

New Public Management Strategy and Customer Satisfaction in a Public Utility: The Case of National Water and Sewerage Corporations Uganda

Sylvia Tumuheirwe Alinaitwe¹, Iva Buljubasic², Alfred Okot-Okidi³

^{1,2,3}Swiss School of Business and Management (SSBM), Geneva, Switzerland

ABSTRACT

This study aimed to investigate the impact of New Public Management (NPM) strategies (Managerial Autonomy, Accountability, International Autonomy, and Financial Autonomy) on the satisfaction of NWSC customers. Additionally, the study determined whether trust was a crucial dimension in driving customer satisfaction. The study was conducted in two phases. In phase one, a qualitative research design was employed to gain information from 30 purposely selected National Water and Sewerage Corporation managers through interviews. Data was analyzed using N-VIVO. This information formed the basis for phase two, a cross-sectional research design to collect data from a systematic sample of 380 respondents using questionnaires.

The study revealed a significant positive relationship between service provider responsiveness and user satisfaction. The Pearson's Correlation test statistic = 0.655 was significant at $p < 0.01$ level (2-tailed). The analysis shows that higher service provider responsiveness scores go with higher water-user satisfaction scores. This finding suggests that perceived benefits to water users is linked to customer-oriented reforms. Furthermore, the study explored the relationship between responsiveness and loyalty. Pearson's Correlation test statistic = 0.629, which is significant at the level for a 2-tailed test (prediction), indicates the relationship is positively significant at $p < 0.01$ level (2-tailed). The results generally indicated that, as service provider responsiveness increases, user loyalty also increases. Loyal attitudes to the water service provider include willingness to change provider if there was the opportunity, rating the amicability of relationships with front-line staff, including managers, and perception of whether the public utility is delivering on its mandate.

Furthermore, behavior or loyalty includes a willingness to pay, which is rated as a critical factor for revenue improvement. However, when the study tested the relationship between satisfaction and loyalty, the relationship is negatively associated at $p < 0.01$ Level (2-tailed), and therefore, the hypothesis is not upheld with Pearson's Correlation test statistic = -0.537, which is significant at the level for a two-tailed test (prediction). The actual p-value is shown to be 0.000. This implies that the prediction that increased water-user satisfaction would positively influence loyalty does not hold, suggesting that even satisfied water users are not necessarily loyal to the NWSC. Therefore, to attain customer satisfaction, NWSC may not necessarily have to think that satisfaction would lead to loyalty. Clear policies must be in place to continually improve service delivery and enhance the various drivers of loyalty.

Keywords: New Public Management; customer Orientation; Market orientation; Customer Satisfaction.

1.0 Introduction

Globally, privatization was part of the new policy agenda in the 1990s. According to Aktan (1995), privatization is the sale of a publicly owned enterprise's (POE) assets or shares to individuals or a private firm. This policy was, in part, aimed at enhancing the ability of the global south to pay their debts owed to the northern countries. Other components of the agenda were liberalization and democracy. The assumption was to cut government expenditures and allow private initiatives to thrive.

In Uganda, privatization was primarily fueled by the continued poor performance of State-Owned Enterprises (SOEs). By the 1980s, Uganda had become like a punched hole, draining away resources through subsidies from the Government budget. Privatization of state enterprises in the 1990s had become a central feature of the general reform program, placing state-owned enterprises (SOEs) on the market for sale. This came to be known as a strategy for promoting fundamental change. National Water and Sewerage Corporation (NWSC) was one of the key parastatals that was not privatized owing to its strategic importance to the National Strategic Goals (NDP III) and Sustainable Development Goals (SDG 6), which commit to achieving access to affordable, clean, safe drinking water for all by 2030. The corporation was also not privatized because it was already implementing Performance Improvement Reforms (PIR).

Otage (2015) asserts that by 2005/2016, NWSC announced plans to start servicing some of Uganda's rural areas; furthermore, the corporation also had plans to connect services to 12,000 villages. It should be noted that NWSC's geographical coverage grew from 236 urban centers as of June 2018 to 258 as of June 2021, with an estimated water service coverage of 78% and sewerage service coverage of 23%. Expansion of the water pipe network also grew by 68%, from an average of 1,273 Km per annum in the period (2015 - 2018) to 2,135 km in the FY 2019/20

There is emerging consensus that poorly performing public utilities need fundamental change to meet increased water demand (Berg, 2008; Ohemeng, 2010; Fine, Ben, and Kate Bayliss, 2008; Shirley, 2002). However, no explicit agreement exists about the most suitable reforms and how they can be initiated and implemented to achieve the desired objectives in different contexts. The ongoing debates on urban water reforms are generally critical of whether NPM-inspired reforms that include introducing customer-responsive water services can improve urban water supply for all rather than just for some. Further, several concerns related to ideological and normative debates try to ascertain whether access to urban water supply should be regarded as an economic, political, or human right. The consensus in these debates could help determine the most viable urban water delivery alternatives (Nickson & Franceys, 2003; McDonald & Ruiters, 2005; Boag & McDonald, 2010).

