and the second order measurement model, in terms of the overlap between covariance's and hypothesised paths, the fit indices were similar (CMIN/DF = 2. 35 GFI = 0. 77; PCFI = 0. 68; CFI = 0. 856) for the structural model, and as with the measurement model, indicated a moderately acceptable fit.

Figure 6. 2: Structural model



The paths which are relevant for the purposes of this study are between *Relationship quality*, *Service quality* and *Loyalty* (as set out in H<sup>1</sup>–H<sup>3</sup>) and the relevant regression weights are set out in Table 6. 19, below.

Table 6. 19: Regression weights for the combined structural model

Paths	Hypotheses	Estimate	S.E.	C.R.	P
RELQUAL <--- SERVQUAL	H <sup>1</sup>	.826	.063	10.653	***
LOYALTY <--- RELQUAL	H <sup>3</sup>	.714	.114	5.901	***
LOYALTY <--- SERVQUAL	H <sup>2</sup>	.174	.070	1.921	.055

\*\*\* P < 0.001 = significant relationship; S.E. = standard error; C.R. = critical ratio; R.W= Regression weight

Table 6. 19 above gives a summary of strength of effects between variables and the significant levels belonging to them in the case of SEM model related to the whole data base, findings show:

### **6. 3. 2. 1. 1 Relationship between service quality and relationship quality**

It is apparent from Table 6. 19 that there is a strong positive relationship (0. 826,  $p < 0.001$ ) between service quality and relationship quality (Hypothesis H<sup>1</sup>). This suggests that service quality will have a positive influence on relationship quality and that the null hypothesis, which states that, there is no significant relationship between service quality and relationship quality was therefore rejected and the alternative hypothesis accepted.

### **6. 3. 2. 1. 2 Relationship between service quality and loyalty**

No empirical support was found for the hypothesised relationship between service quality and loyalty (Hypothesis H<sup>2</sup>). Whether the customer perceives the service as quality or not will therefore have no direct impact on the loyalty of customers. The null hypothesis (stating that, no significant relationship between service quality and loyalty exist) associated with hypothesis H<sup>2</sup> accordingly cannot be rejected. However, the empirical results of the study do not support the hypothesis (H<sup>2</sup>) that there is a significant relationship between service quality and loyalty. In other words, there is no significant relationship between service quality and loyalty, at the  $p < 0.05$  level. The result is approaching significance at this level  $p < 0.05$  and although significant at the  $p < 0.10$  level, does not qualify as significant in terms of the criteria set for this study.

### **6. 3. 2. 1. 3 The relationship between relationship quality and loyalty**

Hypothesis H<sup>3</sup> is accepted (and the corresponding null hypothesis, which hypothesised that, there is no significant relationship between relationship quality and loyalty was therefore rejected) as the current study revealed a significantly positive relationship (0. 714,  $p < 0.05$ ) between relationship quality and the loyalty. In other words, the more a relationship is perceived as being quality, the more likely it is that consumers will be loyal.

### **6. 3. 2. 2 The Comparative Model**

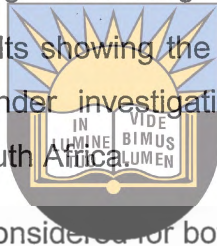
One of the important research questions which this study seeks to answer is whether culture moderates the impact of Service quality on Relationship quality, Relationship quality on Loyalty and Service quality on Loyalty.

**Table 6. 20: Regression weights for the South African and Germany structural model**

				South Africa				Germany			
				R.W	S.E.	C.R.	P	R.W	S.E	C.R	P
RELQUAL	<--	SERVQUAL	H <sup>1</sup>	.803	.092	6.834	***	.824	.085	8.65	***
LOYALTY	<--	RELQUAL	H <sup>3</sup>	.788	.145	3.632	***	.716	.126	4.339	***
LOYALTY	<--	SERVQUAL	H <sup>2</sup>	.166	.071	1.226	.220	.094	.080	.801	.423

\*\*\* P < 0.001 = significant relationship; S.E. = standard error; C.R. = critical ratio; R.W= Regression weight

Table 6. 20 above contains SEM results showing the strength and significant effect between variables in the sample under investigation, which are generation Y customers from both Germany and South Africa



Initially, the regression weights were considered for both South African and Germany SEMs respectively. In both models there was a significant relationship between service quality and relationship quality ( $p < 0.01$ ) with a standardised regression weight (0.803, 0.824) for the South African and Germany models respectively. Similarly, the relationship between service quality/loyalty and relationship quality/loyalty were in South African and Germany SEMs respectively.

While relationship quality has a significantly strong effect on loyalty (0.716; 0.788) for the South African and Germany models respectively ( $p < 0.01$ ), the results for both cultures in respect of the relationship between service quality and loyalty is not significant. However, while it is apparent that the regression weights between service quality/relationship quality and relationship quality/loyalty are different in terms of standardised regression weights in order to consider hypothesis H<sup>4</sup> (and the sub-hypotheses) we need to consider whether the results are significantly different. In other words, Once support for the main effects had been found (or not), the next step was to include suggested culture as a potential moderator variable into the model in order to assess H<sup>4</sup> and the sub hypotheses.

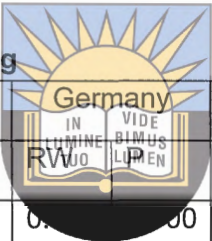
In a first step, an overall Chi-square difference was calculated for each of the hypothesised relationships, consistent with our hypotheses, this test imposes the null

hypothesis that the moderator variable (culture) does not have any effect on the three relationships. The results of this analysis are contained in Table 6. 21, below

**6. 3. 2. 3. Evaluating the significance of the relationship between service quality, relationship quality and loyalty**

It is apparent from Table 6. 21, that there is no significant difference between the South African and Germany relationships as they are all not significant at the  $p < 0. 05$  level as such we cannot reject the null hypotheses associated with  $H^{4.1}$ ;  $H^{4.2}$  and  $H^{4.3}$ . Similarly we cannot reject the null hypothesis associated with the main hypothesis ( $H^4$ ), that Culture moderates the relationship between service quality, relationship quality and loyalty.

**Table 6. 21 Structural Equation Modelling**



				Germany		South African		
				RW	P	RW	P	z-score
RELQUAL	←-	SERVQUAL	$H^{4.1}$	0.735	0.000	0.626	0.000	-0.879
Loyalty	←-	RELQUAL	$H^{4.3}$	0.547	0.000	0.528	0.000	-0.095
Loyalty	←-	SERVQUAL	$H^{4.2}$	0.064	0.423	0.086	0.220	0.212

\*\*\*  $P < 0.001$  = significant relationship; S.E. = standard error; R.W= Regression weight

**6. 3. 2. 3. 1 The difference (between Germans and South Africans) regarding the relationship between service quality and relationship quality ( $H^{4.1}$ )**

The results on Table 6. 21 shows that despite having different standardised regression weights (Germany, (0. 735) vs. South Africa, (0. 626), the results reveals that there is no significant difference between the effect of Service quality on Relationship quality in both countries. With these findings we fail to reject the null hypotheses ( $H^{0.4}$ ) and conclude that there is no significant difference (between Germans and South Africans) in respect of the extent of the relationship between service quality and relationship quality.

**6. 3. 2. 3. 2 The difference (between Germans and South Africans) in respect of the extent of the relationship between service quality and loyalty ( $H^{4.2}$ )**

Findings for this study showed that despite having different standardised regression weights (Germany = 0. 064, South Africa = 0. 86), there is no significant difference on

the effect of service quality and loyalty found between generation Y customers from Germany and South Africa. These findings do not support the second sub-hypotheses (H<sup>4.2</sup>) shown in Section 1. 6. Thus we failed to reject the null hypothesis, and conclude that, there is no significant difference when it comes to the relationship between service quality and loyalty for both cultures.

**6. 3. 2. 3. 3 The difference (between Germans and South Africans) with regards to the relationship between relationship quality and loyalty (H<sup>4.3</sup>)**

Lastly, research findings also showed that there is no significant difference on the effect of relationship quality on loyalty when it comes to generation Y customers from Germany and South Africa, despite having different estimates of (0. 547 and 0. 528) respectively. These findings do not support the second sub-hypotheses (H<sup>4.3</sup>) shown in Section 1. 6. Thus, we fail to reject the null hypothesis and conclude that, there is no significant difference when it comes to the relationship between relationship quality and loyalty for both cultures.



**6. 3. 3 Independent sample t-test results for the dimension of culture**

To determine the nature and extent of the difference between Hofstede’s cultural dimensions between the German and South African cultural groups a series of t-tests were conducted. The descriptive statistics reflecting the difference between the means of the different cultural dimensions are reflected in Table 6. 22.

**Table 6. 22 Descriptive statistics associate with Hofstede’s cultural dimensions for generation Y customers.**

**Group Statistics**

	Country of Origin	N	Mean	Std. Deviation	Std. Error Mean
Collectivism	South African students	221	23.2409	5.68433	.38324
	Germany students	226	21.4027	5.02277	.33411
Power Distance	South African students	221	13.3591	7.85619	.52966
	Germany students	226	14.5398	6.40491	.42605
Uncertainty Avoidance	South African students	221	16.0500	3.27049	.22050
	Germany students	226	14.4336	2.89022	.19225

The results in Table 6. 22 indicate differences in the mean scores for all the dimensions in respect of the two groups of respondents. However, when considering the t-tests,

to establish whether or not these differences are significant, the results in Table 6. 23 reveal that, in respect of the dimensions, only Collectivism and Uncertainty avoidance were significantly difference (Thus, H<sup>6</sup> and H<sup>7</sup> are supported), while no significant difference was found on the dimension of Power distance (thus H<sup>5</sup> is not supported). These results are discussed more fully below.

**Table 6. 23 Levene's test for Equality and t-test equality of means**

		Levene's Test for Equality of Variances		t-test for Equality of Means						
		F	Sig.	T	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% CI of the Difference	
									Lower	Upper
Collectivism	EVA	2.423	.120	3.622	444	.000	1.83825	.50759	.84068	2.83582
	EVNA			3.616	434.248	.000	1.83825	.50843	.83897	2.83754
Power Distance	EVA	12.795	.000	-1.742	444	.082	-1.18073	.67791	-2.51304	.15157
	EVNA			-1.737	422.087	.083	-1.18073	.67975	-2.51685	.15539
Uncertainty Avoidance	EVA	4.105	.043	5.534	444	.000	1.61637	.29206	1.04239	2.19036
	EVNA			5.525	434.263	.000	1.61637	.29254	1.04140	2.19134

Note. F=f-test, Sig=significance, df= degrees of freedom, CI=Confidence interval, PD=Power distance, UA=Uncertainty avoidance, IDV=Individualism, CIV=Collectivism, EVA=equal variances assumed, EVNA=equal variance not assumed. \* = significant at  $p < .05$ .

### 6. 3. 3. 1. 1 Uncertainty avoidance

The Independent samples t-test showed a significant difference between the mean scores of this dimension, equal variances not assumed. The results indicated that South African generation Y customers had a high uncertainty avoidance mean score than did Germany generation Y customers,  $t(434.263) = 5.525$ ,  $p=.000$  (mean difference, 1.61637). These results are consistent with previous research (Kueh and Voon, 2007; Jung and Kau, 2004; Leng and Botelho, 2010; Voros and Choudrie, 2013; Furrer et al., 2000; Reid, 2011). This therefore means that South African generation Y customers are risk averse and prefer rules and instructions to guide them. While, on the other hand generation Y customers from Germany prefer few rules. This will enable them to determine how to accomplish goals, with greater flexibility (Reid, 2011: 73).

### 6. 3. 3. 1. 2 Collectivism

The mean score for collectivism was significantly different, equal variances assumed. South African generation Y customers indicated more collective behaviours than did Germany generation Y customers. The results indicated that South African individuals portray more collectivist traits with a higher mean score than did Germany generation Y customers,  $t(444) = 3.622, p = .000$  (mean difference, 1.83825). In collective societies individuals generally have a habit of looking after the group in exchange for loyalty (Keller et al., 2015: 14). These findings are more consistent with previous studies on cross cultural studies (Hofstede, 1980; Hofstede and Hofstede, 2005; Matviyenko, 2009; Kueh and Voon, 2007: 662; Kutter, 2007; Nam, 2008; Kassim and Abdullah, 2010). The studies indicated that most emerging economies follow a more collectivist culture, where group needs are more important than individual needs, developed economies follow a culture that is less collectivist, but more Individualistic. Previous research (Leake and Black, 2005) showed that it is possible for a nation to be both collectivist and Individualistic at the same time. However, the findings in this research showed that generation Y customers in South Africa are more collectivist than Germany generation Y customers, which is to be expected.

### 6. 3. 3. 1. 3 Power-distance

The Independent samples t-test revealed no significant difference between Germany and South African generation customer on the Power distance cultural dimension. With a p value = (0.083) which is greater than  $p < 0.05$ , this therefore means, the difference between the mean scores (-1.18073) for both groups is not statistically significant. Previous research (Hofstede, 1983) indicated that most individuals from emerging economies (i.e. African) scored differently on this dimension when compared to individuals from developed economies. The Hofstede's centre (2015) indicates that South Africans' power distance scores are higher than those of Germans. A studies by Smit et al., (2007) and Addison (2006) described South Africa as a high power distance culture. This suggests that within the South African culture, individuals are opened to unequal distribution on power. However, this is not the case when it comes to Generation Y customers. Wu (2006) claims that, social changes such as, economic transformation can shift national culture. Keller et al., (2015: 13) posited, that age can have a changing effect on national culture.

## 6. 4 CONCLUSION

This chapter concentrated on the analysis of the research results. The research findings were explained according to the sections of the questionnaire. The data analysis was divided into two sections descriptive and inferential data analysis. Descriptive statistics constituted the first section of data analysis. Cronbach' Alpha was used to test the reliability of the research instrument and factor analysis was used to test construct validity of the instrument. Factor analysis was used to reduce the 61 questionnaire items into manageable data and 14 items were omitted which had lower factor loading of 0. 300. The retained factors with a higher factor loading of greater than 0. 300 were used to test the relationship between the culture, relationship quality, service quality and loyalty.

