ACHIEVING COMPETITIVE ADVANTAGE THROUGH QUALITY SERVICE DELIVERY IN THE TELECOMMUNICATION INDUSTRY

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Abstract

This paper investigates the role of quality service delivery in achieving competitive advantage in the telecommunication industry in Nigeria. Specifically, to find out if the achieving competitive advantage in the telecommunication industry is a function of service quality. It also examines the relationship between service reliability and competitive advantage. The study was conducted on a total of 115 customers of two leading telecommunication firms in Nigeria- MTN and Airtel. Two hypotheses were formulated for the study and were tested using multiple regression analysis. The results revealed that service quality delivery has a direct positive influence on competitive advantage and that through service reliability, firms can gain competitive advantage. The study recommended that strategic Managers in the telecommunication industry should improve on their services; especially in the areas of rate of successfully completed calls. SMS/MMS delivery rate and rate of prematurely terminated call.

Keywords: Service quality, Competitive advantage, Service reliability.

In an increasingly competitive industry such as the Nigeria telecommunication industry, quality service delivery is the key driver of customers’ loyalty. Several studies suggest that providing superior service quality and higher level of satisfaction lead to
greater customer loyalty, enhance future revenues, reduce the cost of publicity through positive referral, decrease price elasticity and ultimately affect company’s bottom line (Anderson. et al. 1997). Service industry in recent years has recorded an unprecedented growth due to its demand in virtually every facet of life. This increase in demand for services has prompted a lot of firms to venture into the service industry.

Strategy scholars draw on various traditions in economics to develop theories of how managerial decisions lead to superior economic performance, often termed competitive advantage (Grahovac & Miller. 2009. A firm has a competitive advantage if it is able to create more economic value than the marginal breakeven) competitor (Peteraf & Barney. 2003, and firms are positioned to sustain such an advantage when isolating mechanisms hinder rivals from acquiring key resources (Rumelt. 1984).

Competition among firms is getting harder day by day due to man’ organizational and environmental reasons such as globalization deregulation, increasing global and domestic competition and new technologies (Akman & Yilmaz. 2008). Innovation could be recognized as a key success factor in an increasingly competitiveness in this complex environment. The act of innovating can provide a firm with the capability to capture a substantial level of market share or create an entirely new market opportunity that enables a firm to reap supernormal profits. The slow response of competitors to such innovation strategies will yield competitive advantage to the firm (Lim, 2010), processes or business models. An innovation strategy then becomes a plan of how to use the development of new products, services, processes or business models to achieve certain objectives (Abbing. 2010). Most importantly, to create growth, to sustain performance and to develop performance in such a dynamic and changing environment, one way is to make innovations (Cottam et al. 2001 Innovation is a main strategic tool to have a competitive advantage in such complex environments (Gardaker et al. 1998).

Organizations need to differentiate themselves from other players in the market. In most cases, leading companies continuously use innovative strategies to create an edge over their competitors. One way is to update their services through innovation strategies. Consequent upon the foregoing, this paper empirically investigates the role of service quality in achieving competitive advantage in the telecommunication industry in Nigeria. The two hypotheses formulated in this paper are stated in their null forms. They include:

\[ H_1: \] Achieving competitive advantage in the telecommunication industry is not a function of service quality.

\[ H_2: \] Service Reliability in the telecommunication industry is not positively related to competitive advantage.

**Literature Review**

**The Concept of Service Quality**

Crosby (2001) defined Quality as consistency with fixed specifications and this agrees with Karim’s definition (2006), who defined quality as anything that accords with
the characteristics of the product to meet the external clients’ needs. In addition, the product quality differs from that of a service as the earlier is tangible, whereas the latter is intangible. The American Society for Marketing, for example, defines 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. Parasurama, Zeltham, & Berry (2008) 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 form 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 straightforwardness.
- **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 stated ten dimensions have been fused into five. Researchers 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’, the 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 give 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-Ta’ii (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 (2000), 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.

Competitive Advantage
The concept of competitive advantage is rooted in the logic of value creation and distribution. A firm is said to enjoy competitive advantage when the value that is created in an economic exchange in which the firm partakes is greater than the value that could be created were the firm not to participate in the exchange (Brandenburger & Stuart, 1996). In a highly competitive business world, it is vital for companies to operate efficiently. It involves reducing costs in all areas of the business. Some of the key areas where organizations are able to minimize costs are by saving time, space, effort and energy.

The competitive advantage means the enterprise’s capability to offer superior products and services for consumers comparing with the products and services offered by the competitors. The higher competitiveness level comparing with the competitors is given by price, product’s quality, post-selling services quality the enterprise’s capability to adapt the offer to the market demand and technical progress. In Michael Porter’s vision, the enterprise’s competitive advantage means to assure a reduced cost or to create a distinct product or service that is clearly different through its quality by the competition’s offer (Lucia, 2012).

How to achieve a sustained competitive advantage that ensures long-term survival is a major concern for managers everywhere, but even more so for those in smaller firms, which may have more difficulty surviving under hostile environmental conditions than larger organizations. Because innovation is a key driver of sustained competitive advantage and sustainable business growth, the management of service is a central concern for these firms (Igartua et al, 2010).

Hitt and his colleagues (2001, 484) state that services innovation is critical to enable firms to compete in domestic and global markets. The importance of innovation for firms and start-up is encapsulated by Lee et al. (2001) when the state that: ‘head-to-
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head competition with established players is bound to result in failure due to resource shortcomings, scale diseconomies, and questionable reputation’. They state that innovation is the key to competition as competitors cannot easily mimic innovativeness.

