# The impact of service quality on customer satisfaction in telecom sector of Pakistan. An empirical study of Pakistan

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**Abstract**—Today's successful organizations serving in telecom area of Pakistan these organizations need to undertaking through service quality they attempt to fulfill customers by giving best quality services subsequently this research concentrates on finding the effect of service quality on consumer satisfaction in Telecommunication sector of Pakistan. All Telecom service provider companies; U fone, Warid, Telenor, Zong and Mobilink are taken in this research and design is to investigate the effect of service quality on consumer satisfaction of these telecom sectors. An organized questionnaire was composed and gathers the information from 200 customers. Correlation and regression analysis were conducted utilizing SPSS to analyze the data.

**Index Terms**— customer satisfaction, network strength, rates, customer loyalty, reliability

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## 1 INTRODUCTION

TELECOM area is progressing around the world. Pakistan is an enormous business for "mobile broadband", as the number of population in Pakistan is expanding at exponential rates. Utilization of mobile phones in Pakistan has expanded and now a day there are fewer patterns of landlines. Consistently on television we go over different promotions of the telecom organizations. These organizations are concentrating on giving the better service and reasonable bundles to their customers. The exceptional competition among the different telecom organizations has prompted a diminishing in the costs of call rates in Pakistan. It becomes simple for the customers to pick the system that best fulfill their needs and desires. Telecom segment in Pakistan is quickly developing and is a standout amongst the most potential areas that contribute generally in the country's GDP. Market shares are now more balanced among the five operators (Mobilink, Telenor, Ufone, Warid and Zong) with practically immaterial changes throughout the years. Customers seek better quality for the price they paid to those companies. Therefore quality is the most important aspect in terms of services. Therefore the companies are concentrating on the quality of service which they are giving to retain their customer.

### 1.1 Problem Statement

The main reason of the study is to analyze the impact of service quality on customer satisfaction in terms of customer loyalty and customer turnover.

### 1.2 Significance of the study

Customer loyalty is characterized as the determinant that how much the firm's products, maintained, services and upgrades are fit for meeting the desires of the customers. One of the main considerations which impact the consumer loyalty is the quality of service. Quality of service is not only an important factor of customer satisfaction in manu-

facturing industries but also in service firms. Tangibles, reliability, assurance, responsiveness and empathy are five dimensions that construct the service quality. The high quality service will have a positive impact on the customer satisfaction. At the point when the customers will not get quality of service which they were expecting before the buy and they are dissatisfied and switch to other service. For building long term good trust commendable connection with the customers the organizations should give the customers what they need and need

### 1.3 Objectives of the study

There is the specific objectives of the study are identifying difference between expected and perceived service as experienced by the users.

Following are the objectives of the study;
- To identify the relationship of service rates on customer loyalty in telecommunication sector of Pakistan
- To find effect between network strength on customer turnover in telecommunication sector of Pakistan

### 1.4 Limitation of the study

This paper is aimed to study the impact of service quality on customer satisfaction. The limitation of the study was that the access to data was restricted to some extent. Being a student it was not easy to access a wider area of respondents. There are numerous other variables that can be taken for study which are the emotional intelligence, employee motivation and impact of brand image on customer satisfaction.

### 1.5 Scope of the Study

The findings of this study will be helpful for telecom service providers to shape their product and service for improving customer satisfaction and retaining customers to gain a higher market share and sustainable growth in telecom industry in

Pakistan. Secondly, upcoming researchers have more opportunity to carry out their research in improved situations.

## 2 LITERATURE REVIEW

(Raja Irfan Sabir, 2013) Focused on finding the impact of service quality, customer satisfaction and reliability programs on customer's loyalty in Telecommunication sector of Pakistan. A similar investigation of organizations is additionally made that demonstrates that organizations ought to concentrate on enhancing the nature of their quality for better and more better customer loyalty and customer satisfaction. A structured questionnaire was designed and survey was directed to gather the information from 150 customers from jhang and okara and district of Punjab having distinctive cell telephone associations of organizations working in Pakistan. This study is brought about two measurements; one is useful for organizations to find the variables of significance for customer of telecom.

