The Limits of Customer Satisfaction: The Case of the Companies Registry Trading Fund in Hong Kong

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Introduction

While the preferences of consumers have generally dictated the nature and quality of services in the private sector, the public sector has been very slow to move in that direction. In the past, public organizations provided token opportunities for consumers of their services to express their dissatisfaction or to present suggestions which were then frequently ignored or not acted upon. Criticisms of such approaches portrayed public organizations as rigid and insensitive institutions which did not care about the views and opinions of their customers. In the last decade, managerialist reformers have compelled public organizations to adopt practices common in the private sector and consumers of services have become more aware of their rights with the introduction of consumer-focused changes to services delivery such as required by the UK’s Citizen’s Charter. The identification of the needs and preferences of customers and attempts to respond to these have gradually come to be accepted as the most appropriate strategies for ensuring the public services’ survival.

There are several ways in which the level of satisfaction among customers of an organization can be monitored. In recent years, increased importance is being placed on the outcomes of services in the public sector, and judgement about services are considerably influenced by the opinions of their customers. Many more efforts are being made to obtain information on the level of customer satisfaction and this can play a very important role in indicating directions of change and improvement. At the same time, such exercises help with the development of new and better methods for managing the performance of managers in the public sector. The ultimate objective is to ensure the high quality of the services offered, as well as to satisfy the expectations and needs of the customers. In this way the organizations are able to survive in the fiercely competitive circumstances under which they operate.

This paper examines the efforts undertaken to assess customer satisfaction with the performance of a public sector organization in Hong Kong. The Companies Registry (CR) is entrusted with the responsibility of administering and enforcing the Companies Ordinance in Hong Kong. The agency was designated as a Trading Fund in 1993 as part of the move undertaken by the Hong Kong government as part of its wider program of public sector reform (Sankey, 1995). This has acted as an impetus towards adopting the private sector practices in the search for continuous improvement. Consequently, there have been systematic

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Efforts to assess the performance of the CR and to enhance the level of customer satisfaction with the services provided by the organization. Performance pledges and customer surveys have emerged as the two most prominent elements in the CR’s efforts to ensure a better and improved system of management. In this process, the CR has been obliged to introduce profound changes in its methods of operation, placing considerable attention on the obtaining or the views and opinions of its customers. This paper sheds light on the changing environment in Hong Kong’s public sector by examining the efforts made in setting performance targets and assessing the extent of success with reference to the opinion of the customers of the Companies Registry. The study reveals a number of interesting points about the method of obtaining customers’ opinions and the limitations that a public sector organization faces in responding to them.

Customer Surveys and Satisfaction in Organizations

Organizations, both in the public and private sector, are established with the specific objective of providing discrete goods and/or services to an identified group of customers. The term ‘satisfaction’ is related to the task of ‘doing or making enough’ (Oliver 1993) but, as the concept of quality has acquired prominence, it has been found that there are many states of satisfaction related to the customers’ feeling of contentment, surprise, pleasure, and relief (Spreng, MacKenzie and Olshavsky, 1996). It is now known that satisfaction may occur at multiple levels during a service encounter and customers may be satisfied or dissatisfied with the official contacted, “the core service product, or any of its attributes, the surroundings or any part of the servicescape, and with the service organization overall” (Gabbott and Hogg, 1998: 100). Where there is chance, customers will continue to use the services of organizations only if they are satisfied with the quality and quantity received. Their level of satisfaction is crucial in determining the relevance and value of the organization and this thus has an impact on its continuation and nature of operations.

Customer satisfaction is related to the performance of individual officials as well as of the entire organization. Various strategies can be used to enhance the level of an individual performance and these may include the imposition of sanctions and coercion in the event of poor performance and material rewards for good performance. A high standard of performance is often linked to a good management style, the attitude of officials who may be moved by altruism or be keen on providing service and on pleasing their customers. Satisfaction of customers is also related closely to the concept of customer care. ‘Customer care is being responsive to customer needs, being close to the customer, finding out the public’s view, ensuring good information on services and developing good staff-public relationship’ (Collier, 1998: 20).

Various reasons are cited for the poor quality of service in the public sector. Disend (1991) listed the frequent lack of competition and profit motive, few rewards for risk-taking or successes, as well as negative consequences for failing, excessive size and bureaucracy, rigid adherence to rules and regulations. An inability to hire/fire and low pay scales are seen as the foremost amongst these. Peters suggested that ‘…anybody will rise to the occasion if given exciting and visionary goals, fair performance measures (developed in part by the
employees themselves), and well delineated responsibilities that can be tied to the “customer’s satisfaction” (cited in Disend, 1991).

