Service Quality – Customer Satisfaction link:

An Empirical Study of Rural Telecom Sector in Gwalior Region

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ABSTRACT

Service Quality is universally accepted as one of the major determinant of Customer Satisfaction across all service industries but sometimes it is thought that rural India is more obsessed with something else than Service Quality. This research paper attempts to delve into rural psychology to ascertain the role service quality plays in causing customer satisfaction with special reference to rural mobile market in Gwalior.

Keywords: Service Quality, Customer Satisfaction, Regression Analysis.

INTRODUCTION:

India has emerged as the fastest growing telecom industry in the world. In September 2017 it had over 1200 million telecom subscribers out of which 500 million subscribers resided in rural India only. Today India stands out as the second largest country in terms of number of telephone connections. The teledensity too has increased to 93.4 % (Urban-173.15% and Rural 56.71%).

Competition has intensified because of presence of so many service providers and it has forced every company in the industry to pay attention to improve service quality which leads to high customer perceived value which in turn leads to greater customer satisfaction. The present research is an attempt to validate the universally accepted service quality-customer satisfaction link and to explore the mediating role played by customer perceived value in service quality-customer satisfaction link.

OBJECTIVES:

The objectives of this research paper are:
1. To define Service Quality and Customer Satisfaction
2. To study and validate positive impact of service quality on customer satisfaction.

REVIEW OF LITERATURE:

Service Quality:
Service Quality is combination of two words, Service and Quality. As per Hasenfield (1974) service can be defined as actions of an individual or organization that maintain and improve well being or functioning of people. Quality focuses on standard or specification that a generating organization promises.

Parasuraman, Zeithaml & Berry (1988) defined service quality as the customers overall judgment of the excellence of the service or the difference between ones expectation and the actual service performed.

The American Society for Quality Control defined Quality as "the totality of features and characteristics of a product or service that bear on its ability to satisfy the stated or implied needs". Parasuraman et al., (1994) considered quality as a gap between what customers feel should be offered and what is actually provided.

According to Thomas, Dan R. E., (1978), service differentiation is necessary for the growth and development of service businesses.

Ladhari(2009) studied service quality and found it to be top priority of present day business organisations as it give them not only competitive advantage but also play a crucial role in sustaining growth.

Howat et al (2008) & Chen (2008) found that interest of marketers and academicians in service quality is due to its favorable impact on customer satisfaction and customer loyalty. Jonson (2008) stated that there is clear relationship between improving service quality & higher profit.

Seth et al (2005) studied the role of service quality in company performance and attracting new customers.

Characteristics of Services:
Kandampully, (2002) described services as intangible in the sense that they cannot be seen, felt, tasted, or touched. He explained four unique characteristics that differentiate service from a product. These four characteristics are:

[1] Intangibility [2] Heterogeneity [3] Inseparability [4] Perishability

Berry, Parasuraman and Zeithaml (1985) were pioneers in service quality research. They carried their research in four different service areas namely banking, stock broking, credit card companies, and household appliances. They came up with ten factors to describe service quality namely 1 Dependability, 2 Willingness, 3 Competence, 4Availability, 5 Courtesy, 6 Communication, 7 Trustworthiness, 8 Assurance, 9 Empathy and 10 Tangibility.

Concept of Customer satisfaction:
Oliver (1997) defined Customer satisfaction as Consumer's fulfillment response. It is consumer's judgment that a particular product or service is providing pleasurable level of fulfillment, though, it could be under or over fulfillment. Over fulfillment provide pleasure by delivering additional unexpected pleasure and underfulfilment provides pleasure by providing greater pleasure than one anticipated.

Westbrook and Oliver (1991) described customer satisfaction is a post choice evaluative judgment concerning a specific purchase selection. Oliver (1987) examined whether satisfaction was an emotion and concluded that satisfaction is a summary attribute phenomenon coexisting with other consumption emotion

Rust and Zahorik (1993) Studied Customer Satisfaction in retail banking sector and developed a mathematical model to determine which customer satisfaction component has greatest impact and how much money should be spent to maximize customer satisfaction.

Measuring Customer satisfaction has a critical role in bringing service improvement. It allows an agency to understand what its customer's value, how values vary between different types of customers, and where the agency can take action to improve service delivery.

Lawler Edward (1995) explained that companies are successful which possess quality service in the top of their vision list. These companies measure customer satisfaction and identify the most common reasons behind customer dissatisfaction and then they attempt to eliminate them.

The expectancy disconfirmation theory proposes that consumers make satisfaction judgments by evaluating actual product/service. Four psychological theories were identified by Anderson that can be used to explain the impact of expectancy or satisfaction:1 Assimilation Theory 2. Contrast Theory 3.Generalised Negativity Theory 4. Assimilation-Contrast Theory

Deyong (1994) came up with a methodology to identify conceptual links between customer satisfaction dimensions and process performance metrics. Their methodologies indicated a link between the customer satisfaction dimensions and process performance metrics.

Brown & Swartz (1989) found that when a service is given, the personal relationship that gets established between employees and customers will be extremely important in determining the service quality perception. In turn, the perception of the quality offered by the organization on the part of the employee has an impact on the real quality offered.

Service Quality: Major determinant of Customer Satisfaction:
According to Berry et al (1997) found that service quality has become an important differentiator and also the most powerful weapon against competitor, which all the service organizations want to possess.