The aim of this study is to explore the relationship between emotional intelligence and service quality. The information was collected from the telecommunication sector of Pakistan through questionnaires. The aggregate test of the respondents in the study was 400 yet we had gotten just 250. (Raja, 2013) Convenience sampling was utilized to collect the data from respondents. The collected data is quantified by using regression analysis and correlation. The outcome demonstrated that the emotional intelligence is the positive predictor of the service quality dimensions of Pakistan telecommunication sector. On the off chance that the companies are utilized emotional intelligence at workplace and offer better services to customers than the performance of the company will improve and general image of the company will get stronger.

The main reason of the study is focus telecom organizations are attempting to accomplish high customer loyalty through enhanced service quality, better cost and predominant brand picture. This study especially takes a gander at all of these perspectives and their relationship with consumer loyalty. Information was gathered from instructive and business division of Gujranwala locale of Pakistan utilizing stratified arbitrary examining system. Test size was 200 and 165 complete surveys were gotten back with reaction rate of 82.5%. Consequences of this examination are positive and will help the telecom administration suppliers to shape their items and estimating strategies in a manner that they could augment consumer loyalty. In the course of the most recent decade, the telecom part of Pakistan has seen enormous development and is presently pander to right around 100 million endorsers. This study expects to help telecom service provider's to gain a competitive edge in the business sector by getting a thought of the preferences of the individuals and after that centering the zones that require change. (Prof. Dr. Muhammad Ehsan Malik, 2012)

The motivation behind this study is to focus the impact of service quality on the overall customer fulfillment in telecom industry of Pakistan. It is unique approach, which depicts the components affecting consumer loyalties. Survey questionnaires are utilized to collect the information from the postpaid users of diverse telecom service providers. Stepwise regression analysis is utilized to look at the research hypothesis. The findings of reason give bits of information to the managers to create and keep up the customers' desirable service quality. The results show that service quality has positive relationship with the general consumer satisfaction. (Ishaqa, 2011) Functional usage for the administration of telecom organizations to enhance and execute best practices, which will lead consumer loyalty determination.

The study make intellect of that service quality has impact on customer satisfaction and that there exists a positive relationship between service quality estimation and customer loyalty. Customer satisfaction is effected by service quality measurements. (Dr. Moeed Ahmad Sandhu, 2013) A sample of 300 respondents was employed. Research targets and inquiries were produced, alongside the theories that were further tried and analyzed. Engaging insights incorporate the straightforward rate and implies that are utilized for presenting data and investigation as a part of even shape. Regression analysis, Pearson relationship coefficient and ANOVA are run to test speculations. Service quality and customer satisfaction are two distinctive builds however exceptionally related. It is derived that to achieve high consumer loyalty a business must develop a high perception level about service quality.

The reason of the study is to find the gap between expected service of customer and what they actually accepting in the telecom sector of Pakistan and interrelations of service quality properties with customer dependability. SERVQUAL scale has been utilized as a part of this study to measure the present administration level of telecom organizations. Convenient sampling has been utilized and information gathered through survey with test size of 146 respondents from Bahauddin Zikariya University, Multan, which then examined by SPSS 16. Results demonstrated that gap exist between customer recognitions and their desires. (Masood ul Hassan, 2010).The association examination shows discriminating relationship among all estimations of organization quality and likewise with conclusion beside the settlement which demonstrated positive yet insignificant relationship with reliability.

