

IMPACT OF SERVICE QUALITY ON CUSTOMER SATISFACTION IN THE TELECOMMUNICATION INDUSTRY

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Abstract

The study is on the impact of quality service delivery in the telecommunication industry in Nigeria. Specifically, it aimed at finding out if customers are satisfied or dissatisfied with the services provided by Mobile Telecommunication Network (MTN) the extent to which dissatisfied customers complain regarding its services and to examine the gap, if any between customer expectation of service quality before and after service delivery. To achieve these objectives, the research instrument (questionnaire) was administered on a total of 300 randomly selected customers of MTN. Data obtained were coded and analysed. The research findings showed that customers are not dissatisfied with the services provided by the Telecom operator in Nigeria. It was also observed that there is a gap between the rating of service quality before and after service rendered. It was recommended that strategic Managers in the telecommunication Industry should improve on their services to give their teeming customers value for money in order to remain competitive and relevant. More so, there is need for policy makers in the telecommunication industry to ascertain the customers' perception of service quality with a view to bridging any possible gap and thus enhance customers' satisfaction.

Key words: Customers' expectation, service quality, service delivery, customers' perception.

The application of service quality has received a wide attention from researchers in recent years (Rust and Oliver, 2004). Service quality in the telecommunication industry, as one of the most important parts of the services sector, is

a critical issue. This fact indicates the appropriate perception of quality service necessary for telecommunication industry. Supportively, Vijayadura, Wang & Voss (2008) stated that it is necessary for managers of the telecommunication industry to understand what clients need and how they evaluate the quality of the given services to yield a successful management.

From the existing literature, it can be easily recognized that the most important aspect of service quality is its direct effect on customer satisfaction (Alkhahas, 2011). In other words, the main objective of service quality improvement in the telecommunication industry is increasing the level of customer satisfaction. Besides, obviously satisfaction has historically been identified as the major driver of customer satisfaction (Pizam and Ellis, 2009). Particularly, Akbar, Brady and Cronin (2010) believed perceived satisfaction mediated the linkage between the offering services and loyalty of clients. Perceived value presents the customers' overall assessment of services quality based on perception of what is received and what is given (Zeithaml, 1998).

At the beginning of new millennium, services have already been recognized as a major wealth producer and job –creator (OECD, 2002) and the share of service sector in the overall economic activity is expected to rise. In line with predominance of service industries, the constructs of service quality, customer satisfaction and loyalty, their nature, determinants and relationship have gained the attention of researchers in various business to company and business to business service settings.

This makes it very difficult to generalize conclusions cross-culturally as developing countries such as Nigeria have largely been neglected (Crossby, 2001). With the aim of filling the gap in empirically-based manner, this paper is set out to investigate the impact of service quality on customers' satisfaction in the telecommunication industry in Nigeria using mobile Telecommunication Network (MTN), as a case.

Statement of Problem

This study was propelled by the need to empirically measure customer satisfaction with service delivery of MTN in Nigeria. The state of customer satisfaction with service delivery is not clear as there is scanty documentation on the issue. According to a study on telecommunication development and investment in Nigeria, Oyewole (2008) noted that “the goals set by government have only been partly met especially with respect to the development in rural areas but the quality of services is still low and has deteriorated on some indicators”. There is therefore, a wide spread of dissatisfaction with the general telecommunication development in Nigeria among users as well as policy makers and administrators. Since the past decade, the industry has

witnessed a tremendous increase in subscriber growth rate for all the mobile telecommunication operators (ITU, 2008; and Africa ICT indicator, 2007). This growth could not be attributed to customer satisfaction; it is fundamentally due to the substantial growth in investment and expansion of network access.

However, since 2006, there had been many complaints from customers about services delivery of the mobile telecom networks in Nigeria (Biz Community. Com, October, 2007). As a result, a statement released by the Nigeria Communication Commission (NCC) profusely lamented that in spite of the appreciable growth and expansion recorded in the industry, “the quality of service is still not good” (Biz Community. com, October 2007). The NCC further gave the telecom service providers the matching order to improve on their services or face sanction. Evidently, the growth trend in the mobile telecom industry in Nigeria does not provide empirical support for the claim that customers are satisfied with the service delivery of MTN Nigeria.

In view of the above, the study empirically aim at investigating the impact of service quality on customer satisfaction in the telecommunication industry in Nigeria, using MTN Nigeria as our focus.

Research Hypotheses

The two hypotheses formulated and tested in this paper are stated in their null forms. The hypotheses were tested at 0.5% level of significance.