Customer satisfaction surveys are undertaken by delineating the work processes that deliver the services, identifying customers, selecting samples, formulating survey questions, selecting the appropriate survey medium, designing and pre-testing the survey instrument, and developing procedures and schedules for communicating with the customers of a service. Conducting a survey usually entails contacting the surveyed customers several times to ensure sufficiently high response rates, tracking responses for follow-up purposes, and verifying the accuracy of the data. Analyzing the results calls for tabulating the answers to individual questions, determining statistical relationships among answers to different questions, reviewing survey answers in relation to overall work processes, identifying performance shortfalls, and considering open-ended customer comments and suggestions for making improvements. Finally, suggested improvements can be implemented by forming teams among stakeholders in the work processes to establish improvement goals, to formulate tactical plans, and to execute changes according to a specific timetable. The procedures included should help to set quantitative and qualitative service standards for measuring performance, for determining strengths and weaknesses for the organization, for targeting areas in need of improvement, for suggesting possible resource allocation strategies, and for identifying potential solutions to improve customer satisfaction. They should also summarize customer service to measure overall progress.

In 1989, the government of Hong Kong undertook a comprehensive review of the organization, structure and operation of the public sector to develop a coordinated program of public sector reform. This was to be achieved essentially through ‘a change in the attitude and approach to the spending of public money in order to improve efficiency and give a better service to the public’ (Finance Branch, 1989). A prominent component of this move included serious rethinking on the delivery of service which recommended ‘accounting frameworks established by law for departments providing essential services on a quasi-commercial basis with the objective of recovering costs’ (Finance Branch, 1989: 13). While such entities would not have the same level of autonomy as public corporations, they would enjoy greater flexibility than traditional government departments.

The Public Sector Reform document emphasized, among other things, ‘the staged transfer of financial authority from Finance Branch giving heads of departments more freedom to manage budgets flexibly’ and ‘increased emphasis on performance measurement in order to focus attention on objectives and outcomes rather than activities and outputs’ (Finance Branch 1989, Preface). It was expected that Trading Funds would help promote more economical use of services, greater efficiency and become customer-driven as opposed to producer-driven organizations (Finance Branch, 1989: 13). The proposed changes were expected to make the Trading Funds more competitive and cost-efficient while enhancing the quality of services provided.

In another attempt to strengthen the customer focus, the last Governor of Hong Kong, Chris Patten, introduced new ideas regarding the adoption of performance pledge. In his second policy address, Patten claimed that ‘the concept of performance pledges and the
service culture has found a ready audience throughout the public sector as a whole’ (Patten, 1993: 29). Moreover, the environment of public sector management in Hong Kong started to undergo significant changes with the steps taken to open up the political system. Thus ‘departments directly dealing with the public will be required to set out their service standards in the form of performance pledges. Second, various efforts to engender our public service with a culture which regards the public as clients will be pulled together’ (Lam, 1993: 178).

The major impetus came with the establishment of the Efficiency Unit of the government in 1992. This unit has consistently provided guidance and leadership in transforming the nature of public sector management in Hong Kong. One of the first measures strongly advocated and put into practice by the Efficiency Unit was the adoption of performance pledges by the government departments. Performance pledges were introduced as a significant element of the principle of ‘Developing Our Culture of Service’ and included the basic structure consisting of achievements, targets, monitoring, communication channels, and customer input (Efficiency Unit, 1995: 61). At the same time, the Efficiency Unit recommended the use of feedback from a variety of sources including the public to improve services.

As stated earlier, customer satisfaction is crucial for any organization seeking to operate successfully in the public or private sectors. However, under the changed circumstances and conditions of operation, Trading Funds were under particular pressure to improve the services and raise the level of customer satisfaction. This could fast be done by understanding the needs of customers and by considering their views on the quality, delivery and price of services. Therefore, customer surveys provide a basis for making improvements and increasing customer satisfaction. The CR in Hong Kong thus also had to take a proactive role in attaining these ends.