Today, however, competition is considered a ‘war of movement’ that depends on anticipating and quickly responding to changing market needs (Stalk, Evans & Shulman, 1992). Competitive advantage emerges from the creation of superior competencies that are leveraged to create customer value and achieve cost and/or differentiation advantages, resulting in market share and profitability performance (Barney, 1991; Coyne. 1986 Day & Wensley, 1988: Prahalad & Hamel, 1990). Sustaining competitive advantage requires that firms set up barriers that make imitation difficult through continual investment to improve the advantage, making this a long-run cyclical process (Day & Wensley. 1988). Most managers agree that cost and quality will continue to remain the competitive advantage dimensions of a firm (D’ Souza & Williams. 2000). The five dimensions of competitive advantage construct used in this study are: Tangibility, reliability, responsiveness, assurance and empathy

Methodology
This investigation was carried out in Ekiti State, Nigeria and was conducted on a total of 115 customers of two leading telecommunication firms in Nigeria, i.e MTN and Airtel. The study sample was selected through multi-stage cluster sampling technique. Ekiti state was first divided into five zones- Ekiti North, Ekiti Central, Ekiti West, Ekiti South and Ekiti East. Furthermore, simple random sampling was used to select 23 respondents from each of the zones. Two hypotheses were formulated and were tested multiple regression analysis.

Results and Discussions
H1: Achieving competitive advantage in the telecommunication industry is not a function of service quality.

Table 1: Model Summary of Regression on Service Quality versus Competitive Advantage

<table>
<thead>
<tr>
<th>Mode</th>
<th>R</th>
<th>R²</th>
<th>Adjusted R²</th>
<th>Std. Error Estimate</th>
<th>F value</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.534a</td>
<td>.285</td>
<td>.277</td>
<td>2.321</td>
<td>15.703</td>
<td>.000a</td>
</tr>
</tbody>
</table>

As shown in Table 1. R Square value is 0.277. This means that the research model explains 28.5 percent of the variance in service quality responsiveness and the model reaches statistical significance (Sig. =.000, and p ≤.01).

Table 2: Coefficient of Regression of Service Quality Delivery

<table>
<thead>
<tr>
<th>Mode</th>
<th>Unstandardized coefficients</th>
<th>Standardized coefficients</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std error</td>
</tr>
<tr>
<td>1</td>
<td>Constant</td>
<td>.281</td>
</tr>
</tbody>
</table>
Hypothesis I was tested by regressing SQD on CA. Results suggest that the higher the level of service quality, the higher the competitive advantage ($\beta = 0.328, t = 3.281, p \leq 0.01$), therefore hypothesis I was rejected. In other words, SQD of a firm has a direct positive influence on competitive advantage. This finding is in consonance with the finding of Yusuf, Adeleye & Sivayonganathan (2003) which shows high correlation between service quality delivery and firm’s competitive advantage.

H$_2$: Service Reliability in the telecommunication industry is not positively related to competitive advantage.

Table 3: Model Summary Regression of CA versus Service Reliability

<table>
<thead>
<tr>
<th>Mode</th>
<th>R</th>
<th>R$^2$</th>
<th>Adjusted R$^2$</th>
<th>Std. Error</th>
<th>Error F value</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.448$^a$</td>
<td>.201</td>
<td>.198</td>
<td>1.020</td>
<td>9.482</td>
<td>.000$^a$</td>
</tr>
</tbody>
</table>

Firm’s competitive advantage (CA) was regressed on service reliability (SR) to empirically test hypothesis 2. The model in table 3 above shows that 20 percent of the variance in competitive advantage with a statistical significance (Sig=.000, and $p \leq 0.01$)

Table 4: Coefficient of Regression of Competitive Advantage

<table>
<thead>
<tr>
<th>Mode</th>
<th>Unstandardized coefficients</th>
<th>Standardized coefficients</th>
</tr>
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<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std error</td>
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<tr>
<td>1</td>
<td>Constant</td>
<td>.993</td>
</tr>
<tr>
<td></td>
<td>.214</td>
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<td>.119</td>
<td>.114</td>
</tr>
<tr>
<td></td>
<td>.245</td>
<td>.105</td>
</tr>
</tbody>
</table>

Table 4 shows that the main effects of CA ($\beta = 0.203, t = 1.803, p \geq 0.05$) and SR ($\beta = 0.116, t = 1.048, p \geq 0.05$) were insignificant. However, the main effect of SR is significant ($\beta = 0.222, t = 2.337, p \leq 0.05$), thus, hypothesis 2 was not supported. This result agrees with the findings of Li et al. (2005), that by service reliability, firms can gain greater competitive advantage.

Conclusion

This paper has empirically investigated the role of service quality delivery in achieving competitive advantage in the telecommunication industry in Nigeria. The findings from the study revealed that service quality delivery is an essential ingredient for any organization who desire to achieve competitive edge in a highly competitive industry. Since organization have multiple objectives like enhanced competitiveness, better customer service and increased profitability, they seek these objectives by
employing various business performance improvement approaches.

**Recommendation**

1. Strategic managers in the telecommunication industry should improve on their services and make it more reliable. There should be an improvement in the areas of honesty in terms of billing, access to customer care centre, access to customer complaint centre and waiting time at complaint centre.
2. Government on its own part should establish a minimum service quality standard for all the firms in the telecommunication industry and enforce compliance. This will enhance reliability and dependability on the part of clients who patronize these services.

**References**


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