The above perceptions have wide-ranging policy implications for poor water supply that affect people's quality of life and their productive capacity, constraining the achievement of Millennium Development Goals (MDGs) (Wanyakala, 2011). Further, the centrality of water to all dimensions of human activities, like food production, including 70 percent of our bodies, should not be taken for granted. Therefore, ensuring an appropriate water supply, especially in rapidly growing urban areas in low-income countries, inevitably becomes a policy and research priority. The study, therefore, seeks to establish a relationship between service provider responsiveness and customer satisfaction, service provider responsiveness and customer loyalty, and to assess the effect of service provider responsiveness and customer loyalty.

Research Objectives

The study sought to achieve the following research objectives

1. To what extent does the New Public Management Strategy influence market orientation?
2. What factors are influencing customer satisfaction at National Water and Sewerage Corporation?
3. To what extent does trust influence customer satisfaction?

Research Hypothesis

H1 There is a positive significant relationship between reliability and tangibility in service delivery.

H2 There is a positive relationship between a provider's responsiveness and reliability in service delivery.

H3 There is a positive relationship between user satisfaction and trust.

2.0 Theoretical Framework

Two theories underpin the study. The primary theory underpinning the study is the Upper echelons theory. The central premise of the upper echelon's theory is that people who make decisions (for instance, a company founder) are in a position to shape the firm's strategic direction and, to a given extent, influence the firm's performance (Hambrick & Mason, 1984). This theory is premised on two perspectives: Executives' actions are based on their understanding of their strategic choices. The second perspective is that these standpoints emanate from their experiences, principles, and personal characteristics (Hambrick, 2007).

The secondary theory underpinning this study is the game theory. According to Von Neumann et al. (2008), game theory is economic behavior. Game theory views strategies and their implementation as rules and a necessity in business games. It is a functional description of how rules are used or implemented to achieve desired outcomes.

2.1 Literature Review

2.1.1 Customer orientation policy in the public sector

In public service organizations, it's critical that optimization of innovative policies, processes and services is achieved. (Gieske, H., Duijn, M., & Van Buuren, A. (2020). New Public Management (NPM) concepts borrowed from the private sector provides a framework for understanding customer orientation as a strategy that considers user preferences and satisfaction as the driving force for designing and delivering responsive services.

Understanding customer-oriented reforms includes ensuring consumer sovereignty; promoting client consultation, participation, and involvement; collaboration, co-production, and facilitating the management of service-user feedback to enhance provider responsiveness in service delivery (Domi, S. et al., 2020; Powell et al., 2023;). Scholars have argued against erosion and undermining public sector values in favor of private interests (Lampropoulou, M. 2020; Lara-Morales et al., A.,2024). A helpful way of dis-aggregating forms of customer orientation that range from very narrow to broad interpretations of the term is suggested by Bruhn (2023), and it involves three kinds of interpretation.

Several scholars have stated that customer orientation goes beyond satisfying the customer. Emphasis on values, norms, and convictions that shape the service design and delivery is key (Madhani et al., 2020.; Adusei C. et al.,2020.). This understanding views customer responsiveness as part of a corporate culture that promotes not only the company's corporate image but also its individual employees' positive behavior in dealing with customers. The third form of customer orientation is based on service quality

and differs from the first two forms. The first two conceptualizations address only customer orientation from the organization's standpoint, while the service and interaction-based understanding also considers the customers' perspective. The challenges that come with balancing service complexity, revenue generation, and cost recovery while at the same time responding to social obligations is a daunting task for public managers if they are to be judged holistically in terms of responsiveness to critical stakeholders, especially the customers.

2.1.2 Customer focus in Private and Public Sector

Over the decades of implementing NPM, there have been conflicting views about why customer focus is assumed not to be appropriate for the public sector, and these are based on the understanding that there are different objectives for customer orientation in the private sector (Kim et al., et al., 2022). The overall goal for customer focus in the business sector is different, as private managers strive to make profits for shareholders by capturing customers and retaining them, sometimes through marketing strategies that border on manipulating consumer behavior patterns (Fox, 2021). According to Antonio, P. G. J., Vicent, A. L., & Ramón, F. P. (2022). Several studies among water bottling companies indicate that through intensive marketing techniques, bottled-water firms have successfully hoodwinked the public into believing that the so-called mineral water they have got from the tap, refined and bottled is superior to ordinary tap water.