The Companies Registry in Hong Kong

Previously, the CR constituted a part of the Registrar General’s Department and was responsible for keeping records of all companies incorporated in Hong Kong and also of all foreign corporations which had established a place of business in the territory (Hong Kong 1961: 215). Currently, it performs a number of functions related to the provision of facilities to allow promoters of companies to incorporate their enterprises and to register all documentation required by the Companies Ordinance (CO). Other activities of the CR include provision of facilities to search for information held in its files, ensure compliance by enterprises and their officers with their obligations under the CO, and tendering advice to the government on policy and legislative issues regarding company law and other related legislation. The CR incorporates and registers new limited liability companies, generally used by entrepreneurs as vehicles for investment; registers and documents of established companies, and microfilms all public documents with the purpose of providing facilities for the public to search them. The steady provision of such services is considered extremely important in Hong Kong which depends greatly on trade and commerce for the continued expansion of the economy.

Trading Funds in Hong Kong are defined as ‘departments running commercial or quasi-commercial services for which they raise fees or charges which operate under a different financial framework than the traditional vote-funded department’ (Finance Branch 1995).
The CR, with its fee for service tradition quickly emerged as one of the foremost choices of the government for designation of a number of government departments as a Trading Fund and with a view to enhancing the quality of management as well as of its services. The reasons are not difficult to comprehend: the scale of operation was reasonable, the nature of the service was simple, the prospect of earning revenue was good, and the clientele base was more homogeneous than most other government departments. It was believed that such an organization would be able to respond to the changing needs of the customers promptly and flexibly. To achieve this end, the CR had to be permitted to operate on a commercial accounting basis.

The Trading Funds Bill was legislated in March 1993 and the first two Trading Funds in Hong Kong – the Land Registry and the CR – were established on 1 August 1993. Each Registrar is responsible for the overall management of their organization and is assisted by a Business Manager, a Registry Solicitor and a Registry Manager. The Registry Managers provide leadership in a number of sections including the Customer Services Division. In the CR the main purpose of this division is to improve customer services, and the receiving, processing and resolving of complaints made by members of the public. The CR has a large number of divisions to deal with various aspects of its operations such as Development Support Services, Financial Services, Computer, Legal Services, Customer Services, Registration, Company Formation and Enforcement, Public Search, and General Support Services.

The CR caters to two kinds of customers. The first group includes the most frequent users of the services and consists of several major organizations which mainly use the services relating to search, incorporation, charges and registration. These major customers (MC) send their employees or representatives to the CR for using the services. The second group includes the customers who visit the premises of the CR in person, irrespective of whether they are regular or infrequent users of the services. Small entrepreneurs, lawyers and people from a variety of backgrounds can be found in this group.

The Registry has stated in its annual report that ‘it is committed to provide an efficient, courteous and professional service to all its customers from both the private and public sectors and do its best to meet performance standards and improve services’ (Companies Registry 1998: 13). It is emphasizing care for, and respect to, the ‘customers by listening to them and taking into account their needs and expectations’ in determining the quality of service delivered, and to ‘change for the better by remaining receptive to new ideas, technologies and work practices so as to improve the level and quality’ of the services and facilities (Companies Registry 1999). These objectives are achieved by establishing and working towards a set of performance pledges and adjusting strategies to measure and enhance the level of satisfaction enjoyed by the customers of the CR.

**Pledges and Customer Service**

The evolution of the culture of customer services can be seen in the gradual steps taken after the establishment of the CR as a Trading Fund. Given the nature of registration of documents
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required to be submitted under the Companies Ordinance, and the provision of facilities for the search of company records by its customers, who are principally small, medium and large entrepreneurs and enterprises, the CR is left with no option but to become customer-oriented.

Soon after being designated as a Trading Fund, the CR produced a series of Performance Pledges that outlined the standards of service which the customers could expect. For example, the pledges covered three areas of operation of the CR: the incorporation/registration of companies under the Companies Ordinance; the registration and maintenance of documents required to be lodged by companies; and the provision of facilities for the search of company records. It indicated the target standards and provided a comparative picture of the standards achieved in 1993-94 and went on to set standards for the next year. In this way, the CR indicated the ways in which it proposed to improve its services. It also outlined the procedures for the public to lodge complaints and make appeals. “The performance pledge is continuously reviewed, taking account of customers’ comments and suggestions” (Companies Registry 1998: 13).

Customer Satisfaction Surveys

After the first year of operation with a set of performances pledges, the CR realized the importance of knowing how its customers viewed the scheme of things. Therefore, the Customer Services Division conducted a survey investigating customer opinions towards the services on offer as well as soliciting a plan for new services. The objective was to assess the relative satisfaction of the users with the CR’s goals, targets and standards of services as well as to determine their perceptions towards staff attitudes.

