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**EMPLOYEE ENGAGEMENT, SERVICE QUALITY AND CUSTOMER  
SATISFACTION IN KAMPALA METROPOLITAN UGANDA: A CASE  
STUDY OF UMEME**

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**A RESEARCH THESIS SUBMITTED TO THE DIRECTORATE OF GRADUATE  
STUDIES, RESEARCH AND INNOVATIONS IN PARTIAL FULFILLMENT OF  
THE REQUIREMENTS FOR THE AWARD OF MASTERS IN BUSINESS  
ADMINISTRATION DEGREE OF BUSITEMA UNIVERSITY.**

**SEPTEMBER, 2024**

**PLAN A**

## DECLARATION

### DECLARATION

I, Lyomoki Arafat declare that this is my own work and has never been submitted to any learning institution for an academic award.

Signature:  .....

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## APPROVAL

### APPROVAL

This is to certify that this research is submitted by out approval as university supervisors

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## **DEDICATION**

I dedicate this research work to my children, for the continuous spiritual, moral and financial support that were extended to me during the period of my research work.

## **ACKNOWLEDGEMENT**

I wish to thank the Almighty God who has brought me this far in my studies. My ultimate gratitude goes to my supervisors Dr. Namono Rehema, and Prof. Mpaata, Abdul Kaziba for the in depth information, advice and profound guidance that I gained from them which helped to shape the document to its present level. I acknowledge the support from the faculty staff and management of Busitema University pallisa campus for the endless support that was given to me.

My special thanks goes to my children for the moral and spiritual support given to me throughout this period of my study. My heartfelt appreciation goes to all MBA classmates for the advice and support they extended to me during the period of study.

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## DEFINITION OF TERMS

- Employee Engagement:** Refers to the involvement of employees in their work roles whereby employees also express themselves physically and emotionally during job performances (Kahn, 1990).
- Service Quality:** Is an assessment made by the consumer, that over a given time, the service provider has been not only reliable and giving continuity assurance in delivery same quality of service (Ghafoor & Asma, 2015).
- Customer Satisfaction:** Customer satisfaction is the degree to which a product or service meets or exceeds customer expectations (Kotler & Keller, 2016).

## **ABSTRACT**

Customer satisfaction is critical for ensuring that organizations meet their objectives and maintain customer loyalty, particularly in service-oriented industries. The purpose of this study was to examine the effects of employee engagement and service quality on customer satisfaction in focusing on UMEME. The specific objectives of the study were to examine the effect of employee engagement on customer satisfaction; assess the influence of service quality on customer satisfaction; establish the effect of employee engagement on service quality; and investigate the mediating role of service quality on the relationship between employee engagement and customer satisfaction. The study was anchored on the SERVQUAL model, which posits that service quality dimensions such as reliability, responsiveness, and empathy play a significant role in shaping customer satisfaction. A cross-sectional research design was adopted, targeting 617 employees from UMEME's main office in Kampala. A representative sample of 234 employees was selected using simple random sampling. Data were collected through structured questionnaires and analyzed using SPSS, employing descriptive statistics, correlation analysis, hierarchical regression, and mediation analysis using Hayes' PROCESS macro. The findings revealed that employee engagement has a significant positive effect on customer satisfaction. The study findings reveal that service quality positively influences customer satisfaction. The study also established that employee engagement enhances service quality. The study findings further reveal that service partially mediates the relationship between employee engagement and customer satisfaction outcomes. Based on these findings, it is recommended that UMEME invests in employee engagement initiatives to enhance service quality, and consequently, customer satisfaction.

## CHAPTER ONE

### INTRODUCTION

This chapter entails the study background, problem statement, purpose, objectives of the study, research hypotheses, scope of the study and conceptual framework.

#### **1.1 Background to the study**

Customer satisfaction is a crucial aspect of business continuity for profit oriented organizations in the current competitive business world. This is because customer satisfaction enables businesses to identify areas of service excellence thus driving continuous improvement. Scholars such as Moreover, Farooq & Salam (2018) conceptualize customer satisfaction into how a service's perceived performance matches or surpasses customer expectations. Customer satisfaction is the degree to which a product or service meets or exceeds customer expectations (Kotler & Keller, 2016). Customer satisfaction dimensionalised by scholars into the three dimensions of availability, accessibility and timeliness. Availability refers to the extent to which a service is consistently available to customers when needed (Jones & Sasser, 1995). Accessibility involves the ease with which customers can obtain and use the service (Parasuraman, Zeithaml, & Berry, 1988). Timeliness pertains to the promptness and speed of service delivery (Johnston, 1995).

Despite the robustness of customer satisfaction to business continuity, the problem of customer satisfaction in business settings is a major global challenge. For instance, a global survey by PricewaterhouseCoopers (PwC, 2020) revealed that 32% of customers would stop doing business with a brand they loved after just one bad experience. This is affirmed by the American Customer Satisfaction Index (ACSI) which reported a decline in overall customer satisfaction in the United States from 77% in 2018 to 75% in 2020, indicating widespread dissatisfaction across various industries (ACSI, 2020). Further still, according to the European Consumer Satisfaction Index (ECSI, 2019), customer satisfaction in the retail sector decreased by 3% from 2018 to 2019, with significant complaints about product quality and service responsiveness. The problem of customer satisfaction in UK is further evidenced in a study by the UK Institute of Customer Service (2020) which reported that 25% of consumers experienced poor customer service in the past year, leading to a decline in customer loyalty.

In china, a survey conducted by JD Power (2019) indicated that customer satisfaction in the automotive sector dropped by 2% due to issues related to after-sales service and product reliability.

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