The hypotheses were tested, and the results of the structural equation model showed that there is significant relationship between relationship quality and loyalty, relationship quality and service quality for both Germany and South Africa with p-values <0. 05. The results also indicated that loyalty had no significant relationship service quality and had p-values of 0. 220, and 0. 423 respectively. The following chapter (chapter 7) presents summarises for the complete study, provides recommendations and highlights areas where further research is necessary.



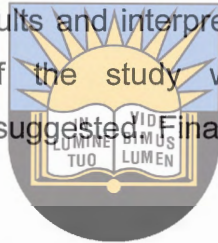
University of Fort Hare  
*Together in Excellence*

## CHAPTER 7

# CONCLUSIONS, RECOMMENDATIONS AND IMPLICATIONS OF THE STUDY

### 7. 1 INTRODUCTION

This chapter draws conclusions from the research findings presented in chapter 6. The previous chapter gave a presentation and discussion of the empirical results obtained from this study. This chapter (chapter 7), is the final chapter of the study. The chapter will first give an overview of the study and a summary of the most important findings. Subsequently, a discussion of the results and interpretation thereof will take place. The contribution and limitations of the study will be discussed and the recommendations for future research suggested. Finally concluding remarks will be provided.



### 7. 2 OVERVIEW OF THE STUDY

## University of Fort Hare

*Together in Excellence*

In chapter 1, an introduction and background to the study was provided. The problem statement and the purpose of the study were presented. As previously mentioned generation Y customers are one of the most important markets for mobile phone service providers globally, thus there is need for service providers to understand factors that can affect this cohort's service quality and relationship quality perceptions. This in turn can have implication on the loyalty of generation Y customers. The problem statement revolved around the implications of culture on the perceptions of generation Y customers on relationship quality, service quality and loyalty. More specifically, the purpose of this study is to investigate the moderating impact of culture on the effect of service quality and relationship quality on the loyalty of generation Y customers in the mobile service sector. The study is a comparative study (between Germany and South Africa) trying to see if the moderating effect of culture on service quality, relationship quality and loyalty is the same for generation Y customers from these nations. Definitions of the most important concepts, namely generation Y, developed economies, emerging economies, relationship quality, service quality and loyalty were also provided.

The primary and secondary research objectives were presented in chapter 1. The hypothesised relationships were presented and several hypotheses formulated. The research design and methodology were briefly introduced. The chapter (1) went on to outline the scope and demarcations of the study and the significance of the study were also highlighted.

A comprehensive literature study was carried out in chapters 2 and 3. Chapter 2 gave a detailed description of culture and its implications of consumer's behaviour. Culture was described as the collective programming of the mind that distinguishes one culture group from another. The definition was a replication of Hofstede's (1980) definition of culture. Hofstede's theory of culture which formed the basis of this study and other theory of culture were discussed. Chapter 2 concluded by highlighting the cultural differences between emerging and developed economies.

In chapter 3, the service quality concept was discussed in greater detail and the nature of a service and quality were defined and described. The different models and measures of Service quality were also highlighted. The relationship marketing concept was discussed and the different relationship marketing concepts common in the telecommunication industry. The chapter also looked at the relationship marketing concept and its different dimensions.

In chapter 4, a hypothesised model was presented. Several relationships were hypothesised suggesting that culture has a moderating effect on the relationship between service quality, relationship quality and loyalty. A positive relationship between service quality, relationship quality and loyalty was also suggested. Empirical evidence to support the hypothesised relationships was presented.

In chapter 5, the research design and methodology were described. In chapter 5 the difference between quantitative and qualitative research designs and research paradigms were discussed, and the research paradigm adopted for this study was explained and justified. Given the nature and the purpose of the study, a quantitative research design was considered to be appropriate for this study and was thus implemented. The population of interest and the sample size were also discussed and the sampling techniques used. The current study used convenience sampling method to gather data from respondents. The sampling technique was used primarily due to time and resource constraints. The development of the measuring instrument was

discussed. Chapter 5 also looked at the operationalisation of the independent and dependent variables and an explanation of how the measuring instrument was administered was provided. The statistical instruments used to measure the reliability and validity of the measuring instrument was also explained in Chapter 5. Exploratory and confirmatory factor analyses were undertaken in order to assess the validity of the measuring instrument. Cronbach's alpha coefficient was calculated to assess the reliability of the measuring instrument. The statistical techniques used to analyse the data were descriptive statistics, t-test and structural equation modelling. Descriptive statistics were calculated to summarise the sample data, while t-test were undertaken to determine whether the difference in mean scores returned by generation Y customers from Germany and South Africa on the cultural dimensions of individualism vs. collectivism, power distance and uncertainty avoidance, were significantly different from each other. Structural equation modelling was done to test the proposed casual relationships. As a result three structural models were obtained which showed the difference and similarities in the interrelatedness of the research variables in both nations.



## University of Fort Hare

*Together in Excellence*

Chapter 6 contains results of the statistical analyses. The chapter starts with a discussion of the demographic information collected from respondents who participated in the study. EFA and CFA was undertaken to confirm the validity of the scales measuring the independent and dependent variables. Factors greater than 0.4 were considered significant and only factors with three or more items loading onto them were considered for further analysis. Items that did not load were eliminated. All items intended to measure culture loaded together as expected. All items intended to measure service quality loaded together as expected with the expectation of the dimensions of performance of employees and reassurance which loaded on the some factor, thus the dimension was renamed as conviction. All items intended to measure relationship quality loaded together as expected, with the expectation of the dimension of trust in integrity and trust in benevolence which loaded on the some factor, and the dimension was relabelled as trust.

Cronbach's alpha coefficients were calculated to assess the reliability of the measuring instrument. A Cronbach alpha greater than 0.07 is necessary for the scale to be considered reliable. The Cronbach's alpha coefficients returned for the research variables extracted from the EFA and CFA were greater than 0.7. The scales

assessing both the dependent and independent variables thus provided satisfactory evidence of validity and reliability. The t-test were conducted to assess whether the difference in mean scores returned by the two sample groups were statistically significant.

Structural equation modelling was undertaken to assess the interrelatedness of the research variables and to test the significant of the hypothesised relationships. These assessments were done separately and jointly for generation Y customers from Germany and South Africa. The SEM results included the two independent variables, namely relationship quality and service quality as well as the dependent variable of loyalty. Table 7. 1 presents the null hypothesis and the results.

**Table 7. 1 Hypotheses and results**



Hypotheses tested	Results
H <sup>1</sup> : Service quality will have a significant influence on relationship quality	Fail to reject
H <sup>2</sup> : Service quality will have a significant influence on loyalty	Fail to reject
H <sup>3</sup> : Relationship quality will have a significant influence on loyalty	Fail to reject
H <sup>4</sup> : Culture will moderate the relationship between service quality, relationship quality and loyalty.	Rejected
H <sup>4.1</sup> : There is significant difference (between Germans and South Africans) in respect of the extent of the relationship between service quality and relationship quality	Reject
H <sup>4.2</sup> : There is a significant difference (between Germans and South Africans) in respect of the extent of the relationship between service quality and loyalty	Reject
H <sup>4.3</sup> : There is a significant difference (between Germans and South Africans) in respect of the extent of the relationship between relationship quality and loyalty	Reject
H <sup>5</sup> : There is a significant difference in the Power Distance score between Germans and South Africans	Reject
H <sup>6</sup> : There is a significant difference in Collectivism score between Germans and South Africans	Fail to reject
H <sup>7</sup> : There is a significant difference in the Uncertainty avoidance score between Germans and South Africans	Fail reject

## **7. 3 DISCUSSION OF THE RESULTS, CONCLUSION AND RECOMMENDATIONS**

The primary objective of this study was to assess the moderating effect that culture has on service quality, relationship quality and loyalty of generation Y customers in the mobile phone service market. The results obtained in chapter 6 led to the achievement of the hypothesised research objectives of this study. Based on these findings several conclusions and recommendations will be made, achieving both primary and secondary research objectives. The following section 7. 3. 1 through to 7. 3. 4 the hypotheses and main findings are discussed. Sections 7. 4 and 7. 5 are going to give a discussion of the contributions, limitations and recommendation for further research.

### **7. 3. 1 The influence of service quality on relationship quality**

As previously revealed in Chapter 6, study findings showed that service quality has an effect on relationship quality for generation Y customers in both Germany and South Africa. Based on the research findings, the quality of services delivered to generation Y customers by mobile service providers contributes greatly to the formation of quality relationships. Thus mobile service providers should clearly understand the important elements of service quality that would significantly improve customers' relationships with them.

The findings of this study were similar to several others (Agrawal et al., 2012: 280; Du and Tang, 2014: 28; Kiran and Diljit, 2011), which reports a positive relationship between service quality and relationship quality. Hsieh and Hiang, 2004 and Hanaysha and Hilman, (2015), as well as Mirpuri and Narwani (2013) are in support of these findings. These authors found a positive relationship between service quality and relationship quality, meaning how customer perceive the quality of services being delivered has an effect on the relationship quality between service providers and customers. Consequently, service quality is described as an antecedent of relationship quality.

### **7. 3. 2 The influence of relationship quality on loyalty**

Research findings indicate that relationship quality is a powerful predictor of customer loyalty in the context generation Y mobile phone service users, thus supporting past research (Mirpuri and Narwani, 2013; Roberts et al., 2003; Roy and Eshghi, 2013; Shpëtim, 2012: 20; Motamedifar et al., 2013; Kaufmann, 2015: 495).

A study by Dithan (2011: 51), findings revealed that there is a positive relationship between relationship quality and customer loyalty. This means that customers are willing to enter into long-term relationships with service providers if there is trust, commitment satisfaction and reciprocity. In terms of practice, the results of this study support the significance of relationship quality in increasing customer loyalty. Overall, to maintain customer loyalty to the service provider, it is suggested that service providers enhance all four aspects of relationship quality which are trust, commitment, affective conflict and satisfaction.

### **7. 3. 3 The influence of service quality on loyalty**

Study findings showed that for both groups service quality does not necessarily lead to loyalty of customers. However, these study findings are in contradiction with those of several others (Adjei and Denanyoh, 2014: 85; Khan and Fasih, 2014: 337; Beibei et al., 2013: 11; Mosahab et al, 2010: 74; Agrawal et al., 2012: 281). Previous research has agreed on the existence of a direct and indirect relationship between service quality and loyalty. Adjei et al. (2014: 85) and Khan and Fasih, 2014: 337), have agreed that a direct relationship exist between customer loyalty and service quality. On the other hand empirical evidence exist which support the existence of an indirect relationship between loyalty and service quality (Beibei, et al., 2013: 11; Mosahab et al., 2010: 74). Agrawal et al., (2012: 281) described customer satisfaction as a mediator on the effects of service quality on service loyalty.

Similarly, research by Khan and Fasih (2014: 337) indicated that a customer perception of service quality has considerable impact on their loyalty. Notwithstanding, the above mentioned findings, it is however, important for service providers to deliver quality services as it contributes to the reputation of the service firm, this will result in increased customer retention.

### **7. 3. 4 Cultural dimensions**

The study used Hofstede's (1980) cultural dimensions so assess the culture values of generation Y customers and to measure the cultural difference between Germany and South African generation Y customers. The findings of this study show that South African generation Y customers returned the highest mean score for the cultural dimensions of Uncertainty avoidance and Collectivism. These findings therefore show

that South African generation Y customers when compared to Germany generation Y customers, they have a higher preference for rules and instructions in order to avoid/deal with unknown situations. While generation Y customers from Germany showed that uncertainty is part of life and they believe that rules are not always necessary. They believe that if the ambiguous does not work they should be changed (The Hofstede's centre, 2015). South African generation Y customers possess collectivist cultural traits, meaning they tend to value group needs more than individual needs and are more loyal customers when compared to generation Y customers.

These findings are supported by existing literature on cross-cultural studies (Lynton and April, 2012, Nam, 2008; The Hofstede's centre, 2015; De Mooij, 2010) the literature indicates that unlike developed nations (Germany), most emerging economies (African/Asians) tend to follow a culture that is high in uncertainty avoidance and collectivistic.

The findings revealed that generation Y customers in South African returned low mean scores on the power distance cultural dimensions. While their Germany counterparts had a slightly higher means score. This therefore means that generation Y customers are not tolerant of unequal distribution of power and view superiors as being accessible (Hofstede, 1980: 79). Research finds, show that South African generation Y customers unlike Germans have low power distance. These findings are in contradiction with literature (The Hofstede's centre, 2015; Hofstede, 1980) which posits that most African countries/emerging economies are high in power distance when compared to countries from developed. The Hofstede's centre (2015) described South Africa as a nation in which individuals to some extent accept unequal distribution. However, these research findings were referring to the general population within South Africa. Thus, for this study based on the findings of the current study, we can conclude that South African generation Y customers follow a culture that is low in power distance.

South African generation Y customers are more collectivistic when compared to Germany generation Y customers. These findings are in support with existing literature (Hofstede, 1980) which suggests that most emerging economies (African countries) tend to show collectivistic cultural traits, while developed economies show individualistic cultural traits. Study findings by Lynton and April (2012) revealed that



University of Fort Hare  
*Together in Excellence*

South African generation Y customers are tending towards a culture that is individualistic. The Hofstede's centre (2015), also reveals that South Africa follow an individualistic culture. As previously mentioned, globalisation and massive technological advancement has led to the erosion of global boundaries, this in turn has resulted in convergence of cultural values. Cultural convergence is seen in the absorption of values and homogenisation of customer behaviour across different nations (Singh, 2014: 2). This implies that, customer perceptions and behaviour towards the same product/service might be similar.

