

# STRATEGIC MANAGEMENT ASPECTS IN PUBLIC SERVICES IN ALBANIA CASE OF ALBANIAN POST COMPANY

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## Abstract

This article will particularly focus on the existence of impediments that hinder the successful strategic management of public services, and the opportunity to go beyond these barriers in order to improve the satisfaction of customers. The paper will concern the case of Albanian Post, a state joint-stock company that, despite working in the same remote environment under various threats, as well as many other state institutions, has successfully achieved to manage strategically. Albanian Post, is the only public postal operator in the Albanian market by operating, managing and developing the national postal network, under the obligation of fulfilling the basic postal services. By increasing the number of services, improving service quality, continuous training of employees and strategic management, Albanian Post has achieved to increase the range of services and improve the quality of these services, unlike the rest of the public sector services, where the volume and quality provided, are far more often apart from the acceptable citizen perception.

**Keywords:** Quality of public services, state postal services, strategic planning.

## 1. INTRODUCTION

Nowadays, the modern world tends towards increasingly service-based economy. Services are no longer a minor part of the economy, rather than central to create values within these economies. Adam Smith (1776) considered the services as being "nonproductive and failed to create valuable benefits" while Alfred Marshall stated that a person who provides a service, is equally able to give benefits to the recipients as well as a person who produces a tangible product. But over the years the latter views have been reinforced by showing that the services are a very important and necessary part of human life. Services characterized by some distinctive features are:

- Inviolability
- Indivisibility
- Variability

- Disappearance
- Possession

There are many factors that cause the transformation of management services. Depending on the industry and the country where firms conduct their business services, the reasons for such changes may include the following forces that affect the change of service management.

- Government policies
- Social changes
- Business trends
- Developments in information technology
- Internationalization and globalization

### **1.1. The importance of service quality**

Quality is an important factor used by consumers to evaluate the organization service beside others. In fact, customers prefer considering the service provider quality rather than the quality of service from an individual offer. Quality is the perceived level of service performance, but the main difficulty of measuring the quality of service can be much more difficult than the measurement of the quality of goods. The service quality literature emphasizes that the quality of a special service is whatever the customers perceive it should be.

Customer expectations form an important element of quality. Parasuraman, Berry and Zeithaml (1985), conducted an extensive research for the determinants of service quality to the leading companies, employees and customers. The study concluded that the service quality can be measured based on these dimensions, or determinants, which currently are:

- Seriousness: includes sustainability and safety performance.
- Motivation: is connected to the readiness or willingness of employees to provide service.
- Competence: means mastering the skills and knowledge required to execute the service.
- Access: includes the facility to get the service and contact.
- Courtesy: includes respect, consideration, and kindness of the staff contact.

- Communication: means keeping customers informed in a language they understand, and listen to them.
- Credibility: includes reliability, honesty.
- Safety: means not to be at risk, or have no doubts.
- •Understanding / knowing the customer: consists of making an effort to understand the customer's needs.
- Tangible elements: include physical evidence of service

Customer satisfaction can be defined as: "a trial that a product or service feature, or product or service itself, provides a satisfying meeting of consuming needs ", whereas another definition by Oliver (1980) is that customer satisfaction it's on all an emotional answer for a comprehensive service experience after consuming a particular service. Gibson's studies (2004) revealed how satisfied customers can be repetitive buyers of a product or service and provide positive feedback. This means that it is important to figure out the factors that effect on customer satisfaction in order to produce better products or services. Zeithaml and Bitner (2000) argue that customer satisfaction has become a great contributor to the service company growth for such elements as: long-term benefit, customer adherence and their up keeping. It means that, for example, it is important to encourage staff to offer the right service to the right people on reasonable time and show a better behavior. Moreover, it is supposed that one of the overall goals of service companies is to constantly increase their ability to meet the customer needs and expectations, and thereby increase customer satisfaction. Yet, many managers start from the end of their buyer behavior model by measuring the customer satisfaction. It would be much more beneficial to assess the company performance if companies start by planning a valid strategy, by learning the customer needs, or measuring the quality of the product, instead of using measurement methods of customer satisfaction and dissatisfaction (Bounds et al., 1994). In spite of all knowledge of the customer satisfaction and sophisticated software of measurement, nobody knows exactly how to keep customers happy and loyal (Reichheld and Sasser, 1990 ).