This study is done for researching the relationship of these marketing tactics on trust and satisfaction of customer, which at last builds customer loyalty in telecom division of Pakistan. (Rehman, 2012) An investigative model is produced to test the relationship in the middle of these tactics and customer devotion. Fulfillment for the most part relies on upon service quality in light of the fact that it has the greatest assessed coefficient. A sample size 210 was chosen on the premise of past studies. Unit of analysis for this study was people from telecom industry and a self regulated questionnaire was utilized to ensure the quality of information. Structural Equation Modeling was used as data analysis technique Result demonstrates that service quality has a significant effect on performance. It implies that if service quality is high, fulfillment will incre-

ment.

This study expected to consider the effect of service quality on customer repurchase aims. Satisfaction is a variable which is a result of better service quality, and consequently, it gives customer the energy to stay with the administration supplier and makes more prominent repurchase expectations for the customer. All associations offer the best conceivable support of their customers in order to retain them and make positive repurchase in the future. The information was gathered from 331 youthful mobile users, and as being what is indicated, correlation and regression analysis were utilized to examine the information. The survey incorporated five particular measurements that foresee the service quality. These measurements are tangibles, affirmation, sympathy, unwavering quality and responsiveness. In the event that organizations need to hold their customers and their future positive repurchase aims, they need to fulfill their customers at first inclination. (Ishfaq Ahmed, 2010)

The principle reason of this study was to look at the impact of service reasonableness, service quality, and price fairness observation on the customer loyalty and customer dependability in the telecom division of Pakistan. Companies can are very customer focused and profoundly concerned to marketing. A quantitative research outline was utilized. Information was gathered through survey instrument from 220 members speaking to the customer of telecom organizations of Pakistan. Factor analysis, correlation and regression analysis were directed utilizing SPSS 17. (Masoodul Hassan, 2013) The outcomes exhibit that service reasonableness, service quality and price fairness observation are substantial and dependable for measuring customer loyalty and satisfaction. At long last, this paper additionally gives bits of knowledge into telecom part in Pakistan for administration change and customer's maintenance.

The motivation behind this study is to investigate distinctive elements which influence the customer maintenance, for example, fulfillment, trust, corporate picture, duty level, dedication and exchanging conduct of customer. (Rizwan Qaiser Danish, 2015) The data was gathered through self-managed questionnaires conveyed to customers of diverse service providers. General 300 useable questionnaires were gone into SPSS and after that AMOS was utilized for analysis reason. The outcomes demonstrated that through Trust, Satisfaction and Loyalty customer maintenance is expanded. Customers repurchase aims are expanded when they are fulfilled by organization items and benefits and are getting passionate and useful advantages.

The purpose for this study was to look at the dimensions of users, apparent service nature of cellular phone administrators in Pakistan. An assessment of relative significance of cellular telephone service quality measurements is vital to distinguish the impacts of these dimensions on customer view of cellular telephone administration quality. An organized questionnaire and dimensions of network quality was utilized to quantify cell telephone customers' recognition about service quality.

(Muhammad Asif Khan, 2010) Accommodation test of 800 mobile phone users was utilized to gather the information. Affirming component and numerous regression analyses were led. The measurements and system quality found to have positive and factually noteworthy association with cellular telephone users' apparent service quality. Accommodation and system quality measurements observed to be moderately most imperative measurements influencing customer's discernment. The measurement of unwavering quality did not consider significant impact customers' impression of value.

This study explored the relationship among customer loyalty, customer trust, switching cost, and Customer satisfaction in telecom service market of Pakistan. The service provider firms ought to essentially concentrate on fulfilling the customers through setting up trust with a specific end goal to hold the customer in the business sector. The information was gathered from 515 customers in telecom sector of Pakistan through convenience sampling. Correlation matrix and ordinary least squares regression analyses are utilized to focus the relationship among the variables. The findings affirm the structure that customer trust incompletely intercedes the relationship of consumer loyalty with customer dependability. Switching cost has no directing impact in deciding the relationship of customer loyalty with customer trust and customer dependability in telecom service business of Pakistan. (Jawwad Ahmad, 2015) A ramification of this study is that the organizations in telecom service business sector ought to fulfill the customer through procurement of good service and system scope.

