Determinants of Customer Satisfaction in Pakistan Telecommunication

Anika Sattar\(^1\) and Wang Guohui\(^2\)

\(^1\)Liaoning Technical University, China.  
\(^2\)School of Public Administration and Law, China.

Authors' contributions

This work was carried out in collaboration between both authors. Author AS managed the whole manuscript and author WG supervise the work. Both authors read and approved the final manuscript.

ABSTRACT

Customer satisfaction is a fundamental marketing construct over the last three decades. In the past a less attention was given to the customer satisfaction as companies gave more importance to attract new customers than retaining the existing customers. However presently companies focus on the customer satisfaction especially in the service producing companies and set it as high priority operational goals. Thus, this study is an effort to identify the factors influencing the customer satisfaction in Pakistan telecommunication industry along with the mediating role of the service quality.

A well-structured questionnaire was distributed among the customers of four leading telecommunication companies operating in Pakistan. Results showed that switching cost have significant negative influence on the customer satisfaction that means that if a company have higher switching cost barriers people are hesitate to use their services. Because of these barriers people think that if in future they want to move to other services they need to bear not only economic cost but also the social cost. Thus, customer hesitate to use such services that have higher switching cost.

This study is important for the practitioners as well. As this study gives them idea how they can satisfy their customer and what things they supposed to do to retain the customers for the long run. They must invest more and more in their customer relationship management department to fix out their customer problems on spot and to utilized that data to make things better to make it sure that such kind of problems will not face by the rest of the customers. The study concluded that if companies have focus on the better customer relationship management, their service quality is getting more and more better that ultimately satisfy the customer and keep them for long time period.

Keywords: Customer satisfaction; Pakistan; service quality; switching cost and telecommunication sector.

*Corresponding author: Email: anikasattar@yahoo.com;
1. INTRODUCTION

In 1991, Interphone, a subsidiary of Millicom International Cellular based in Luxembourg, started the first mobile phone service in Pakistan. The huge mobile phone sets that came with the service were outlandish, a status symbol that only the wealthy could afford. But this luxury was to soon be the undoing of many wealthy businessmen who were kidnapped for ransom in droves. The police soon determined that the kidnappers, armed with the new phone technology themselves, could track and pinpoint the location of high-value targets as well as use mobile technology to better coordinate the pick-ups. As a result of the spikes in kidnappings, the mobile phone service was phased out by the government of Pakistan in the mid-1990s, though, sadly, kidnappings for ransom remained a constant.

Notwithstanding the current tough competition in the Pakistan telecommunication industry the complaints for the poor service quality is increasing day by day. The level of dissatisfaction of customers with the telecommunication services have been further witnessed with new introduction of Mobile Number portability which is about 45,000 customers are porting from service provider to another service provider for the better service quality.

Some studies have revealed that service quality financial pays to firms as increase in the sale and profit [1]. It has been widely argued that customer relationship management can enhance the customer satisfaction in the telecommunication sector by solving their problem as soon as possible and modifying the service as per the demands and wants of the customers. The direct influence of the service quality has been tested extensively in the marketing literature but This study is an attempt to investigate the mediating role of service quality and customer satisfaction in the Pakistan telecommunication sector.

The overall aim of this research is to investigate the determinants of the customer satisfaction in the telecommunication sector of the Pakistan as explained in the proposed model.

2. LITERATURE REVIEW

Johns, [2] highlight that a word ‘service’ has more than one meaning which cause some confusion in the way term is defined in management literature, it could be an industry, a performance, an output or offering or a process. He further explained that services are mostly described as ‘intangible’ and its output viewed as activity instead a tangible object which is not clear as some services have tangible competent like equipment’s and personnel. An example of the services offered by the telecommunication industry are voice services and data services along with tangible such as sales assistances, computers self-service equipment’s and brochures.

