Customer-Focused Strategies And Information Technology Capabilities: Implications For Service Quality Of Malaysian Local Authorities

Jamaliah Said, Wee Shu Hui, Dennis Taylor and Rohana Othman

The purpose of this paper is to explore the relationship between the extent of CF-strategies implementation and IT capability on organizational performance, and the moderating role IT capability on the relationship between CF-strategies and performance. Questionnaires were distributed to a sample of Malaysian Local Authorities (LGAs). The result supports a strong positive relationship between the extent of CF-strategies and IT capability on organizational performance. This study also finds that IT capability moderates the relationship between CF-strategies and organizational performance and provides justification for LGAs to invest, in term of resources and commitment, in implementing CF-strategies and IT as these variables contribute.

Field of research: Management Accounting, Public Sector, Information Technology.

1. Introduction

Public sector financial management in Western countries had been based on principles of economic rationalism and managerialism during the era since the 1980s known as ‘new public management’ (NPM) (e.g., Guthrie & English, 1997; Hood, 1995). By the 2000’s the arguments have grow that the ideology underlying NPM has glossed over those social and public interest effects that conflict with a narrow financial performance oriented view of public sector management (McCrae et al., 2004). In Malaysia, there has been growing media attention on cases of public sector customer grievances, especially at the local government level. The response has been to push initiatives aimed at improving the quality of public service delivery. The Malaysian Federal Government established a unit called MAMPU to introduce ‘best-practice’ initiatives to LGAs,
and assist their capacity-building through providing training programs and operating procedures guidelines. Quality control initiatives have been introduced to LGAs throughout the past decade under the banners of Counter Service, Quality Control Circles, Total Quality Management, Computerized Accounting, Client Charters, Complaints Systems, ISO 9000 and Benchmarking. A separate initiative, the establishment of the Multimedia Super Corridor in 1996 had, as one of its intended outcomes, the enhancement of service quality at local levels in Malaysia.

Despite this extensive effort, Malaysian LGAs have been often criticised for their poor services, bureaucratic, inefficient, wasteful, unresponsive and not citizen friendly (Hazman, 2006). The Malaysian Customer Satisfaction Index (MCSI) for service sector industry, ranked City Council the lowest(14th) with a score of 61.6 which is below the average national score of 67.8 points Abdullah, Husain, & Nassir (2003). The Public Complaints Bureau under the Prime Minister’s Department revealed that about 17% of total complaints on civil service are on local governments. Much has been written about how IT could be and has been used to enhance service quality eg (Ali & Green, 2007; Rosacker & Olson, 2008; Zhu, Walter Wymer, & Chen, 2002). However, the focus of the literature has been qualitative in nature. For example, Shirley-Ann & Frances (2003) highlights a number of problematic issues relating to the use of IT in enhancing service quality provision in the public sector. Empirical studies on the relationship between IT and service quality especially among LGAs in Malaysia have never been addressed. Chooi-Leng, Mark, & Paul, (2000) examined how IT can support quality management practices of 110 public sector organizations in Malaysian. However, their study did not attempt to answer how IT can be used to enhance service quality provision and the focus was not specifically on LGAs.

Although the quality of service provision among public sector has been extensively researched, CF-strategies studies on public sectors are scarce. This literature examines various issues such as the link between service quality and customers satisfaction (Sureshchandar & Chandreskharan, 2002) and critical success factors of delivering quality service(Antony, Leung, Knowles, & Gosh, 2002). A tremendous body of research has been built up in recent years on the role of new management accounting technique in enhancing organizational performance. Perera (1997) carried out study on the customer focus manufacturing strategy and it links to organizational performance. Ittner & Larcker (1997) examined quality strategy and organizational performance. Subramaniam & Ishak (1998) found support for a relationship between competitor analysis practices on organizational performance. Joiner (2007) found a positive link between TQM adoption and service quality performance. However, the link between CF-strategies and organizational performance, especially within Malaysian LGAs has never been explored. Hence the objective of this study is to provide empirical evidence about the relationship between CF-strategies and IT capability on service quality performance of Malaysian LGAs.
Subsequently, this study aims to investigate the moderating effect IT capability on the relationship between CF-strategies and organizational performances. The remainder of this paper is structured as follows. The next section provides a review of relevant literature. Section 3 provides a discussion of the research framework and hypotheses underpinning this study and section 4 outlines the research design. The results are presented in section 5. A discussion of the results and their implications are provided in the last section.

