Self-Regulation in the Marketing of Services in Nigeria: Study of Selected Firms in the Service Industry

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Abstract

Firms adopt self-regulation policies as marketing strategy for enhanced corporate image and acceptance. These firms as in Nigeria render services whose values are not commensurate with their exchange values, hence customer exploitation is high. This work measures for linearity or otherwise the relationship between quality standard of self-regulation in firms in the service industry and the quality of corporate output. This is based on 9 selected service industries in Nigeria and data were analyzed using Likert ranking scale, hypotheses, pearson correlation co-efficient, analysis of variance and spearman’s rank co-efficient statistical tools based on technical and economic considerations; customer information measurement, among others. The work establishes that the quality of standard of self-regulation has no linearity with quality of output; though relationship exists between the technical and economic considerations of market offers, as such Nigeria consumers are being exploited. It recommends third party verification of service firms’ claims in the face of the high level of corruption in the society.

Keywords: Self-regulation, technical consideration, economic consideration, customer satisfaction, customer expectation, third party verification and information management.
1. Introduction

Organizations that operate based on the statement that they are in business to satisfy the needs and wants of customers, often project satisfaction of consumers’ needs above the achievement of corporate personal goals or at worse achieve corporate goals based on the satisfaction of consumers’ needs, thus are said to be marketing concept or micro marketing oriented.

Most often, it is common to observe that marketing concept based firms are subject to various regulatory policies intra industrial (professional ethics), inter industrial (based on social responsibility alert) – Drumwright (1994), Porter & Van erLinde (1995), Othman (1995) and Ottman (1995) and extra industrial, by government, as means of ensuring that consumers receive value in their exchange relationships with such firms. The question then is: What is the essence of the adoption of the marketing concept philosophy if these firms are compelled by forces (demand and supply and government legislations) to comply with acceptable standards of performance.

In Nigeria, government has always initiated various forms of legislations directly or through agencies to create competitive climate and to protect consumers; among these are the Economic Finance Crimes Commission (EFCC), the Central Bank of Nigeria (CBN), National Deposit Insurance Corporation (NDIC), Asset Management Company (AMCON), National Agency for Food, Drugs Administration, and Control-Ayozie (2013), Servicon, Independent Corrupt Practices Commission (ICPC), National Lottery Regulatory Commission among others-Ijewere (2011). To avert the impacts of these government control measures and policies, firms and industries adopt self-regulatory policies and actions with their host of options that deal with specific problems and objectives ranging from the simple code of ethics, to schemes incorporating codes that are drafted with legislative precision together with sophisticated customer complaint resolution mechanism-archieve. treasury.gov.au/documents/1131/HTML/doc.shell.asp?URL.

These self-regulation activities in firms and industries that cover a range of issues in advertising; broadcasting and the media; direct marketing; financial services sector; general industry schemes; pharmaceutical and proprietary medicines, professional associations, retail sector schemes; and telecommunication are aimed at ensuring quality standard performance for good and acceptable quality services to the micro and macro target markets. This study is aimed at determining whether this quality standard actually helps firms and industries improve the quality of their market offer given the Nigeria service sector.

1.1 Framework

Firms and industries in their marketing efforts have misled and deceived consumers; thus have given low quality products (goods and services) at high exchange values to the
disadvantage of the weaker market force-(Consumers) in Nigeria. This is common in the quality of the products and accompanying promotion activities.

This demand market force exploitation is worst in the food, proprietary medicine, pharmaceutical, financial service and professional services industries. This is even the face of government practice guidelines aimed at protecting consumers. To this end, authorities in marketing advocate for more government regulations-Agbonifoh, Ogwo, Nnolim & Nkamnebe (2007). These government regulations in addition to being (costly) expensive; -Berkowitz, Kerin; Hartley & Redulius (2000), create feelings of anxiety (stress and fear) in the production system and sectors of the economy, hence advertising practitioners, traders associations, marketing organizations and allied associations advocate for self-regulation-Rotfeld, Abernathy & Parsons (1970).

Berkowitz, Kerin, Hartley & Redulius (2000), in their work opine that self-regulation facilitates the development of new methods of production and rendering of services, minimizes regulatory constraints and restrictions and aids consumers gain confidence in the blending of the marketing mix elements that influence their patronage. Studies have equally been executed to determine whether or not firms that adopt self-regulation have subsequently experienced increased revenue and or share prices. However, as at date, no record of research exist on whether or not this quality standard claimed by self-regulated firms and industries actually aids firms improve on the quality of their products (goods and services)-Logace (2007), Toffel (2007), Solove (2007), Smith & Dinev (2011).

The absence of research work on the impact of quality standard of self-regulatory on the quality of corporate output is attributed to the difficulties associated with the measurement of quality of output within a firm as well as across firms, plants and industries. This work thus defines quality as frame work of the exercise of quality evaluation in operation of self-regulated firms, as basis for determining the impact of quality standard on quality of output – Lagace (2007).

1.2 Significance of the Research

This work is aimed at satisfying the existing gap in the literature on the measurement of the impact of quality of standard of self-regulation among firms and industries on the quality of the performance as output. This will aid firms invest appropriately in self-regulation exercises as pre-requisite for a corresponding increase in quality of output as condition for enhanced consumer satisfaction and corporate profitability as core issues of the marketing concept philosophy.
1.3 Objectives of the Research
The objective of this study is principally to determine the linearity or otherwise in relationship between the quality standard of self-regulation in firms and industries with the quality of output of the concerned organizations.