- i. Ho: Customers are not satisfied with the services provided by telecommunication operators in Nigeria.
- ii. Ho: Customer satisfaction is not directly affected by services quality dimensions and perceived value in the Nigeria telecommunication industry.

Concept of Customer Satisfaction

Customers Satisfaction (CS) is a concept that has been given much attention by marketing scholars and practitioners perhaps because of its importance as a key driver of business strategy, and goal for all business activities especially in today’s competitive market (Anderson, Mazrui and Maiyak 2004). The researcher therefore proceeds to review the concept for better understanding. Some of the definitions given by scholars for Customer satisfaction have been variously defined as follows:

- ❖ Customer satisfaction is a “psychological concept that involves the feeling of well-being and pleasure that results from obtaining what one hopes for and expects from an appealing product and/or service” (WTO, 2012);
- ❖ Customer satisfaction “as an attitude-like judgment following a purchase act or a series of consumer product interactions” Yi, (1990 cited in Lovelock & Wirtz 2012);

- ❖ Customer satisfaction is “a consumer’s post-purchase evaluation and affective response to the needs and desires of experience”. (Oliver & McMillian, 2010).
- ❖ “Satisfaction is merely the result of things not going wrong; satisfying the needs and desires of consumer”. (Besterfield, 2004);
- ❖ Satisfaction as pleasure; satisfaction as delight (Kanji & Moura, 2012);
- ❖ Customer satisfaction is “an experience-based assessment made by the customer of how far his own expectations about the individual characteristics or the overall functionality of the services obtained from the provider have been fulfilled”. (Bruhn, 2003);
- ❖ “Satisfaction is a person’s feeling of pleasure or disappointment resulting from comparing a product’s performance (outcome) in relation to his or her expectation”(Kotler, & Kelvin, 2013).

Admittedly, satisfaction itself is a complex concept and difficult to universally define and accurately measured. However, critical reviews from marketing perspectives of definitions of customer satisfaction given by many scholars and practitioners bring to lime-light several relevant dimensions of the concept as follows:

Customer Satisfaction as a Process and an Outcome: One area that has considerable debate in customer satisfaction is whether customer satisfaction be defined as an outcome or a process. Many early definitions viewed satisfaction as a process which is currently the dominant view held by most scholars (Oliver, 2008, Parasuraman et al., 1988). The process perspective presupposes that customer satisfaction is a feeling of satisfaction that results from the process of comparing perceived performance and one or more predictive standards, such as expectations or desires (Khalifa & Liu, 2012). This perspective is grounded in the expectancy disconfirmation theory proposed by Oliver (Oliver, 2008). The customer is satisfied if the performance of product/service is equal to his/her expectations (positive disconfirmation) and he/she is dissatisfied if the product/service performance is perceived to be below his/her expectation (negative disconfirmation). If expectation exceeds perceived performance, the customer is highly satisfied. By taking satisfaction as a process these definitions do not focus on satisfaction itself but things that cause satisfaction, the antecedents to satisfaction, which occur primarily during the service delivery process (Vavra, 2007).

More recent studies conceptualized satisfaction as an outcome or end result during the process of the consumption of a service; it is viewed as a post-purchase experience (Vavra, 2007). This view has its roots in motivation theories which postulate that people are driven by the desire to satisfy their need (Maslow, 1954) or that their behaviour is directed at the achievement of relevant goals (Vroom, 1964). In this way satisfaction is perceived as a goal to be achieved and can be described as consumer fulfillment response (Rust & Oliver, 2004). In the context of this study, customer satisfaction is

defined from process perspective because it is believed that in Nigeria's mobile telecom market, customers' evaluation of mobile telecom services takes place primarily during the service delivery process and continues, but not just as an outcome that customers strive to achieve.

The Concept of Quality

The American Society for Marketing, defined service as activities or benefits that are offered for sale or that are offered for being related to a particular product. Kotler (2013), defined service as 'any behaviour or act based on a contact between two parties: the provider and the receiver, and the essence of this reciprocal process is intangible. Hekesver (2000) looked at service as a set of economic activities that provide time, location from and psychological benefits. Beer (2003) defined service as set of characteristics and overall properties of the service which aim at satisfying the clients and meet their needs. Mohamed & Shirley (2009) emphasized that banks have to care about the quality of their services since this quality is considered the essence or core of strategic competition. Walfried, et al. (2000) defined service as a set of characteristics that meet the clients' needs, strengthen the links between the organization and them, and enhance the clients' value as well.

