Factors Affecting the Service Quality and Customer Satisfaction in Telecom Industry of Pakistan

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Abstract

The current study focuses on the service quality factors which influence customer satisfaction in telecom industry of Pakistan. Customer satisfaction can be built up when brand satisfies the requirements and cravings of clients. Therefore, we took five service quality dimensions (empathy, reliability, assurance, responsiveness & tangibility) as predicting variables towards criterion variable customer satisfaction. This research was carried out on customers of telecom sector. An aggregate of 320 questionnaires were distributed among the customers of telecom industry of Pakistan through electronic forms as well as simple forms out of which 255 forms were returned i.e. response rate was 79.7%. The outcomes of statistical tests demonstrate that three out of five predictor variables i.e. assurance, responsiveness and reliability

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have positive impact on customer satisfaction while empathy and tangibility have no significant influence on customer satisfaction. Research limitations and future plans also discussed in this research.

**Keywords:** Service quality, Empathy, Customer satisfaction, Telecom Sector of Pakistan.


**Introduction**

Telecommunication services rolled out extensive improvements in 1962 when phone and broadcast administrations were paired up by the arrangement of free postal and T & T division. Regular advancements continued on regular basis for distribution of telecom services. However, after the launch of mobile telephony, extensive changes have been taken place over the last two decades in the telecom sector. In this new period of progress and growth service quality had a great impact on its subscribers. So, now day’s consumers have become more service quality conscious. The foremost and the challenge faced by the modern service industry is in attaining customer satisfaction and providing magnificent service quality (Hung et al.,2003). Customer satisfaction can be explained as an "Evaluation of the perceived variance between initial expectations and the actual performance of the product" (Tse and Wilton, 1988; Oliver, 1999). It is observed that most influential factor leading towards customer’s satisfaction with products and services of a company competitiveness and success (Hennig-Thurau and Klee, 1997). Numerous amounts of studies have been done before that empirically investigated the relationship about these concepts which reports exceptional impact of service quality that it employed on (CS). The most ordinarily utilized meaning of service quality (SQ) is the differentiation that consumers make between their desires and judgments about the services they got (Parasuraman et al., 1988). In the literature, it is very easy to find out many studies related to service quality. One of the significant reasons for concentrating on the service quality in the literature is the importance of (SQ) companies’ success (Caro and Garcia 2007; Santouridis and Trivellas, 2010; Santos, 2003). Customers explore service quality as a comparison what they hope to what they truly get or perceive they are getting (Berry et al., 1988). However, service quality is frequently quantified by utilizing SERVQUAL instruments created by (Parasuraman et al. 1985; 1988). We will examine the (SQ) dimensions and consumer satisfaction in Telecom Sector. The focus is to recognize which Service quality dimensions are important to Customer’s Satisfaction of Telecom industry. This research study will help to explore out the significant factors in telecom sector of Pakistan that have strong influence on customer satisfaction and affect the customers purchasing decision and add to them the sense of belonging and brand loyalty among customers.

The prime objectives of the research are to find if there is any relationship between service quality and customer satisfaction and also to evaluate the impact of service quality dimensions on customer satisfaction in the telecom industry of Pakistan.
The results of this study can be used to improve the service quality of telecom companies provided to their customers. Service quality is a vital part of company’s success because if your customer is happy and satisfied from services then it increases your reputation and stake. Therefore, service quality must be considered as first priority at any cost

**Literature Review**

Here the detailed literature review carried out on dependent variable customer satisfaction and predictor variable service quality.

**Customer Satisfaction**

Competitiveness now a day has a significant place for the betterment of customer’s satisfaction and quality in the telecom industry. In the environment where there is no competition, that is to say when demand exceeds, organizations offer their customers inadmissible services in view of the thought that the clients have no alternatives and that they will agree upon the current services unconditionally. But if we talk about the competitive market, organization’s sustainability totally depends on customer loyalty, which ultimately depends on the customer’s satisfaction on the services received. Customer satisfaction is of great importance because it gives business owners and marketers with a structure that they can use to organize and refine their businesses.