### **1.2. The critical importance of service employees**

In many service organizations the frontline staff and those who support them, have a critical role in their success. The following will focus on service employees because:

- They are service
- They are in the eyes of the customer organization

- They are brand

In order to ensure a high level of employee engagement, research suggests an increase on the level of employee involvement. Waterman (1994) identifies three central elements related to the participation of employees: impact, interaction and information sharing. Their model was improved by Marchington (1996). He classifies the involvement of employees in three elements:

- Employee participation in the decision-making process without the intention of increasing their impact on the final decision.
- The staff objective to influence on the decision-making process and final decision.
- The ability of employees to connect their participation and control on the decision-making process.

Frontline workers provide a link between external customer and internal operations of the organization. Whatever skill level or wage they may have in the organization, front-line positions are often high stressing jobs. In addition to mental and physical abilities, these positions require exceptional levels of emotional labor, continuing ability to cope and handle interpersonal and inter-organizational conflicts, and they should put priority on the quality and productivity of work.

### **2.1. Albanian Post and its importance in the market of postal services**

The centurial history of postal service in Albania, is presented in different forms, on different stages, and conducted on current shapes and forms. Under the Declaration of Independence on 28th November 1912, and the creation of the first Albanian state Interim Government of Ismail Qemal, considering the assessment of the importance of postal service, as one of the real possibilities of communication, a week after the declaration of independence, the Ministry of Post and Telegraph and Minister Lef Nosi on the head, a remarkable intellectual patriot, became part of the Government of Interim.

The collapse of the totalitarian system in '90s, marked a new era for the postal service, too. Despite the difficult situation of the postal service in 1990-1992, it played a very important role in the movement of goods by parcel service, from different countries. In 1999, it was transformed into a 100% shareholding society of the state shares.

During 1993-2005, the postal service could hardly survive; it lost the confidence of its users, it limited the service delivery, and the basic service lost its role to half of the territory in the country, by prohibiting more than half of the population the right of this service, especially in the rural areas. By 2009 the Postal

Service came up with a general modern concept, lying everywhere, and offering postal and financial services and business products, too, according to citizens needs in every part of the country.

Albanian Post has received many awards for the service quality offered. It won three international awards for the quality over a period of 6 months: European Quality Arch and "World Business Leaders" on October 16, 2010 in Frankfurt, Germany by the World Confederation of Businesses and "Platinum Technology Award for The best Trading Quality and Reputation."

## 2.2. S W O T Analysis

<p><b>STRAINS</b></p> <ul style="list-style-type: none"> <li>• Monopoly to Reserved areas</li> <li>• National expanded infrastructure</li> <li>• Significant, financial and available means</li> <li>• Variety of services and potential collaboration with potential customers</li> <li>• Organizational structures that support the management of goods</li> <li>• Focus on strategic planning</li> <li>• Workforce development professionalism</li> <li>• Competitive market prices</li> <li>• Leadership Style</li> <li>• Force application</li> </ul>	<p><b>WEAKNESSES</b></p> <ul style="list-style-type: none"> <li>• Non-organized profile based on market rules.</li> <li>• Motivated Non-human sources</li> <li>• Employee turnover</li> <li>• Low-rate corporate image and activities compared to other private enterprises.</li> <li>• Low service effectiveness and compute lacking</li> <li>• Weakness of enterprise financial assets activation</li> <li>• Lack of Postal Code and addresses</li> <li>• Inferior, low-developed marketing, loss of transparency and weak commercials</li> <li>• Non-complete rationalized supply base</li> </ul>
<p><b>OPPORTUNITIES</b></p> <ul style="list-style-type: none"> <li>• Implementation of Direct Mail</li> <li>• Implementation of Electronic Post and Hybrid Mail</li> <li>• Implementation of postal items according to the system (IPS)</li> <li>• Application of Portable Mail to rural areas</li> <li>• Implementation of financial electronic system "Eurogiro" transfer</li> <li>• Conduct of Agent function:               <ul style="list-style-type: none"> <li>▪ Custom agent</li> <li>▪ Insurance agent;</li> </ul> </li> <li>• Implementation of Postal Code;</li> <li>• Access to "Purchase to a stop" to perform services for population.</li> <li>• Focus on property total cost and value Management</li> <li>• Talent and diversity improvement in the workforce</li> <li>• Improving the quality of life at work</li> </ul>	<p><b>THREATS</b></p> <ul style="list-style-type: none"> <li>• Global economic recession</li> <li>• Continuous Market Liberalization for postal and financial services</li> <li>• Implementation of post services</li> <li>• Fast development of information technology</li> <li>• Experts removal</li> <li>• The increase in price of Postal basic products such as. Fuel</li> <li>• Limited Competition / low supply base in certain sectors of the market</li> <li>• Negative impacts of reduced budgets by main suppliers</li> <li>• New federal laws and mandates</li> <li>• Political and legislative barriers</li> </ul>