Given this, quality of output is considered acceptable and high as parity is created between technical consideration in generating the outputs and economic factors as price and availability based on consumers’ expectations.

It determines the place of consumers in the establishment of marketing objectives of organizations as well as the strengths otherwise weaknesses associated with the evaluation of consumers’ satisfaction and associated techniques of self-regulated firms.

1.4 Methodology
Forty five (45) firms were selected from the nine (9) classified service industrial sectors of advertising, broadcasting, and the media, direct marketing, financial service sector, general industry schemes, pharmaceuticals and proprietary medicines, professional associations, retail sector schemes, and telecommunication in Nigeria at the rate of five (5) firms per industry, spread across the six (6) geopolitical zones of the country with special bias for the level and types of commercial and industrial activities per zone. These firms and their customers clients were administered well-structured sets of questionnaire whose contents addressed relevant issues of self-regulation, quality standard setting, consumer expectations determination, optimization and satisfaction evaluation, internal marketing activities, technical considerations in service provision, price and availability of corporate operational outputs among others.

The Likert ranking scale, the pearson correlation co-efficient “R”, analysis of variance and spearman’s rank co-efficient statistical tools were employed for data analyses as well as for the measure of relationship or strength of association between variables; to find out if the means of the samples are too different as to attribute the difference to chance; and to measure the level of correlation between identified variables respectively.

1.5 Hypotheses
The under-listed as hypotheses, formed the thrust of this research analyses:

H₁: There is in-significant level of linearity between quality standard of self-regulation and quality of output in services.

H₂: Consumers’ expectations do not significantly influence corporate service marketing objectives.

H₃: There is no significant relationship between the technical considerations of production process and economic factors of price, availability of market offers and others.
H4. Customers information system as index of measurement of customers’ satisfaction is of insignificant relevance among self-regulation firms.

1.6 Conceptual Frame work for Definition of Terms

The principal term of this work is quality and its measurement. Quality is evaluated at period pre, during and post production and consumption from the producers’ and consumers’ fronts respectively. For the producer, especially in industrial marketing, quality in material acquisition and utilization is guided by policies, strategies and methodology for specification and standardization, hence, technical considerations are of relevance; and from the consumers perceptive, quality is anchored on availability of the desired item at affordable price-Fajelilua (1997). Hence the rightness of quality is determined based on the balancing of the technical considerations of an offer against such economic factors as price and availability of the product-Lysons (1981), Nicolaou & McKnight (2006) and Metzger (2006).

Quality of an item is variously described by common methods; including description by actual sample; reference to brand name or trade mark, reference to established market grade and the use of detailed specifications or blue print-Squicciarini & Zhang (2011). These description methods are subject to quality control, assurance and inspection activities. Quality control, assurance and inspection as self-regulation issues are highlighted thus:

1.6.1 Quality Control

Production activities commence after goals and objectives must have been determined. These as standards are bases for the evaluation of output. Quality control involves the incorporation of appropriate control measures in the production process that would ensure the attainment of the desired quality during the production cycle.

For effectiveness, quality control processes commence from the point of procurement of inputs – (human and material) to the ultimate stage of production and marketing, for consumer satisfaction. Hence ownership, management and front line managers are responsible for quality specifications, monitoring and control of production and marketing schedules for the attainment of the desired quality goals as index of consumer satisfaction. Appropriate material preservation, personnel training, motivation techniques and activities respectively must be adopted as self-regulation indices to ensure that the right qualities of items are incorporated into production and marketing processes, thus quality assurance from suppliers of material and human resources is important.

1.6.2 Quality Assurance

Quality assurance involves the establishment and maintenance of industrial acceptable quality standard in the acquisition of human and material inputs, thus ensuring that suppliers and supplies conform to stated quality specifications and descriptions as requirements.
Quality assurance activities commence at the planning stage as the desired quality level in required inputs is carefully described, specified and defined for accuracy of supplies.

1.6.3 Quality Inspection

Quality inspection is aimed at ascertaining the correctness in quantity and quality of human and material inputs upon employment and delivery respectively for conformity with standard and specifications of the acquirer. This could be pre-delivery or service inspection based or incoming inspection or inspection at the delivery point oriented.

Quality inspection exercise ensures the enforcement of self-regulation standards in quality of grade of core input, packaging, transportation and storage and for the purpose of preserving the quality of input for reasonable span of time.

1.7 Organization of the Study

This study is conceptualized under eight (8) sub-heads of abstract, introduction, literature, analysis, findings and discussions, recommendations, conclusion, and references.

2. Literature Review

The growing concern for environmentalism, consumerism, green marketing and relationship marketing with their attendant demands on firms and industries for social responsibility based on societal marketing concept with overall impacts on the micro and macro marketing targets have given raise to self-regulation among marketing firms and industries. This is especially so, given the social and economic cost implications of government regulations.

Self-regulation activities hither-to was confined within industrial set up as internal variables, but current developments in most industries have caused a shift of its emphasis upstream to areas of suppliers’ production process for both human and material resources. Hence such issues as air, water and land pollution; employees’ rights in terms of conditions of service and welfare, relationships with marketing intermediaries, customers and consumers, other stake and stockholders and concerned and unconcerned members of the public.