#### 7. 4 CONTRIBUTIONS OF THE STUDY

In this study, the scale developed to measure service quality; relationship quality, loyalty and culture were developed by combining items developed by several scholars and assessing them in the context of generation Y customer in the mobile phone service industry. Therefore, this study has contributed to the literature in terms of scale development and scale validation.



This study was a cross cultural study evaluating the moderating effect that culture has on customer perceptions of service quality, relationship quality and loyalty. Study findings revealed that, they was no significant difference exist (between Germans and South Africans) in respect of the extent of the relationship between service quality and relationship quality, relationship quality and loyalty and service quality and loyalty. Therefore, this study has contributed to the available literature on cross cultural studies. Study findings revealed that, they was no significant difference exist (between Germans and South Africans) in respect of the extent of the relationship between service quality and relationship quality, relationship quality and loyalty and service quality and loyalty.

This study has attempted to increase the knowledge on generation Y customer's perceptions regarding service quality and relationship quality. Study findings have shown that relationship quality has an important contribution to the loyalty of generation Y customers, there for it is important that service providers and employee develop strategies that will enable them to improve quality relationship with this cohort.

Study findings have shown that service quality does affect the quality of relationship between service providers and customers, thus it is important for service providers to

provided quality services on a consistent basis so as to promote development of good quality relationships with their customers.

## 7. 5 LIMITATIONS OF THE STUDY AND RECOMMENDATIONS FOR FUTURE RESEARCH

Despite the contribution in this study, there are several limitations that should be taken into consideration when interpreting the findings of this study. Several opportunities for future studies are also presented on this section.

The research was primarily targeted at the youth and adult generation Y customers at university between the ages of 18 - 35. However, this excludes other age groups also falling under generation Y such as younger school-going teens. The generalisation of our findings should therefore be treated cautiously pending further studies examining a broader range of generation Y consumers with larger and more representative sample sizes. Future research could be expanded to other generation Y sub segments as well as use other products to develop an understanding of consumer behaviour in developing market environments where such studies are lacking.



University of Fort Hare

*Together in Excellence*

This research only investigated the generation Y students studying at University of Osnabreuck and University of Konstanz (Germany) and University of Fort hare (South Africa). The results of the study might not be generalised for all generation Y customers across Germany and South Africa/ globally. Thus, future research can expand the population of interest to more than one university within a nation.

Future studies to verify and extend our findings could also employ alternative measures of cultural values based on frameworks other than Hofstede's' (1980). In addition, this study focused only on the mobile phone service industry. As such, our findings need to be validated in other types of service industries.

The current study proposes a need to develop types of the SERVQUAL instrument with culture-specific items in order to improve the validity of the measurement instrument across cultures. While the SERVQUAL scale has been found to be a useful scale, our findings suggest the need for further refinement of the individual scale items, especially those relating to the dimensions of reassurance and performance of employee, which is also referred as responsiveness in some other studies. The implication for both service researchers and practitioners is that future efforts to

measure service quality, particularly in different cultures, should pay attention towards improving the validity of the instrument. It is likely that this will require the amendment or replacement of existing items and the inclusion of additional dimensions that may be more culturally meaningful.

As previously mentioned, generation Y customers are an important cohort for mobile service providers. It is therefore suggested that a study of this nature should be done between the generation Y customers in different African countries, to gauge the impact of culture on service quality perception and relationship quality.

As previously indicated from the research findings South African generation Y customers showed that they possess both individualistic and collectivistic cultural traits, thus this calls for further cross cultural research on the convergence of generation Y customers cultural values between different African countries as well as globally.



This research looked at all mobile service providers in general without looking at any specific mobile service provider, thus there is need for study to be conducted which looks at the service quality perception and relationship quality between generation Y and a specific mobile service provider, for instance MTN. This research only looked at three of Hofstede's cultural dimensions, thus there is need for a study to be conducted which looks at all six of Hofstede's cultural dimension with respect to generation Y customers.

## 7. 6 CONCLUSION

Given the important of mobile services in this technology era, it was of significant important to conduct a study which evaluates the implication of service quality and relationship quality on generation Y customers' loyalty to different mobile phone service providers. The generation Y cohort is regarded as one of the most important market segments for mobile service providers because of it large customer number and everyday use of mobile services. Although, this study found no relationship between service quality and loyalty when it comes to generation Y customers, sufficient empirical was provided to support this relationship. Therefore, it is imperative for service providers to deliver quality service so as to gain customer loyalty. This will in turn lead to reduction of acquisition cost and increased customer retention.



University of Fort Hare  
*Together in Excellence*

## LIST OF REFERENCES

- AAKER, D.A., KUMAR, V AND DAY, GS. 2007. *Marketing research*. (9<sup>th</sup> ed). New York. John Wiley and Sons.
- ABDULLAH, M. F., PUTIT, L., AND TEO, C. B. C. 2014. *Impact of Relationship Marketing Tactics (RMT's) and Relationship Quality on Customer Loyalty: A Study within the Malaysian Mobile Telecommunication Industry*. *Procedia-Social and Behavioural Sciences*, 130, 371-378.
- ABHAY, S. 2012. *Uncertainty avoidance index and its cultural/country implications relating to consumer behaviour*. *Journal of International Business Research*.11 (1).
- ADAIR, WL, BUCHAN, N.R AND CHEN. 2009. *Conceptualizing culture as communication in Management and marketing research*. Pp 146-175.
- ADDISSON, T. 2006. *Definition and measurement of cultural diversity in project teams*. *Information Systems School of Economic and Business Sciences*. University of the Witwatersrand. South Africa.
- UNIVERSITY OF FORT HARE  
*Together in Excellence*
- ADELEKE, A, AND AMINU, S, A. 2012. *The Determinants of Customer Loyalty in Nigeria's GSM Market*. *International Journal of Business and Social Science*. 3(14): 209-222.
- ADJEI, K AND DENANYOH, R. 2012. *Determinants of Customer Loyalty among Mobile Telecom Subscribers in BrongAhafo Region of Ghana*. *International Journal of Business and Social Research (IJBSR)*. 4 (1): 82-95.
- ADLER. C. 2008. *Cross-national Cultural Differences-A cultural orientation describes the attitudes of most people most of the time, never of all the people all of the time*. Pp, 71-97.
- AGBOR, M.J. 2011. *The Relationship between Customer Satisfaction and Service quality: a study of three Service sectors in Umea*. Published M Com Thesis. Umea University.
- AGYEI, P.M AND KILIKA, J.M. 2013. *The relationship between Service quality and customer loyalty in the Kenyan mobile telecommunication service industry*. *European Journal of Business and Management*. 5 (23): 26-37.
- AHMED, S AND MOOSAVI, Z. 2013. *Factors Influencing Cell Phone Brand loyalty of Swedish Generation Y*. *Maters Thesis-international Marketing*. The Malardalen University Sweden.

AKSOY, L., BUOYE, A., AKSOY, P., LARIVIÈRE, B AND KEININGHAM, T L. 2002. *A Cross-national Investigation of the Satisfaction and Loyalty Linkage for Mobile Telecommunications Services across Eight Countries*. Journal of Interactive Marketing. Xx: 1-9.

AL-AALI, A., KHURSHID, M.A., NASIR, N.M AND AL-AALI, H. 2011. *Measuring the Service Quality of Mobile Phone Companies in Saudi Arabia*. J. King Saud Univ. 22(2): 43-55.

ALAWNEH, A.A. 2011. *Assessing the Dimensions of Relationship qualifying B2C E-Banking Services: An Empirical Comparative Study*. Journal of information technology.1-13.

AL-EMADI, T.A AND AL-ASMAKH, M.A. 2006. *Cultural Differences and Their Impact: Some Brief Comments*. Chinese Journal of International Law.5 (3); 807–810.

ALLEN, M. J., ANDYEN, W. M. 2002. *Introduction to measurement theory*. Prospect Heights, IL: Waveland.

ANDERSEN, R. 2008. *Modern Methods for Robust Regression*. California, USA: SAGE Publications, Inc.



University of Fort Hare  
Together in Excellence

ANDERSON, E.W., AND FORNELL, C. 1994. *Customer satisfaction, market share and profitability: Findings from Sweden*. Journal of Marketing. 58(3): 53.

ANUM, G. 2008. *The influence of individual cultural value orientation on the evaluation of a retail store environment*. Published MBA Thesis. Pretoria. University of Pretoria.

ANUWICHANONT, J. 2010. *Examining the Relationship between Commitment and Airline Loyalty and the Moderating Effect of Uncertainty Avoidance*. Journal of Business & Economics Research (JBER). 8(9): 127-138.

ARMSTRONG, G., ADAM, S., DENIZE, S., AND KOTLER, P. 2015. *Principles of Marketing*. 6<sup>th</sup> ed. Pearson Education Australia, Sydney.

ARSENAULT, P.M. 2010. *Validating generational differences a legitimate diversity and leadership issue*. The Leadership and Organization Development Journal. 25 (2): 124-141.

ATHANASOPOULOU, P. 2009. *Relationship quality: a critical literature review and research agenda*. European Journal of Marketing. 43 (5/6): 583-610.

ATKEANNEY, GSMA INTELLIGENT, 2013. *The Mobile Economy 2013*.1-101.

AUKA, D.O., BOSIRE, J.N AND MATERN, V. 2013. *Perceived Service quality and Customer Loyalty in retail banking in Kenya*. British Journal of Marketing Studies. 1(3): 32-61.

AURUSKEVICIENE, V., SALCIUVIENICE, L., AND SKUDIENE, V. 2010. *The Relationship quality Effect on Customer Loyalty*. 10: 23-36.

BABE, R. E. 1996. *Convergence and the new Technologies*. In Michael Doland (ed.), *the Cultural Industries*. Toronto: J. Lorimer and Co., 283-30

BAE, Y.H. 2012. *Three essays on the customer satisfaction-customer loyalty association*. Doctor of Philosophy thesis, University of Iowa, Available on: <http://www.ir.uiowa.edu/etd/3255>.

BARRETT N. 1999. *Cultural sensitivity and its impact on Business Relationship Quality*. School of Marketing, University of Technology. Sydney.

BEATTY, S, E., HOMER, P, M., KAHLE, L, K. 1988. *Problems with VALS in International Marketing Research: An Example from an application of the Empirical Mirror Technique*. Advances in Consumer Research, Pg. 375-380.



University of Fort Hare  
*Together in Excellence*

BEEDASSY, R. 2002. *Service quality expectations and perceptions of staff and customers at travel agencies, Gauteng*. Published MBA Thesis. Witwatersrand.

BELLO, O. 2012. *Mobile Telecommunication customer loyalty in Nigeria: Determining factors*. Hamburg. Diplomica Verlga GmbH.

BETTENCOURT, L. 1997. *Customer voluntary performance: customer as partners in service delivery*. Journal of Retailing. 73(3): 383-406.

BETTENCOURT, L.A., OSTROM, L.A., BROWN, S.W AND ROUNDTREE, R.I. 2002. *Client co-production in knowledge-intensive business services*. California Management Review. 44(4): 100-128.

BOJEI, J AND ALWIE, A.2010. *The Influence of Relationship quality on Loyalty in Service Sector*. Int. Journal of Economics and Management 4(1): 81–100.

BOLTON, R.N., PARASURAMAN, A., HOEFNAGELS, A., MIGCHELS, N., KABADAYI, S, GRUBER, T., LOUREIRO, Y.K AND SOLNET, D. 2013. *Understanding Generation Y and their use of social media: a review and research agenda*. Journal of Service Management. 24 (3):245-267.

BOND, M. H. 1988. *Finding universal dimensions of individual variation in multicultural studies of values: The Rotach and Chinese value surveys*. *Journal of Personality and Social Psychology*. 55: 1009-1015.

BOONAJSEVEE, B. 2005. *Relationship marketing: loyalty intentions in new era of Thai Bank Marketing*. Published PHD Thesis. Nova South-Eastern University.

BORNA, S., STEARNS, J.M. AND SHARMA, D. 2007. *Subculture: A Bargain Concept in Marketing Education*. *Journal for Advancement of Marketing Education*. 11: 35-44.

BOVE, L.L. AND JOHNSON, L.W. 2000. *A customer-service worker relationship model*. *International Journal of Service Industries Management*. 11 (5): 491-511.

BOYCE, J. 2002. *Market research in practice*. Australia: McGraw Hill.

BUTTLE, F. 1995. *SERVQUAL: review, critique, and research agenda*. *European Journal of Marketing*. 30 (1): 8-32.



CACERES, R. C AND PAPAROIDAMIS, N.G. 2007. *Service quality, relationship satisfaction, trust, commitment and business-to-business loyalty*. *European Journal of Marketing*. 41 (7/8): 836 – 867.

University of Fort Hare  
Together in Excellence

CANT, M., GERBEL-NEL, C. AND KOTZE, T. 2003. *Marketing Research*. Claremont: New Africa Books (Pty) Ltd.

CANT, M., GERBER-NEL, C., NEL, D. AND KOTZE, T. 2005. *Marketing Research*. Pretoria: Van Schaik.

CANT, M.C., STRYSOM, J.W., JOOSTE, C.T AND DU PLESSIS, P.J. 2006. *Marketing Management*. (5<sup>th</sup> ed). Cape Town. Juta.

CARLSON, J AND TUNG, B. 2008. *Examining the Interrelationships of Relationship Quality, Customer Loyalty and Cross Buying Behaviour in the Hong Kong Retail Banking Industry*. University of New Castel.

CARLSON, J. AND TUNG, B. 2011. *Examining the Interrelationships of Relationship Quality, Customer Loyalty and Cross Buying Behaviour in the Hong Kong Retail Banking industry*. University of Newcastle.