### 3. METHODOLOGY

#### 3.1. Questionnaire stipulation

The questionnaire method requires time to get the customers answers as well as be analyzed. The article is based on a questionnaire, attempting to identify the clients' perceptions, for the Albanian Post offered services. The questions tend to highlight:

- Respondents prolongation as postal clients
- Their satisfaction towards post services
- Their dissatisfaction and motives
- Customers' perceptions about the quality of services
- Their opinion about postal employees, especially those of the first line who provide the services and are very important because of their direct contact with the client.
- Their opinion about postal facilities as part of organization climate and culture that have a great impact on its success.
- The reasons whether these customers will be reinstated again in Post services and would recommend these services to others.

#### 3.2. Scope

The questions were drafted in order to be accessible to customers, considering that the questionnaire refer to different age groups and gender. The sample has been chosen at random in terms of age, gender or education of respondents. As a result, the questionnaire affects some of the most important aspects of an organization, for example: the aspects of management style, aspects of quality service management, aspects of organization climate and culture, aspects of human resource management etc.

All these aspects arising from the questionnaire results, after being analyzed, they may conclude to some help for the organization, in order to improve different aspects, or to continue with the same pace in certain areas of good perspective. 220 questionnaires were applied in the area of Tirana of a bigger population, while the service offered in all Albanian Post counters was standardized.

#### 4. SURVEY FINDINGS

- Customer satisfaction for postal service. It has been noticed that people are satisfied with the Albanian Post services, although not at their maximum level, but they're still happy. Graph no.1 derived from the first question responses of the questionnaire shows it clearly. Reasons for these levels of satisfaction are explained below.



FIGURE 1 - ALBANIAN POSTAL SERVICES SATISFACTION

- The post client duration 30% of respondents have attended a 10- year - mail service. This means that customers have remained loyal. The service company's objective is to satisfy its customers by stimulating them to remain such and repeat their service purchases to their company. The Albanian Post has carried this out to the full extent. This is due to the fact that some of the services offered are a single market product, which in a way forces its customers to be loyal against their will. Another reason why customers remain loyal to a particular company is related to the services price, to the culture it presents, both in terms of personnel and physical facilities.

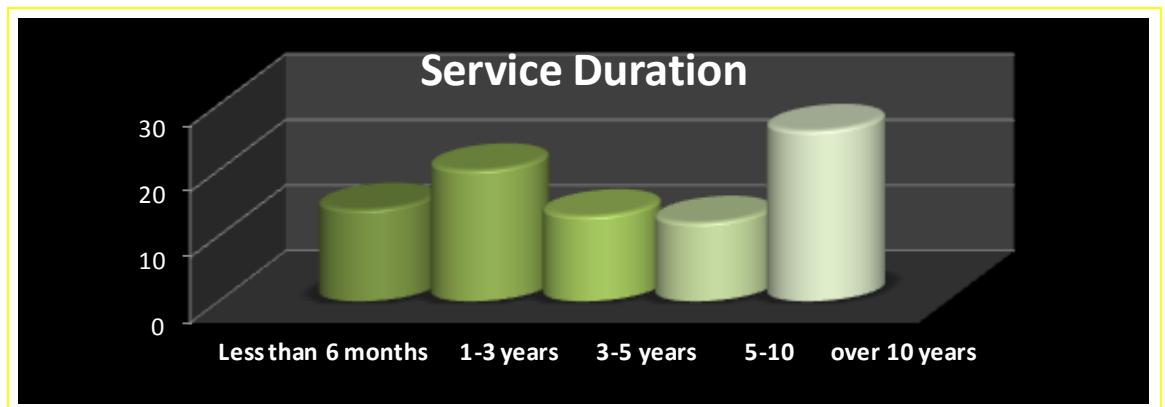


Figure 2 - Clientele prolongation

The following are some strong points that have made Albanian post clients remain loyal clients for a long period of time.