2.1 Self-Regulation-mode of operation

Self-regulations are common in Nigeria especially in the service industries. Some of these include the Medical Council of Nigeria, the Legal Council of Nigeria, the Advertising Practitional Council of Nigeria; the Institute of Public Relations of Nigeria, Nursing Council of Nigeria, Industrial Council of Nigeria to name but a few. These bodies that are non-governmental organization oriented provide guidelines for members’ operations as supplements and compliments to statutory regulations of government. They specify minimum bench marks (standards) of operation for members as their determined minimum qualification for membership, method of admission into membership, duties and responsibilities of members to clients, co-members, the third parties, the profession and government as well as
methods of handling inter and intra practice disputes. Most common forms of self-regulation are codes of conducts or codes of ethics that are usually built around membership of a professional or industrial association. Codes can range from setting out general statements of principle about how an industry or business will operate, to listing specific business practices which are guaranteed as either minimum or maximum standard-achieve-


Self-regulation activities of practices are also aimed at informing and educating members especially on strategies for the management of diverse requirements for protecting employees’ health, challenges, safety and environment as well as the quality of service standards customers expect to receive from the organizations. The practices managed on the principle of self-regulation ensure that members’ output of goods and services conform to expected quality, based on the principles of quality assurance, hence standards are developed to provide demonstration that ensure that technical requirements are met. These standards of competency are measured against benchmark at the time of members’ registration; however these are expected to be enhanced progressively based of professional development- Slyke, Shim, Johnson & Jiang (2006) and Son & Kim (2008).

Self-regulations and their codes are institutional and or functional oriented, hence are concerned with industrial environments and market circumstances and are supported by the strengths of the industries. Where codes are functional, emphasis is on products--(Goods and Services) whose relevance is noticed across industries-example is the money deposit banks in Nigeria that finance both the small and medium scale businesses.

Activities of self-regulations are also evident in the area of dispute resolution. Codes in some professions like the Institute of Public Relations of Nigeria provide for methods of dispute resolution based on internal mechanisms, while others provide alternative dispute resolution scheme based on the role of industrial OMBUDSMAN. Whatever choice of dispute resolution alternatives; must be based on good cost and benefit analyses, in favour of growth and development in professionalism-Tang, Hu & Smith (2008) and Tasi, Kelly, Cranor & Sadeh (2010).

Common self-regulation practices in Nigeria especially in the medical, legal, advertising, public relations practices among others provide for sanction on members for non-compliance to codes. They spell out the types of remedial actions applicable for breach of provision of codes. These include withdrawal of membership rights and privileges, corrective advertising, writing to consumers, offering consumers refunds, offering alternative merchandise or offering rain-check.
Given the Nigeria situation, it is difficult for non-registered persons (as natural or artificial) to practice in different professions. Following this registration and acceptance to compliance to industrial and practice standards, the questions is, why do the outputs of these practices fall below market acceptable standards?

2.2 Reasons for self-Regulations

Reasons for self-regulation centre on marketing for corporate personality projection and aversion of government control exercise based on legislative requirements.

These are discussed thus:

2.2.1 Raising Industrial –Practice Standard

Most practices in medicine, law and public relations like in engineering, desire to raise industrial standards, hence adopt self-regulation options as means of contemplating legal requirements considered above minimum requirements, thus aim at enhancing the public’s understanding of their compliance with regulations. Adopting the self-regulation policies enhance corporate (industrial) competitive advantage as they serve as incentives for expansion in market share and secured consumers’ loyalty-Xu, Dinev, Smith & Hart (2008).

Various forms of self-regulations set benchmarks for minimum service levels and allow firms within the industry flexibility in the adoption of service standards that meet or surpass the accepted industrial minimum –archive.treasury.gov.au/documents. Raising of industrial standards denotes willingness and ability to manage industrial reputation and contend with the activities of quacks and incompetences in practice. Reputation is considered a valuable property of goodwill, especially in the competitive business environment. The telecommunication, money deposit bank and the media especially periodic magazines are sectors where reputation is highly regarded in Nigeria.

2.2.2 Marketing Tool

Marketing oriented businesses direct their efforts at continuous collection of information about customers’ needs and competitive capabilities; sharing the information collected across departments of the organizations and using the information to create customer value – Berkowitz, Kerin, Hartley & Rudelius (2000), Wang, Xu & Grossklags (2011) and Wetzels, Odekerken-Schroder & Van Oppen (2009). Self-regulation is adopted as an important selling point for attracting new customers and increasing bargaining power in customer value creation activities, as it advertises the business’ commitments to customer satisfaction. Currently in Nigeria, firms and industries adopt self-regulations strategies as means of market offer differentiation.

2.2.3 Enhancement of the level of information

Customers appreciate for value, firms that offer leading edge products; hassle-free transactions at competitive prices and customer intimacy-Treacy and Wiersece (1993).
Information to customers, thus, is expected to improve transaction and customer intimacy, based on offer, for long term relationships and increasing self-regulation-Berkowitz, Kerin, Hartley & Rudelius (2000). Self-regulation information flow enhancement boosts consumer confidence in corporate market offer as customers’ knowledge of the offer is increased. In the contributions of FTC (2009), Buchanan, Paine, Johnson & Reips (2007), Berendt, Gunthe & Spiekermann (2005), Bansel, Zahedi & Gefen (2008), Awad & Krishnan (2008) and Angst & Agarwal (2009) and Agbonifoh, Ogwo; Nnolim & Nkamnebe (2007), Hui, Teo & Lee (2007) and Junglas & Watson (2006) self-regulations as a marketing communication tool provides a degree of consistency in food companies’ approaches to labeling and in the use of terms to describe food products, thereby providing a greater degree of certainty and confidence to consumers about the nature of the products they are purchasing. It also serves as means of building confidence in industrial consumers when firms are involve in the introduction of new technologies –Barkhuus, Brownl, Bell, Sherwood, Hall & Chalmers (2008), ABI (2011), CTLA (2008) and Culnan & Williams (2009).

