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THE IMPACT OF PRIVATISATION ON CUSTOMERS' SATISFACTION IN SERVICE AND COMMUNICATIONS OFFICES OF TABRIZ

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Abstract *Governments in recent decades have performed privatisation to receive to high efficiency and economic growth, entrepreneurship, customers'satisfaction and to implement decentralisation policy. So, establishing service and communications offices in Iran has been mentioned in order to achieve these policies. As customers' satisfaction is one of the most important indexes of privatisation success in customer and offices perspective, this descriptive study wants to investigate the impact of privatisation of service and communications offices on customers' satisfaction in Tabriz city. There are 88 private service and communications offices in Tabriz whose customers are our statistical population; and we use cluster sampling to select our statistical sample. Data collected through questionnaire analyzed in SPSS software, and results show that privatisation increases customer satisfaction and reduce customer costs.*

Keyword: *Privatisation, Customer Satisfaction, Service and Communications Offices, Mailing Costs, Tabriz, Iran*

JEL Classification: *A12, C12, D12, L33, M38*

INTRODUCTION

In the current era of globalisation, due to advances in knowledge and technology, speed on communications and changes that created values and cultures, people expectations and political demands have affected the process of transformations in offices. Change in tastes, needs and expectations of citizens, has caused governments to look towards community with a new perspective and as a private sector client, and try to provide maximum satisfaction to them (Khaki, 2002, 23-36).

Privatisation is one of the contrivances that governments carry out in many countries to reform economic and administrative system. Critical point in privatisation, regarding various aspects including social aspects of the subject, as well as its economic aspects (Saffarzadeh, 2002, 31-33). Lack of attention to all aspects of privatisation can have adverse consequences for countries, so economic benefits will be overshadowed (Mahdaviadeli & Rafiee 2006, 31-33).

The 1980s was a tumultuously decade and full of political, social, and economic developments. The most important development of this decade was the collapse of the communist system and failure of systems with focused programme and state governments in the former Soviet Union resulting in failure of the theory of government intervention in the economy (Karimipetanlar, 2004, 106-107). Implementation of economic liberalisation policies and privatisation of services and manufacturing state-owned companies were the important actions that had taken place in developing countries in 1980s, since they had been used as contrivances to correct the administrative and economic systems (William *et al.*; Laden, 2000; Eytan & Lopez, 2000). The World Bank in order to its overall objectives in economic-social development and poverty reduction, supports privatisation. Efficient private sector can contribute more to attain to these objectives and privatisation is one of the aid supplies to private sector development. If privatisation is implemented properly and scientifically, it increase productivity and efficiency, encourages investment and creates jobs, so employment and government resources would be released for infrastructure and social programmes (World Bank, 1992, 16).

If privatisations goals and strategies are clear, it will be more successful, and it entails identifying and solving policymaking problems and necessary reconciliation in this area, identify such areas, speed of sequencing privatisation and choosing the correct method of privatisation. Unfavourable situation of owned companies in developing countries made policy-makers to privatise these companies to achieve profitability. However, the privatisation was introduced as necessary conditions for long-term economic growth (Moshiri, 2010).

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Our country had tried to implement the privatisation policy for more than a decade, so the results and positive and negative achievements need to be analysed. An extensive study should be done by specialists and scholars especially in recognition of the existing problems, difficulties, and challenges against the privatisation process. So, the present paper is through a descriptive - analytical study to investigate privatisation process in the service and communications offices of Tabriz in order to assess the impact and effects of the privatisation process in the Postal Service Offices & Communication.

THEORETICAL REVIEW

Privatisation

Beesley & Little Chayd believe that privatisation is a method to improve business performance by increasing the role of market forces, if at least 50% of public shares is assigned to private sector (Michael & Stephen, 1983,). Privatisation in its broad sense is said to be the ways of reducing government's role, leaving it to private sector and following the logic of the market in all economic decisions. An important feature of the economic liberalisation programme in recent decades is privatisation of State-owned Enterprises (SOEs) (Ghourchian & Kordzanganeh, 2008, 221).