- CARTER, E. 2008. *Mobile Marketing and Generation Y African-American Mobile Consumers: The issue and opportunities*. International Journal of Mobile Marketing. 3(1): 62-66.
- CHAKRABARTY, S., WHITTEN, D AND GREEN, K. 2008. *Understanding Service quality and Relationship qualifying IS Outsourcing: Client Orientation and Promotion, Project Management Effectiveness, and the Task-Technology-Structure Fit*. Journal of Computer Information Systems. Pp, 1-15.
- CHAPMAN AND HALL. 1991. *Total Quality Management: The key to business improvement*. United Kingdom. Thomson Publishing.
- CHAUDHURI, A .1997. *Consumption Emotion and Perceived Risk: A Macro-Analytic Approach*. Journal of Business research. 39(2): 81-92.
- CHEN, C.F. 2008. *Investigating structural relationships between Service quality, perceived value, satisfaction, and behavioural intentions for air passengers: Evidence from Taiwan*. Journal of Transportation Research Part A. 42:709–717.
- CHEN, J.V., AND ARITEJO, B.A. 2008. *Service quality and customer satisfaction measurement of mobile value-added services: A conceptual review*. International Journal of Mobile Communications.6: 165–176.
- CHI, C. G. QING, AND QU, H. 2008. *Examining the structural relationships of destination image, tourist satisfaction and destination loyalty: An integrated approach*. Journal of Tourism Management. 29: 624-636.
- CHUNG, Y., TIEN. S., TSAI, C. AND TANG, L. 2007. *An empirical study of Customer Relationship Management Implementation in Taiwan's Machine Industry*. Journal of Business and Public Affairs. 1(1): 1-12.
- CHURCHILL, G.A, Jr. 1979. *A Paradigm for Developing Better Measures of Marketing Constructs*. Journal of Marketing Research. Pp, 63-73.
- CHURCHILL, G.J AND IACOBUCCI, D. 2010. *Marketing research: Methodological Foundations*. (10<sup>th</sup> ed). California: South-western College publications.
- CLAUSSEN, C.L., KO, Y.J AND RINEHART, R.E. 2008. *Cultural Diversity: An Alternative Approach to Understanding Sport Participant Consumer Behaviour*. The SMART Journal Spring/Summer.4 (2):58-72.



University of Fort Hare

Together in Excellence

COLLIS, J AND HUSSEY, R. 2009. *Business Research: A practical guide for undergraduate and post graduate students*. (3<sup>rd</sup> ed). New York: Palgrave.

COOPER, D AND SCHINDLER, P. 2013. *Business Research Methods*. (12<sup>th</sup> ed). McGraw Hill Higher Education.

COOPER, D.R. AND SCHINDLER, P.S. 2006. *Business Research Methods*. New York: McGraw-Hill.

COOPER, D.R. AND SCHINDLER, P.S. 2006. *Business Research Methods*. (9<sup>th</sup> ed). New York: McGraw-Hill.

COUSINS, L.H. 2014. *Encyclopedia of Human Service and Diversity*. New Deli. Sage Publications.

CRONIN AND TAYLOR. 1992. *Measuring Service quality: A Re-examination of Extension*. Journal of Marketing. 56(3): 55-68.



CRONIN, J. J., JR., BRADY, M. K., AND HULLAND, J. 2000. *Assessing the effects of quality, value, and customer satisfaction on consumer behavioral intentions in service environments*. Journal of Retailing. 76:193–218. *Together in Excellence*

CZINKOTA, M.R. AND RONKAINEN, I.A. 2007. *International marketing* (8<sup>th</sup> ed.). Mason, Ohio: Thomson South-Western.

DANIEL AND BERINYUY. 2010. *Using the SERVQUAL models to assess Service quality and Customer satisfaction: An Empirical study of grocery stores in Umea*.

DASH, S., BRUNING, E AND GUIN, K.K. 2009. *The moderating effect of power distance on perceived interdependence and Relationship quality in commercial banking: A cross-cultural comparison*. *International Journal of Bank Marketing*.24 (5): 307-326.

DE ARAÚJO, M, M., COSTA, J, A, F AND NÓBREGA, K, C. 2012. *The influence of customer oriented behaviour on quality service*. *Research Online Theses and Dissertations*. University of Iowa.

DE MOOIJ, M AND HOFSTEDE G. 2011. *Cross-Cultural Consumer Behaviour: A Review of Research Findings*. *Journal of International Consumer Marketing*. 23:181–192.

DE MOOIJ, M. 2004. *Consumer behavior and culture: Consequences for global marketing and advertising*. CA. Sage, Thousand Oaks.

DE MOOIJ, M. 2010. *Consumer behavior and culture: Consequences for Global Marketing and Advertising*. (2<sup>nd</sup> ed). Sage publication, Inc. CA.

DE MOOIJ, M. 2010. *Global marketing and advertising: Understanding cultural paradoxes*. (3<sup>rd</sup> ed). Thousand Oaks, CA: Sage.

DECOSTER, J. 1998. *Overview of Factor Analysis*. Available (online): <http://www.stat-help.com/factor.pdf>. Accessed (13/11/2015).

DELOITTE. 2012. *What is the impact of mobile telephony on economic growth? A report for GSM Association*. 1-26. 1 July 2011, 3 October 2011 and 26 March 2012.

DELOITTE. 2014. *What is the impact of mobile telephony on economic growth? A report for GSM Association*. 1-26. 1 July 2011, 3 October 2011 and 26 March 2012.



University of Fort Hare  
Together in Excellence

DEVILLIS, M.R. 2005. *Interpretive research models for informatics: Action research, grounded theory and the family of design and development research*. *Alternation*, 12 (2): 10-52.

DEVILLIS, R. F. 2012. *Scale development: Theory and applications*. (3<sup>rd</sup> ed). Los Angeles: Sage.

DEVOS, A. S., STRYDOM, H., AND FOUICHE, C. B. 2005. *Research at Grassroots*. Pretoria: Van Schaik.

DICK A.S. E AND BASU K. 1994. *Customer Loyalty: Toward an Integrated Conceptual Framework*. *Journal of the Academy of Marketing Science*. Winter, 99-11.

DISOLOANE, V.P.P. 2012. *Reception of a code of conduct at the Capricorn District Municipality in the Limpopo Province*. Published PHD in Public Administration Thesis. University of South Africa. Pp: 1-359.

DITHAN, P. N. 2009. *Relationship Marketing, Word of Mouth Communication and Customer Loyalty in the Telecommunication Industry of Uganda*. A Dissertation Report submitted in partial fulfilment of the requirement of the award of the degree of Master of Science marketing of Makerere University, Kampala-Uganda.

DITHAN, P. N., 2011. *Relationship marketing, word of mouth communication and customer loyalty in the telecommunication industry of Uganda*. Master of Science in Marketing Dissertation in Marketing of Makerere University, Kampala-Uganda.

DONTHU, N, AND YOO, B. 1998. *Cultural influences on Service quality expectations*. *Journal of Service Research*. 1: 178-85.

DU PLESSIS, P.J., STYDOME, J.W AND JOOSTE, C.T. 2012. *Marketing Management*. (6<sup>th</sup> ed). Cape Town. Juta.

DU, Y AND TANG, Y.S. 2014. *Study on the Development of O2O E-commerce Platform of China from the Perspective of Offline Service Quality*. *International Journal of Business and Social Science*. 5 (4).

DURMAZ, Y. 2014. *The Influence of Cultural Factors on Consumer Buying Behaviour and an Application in Turkey*. *Global Journal of Management and Business*. 14(1): 108.

EFMA. 2010. *A survey report on Generation Y Banking*. Efma and Oracle Financial Service software limited. Pp, 1-32.



**University of Fort Hare**  
*Together in Excellence*

EGAN, J. 2001. *Relationship Marketing: Exploring Relational Strategies in Marketing*. Prentice Hall.

EISELENE, R., UYS, T AND POTGIETER, N. 2007. *Analysing data using SPSS: A workbook*. (3<sup>rd</sup> ed). Johannesburg. University of Johannesburg.

ELSHAER, I.A. 2012. *The Relationship between Quality Management and Competitive Advantage. An empirical study of the Egyptian hotel industry*. Published PhD thesis. University of Hull.

FARRELL, G, M. 1997. *Technology, Education, and Economic Development*. Originally presented as a Keynote Address to the 13th Commonwealth Conference of Education Ministers Parallel Convention, July 28 - 30, 1997, Gaborone, Botswana. Available on: <http://www.unesco.org/education/lwf/doc/portfolio/opinion17.htm>.

FRANCESCHINI, F AND S ROSSETTO, S. 2008. *On-line service quality control: The Qualito metro method*. *Quality Engineering*. 10 (4): 633-643.

FINN, A. 2005. *Reassessing the foundations of customer delight*. *Journal of Services Research*. 8 (2):103-116.

FISCHER, R. 2009. *System*. *International Journal of Cross-Cultural Management*. 9: 25-49.

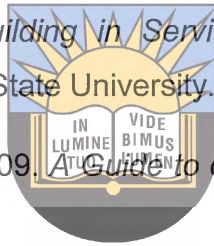
FLECTCHER, R. 2011. *The impact of culture on Marketing at the bottom of the Pyramid-a Relationship of Creation and Network Development Approach*. University of Sydney. Pp, 1-16.

FROST, A. 2013. *High Context and Low Context Cultures*. Available on line: <http://restaurantkyoto.dk/blog/en/high-context-and-low-context-cultures/>. Accessed on (20 May 2014).

FURRER, OLIVIER, SHAW-CHING LIU, BEN, AND SUDHARSHAN, D. 2000. *The Relationships between Culture and Service Quality Perceptions. Basis for Cross-Cultural Market Segmentation and Resource Allocation*. *Journal of Service Research*. 2(4):355-371.

FUTRELL, G.D. 2012. *Relationship Building in Services Marketing*. Electronic Theses, Treatises and Dissertations. The Florida State University. Florida.

GAISER, T.J AND SCHREINER, A.E. 2009. *A Guide to conducting online research*. London: Sage publications.



GANESAN-LIM, C., RUSSELL-BENNETT, R AND DAGGER, T. 2008. *The Impact of Service Contact Type and Demographic Characteristics on Service Quality Perceptions*. *Journal of Services Marketing*. 22(7): 550-561.

GAO, Z AND NEWMAN, C. M. 2012. *Converging cultural values: A Comparative Study of Chinese and Us College Students*. *Rider University*.

GEE, R., COATES, G. AND NICHOSON, M. 2008. *Understanding and profitably managing customer loyalty*. *Marketing Intelligence and Planning*. 26 (4): 359-374.

GERPOTT, T.J. AND AHMADI, N. 2015. *Determinants of willingness to look for separate international roaming services—an empirical study of mobile communication customers in Germany*. *International Journal of Information Management*. 35: 192-203.

GILMORE, A. 2003. *Service Marketing and Management*. London: Sage Publications.

GLADKOVA, M.A AND ZINKEVICH, N.A. 2012. *Mobile Service quality under completion model and empirical study*. Graduate school of Management. St Petersburg University.

GLM DIVISION OF STATISTICS AND SCIENTIFIC COMPUTATION. 2012. *SPSS: Descriptive and Inferential Statistics for windows*. Austin. University of Texas.

GRÖNROOS, C. 1984. *A Service quality Model and Its Marketing Implications*. European Journal of Marketing. 18 (4), 36-45.

GRUBER, T, LAUREIRA, Y.K AND SOLNET, D. 2013. *Understanding Generation Y and their use of social media: A review and research Agenda*. Journal of Service Management. 24(3):245-267.

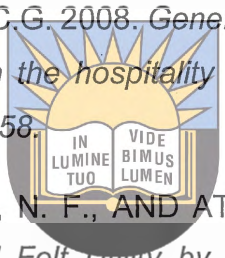
GSMA INTELLIGENT. 2014. *The Mobile Economy*. 1-44.

GSMA INTELLIGENT. 2015. *The Mobile Economy 2015*. 1-82.

GSMA INTELLIGENT. 2013. *Scaling Mobile for Development*. 1-50.

GURSOYA D., MAIERB, T.A AND CHIC, C.G. 2008. *Generational differences: An examination of work values and generational gaps in the hospitality workforce*. International Journal of Hospitality Management 27 (2008) 448–458.

HAERI, M., RASTIN, S.S., PIRSARAEI, N. F., AND ATLAS, M. 2012. *Different Levels of Relationship Marketing Dimensions and Felt Unity by Consumers*. Journal of Basic and Applied Scientific Research. 2 (7). 7404-7408.



University of Fort Hare  
Together in Excellence

HAIR, J., BLACK, W., BABIN, B. AND ANDERSON. 2010. *Multivariate Data Analysis-A global perspective. 7th Edition*. Upper Saddle River, New Jersey: Pearson, Prentice-Hall.

HAIR, J.F., LAMB, C.W, AND MCDANIEL, C. 2008. *Introduction to Marketing. International student edition (9<sup>th</sup> ed)*. Ohio. Thomson South-Western.

HAIR, WOLFINBARGER AND ORTINAU, BUSH. 2010. *Essentials of Marketing Research*. McGraw Hill.

HALL, E.T. 1966. *The Hidden Dimension*. New York: Doubleday. Garden City. Pp, 1-208.

HALLIBURTON, C AND POENARU, A. 2010. *The Role of Trust in Consumer Relationships*. ESCP Europe Business School. 1-16.

HANAYSHA, J AND HILMAN H. 2015. *Examining the Role of Service Quality in Relationship Quality Creation: Empirical Insights from Malaysia*. Mediterranean Journal of Social Sciences. 6 (4): 458-465.

HANAYSHA, J AND HILMAN H. 2015. *Examining the Role of Service quality in Relationship quality Creation: Empirical Insights from Malaysia*. Mediterranean Journal of Social Sciences. 6 (4): 458-465.

HANNA, M.E. 2008. *Hofstede's Cultural Dimensions: The basic and the criticism*. Published article. Clemson University. 1-16.

HANZAE, K.H AND DEHKORDI, R.A. 2012. *Investigating gender's impact on the relationship between generation Y consumer cultural values and Service quality expectations*. African Journal of Business Management. 6(4): 1404-1417.

HASSAN, S.H. 2013. *Conceptualizing Convergence and Divergence of Muslim consumption Behavior in Malaysia*. Indian journal of Management Science. 3(4): 42-48.