2.1.3 The stakeholder involvement in customer reform policy formulation

Focused designs of reform strategies are credited to management's willingness to involve a broader spectrum of stakeholders to gain consensus and legitimize the reform process. Therefore, discussing policy content was an essential strategy for marketing and creating broad ownership of the reforms. The customer service reforms were mainly marketed through regular press releases to the media, responses to media reports, and corporation newsletters that were widely distributed to different stakeholders. One of the obstacles to reform was the fear of possible privatization and subsequent loss of jobs, and that had to be overcome through assurances that all stakeholders' concerns would be fairly managed but with challenges. Generally, customer service reforms were justified as the only way to enhance the corporation's tainted reputation, which was characterized by high customer dissatisfaction.

It should be noted that the economic reforms in Uganda attracted considerable stakeholder participation, mainly because the government intended to embrace a transparent approach to these reforms to reduce resistance to change (NRM Ten Point Programme, 1986).

It is common in developing countries like Uganda that donors in liaison with governments ultimately determine the policy management processes mainly because they control resources, have sector knowledge, and dominate strategic policy inputs. For example, in the case of NWSC, the World Bank Report (1998), in its assessment of water sector needs, it reported that despite the investment of over US \$ 100 Million in infrastructure development and maintenance, there was still a substantial unmet water demand.

It suggested that a commercial approach and strict financial strategy to turn around the corporation were the obvious reform priorities, given that continued government subsidy support could no longer be guaranteed. This quote by the World Bank in 1998 exemplifies the situational analysis that has shaped NWSC reform policy: *"Over the last ten years, the GOU in partnership with the World Bank and other donors have made significant investments (over US \$ 100 million) in the Urban Water and Sewerage sector. These investments have contributed immensely to rehabilitating the existing infrastructure under the NWSC management. Unfortunately, these investments have not been matched with the necessary*

efficient commercial and financial management capacity to deliver sustainable services in the medium to long term".

3.0 Research Methodology

3.1 Research Design.

The study employed a mixed research design, which was conducted in two phases. Phase one was qualitative.

The second phase of the study was Quantitative. Three hundred eighty household respondents who consume domestic water were involved in the study as a sample. The questionnaire was also subjected to validity and reliability tests. All the constructs passed the minimum threshold for validity and reliability of the instruments (Cronbach's alpha coefficient >0.7). Data was analyzed using SPSS V20, which helped generate quantitative outputs.

From the two phases, the study triangulated the responses from both qualitative and quantitative to give a fair view of the study findings.

4.0 Empirical Findings

The study revealed that water leaks and cuts of water supply lines constitute most of the complaints reported at NWSC, while other minor problems reported have been largely resolved. However, for this type of analysis, there is a need to have a more detailed analysis of trends in reported cases that are responded to within a particular time frame, as set out in the customer charter. An attempt by the researcher to get the exact drivers of this trend was critical in the study. The leakages and water main lines tampered with constituted the main complaints, and they were prioritized for immediate action to reduce customer complaints of no water, which were likely to make them dissatisfied. In brief, the finding discovered that enhanced customer voice can trigger enhanced provider responsiveness. Therefore, there is a need for managers of urban water supply, especially in a monopolistic situation, to focus on analyzing complaint trends to improve their performance of reliable service.

User satisfaction: The study used attributes that measured 42 items in number, and they were generated during the preliminary investigation stage (item generation, item reduction, and pretesting) before the actual piloting of the final questionnaire. In the piloting, the reliability and validity of the questions were established using Cronbauch's coefficient alpha test. This approach generated interval data that is amenable to correlation and regression analysis. The items rated by household heads on National Water supply briefly included: time taken to do repairs, the taste of water, adequacy of water supply, billing convenience and accuracy, metering efficiency, reasonableness of tariffs, complaint management, connection and re-connection convenience, ease of payment procedures, accessibility of NWSC offices, staff working hours, perceptions of staff knowledge on customer needs, and rating of the reputation of the NWSC.

It should be noted that the technical aspects of cost-effectiveness, i.e., quality standards and resource implications for improving urban supply, were not captured and rated, as they were believed to be beyond the knowledge of water users, who were predominantly lay people. However, from the customer perspective, the various items provided a fair view of salient issues that affect urban water supply.

Based on the above indicators, it was predicted that water service provider responsiveness would increase users' satisfaction. Therefore, the second research objective was to find out whether there is a significant positive relationship between provider responsiveness and user satisfaction.

4.1 Correlation between provider responsiveness and user satisfaction

The study revealed that Pearson's Correlation test statistic = 0.655 is significant at the level for a 2-tailed test (prediction).

Table 1 below shows that the relationship is significant at $p < 0.01$ level (2-tailed), which is a positive correlation. Therefore, Hypothesis 2 was upheld.

Table 1: Pearson correlation results for responsiveness and user satisfaction.

Variable		
Provider responsiveness	Pearson correlation	0.655
	Sign (2-tailed)	$P < 0.01$
	N	380
**. Correlation is significant at the 0.01 level (2-tailed).		