2.2.4 Cushioning Effects of Government Regulation

Self-regulation is considered alternative to government control, especially when and where government control is considered threat to corporate reputation and personality. It is mostly adopted where government expresses concern over the poor industrial practices or output. In Nigeria, where there are cases of proliferation of adulterated and fake products in the market, where more than 50% of drugs in the market are either fake or adulterated – Igboaka (1988); insensitivity of practitioners to (consumer’s) patient’s wellbeing is high and the death patents including that of a fourth year medical student of University of Lagos and other harrowing experiences of Nigerians at the hand of Medical Doctors-Adinoyi-Ojo; Ogunesitan, Okwarai, Ogbeide & Anukire (1988); the helplessness of Nigeria consumers in the hands of operators in the telecommunication industry –Oghuma, Arinze, and Mba (1988) and inability of business outputs to meet consumers specifications and requirements –Ekenma (1987), as advertisement messages are more of exaggeration and do and did mislead consumers-Olusoga (1978) and Agbonifoh, Ogwo, Nnolim & Nkamnebe (2007). To avoid the adverse impact of government control, these firms and industries have also adopted one form of self-control or the other.

2.2.5 Legislative Requirements

In some societies like Australia, self-regulation is considered a legal and legislative requirement for industrial operations. In the telecommunication industry in Australia, part of the telecommunication Act of 1997 provides for the establishment of industrial standards as well as the telecommunication industry OMBUDSMAN scheme as an independent alternative dispute resolution scheme. Section 123 of the Broadcasting service Act 1972 of Australia
provides that commercial broadcasting licensees should develop codes of practices in consultation with the Australian Broadcasting Authority.

Given these arrays of issues, what is the state of firms, practices and professions in service delivery in Nigeria given the associated benefits and reasons of self-regulation?

3. Analyses

The analyses of this work are based on the projected hypotheses

**Test 1**

To test for relationship between standard of self-regulation and quality of output – services; Data base of this analysis is shown in table 1

<table>
<thead>
<tr>
<th>Standard Variables</th>
<th>Mean Importance Rating</th>
<th>Quality Variables</th>
<th>Mean Performance Rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>Planning and determination of plan</td>
<td>4.75</td>
<td>Excellency of Quality</td>
<td>3.00</td>
</tr>
<tr>
<td>Allocation of resources</td>
<td>4.55</td>
<td>Price of offer</td>
<td>3.40</td>
</tr>
<tr>
<td>Delegation of responsibility</td>
<td>4.45</td>
<td>Consistency in delivery of service</td>
<td>3.85</td>
</tr>
<tr>
<td>Aid for control</td>
<td>4.80</td>
<td>Service failure recovery (service mislead)</td>
<td>2.80</td>
</tr>
<tr>
<td>Determination of cost of operation</td>
<td>4.85</td>
<td>Recognition, care and ability to attend to customers’ needs</td>
<td>3.15</td>
</tr>
<tr>
<td>Quality of input-technical, skill etc.</td>
<td>4.95</td>
<td>Reliability of service</td>
<td>2.85</td>
</tr>
</tbody>
</table>

The pearson correlation co-efficient statistic is adopted for test and to measure the relationship for strength or otherwise of association between standard of self-regulation and the quality of output-services. This is represented given the mathematical notation 1

\[ r_{xy} = \frac{\sum(x - \bar{x})(y - \bar{y})}{nS_xS_y} \]  

Where: x and y are each value of x and y
\[ \bar{x} \] and \[ \bar{y} \] are mean value of x and y
S_x and S_y are standard deviation of x and y
n is the number of paired values

The required computation for the calculation of \( r_{xy} \) is in table 2
Table 2: Required Computation for Calculating \( r_{xy} \)

<table>
<thead>
<tr>
<th>Ranking of Importance</th>
<th>Ranking of Performance</th>
<th>( x - \bar{x} )</th>
<th>( (x-\bar{x})^2 )</th>
<th>( y - \bar{y} )</th>
<th>( (y-\bar{y})^2 )</th>
<th>( (x-\bar{x})(y-\bar{y}) )</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.15</td>
<td>3.00</td>
<td>0.0</td>
<td>0.000</td>
<td>-0.00</td>
<td>0.0081</td>
<td>0.0000</td>
</tr>
<tr>
<td>4.75</td>
<td>3.40</td>
<td>-0.1</td>
<td>0.001</td>
<td>0.31</td>
<td>0.0961</td>
<td>0.0031</td>
</tr>
<tr>
<td>4.65</td>
<td>3.15</td>
<td>0.0</td>
<td>0.000</td>
<td>0.16</td>
<td>0.0056</td>
<td>0.0000</td>
</tr>
<tr>
<td>4.85</td>
<td>2.30</td>
<td>0.0</td>
<td>0.000</td>
<td>-0.29</td>
<td>0.58</td>
<td>0.0022</td>
</tr>
<tr>
<td>4.85</td>
<td>3.25</td>
<td>0.1</td>
<td>0.000</td>
<td>-0.16</td>
<td>0.0256</td>
<td>0.0000</td>
</tr>
<tr>
<td>4.95</td>
<td>2.85</td>
<td>0.1</td>
<td>0.001</td>
<td>-0.34</td>
<td>0.0576</td>
<td>0.0024</td>
</tr>
</tbody>
</table>