Service quality is defined as comparison made by the customer by their expectations about the service and the way the service has been performed i.e [3,4,5,6]. Lehtinen and Lehtinen [7] comes with the three dimensions of the service quality. They see it as consisting of what they term “interaction”, “physical” and “corporate” quality. The most important perspective of the service quality is customer perspective service quality and quality are two dimensional “output” and “process” quality. Reichheld [8] proposed a model that explains technical and functional role of the quality. Technical quality is all about whatever delivered to the customers that could be the meal in restaurant, the solution provided by a consultant, or the home identified by the estate agent. Whereas the functional quality concerned with how the end result of the process was transferred to the customer. Functional quality includes both psychological and behavioral aspects which deals with the accessibility to the provider, how service employees perform their task, what they say and how the service is done. Service quality is also defined as customer assessment of service [5]. Ghylin et al. [9] explained that, companies will be able to deliver services with higher quality level presumably resulting in increased customer satisfaction. Understanding service quality must involve acknowledging the characteristics of service which are intangibility, heterogeneity and inseparability, [6,10] In that way, service quality would be easily measured.

In the light of the above said literature my hypothesis would be:

There is Positive influence of service quality on the Customer satisfaction.

In the marketing literature, the role of the switching barrier is noticeable as marketer always use this strategy to keep the customer with them for the long time period. According to
the Best [11] Switching barriers are: “Any factor/element that makes it difficult or costly for consumers to change providers”. Fornell, [12] defines switching cost as the psychological burden felt by a customer while deciding to move from one service provider to another provider.

Sharma, S. and Goyal [13] studied Ghanaian telecommunication sector and came with the interesting conclusions. They conclude that larger the market share and longer durations on particular network also creates switching barriers who may otherwise want to switch. They also confirmed that lack of attractive alternative is also a barrier for those subscribers who want to switch. It is very clear that monetary and nonmonetary factors do have influence on customers perceived switching cost. It is also noticeable; it varies from industry to industry and switching cost factors are not common. Lunching of Number portability in many countries in the telecom industry with the aim of reducing the financial switching cost make it easier for those customers who want to switch but still one cost customers have to pay that is the brand switching cost argued by (Shin, 2006) that have significant influence on the switching decision.

Mouri, [14] reiterate that when customers do have good alternatives or similar to the existing service provider it is less likely to move competitor. Such satisfaction is the fruit of loyalty as customer who does have more attractive alternatives and their performance is also better but they remain with the existing with the old provider it is known the loyalty.

So Our second hypothesis would be:

Switching Cost has negative influence on the customer satisfaction.

3. MATERIALS AND METHODS

To determine the factors of customer satisfaction in the telecommunication industry of Pakistan, we choose the Punjab province of the Pakistan that is the biggest province of Pakistan and is leading in terms of telecom scribers. The possible reason to restrict this study till Punjab is the fact that it is possibility expensive and time taking to collect the data around whole Pakistan.

Given the time constraint and resources 1200 questionnaires are distributed. To ensure that the sample is the representative of the whole population, all mobile scribers are given the equal chance to participate in the through distributing questionnaire in all mobile subscriber’s customer centers. Among four companies 300 questionnaires were distributed among each company subscribers.

Customer Satisfaction (α = 0.862)

Customer satisfaction is measured through the multidimensional contrasted. In nutshell all the five constructs are good fit to measure the customer satisfaction. They revealed that company cost policy is good enough and they do care the customer confidentiality which ultimately satisfied you overall. To measure the customer satisfaction respondents were asked to respond on the five Likert scale of ranging very dissatisfied to very satisfied. Confirmatory analysis confirms the validity of the all the constructs. X2 (d.f) =5.39 (5), RMSEA = 0.018, CFI = 0.991

Service Quality (α = 0.781)

Service quality is judged on the basis of five questions and these questions were used by the well-known scholars i.e [15] The Cronbach alpha is 0.781 that is in the acceptable range. Confirmatory analysis confirms the validity of the all the construct as evident in table X2 (d.f) = 8.41 (6), RMSEA = 0.031, CFI = 0.95, SRMR = 0.011.

Switching Cost (α = 0.71)

There were four questions to measure the switching cost for the Pakistan telecommunication industry and questions are identified through the extensive literature as [14,16] etc. The reliability test output for the switching cost are good fit as evident.

Cronbach’s alpha (α) and confirmatory factor analysis (CFA) are used to measure the validity and strengthen of the variables constructs. Cronbach is used to check the information collected is reliable for the analysis purpose.