Source: Primary data, 2023

The analysis shows higher scores on service provider responsiveness go with higher scores on water-user satisfaction. This finding suggests that household water users whose concerns are responded to are likely to be satisfied. It also suggests that perceived benefits to water users are linked to customer-oriented reforms, among other reforms.

4.2 Relationship between service provider responsiveness and loyalty

It was predicted in this study that enhanced service provider responsiveness could impact water user loyalty. It was therefore hypothesized that there could be a significant positive relationship between Service provider responsiveness and user loyalty.

In this scenario, attitudinal loyalty and behavioral loyalty were measured separately because of how they are influenced and evidenced. Attitudinal loyalty is the demonstration of passive preference for the service provider. In contrast, behavioral loyalty includes implementing the loyalty relationship by recommending the water service to potential customers, being willing to pay bills, and preferring to remain using NWSC water services despite some shortcomings.

Loyal attitudes towards the water provider includes willingness to change provider if there was the opportunity; rating the amicability of relationships with front-line staff, including managers; perception of whether the public utility is delivering on its mandate and reform objectives; the extent of collaborative attitudes to the NWSC as demonstrated by willingness to recommend NWSC water services to potential customers; and generally agreeing that the NWSC is a reputable company.

Behavioral or action loyalty includes a willingness to pay, which is rated as a critical factor for revenue improvement. The other items rated briefly include possible defection from the NWSC if there was a better competitor; avoiding switching risks by staying with the NWSC supply despite some shortcomings; concurring with and supporting the public image of the corporation; reporting water supply anomalies such as thefts; evidence of recommending the service to friends; finding NWSC policies acceptable; recognizing that being loyal to their water provider is beneficial and agreeing to obey demands from the NWSC, for example by prompt payment of bills. It was further assumed that service provider responsiveness, reflected in improved services and feedback, could increase water user loyalty to the NWSC. Therefore, the second research objective was to show the relationship between service provider responsiveness and user loyalty.

Pearson's Correlation test statistic = 0.629, which is significant at the level for a 2-tailed test (prediction).

Table 2 shows that the relationship is positively significant at $p < 0.01$ level (2-tailed). The results generally indicated that, as a service provider's responsiveness increases, user loyalty also increases, which is a positive correlation. A correlation for service provider responsiveness, attitudinal user loyalty, action loyalty, and significance levels was also equally positive at a level of $p < 0.01$ level (2-tailed). In this case, the results indicated that as service provider responsiveness increases, attitudinal user loyalty also increases, which implies that as service providers become more responsive to users, users also become more loyal to providers.

Table 2: Pearson correlation for the service provider responsiveness and loyalty.

Correlation between provider responsiveness and user loyalty					
		Response	Loyalty	Attitudinal Lo	Action Lo
Response	PC Sig.(2-tailed) N				
Loyalty	PC Sig.(2-tailed) N	.660** $p < 0.01$ 380			
Attitudinal Lo	PC Sig.(2-tailed) N	.475** .000 375	.776** $p < 0.01$ 375		
Action Lo	PC Sig.(2-tailed) N	.629** $p < 0.01$ 380	.974** $p < 0.01$ 380	.636** $p < 0.01$ 380	1.000 380

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

Source: Primary data, 2023

Customers become more loyal because they expect such responsiveness from the organization to be the norm. The result suggests that higher scores on responsiveness go with higher scores on loyalty, which also means that as service providers become more responsive, the NWSC customers also become more loyal.

The data also shows that, as responsiveness increases, household water users behave significantly more positively to the service provider, as demonstrated by customers being on NWSC supply or willingness to pay bills due to satisfaction derived from timely responsiveness.

This finding supports the prediction that due to the NWSC's unwavering commitment to ensuring responsiveness to voice, its customers will recommend the NWSC to potential customers, regardless of its monopoly and frequent service failures. Therefore, this finding provides further evidence about the NWSC's steadfast commitment to becoming more customer-oriented, as perceived and rated by household water users.

4.3 Relationship between user satisfaction and loyalty

The study's fourth objective was to investigate the crucial relationship between user satisfaction and loy-

alty. The initial water service improvements were assumed to have contributed to user satisfaction, thereby fostering loyalty and trust. The analysis merged the indicators for attitudinal and behavioral water user loyalty to measure the variable as a unified entity. The research predicted a positive correlation between user satisfaction and household water user loyalty and trust in the water services offered (Hypothesis 3).

Table 3: Correlation between user satisfaction and loyalty

Variable	User satisfaction	
User Loyalty	Pearson correlation	-0.537
	Sign (2-tailed)	P<0.01
	N	380
**. Correlation is significant at the 0.01 level (2-tailed).		