Parasurama, Zeltham, and Berry (1988) said that there exist ten criteria and dimensions through which service quality can be assessed:

- ❖ **Reliability:** The ability of an organization to accurately achieve its services in the proper time and according to the promises it has to its clients.
- ❖ **Responsiveness:** The tendency and willingness of service providers to help clients and satisfy their needs, immediately reply to their inquiries and solve their problems as quickly as possible.
- ❖ **Competence:** Having adequate skills and knowledge that enable the employees to perform their jobs properly.
- ❖ **Accessibility:** Providing easy access to a service in terms of location and through services provided via the telephone, the internet, or any other means of communication.
- ❖ **Courtesy:** Treating clients respectfully in a polite friendly manner, understanding their feelings, and answering their phone calls gently.
- ❖ **Communication:** This occurs through gentlemanly listening to the client conveying information to them clearly and facilitating external communication with workers.

- ❖ **Credibility:** This can be achieved through full trust and confidence in the service provider as well as his honesty and straight forwardness.
- ❖ **Security:** This depends on whether the service is free from risks and hazards, defects or doubts so that it provides bodily safety, financial security as well as privacy.
- ❖ **Understanding/knowing the customer:** This can be made achievable through the ability to pinpoint the customers' needs as well as understanding their individual problems.
- ❖ **Tangibility:** This includes physical aspects connected with service such as instruments and equipment, persons, physical facilities like building and nice decoration and other observable service facilities.

The above-mentioned ten dimensions have been fused into five. Parasuram, Zeitham and Berry (1988) agreed on the fact that these dimensions are appropriate ones which help reveal the customers' expectations and perception. This new model is called 'SERVQUAL'. This compound word consist of the two words 'Service' and 'Quality', these five dimensions include:

- **Tangibility:** This includes physical facilities, equipment, and the physical appearance of an employee.
- **Reliability:** This refers to the ability to provide the exact required service according to given specifications and conditions.
- **Responsiveness:** The inclination and willingness of the employees to serve customer quickly and properly.
- **Assurance:** Feeling of trust and confidence in dealing with the organization. This reflects the workers' knowledge and experience and their ability to build self-confidence as well as confidence in the customers themselves.
- **Empathy:** Understanding the customers' personal needs, taking care of them individually and showing them all sorts of sympathy and affection, looking at them as close friends and distinguished clients.

Al-Allaq & Al-Tali (2005) unanimously agreed that tangibility, reliability and responsiveness are constant dimensions, whereas; the criterion of 'assurance' includes courtesy, reliability and security. As far as 'Empathy' is concerned, it includes elements

like providing service in terms of place, time, communication, and to what extent the service provider understands the beneficiary. Gronroos (2002), however, believes that tangibility, assurance and empathy can be classified as being functional dimensions of service quality, while responsiveness and reliability can be classified as being technical dimensions.

Methodology

The population of the study therefore consists of all subscribers of telecommunication firms in Ado – Ekiti, Ekiti State. The sample size for this study consists of 300 respondents selected from Ado-Ekiti, Ekiti State, Nigeria. The 300 respondents were selected because the researcher is of view that their opinions will adequately represent the general views of telecommunication subscribers in Ado-Ekiti, Ekiti State.

The sampling technique for this study is the multi-stage strata sampling. The 300 sample respondents were selected by zoning Ado-Ekiti into 5. that is, Ado-Ekiti West, Ado-Ekiti East, Ado-Ekiti Central, Ado-Ekiti South and Ado-Ekiti North. On the basis of simple random sampling (a form of probability sampling). 10 streets were selected from each zone. Furthermore, 20 houses were drawn from each zone while 3 respondents were selected from each house making a total of 60 samples from each zone. This process was repeated till the 5 zones were covered to get a total of 300 respondents ($5 \times 60 = 300$).

Questionnaire was the instrument employed by the researchers to collect primary data from the respondents. Three hundred (300) questionnaires were distributed to the selected sample who took part in the study.

Test of Hypotheses

Hypothesis One

Ho: Customers are not satisfied with the services provided by telecom operators in Nigeria.

H1: Customers are satisfied with the services provided by telecom operators in Nigeria.

Results

Table 1 ANOVA table for customer satisfaction

	Sum of Squares	df	Mean Square	F	Sig
Between Groups	11.2	4	2.8	1.9	0.1
Within Groups	1599.2	1102	1.5		
Total	1610.2	1106			

The results in table 1 indicate that the ANOVA table had a calculated F statistic of 1.90 with an associated asymptotic significant probability of 0.1, thus indicating that the test is not significant at the 5% level. Consequently, the null hypothesis is not rejected.

Discussion

This finding agrees with the opinion of Frempong & Henten (2004) in a study carried out on telecommunication developments and investment that customers are not satisfied with the services provided by telecom operator in Nigeria.