HAYWOOD-FARMER, J. 1988. *A conceptual model of service quality*. International Journal of Operations and Production Management. 8 (6): 19-29.

HEIDTMANN, D. 2011. *International strategic alliances and cultural diversity-Germany companies getting involve in Iran, India and China*. Diplomica Verlags GmbH, Hamburg.

HESKETT, J. L., SASSER, W. E., AND SCHLESINGER, L. A. 1997. *The Service Profit Chain*. New York: The Free Press.

HILL, N. AND ALEXANDER, J. 2007. *Handbook of customer satisfaction and loyalty*. Gower Publishing Company: London.

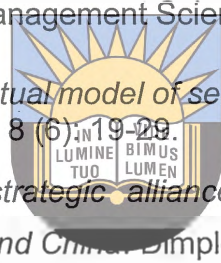
HO, Y. 2007. *Undergraduate accounting students' perceptions of accounting ethics: A Cross-cultural comparative study*. Published PHD in Philosophy Thesis. University of MINNESOTA.

HOFFMAN, K.D. AND BATESON, J.G. 2006. *Services Marketing: Concepts, Strategies and Cases*. (3<sup>rd</sup> ed). Mason: Thompson South-Western.

HOFSTEDE, G AND HOFSTEDE, G.J. 2005. *Culture and Organizations Software of the Mind*. (2<sup>nd</sup> ed). USA. McGrall-Hill.

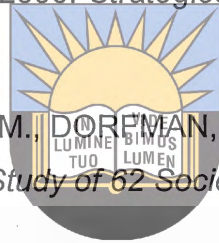
HOFSTEDE, G. 1980. *Culture Consequences: International Difference in Work-Related Values*. Sage Publications. C.A. Beverly Hills.

HOFSTEDE, G. 1983. *Cultural constraints in management theories*. The Academy of Management Executive, 7(1), 81-94.



University of Fort Hare  
Together in Excellence

- HOFSTEDE, G. 2011. *Dimensionalising Cultures: The Hofstede Model in Context*. Online Readings in Psychology and Culture, 2(1): 1-26.
- HOFSTEDE, G.H. AND BOND, M. 1988. *The Confucius connection: From cultural roots to economic growth*. Organizational Dynamics, 16(4), 5-21.
- HONG, J.K AND LEE, Y. 2014. *The Influence of National Culture on Customers' Cross-Buying Intentions in Asian Banking Services. Evidence from Korea and Taiwan*. Routledge. London and New York.
- HONG, S-C., AND GOO, Y. J. 2004. *A causal model of customer loyalty in professional service firms: An empirical study*. International Journal of Management. 21 (4): 531-540.
- HOSKISSON, R, E, EDEN, L AND LAU. 2000. *Strategies in emerging economies*. Academy of Management Journal. 43(3): 249-267.
- HOUSE, R.J., HANGES, P.J., JAVIDAN, M., DOREMAN, P. AND GUPTA, V. 2004. *Cultures, Leadership, and Organizations: GLOBE Study of 62 Societies*. Newbury Park, CA: Sage.
- HOWELL, E. 2010. *Market Segmentation: the Importance of Age Cohorts*. PP, 21-34.
- HSIEH.Y and HIANG, S. 2004. *A Study of the Impacts of Service quality on Relationship quality in Search-Experience-Credence Services*. Total Quality Management. Vol. 15(1): 43–58.
- HULT, G.T.M., PRIDE, W.M AND FERREL. 2013. *Marketing*. (17<sup>th</sup> ed). International edition. USA. South Western.
- HWA, E.T.B., LEE, E.L.W AND CHENG, R. 2012. *Generation Y and Choice of mobile service provider: A study on their Purchasing in choosing a mobile service provider*. 2<sup>nd</sup> International conference on Business and Economic research (2<sup>nd</sup> ICBER 2011) proceeding. Pp, 1083-1101.
- IDDRISU, A M. 2011. *Service quality and customer loyalty: The case of the Mobile Telecommunication industry in Ghana*. Published Master's Thesis of Business Administration Degree. Kwame Nkrumah University of Science and Technology.
- IVANAUSKIENĖ, N AND VOLUNGĖNAITĖ, J. 2014. *Relations between Service quality and Customer Loyalty: An Empirical Investigation of Retail Chain Stores in Emerging Markets*. American International Journal of Social Science. 3 (2): 113-120.



University of Fort Hare

Together in Excellence

JOHNSON, R. 2007. *Post-hegemony: I don't think so* Theory, Culture and Society. 24 (3): 19-47. London: Sage.

JOSEFA AND ROCIO. 2008. *A comparative analysis of the different measurement scales of service quality*. Esic market, 130: 27-55.

JUNG AND KAU. 2004. *Culture's Influence on Consumer Behaviours: Differences among Ethnic Groups in a Multiracial Asian Country*. Journal of Advances in Consumer Research. 3: 366-371.

KANAGAL, N. 2009. *Role of Relationship marketing in Competitive marketing strategy*, Journal of Management and Research. 2: 1-17.

KASSIM, N AND ABDULLAH, N.A. 2010. *The effect of perceived Service quality dimensions on customer satisfaction, trust, and loyalty in the e-commerce setting: A cross cultural analysis*. Asia Pacific Journal of Marketing and Logistics. 22 (6): 351-371.

KAUFMANN, R.H. 2015. *Handbook of research on Managing and Influence of National culture on customer's cross-buying intentions in Asian Banking services: Evidence from Korea and Taiwan*. Milton Park. Routledge. *Together in Excellence*

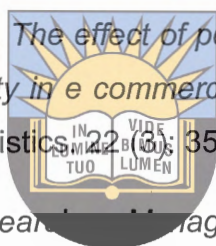
KEATING, B., RAUGIMBANA, R AND QUAZI, A. 2003. *Differentiating between service quality and Relationship quality in cyberspace*. Managing service quality. 13(3): 217-232.

KELLER, J., WANG, Y., COONEY, J, ERSTAD AND LU, C. 2015. *Cultural Dimensions: A Comparative Analysis of Aviation Students in China and the U.S*. International Journal of Aviation, Aeronautics, and Aerospace. 2(3): 1-17.

KHAN, M. 2008. *Consumer behaviour*. New Delhi: New age International.

KHAN, M.M AND FASIH, M. 2014. *Impact of Service Quality on Customer Satisfaction and Customer Loyalty: Evidence from Banking Sector*. Pakistan Journal of Commerce and Social Science. 8(2): 331- 354.

KIRAN, K, AND DILJIT, S. 2011. *Customer service for academic library users on the web*. The Electronic Library.29 (6): 737 – 75.



University of Port Harcourt

Together in Excellence

KOI-AKROFI, Y., KOI-AKROFI, J AND WELBECK.J.N.O. 2013. *Relationship Marketing Tactics and Customer Loyalty-A Case of the Mobile Telecommunication Industry in Ghana*. Asian Journal of Business Management. 5(1): 77-92.

KOKOU, P. 2014. *Service quality at a military hospital*. Published Master's Thesis. University of Johannesburg.

KOLB, B. 2008. *Marketing Research: A Practical Approach*. California. Sage Publication Ltd.

KONG, M AND JOGARATNAM, G. 2007. *The influence of culture on perceptions of service employee behavior*. *Managing Service quality*. 17 (3): 275-297.

KOO, W. 2010. *Generation Y Attitudes toward Mobile Advertising: Impacts of Modality and Culture*. Published M Com thesis. University of North Texas.

KOTLER, P., WONG, V., SAUNDERS, J AND ARMSTRONG, G. 2005. *Principles of Marketing*. (4<sup>th</sup> euro ed). FT/Prentice Hall.

KOWK, C. AND TADESSE, S. 2006. *The MNC as an agent of change for host-country institutions: FDI and corruption*. *Journal of International Business Studies*. 37: 767-785.

KRAUSS, S.E. 2005. *Research Paradigms and Meaning Making: A Primer*. *The Qualitative Report*. 10(4): 758-770.

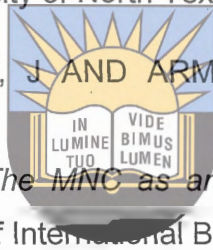
KROEBER, A. AND KLUCKHOHN, C. 1985. *Culture: a critical review of concepts and definitions*. New York: Random House.

KUADA, J. 2010. *Culture and Leadership in Africa: a conceptual model research agenda*. *African Journal of Economic and Management Studies*. 1(1): 9-24.

KUEH, K. AND VOON, B.H. 2007. *Culture and Service quality expectations: Evidence from Generation Y consumers in Malaysia*. *Managing Service quality*, 17(6): 656-680.

KUMAR, A AND LIM, H. 2008. *Age differences in mobile service perceptions: comparison of Generation Y and baby boomers*. *Journal of Services Marketing*. 22(7) 568–577.

KUTTER, L. 2007. *The Influence of National Culture on Service quality perceptions Of European Hotel customers*. MA European Tourism Management. Bournemouth University.



University of Fort Hare  
Together in Excellence

KWABENA, A., ADJEI AND DENANYOH, R. 2014. *Determinants of Customer Loyalty among Mobile Telecom Subscribers in the Brong Ahafo Region of Ghana*. School of Business and Management Studies, Sunyani Polytechnic, Sunyani, pp. 82-95.

LAI, F, GRIFFIN, M, AND BABIN, B.J. 2009. *How quality, value, image, and satisfaction create loyalty at a Chinese telecom*. Journal of Business Research 6: 980–986.

LAMB, C.W., HAIR, J.F., MCDANIEL, C., BOSHOFF, C., TERBLANCHE, N., ELLIOTT, R AND KLOPPER. 2010. *Marketing*. (4<sup>th</sup> ed.). Cape Town. Oxford University Press Southern Africa.

LAROCHE, M KALAMAS, M AND CLEVELAND, M. 2005. *“I” versus “we” How individualists and collectivists use information sources to formulate their service expectations*. International Marketing Review. 22 (3): 279-308.

LAZAREVIC, V. AND PETROVIC-LAZAREVIC-S. 2007. *How to Make Generation Y Consumers More Brand Loyal*. Journal of Management and World Business Research, 6(1): 63-72.



LEAKE, D AND BLACK, R. 2005. *Cultural and Linguistic Diversity: Implications for Transition Personnel*. USA. National Centre of Secondary Education and Transition.   
University of Port Harcourt  
Together in Excellence

LEE, F. 2010. *Consumer Behaviour – Ethnic, racial, religious and Age sub cultures*. <http://web.calstatela.edu/faculty/flee/www/mkt342/www/Lectures/week9a.pdf>. Accessed on 09 July 2014.

LEE, J.A AND KACEN, J. 2008. *Cultural influences on consumer satisfaction with impulse and planned purchase decisions*. Journal of Business Research. 61: 265-272.

LEE. 2010. *Factors Influencing customer loyalty in mobile phone service: Empirical evidence from Koreans*. Journal of internet Banking and Commerce. 15(2):1-4.

LENG, C. Y AND BOTELHO, D. 2010. *How Does National Culture Impact on Consumers' Decision-making Styles? A Cross Cultural Study in Brazil, the United States and Japan*. Brazilian Administration Review.7 (3): 260-275.

LESLIE, N. 2011. *Culture's Influence on Brand Loyalty among Culturally Diverse Consumers in the United States*. Published Master of Science Degree. The Florida State University.

LEVERIN, A AND LILJANDERV. 2006. *Does relationship marketing improve customer relationship satisfaction and loyalty?* Swedish School of Economics and Business administration. 1-36.

LI, H AND MANTYMAKI, M. 2011. *An Empirical Examination of the Relationships between the Dimensions of Culture and E-Service quality Perceptions. Creating Solutions for the Individual, Organisations and Society. 24<sup>TH</sup> Bled e-Conference-Future: June 12 – 15. Slovenia. Pp, 84-101.*

LIANG, C AND WANG, W. 2007. *The behavioural sequence of the financial services industry in Taiwan: Service quality, Relationship quality and behavioural loyalty. The Service Industries Journal. 26(2): 119-145.*

LIAO, J AND WANG, L. 2009. *Face as a mediator of the relationship between material value and brand consciousness. Journal of Psychology Marketing. 26(11):987-1001.*

LILJANDER, V. AND ROOS, I. 2002. *Customer Relationship Levels: From Spurious to True Relationships. Journal of Services Marketing. 16 (7). 593-614.*

LIM, H, WIDDOWS. R, AND PARK, T. 2008. *M-LOYALTY: Winning Strategies for Mobile Carriers. Journal of Customer Marketing. 3(4): 208-2018.*

LIN, C.P. AND DING, C.G. 2006. *Evaluating the group differences in gender during the formation of RQ and loyalty in ISP service. Journal of Organizational and End User Computing. 18 (1): 38-62.*

LIU, B., FURRER, O. AND SUDHARSHAN, D. 2001. *The relationship between culture and behavioral intentions towards services. Journal of Service Research. 4 (2): 118-29.*

LUNDGRE, N.H AND WALCZUCH, R. 2010. *Moderated Trust – The Impact of Power Distance and Uncertainty Avoidance on the Consumer Trust Formation Process in E-Retailing. Department of Accounting and Information Management, University of Maastricht, Postbus 616, 6200MD Maastricht Netherlands. Pp: 1-31.*

LYNTON, N, APRIL, K. AND ASHRIDGE. 2012. *Connected But Not Alike: Cross-Cultural Comparison of Generation Y in China and South Africa. Academy of Taiwan Business Management Review. Pp, 67-80.*



University of Fort Hare

Together in Excellence

MABOE, K.A. 2009. *Chapter 4 Research Methodology and Design* [On-line]. Available: <http://uir.unisa.ac.za/bitstream/handle/10500/1799/03chapter3.pdf> 9Accessed 21 August 2015).

MAIYAKI, A.A. 2013. *Moderating effect of individualism/collectivism on the association between Service quality, corporate reputation, perceived value and consumer behavioural intention*. *Journal of Marketing and Management*. 4 (1), 1-20.