Source: Researcher's work, 2023

The study revealed that the Pearson's Correlation test static = -0.537, which is significant at the level for a two-tailed test (prediction). From Table 3 above, the relationship is negatively associated at $p < 0.01$ Level (2-tailed); therefore, hypothesis 3 was not upheld. It implies that the prediction that increased water-user satisfaction would positively influence loyalty and trust does not hold, suggesting that even satisfied water users are not necessarily loyal to the NWSC.

If there is another water service provider, such clients would easily switch their loyalty to another that can provide a better service. The data shows a negative correlation between user satisfaction and loyalty to the NWSC, which implies that higher user satisfaction scores go with lower loyalty scores.

It is indeed surprising that despite the positive correlation with service provider responsiveness, satisfied customers are not loyal to the NWSC. This contradicts the predicted positive relationship. The analysis may not have considered the possibility of variations in water service operational challenges or attributes that may lead to satisfaction but do not necessarily induce loyalty, given the monopoly situation where choices are limited.

Therefore, National Water customers within a particular geographical location may inevitably devise ways of coping with service failures by switching to alternative water sources like installing rainwater harvesting tanks, sinking motorized boreholes, digging shallow wells, etc. The alternative argument is that despite no credible competition, satisfied customers are loyal and supportive of reforms intended to improve water services provision.

This somewhat surprising relationship between household water user's satisfaction and loyalty may also have originated as a result of the weakness of questions adopted from a competitive environment for use where recommendation by word of mouth, without any credible competitor, makes the choice of exit from the service irrelevant, whether or not there is satisfaction. Loyalty in a monopoly situation is automatic and does not need to be motivated by any level of satisfaction.

This implies that the ultimate dependent variable should be customer satisfaction, focusing on enhancing loyalty, as there is no credible competition to which customers can decide to defect when highly dissatisfied. It should be noted that customer satisfaction triggers a positive transformation into customer loyalty within a monopoly situation because customers will not perceive themselves as being held hostages or captives by the NWSC, irrespective of the potential of service failures. On the contrary, some degree of user loyalty in a water monopoly is necessary to establish some degree of caring attitude, even if it is not directly motivated by household water user satisfaction.

This last consideration needs urgent attention, as some water users resort to other water sources and other measures, including stealing water through illegal connections, tampering with bills, vandalizing water meters, and frustrating the timely collection of payments. The perception that loyalty is taken for granted where there is no viable competition to give enough motivation to providers to be responsive to the user's voice may need further investigation.

The motivation to focus on customer loyalty in the public sector as a source of revenue could be promoted by applying performance-based pay, internal competition, rewards and sanctions, and external contractual relations that could put organizations under pressure to perform. The emerging general explanation from the results indicates that user satisfaction is not necessarily positively associated with user loyalty, partly because the NWSC is a statutory monopoly with no viable competitor against which better outcomes can be evaluated.

The literature suggests that a household with an alternative water source will be less willing to pay for services, regardless of satisfaction, as loyalty to one provider cannot be guaranteed. This implies that well-to-do water users do not consider the switching costs; however, in the Ugandan context, where there is one public provider in major towns, this may not be applicable.

The interview sessions suggested that households use alternative sources of water supply for various reasons, among them low cost, the NWSC's past poor record of performance, and being far from water mains supply, and these features are expected to lead to low satisfaction and loyalty ratings. On the other hand, households may be able to pay for services; however, they may perceive utility water to be expensive in the short run because of associated connection costs, regular pressure to pay, etc. Another reason could be that households consider an alternative water supply more accessible and convenient.

In the case of disconnection or failures in the water supply, resorting to alternatives such as harvesting rainwater, buying from vendors, digging shallow wells, and using motorized boreholes is common. One of the NWSC staff interviewed noted that how water users view the need for water alternatives affects the viability of the NWSC as a water provider.

For this reason, management is pressurized and tries to keep users satisfied to reduce the need for alternatives whose health and environmental outcomes may not be guaranteed. This tends to undermine the statutory mandate for effective and efficient water sector management, which has, in the first instance, been one of the main drivers of reform.

5.0 Discussions of results

The main purpose of this section is to show how the survey results have substantially provided insights into how customer service reforms are operating, as perceived and rated by household water supply users in Kampala in particular. This understanding was to help establish the extent to which the NWSC is rated from the user perspective as being customer-focused, with changed outcomes as a result of reforms. This reiterates the necessity and relevance of customer-focused reforms in the water service sector.

Therefore, this section summarizes the results according to the hypothesized relationships between the key variables and uses the evidence to determine whether NWSC household water users are more satisfied and loyal due to responsiveness to voice reforms.

5.1 The relationship between service provider responsiveness and user satisfaction

The investigation of the above variables was motivated by the argument that managers in urban public water services had neglected to focus on responsiveness to users in the past, thus affecting their

satisfaction, hence the outcry for reforms (Fine, Ben, and Kate Bayliss, 2008; Jaiswal & Niraj, 2007; Lam et al., 2004).