The 1996 Survey

The first survey on customer satisfaction was conducted in 1996. While questionnaires were mailed to the 120 major customers, 110 counter customers were interviewed in person. Sixty-five (65) percent of the mailed questionnaires were returned. The response from the customers revealed some useful findings, but it is also necessary to consider their views with reference to the context, and the fact that this was the first such attempt to solicit views after the introduction of the performance pledges.

The overall results of the survey showed that 83 percent of the respondents recognized that there had been real improvements to services since CR was established as a Trading Fund in 1993. Forty percent of the counter customers thought the services had “improved greatly.” More significantly, no respondent suggested that there had been any deterioration in service standards. In terms of usage, over 80 percent of the respondents reported using the ‘search’ service and over 60 per cent the ‘registration of general documents.’ “Registration of charges” was the least used service.

Generally, respondents were satisfied with the ‘service hours.’ However, 35 percent were dissatisfied with the existing opening times of the Search Hall. The area of greatest dissatisfaction for the customers was the target of 17 working days required for completing a
change of name for a company. The time needed for the general registration of both local and overseas companies was also considered to be unsatisfactory by approximately 40 per cent of the major customers. Inadequate sign-posting, seating and lengthy queuing times also caused some of the highest levels of dissatisfaction.

The services with which most respondents were satisfied included the ‘ordinary,’ ‘express,’ and ‘bulk’ service counters and the customers were found to be very satisfied with these performance pledge targets. Services relating to ‘photocopying – certification not required’ and ‘incorporation/registration of local companies’ were also able to satisfy a large number of customers. Respondents were generally happy with most aspects of both the ‘physical environment’ and ‘service provision.’

The 1996 survey obtained a number of comments and suggestions for improving the level of satisfaction of the customers of CR. Some of those were related to the physical facilities, while others were related to procedures and personnel. Among the physical facilities, customers expressed the wish to be provided with more seats as well as lighting in the Public Computer Terminal Room. They wished to have more telephones available for public use, and additional lines set up for inquiries during lunch hour. They recommended the opening up of more counters when the number of customers increase and felt that the establishment of more ‘express counters’ could improve the situation. Better toilet facilities and supply of drinking water on the premises were requested and the need for improving the signage in the lift lobby was pointed out. The customers also felt the need to improve the air-conditioning system.

The comments on the procedures were more significant. Customers felt that queuing time could be shorter – provided order is maintained in the search hall, and a computerized system could help. Customers were dissatisfied with the time required for the collection of documents and suggested an extension of service hours, particularly for the shroff office and the search hall. It was also suggested that more copies of the ‘Company Index’ should be provided for the convenience of customers. Some wished to have on-line access to the company name and document index as well as other on-line services. CR customers also demanded a relaxation of the limit of a maximum of ten companies to be searched for at one time at the “Ordinary Search Counter.” A large number of customers thought a published leaflet or booklet on the procedures for setting up a limited company would be helpful to them.

It was not surprising to find that customers of the CR, like those of other organizations, perceived the quality of service to be related to the attitude and capability of the personnel providing the services. Many of the respondents recommended the deployment of more personnel, especially for the “Express Service Counter.” They also expected “Enquiries Counter” staff to be experienced and knowledgeable, and to be prepared to answer questions and explain procedures to the customers. Several customers suggested that staff should be provided with incentives for good performance and thought this could help to improve their attitude. Additional training was also suggested as a means for achieving this end.
In the brief period of its operation as a Trading Fund, therefore, this survey suggested that the CR appeared to be aware of the importance of responding to the needs of its customers. A number of steps were also initiated to identify areas of strength and weaknesses in relation to its customer service. The 1996 survey indicated general satisfaction with the physical environment, level of fees and charges and with the procedures followed in providing services. However, it was noticed that on some matters, a large number of customers did not express any opinion and it was necessary to follow up on these. Several concrete suggestions were made for extending the service hours and the provision of additional facilities. It was also noted that there was wide variation of opinion between the major and counter customer on some matters. The CR thus had to take into consideration the needs, perceptions and expectations of these two distinct groups in developing customer services and further improving the standard to raise the level of customer satisfaction.