Hypothesis Two

H0: Perceived value is not directly affected by service quality dimensions in the Nigeria telecommunication industry.

H1: Perceived value is directly affected by service quality dimensions in the Nigeria telecommunication industry.

Results

Table 2: Summary of Hypothesis 2

Model	R	R ²	Adjusted R ²	S.E.E
1	0.881	0.776	0.767	0.524

Table 3: ANOVA test of Hypothesis 2

Model	S.S	d.f	M.S	F	Sig
1 Regression	108.581	5	21.716	79.129	0.000
Residual	31.286	114	0.274		
Total	139.867	119			

Table 4: Coefficients of Hypothesis 2

Unstandardized Coefficient			Unstandardized Coefficient		
Model	B	S.E	Beta	t	Sig
1 (Constant)	0.244	0.179		1.365	0.175
Tangible	0.208	0.062	0.0209	3.361	0.001
Reliability	0.114	0.067	0.122	1.715	0.089
Responsiveness	0.232	0.057	0.259	4.044	0.000
Assurance	0.307	0.058	0.319	5.288	0.000
Empathy	0.163	0.071	0.173	2.309	0.023

The regression result in table 2, shows that the perceived value was considered as dependent variable while the 5 dimensions of service quality were independent variables. The assumptions of the first hypothesis illustrates the direct effects of service quality dimensions on customers' perception about value. After the analysis, it was

obtained that R^2 of this regression model was 0.767 which indicates 76.7% of the perceived value can be illustrated by the five dimensions of the service quality in the telecommunication industry (table 2).

Results of ANOVA test showed that the related P value is zero which means the five dimensions of the service quality are jointly significant to explain/predict the perceived value (Table 3)

Findings of the t test showed that Tangibles ($P = 0.001$), Responsiveness ($P = 0$), Assurance ($P = 0$) and Empathy ($P = 0.023$) are individually significant to affect perceived value. The effect of Reliability was found to be insignificant, but it was positive (Table 4). Hence, the null hypothesis is rejected.

Discussion

This finding is in agreement with the study conducted by Nimako & Azuma (2009). According to the authors, the five (5) SERVQUAL dimensions are perceived as important by customers. These are: assurance, responsiveness, tangibles, empathy and reliability. According to similar research work by Satari (2007), three of most important SERVQUAL dimensions: technical quality, empathy and reliability were similarly found among the strongly rated SERVQUAL dimensions in Iran Mobile Telecom Market (IMTM), but technical quality and reliability were found to be more important than the others. In sharp contrast, tangibles which Borzorgi (2007) found to be more important in Iran Aseman Airline (IAA) was least important in MTN Nigeria. The trends in these comparative findings are consistent with the conclusion of Chowdhary & Prakach (2007) that “...no simple generalization of relative importance of quality for customers would vary across different service types”.

Conclusion

This study has empirically examined the impact of customer satisfaction in the telecommunication industry. The telecommunication industry is important and considered a vital part of our everyday lives. Quality service delivery in this key sector of the economy is not negotiable if the nation is to grow and achieve its vision of becoming one of the biggest economies in the world. In view of this, the study concluded that:

- i. Customers are not satisfied with the services provided by the telecom operators in Nigeria. The result of the test showed that the F statistic of $1.9 > 0.1$ the associated asymptotic probability at 0.5% significant level.
- ii. Perceived value is not directly affected by service quality dimensions in the Nigeria telecom industry. This was explained by the ‘t’ test which showed that Tangible ($P = 0.001$), Responsiveness ($P = 0$), Assurance, ($P = 0$), Empathy ($P = 0.023$) which are individually significant at 5% level.

Recommendations

- i. MTN Nigeria and other key players in the industry should improve on their services; especially in the areas of rate of successfully completed calls, answer seizure rate, rate of pre – maturely terminated calls, honesty in terms of billing, access to customer care centre, access to customer complaint centre and waiting time at complaint centre; and
- ii. In view of the gap between the customers' expectation of services provided by MTN Nigeria and the actual services rendered by MTN Nigeria; there is the need for National Communication Commissions (NCC) to ascertain the customers perception of the service quality with a view to bridging any possible gaps and thus enhance customers' satisfaction.
- iii. Effort should be focused on importing technical Quality, Empathy, Reliability, and economy of the service delivered. Within these SERVQUAL dimensions, more Management effort and intensive Strategy must be geared towards improving upon important dimensions for which customers are least Satisfied, Specifically; success in completion of calls, SMS, MMS credit loading and other Services; Providing adequate network coverage throughout the country; timeliness in the delivery of SMS, MMS, voice message and other service; and Dependability and Consistency in Solving Customers' Complaints.

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