Privatisation policy, as a part of broad policy of economic structure adjustment in the early 1980s, was implemented through limited number of industrial countries and quickly spread into other countries and economies such as economies in transition. It is already implementing in more than 110 countries. Most of the developed and developing countries implemented privatisation in twentieth century and expected that in the twenty-first century, it will continue and take a greater acceleration. Since 1980s, in nearly 100 countries over 6900 privatisation dealswere concluded such that the total gross income derived from the transaction exceeded one trillion dollars. Also the World Bank privatisation database reports over 3000 privatisation deals in developing countries. Statistics shows that privatisation revenues increased from $ 30 billion in 1990 to $ 145 billion in 1999, and during 1990s government's revenue from this policy was over $ 850 billion (Perotti & Oijen, 1999).

Privatisation effects depend on several factors such as, how to use its revenue sources. Studies show that the positive effects of privatisation are: high efficiency, financial markets improvements, production increasing and distribution of income, and wealth improvement in society. However, the researchers' study concluded that result of privatisation on employment is not clear. Furthermore, studies show that full privatisation is superior to partial privatisation (Management and Planning Organization, 2004).

During second economic, social and culture development programme, privatisation was implemented faster than other programmes, so that 73.5 percent of privatisation (5905.5 Billion RLS) belonged to second programmes. Meanwhile, the Industrial Development and Renovation Organization of Iran with assignment to 4041.6 billion (the equivalent of 50.3% of total assignments) has the first rank in privatization implementation. Statistics shows that that 71.8 percent of total assignment had transferred through securities and exchange organisation and28.2 percent had transferred using other Methods.

Many studies in the field of privatisation have been done with emphasizing indicators such as the level of product, profitability, investment, costs reducing etc. For example Megginson, Nash, & Van Randenborgh (1994) in their study for the OECD countries and Boubakri & Cosset (1998) their study on developing countries show that productivity and customer satisfaction through manufacturing and service firms significantly increased after privatisation. Souza, Nash & Megginson (2000) also show that privatisation has a positive impact on customer satisfaction.

Customer Satisfaction

According to studies, concepts of customer satisfaction and its measurement,were mentioned by Oliver in 1977 for the first time. He posed customer satisfaction as customers' enjoyable shopping experience in past.

Customer satisfaction is defined as: attitudinal judgments about the purchase. It should be noted that customer satisfaction is based on service encounter (Jayawardhen *et al.*, 1997, 8- 65). Difference between customer satisfaction and service encounter quality is that the first one is an emotional evaluation after consumption while the other is customer judgement of the customer service (Liljander & Mattson, 2002, 837-847). According to above, the customer satisfaction can be known as a need feeling that comes from the client and it is intended to satisfy customer's needs. Kotler defines customer satisfaction as a measurement that estimates actual performance of a company that tries to obviate customer expectations. It means if the company obviates customer expectations, customer satisfaction will increase; otherwise customer satisfaction will decrease (Kotler *et al.*, 2001). Two Arab scholars, Jamal & Nasser also define customer satisfaction as a feeling or attitude of a customer towards a commodity after its use (Jamal & Kamal, 2002, 146-160). Kano shared the needs into three basic, functional and motivation categories (Siskos, 2004, 334-335). Fornell raised the Swedish Customer Satisfaction Index, and 5 years later, the American Customer Satisfaction Index (Fornell, 1996, 203-211). Also Varva offers methods to measure customer satisfaction using statistical models like multiple linear regression, and cluster analysis (Varva, 1997).

Understanding the formation of positive and negative attitudes of customers towards services and their impact on buying behaviour is a fundamental theoretical problem (Davis *et al*., 1996). One of the primary purposes of marketer is to achieve customer satisfaction, because gaining customer loyalty needs his satisfaction. Customer satisfaction indicates the quality of marketing decisions. To clarify the customer satisfaction, three conditions are necessary: 1) expectations should be formed, 2) assessments should be formed, 3) expectations and assessments allow direct comparison (Goode *et al*., 1996).

METHODOLOGY

This article tries to investigate the impact of privatisation on customer satisfaction and also the impact of privatisation on Postal Service Offices' customer costs. So, these questions are posed: 1. What is the impact of privatisation on customers' satisfaction in Postal Service Offices? 2. Does privatisation increase customer costs in Postal Service Offices?

Answering these questions, we study the dimensions of service quality provided by post offices and examine the relationship between these dimensions and customer satisfaction.