From the questionnaire findings, there has also been noticed an increase in the number of new clients, and if we have a look at graph no. 2, customers with 1-3 years and less than 6 months are not at a large disproportion with those over 10 year-post regular clients respectively 23% and 16%. Considering the new clients connection with other entities like satisfaction provided by service, etc., we can say that they are part of post clientele for the pre-mentioned reasons and also because in recent years the Albanian Post has achieved major progress by exceeding its expectations in some cases mainly based on their previous experience in the state sector.

The main reason why the Albanian Post customers, use its services, is that the price of services offered, is lower compared to other companies. The use of price as an indicator of quality depends on several factors, and there's some available information only for one of them. This means that sometimes, the Albanian Post clients may not have the necessary information for the prices of competitors and, therefore, we presume its service prices are lower than competitors' prices. It is supposed that, among many other reasons the Post is a state possession and not a private company, which helps at many advantages, and one of them is the idea of having created a state buying sector that is always offering lower prices.

- Waiting in line to get the required service. Research shows that people often feel that they have been waiting longer for services than they used to. As for the questionnaire distributed to Albanian Post clients, it is noticed that most of the people wait in line. It can be easily shown from graph no. 4 that 78% of customers wait in line. According to questionnaire results, the duration of waiting in line is 10 - 20 minutes, or at least 5 - 10 minutes.



FIGURE 3 - HOW LONG DO CUSTOMERS WAIT IN A LINE?



As for the reason why people wait in a line, we can say that based on questionnaire responses, they think that there is a large number of people, who want the same service at the same time. There are also people waiting over 30 minutes in line (about 7% of respondents), who say that this is due to small numbers of packet counters. Most of the respondents believe that there is a shortage of counters, which takes it longer in the process of receiving the required service. The population growth especially in Tirana due to migration has normally brought an increase in the number of Post clients. The more the number of clients and services, the more the number of counters and staff is required in order to meet the necessary client needs. Today service firms' success is based on making existing services easily accessible to consumers. These high levels of achievement require some strategy that is able to achieve the desired levels of service within a specific period of time by providing services at home, online services offered, intermediary services, appropriate distribution of location etc. Albanian Post should apply the same services offered. Frontline workers provide a link between external customer and internal operations of the organization. They have a critical function in terms of filtering and interpreting information and resources from consumers to organization and vice versa. Their skills and experiences cover a wide range of tasks and duties. Despite the skill level or wage in the organization, front-line positions are often high stress jobs. In addition to mental and physical abilities, these positions require exceptional levels of emotional labor, continued ability to cope and handle interpersonal and inter-organizational conflicts, and they should put of course, priority on the quality and productivity of work. We can say that there has been a positive assessment to the Albanian Post staff, by its customers. This comes as a result of employees' selection, their training, the internal climate and culture, management style and the spirit of cooperation. However, there is a negative remarks about 15% of respondents, for the Albanian post staff, should not be underestimated, and if there is no needful attention to be paid then the percentage might increase and this would have a negative impact on the Albanian post performance.

- Perceived quality service and customer expectations. A service that fails to meet the customer requirements could be considered by him or her as a poor quality, whereas another customer who receives the same service, but does not have very high expectations may consider it of very good quality. In terms of meeting the customer expectations it is generally shown, that they have received what they have expected by 57%, and 29% shows that the service received has exceeded their expectations. This means that they are more or less satisfied with receiving the service. They do not expect more; they find what they want, and this makes them remain loyal clients and not disillusioned. Generally speaking, public administration is not a very high-developed unit; employees are not very aware of the work they have to perform, and

this has probably led to a negative stereotype that almost everything coming from the state unit is not of worth quality. Thereby, Albanian Post might be changing the non-positive thoughts of people, towards products and especially services from the state unit.