Customer satisfaction can be interpreted as the feeling that a person experiences, when an offered service meet up to their expectations. According to Deng et al., (2009) the capacity of a service provider to make satisfaction fulfillment of high degree and it is vital for product separation and building up solid association with customers. Literature accepts that customer satisfaction is an essential element for business success for the long-term (Zeithaml et al., 1996). It is entirely a correct thing that to convey satisfactory (SQ) to consumers, provides organizations an opportunity to isolate themselves in centered markets (Karatepe et al., 2005). Studies also show that service quality has direct impact on behavioral attitudes through satisfaction (Cronin et al., 2000). Other sectors also focus on customer satisfaction likewise in banks. Banks also need to recognize customer’s service demands and how it will affect service delivery and customer’s point of view (Gerrard and Cunningham, 2001), for an insignificant addition of consumer loyalty that can prompt devotion and retention of customer (Bowen and Chen, 2001). Consumer’s satisfaction and service quality are interconnected and this creates worth for customer. If consumers are provided with the services that they assume, exceeds their expectations, results in customer having a constructive view about the organization. Furthermore, if customers feel they received undervalued services their attitude regarding a given firm will be negative and they may mover their loyalty to potential consumers (Chau & Kao, 2009). If satisfaction exists, then customers will become loyal towards firm but if customers are unsatisfied their loyalty is not guaranteed. Hence special focus should be given by the management on the satisfaction and this starts with delivering quality service (Mohsan et al., 2011).
Service Quality

Service quality is a standout amongst the most principal research subjects for the past few decades (Gallifa & Batalle, 2010). Service quality can be explained as how well the services are delivered to the consumer’s expectations. Perceived Service quality can be characterized as the client's view of the overall quality or prevalence of an item or services regarding its expected reason. So, it is concluded that if perceived service is equal to expected services customer will be satisfied and if the perceived services are less than expected services customer will be dissatisfied. Service providers, regularly evaluate the (SQ) given to their consumers, with a specific objective to improve their quality, to rapidly recognize draw backs, and to enhance customer fulfillment in better way. The idea of service quality was proposed in 1980s at the point when the organization comprehend that just quality item can keep up the focused edge (Boshoff and Gray 2004). Quality services not only plays an important role in consumer loyalty but also in the construction of commercial enterprises and additionally in creating benefiting firms of nowadays (Karim & Chowdhury, 2014). It is specified by many researches that Customer satisfaction plays a very important role in retention and consumer loyalty however this is not surety of repeat purchase (Mohsan et al., 2011).

For measuring the consumers’ perceptions SERVQUAL model was utilized. The SERVQUAL model of Parasuraman et al. (1988) recommended a five-dimensional model of service quality which includes reliability, empathy or competence of staff, responsiveness, tangibles and assurance as the instruments for measuring (SQ) (Parasuraman el al., 1988; Zeithaml el al., 1990).

Reliability is defined as capacity to execute the guaranteed benefit reliably and precisely (Armstrong, 2012). If a company is providing a good service, a company and its staff should be ready to respond to consumer’s queries about products and services offered (Ojo, 2010). According to Toosi and Kohonali (2011), timely responses to requests, is one of the important customer’s expectation. Therefore, this should not be delayed or ignored simply because these are fundamental issues. Online support is offer by some companies that provides customers with instant resolution to their queries.

Assurance is basically courtesy, competence, credibility; security of the firm employees gives to its customer. Parasuraman et al. (1985) interpreted (AS) as information to have cordiality of workers and their capability to motivate confidence and trust. If company’s representatives provide genuine and caring service, customers would want to do business (Zekiri and Angelova, 2011).

Tangibility can be illustrated as the appearance of physical offices, equipment, work force, and correspondence materials. Parasuraman et al. (1985), tangibility can be characterized as the presence of physical offices, staff, and equipment and composed materials. If employees’ neglect or mistreat customers, the customer do not complain every time about their experience as impersonal service. Rather, customer will never return and undoubtedly no organization wants this to happen. (Klemz & Boshoff, 2011).