Therefore, the second proposition of the survey states that *There are significant positive relationships between provider responsiveness and user satisfaction*. The theoretical assumption behind the hypothesis is that increased intensity of provider responsiveness is significantly associated with increased household water user satisfaction. The results show that satisfaction scores increase correspondingly as responsiveness scores increase, meaning more user satisfaction is experienced and expressed with increased water service provider responsiveness.

This relationship provides a sound basis for discussing the changes in water supply in the NWSC context. The argument that services should be intentional to benefit users can be sustained if the reforms prioritize customers' interests above other competing operational and key stakeholder priorities.

In line with the preceding position, the finding suggests that satisfied household water customers in the NWSC perceive the water providers to be responsive to their demands, which is an appropriate institutional service utility reform. Similarly, responsiveness has the potential to trigger user satisfaction due to good customer handling and improved service delivery.

In this case, total responsiveness is conceptualized beyond voice feedback on critical incidents to include actual service improvements and complaint redress. However, it is also important to recognize that responsiveness intensity may be higher on cost-effective service attributes.

In contrast, uncontrollable attributes that could lead to dissatisfaction may not be attended to due to resource constraints or lack of capacity (Haque, 2017). The user survey has overwhelmingly supported the suggestion that applying customer preferences in service management will likely reduce bureaucratic inertia and constraints resulting from supply-led management and produce more customer responsiveness in water supply. Based on further research in different sectors, this enhances the possibility of generalizing to see whether enhancing user voice and service provider responsiveness could be a valuable reform strategy in improving water supply.

Suppose private organizations applied the same strategy to recognize challenges. In that case, the possibility of applying the same principles in the public sector, as demonstrated in this case, provides good insights into the ongoing NPM reform debates, particularly about developing countries such as Uganda.

5.2 The relationship between service provider responsiveness and user loyalty

The study of whether service provider responsiveness is related to user loyalty was influenced by the thinking that managers in urban public water services had in the past ignored this relationship, which had reduced service user satisfaction and therefore ignored customer loyalty, which contributed to negative feelings about paying for inadequate water services (Kayaga et al., 2008; Mugabi, 2007).

Therefore, the third proposition of the survey states that *There are significant positive relationships between provider responsiveness and user loyalty*. The assumption behind the hypothesis was that increased intensity of provider responsiveness to household water users is likely to enhance their attitudinal and behavioral loyalty. The findings show that, as the scores of responsiveness increase, those of attitudinal and behavioral loyalty also correspondingly increase.

This is not surprising because responsiveness in the broad service that induces feedback and actual service improvements is likely to affect service users' expression of loyalty to the service provider, irrespective of limited competition. Experience shows that highly successful companies become

monopolistic even in the competitive private sector because they capture the market or customers through their experience, performance superiority, and excellence in caring for customers.

In a monopoly situation, a dissatisfied and disloyal customer base is undesirable, as customer cooperation is key to organizational revenue streams for sustaining service delivery. The relationship between responsiveness and loyalty has rarely been addressed in the public service literature, and the focus on this relationship is, therefore, important in understanding reforms.

The analysis of service provider responsiveness and user loyalty was divided into relationships with attitudinal loyalty and those with behavioral loyalty, and both were associated positively with increased service provider responsiveness. The implication is that customer orientation reforms in the NWSC are associated with service responsiveness, which has influenced user satisfaction and, therefore, loyalty.

The predicted causal chain from the business literature (Drucker, 2004; Naver & Slater, 1994) mostly, with some exceptions, suggests that there is a significant direct relationship between service provider responsiveness and user loyalty. Further, the psychological and social effects of handling customers humanely are likely to trigger intimacy with the provider in its own right as a part of a social exchange that benefits both parties as it enhances commitment and trust.

Overall, the results suggest that as service providers become more responsive to service users, the potential for the latter to be loyal to the former increases, which is a good service outcome in itself and a potential measure of the extent of customer orientation.

5.3 The relationship between user satisfaction and loyalty in urban water supply

The analysis of the user satisfaction and loyalty relationship was due to the popular argument that public managers in urban water services have not adequately understood the significance of this relationship (Spiteri & Dion, 2004). This is especially so where prevalent customer dissatisfaction has interfered with the urge for service users to be loyal to the provider, with cost implications.

There is a strong consensus in the business literature that user satisfaction and loyalty are strongly associated, making the difference in attracting and retaining a profitable customer base. However, there is general skepticism about this relationship being valuable in the public sector, where the long-term sustainability of most monopolistic services is the overriding goal, rather than profit alone and individual satisfaction (Fox, 2001; Aberbach & Christensen, 2005; Needham, 2007).

Therefore, on the balance of probabilities, this relationship could go either way in urban public water supply where competition and customer freedom to choose and exit are encumbered by public service characteristics and organizational settings that tend towards monopoly. Therefore, the fourth proposition of the survey states a significant positive relationship between user satisfaction and loyalty. The findings show that there is a negative correlation between the scores of satisfaction and loyalty.