- Customer loyalty. It is generally noted that there is a positive trend regarding the existing possibility that these clients return again to the Post services and recommend even their friends. But a significant attention should be given to people who have a negative opinion or feel disappointed, although that is in a small percentage (14%). If the necessary measures taken do not minimize at maximum this small amount then in the future this percentage might increase and, thus, will affect on other loyal customers or new target customers. The people who say that have received a much higher service quality than their expectations will continue to be the Post customers and would recommend to others. As for those who have received a quality service within their expectations, they are somewhat shaky undecided, but they're slightly leaning to the above-mentioned target group. Whereas, disappointed customers are skeptical when it comes to recommend their friends the post services, some refuse to return unless there's no possibility to find the required services elsewhere

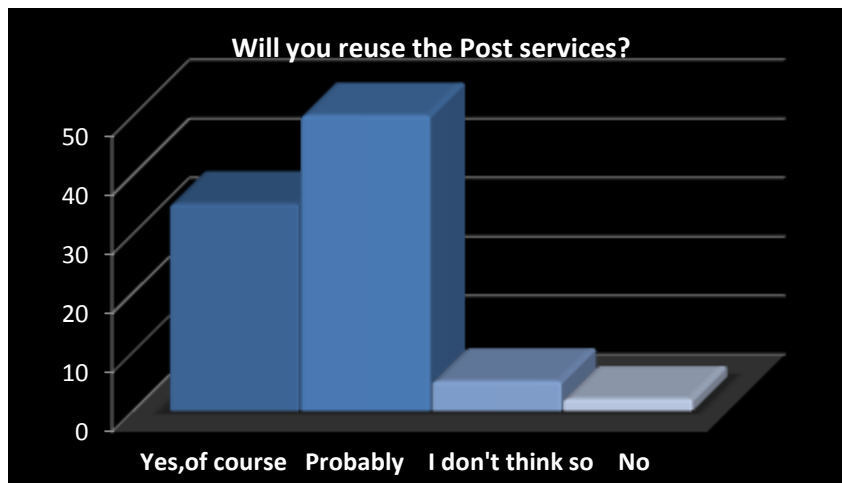


FIGURE 4 - DO YOU STILL USE POSTAL SERVICES?

Customer loyalty and benefits go side by side as in the case when the costs of retaining the present customers are under the costs of drawing new clients. As Heskett et al. has argued (1997) that the process of finding new customers, is significantly associated with the initial costs. This can take the form of reduced price expenses related to learning about the needs and characteristics of a new client. Service Company's general goal is to satisfy and, thus, stimulate the customers to continue to purchase their services to a special service provider instead of passing into another competitor provider. From this

strategic point of view, a transition cost increase due to personal preferences and other attributes may retain customers to a special service company, and, thus having a positive impact on preserving the customers and their loyalty.

## 5. CONCLUSIONS AND RECOMMENDATIONS

Utilities are often perceived as very necessary by customers who are often dissatisfied with the service quality. The article discussed the issue of the Albanian Post as one of the few state companies that has managed to break the bad image of public services quality. This single state owner company has proved to be fundamentally reformed regarding the quality of service in proportion to the range of information technology services and success-driven culture improvement. Leadership has played an important role in the formulation and implementation of its strategy being perceived as autocratic and company's financial performance oriented.

Despite all the Albanian Post achievements, we would recommend focusing on a variety of strategy comprehended changes to maintain and expand clientele and cope with the intensifying competition in the private sector. We would recommend Albanian Post:

- Create an organized profile based on market rules.
- Motivation of Human Resources
- Reduced staff turnover
- Improved reputation compared to private enterprises under the same profile.
- Increase on service effectiveness
- Investments in technology services
- Service marketing improvement
- Increase on Public transparency

If there had been a barrier overcoming by focusing on the formulation and implementation of a strategy for a successful future and a management model based on long-term performance, Albanian Post would have been a successful, long term state company whose model could be extended in other sectors where public services are far from the citizen's desired services.

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