Empathy can be interpreted as the care, individualized concentration the company provides to its customers (Armstrong, 2012). Customer and employee interactions are
reflected through the dimension of empathy (Armstrong, 2012). Gbadeyan and Gbonda (2011) proposed that to attract customers through caring is a key determinant and by providing variety in the features of service products that will fulfill their wants and need in the marketplace.

Responsiveness characterized as the readiness or willingness of workers to give benefit or immediate response to the customer need. Offer quick service and willingness to give assistance to the customers (Armstrong, 2012). Customers highly appreciates to provide service in a timely manner, this aspect should be understood by the good service providers (Ahmed et al., 2010). Moreover, organizations that value efficiency and pay attention towards the services that they are offering, so that it can give them advantage and by using this advantage to keep off competitors (Karim & Chowdhury, 2014).

Theoretical Framework

The theoretical framework of this research was taken from previous research by Markovic & Jankovic, 2013 and it has five hypotheses as given below

H1: Reliability has positive impact on customer satisfaction.
H2: Assurance has positive impact on customer satisfaction.
H3: Tangibility has positive impact on customer satisfaction.
H4: Empathy has positive impact on customer satisfaction.
H5: Responsiveness has positive impact on customer satisfaction.

![Figure 1: Research Model](image-url)
Methodology

Convenience sampling was utilized to collect the desired samples. The target population was customers of telecom sector of Pakistan. Customers use different telecom services of different companies. Data collected through questionnaires which were designed in such a way to get the desire information of customer satisfaction related to service quality in telecom industry of Pakistan. It was focused on examining the variables that can influence the customer satisfaction with service quality dimensions. A collection of 320 questionnaires were distributed among the customers of telecom sector of Pakistan.

Instruments

In the designed questionnaire, the questions one to four consisted on demographic questions like age, gender, company’s name, and customers of telecom industry of Pakistan. The questions five to thirty-three consisted on dependent and independent related questions which were to be answered at 1-5 Likert-sort scales marked “where 1 shows strongly disagree (Sdis), 2 for disagree (Dis), 3 for neutral (Neu), 4 for agree (Agr) and 5 for strongly agree (Sta)

The dependent variable perceived customer satisfaction had nine items in the questionnaire adopted from Roger Hallowell (1996). While the scales of independent variables (Reliability, assurance, tangibility, empathy & responsiveness); adopted from Ramsaran-Fowdar (2007) and had five items of each variable.

Analysis and Results

The collected data was transferred to SPSS sheet for statistical tests. Cronbachs’ alpha for testing the internal reliability and multiple regression analysis was applied to test the hypotheses.

Reliability Test

To evaluate the internal consistency of scales Cronbach’s alpha was utilized. Pedersen & Nysveen (2003) elaborated that value of α ought to be in excess of 0.7. The cronbachs’ alpha of current study shown in table 1.

<table>
<thead>
<tr>
<th>Variables</th>
<th>Items</th>
<th>Cronbach’s α</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer Satisfaction</td>
<td>9</td>
<td>0.873</td>
</tr>
<tr>
<td>Reliability</td>
<td>5</td>
<td>0.763</td>
</tr>
<tr>
<td>Assurance</td>
<td>5</td>
<td>0.712</td>
</tr>
<tr>
<td>Tangibility</td>
<td>5</td>
<td>0.799</td>
</tr>
<tr>
<td>Empathy</td>
<td>5</td>
<td>0.919</td>
</tr>
<tr>
<td>Responsiveness</td>
<td>5</td>
<td>0.913</td>
</tr>
</tbody>
</table>
The above findings demonstrate the Cronbach’s alpha α reliability coefficient of 5 independent variables and a criterion variable of this research. It shows that all variables had acceptable level of reliability. Variable ‘Empathy’ (0.919) had the highest value of α reliability coefficient whereas variable ‘Assurance’ (0.712) had the lowest value of α reliability coefficient.

**Demographic Results**

Respondents profile includes age, gender, company name and customers belonging. Table 2 shows that 135(52.9) were males and 120(47.1%) were females.