The 1997 Survey

With the insight obtained from the 1996 survey, the CR decided to follow up with another in 1997. This was in keeping with the CR’s aim to achieve continuous improvement in the provision of services: The survey again aimed to secure information on the level of satisfaction of a sample of users with reference to the goals, targets and standards of the services provided, as well as assessing customers’ perceptions concerning staff attitudes and the nature of their demands. The design of the survey was largely similar to the 1996 effort, with adjustments and changes made in the instrument to assess what improvements were made since the last survey and to better understand the needs of the customers.

Questionnaires were administered to 240 customers of the CR from the two – Major Customers and Counter Customers – categories identified in 1996 and 189 responses were received. While the full quota was achieved for the field interviews, 57.5 percent of the postal questionnaires were returned. The following paragraphs describe some of the most pertinent information obtained through this exercise.

Similar to the previous year, ‘registration of general documents’ and ‘searches’ were the most extensively used services. While the major customers made more use of the ‘ordinary search’ service, counter customers had used the ‘express search’ service more extensively. ‘Registration of charges’ and ‘declaration’ were used to a much lesser extent. The customers were satisfied with the service hours in most areas of service, but some were dissatisfied with the service hours of the search hall.

Many customers (38.1 per cent) were dissatisfied with the service related to ‘submission of documents during peak hours.’ Other services which were unsatisfactory to the customers included “searches – express service counter” (31.0 percent), ‘change of company name’ (29.0 percent), and ‘incorporation/registration of new overseas companies’ (25.9 percent). There were expressions of dissatisfaction over the queuing time, seating and toilet facilities, and unhelpful attitudes of staff.

The surveyed customers were satisfied with the target time set for ‘incorporation and registration of new local companies’ (79.8 percent) as well as ‘photocopying services –
certification not required’ (80.5 percent). The level of satisfaction was high with ‘searches –
ordinary service counter’ (66.9 percent), ‘photocopying services – certification required’
(66.3 percent), and ‘submission of documents – non-peak hours’ (64.1 percent). The level of
satisfaction with the physical environment was generally high, except with the provision of
seating facilities.

Although the 1997 survey reflects improvements in the areas of satisfaction with
performance pledge targets, service hours, computer room services, and some of the physical
facilities. The level of dissatisfaction over the long queues, staff attitude and the level of fees
remained. During this survey, customers also made a number of suggestions for improving
the quality of service such as speeding up service or the counter by increasing staff numbers
at the business time.

A Comparison of Results

Some interesting facts emerged in comparing the results of the surveys conducted in 1996
and 1997. There were some noticeable changes in the occupations represented by the
respondents, with a decline in the number of self-employed customers. The number of
respondents in the Accounting/Audit field and representatives from the Search/Information
Companies rose considerably among the major customers, as did the number of solicitors/
notaries among the counter customers. As might be expected, there were fewer Directors
among the second group.

Overall, the level of customer satisfaction appears to have risen over the year, and
improvements were recognized in many areas. Obviously, the revision of targets by shortening
the period required for providing services has helped to reduce the level of dissatisfaction.
The CR was able to demonstrate impressive achievement in raising the levels of satisfaction
with the standards and targets of the Performance Pledges. At the same time, the levels of
dissatisfaction also increased in some cases. For example, with regard to the number of days
required for the ‘incorporation of new overseas companies,’ the percentage of those dissatisfied
rose by almost three times the amount of the previous year’s figures. In particular, the
standard of ‘20 minutes for the express service counter’ reflects a definite lowering of
satisfaction and with it an equally definite increase in levels of dissatisfaction.

Satisfaction with service provision remained fairly high among the major customers.
This group was also less dissatisfied with every category compared to the previous year. The
counter customers became noticeably more dissatisfied with staff attitudes, manpower
allocation, efficiency and the handling of inquiries than was the case in 1996. However,
there was adequate progress in the customers’ level of satisfaction with the physical
environment. The counter customers also became less satisfied with the use of space than
before and, whilst the levels of dissatisfaction with seating arrangements had marginally
improved, the level was still much higher than could be desired.

With reference to the overall view of services, the answers were generally complimentary
in 1997, but were less satisfactory than they were before. In 1996, 35 percent of those
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answering the relevant question felt services had ‘improved greatly’, but only 11.8 per cent felt this way in 1997. A further 59.8 percent did still feel that services they had used had improved and this compared with 47.5 percent the year before. Only 5.8 percent of the counter customers, however, considered services to have improved greatly compared to 48 percent in 1996 (see Hayllar, et al. 1997). Explanations for this downward shift are not clear, but might reflect the fact that service users have now come to expect the higher standards of service offered by the CR as normal, and may have forgotten what the standards were actually like before. Thus, while counter customers were beginning to receive better quality services than before, their expectations of more quality services should be perhaps rising just as fast, if not more quickly.