### 2. Literature Review and Development of Hypotheses

#### 2.1 Customer-Focused Strategies

During the last decade, CF-strategies started to appear in the management literature as an important tool (Guilding & McManus, 2002) in both private and public organizations. For example Kaplan & Norton (1992) introduced the concept of balanced scorecard measures of performance. One of the four dimensions of the balanced scorecard focuses on customer perspective and the importance of monitoring the rate of customer acquisition, retention and satisfaction. Likewise in total quality management (TQM), the importance of monitoring customers' complaints, acquisition and loss of customers, is one of the philosophies. Foster & Gupta’s (1994) study is among the earliest studies, in the accounting literature which emphasises the importance of monitoring customers on the premise that an organization should value customers as an asset.

Within an increasingly competitive environment, CF-strategies is an organization strategic tool for improving product/service quality (Guilding & McManus, 2002). Several studies report a positive relationship between CF-strategies and performance (Brah, Lee, & Rao, 2002; Hendricks & Singhal, 2001; Kaynak, 2003; Douglas & Judge, 2001). Organizations placing greater emphasis on CF-strategies will tend to attach a relatively high degree of importance to eliminating non value added activities and cost, building closer links with customers, having a management approach of meeting customers’ need, finding solutions to poor service, and regularly measuring customer service (Guilding & McManus, 2002; Perera, Harrison, & Poole, 1997).

Organizations that focus on continuous improvement, motivate employees to achieve quality output, and focus on satisfying customers’ needs are found to have a competitive edge (Joiner, 2007). CF-strategies emphasize the need to provide customers with high value service through improvements in efficiency by way of eliminating waste, non value added activities/cost and reducing lead times at all stage of services (Chenhall, 1997). Kim & Miller (1992) identify customer-focused activities such as activities associated with conformance quality, product reliability, on time delivery as important capabilities for competitiveness in the manufacturing firms. Most studies report a positive relationship between CF-strategies and performance (e.g., Brah, Lee, & Rao, 2002; Hendricks & Singhal, 2001).
This leads to the following hypothesis for this study in the setting of LGAs in Malaysia:

\[ \text{H1: There is a significant positive relationship between the use of CF-strategies and service quality performance.} \]

2.2 Information Technology Capabilities

Tippins & Sohi (2003) define IT capabilities as the extent to which an organization is equipped with IT infrastructure, has IT experience and is effective in IT utilization. A high level of IT experience enables the smooth implementation of the organization's strategy, develops reliable and cost effective systems for the organization, and anticipates customer needs (Bhatt & Grover, 2005). Clark (1997) noted that IT experience in combination with other IT elements directly determines an organization's ability to rapidly develop and deploy more innovative techniques to enhance performance.

The role of IT capabilities in enhancing organizational performance is well established in the literature. A group of IT studies suggests IT capabilities provide a basis of gaining competitive advantage (Bhatt & Grover, 2005; Powell & Dent-Micallef, 1997; Santhanam & Hartono, 2003) and enhancing organizational performance (Adam & J., 1993; Floyd & Wooldridge, 1990; Quinn, Baily, Herbert, Willett, & et al., 1994; Santhanam & Hartono, 2003). An extensive body of IT capabilities literature concurs that IT capabilities are a resource to facilitate an effective collection and utilization of information (e.g. Bharadwaj, 2000; Powell & Dent-Micallef, 1997)

Floyd et al (1990) contend that IT capabilities enhance service reliability, reduce transaction errors and increase consistency in performance. Further contentions are that capabilities can contribute to enhancing service quality can through better customized or individualized services, and in creating knowledge links for identifying and sharing organizational expertise (Quinn et al., 1994). Additionally, claims are made that IT capabilities enhance performance through an elimination of inefficiency, reduction of long term cost, improve service reliability and reduced transaction errors (Tippins & Sohi, 2003).