\( \sum x = 29.10 \) \hspace{1cm} \( \sum y = 18.55 \)
\( \bar{x} = 4.85 \) \hspace{1cm} \( \bar{y} = 309 \)
\( \sum (x-\bar{x})^2 = 01002 \) \hspace{1cm} \( \sum (y-\bar{y})^2 = 0.271 \) \hspace{1cm} \( \sum x\bar{x}(y-\bar{y}) =0.0055 \)

\( S_x = 0.0089 \) and \( S_y = 0.1041 \)

Substituting for mathematical notation 1

\[
\begin{align*}
\text{r}_{xy} & = \frac{\sum (x-\bar{x})(y-\bar{y})}{nS_xS_y} \\
& = \frac{0.0055}{6(0.0089)(0.1041)} \\
& = 5.936 \\
t & = \frac{\sqrt{n-2}}{1-r^2} \\
& = \frac{5.936 \sqrt{41}}{1-5.936^2} \\
& = 0.3467 
\end{align*}
\]

Where: \( r \) is the value of the pearson correlation
\( n \) is the number of paired observations

To conduct this test, the projected hypothesis is re-structured thus:

\( H_0: \) \( \mu = 0 \) (there is a linear relationship between standard of self-regulation and quality output of services

\( H_0: \) \( \mu \neq 0 \) (there is no linear relationship between standard of self-regulation and quality output of services

The value of the ‘t’ computed is 0.3467, at 0.05 level of significance and 4 degree of freedom, (ie 6-2), the critical value of the ‘t’ statistic is given as 2.132. The test is significant; hence the alternative hypothesis that there is linear correlation between standard of self-regulation and quality of output of service is rejected.

**Test 2**

Analyzing for relationship or otherwise between consumers’ expectations as influence in the determination of corporate marketing objective.
Table 3 that shows the rating and ranking of variables of consumers’ expectations in corporate offer of services is basic in this assessment

Table 3: Ranking and Rating of Consumers’ expectation in service offer

<table>
<thead>
<tr>
<th>Variables</th>
<th>Ranking</th>
<th>Ideal</th>
<th>Standard</th>
<th>Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td>Convenience</td>
<td>5</td>
<td>4.85</td>
<td>4.45</td>
<td></td>
</tr>
<tr>
<td>Low price of service</td>
<td>5</td>
<td>4.75</td>
<td>3.25</td>
<td></td>
</tr>
<tr>
<td>Courteous and friendly services</td>
<td>5</td>
<td>4.80</td>
<td>4.60</td>
<td></td>
</tr>
<tr>
<td>Service availability</td>
<td>5</td>
<td>4.95</td>
<td>4.80</td>
<td></td>
</tr>
<tr>
<td>Service delivery ability</td>
<td>5</td>
<td>4.75</td>
<td>4.50</td>
<td></td>
</tr>
<tr>
<td>Prompt warranty work</td>
<td>5</td>
<td>4.80</td>
<td>4.25</td>
<td></td>
</tr>
<tr>
<td>Recovery of failed service</td>
<td>5</td>
<td>4.50</td>
<td>4.00</td>
<td></td>
</tr>
<tr>
<td>Fast action on complaint</td>
<td>5</td>
<td>4.70</td>
<td>4.60</td>
<td></td>
</tr>
<tr>
<td>Job done right at first time</td>
<td>5</td>
<td>4.80</td>
<td>4.70</td>
<td></td>
</tr>
</tbody>
</table>

Analysis of the data on table 3 is based on ‘t’ test statistic for difference of means represented as mathematical notation 2:

$$t = \frac{\bar{X}_1 - \bar{X}_2}{\sqrt{\frac{S^2_1}{n_1} + \frac{S^2_2}{n_2}}}$$  \hspace{1cm} (2)

Where: \(\bar{X}_1\) = mean of the first category of samples

\(\bar{X}_2\) = mean of the second category of sample

\(n_1\) = sample size of the first category of sample

\(n_2\) = sample size of the second category of sample

\(S^2_1\) = variance \((S^2_1)\) or standard deviation \((S_1)\) of the first set of sample

\(S^2_2\) = variance \((S^2_2)\) or standard deviation \((S_2)\) of the second set of sample

Given these, the projected hypothesis \((H_2)\) is re-structured for null and alternative thus:

\(H_0\): Consumers’ expectations do not significantly influence corporate service marketing objectives

\(H_1\): Consumers’ expectations do significantly influence corporate service marketing objectives.

For the computation of data based on actual rather than an ideal ranking of consumers’ expectations and ratings, table 4 is considered.
Table 4: Consumers’ Expectation and Impact on Corporate Objectives Formulation

<table>
<thead>
<tr>
<th>Standard Rating</th>
<th>Actual Rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>$x_1$</td>
<td>$x^2_1$</td>
</tr>
<tr>
<td>4.85</td>
<td>23.5225</td>
</tr>
<tr>
<td>4.75</td>
<td>22.5625</td>
</tr>
<tr>
<td>4.80</td>
<td>23.0400</td>
</tr>
<tr>
<td>4.95</td>
<td>24.5025</td>
</tr>
<tr>
<td>4.75</td>
<td>22.5625</td>
</tr>
<tr>
<td>4.80</td>
<td>23.0400</td>
</tr>
<tr>
<td>4.50</td>
<td>20.2500</td>
</tr>
<tr>
<td>4.70</td>
<td>22.0900</td>
</tr>
<tr>
<td>4.80</td>
<td>23.0400</td>
</tr>
</tbody>
</table>