Several customers commented on the services that have not improved since the first survey was conducted in 1996. Lengthy queuing time was identified by several customers as an area which had not improved. There was discontent with the express search service as well as with staff attitudes to a lesser extent. Overall, however, the areas in which improvements were noticed by the customers outnumbered those that were thought not to have improved.

Customers were invited to suggest ways for improving the services of the CR, and appeared pleased to be given an opportunity to provide input into the planning process. They responded with a rather long list of problem areas such as long queuing time and queue jumping, inadequate number of computers and personnel, untidy floors, outdated information on the computer, complex and difficult new bilingual forms in English and Chinese (particularly those for overseas companies), inefficient allocation of manpower, poor quality of diazo copies, lack of access through staircases, an inadequate number of express counters, lack of toilet facilities, space, and impolite staff.

A number of respondents suggested measures to deal with the problems of queuing and delays. They would like to see more counters opened, especially during busy hours, and more personnel allocated to those counters. Secondly, suggestions were made to provide a ‘special functional key for computerized search’ and provide guidelines to assist customers in using the computer terminals. Finally, some customers considered the price for CR services – particularly those charged for the use of CD-ROM and registration fees for late delivery of annual return for private limited companies – too high and suggested a reduction of price for all the services.

Response of the Companies Registry to the Customer Satisfaction Survey

The 1996 survey report was considered at a meeting of the CR in June 1996, and members were requested to ‘examine the report to focus on the problem areas identified’ (CR 1996a). In fact, the CR executives had ready excuses and explanations for most of the areas of dissatisfaction identified by the customers. The dissatisfaction stemming from the target standard of 17 working days for change of company name was discounted by arguing that ‘customers might have reacted to the duration of the target standard rather than the actual time involved’ which was 12 days (CR, June 1996a). This of course also required the question of the better the targets set should better reflect the reality of what can be achieved.
A target that is really one and a half times the average time involved does not seem to provide the challenge needed to stimulate real efficiency gains.

The meeting also observed that the actual performance in the three areas of most unsatisfactory services had substantially improved, and these were later reflected in the subsequent performance pledges. It was noted that the number of seats in the computer terminal room could not be increased due to space constraints, but answering machines were recommended for the enquiry hot lines. The Committee did not give serious consideration to the issue of high charges and fees with the comment that they were ‘linked with inflation.’ It was agreed that the channels of communication with the customers were adequate and commendation was handed out for a ‘very successful’ Customer Liaison Counter. Other constraints in responding to the views of the customers were noted at the meeting, and agreement was reached to make improvements in areas of social responsibility such as giving ‘special attention to pregnant women and elderly’ in the computer terminal room. Lighting in the computer terminal room was ruled to be ‘already very good,’ and the dissatisfaction with the queuing explained away as ‘a wrong perception because of the persistent long queue in front of the express counter.’ The members agreed to ‘continue to be flexible by allowing customers who had genuine urgent needs to use our [the] toilet facilities,’ and conceded ‘that sign posting was probably inadequate.’ ‘It was confirmed that an umbrella stand was provided during rainy days’ and it was agreed that this measure should be continued.’

In response to the suggestions for improving the procedures, the meeting did not see any scope for extending the service and found that services provided was adequate. The staff responsible for answering enquiries were described as ‘very experienced’. However, the ‘Chairman advised that the front-line job of answering questions was very important because, among other things, it might be a source of complaints’, and that importance of training for such staff was underlined. Overall, the first review of the customer satisfaction survey by the CR led to expressions of denial and the adoption of superficial measures to reinforce the assumption of the officials that the customers were generally satisfied.

A second review of the survey report was made at another meeting three months later. By this date, a new target standard of thirteen, rather than 17 working days had been set for the service of changing a company’s name. The results of the CR’s own survey to identify the busiest hours was disclosed and it indicated that the agency has been following the appropriate strategy ‘to accommodate the heavy workload during peak hours’ (CR, 1996b). A proposal to extend the counter service hours as suggested by the customers was not adopted on the ground that ‘staff still had a considerable amount of follow up works to complete’ after the closure of search hours.