Studies on the relationship between IT capabilities and performance can be divided into two groups. The first group of IT studies focuses on the relationship between IT spending (IT investment) and productivity/performance. The purpose of these studies is mainly to examine the effects of IT investment on firm productivity and financial performance such as return on assets, return on equity and return on investment. However, Loveman (1990) found no correlation between various IT ratios and performance measures of return on investment. Likewise, Sager (1988) and Venkatraman & Zaheer (1990) reveal that IT has no impact on performance. These poor results, it is argued, are due to the fact that
they have overlooked the benefits of IT productivity in terms of increased quality, variety, customer service, speed and responsiveness (Brynjolfsson, 1993). Measurement of factors like management quality and customer service are not accounted in productivity and financial accounting numbers (Brynjolfsson & Hitt, 1993). Brynjolfsson (1993) has suggested that researchers should look beyond ‘conventional productivity’ as applied in the first group of IT studies.

The second group of IT studies started to include IT capabilities with other IT and non-IT elements to examine their effect on organizational performance. They have explored the link between the more comprehensive dimensions of IT and various measures of organizational performance (e.g., Byrd & Turner, 2001; Powell, 1997; Mata, 1995). Among the IT dimensions are IT knowledge, IT operation, IT object, IT business experiences and relationship infrastructure (Bhatt & Grover, 2005; Tippins & Sohi, 2003). These studies range from exploring the effects of IT capabilities on organizational performance to the effects of a combination of IT and non-IT capabilities on organizational performance.

Finding from this second group of IT studies support the expectation that IT capabilities enhance organizational performance (e.g., Bhatt & Grover, 2005; Powell & Dent-Micalef, 1997; Santhanam & Hartono, 2003). IT capabilities provide a basis of gaining competitive advantage and enhancing organizational performance (Adam, 1993; Bharadwaj, 2000; Floyd & Wooldridge, 1990; Quinn et al., 1994; Santhanam & Hartono, 2003). Based on this second group of IT studies, the following hypothesis is put forward in the context of service quality performance of LGAs in Malaysia:

\[
H2: \text{ There is a positive relationship between an LGA’s IT capabilities and service quality performance.}
\]

2.3 Interaction Of CF-Strategies And IT Capabilities In Affecting Service Quality Performance

A study by Perera, Harrison, & Poole (1997) found no support on the customer focus manufacturing strategy and organizational performance and recent TQM literature emphasized the importance of including contextual factors in the relationship between TQM implementation and organizational performance (Golhar, Deshpande, & Ahire, 1997; Joiner, 2007; Montes, Jover, & Fernandez, 2003). Douglas & Judge (2001) identified the need to examine the moderating effect of contextual factors on the strength of the relationship between CS-strategies within TQM and performance. It is contended that IT capabilities would be a major contextual factor influencing the effectiveness in which CF-strategies will produce high service quality performance. Hence, this study examines the role of IT in enhancing the relationship between CF strategies and service quality performance in LGAs. It is hypothesised that:
H3: The higher the IT capabilities of an LGA, the more positive is the relationship between its CF-strategies and service quality performance.

3. Empirical Framework

As has been discussed in the preceding section, studies on CF-strategies and IT capabilities mostly focuses on private sectors. Public sectors are also under intense public scrutiny to perform and produce results. The role of CF-strategies and IT capability on performance is therefore examined within the context of Malaysian LGAs. (Figure 1). The framework positions CF-strategies and IT capabilities as independent variables and organizational performance as the dependent variable. Subsequently, the moderating role of IT capability on the relationship between CF-strategies and organizational performance is also examined. The framework suggests that interaction of CF-strategies and the level of IT capability leads to better organizational performance.