<table>
<thead>
<tr>
<th>Variable</th>
<th>No. of respondents(N)</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gender</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>135</td>
<td>52.9</td>
</tr>
<tr>
<td>Female</td>
<td>120</td>
<td>47.1</td>
</tr>
<tr>
<td>Age</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Less than 30</td>
<td>130</td>
<td>51</td>
</tr>
<tr>
<td>31-40</td>
<td>67</td>
<td>26.3</td>
</tr>
<tr>
<td>41-50</td>
<td>38</td>
<td>14.9</td>
</tr>
<tr>
<td>51-above</td>
<td>20</td>
<td>7.8</td>
</tr>
<tr>
<td>Company Name</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mobilink/Jazz</td>
<td>38</td>
<td>14.9</td>
</tr>
<tr>
<td>Ufone</td>
<td>57</td>
<td>22.4</td>
</tr>
<tr>
<td>Telenor</td>
<td>40</td>
<td>15.7</td>
</tr>
<tr>
<td>Zong</td>
<td>39</td>
<td>15.3</td>
</tr>
<tr>
<td>Warid</td>
<td>35</td>
<td>13.7</td>
</tr>
<tr>
<td>Ptcl</td>
<td>38</td>
<td>14.9</td>
</tr>
<tr>
<td>Others</td>
<td>8</td>
<td>3.1</td>
</tr>
</tbody>
</table>

It shows that 130 (51%) respondents have age less than 30, 67 (26.3%) respondents have age 31-40, and 38 (14.9%) respondents belong to 41-50 age group, 20 (7.8%) respondents having age 51-above.

The results also show that 38 (14.9%) respondents are using Mobilink/Jazz, 57 (22.4%) respondents are using Ufone. 40(15.7%) respondents are using Telenor. 39 (15.3%) respondents are using Zong. 35 (13.7%) respondents are using Warid. 38 (14.9%) respondents are using PTCL. 8(3.1%) respondents are using services of other companies.

**Multiple Regression Analysis**

Multiple regression analysis was applied to test the association among service quality dimensions and customer satisfaction. The model summary discloses the following results as shown in table 3.
Table 3: Model Summary

<table>
<thead>
<tr>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.279</td>
<td>0.264</td>
<td>0.72437</td>
</tr>
</tbody>
</table>

Predictors: (Constant), Responsiveness, Tangibility, Reliability, Assurance, Empathy

Here $R^2 = 0.279$ shows that the five service quality dimensions explained approximately 27.9% of variance in overall customer satisfaction. And 0.724 is standard error of the estimate which shows square-root of the Mean Square for the Residuals in the ANOVA and standard deviation of the error term.

The ANOVA results depict that overall result is statistically significant because p-value is less than 0.05 and F-value is equal to $10.090/0.525=19.229$ as shown in table 4.

Table 4: ANOVA

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Regression</td>
<td>50.448</td>
<td>5</td>
<td>10.090</td>
<td>19.229</td>
</tr>
<tr>
<td></td>
<td>Residual</td>
<td>130.654</td>
<td>249</td>
<td>0.525</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>181.103</td>
<td>254</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Dependent Variable: Customer Satisfaction
Predictors: (Constant), Responsiveness, Tangibility, Reliability, Assurance, Empathy

Service quality dimension responsiveness ($\beta=0.257,$ $p<0.05$), has the positive and noteworthy influence on customer satisfaction. Furthermore, Assurance has ($\beta=0.209,$ $p<0.05$) and reliability has ($\beta=0.192,$ $p<0.05$). Both the independent variables have positive influence on customer satisfaction. While tangibility and empathy have values ($\beta=0.005,$ $p>0.05$) and ($\beta= -0.42, p>0.05$) respectively. These dimensions have insignificant influence on customer satisfaction as shown in table 5.

