

Service Quality Dimensions Impact on Customer Satisfaction in Telecom Sector of Pakistan

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ABSTRACT

Service quality is crucial factor for customer satisfaction. Customer satisfaction is effected by service quality dimensions. In order to make the customers satisfy every company strives to enhance its quality of services. This research finds out the relationship between service quality dimensions and customer satisfaction in the telecommunication sector Pakistan. A sample of 300 respondents was employed. Research objectives and questions were developed, along with the hypotheses that were further tested and analyzed. Descriptive statistics encompass the simple percentage and means that are used for presenting data and analysis in tabular form. Regression analysis, Pearson correlation coefficient and ANOVA are run to test hypotheses. The study figures out that service quality has effect on customer satisfaction and that there exists a positive relationship between service quality dimensions (except price fairness & empathy) and customer satisfaction. This research is concluded by gaining the attraction of service providers towards improving their technical quality to increase customer satisfaction.

KEYWORDS: service quality, customer satisfaction.

1. INTRODUCTION

In contemporary environment businesses have to develop different strategies to survive in long run. To gain long term success in business, main focus is always towards customers. Customer's satisfaction has become first priority of every company to provide quality services to all the customers. Quality service is something providing more than just services.

Customer's satisfaction can only be achieved by providing quality services and quality in services can be improved when all the dimensions of the quality services are taken into account, which include "Physical aspect", "Assurance", "Responsiveness", "Empathy", "Reliable", "Price fairness", "Technical quality" and "Image". Maximum service quality can only be delivered when all such dimensions are according to the standard. There is direct relationship between service quality and customer's satisfaction. It means better quality lead satisfying customer but it can never be achieved only by doing it at one time. For this purpose all the dimension of the service quality must also be fulfilled otherwise it will not lead to achieve the required result (Ishfaq Ahmed, 2010).

Telecommunication sector is advancing worldwide. Pakistan is a huge market for "mobile telephony" and "mobile broadband", as the population of Pakistan is increasing at exponential rates. In Pakistan, telecom sector is facing intense competition because many foreign firms have also started to operate here. Use of mobile phones in Pakistan has increased and now a day there are fewer trends of landlines. Every day on television we come across various advertisements of the telecom companies. These companies are focusing on giving the better service and affordable packages to their customers. The intense competition among the various telecommunication companies has led to a decrease in the prices of call rates in Pakistan. Also because many telecom companies are operating in Pakistan, it becomes easy for the customers to choose the network that best satisfy their needs and expectations. Customers seek better quality for the price they paid to those companies. Therefore quality is the most important aspect in terms of services. Dimensions of service quality include "assurance", "reliability", "responsiveness", "empathy" and "tangibility" (parasuraman 1988).

These five dimensions of the service quality directly affect the customer's satisfaction. Customer's satisfaction then causes customer loyalty. So if a customer is satisfied with the service quality, then it's a long term success for a business. To gain satisfaction of customers, telecom companies "jazz", "Ufone", "Warid", "Telenor" and "Zong" are continuously striving to gain maximum market share by serving maximum customers with quality services. This is the reason of hyper competition in telecom sector

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(Jawaria Fatima Ali, 2010). "Mobilink" and "Telenor" are the main players and striving to retain the existing and capturing the new customers that are why Mobilink has 31.5% of entire market, Telenor has 23 %, Warid has 19.4%, Ufone has 19% and Zong has 7% of the total market share (African Journal of Business Management, 2010).

The objective of this research is to find out the factors which have impact on service quality and ultimately on customer's satisfaction, moreover to analyze the impact of service quality on customer's satisfaction. For this purpose data is collected by distributing 300 questionnaires among customers having different mobile networks in Sahiwal city.

2. LITERATURE REVIEW

2.1 Customer Satisfaction

Customer satisfaction can be defined as it is a judgmental level of product or services that provides a pleasurable level of consumption. Customer satisfaction related to fulfilling customer requirement and providing them long lasting benefits (Syed Saad Andaleeb, 2006). Satisfaction is a measure of evaluation through which customer identify either his expectations are fulfilled or not (Shahid zaman khokhar, 2011). Customer satisfaction is a key indicator of quality of services provided by companies to their customer, but it is not easily definable (Mian Usman Sattar, 2012).

2.2 Service Quality

Service quality and customer satisfaction are two distinctive constructs but highly correlated. It is concluded that to achieve high customer satisfaction a business must develop a high perception level about service quality (G.S. Suresh chandar, 2002). Service quality reflect particular behavior that indicates whether customer remain loyal to product or to leave the organization (Mohammad Belal Uddinm, 2012). Service quality is important factor to motivate customer. In service quality customer makes comparison (Mian Usman Sattar, 2012). Good service quality is the basic factor of attracting and satisfying customers (Syed Saad Andaleeb, 2006).