Management can continuously improve service quality through the information provides by CF-strategies at a faster rate with the existence of IT capability. Speed is crucial in handling and solving customers’ complaints and responding to customers’ queries. Lack of IT capability will hamper management initiative in improving organizational performance. As such IT capability is posited as one of the moderating variables that influence the relationship between CF-strategies and service quality.
4. Methodology and Research Design

4.1 Sample

This study uses a mail questionnaire distributed to all Malaysian LGAs. There are 144 LGAs in Malaysia comprising of 13 city council, 34 municipal council and 97 district council. All the 144 LGAs were invited to participate in this study to maximize the possible respondents. Questionnaires were sent to three separate members of the senior management team in each LGA, namely, the Mayor/president, Head of Accounting and Head of IT. However, a few LGAs, especially the small ones do not have a post of Head of IT, in which case only two questionnaires were sent.

4.2 Design of the Questionnaire Instrument

4.2.1 CF-Strategies

The measurement scales for CF-strategies are based on Cravens and Guilding (2001) and Joiner (2007) with appropriate contextual modification. Eight items were selected to represent the construct of CF-strategies. The eight items comprise of the following: techniques to evaluate whether to undertake or outsource a service; monitoring of each activity in a value chain; identifying whether the activity is value-adding; having close relationships with customers, having a management approach of meeting customer needs, using techniques to identify solutions for failure and; seeking solutions for poor service. A Likert scale is used ranging from 1 (never practice at all) to 7 (extensively practice).
4.2.2 IT Capabilities

Levels of IT capability are measured using a slightly modified version of the instrument developed by Tippins & Sohi (2003). Using a seven point Likert scale that ranged from 1 (strongly agree) to 7 (strongly not agree), managers are asked to indicate to what extent they agree with the following nine statements about their organization: it has a formal IT department, has sufficient yearly budget for IT infrastructure, staff are linked by computer network, IT is link to external customers, considerable opportunities are provided for IT training, IT is use for managing customer information, it enables enhanced service responsiveness and reengineering of business process.

4.2.3 Service Quality

A self rating instrument of service quality, first developed by Parasuraman, Zeithaml, & Berry (1988) is adapted to measure service quality performance. Respondents are asked to evaluate their service quality performance for the past 3 years against average service quality performance using a Likert scale ranging from 1 (much worse) to 7 (much better). Respondents were asked about customer satisfaction towards physical appearance, reliability of service delivery, level of staff responsiveness in attending to customers, staff competency in carrying out tasks, staff skills, and service accuracy. Perera, Harrison, & Poole (1997) argued that self rating measures ‘although self rating measures have been criticized for leniency bias, this is less concern where such bias is generic and where the ratings are needed for relative rather than absolute analysis, as in the case in the present study’. Self rating instrument have been widely used indicating a wide acceptance in it use.

4.2.4 Control Variables

Previous studies in the LGA setting have identified numerous environmental and organizational variables affecting LGAs’ performance. In order to control their effect, our study identifies types of LGAs, number of employees and its geographical location. As an organization increases in size and its number of employees also correspondingly increases, its chances for survival and growth increase (Drummond and Chell, 1994: Hager et al, 1996). Similarly, geographical locations may also affect performance. For example, LGAs with an inferior resident socio-economic status tend to collect lower revenue and this may affect their performance. One of the major determinants of revenue generation is the ability of local residents to pay rates and taxes. The states where the LGAs are situated are used as a control factor to avoid the confounding effect of this factor on organizational performance.
4.3 Data Analyses