Table 5: Coefficients

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>(Constant)</td>
<td>1.400</td>
<td>0.250</td>
<td>5.603</td>
<td>0.000</td>
</tr>
<tr>
<td>Reliability</td>
<td>0.188</td>
<td>0.075</td>
<td>0.192</td>
<td>2.512</td>
</tr>
<tr>
<td>Assurance</td>
<td>0.199</td>
<td>0.075</td>
<td>0.209</td>
<td>2.647</td>
</tr>
<tr>
<td>Tangibility</td>
<td>0.004</td>
<td>0.047</td>
<td>0.005</td>
<td>0.090</td>
</tr>
<tr>
<td>Empathy</td>
<td>-0.034</td>
<td>0.092</td>
<td>-0.042</td>
<td>-0.370</td>
</tr>
<tr>
<td>Responsiveness</td>
<td>0.225</td>
<td>0.092</td>
<td>0.257</td>
<td>2.439</td>
</tr>
</tbody>
</table>

Dependent Variable: Customer Satisfaction

**Discussion**

Customer satisfaction has importance in organization success. To make the customers satisfy it is important to provide them best services. The prime reason to conduct this
research was to clarify the influence of service quality on customer satisfaction in telecommunication sector of Pakistan. To clarify the importance of perceived service quality researchers applied statistical tests on collected data. The outcomes show that three out of five dimensions of service quality (reliability, assurance and responsiveness) have influence on customer satisfaction. While the other two dimensions (empathy and tangibility) haven’t much influence on customer satisfaction in telecom sector of Pakistan. The results of hypotheses 1 and 2, reliability → customer satisfaction and assurance → customer satisfaction respectively are supporting the outcomes of Arokiasamy & Abdullah, 2013 when they checked the relationship between service quality and customer satisfaction in Malaysians’ telecom industry; It also supports the findings of Wang et al., 2004 whose study was carried out on Chinese telecommunication industry and Loke et al., 2011 when they conducted a study on service quality and customer satisfaction in telecom service providers. In this research, hypotheses 3, tangibility → customer satisfaction shows that physical appearance of office their material and equipment do not affect the customer satisfaction which opposes the finding of Wang et al., 2004; Arokiasamy & Abdullah, 2013 because they found that tangibility does influence on customer satisfaction but support the findings of Loke et al., 2011 that tangibility does not effect on customer satisfaction. Empathy → customer satisfaction, hypothesis 4 shows no significant influence between them it supports the research results of Wang et al., 2004. Responsiveness does effect on customer satisfaction. It shows customers need rapid and reasonable response on their queries. It supports the outcomes of previous researcher i.e. Loke et al, 2011; Arokiasamy & Abdullah, 2013.

The results clarify that service quality has importance in customer satisfaction of telecom industry of Pakistan. It can’t be ignored when develop future strategies. Furthermore, the results of this research will be helpful for management of telecom sector to improve their service quality because satisfied customer not only adds loyalty but also improves the reputation of the company.

**Conclusion**

Current research was carried out to find the factors which impact on customer’s satisfaction in telecom industry of Pakistan. Dimensions of service quality included in the research were reliability, assurance, tangibles, empathy and responsiveness while customer satisfaction was taken as dependent variable. A collection of 255 fully filled questionnaires were retrieved through convenience sampling. Cronbachs’ alpha value for all the variables was greater than 0.7 and above which shows the reliability of collected data. Multiple regression analysis confirmed that three independent variables i.e. assurance, reliability and responsiveness had positive influence on customer satisfaction while empathy and tangibility had not positive and significant effect on customer satisfaction. The results of this research will help the telecom companies to improve their service quality which will enhance the customers’ satisfaction and loyalty. Hence, it will increase the stake and credibility of the company.

**Limitations and future researches**

In spite of the fact that this examination speaks to a cautious and systemic push to consolidate components of service quality but it is not without limits. The restrictions to
be considered in this regard are the sampling technique, and structure for considering the service quality dimensions. Overall service quality of the telecom industry was considered in this research but currently the focus of the people regarding services are different, i.e. while some are now interested in wired internet services other will be in wireless 3G or 4G. Therefore, the future research can be focused on specifying single service or by taking the any specific department which is involved in providing services or by taking specific company because their might be a possibility that customer is satisfied with the services of one company but not from other.

References


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