MALAI, V AND SPEECE, M. 2005. *Cultural Impact on the Relationship among Perceived Service quality, Brand Name Value, and Customer loyalty*. *Journal of International Consumer Marketing*.17 (4):7-39.

MALHOTRA, A. AND MALHOTRA, C. K. 2013. *Exploring switching behavior of US mobile service customers*. *Journal of Services Marketing*. 27/1 (2013) 13–24.

MALHOTRA, N. K., AND PETERSON, M. 2006. *Basic Research Marketing: A Decision-Making Approach*. (2<sup>nd</sup> ed.). New Jersey: Pearson Education, Inc.

MALHOTRA, N.K AND BIRKS, D.F. 2007. *Marketing Research and Applied Approach*. London. Prentice Hall.

MALHOTRA, N.K. 2007. *Marketing research*. (5<sup>th</sup> ed). New Jersey: Pearson Prentice hall.

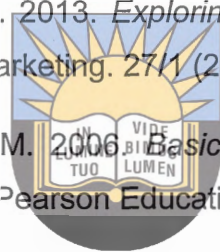
MALHOTRA, N.K. 2010. *Marketing research: An Applied orientation*. (6<sup>th</sup> ed). New Jersey: Pearson.

MALIK, S.U. 2012. *Customer Satisfaction, Perceived Service Quality and Mediating Role of Perceived Value*. *International Journal of Marketing Studies*. 4(1): 68-75.

MARINOV, M AND MARINOVA, S. 2014. *Success and challenges of emerging economy multinational*. UK. Palgrave McMillan.

MATVIYENOK, O. 2009. *The role of culture in the translation of advertisement: A comparative investigation of selected text with Germany as a Source of Language and South African English as a target Language*. Published Master's Thesis. Nelson Mandela Metropolitan University.

MCDANIEL, C AND GATES, R. 2010. *Marketing research Essentials*. 7<sup>th</sup>ed. USA. John Wiley and Sons, Inc.



University of Port Hare  
Together in Excellence

MELLENS, M., DEKIMPE, M. G., STEENKAMP, J. B. E. M. 1996. *A review of brand loyalty measures in marketing*. Tijdschrift voor Economie en Management XLI (4), 507-533.

MENDENHALL, W., BEAVER, R.J AND BEAVER. 2012. *Introduction to Probability and Statistics*. (14<sup>th</sup> ed). Boston. USA. Brooks/Cole, Cengage Learning.

MEYER, E.J. 2009. *Service and Relationship quality perceptions of parents in an independent School in Gauteng*. Published Masters Dissertation. University of Johannesburg.

MINKOV, M AND HOFSTEDE, G. 2011. *The evolution of Hofstede's doctrine*. *Cross Cultural Management*. An International Journal. 18 (1): 10 – 20.

MIRPURI, D.G AND NARWANI, S.A. 2013. *Measuring Relationship quality towards the Generation Y market in the mobile telecommunications industry - an empirical study*. *Journal of Services Research*. 12(2): 58-79.

MISHRA, G. 2008. *Globalization and Culture*. An online journal of radical ideas. Available: <http://www.stateofnature.org/?p=6292#sthash...dpuF> (Accessed on 20 October 2015).



MORREL, D. 2012. *Globalisation* [On-line]. Available: <http://www.Kevinmorrel.org.uk/globalization.htm&gt> (Accessed 1 October 2015).

University of Fort Hare  
Together in Excellence

MOSAHAB, R., MAHAMAD, O AND RAMAYAH, T. 2010. *Service quality, Customer Satisfaction and Loyalty: A Test of Mediation*. *Journal of International Business Research*. 3(4):72-80.

MOSTERT, B, J. 1999. *Information provision services in South Africa: a comparative study*. *Library Management*. 20 (1):19 – 26.

MOTAMEDIFAR, A., NADIMI, G., MOJDEHI, E.M., KANDSAR, K.A AND RAZAVIPOUR, M 2013. *Relationship between Relationship quality and customer loyalty (A case study: Refah stores of Rasht)*. *International Research Journal of Applied and Basic Sciences*. 4(7): 1868-1871.

NAKHLEH, H. M.A. 2012. *The Relationship between Customer Relationship marketing tactics, Relationship quality and Customer's Loyalty in Mobile Communication industry*. *Journal of Academic research international*. 3(2): 538-547.

NAM, S. 2008. *The Impact of Culture on the Framework of Customer Value, Customer Satisfaction and Customer Loyalty*. Published PHD In Business Administration Thesis. Golden Gate University.

NARWANI, S. 2007. *Relationship quality and Life-long learning: A study of the importance of Relationship quality in the life-long learning industry in Hong Kong*. Proceedings of the Academy of Marketing Annual Conference. Putting Marketing in its place. UK. Leeds

NAYEEM, T. 2012. *Cultural influence on consumer Behaviour*. *International Journal of Business and management*, 7(21): 78-91.

NIKO, M.A, ASKARINIA, M.H., KHALAFI, A.A AND JOYAMI, E.N. 2015. *Investigating the Effect of the Relationship Marketing Tactics on Customer's Loyalty* [On-line]. Available: <https://doaj.org/article/dfb30503e1ca413e90610b231cd014f1c> (Accessed (November 2015)).

NIMAKO, S.G., AZUMAH, F.K., DONKOR, F AND ADU-BROBBEY, V. 2012. *Confirmatory factor analysis of Service quality dimensions within mobile telephony industry in Ghana*. *Electronic Journal Information Systems Evaluation*, 15 (2): 197-215.

NWAKANMA, H AND JACKSON, A.S AND BURKHALTER, J.N. 2007. *Relationship Marketing: An Important Tool for Success in the Marketplace*. *Journal of marketing*.5 (2).

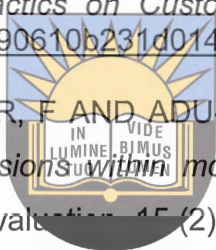
NWAKANMA, H., JACKSON, A.S AND BURKHALTER, J.N. 2007. *Relationship marketing: An Important Tool for Success in the Marketplace*. *Journal of Business and Economics Research*. 5(2): 55-63.

NYADZAYO, M.W. 2010. *A theoretical analysis of the mediating role of Customer Relationship Management performance on customer retention in South African motor dealerships*. Master's thesis. University of Fort Hare library.

OBIJIOFOR, L AND INAYATULLAH, S. 1998. *Impact of New Information and Communication Technologies (ICTs) on Socio-economic and Educational Development of Africa and the Asia-Pacific: Private*. Available on: <http://www.metafuture.org/Articles/icts.htm>.

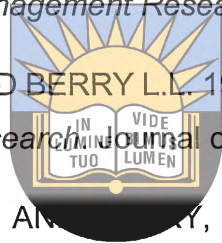
OLIVER, R. 1999. *Cognitive, affective, and attribute bases of the satisfaction response*. *Journal of Consumer Research*. 20: 418-430.

OLIVER, R.L. 2007. *Satisfaction: A behavioural perspective on the consumer*. New York: McGraw-Hill.



University of Fort Hare  
Together in Excellence

- OLIVIERI, D AND TARDY, G. 2010. *Consumer behaviour and cultural effects on taboo products*. International Business Management. Bachelor's Thesis. Turku University of Applied Sciences. Pp, 1-83.
- ONDITI, A.A., OGINDA, M.N., OCHIENG, I AND OSO, W. 2012. *Implications of Service quality on Customer Loyalty in the Banking Sector. A Survey of Banks in Homabay County, Kenya*. *International Journal of Business and Social Science*. 3(21): 222-233.
- PALLANT, J. 2011. *SPSS Survival Manual. A step by step Guide to Data Analysis using SPSS for window*. (4<sup>th</sup> ed). New York: McGraw Hill.
- PANDEY, S.K AND DIXIT, P.K. 2011. *The Influence of Culture on Consumer Behavior*. *International Journal of Business and Management Research*. 1 (1): 21-28.
- PARASURAMAN A., ZEITHAML V.A. AND BERRY L.L. 1985. *A Conceptual Model of Service quality and Its Implications for Future Research*. *Journal of Marketing*. 49:41-50.
- PARASURAMAN, A., ZEITHAML, V. A AND BERRY, L. L. 1994. *Alternative scales for measuring Service quality: A comparative assessment based on psychometric and diagnostic criteria*. *Journal of Retailing*, 70, 201-230.
- PARASURAMAN, A., ZEITHAML, V.A. AND. BERRY, L.L. 1988. *SERVQUAL.A Multiple-Item Scale for Measuring Consumer Perceptions of Service quality*. *Journal of Retailing*. 64 (1): 12-40.
- PARMENT, A. 2012. *Generation Y vs Baby Boomers shopping behavior, buyer involvement and implications for retailing*. *Journal of retail and consumer service*. 2:189-199.
- PARROT, L. 2013. *Exploring cultural theory-Globe, Hofstede and Trompenaars*. Argosy University. 1-16.
- PASIAN, B. 2015. *Designs, Methods and Practices for Research of Project Management*. Wey Court East: Gower publishing limited.
- PATTERSON, P. G., AND MATTILA, A. S. 2008. *An examination of the impact of cultural orientation and familiarity in service encounters evaluations*. *International Journal of Service Industry Management*. 9(5): 662-681.



University of Port Harcourt

PATHER, K.L. 2007. *An evaluation of the quality of service within Barclays retail banking Mauritius*. Published MBA Thesis. University of Johannesburg.

PEPUR, M., MIHANOVIĆ, Z, AND PEPUR, S. 2013. *Analysis of the effect of perceived service quality to the relationship quality on the business-to-business market*. Journal of Management. 18(2): 97-109.

PETER, PJ AND OLSON.J.C. 2010. *Consumer behaviour and Marketing strategy*. (9<sup>th</sup> ed). McGrall-Hill. Irwin.

PETRO, G. 2012. *Millennial Engagement And Loyalty - Make Them Part Of The Process*. Available (online):<http://www.forbes.com/sites/larissafaw/2012/10/02/meet-the-millennial-1-young-rich-and-redefining-luxury/>. Accessed 4/ 06/ 2013.

PETZER, D.J AND MEYERS, C.F. 2011. *The perceived Service quality, satisfaction and behavioral intent towards cellphone networks service providers: A Generational perspective*. African Journal of Business Management. 5(7):7461-7473.

PHIRI, A. 2011. *The impact of customer relationship management on customer satisfaction and customer retention in the automotive industry of Zimbabwe*. Published M Com Thesis. Alice. University of Fort Hare.

PIRES, G.D AND STANTON, D. 2014. *Ethnic Marketing Culturally sensitive theory and practices*. Routledge. New York.

PLATTEAU, E., MOLENVELD, A., DEMUZERE, S., ANDHONDEGHEM, A. 2011. *The clash of generations? Divergent and convergent views on the ideal organizational culture between younger and older employees in two municipalities*. 33rd Annual Conference of the European Group for Public Administration. Bucharest.

PRASAD, R.K NAD JHA, M.K. 2013. *Quality measures in higher education: a review and conceptual model*. Research in business and management. 23-40.

PRASONGSUKARN, K. 2009. *Validating the cultural value scale CV Scale. A case of Thailand*. ABAC Journal. 29 (2): 1-13.

PREVOS, P. 2012. *Grönroos Model for Service quality* [On-line]. Available: <http://water.prevos.net/service-quality/gronroosmodel/> (Access on 15 August 2015).

PRITCHARD, M. P. AND HOWARD, D. R. 1997. *The loyal traveller: Examining a typology of service patronage*. Journal of Travel Research (spring): 2-10.

RAHMAN, S AND AZHAR, S. 2011. *Expressions of Generation Y: Perceptions of the mobile phone service industry in Pakistan*. Journal of Marketing and Logistics. 23(1): 94-107.

RAI, A.K AND SRIVASTAVA, P. 2014. *Customer loyalty: Concepts, Contest and Character*. New Delhi: McGraw Hill Education.

RAO, R.M. 2011. *Service Marketing*. (2<sup>nd</sup> ed) Person. India, Noida.

REID, V. 2011. *A study of the influence of individual-level cultural value orientation on the formation of Service quality expectations*. Published PHD Thesis. University of Nottingham.

RENN, K.A., AND ARNOLD, K.D. 2003. *Reconceptualising research on college peer group culture*. The Journal of Higher Education. 74 (2):93-110.

RIZAN, M., WAROKKA, A., AND LISTYAWATI, D. 2014. *Relationship marketing and customer loyalty: Do customer satisfaction and trust really serve as intervening variables*. Journal of Marketing Research and Case Studies. 22(42): 1-12.



University of Fort Hare  
Together in Excellence

ROBERTS, K., VARKI, S. AND BRODIE, R. 2003. *Measuring the Quality of Relationships in Consumer Services: An Empirical Study*. European Journal of Marketing. 37(½):169-196.

ROOS, I, GUSTAFSSON, A AND EDVARDSSON. 2005. *The Role of Customer Clubs in Recent Telecom Relationships*. International Journal of Service Industry Management. 16(5): 436-454.

ROOZMAND, O., GHASEM-AGHAEI, N., MOHAMMAD ALI NEMATBAKHSH.M.A., BARAANI, A AND HOFSTED, G.J. 2011. *Computational Modelling of Uncertainty Avoidance in Consumer Behaviour*. International Journal of Research and Reviews in Computer Science (IJRRC). Pp, 18-26.

ROY A.K AND ESHGHI, A. 2013. *Does Relationship quality matter in service relationships?* Journal of Strategic Marketing.21 (5): 443-458.

SABIOTE, C.M., FRIAS, D.M AND CASTANEDA, J.A. 2012. *E-Service quality as an antecedent to e-satisfaction: The moderating effect of culture*. Journal of online information Review. 36 (2): 157-174.

SAGHIER, N.E AND NATHAN, D. 2013. *Service quality Dimensions and Customers' Satisfactions of Banks in Egypt*. Proceedings of 20th International Business Research Conference. Dubai. (April).