<table>
<thead>
<tr>
<th>Construct</th>
<th>Alpha (α)</th>
<th>No. of items</th>
<th>χ2 (d.f)</th>
<th>RMSEA</th>
<th>CFI</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer Satisfaction</td>
<td>0.862</td>
<td>5</td>
<td>5.39(5)</td>
<td>0.018</td>
<td>0.95</td>
</tr>
<tr>
<td>Service Quality</td>
<td>0.781</td>
<td>6</td>
<td>8.41(6)</td>
<td>0.031</td>
<td>0.991</td>
</tr>
<tr>
<td>Switching Cost</td>
<td>0.53</td>
<td>5</td>
<td>7.32(5)</td>
<td>0.038</td>
<td>0.987</td>
</tr>
</tbody>
</table>
Table 2. Scale reliability test

<table>
<thead>
<tr>
<th>Construct</th>
<th>Alpha (α)</th>
<th>No. of Items</th>
<th>Chi (2) d.f</th>
<th>RMSEA</th>
<th>CFI</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer Satisfaction</td>
<td>0.862</td>
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</tr>
</tbody>
</table>

Source: Author own work

Table 3. Regression analysis

<table>
<thead>
<tr>
<th>Beta (T-values)</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Service Quality</td>
<td>.118(1.78)</td>
</tr>
<tr>
<td>Customer satisfaction</td>
<td>-.021(-1.02)</td>
</tr>
<tr>
<td>Age</td>
<td>.006(0.7)</td>
</tr>
<tr>
<td>Qualification</td>
<td>.732(18.03)**</td>
</tr>
<tr>
<td>Service Quality (CS)</td>
<td>-.1854(-1.8)**</td>
</tr>
<tr>
<td>Switching Cost</td>
<td>.421(10.13)**</td>
</tr>
<tr>
<td>Indirect effect (Path C')</td>
<td></td>
</tr>
<tr>
<td>Service Quality</td>
<td>.617(14.72)**</td>
</tr>
<tr>
<td>Total effect (Path C)</td>
<td></td>
</tr>
<tr>
<td>Fit indices</td>
<td></td>
</tr>
<tr>
<td>χ²</td>
<td>32.709</td>
</tr>
<tr>
<td>d.f</td>
<td>12</td>
</tr>
<tr>
<td>RMSEA</td>
<td>0.051</td>
</tr>
<tr>
<td>CFI</td>
<td>.942</td>
</tr>
<tr>
<td>SRMR</td>
<td>.025</td>
</tr>
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</table>

Literature suggest that value of alpha more than 0.70 is acceptable for a filed work. Given Table 1 shows that alpha values are not only within the acceptable range but also beyond that rage. The minimum alpha value was for the switching cost 0.53.

Confirmatory analysis was used to check the strengthen of the construct. It’s all about how fit the items used to measure each construct. For the best fit of every construct number of steps are used. All the poor items loaded for the construct was removed. We used the criteria advised by [14] that is 0.40. Furthermore, number of steps performed for each construct to ensure that only the best fit indices for each CFA model was extracted. A series of other test were performed as suggested by the literature to strengthen each construct.

The above tables gives the result of the structural equation model. It has been revealed that both service quality and customer relationship has direct significant and positive influence on the customer satisfaction evident from their beta (B = 0.732; p <1%) and CRM (B = 0.195; p <1%) where as the switching cost has direct negative influence on the customer satisfaction that shows that higher the switching cost is higher the customer are dissatisfied. Customer do not want to be retained by the company they want freedom and they want to enjoy their freedom. It is found that Path A have direct positive relationship with the customer satisfaction of the telecommunication industry while keeping the demographic characteristics as control variables.

4. CONCLUSION

This study highlights the importance of the service quality and switching cost on the customer satisfaction. This study confirms other researcher studies that customer relationship management and service quality has positive influence in the performance of the customer satisfaction in Pakistan telecommunication industry. Thus, in spite of the obvious lack of an empirical link between customer relationship management, switching cost and service quality do influence the customer satisfaction.

Based on the above conclusions, the following policy recommendations are suggested. Accompanying these recommendations are proposed areas for further studies.
First, mobile operators should endeavor to improve the quality of mobile services offered to clients if they are interested in achieving customer satisfaction. This is because, service quality has been found to impact positively on Customer satisfaction.

Secondly, mobile telecommunication operators should adopt appropriate strategies such as relationship marketing in order to promote customer satisfaction and to make and offer the services that customers are looking for.

**COMPETING INTERESTS**

Authors have declared that no competing interests exist.

**REFERENCES**