The response of the CR to the three most unsatisfactory service, namely change of company name, general registration (overseas company) and general registration (local company) was simply to set new target standards for those. Regarding the level of fees and charges, a review was reported to be under way but no indication was given to that there could be any efforts made to reduce them. This is understandable as the level of fees is subject to approval by the Legislative Council and is as much a politicized as an economic issue.
The CR was quite pleased with the work of the Customer Liaison Counter and the installation of a suggestion box. The lighting was ‘considered to be sufficient for general purposes’ and the room temperature ‘acceptable’, although the suggestion to install screen filters to computer screens was not supported ‘since no complaint of this nature had ever been received’ (CR, 1996b). The lack of enthusiasm to respond to the suggestions of the customers was reflected in the 1997-98 Annual report of the ‘As considerably improved standards have been set and achieved over the last few years, the Registry has now reached a stage where further major shortening of response time is not possible without substantial reinvestment in more technologically advanced systems or equipment’ (CR 1998: 13-14). It seems then, that the CR, has reached the limit of customer satisfaction.

As a Trading Fund the CR has remained under pressure as to operate as a self-financed entity and hence revisions and adjustments in fees must be accepted as part of the plan. At the same time, the CR has declared its commitment to continuously seek ‘to improve service quality and efficiency’ through customer visits, surveys and questionnaires to ascertain customer needs; customer service counters; refurbished premises; a computerized index of documents and an index of all the directorships held by directors of listed companies; section-based monthly management accounting reports to show levels and trends of unit costs and productivity; and organization of workflow reviews to establish best practice with the effect of the reducing costs or improving customer services (Legislative Council Brief, January 1995). Unfortunately, many of these claimed activities could not be readily recognized by the customers of the CR.

The CR therefore, operates under a number of constraints and regulations which are likely to affect its ability to perform not least of there is that it is operating under monopoly conditions and faces no competition to stimulate ardent searches for improvements. Customer satisfaction is thus also influenced by these factors. In addition, the need to retain the staff of a Trading Fund as employees of the civil service may partly be responsible for the attitude displayed in responding to the results of the customer survey. Fundamentally, civil servants are much more secure in their posts than their private sector counterparts.

**Concluding Observations**

As a Trading Fund operating under the changed circumstances of the Hong Kong public sector, the CR has made efforts, some rated more half-heatedly than rigorously, to achieve some of the objectives of enhancing customer satisfaction and service quality. The first survey of customer opinion helped to identify some areas of strengths and weaknesses. With simple steps taken to revise the targets and simply by opening up to more communication, it has been possible to raise the level of customer satisfaction. Improvements were noted in the areas of performance pledge targets, service hours, computer room service, and the physical facilities. However, dissatisfaction persisted over the long queues, staff attitudes and the level of fees. But the area of highest concern should be the slippage of satisfaction in certain aspects of the service clearly, customers are expecting more improvements to be made.

The levels of satisfaction expressed by the customers can, therefore, be placed in context. They were satisfied with certain aspects of the service that were most likely to be related to
feelings of relief rather than of contentment or pleasure. Such feelings have been reinforced by the knowledge that the CR is the only agency providing the service, and the customers did not have, therefore, an alternative to choose from.

The case of the CR thus also reveals some of the frequently cited reasons for the poor quality of service in the public sector. Lack of competition is a major reason, but the response of the CR to comments and suggestions of the customers indicates the entrenchment of traditional bureaucratic values. Rules and regulations are strictly adhered to, and the tendency to be overly defensive over the perceived weaknesses suggests a strong reluctance to learn or change. The CR has drawn the limits of customer satisfaction, and it will be very difficult to get the agency to go further along this path.

The monopolistic nature of services provided by the CR gives it a natural advantage in operating on a commercial basis. The services provided are in great demand and it is the only agency providing them. This advantage could be used to enhance the strengths of the CR and to enable it to emerge as a shining example of a public enterprise which could combine the benefits of operating as a monopoly in a free market with a clientele which is willing to co-operate. Therefore, it is necessary for placing emphasis on the attitude of all staff – front line as well as senior management – and to attune them to a culture that gives serious consideration to customers’ views and that does not reject them as insignificant elements in the operation of the CR. Under the environment of the public sector in Hong Kong, public agencies such as the CR must accept the fact that customer satisfaction is directly linked to their performance in providing the services as well as to working with customers as partners in achieving the mission of the organization. This is as crucial to the survival of the CR as it is to any other Trading Fund in Hong Kong or elsewhere.

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