When a company provides good quality it causes customers' satisfaction and more satisfaction results in loyal customers which also lead to shrink customer price sensitivity and low operating cost. So, more satisfaction leads to customer's loyalty and retention (Jawaria Fatima Ali, 2010). Customer's satisfaction is fulfillment of the customer's needs and needs are changing continuously and when these changing needs are fulfilled continuously then customer become loyal with that particular product or service (Shahid Zaman Khokhar, 2011). There are some factors that affect satisfaction in direct selling and these factors are: trust, the availability of the product, the company's image, the variety of the products, convenience, financial value, customer's experience with the company, the products and the salesman and the perceived risk (Alturas, Santos and Pereira, 2005).

In Pakistan telecommunication sector, the competition among different companies has become fierce because many foreign companies are also operating in Pakistan. Customer service and price fairness also have an impact on customer satisfaction. Customer service consists of complaints processing, speed of dealing and solving customer's problems and price fairness is charging fair prices. In Pakistan people are price conscious and charging fair prices would increase the customer satisfaction. But on the other hand, people are willing to pay high prices if the service quality is better. (Muzammil Hanif, Sehrish Hafeez, Adnan Riaz, 2010). In some countries like Pakistan mental satisfaction is achieved by paying higher prices (Nemati, 2010). Service quality is a key factor that directly influences the customer satisfaction. Service quality has many dimensions that are represented by a scale called as SERVQUAL. Dimensions are "Reliability", "Responsiveness", "Assurance", "Empathy" and "Tangibility" (Parasuraman 1988).

2.2.1 Physical Aspects/Tangibles

The tangible dimension refers to the quality of physical infrastructure, the equipment available to make the service a delightful experience, the outward show of people providing the service (Muhammad Asif Khan, 2010). The most important features of service quality are "Assurance" and "Tangibles" because they got the highest score. (Ishfaq Ahmed, 2010). Tangibility refers to the equipment, machinery, signage and appearance of employees or the man-made physical environment (G.S. Suresh chandar, 2002).

2.2.2 Responsiveness

Responsiveness is the willingness to help the customers in case of any problem. Solving the complaints of customers efficiently creates a positive image about the quality of service but if customers

are kept waiting, it creates negative impression about the quality of service. Dealing the customer's complaints and helping in recovery with professionalism (Parasuraman et al. 1988).

Responsiveness accounts for a prompt response to the customers' needs. Mobile phone users are keen to get a prompt response from the employees regarding their complaints and enquiries (Muhammad Asif Khan, 2010). As company is providing products and services to the customers so for the consequences, company is responsible. It is the responsibility of the company to provide actually what they are saying. Any irresponsible act will lead to dissatisfy the customer and lose it permanently (Mr. Ken West, Ph.D). Create a flexible system to continuously respond to the customers (Jupiter Research, 2007).

2.2.3 Reliability

The dimension of reliability entails provision of service accurately and dependably. The dimension of reliability did not reflect significant effect on customers' perception of quality (Muhammad Asif Khan, 2010). Accomplishing the services on time and in consistent manner free of errors. The ability to perform the desired and promised services accurately is reliability (Parasuraman 1988).

2.2.4 Assurance

Assurance focuses on the expertise of the employees about the multifaceted knowledge of the service offering, courtesy, and their ability to instill faith and dependence in the service providers' competence. They stressed that staff should have the competence to inspire trust and confidence among the customers about the ability of cell phone service providers in anticipating and meeting customers' needs (Muhammad Asif Khan, 2010). Offering better warranty terms convey greater assurance to buyers and can result in greater sales (Mohd Rizaimy Shaharudin, 2009). It is the ability to build trust in customer's and showing courtesy every time. Assurance consists of polite behavior of the staff, respect and gratitude for the customers and building confidence in them about the service (Parasuraman 1988).

2.2.5 Price Fairness

Monetary value means how much the MIM (Mobile Instant Messaging) service is satisfactory considering the cost, time or effort spent in using the MIM. This factor cannot be ignored because economic considerations are often regarded as an important aspect for customers' usage of information systems (ZhaohuaDenga, 2010). Price is one of the most important factors that satisfies or dissatisfies customer because price is indicator to attract customer. Customer must be willing to utilize the services if the price which he pays is according to his expectation (Mian Usman Sattar, 2012). Price is the amount which customer pay against the utilization of product or service .Price has greater influence on economic performance of product. (Mohammad Belaluddin, 2012). In Pakistan mostly consumers are price sensitive and they prefer low price. So telecommunication companies which are involved in hyper competition provides low price to be in market and capture high market share (Jawaria Fatima Ali, 2010).