Before testing the hypotheses in this study, tests of reliability, normality and response bias are performed. Reliability for each construct measurement was assessed using the Cronbach alpha coefficient which was obtained using a reliability analysis in SPSS package version 15. The alpha coefficient of each construct was compared to the cutoff value of .70 suggested by Nunnaly (1967). Skewness and kurtosis test were carried out to confirm the normality of data distribution. The z-value for skewness and kurtosis for all the variables range from .766 to -.700 indicating that normality could be assumed at the .01 probability level. A response bias test was also conducted. The response from the first mailing that was received before the cut off date and the second mailing after the phone call reminder were compared. Levene’s test for equality of variances shows value range from 0.594 to 0.980 (p>.05), the p value of these variables was 0.803 which indicates that there is no significant different between the mean score of the two groups, that is, no response bias was detected. The responses from the Heads of IT and accounting were also compared. Levene’s test for equality of variances shows values of 0.061 to 0.884 (p>.05), indicate that there is no significant different between mean score of the two groups. In other words, both the accountant and IT head have views about the situation in their organization that are not systematically different.

5. Result And Discussion

5.1 Descriptive Statistic

Of the 350 questionnaires distributed, 140 were returned representing a response rate of 40%. Out of 140 returned, 98 were from the Accountant and 42 from the IT head, none of the mayors/presidents returned the questionnaire. These 140 respondents represent 109 LGAs because a few LGAs returned more than one questionnaires. Table 1 exhibits the result of descriptive statistic, correlation matrix of the dependent and independent variable and alpha reliability statistics. The correlation between independent variables (CF-strategies and IT capability) and the dependent variable (service quality) is considered high (r = 0.48 and r = 0.52) providing preliminary support for the research model. In terms of control variables, type of LGAs and number of employees exhibited weak relationship to service quality (r = 1.18 and r = 0.19).
Table 1: Descriptive statistic and correlations

<table>
<thead>
<tr>
<th></th>
<th>mean</th>
<th>S.D</th>
<th>Cronbach alpha</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
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<tbody>
<tr>
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<td></td>
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<tr>
<td>Location</td>
<td></td>
<td></td>
<td></td>
<td>0.06</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>No of emp</td>
<td></td>
<td></td>
<td></td>
<td>-0.78**</td>
<td>-0.076</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>CF-strategies</td>
<td>4.971</td>
<td>1.032</td>
<td>.937</td>
<td>-0.15</td>
<td>0.019</td>
<td>0.22**</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>IT capabilities</td>
<td>4.802</td>
<td>1.121</td>
<td>.887</td>
<td>-0.40**</td>
<td>0.062</td>
<td>0.42**</td>
<td>0.50**</td>
<td>1</td>
</tr>
<tr>
<td>Ser Qty</td>
<td>5.077</td>
<td>0.878</td>
<td>.963</td>
<td>-1.18*</td>
<td>0.091</td>
<td>0.19*</td>
<td>0.48**</td>
<td>0.52**</td>
</tr>
</tbody>
</table>

** Correlation is significant at the 0.01 level (2-tailed).
* Correlation is significant at the 0.05 level (2-tailed).

5.2 Multivariate Results

Hierarchical regression analysis was employed to test the three hypotheses. All regression results are reported in Table 2. Model 1 represents the regression of the three control variables (Number of employees, type of LGAs and geographical location) on service quality performance. Model 2 adds the two main variables of the study; CF-strategies and IT capabilities. In Model 3, the interaction term is entered to determine the moderating role of IT capabilities on the relationship between CF-strategies and service quality performance.

H1 stated that there is positive relation between CF-strategies and service quality. The result in Table 2 shows that the relationship between CF-strategies and service quality is statistically significant (B= .311; p = 0.00). This result supports H1 and indicates that an LGA’s set of CF strategic techniques aimed at meeting customers’ needs contributes positively to the service quality of the organization. Various CF approaches including techniques to evaluate whether to undertake or outsource a service; monitoring of each activity in a value chain; identifying whether the activity is value-adding; and having close relationships with customers, will enable the LGAs to understand and find ways and means to enhance quality of service through providing more reliability of service delivery, more responsive staff in attending to customers, and greater staff competency in carrying out tasks. By inference, stronger CF-strategies should enable continuous improvement in satisfying customer needs. The finding is supportive of earlier findings in the TQM literature relating to customer-focused perspectives (e.g., Brah et al 2002, Hendericks and Singhal, 2001; Kaynak, 2003).