Because there is no appropriate theoretical model for this study, our methodology is both exploratory and confirmatory. Also quantitative tool of this study is developed by filling questionnaires and reviewing past studies. Due to financial constraints, statistical population of research is only Tabriz. So, all of the postal and telecommunications offices that are located in Tabriz (88 units) are our statistical population. According to distribution of postal services offices we can't access all customers of postal and telecommunications offices, thus we use cluster sampling to select our statistical sample. We select 308 people due to the sampling criteria (95% statistical confidence level is 1.96, the sampling error is 0.05 and the highest variance is 0.2) using the following formula:

$$n = \frac{z_{\frac{a}{2}}^{2} \times \delta^{2}}{e^{2}} = 308 \qquad (1)$$

The initial questionnaire includes four demographic questions, eight questions to measure satisfaction, five questions to measure costing, and four questions in order to develop the postal service offices. Also we use experts' and professors' opinions to check the validity of the questionnaire. For this purpose, designed questionnaire was given to several university professors and after the comments of experts, some of the questions were modified. Finally the questionnaire was approved at a high level.

DATA ANALYSIS

In this study, we use appropriate statistical methods of descriptive and inferential method to analyse data (according to research and data collection methods).

The results of descriptive analysis of demographic in the case study are as following tables:

Table 1: Demographic of the Respondents

Man	61 percent
Woman	39 percent

Table 2: Age of the Respondents

Age	**Younger than 25**	**Between 25 -35**	**Between 35 -45**	**Between 45 -55**	**Older than 55**
Percent	8	23	29	24	16

Table 3: Education Level of the Respondents

Academic	24 percent
Non-academic	76 percent

According to SPSS software results, the average of questions (options medium, high, very high) of all variables are significant at a 5% significance level as presented in Table 3. So, we conclude that all the above questions are effective factors in postal offices and communications' privatisation. Also, as results show that customers prefer private postal service and communications offices, it costs to government offices cost.

CONCLUSIONS

According to the research results, there are many indexes to measure success of privatisation, but customer's satisfaction is one of the most important indexes in customer and offices perspective, which is considered as value for customer and offices. Custodians all over the world accept privatisation and sometimes go so far as to create virtual organisations to provide services. However, this approach is not prevalent in Iran, so we study customer satisfaction in offices that were government offices mobile communications as the first operator, but now private sector manages them.

Generally customer satisfaction is the top-rated factor in service sector; in other words, customer satisfaction is the most favourable factor in service sector; but unfortunately public sector, because of some considerations, obstacles and challenges, can't pay much attention to customer

Table 4: Results from SPSS Software and Calculated "t" for Each Question

Questions	Average	Calculated t	Significance Level
Living near the service and communications offices	4.53	15.117	0.001
Geographic distribution of service and communications offices	4.46	16.322	0.000
Refer to service and communications offices	4.21	15.201	0.003
Customer satisfaction about the service and communications offices environment	4.1	15.439	0.001
Service and communications offices' Staffs behaviour with customers	4.33	16.522	0.012
Equipment used in the service and communications offices	4.41	15.261	0.004
Response time and servicing in service and communications offices	4	15.412	0.000
Customer satisfaction about the service and communications offices environment (compared with other organisations)	4.06	15.739	0.002
Customer satisfaction about the service and communications offices' development	4.11	16.544	0.000
Success of government in developing E-government creating service and communications offices	4.09	15.236	0.011
Adaptation rates of service and communications offices activities with E-government	4.67	15.321	0.005
Degree of agreement about service and communications offices development	4.81	16.291	0.001
Customers confidence toward the service and communications offices	4.17	15.012	0.004
High costs of postal and communicative services	4.04	15.73	0.018
Customers preference to service and communications offices toward other non-private postal and communications offices	4.28	16.554	0.031
Reduction of governments cost because of development of service and communications offices	4.54	15.23	0.000
Time-saving of service and communication offices customers	4.62	15.327	0.008
Customers satisfaction about service and communication offices costs	4.43	16.006	0.025

satisfaction. So governments develop effective strategies such as privatisation to increase customer satisfaction in service sector. Meanwhile, in Iran, government adopted policies based on transferring ownership of some parts of public services from the public sector to the private sector, such as E-government, insurance, hospitals and service and communication offices services. Also, government adopted policies to develop private banks and private universities that have important role in the economic and social development.

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