2.2.6 Empathy

Empathy is providing extra care and attention to individual customer every time. Empathy means how much company understands the needs of the customers and with how much care and attention they are dealt with (Parasuraman 1988). Empathy necessitates placing customers over and above everything else during the course of staff interaction (Muhammad Asif Khan, 2010). Empathy factor proved to have a significant negative relationship with customer satisfaction by having lowest score (Ishfaq Ahmed, 2010).

2.2.7 Technical services

Use the technology which plays its role to minimize the cost of the company and also helpful to serve the customers in best way (Mr. Ken West, Ph.D.) Skilled technicians, & fault diagnosis are influencing parameters that affect customer satisfaction. These all factors lead towards service productivity improvement (Tahir Iqbal, 2011).

2.2.8 Image

Keeping the existing customers is more profitable than search for the new one. It cost five times more to find the new customer. Existing customers are those whose words of mouth are going to attract the new customer. So, never break up with the existing one. It is helpful to build good image. (Mr. Ken West, Ph.D.)

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2.3 THEORATICAL FRAMEWORK



In the above model, "physical aspects", "assurance", "empathy", "responsiveness", "reliable", "price fairness", "technical quality" and "image" are the independent variables which affect service quality. Service quality is the intervening variable which has direct influence on customer's satisfaction. Whereas customer's satisfaction is dependent variable. Hence, independent variables lead to increase the service quality (intervening variable) and this ultimately increases customer's satisfaction (dependent variable). Based on above model following hypothesis are developed.

2.3.1 Hypothesis

H1: Physical aspects have significant impact on customer satisfaction.

H2: Reliability has significant impact on customer satisfaction.

H3: Responsiveness has significant impact on customer satisfaction.

H4: Assurance has significant impact on customer satisfaction.

H5: Empathy has significant impact on customer satisfaction.

H6: Price fairness has significant impact on customer satisfaction.

H7: Technical quality has significant impact on customer satisfaction.

H8: Image has significant impact on customer satisfaction.

3. METHODOLOGY

For research purpose the questionnaire is developed for primary data collection and secondary is collected through books, journals and net surfing.

3.1 Sample Size

Sample size consists of 300 mobile users having different networks in Sahiwal city. The questionnaires are distributed to the different cellular network users mainly the businessman/women, job holders and students. The purpose of taking businessman/ women, job holders and students is to see the impact of service quality dimension on customers' satisfaction level with respective network belonging to different background. Moreover, the objective to select the sample size of 300 is to get maximum representation from population.

3.2 Tools

Questionnaire is developed aiming at data collection from sahiwal. Questionnaire includes the profile questions, and structured questions based on 5 likert scale. Where 1 refers to as "Much worse than expected" and 5 as "Much better than expected". After this there are few questions regarding the importance of service quality dimension. Again the 5 likert scale is used for it, where 1 refers to as "Not – at-all important" and 5 refers to "Very Important".

Basically, data is collected from both the sources, primary and secondary source.

3.3 Primary Data

Primary data is collected from customer through interviews and questionnaires. One reason for choosing the questionnaire as a data collection tool is that, it is a quicker source of information. By interviews, more in-depth information is gathered from customers.

3.4 Secondary Data

While secondary data is gathered through net, booklets, and journals for the literature review.

3.5 Tests

The data which is accumulated using questionnaire is processes through SPSS. For statistical analysis many tests are applied e.g ANOVA, correlation & regression. On the other hand, descriptive statistics are used to calculated mean & frequencies.

3.6 Data Analysis

The objective of this research is to analyze the impact of different service quality dimensions impact on customer satisfaction in telecom sector of Pakistan, for this purpose different tests are applied. Results for the analysis are as follow:

4. RESULTS & FINDINGS

4.1 Frequencies

300 questionnaires were distributed out of which 280 are useful replies. In 280 valid replies there are 135 male and 145 female responses. Valid percentage of male is 48.2% and female valid percentage is 51.8%. There are three different categories regarding occupation. Job holder category has 7.1%, student has 85.7% and business man/ woman have 7.1% valid percentage. There are total five telecom networks are under consideration in research. Ufone has 23.2%, telenor has 21.8%, mobilink has 30%, warid has 15%, zong has 10% share of market.

Using the following 5 likert scale, frequencies of service quality dimensions are calculated.