SAJID, D.M. 2014. *Statistical methods: Descriptive and inferential statistics* [On-line]. Available: <http://www.slideshare.net/monasaid92/statistical-methods-33491938> (Accessed: 17 October 2015).

SALKIND, N.J. 2014. *Statistic for people who (think they) hate statistics*. Sage: Thousand Oates.

SAPIENZA, F. 2008. *A shared meaning approach to intercultural usability: Results of a user study between international and American university students*. IEEE Transactions on Professional Communication. 51(2), 215-227.



SAPSFORD, R. AND JUPP, V. 2006. *Data collection and analysis*. (2<sup>nd</sup> ed). London: Sage Publications.

**University of Fort Hare**  
*Together in Excellence*

SCHIFFMAN. 2010. *Influence of culture on consumer behaviour*. Pearson Education, Inc.

SCHREIBER, J. B., NORA, A., STAGE, F. K., BARLOW, E. A. AND KING, J. 2006. *Reporting Structural Equation Modelling and Confirmatory Factor Analysis Results: A Review*. The Journal of Educational Research. 99 (6): 323-337.

SEO, Y. 2007. *Cultural impact on customer satisfaction and Service quality evaluation in Hotels*.

SETH, N., DESHMUKH, S.G AND VRAT. 2005. *Service quality models: a review*. International Journal of Quality and Reliability Management. 22 (9): 913 – 949.

SHACAF.P. 2008. *Cultural diversity and information and communication technology impacts on global virtual teams: an exploratory study*. Information and Management, 45(2): 131-142.

SHAVITT, S., LEE, A AND TORELLI, C.J. 2009. *Cross Cultural Issues in Consumer Behavior*. Journal of Social Psychology and consumer Behavior. 7 (15/08): 217-240.

SHETH, I.N., AND PARVATIYAR, A. 2000. *Relationship marketing in consumer markets: antecedents and consequences*. Journal of the Academy of Marketing Science. 25 (4): 255-271.

SHI, X AND WANG, J. 2011. *Interpreting Hofstede Model and GLOBE Model: Which Way to Go for Cross-Cultural Research?* International Journal of Business and Management. 6(5): 93-99.

SHIU, E., HAIR, J.F., BUSH, R.P AND ORTINAU, D.J. 2009. *Marketing Research*. London: McGraw Hill.

SHPËTIM, C. 2012. *Exploring the Relationships among Service quality, Satisfaction, Trust and Store Loyalty among Retail Customers*. Journal of Competitiveness. (4)4: 16-35.

SIDDIQI, K.O. 2011. *Interrelations between Service quality attributes, customer satisfaction and customer Loyalty in the Retail Banking Sector in Bangladesh*. International Journal of Business and Management. 6 (3): 12-36.

SINGH, S. 2014. *Cultural differences in, and influences on, consumers' propensity to adopt innovations*. International Marketing Review, 23(2): 173-91.

SKARMEAS, D AND ROBSON, M. 2008. *Determinants of Relationship Quality in Importer-Exporter Relationships*. British Journal of Management. 19 (2): 171-184.

SMIT, P.J., DE, G.J., CRONJE, J., BREVIS, T AND YRBA, M. J. 2007. *Management principles: A Contemporary Edition for Africa*. (4th Ed), Juta and Co. Cape Town.

SMITH, A.M. 1999. *Some problems when adopting Churchill's paradigm for the development of Service quality management scales*. Journal of Business Research. 46(2):109-20.

SOARES, A.M., FARHANGMEHR M, AND SHOHAM, A. 2007. *Studies*. Journal of business research 60 (3): 277-284.

SOCHA, A.C. 2012. *The Influence of the Culture dimension 'Power Distance' on product choice: A Cross Cultural Exploration of Effects of Country of Origin on the Choice of Branded Products*. Published Master's Thesis. University of Guelph.

SOYEZ, K. 2012. *How national cultural values affect pro-environmental consumer behaviour*. International Marketing Review. 29 (6): 623 – 646.

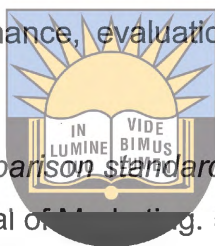
SPENCER-OATEY, H. 2012. *What is culture? A compilation of quotations*. Global PAD Core Concepts. Available at Global PAD Open House, <http://go.warwick.ac.uk/globalpadinterculturalM>. Pp, 1-21.



University of Fort Hare

Together in Excellence

- STRYDOM, J. 2011. *Introduction to Marketing Research*. (4<sup>th</sup> ed). Cape Town: Juta.
- TABACHNICK, R.G AND FIDELL, LS. 2002. *Using Multivariate statistic*. (5<sup>th</sup> ed). New York: Haipen Collins.
- TALEGHANI, M GILANINIA, S AND MOUSAVIAN, S.J. 2011. *The Role of Relationship Marketing in Customer Orientation Process in the Banking Industry with focus on Loyalty (Case Study: Banking Industry of Iran)*. International Journal of Business and Social Science. 2 (19), 155 – 166.
- TAYLOR, T. 2006. *An Analysis of the Cultural Characteristics of the Emerging Black Tourist Market in Vanderbijlpark*. Published Master's Thesis. VAAL University of Technology.
- TEAS, R.K. 1993. Expectations, performance, evaluation, and consumers' perceptions of quality. *Journal of Marketing*. 57: 132-9.
- TEAS, R.K. 1994. *Expectations as a comparison standard in measurement of service quality: an assessment of a reassessment*. *Journal of Marketing*. 58.
- THE HOFSTEDE CENTRE. 2015. *Strategy, Culture and Change* [On-line]. Available: <http://www.geert-hofstede.com> (accessed 08 March 2015).
- THOMAS, P.Y. 2010. *Research Methodology and design* [On-line]. Available: [http://uir.unisa.ac.za/bitstream/handle/10500/4245/05Chap%204\\_Research%20methodology%20and%20design.pdf](http://uir.unisa.ac.za/bitstream/handle/10500/4245/05Chap%204_Research%20methodology%20and%20design.pdf) (Accessed 12 August 2015).
- THOMPSON, F.M., NEWMAN, A AND LIU. 2008. *The Impact of Culture on Brand Loyalty on Young Affluent Chinese*.
- TRIANDIS, H.C AND EUNKOOK, M.S. 2002. *Cultural Influences on Personality*. Annual. Review. Psychol. 53:133–60.
- TROMPENAARS, F., AND HAMPDEN-TURNER, C. 1997. *Riding the Waves of Culture. Understanding Cultural Diversity in Business*. (2<sup>nd</sup> ed). London: Nicholas Brealey.
- TSOUKATOS, E.K. 2007. *Customer behaviour, Service quality and the effects of culture: A quantitative analysis in Greek insurance*. Published B.Sc., M.A. Thesis. Lancaster University.
- TUSTIN, D., LIGHTHELM, A.A., MARTINS, J.H. AND VAN WYK, J.H. 2005. *Marketing Research in Practice*. Pretoria: Unisia Press.



University of Fort Hare  
Together in Excellence

UELTSCHY, L.C, LAROCHE, M, EGGERT, A AND BINDL, U. 2005. *Service quality and Satisfaction: An International Comparison of Professional Services Perceptions*. Journal of International Marketing. Pp, 1-38.

UNIVERSAL DECLARATION ON CULTURAL DIVERSITY (UNESCO). 2010. *Cultural Diversity*. Available on line: <http://screenville.blogspot.com/2011/10/universal-declaration-on-cultural.html>. Accessed (24 March 2014).

UPAL, M. 2008. *Telecommunication Service Gap: Call Centre Service quality Perception and Satisfaction*. Journal of Communications of the IBIMA. 3: 18-28.

URAL, T. 2007. *The antecedents and consequences of Relationship quality according to stages of the relationship between exporters and importers*. Journal of Problems and Perspectives in Management. 5 (3):111-138.

VAN SCHALKWYK, R. V. AND STEENKAMP, R. 2014. *The exploration of service quality and its measurement for Private higher education institutions*. Southern African business review.

VELNAMPY AND SIVESAN, S. 2012. *Determinants of Customer Relationship Marketing of Mobile Services Providers in Sri Lanka: An application of Exploratory Factor Analysis*. Journal of Industrial Engineering Letters. 2 (6): 10-15.

VELNAMPY, T AND SIVESAN, S. 2012. *Customer Relationship marketing and Customer Satisfaction: A Study on Mobile Service Providing Companies in Srilanka*. Global Journal of Management and Business Research. 12(18): 1-8.

VIJAYALAKSHMI, S AND MAHALAKSHMI, V. 2013. *An impact of consumer buying behaviour in decision making process in purchase of electronic home appliances in Chennai (India): an empirical study*. Marketing Mgmt. 59 (2013):15267-15273.

VODAPHONE Group Plc. 2011. *Annual report*, England, Vodafone Group Plc.

VOROS, T AND CHOUDIE, J. 2013. *Uncertainty Avoidance and Technology Acceptance in Emerging Economies: A Comparative Study*. Published paper. University of Hertfordshire. Pp, 1-23.

VRONTIS, WEBER AND TSOUKATOS. 2013. *Service Fairness, Service quality and Relationship quality Evaluation Effects on Customer Loyalty*. 6th Annual Euro Med Conference of the Euro. Med Academy of Business. Estoril, Cascais, Portugal. September.

VUUNREN, T.V. ROBERTS-LOMBARD, M AND TONDER. 2012. *The relationship between selected variables of customer loyalty within the optometric practice Environment*. Acta Commercii. Pp, 94-106.

WANG, Y AND LO, H. 2002. *Service quality, customer satisfaction and behaviour intentions: Evidence from China's telecommunication industry*. 4(6):50 – 60.

WARD T AND DAGGER S. 2007. *The complexity of relationship marketing for service customers*. Journal of Service Marketing. 21(4):281-290.

WERNER, A. 2007. *Organisational Behaviour: a Contemporary South African Perspective*. Pretoria: Van Schaick.

WILLIAM, K AND PAGE, R.A. 2011. *Marketing to Generations*. Journal of Behavioral studies in Business. 1-17.

WOO, K.S. AND ENNEW, C.T. 2004. *Business-to-business Relationship Quality: an IMP interaction-based conceptualization and measurement*. European Journal of Marketing. 38 (9/10): 1252-71.



University of Fort Hare

*Together in Excellence*

WU, M. 2006. *Hofstede's Cultural Dimensions 30 Years Later: A Study of Taiwan and the United States*. Journal of Intercultural Communication Studies. XV (1): 33-42.

YANG, C.L., KHOO-LATTIMORE, C. 2015. *Food and the Perception of Eating: The Case of Young Taiwanese Consumers*. Asia Pacific Journal of Tourism Research. Pp, 1-20.

YERATZIOTIS, A. 2008. *The Impact of Cultural Context on Web Design for e-Government in South Africa*. Published Masters of Information Technology. Nelson Mandela Metropolitan University.

YOO B. 2009. *Cross-national invariance of the effect of personal collectivistic orientation on brand loyalty and equity*. Journal of Marketing Logistics. 21(1):41-57.

YU, J.S. 2010. *A study of Marketing types, Service quality and Relationship quality on Customer loyalty in the Life insurance Industry*. Publishes Master's thesis. Chaoyang University of technology. Taiwan. Pp. 1-340.

YU, T AND TUNG, F. 2012. *Investigating effects of relationship marketing types in life insurers in Taiwan, Managing Service quality*. An International Journal. 23(2): 111 – 130.

- YU, Y. T., AND DEAN, A. 2001. *The contribution of emotional satisfaction to consumer loyalty*. International Journal of Service Industry Management. 12(3): 234-250.
- ZEITHAML, V. AND BITNER, M. 1996. *Service Marketing: Integrating Customer Focus across the Firm*, McGraw-Hill, New York.
- ZEITHAML, V., PARASURAMAN, A. AND BERRY, L. 1990. *Delivering Quality Service*. New York. Free Press.
- ZEITHAML, V.A., PARASURAMAN, A. AND BERRY, L.L. 1988. *Communication and Control Processes in the Delivery of Service quality*. Journal of Marketing 64:35–49.
- ZEITHAML, Y.A., BERRY, L.L., AND PARASURAMAN, A. 1996. Behavioural consequences of Service quality. *Journal of Marketing*, 60(2), 31-46.
- ZHANG, J., BEATTY, S.E AND WALSH, G. 2008. *Review and future directions of cross-cultural consumer services research*. Journal of Business Research. 61: 211–224.
- ZHANG, X AND FENG, Y. 2009. *The Impact of Customer Relationship Marketing Tactics on Customer Loyalty: Within Swedish Mobile Telecommunication Industry*. Published Masters Dissertation in International Marketing. Halmstad University Sweden.
- ZHANG, Y AND PASCUAL, J.L. 2012. *Dynamic versus static perspective of culture in international business: A study of Spanish bank in China*, Cross Cultural Management: An International Journal. 19 (4): 588-611.
- ZHOU, C AND GUANG, H. 2010. *Gift Giving Culture in China and its Cultural Values*. Intercultural Communication Studies. 16 (2): 81-93.
- ZIKMUND, W.G AND BABIN, B.J. 2010. *Exploring marketing research*. (10<sup>th</sup> ed). China. South-western Cengage learning.
- ZIKMUND.W AND BABIN, B. 2012. *Essentials of marketing research*. (5<sup>th</sup> ed). South -Western Cengage learning. Masona. USA.
- ZINDIYE, S. 2008. *An Empirical Investigation Into The Factors Affecting The Performance Of Small And Medium Enterprises In The Manufacturing Sector Of Harare, Zimbabwe*. Published Masters of Commerce Dissertation. University of Fort Hare.