$\sum x_1 = 42.90$ $\sum x^2_1 = 204.6395$ $\sum x_2 = 39.15$ $\sum x^2_2 = 172.1275$

Substituting ‘t’ test mathematical equation 2

$$ t = \frac{\bar{x}_1 - \bar{x}_2}{\sqrt{\frac{s_1^2}{n_1} + \frac{s_2^2}{n_2}}} $$

$$ = \frac{42.90 - 39.15}{\sqrt{\frac{0.0186875}{9} + \frac{0.228125}{9}}} $$

$$ = 22.658 $$

The computed ‘t’ statistics is 22.658, and at 0.05 level of significance at 16 degree of freedom, the critical value is given as 1.746.

Since the computed value of ‘t’ statistics of 22.658 is greater than the critical value of 1.746, the null hypothesis is rejected. Thus, accepted is that the test is significant at 0.05 level of confidence, hence this work accepts the alternative hypothesis, that consumers’ expectations do significantly influence corporate objectives of service marketing organizations.

Test 3:

Hypothesis 3 is analyzed based on data on table 5 that evaluate the technical considerations of offer in relation to the economic considerations.

Table 5: Comparison-Technical and Economic Considerations of Service Offer

<table>
<thead>
<tr>
<th>Technical considerations</th>
<th>Rating</th>
<th>Economic considerations</th>
<th>Rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>Performance</td>
<td>4.65</td>
<td>Cost of offer (price)</td>
<td>4.80</td>
</tr>
<tr>
<td>Tolerance limit</td>
<td>4.50</td>
<td>Availability (responses to needs)</td>
<td>4.60</td>
</tr>
<tr>
<td>Reliability</td>
<td>4.70</td>
<td>Functions of service</td>
<td>4.50</td>
</tr>
<tr>
<td>Serviceability</td>
<td>4.50</td>
<td>Skill of personnel</td>
<td>4.70</td>
</tr>
<tr>
<td>Success of operations</td>
<td>4.70</td>
<td>Technology of operation</td>
<td>4.75</td>
</tr>
<tr>
<td>Specifications of service</td>
<td>4.75</td>
<td>Standardization/innovation</td>
<td>4.65</td>
</tr>
<tr>
<td>Description of service</td>
<td>4.70</td>
<td>Maintaining service quality</td>
<td>4.55</td>
</tr>
</tbody>
</table>
To determine the significance difference in relationship between the technical considerations of service production process and the economic considerations of the consumption unit based on data on table 5, the research adopts the spearman’s rank correlation co-efficient represented as equation 3:

\[ r_s = 1 - \frac{6 \sum d^2}{N(N^2-1)} \]  

(3)

Where: \( d \) = the difference between each rank of corresponding values of x and y

\( N \) = number of pairs of values

Thus the various components of the \( r_s \) are shown in table 6

<table>
<thead>
<tr>
<th>Technical Consideration (x)</th>
<th>Economic Consideration (y)</th>
<th>( R_x ) (ranking of x)</th>
<th>( R_y ) (ranking of y)</th>
<th>( R_x - R_y ) = d</th>
<th>( (R_x, R_y)^2 = d^2 )</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.65</td>
<td>4.80</td>
<td>3</td>
<td>7</td>
<td>-4</td>
<td>16</td>
</tr>
<tr>
<td>4.50</td>
<td>4.60</td>
<td>1</td>
<td>3</td>
<td>-2</td>
<td>4</td>
</tr>
<tr>
<td>4.70</td>
<td>4.50</td>
<td>4</td>
<td>1</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>4.50</td>
<td>4.70</td>
<td>1</td>
<td>5</td>
<td>-4</td>
<td>16</td>
</tr>
<tr>
<td>4.70</td>
<td>4.75</td>
<td>4</td>
<td>6</td>
<td>-2</td>
<td>4</td>
</tr>
<tr>
<td>4.75</td>
<td>4.65</td>
<td>7</td>
<td>4</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>4.70</td>
<td>4.55</td>
<td>4</td>
<td>2</td>
<td>2</td>
<td>4</td>
</tr>
</tbody>
</table>

\( \sum d^2 = 62 \)

Drawing from these; the hypotheses are restructured thus:

\( H_0 \): There is no significant difference in relationship between the technical considerations of production process and the economic factors of price, availability of market offer among others

\( H_0 \): There is significant difference in relationship between the technical considerations of production process and the economic factors of price, availability of market offer among others.

Substituting for variables in the mathematical notation 3

\[ r_s = 1 - \frac{6 \sum d^2}{N(N^2-1)} \]

\[ = 1 - \frac{6(62)^2}{7(N^2-1)} \]

\[ = 1 - \frac{372}{336} \]

\[ = -0.10 \]

The test of significance \( Q_{rs} \) for this test statistic is conducted using

\[ Q_{rs} = \frac{Z - 1}{\sqrt{n - 1}} \]
Following the above results of the computations, the decision is to reject the alternative hypothesis, since \( Q_{rs} \) is greater than the \( r_s \). It is therefore concluded that the test is insignificant at 0.05 level of confidence. The null hypothesis is therefore accepted, showing that there is no significant relationship between the technical considerations of production and economic factors of price, availability and others of service output as market offer.