Not at all important	Not important	Neither important nor unimportant	important	Very important
1	2	3	4	5

Results show that for 26.4% respondents, physical aspects (tangibles) are neither important nor unimportant. Assurance, responsiveness, empathy, reliability, price fairness & image are important for customers carrying the frequencies 34.6%, 31.1%, 35.4%, 36.1%, 31.1%, & 33.6% respectively. While according to 34.32% respondents technical quality is very important for the customer satisfaction. 50.4% respondents are satisfied meanwhile 5% respondents showed dissatisfaction with their respective networks.

Table (4.2.1) Means					
	Ν		Std.		
		Mean	Deviation		
Overall satisfaction	280	3.64	1.041		
Image	280	3.64	1.156		
Empathy	280	3.64	1.144		
Technical Quality	280	3.63	1.266		
Price Fairness	280	3.59	1.261		
Assurance	280	3.58	1.111		
Reliability	280	3.56	1.159		
responsiveness	280	3.52	1.139		
Physical Aspects	280	2.93	1.219		

The table 4.2.1 shows the mean scores and standard deviation of service quality dimensions & customer satisfaction. Using the 5 likert scales where 1 represents "not at all important" while 5 represents "very important". The mean value for the image & empathy is 3.64, while technical quality means score is 3.63. It indicates that these dimensions (image, empathy, technical quality) are more important for the customer

satisfaction. Furthermore, physical aspects are least important. Correlation among service dimensions & customer satisfaction is given below:

4.3 Correlation

To test the correlation, Pearson correlation coefficient is applied. The relationship is significant at 0.01. Results indicate that "assurance", "responsiveness", "reliability", "technical quality" & "image" have positive and significant relationship with customer satisfaction. It means that these factors can increase the customer satisfaction level. Other factors like "physical aspects", "empathy" & "price fairness" have positive but not significant relationship with customer satisfaction. Among all dimensions Pearson correlation coefficient value is stronger for technical quality. So technical quality is major contributor of customer satisfaction. Pearson correlation coefficient does not support hypothesis H1, H5, & H6. All other hypothesis H2, H3, H4, H7, and H8 are accepted.

4.4 Regression

Table indicates that the percentage of the variation in customer satisfaction is described by the variables putting in the equation (R square=10.8%, Adjusted R-square=8.1%). Hence 8.1% variation in the customer satisfaction is explained by the service quality which is measured by using 8 dimensions.

Table (4.4.1) Regression Analysis								
Model	R	R Square	Adjusted R Square	Std. Er	Std. Error of the Estimate			
1	.328ª	.108	.081		.998			
The F ratio shows significant relation as indicated in the table 4.4.2. The other values are also given below:								
Model		Sum of Squares	Df	Mean Square	F	Sig.		
1	Regression	32.568	8	4.071	4.090	.000 ^a		
	Residual	269.718	271	.995				
	Total	302.286	279					

Table (4.4.1) Regression Analysis

Table (4.4.2) Regression Analysis F Value

Coefficients ^a							
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	
		В	Std. Error	Beta			
1	(Constant)	2.174	.307		7.092	.000	
	Physical aspects	.000	.053	.000	.008	.994	
	Assurance	.071	.063	.075	1.124	.262	
	Reponsiveness	.085	.062	.093	1.372	.171	
	Empathy	044	.062	048	707	.480	
	Reliable	.028	.060	.032	.471	.638	
	Price fairness	018	.055	022	323	.747	
	Technical quality	.126	.058	.154	2.183	.030	
	Image	.159	.058	.177	2.727	.007	
a. Dependent Variable: Overall satisfaction							

Table (4.4.3) Regression Analysis: Customer Satisfaction as Dependent Variable

Results of regression also confirm that empathy and price fairness has no relationship with customer satisfaction. So hypothesis H4 & H7 are rejected.

4.5 ANOVA

Results of ANOVA indicate that physical aspects, empathy, & price fairness have not found any relationship with customer satisfaction. Hence, hypotheses H1, H5, and H6 are rejected.

5. CONCLUSION

This research analyzes the relationship between customer satisfaction and service quality by considering its major dimensions e.g "physical aspects", "assurance", "reliability", "responsiveness", "empathy", "price fairness", "technical quality", & "image".

This study indicates that mean scores of image and empathy are greatest to all dimensions. Meanwhile, least mean scores are carried by physical aspects. It shows that physical aspects are rather less important to customer satisfaction than other dimensions.

Results of ANOVA indicate that physical aspects, empathy, & price fairness have no relationship with customer satisfaction. Moreover, results of Pearson correlation coefficient and regression are consistent by finding no relationship of empathy and price fairness with customer satisfaction. Descriptive statistics shows that reliability, empathy and technical quality respectively are more important to customer than other dimensions. So service providers must focus on improving these dimensions for enhancing the customer satisfaction. 95% customers are satisfied with their respective networks.

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