This means a contradictory finding where, as the satisfaction scores increase, the loyalty scores decrease. The explanation for this may lie in data analysis or in the inevitability of some service breakdowns that have to be put up with where there are no credible alternatives. Some studies support these findings, such as Hirschman's theory that loyalty in a monopoly situation is not relevant, as service users are held captive but have the alternative of voicing their concerns with the hope of triggering responsiveness.

However, this line of argument runs counter to earlier research findings in Uganda, which established that customer satisfaction was positively associated with loyalty, although it was among small water providers in small towns excluding Kampala (Kayaga, 2002; Mugabi, 2007).

6.0 Conclusion

According to the literature, a customer-oriented organization must exhibit strong evidence of being responsive to user voices as a strategy for implementing demand-oriented services to supplement the existing supply-led reforms for better service outcomes like user satisfaction and loyalty. The case of NWSC, as evidenced by the findings above, has demonstrated that customer orientation reforms (NPM) have contributed to establishing complaint handling mechanisms, among other channels, and correspondingly enhanced feedback mechanisms that have positively impacted the user-provider relationship as a result of continuing customer service reforms. As a result of reforms (NPM) and enhanced responsiveness to users, the water service has improved from the user perspective in some aspects, representing an overall relative improvement but with some acknowledged shortcomings that still need to be addressed.

The short-term improvements have enhanced household water satisfaction, and service provider responsiveness has contributed to household water user loyalty. However, the relationship between user satisfaction and loyalty in the NWSC monopoly situation remains a potential area for further research. The possible explanations for this paper's results are inconclusive and, therefore, a potential area for further research.

7.0 Limitations of the study

While NPM focuses on integrating good business practices from the private sector to enhance service delivery in the public sector, applying NPM in public utility companies can have mixed results. While the study was done at NWSC, the company is a monopoly in the water sector and hence has to balance profit and service provision. Another limitation is that given that NWSC customers do not have an alternative service provider, they become captive clients. Therefore, balancing centric approaches with bureaucratic government processes is challenging.

8.0 Recommendations

To enhance **customer satisfaction** at the **National Water and Sewerage Corporation (NWSC)** using **New Public Management (NPM)** principles, it is essential to address both the potential benefits of NPM and the limitations specific to the context of water and sewerage services. The first recommendation **is that** while adopting NPM practices such as efficiency and performance-based management, NWSC should focus on its core public service mandate of providing equitable and affordable water services to all citizens.

REFERENCES

1. Adusei, C., Tweneboah-Koduah, I., & Agyapong, G. K. (2020). Sales-orientation and customer-orientation on performance of direct sales executives of fidelity bank, Ghana. *International Journal of Finance & Banking Studies* (2147-4486), 9(4), 70-86.
2. Aktan, C. C. (1995). An introduction to the theory of privatization. *Journal of Social Political and Economic Studies*, 20, 187-187.
3. Antonio, P. G. J., Vicent, A. L., & Ramón, F. P. (2022). A composite indicator index as a proxy for measuring the quality of water supply as perceived by users for urban water services. *Technological Forecasting and Social Change*, 174, 121300.
4. Bilhartz, T. D., Bruhn, R. A., & Olson, J. E. (1999). The effect of early music training on child cogn-