University of Fort Hare  
Together in Excellence

## Appendix A: Research instrument



University of Fort Hare  
Together in Excellence

FACULTY OF MANAGEMENT AND COMMERCE

DEPARTMENT OF BUSINESS MANAGEMENT

### QUESTIONNAIRE

The following questionnaire is part of research for a Master's degree at the University of Fort Hare (Business Management Department) at Alice, South Africa. The study comprises a comparative study between German and Southern African young consumers (Generation Y) to assess the moderating influence of culture has on the impact of relationship quality and service quality on loyalty customers in the mobile phone market.

You are kindly requested to answer the questions that follow. This study will be treated with high levels of confidentiality and will safeguard your anonymity.

Instructions for completion:

1. Please answer the questions as objectively and honestly as possible according to the instructions contained in the body of the questionnaire.
2. Please answer all the questions to allow an accurate analysis and interpretation of the data.
3. Once you have completed the questionnaire, please simply click on the button labelled SUBMIT at the end of the questionnaire.

If you have any concerns or questions please feel free to contact the Master's student, Tracey Chiuyu, at [traceychiuyu@gmail.com](mailto:traceychiuyu@gmail.com) or her supervisor, Prof. Roger Elliott at [RElliott@ufh.ac.za](mailto:RElliott@ufh.ac.za).

### SECTION A: GENERAL INFORMATION

The following questions are mainly for classification purposes. Please indicate by marking with an X in the block relevant to you.

#### 1. Age of the Respondent

18	19	20	21	22	23	24	25	26	27	28	Other
----	----	----	----	----	----	----	----	----	----	----	-------

1.1. If other please specify \_\_\_\_\_

#### 2. Gender of respondent

Female		Male	
--------	--	------	--

3. What is your occupation?

Unemployed		Student		Employed		self-employed	
------------	--	---------	--	----------	--	---------------	--

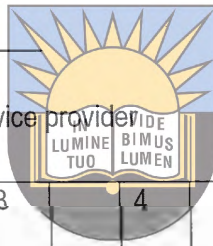
4. Do you own a cell phone?

Yes		No	
-----	--	----	--

5. Which mobile service do you use?

MTN	Cell C	Vodacom	Virgin mobile	8 ta	T-mobile	Vodafone	E-Plus	O-2	Other
-----	--------	---------	---------------	------	----------	----------	--------	-----	-------

5.1. If others please specify \_\_\_\_\_



6. How long have you been using your service provider

-1 year		1		2		3		4		5		+6	
---------	--	---	--	---	--	---	--	---	--	---	--	----	--

University of Fort Hare  
Together in Excellence

7. Which country do you regard as your country of origin

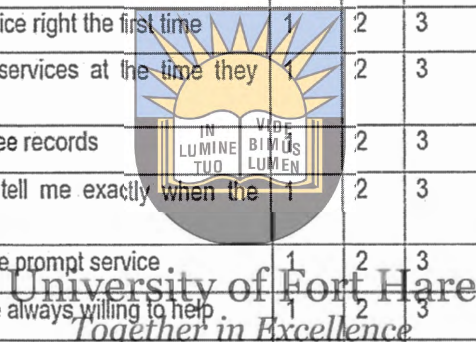
South Africa	Zimbabwe	Zambia	Botswana	Germany	Namibia	Angola	Lesotho	Swaziland

7.1 If you do not come from the any of the above mentioned countries please specify.....

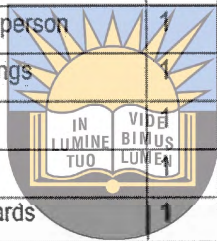
**SECTION B:** for the following several questions in this section, on a scale of (1-7), can you please show whether you agree or disagree with that statement by circling on the correct number.

Questions	Strongly disagree	Disagree	Disagree somewhat	Neutral	Agree somewhat	Agree	Strongly agree
1. My service provider is honest about problems	1	2	3	4	5	6	7
2. My service provider has high integrity	1	2	3	4	5	6	7
3. My service provider is trustworthy	1	2	3	4	5	6	7
4. My service provider is concerned about my welfare	1	2	3	4	5	6	7
5. When I reveal my problems to my service provider, I know they will respond with understanding	1	2	3	4	5	6	7
6. I can count on my service provider considering, how their actions affect me	1	2	3	4	5	6	7
7. I feel emotionally attached to my service provider	1	2	3	4	5	6	7
8. I will continue to deal with my service provider because I like being associated with them	1	2	3	4	5	6	7
9. I continue to deal with my service provider because I genuinely enjoy my relationship with them	1	2	3	4	5	6	7
<p>Please think about your relationship with your service provider and for each item circle the number that best shows how you feel when you think about dealing with them and for each item circle the number that best shows how you feel when you think about dealing with them</p> <p style="text-align: center;"><b>University of Fort Hare</b> <i>Together in Excellence</i></p>							
10. I am angry with my service provider	1	2	3	4	5	6	7
11. I am frustrated with my service provider	1	2	3	4	5	6	7
12. I am annoyed with my service provider	1	2	3	4	5	6	7
<p>Please think about your relationship with your service provider and for each item circle the number that best shows how you feel when you think about dealing with them and for each item circle the number that best shows how you feel when you think about dealing with them</p>							
13. I am delighted with the performance of my service	1	2	3	4	5	6	7
14. I am happy with my service provider's performance	1	2	3	4	5	6	7
15. I am content with my service provider's performance	1	2	3	4	5	6	7
16. I am willing to provide my service provider with more information about myself to help them try to serve me better	1	2	3	4	5	6	7
17. I say positive things about my service provider to people	1	2	3	4	5	6	7
18. I encourage my friends and relatives to do business with my service provider	1	2	3	4	5	6	7
19. I will keep purchasing from my service provider for another year	1	2	3	4	5	6	7

	Strongly disagree	Disagree	Disagree somewhat	Neutral	Agree somewhat	Agree	Strongly agree
20. I am willing to purchase other services from my service provider over the next year	1	2	3	4	5	6	7
21. I am willing to test new services developed by my service provider	1	2	3	4	5	6	7
22. My Service provider has modern-looking equipment	1	2	3	4	5	6	7
23. My service provider's physical facilities are visually appealing	1	2	3	4	5	6	7
24. My Service provider's employees (agents) are well presented	1	2	3	4	5	6	7
25. Materials associated with the service (such starter packs) are visually appealing at my service provide	1	2	3	4	5	6	7
26. When I have a problem, my service provider shows a sincere interest in solving it	1	2	3	4	5	6	7
27. My service provider performs the service right the first time	1	2	3	4	5	6	7
28. My service provider provides their services at the time they promise to do so	1	2	3	4	5	6	7
29. My service provider insists on error-free records	1	2	3	4	5	6	7
30. Employees of my service provider tell me exactly when the service will be performed	1	2	3	4	5	6	7
31. Employees of my service provider give prompt service.	1	2	3	4	5	6	7
32. Employees of my service provider are always willing to help.	1	2	3	4	5	6	7
33. Employees of my service provider are never too busy to respond to my requests	1	2	3	4	5	6	7
34. The behaviour of employees of my service provider instils confidence in me	1	2	3	4	5	6	7
35. I feel safe in my transactions with my service provider	1	2	3	4	5	6	7
36. Employees of my service provider are consistently courteous to me	1	2	3	4	5	6	7
37. My service provider gives me individual attention	1	2	3	4	5	6	7
38. My service provider has operating hours convenient to me	1	2	3	4	5	6	7
39. My service provider has employees who give me personal attention	1	2	3	4	5	6	7
40. My service provider has my best interests at heart	1	2	3	4	5	6	7
41. Employees of my service provider understand my specific needs	1	2	3	4	5	6	7
Please think about what you have considered and what you will consider in order to remain loyal to your current service provider. On a scale of (1-7), rate the importance of the factors you would consider?							



	Strongly disagree	Disagree	Disagree somewhat	Neutral	Agree somewhat	Agree	Strongly agree
42. Quality of service offered	1	2	3	4	5	6	7
43. Network coverage	1	2	3	4	5	6	7
44. Service promotion offered (loyalty programs)	1	2	3	4	5	6	7
45. Do you think that having a close relationship with service providers will contribute to loyalty in the mobile service sector	1	2	3	4	5	6	7
Please think about your values and beliefs as an individual and for each item circle the number that best shows your values and beliefs. For each item circle the number that you agree or disagree with.							
46. Everyone grows up to look after him/ herself and his/her immediate family only	1	2	3	4	5	6	7
47. Identity is based in the individual	1	2	3	4	5	6	7
48. Speaking one's mind is a characteristic of an honest person	1	2	3	4	5	6	7
49. Identity is based in the community to which one belongs	1	2	3	4	5	6	7
50. I would sacrifice my self-interest for the group	1	2	3	4	5	6	7
51. I would stick with the group even through difficulties	1	2	3	4	5	6	7
52. Group welfare is more important than individual rewards	1	2	3	4	5	6	7
53. Group success is more important than individual success	1	2	3	4	5	6	7
54. Service providers should give instruction on how to use mobile services	1	2	3	4	5	6	7
55. Fear of unknown situations and of unfamiliar risks is normal	1	2	3	4	5	6	7
56. Uncertainty is a normal feature of life and each day is accepted as it comes	1	2	3	4	5	6	7
57. People in higher positions should make most decisions without consulting people in lower positions	1	2	3	4	5	6	7
58. People in higher positions should not ask the opinions of people in lower positions too frequently	1	2	3	4	5	6	7
59. People in higher positions should avoid social interaction with people in lower positions	1	2	3	4	5	6	7
60. People in higher positions should not delegate important tasks to people in lower positions	1	2	3	4	5	6	7
61. People in lower positions should not disagree with decisions made by people in higher positions	1	2	3	4	5	6	7



University of Fort Hare  
Together in Excellence

## Appendix B: List of constructs and items

Constructs	Abbreviation (Codes)	Questions
<b>Trust in integrity</b>	TII1	My service provider is honest about problems
	TII2	My service provider has high integrity
	TII3	My service provider is trustworthy
	TII4	My service provider is concerned about my welfare
<b>Commitment</b>	Comm1	I feel emotionally attached to my service provider
	Comm2	I continue to deal with my service provider because I like being associated with them
	Comm3	I continue to deal with my service provider because I genuinely enjoy my relationship with them
<b>Affective conflict</b>	AC 1	I am angry with my service provider
	AC2	I am frustrated with my service provider
	AC3	I am annoyed with my service provider
<b>Satisfaction</b>	Satis 1	I am delighted with the performance of my service provider
	Satis 2	I am happy with my service provider's performance
	Satis 3	I am content with my service provider's performance
<b>Customer loyalty</b>	CL1	I am willing to provide my service provider with more information about myself to help them try to serve me
	CL2	I say positive things about my service provider to other people
	CL3	I encourage my friends and relatives to do business with my service provider
	CL4	I will keep purchasing from my service provider for another year
	CL5	I am willing to purchase other services from my service provider over the next Year
	CL6	I am willing to test new services developed by my service provider

	<b>Service Quality</b>	
<b>Tangibility</b>	Tang 1	My Service provider has modern-looking equipment
	Tang 2	My service provider's physical facilities are visually appealing
	Tang 3	My Service provider's employees are well presented
	Tang 4	Materials associated with the service (such as starter packs) are visually appealing at my service provider
<b>Reliability</b>	Relia1	When I have a problem, my service provider shows a sincere interest in solving it.
	Relia2	My service provider performs the service right the first time
	Relia3	My service provider provides their services at the time they promise to do so
	Relia4	My service provider insists on error-free records
<b>Performance of Employee</b>	POE1	Employees of my service provider tell me exactly when services will be provided
	POE2	Employees of my service provider give prompt service
	POE3	Employees of my service provider are always willing to help
	POE4	Employees of my service provider are never too busy to respond to my requests
<b>Reassurance/ Assurance</b>	Reas1	The behaviour of employees of my service provider instils confidence in me
	Reas2	I feel safe in my transactions with my service provider
	Reas3	Employees of my service provider are consistently courteous to me
<b>Empathy</b>	Empa1	My service provider gives me individual attention
	Empa2	My service provider has operating hours convenient to me
	Empa3	My service provider has employees who give me personal attention
	Empa4	My service provider has my best interests at heart
	Empa5	Employees of my service provider understand my specific needs.
	<b>Culture</b>	

<b>Collectivism</b>	CIV1	Identity is based in the community to which one belongs
	CIV2	I would sacrifice my self-interest for the group
	CIV3	I would stick with the group even through difficulties
	CIV4	Group welfare is more important than individual rewards
	CIV5	Group success is more important than individual success
<b>Uncertainty avoidance</b>	UA1	Service providers should give instruction on how to use mobile services
	UA2	Fear of unknown situations and of unfamiliar risks is normal
	UA3	Uncertainty is a normal feature of life and each day is accepted as it comes
<b>Power distance</b>	PD1	People in higher positions should make most decisions without consulting people in lower positions
	PD2	People in higher positions should not ask the opinions of people in lower positions too frequently
	PD3	People in higher positions should avoid social interaction with people in lower positions
	PD4	People in higher positions should not delegate important tasks to people in lower positions
	PD5	People in lower positions should not disagree with decisions made by people in higher positions

## Appendix C: Ethical clearance



**University of Fort Hare**  
*Together in Excellence*

### ETHICAL CLEARANCE CERTIFICATE REC-270710-028-RA Level 01



Certificate Reference Number: ELL041SCH101

Project title: **The impact of culture on relationship quality and service quality on the loyalty of generation Y (young consumers) consumers in the mobile market.**

Nature of Project: Masters

Principal Researcher: Tracey Chiuyu

Supervisor: Prof R Elliot

Co-supervisor:

On behalf of the University of Fort Hare's Research Ethics Committee (UREC) I hereby give ethical approval in respect of the undertakings contained in the above-mentioned project and research instrument(s). Should any other instruments be used, these require separate authorization. The Researcher may therefore commence with the research as from the date of this certificate, using the reference number indicated above.

Please note that the UREC must be informed immediately of

- Any material change in the conditions or undertakings mentioned in the document
- Any material breaches of ethical undertakings or events that impact upon the ethical conduct of the research