**Test 4**

Data as presented in table 7 is considered basis for determining the level of significance or otherwise of customer information system on the measurement of customer satisfaction in service marketing.

Table 7: Customer Information Measurement System-Significance Evaluation

<table>
<thead>
<tr>
<th>Variable</th>
<th>Importance Rating</th>
<th>Performance Rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customers’ survey</td>
<td>4.75</td>
<td>2.05</td>
</tr>
<tr>
<td>Suggestion and complaint system</td>
<td>4.80</td>
<td>3.80</td>
</tr>
<tr>
<td>Comparison shopping</td>
<td>4.25</td>
<td>2.15</td>
</tr>
<tr>
<td>Customers’ information data base system</td>
<td>4.50</td>
<td>3.85</td>
</tr>
<tr>
<td>Periodic survey</td>
<td>3.75</td>
<td>2.65</td>
</tr>
<tr>
<td>Customers’ loss rate (contacts with customers that have stopped buying)</td>
<td>4.85</td>
<td>2.15</td>
</tr>
<tr>
<td>Mystery shoppers</td>
<td>4.65</td>
<td>2.75</td>
</tr>
<tr>
<td>Competitors’ performance evaluation</td>
<td>4.70</td>
<td>2.80</td>
</tr>
</tbody>
</table>

Analysis of data on table 7 is based on pearson correlation coefficient ‘R’, as measure of (evaluation of) strength or weakness of association between the importance and performance ratings of customers’ satisfaction measurement system in the service industry.

This is represented by mathematical equation 4

\[
\Gamma_{xy} = \frac{\sum (x - \bar{x})(y - \bar{y})}{nS_xS_y}
\]  

Where: \( x \) and \( y \) are each values of \( x \) and \( y \);
\( \bar{x} \) and \( \bar{y} \) are mean values of \( x \) and \( y \);
\( S_x \) and \( S_y \) are standard deviation of \( x \) and \( y \); and
\( n \) is the number of paired values.

The required computations for the calculation of \( r_{xy} \) are on table 8.

Table 8: Required computations for calculating \( \Gamma_{xy} \)

<table>
<thead>
<tr>
<th>Rating of Importance x</th>
<th>Rating of Performance y</th>
<th>( x - \bar{x} )</th>
<th>( (x - \bar{x})^2 )</th>
<th>( y - \bar{y} )</th>
<th>( (y - \bar{y})^2 )</th>
<th>( (x-\bar{x})(y - \bar{y}) )</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.75</td>
<td>2.05</td>
<td>0.22</td>
<td>0.048</td>
<td>-0.63</td>
<td>0.397</td>
<td>0.135</td>
</tr>
<tr>
<td>4.80</td>
<td>3.00</td>
<td>6.27</td>
<td>0.073</td>
<td>0.32</td>
<td>0.102</td>
<td>0.086</td>
</tr>
</tbody>
</table>
Substituting for mathematical notation 4

\[ r_{xy} = \frac{\sum(x - \bar{x})(y - \bar{y})}{n S_x S_y} \]

\[ = \frac{0.628}{8(0.139)(0.223)} \]

\[ = 2.532 \]

To calculate for ‘t’ statistic based on

\[ t = \frac{r\sqrt{n - 2}}{1 - r^2} \]

\[ = \frac{2.532\sqrt{6}}{1 - 2.532^2} \]

\[ = 1.146 \]

Where: \( r \) is the value of the pearson co-efficient correlation

\( n \) is the number of paired observations

The projected hypothesis is re-structured for the purpose of this test as follows:

\( H_0: \mu = 0 \) (there is significant relationship between customers’ information system measurement and customers’ satisfaction).

\( H_0: \mu \neq 0 \) (there is no significant relationship between customers’ information system measurement and customers’ satisfaction).

The value of the ‘t’ computed is 1.146, at 0.05 level of significance and at 6 degrees of freedom (8-2), the critical value of the ‘t’ statistic is given as 1.943. The test is in significant, hence the alternative hypothesis is rejected; that is, significant relationship exists between customers’ information system measurement and customers’ satisfaction.

4. Summary of Findings

The findings of this work include the following:

The quality standard of self-regulation in the service sector of Nigeria does not have linearity of impact with the quality of the output of the service firms.
Customer information system as an index of measurement of customer satisfaction does not enhance the ability of the service firms at satisfying service customers. Customers’ expectation is a significant influence factor in the determination of the marketing objectives of the service firms,

There is a high degree of relationship between the technical considerations in the process of service production and the economic factors that influence the price, availability and other related consumer indices of service evaluation; and

Based on the accepted relationship between technical and economic considerations of production and consumption and consumer expectation and service providers marketing objectives, it is expected that linearity of relationship should exist between quality standard of self-regulation and quality of service output, but the reverse is the case.

5. Discussion of Findings

Results of this work show that firms in the service industry in Nigeria are keen at determining the expectations of their target market based on quantitative and qualitative customer research activities, hence are most positioned to satisfy customers as means of remaining relevant. These firms also are guided by activities of self regulatory bodies that serve as umbrella organizations that shade member firms from direct government regulatory control especially in the areas of training and qualifications to practice. This is basic in ethical codes of conduct that highlight members’ duties responsibilities and liabilities to employees, clients, the professional bodies and the unconcerned citizens-Wang & Benbasat (2009) and Xu, Teo, Tan & Agarwal (2010).