- itive development. *Journal of Applied Developmental Psychology*, 20(4), 615-636.
5. Boag, G., & McDonald, D. A. (2010). Critical review of public-public partnerships in water services.
 6. Bruhn, M. (2023). Strategic Orientation of Quality Management for Services. In *Quality Management for Services: Handbook for Successful Quality Management. Principles–Concepts–Methods* (pp. 229-266). Berlin, Heidelberg: Springer Berlin Heidelberg.
 7. Bukenya, B. (2020). The politics of building effective water utilities in the Global South: A case of NWSC Uganda.
 8. Clark, I. (2016). Financialisation, ownership and employee interests under private equity at the AA, part two. *Industrial Relations Journal*, 47(3), 238-252.
 9. Deshpandé, R., Farley, J. U., & Webster Jr, F. E. (1993). Corporate culture, customer orientation, and innovativeness in Japanese firms: a quadrad analysis. *Journal of marketing*, 57(1), 23-37.
 10. Domi, S., Capelleras, J. L., & Musabelliu, B. (2020). Customer orientation and SME performance in Albania: A case study of the mediating role of innovativeness and innovation behavior. *Journal of Vacation Marketing*, 26(1), 130-146.
 11. Fine, B., & Bayliss, K. (2008). Rethinking the rethink: The World Bank and privatization. In *Privatization and Alternative Public Sector Reform in Sub-Saharan Africa: Delivering on Electricity and Water* (pp. 55-87). London: Palgrave Macmillan UK.
 12. Fox, R. A., Ladage, L. D., Roth II, T. C., & Pravosudov, V. V. (2009). Behavioural profile predicts dominance status in mountain chickadees, *Poecile gambeli*. *Animal Behaviour*, 77(6), 1441-1448.
 13. Fox, S. (2021). Active inference: Applicability to different types of social organization explained through reference to industrial engineering and quality management. *Entropy*, 23(2), 198.
 14. Gieske, H., Duijn, M., & Van Buuren, A. (2020). Ambidextrous practices in public service organizations: Innovation and optimization tensions in Dutch water authorities. *Public Management Review*, 22(3), 341-363.
 15. Greener, I. (2008). Choice and voice—a review. *Social Policy and Society*, 7(2), 255-265.
 16. Haque, S., Shyaka, A., & Mudacumura, G. (Eds.). (2017). *Democratizing public governance in developing nations: With special reference to Africa*. Taylor & Francis.
 17. Homburg, C., Wieseke, J., & Hoyer, W. D. (2009). Social identity and the service-profit chain. *Journal of Marketing*, 73(2), 38-54.
 18. Jaiswal, A. K., & Niraj, R. (2007). Examining the nonlinear effects in satisfaction-loyalty-behavioral intentions model.
 19. Khan, A. (2007). *Water privatization in South Africa: A critique of the application of the neo-liberal policy framework* (Doctoral dissertation, University of New Brunswick, School of Graduate Studies).
 20. Kim, N. Y., Kim, H. J., & Kim, S. H. (2022). Are satisfied citizens willing to participate more? An analysis of citizens' life satisfaction in the public service domain and public participation. *International Review of Public Administration*, 27(3), 211-227.
 21. Lam, S. Y., Shankar, V., Erramilli, M. K., & Murthy, B. (2004). Customer value, satisfaction, loyalty, and switching costs: an illustration from a business-to-business service context. *Journal of the academy of marketing science*, 32(3), 293-311.
 22. Lampropoulou, M. (2020). Utilities Policy and Reform: The changing relationship between citizens and SOEs. In *The Routledge Handbook of State-Owned Enterprises* (pp. 479-498). Routledge.
 23. Lara-Morales, O., & Clarke, A. (2024). Sustainable tourism value chain analysis as a tool to evaluate tourism's contribution to the sustainable development goals and local Indigenous communities Jour-

- nal of Ecotourism*, 23(2), 129-147.
24. Madhani, P. M. (2020). Building a customer focused strategy: developing conceptual frameworks and research propositions. *SCMS Journal of Indian Management*, 17(3), 5-25.
 25. Morgan, M.L., 2007. *Discovering levinas*. Cambridge University Press.
 26. Mugabi, J., Kayaga, S., & Smout, I. (2007). Why water utility customers don't pay their bills promptly.
 27. Mugisha, F. (2006). School enrollment among urban non-slum, slum and rural children in Kenya: Is the urban advantage eroding?. *International Journal of Educational Development*, 26(5), 471-482.
 28. Needham, B. (2016). Interests and rights in property, and their place in land-use planning: a theoretical investigation. In *Planning By Law and Property Rights Reconsidered* (pp. 23-36). Routledge.
 29. Needham, C., & Hall, P. (2023). Territorial policy communities: scale, style and scope. In *Social Care in the UK's Four Nations* (pp. 127-151). Policy Press.
 30. Nickson, Andrew, and Richard Franceys.(2003), *Tapping the market*. London: Palgrave Macmillan.
 31. Ohemeng, F. L. K. (2010). The new Charter System in Ghana: the 'holy grail' of public service delivery?. *International Review of Administrative Sciences*, 76(1), 115-136.
 32. Parasuraman, R. (1987). Human-computer monitoring. *Human Factors*, 29(6), 695-706.
 33. Powell, R. B., Stern, M. J., & Frensley, B. T. (2023). Which approaches are associated with better outcomes? Evidence from a national study of environmental education field trip programs for adolescent youth in the United States. *Environmental Education Research*, 29(3), 331-356.
 34. Schwartz, S. H. (2007). Value orientations: Measurement, antecedents and consequences across nations. *Measuring attitudes cross-nationally: Lessons from the European Social Survey*, 169-203.
 35. Shirley, M. (Ed.). (2002). *Thirsting for efficiency: The economics and politics of urban water system reform*. Elsevier.
 36. Sjolander, A. C. (2005). *The water business: Corporations versus people*. Zed Books.
 37. Slater, S. F., & Narver, J. C. (1994). Does competitive environment moderate the market orientation-performance relationship?. *Journal of marketing*, 58(1), 46-55.
 38. Spiteri, J. M., & Dion, P. A. (2004). Customer value, overall satisfaction, end-user loyalty, and market performance in detail intensive industries. *Industrial marketing management*, 33(8), 675-687.