Turning to the effect of IT capabilities, Table 2 shows that there is a significant positive relationship between IT capability (B=.340; p =0.00) and service quality performance. Hence, H2 is supported. LGAs with more sophisticated IT capabilities are able to achieve improved service quality. This is likely to be due
to reduced transaction errors and increased consistency in performance. IT capabilities can enable firms to create better customized or individualized services (Quinn and Baily, 1994). LGAs with good IT infrastructure, IT skills and IT usage are expected to have a better chance to increase the customer service quality. This finding supports findings from large firms in the private sector that IT capabilities have a positive affect on organizational performance (Bharadwaj, 2000; Hitt & Brynjolfsson, 1996; Santhanam & Hartono, 2003; K. Zhu, 2004).

H3 posited that the interaction between CF-strategies and IT capabilities would enhance service quality. This hypothesis expected that the relationship between the use of CF-strategies and extent of achievement of service quality would be stronger for organization with high IT capabilities. The result in Table 2 provides empirical support for the moderating effect of IT capabilities on the relationship between CF-strategies and service quality performance (B= .148; p =0.013). It added 0.30 to the explanatory power of the model. The R-square increase from only about 5% (model 1), to 35% (model 2) to 38% model 3. This final increase is significant at p <.05. This finding supports the complementary perspective that suggests the interaction of IT and other non IT factors can lead to superior performance ((Powell & Dent-Micallef, 1997; K. Zhu, 2004). IT enhances LGAs’ ability to cope with higher level of information related to service/activity through its ability to process great amount and more varied information faster and more accurately. The use of IT enables LGAs to detect and eliminate non-value adding activity, to monitor activity in a value chain, and to model solutions for poor service which in turn leads to better service quality.

Table 2: The effects of use of CF-strategies and possession of IT capabilities on service quality performance

<table>
<thead>
<tr>
<th>DV: SERVICE QUALITY PERFORMANCE</th>
<th>Model 1</th>
<th>Model 2</th>
<th>Model 3</th>
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<tbody>
<tr>
<td>B</td>
<td>t</td>
<td>Sig</td>
<td>B</td>
</tr>
<tr>
<td>Constant</td>
<td>4.840</td>
<td>7.192</td>
<td>0.000</td>
</tr>
<tr>
<td>Control Variable: Size</td>
<td>-.105</td>
<td>-.414</td>
<td>.680</td>
</tr>
<tr>
<td>Geog. Location</td>
<td>.021</td>
<td>1.159</td>
<td>.249</td>
</tr>
<tr>
<td>No of emp</td>
<td>.126</td>
<td>1.092</td>
<td>.277</td>
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<tr>
<td>Main variables CF-strategies</td>
<td>.259</td>
<td>3.716</td>
<td>0.000</td>
</tr>
<tr>
<td>IT</td>
<td>.304</td>
<td>4.363</td>
<td>0.000</td>
</tr>
<tr>
<td>Interaction: CF-strategies x IT</td>
<td>.148</td>
<td>2.507</td>
<td>0.013</td>
</tr>
<tr>
<td>R²</td>
<td>.047</td>
<td>.345</td>
<td>.375</td>
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<tr>
<td>ŷ in R²</td>
<td>.047</td>
<td>.298</td>
<td>.030</td>
</tr>
<tr>
<td>Adjusted R²</td>
<td>.026</td>
<td>.321</td>
<td>.346</td>
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<tr>
<td>Sig F change</td>
<td>.088</td>
<td>.000</td>
<td>.013</td>
</tr>
</tbody>
</table>
6.0 Discussion