Service firms in Nigeria as part of self-regulation along the line of professionalism submit to the technical requirements of operation as these are considered conditions for practitioners to be registered and licenced to operate. This accounts for the much emphase on technical specifications in skills, technology of operations, facilities, environmental standards, aids as ancillary personnel and sources and quality of ancillary services.

These technical specifications have reasonable bearing on the economic value of the services as price –service charge. However, practitioners tend to differentiate their offer from competitors’ given the manipulation of variables of relationship marketing, public relations, social responsibility and environmental marketing based on the concept of sustainability marketing.

Variations in service charges is also influenced by the location of the service providers as to whether in the urban, semi-urban or rural areas respectively as well as the social and economic class of service consumers and their price and income elasticities of demand.

Generally, Nigeria consumers are influenced more by the convenience, courteous and friendly nature of the service providers, service availability and delivery consistency and
ability to recover failed service, compared to the explicit augmental nature of service facilities of environmental nature such as office structure, furnishing among others.

Interactions and discussions with selected service consumers show that the non-linearity between quality of standard of self-regulation and quality of output of services exist in Nigeria. This is attributed to the absence of robust verification mechanisms, thus service providers claim to be providing service within the specified guidelines but they fail to deliver. This self-regulation most often is seen more as marketing play than substantive efforts at addressing the underlying problems. This accounts for the high rate of service failure and implicit and explicit unwillingness of service providers to be involved in service failure recovery as built around service mistake recognition and identification, care and ability to attend to customers’ needs. It is argued- hbswk.hbs.edu/item/5590 (2007), that for service providers, to really deliver on the promise of these programmes, third –party verification will become increasingly important. Obviously, these verification requirements can be enormously complicated to implement and can dramatically increase the cost of adoption. In addition, service consumers interviewed expressed doubt concerning the workability of third party verification of claims and service renditions of self-regulation among organizations, given the experiences of some agencies such as Standard Organization of Nigeria; Consumer Protection Council, Nigeria Communication Council, Servicom, National Drug Law Enforcement Agency, Environmental Protection Agency, Nigeria Deposit Insurance Company among others and the high level of corruption in Nigeria.

Other causes of service failure in Nigeria include uncertainty in operating environment; lack of service knowledge, experience and sense of good judgment; lack of ingenuity among practitioners, hostile business and social environments as well as the under developed nature of the economy that is built on the inability and unwillingness of service providers to take responsibility for service failures and unwillingness to take legal action against service providers in situations of service failure by service consumers.

Self-regulation among organizations achieve below standard in quality service provision following inadequacies and in-efficiencies in customer expectation and satisfaction evaluation. Most service providers have wrong perception of what consumers want, thus are unable to set customer performance standard accurately. Service quality specifications and service delivery personnel are poorly trained, thus are incapable and or unwilling to meet standards or are held to conflicting standards given the requirements of different regulatory bodies. Often times too, consumers’ expectations are affected by statement made by service providers’ representatives that are at variance with corporate projection, thus gaps exist between perceived service and expected service, hence there are mis-perceptions of service quality-Sundar & Marathe (2010) and Waldo, Lin & Millett (2007).
The level of paucity in customer information management system as an index for measuring customer satisfaction is high, thus self-regulation in firms does not determine accurately the level of satisfaction consumers desire given the firms’ service offer. Suggestions and complaint systems, customer surveys, comparison shopping, customer information data base and system, periodic survey, customer loss rate assessment (contacts with customers that have stopped buying), mystery shoppers and competitors performance evaluation as differently provided for across firms studied, are merely statements and provisions for claims of adequacy of self-regulations. In application, these systems are in-operative; hence adjustments to satisfy customers are not made. This supports the assertion of Michael Toffel in Lagace (2007), “how the rules are designed, who adopt them, whether and how compliance is monitored, and whether these rules actually achieve what they purport to achieve’ are not under close evaluation,” thus at the time of adoption, participants are no better than others, hence little evidence suggests that the adoption of self-regulation programmes lead participants to improve faster.

Another problem of self-regulation especially in Nigeria is the existence of numerous codes with multiplicity of operating standards; thus both the service providers and service customers are confused given various expectations. This is even so within the same industry, example, the training of Lawyers, Nurses and Medical Doctors as regulated by the Nigeria Bar Association, Nigeria Nursing Council and Nigeria Medical Association and other intra council regulatory bodies respectively inclusive of the regulation of Nigeria Universities Commission concurrently. These multiplicities of regulatory activities leave consumers in the dark concerning the programmes the service providers have adopted to address their needs.

6. Conclusion

In this era of inter and intra industrial competition, given the effects of market globalization, and raining demand for improved quality of market offer, firms are concerned about loss of customers. To curb the impact of this loss of customers, firms adopt self-regulation standards to convince customers and other stakeholders that they are taking the issues of their concern seriously. In the midst of targeted activities of self-regulation on issues of claim, firms have always responded by implementing some management policies with various level of sophistication that make the evaluation of the standard of performance difficult for consumers to assess.

7. Recommendations

Following the challenges associated with the implementation of the self-regulation programmes among firms and the cost implications, given performance standard monitoring, based on third party verification of claims, this paper considers self-regulation as duplication of efforts at satisfying target markets. Thus, recommends that firms should endeavour to
understand and operate with the knowledge of holistic marketing concept based on the
development, design and implementations of marketing programmes, processes and activities
that recognize their breath and inter-dependencies through attempts at recognizing and
reconciling the scope and complexities of marketing activities. Hence marketing changing are
sustained with changes in the market place.

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