In a study Zeithaml, Berry and Parasuraman (1996) show that companies which offer superior service register higher than normal growth in market Share. Zeithmal et al (1996) developed a conceptual framework for the behavioral and financial consequences of service quality. Superior (inferior) service quality is related to favorable (unfavorable) behavior intentions.

Taylor and Baker (1994) in a study found that service quality and customer satisfaction are recognized as key factors in the formation of customers purchase intentions in service industry. It appears that customer decision-making which comprises the interaction of satisfaction and service quality explains customer purchase intentions to better extent.

Bolton (1998) proved that customer satisfaction is directly related to the tenure of the relationship. The strength of the relationship between tenure and satisfaction levels depends on the length of customer's prior experience with the organization.

Hallowell (1996) studied the relationship between customer satisfaction and customer loyalty and customer loyalty and profitability using multiple measures of satisfaction, loyalty and profitability and found that attainable increase in satisfaction leads to dramatic increase in profitability

Cronin Brady and Hult (2000) conceptualized the effects of quality, satisfaction and value on consumer's' behavioral intentions and concluded that indirect effects of service quality and value enhance their impact on behavioral intentions.

Anderson et al 1994 found Customer Satisfaction to be fundamental indicator of firms' performance as it has behavioral as well as financial consequences for the firm.

Reichheld ans Sasser(1990) found that greater customer satisfaction reduces costs of future transactions.

Anderson 1996 found that greater is the customer satisfaction lesser is the price elasticity

Kim et al., (2004) found that the service quality positively affected customer satisfaction. He elaborated that call quality is the most important issue that influences customer satisfaction for mobile services. Customer satisfaction and switching barriers has positive impact on customer loyalty.

Palkar (2004) studied the factors which determine the customers' satisfaction and customer loyalty in mobile service market. He found that important determinants of these two are quality of service, price structure and value added services offered by the provider.

Moreover, satisfied customers have a higher propensity to stay with their existing service provider than the less satisfied ones (Cronin et al., 2000) and are more likely to recommend the service provider to others, leading to improved bottom line for the company Reichheld (2003, 2006).

RESEARCH METHODOLOGY:

Data Collection:
Data was collected from 140 mobile users of different companies spread across various villages nearby Gwalior namely 1. Utila 2. Badagaon 3 Mohanpur 4 Koti Gaon 5. Kedarpur 6.Nayagaon 7. Chitora . Sample of 20 customer was taken from every village. The data was collected using structured questionnaire with closed-ended questions as a response measurement tool. Questions were translated in Hindi to make it comprehensible to target segment and students who collected data were also sensitized to help villagers to understand the questions.

Research Instrument Design:
A structured questionnaire was developed and responses from customers were measured on 5- point Likert type scale. The questions in the scale were carefully chosen after thorough and extensive literature review

Measurement Scale:
Service Quality was measured with help of 30 items mainly derived from the works of Caruana, (2002), Cronin, Brady and Hult (2000), Aydin and Ozer(2005), Kim et al. (2004), Lai et al. (2007)

Customer Satisfaction was measured with the help of 5 item scale based on work of Hellier et al. (2003)

Following Null and Alternative hypotheses were proposed to meet the objectives of the study:

H10 : Customer Satisfaction is not impacted by service quality.

H1A Customer Satisfaction is impacted by service quality.

DATA ANALYSIS:

Reliability Analysis was carried out for both the measurement scales with the help of SPSS which resulted in following output

Reliability Statistics: Service Quality

Cronbach's Alpha	Number of Items
.896	30

Reliability Statistics: Customer Satisfaction

Cronbach's Alpha	Number of Items
.745	5

In both cases value of Chronbach alfa was more than .7, the value suggested by Nunally(1978) as reference value.

After carrying out Reliability test, Regression Analysis was carried out to test first hypothesis of study. Here Customer Satisfaction was taken as dependent variable and Service Quality as independent variable, the SPSS generated following output:

Descriptive Statistics

	Mean	Std. Deviation	N
CS	3.1000	.89201	140
SQ	4.1000	.84223	140

Correlations

		CS	SQ
Pearson Correlation	CS	1.000	.695
	SQ	.695	1.000
Sig. (1-tailed)	CS	.	.000
	SQ	.000	.
N	CS	140	140
	SQ	140	140

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.695[a]	.483	.480	.64350	.483	129.094	1	138	.000
a. Predictors: (Constant), SQ									

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	53.456	1	53.456	129.094	.000[b]
	Residual	57.144	138	.414		
	Total	**110.600**	**139**			
a. Dependent Variable: CS						
b. Predictors: (Constant), SQ						

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.081	.271		.299	.765
	SQ	.736	.065	.695	11.362	.000
a. Dependent Variable: CS						

Among the above mentioned table ANOVA table shows that model is significant as p-Value is less than .05. Model Summary shows that Service Quality explains 48.3% variance in customer satisfaction.

Coefficient Table shows that Service Quality shows unstandardized beta value of 0.736 which is significant at 5% level of significance as p-value is less than 0.05. It means 1 unit increase in Service Quality will lead to 0.736 unit positive change in customer satisfaction in the absence of other variables. Hence above stated Null hypothesis is rejected and it can be concluded that Customer Satisfaction is impacted by Service Quality.

CONCLUSION:

Results of Data analysis shows that Service Quality is no doubt a cause behind Customer Satisfaction even among customers from rural background.

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