In examining the relationship between CF-strategies and IT capabilities on LGAs’ service quality performance, three hypotheses were developed. The empirical results show LGAs’ service quality performance is positively associated with the use of their CF-strategies and also the level of IT capabilities. The adoption of CF-strategies has increased the amount of non financial information (e.g customer complaints and non-value added activities), enabling LGAs to improve service quality performance. This implies that a greater focus by management on CF-strategies requires the use of more relevant information facilitating prompt reaction of the management of LGAs to customers’ queries or complaints and to anticipate customers’ needs. There is an inference that over-emphasis by LGAs on ‘economic rationalism’ (i.e., cost savings, downsizing of operations and increasing user-pay services), without attention to CF strategies, will result in poor service quality by LGAs to their customers.

A further result of this study reveals strong support for the positive influence of IT capabilities on service quality performance. High level of IT capabilities enables LGAs to perform services with greater speed, more accuracy and more convenient ways for the customer. Introduction of modern IT method/technique of public service delivery introduced by the LGAs such as e-payment, one-stop centre and the reduction of processing time has led to faster, prompt and higher level of service quality. The findings further offer new practical insights into the moderating role of IT capabilities on the effectiveness of CF-strategies. They suggest that the relationship between CF-strategies and organizational performance is stronger for organization with higher IT capabilities. This indicates that these two variables and their interaction, are important factors pertinent to the service quality of LGAs. The finding implies that IT capabilities in combination with CF-strategies enhance an organization’s ability to rapidly develop and deploy more innovative customer-focused techniques or processes to enhance performance (Clark, Cavanaugh, Brown, & Sambamurthy, 1997).

LGAs with low level of IT capability as characterized by lack of IT infrastructure, IT experience and usage of IT are unlikely to be able to fully manage, process, store and retrieve information efficiently. The daily traffic of voluminous information necessary to deliver customer services, and critical for problem solving would get choked in the system. Customers needs would not be fulfilled in time. On the other hand, LGAs with high level of IT will be able to utilize this enormous amount of information through the efficient processing machinery of IT deployment. The results of this study support the hypothesis that when CF-strategies and IT capabilities are developed simultaneously, they positively affect organizational performance. This finding is consistent to the argument put forward by Barney, Wright, & Ketchen (2001) who suggest that the synergy between two or more resources will create sustainable competitive advantage.
7.0 Managerial Implications

This study contributes to managerial implications for managers especially in LGAs setting. First, it encourages managers to invest in terms of time, money, commitment and other resources to implement CF-strategies. Based on this study, the higher the level of CF-strategies, the higher is the ability of LGAs to deliver quality service. Second, this study highlights the importance of ensuring supporting organizational context or the effective implementation of CF-strategies. Evidence from this study suggests that organizations should develop IT support in order to further benefit from the CF-strategies activities. It is vital for LGAs to make inroads to gain the confidence and trust of the public. Profit making may not be the primary role goal of LGAs but service delivery is of paramount importance.

8.0 Limitation And Future Research

However, several limitations of this study should be emphasized. First, to measure the variables, respondents were asked to rate subjectively on a seven point Likert scale. These evaluations are subject to personal bias and judgment errors. Future research should include data collection from multiple sources. Second, this study provides a cross-sectional picture at a single point in time, which means the recommendations are applicable only if external variables are unaffected. Nonetheless, the findings of the consequences of CF-strategies on service quality performance do shed light on the understanding of the impact of CF-strategies activities. Third, the sample was drawn from a single industry, namely LGAs. Although this sampling frame allowed to control for environmental factors and to provide results for major sector, the findings may not be generalizable to other public sector organization. Replication of this study by further research on LGAs in other countries and in different government jurisdictions would help to determine the generalizability of the combined influences of CF-strategies and IT-capabilities on the important public sector issue of service quality.

9.0 References


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