This study attempted to give an expansive perspective of brand loyalty by proposing a model and testing its potential forerunners. Brand dedication is getting awesome arrangement of consideration in telecom area. (Noor-Ul-Ain Nawaz, 2011) A sample of 475 customers of cell system providers was chosen. The study sample incorporates the respondents from two universities of Lahore, college of the Punjab and universities of management and technology. The sample was chosen by probability sampling. The key findings of the study include the acknowledgment of proposed model and hypotheses. The outcomes delineate that in mobile network business sector, service quality is considered as most critical variable of brand reliability. A circuitous positive relationship of service quality and satisfaction to brand loyalty has been confirmed.

In the research examine the determinants of consumer satisfaction. Numerous telecom organizations are confronting the customers exchanging issues. Endeavors have been made to investigate that how product's service quality, value, brand picture, and customer loyalty make the customer dedication in Pakistan telecom industry. (Rana Umair Ashraf Dr. Rashid Saeed, 2013) The secondary equation modeling has been utilized to analyze the connections of product value with customer determination. The online survey was readied for this reason by utilizing Google Docs© and send to 500 email locations, out of which 179 were reacted. The information was additionally gathered utilizing accommodation inspecting strategy from sixty respondents. The test of aggregate 211 respondents was exhibited in this study. The research model

recommended that customer loyalty has a direct and positive association with customer loyalty, quality, and value yet customer certainty didn't have critical relationship with brand picture

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## 3 METHODOLOGY
### 3.1 Research Model
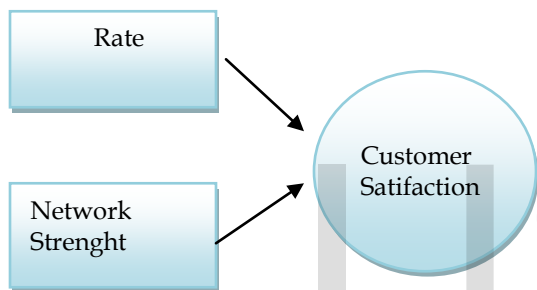


## 3.2 Hypothesis

Hypotheses 1: <u>Relationship between service rate on customer loyalty</u>

Ho1: There is no relationship between service rates on customer loyalty

HA1: There is relationship between service rates on customer loyalty

Hypotheses 2: <u>Effect network strength on customer turnover</u>

Ho2: The network strength does not have effect on customer turnover

HA2: The network strength does have effect on customer turnover

## 3.3 Data Description

The study is based on secondary data. A structured questionnaire was designed to collect data. The objects used for likert scale were, strongly disagree, disagree, neutral, agree, strongly agree. A questionnaire was closed ended. The questionnaire was distributed among 200 users out of which 170 forms were collected in complete and correct manners.

## 4 DATA ANALYSIS
### 4.1 Descriptive Statistics

Descriptive Statistics

| | N | Minimum | Maximum | Mean | Std. Deviation | Skewness | |
|---|---|---|---|---|---|---|---|
| | Statistic | Statistic | Statistic | Statistic | Statistic | Statistic | Std. Error |
| Service features are significant in operating selection | 170 | 1 | 5 | 3.48 | 1.158 | -0.628 | 0.186 |
| New Schemes and offers are fulfilling customer necessities | 170 | 1 | 5 | 3.25 | 1.162 | -0.164 | 0.186 |
| service quality is necessary to enhance customer loyalty | 170 | 1 | 5 | 3.49 | 1.111 | -0.418 | 0.186 |
| Service rates are moderate as per customers needs | 170 | 1 | 5 | 2.32 | 0.963 | 0.489 | 0.186 |
| The quality of customer support service would be a powerful reason in your choice to switch service provider | 170 | 1 | 5 | 2.68 | 1.011 | 0.499 | 0.186 |
| Customer satisfaction is strongly influencing by network strength | 170 | 1 | 5 | 3.45 | 0.997 | -0.358 | 0.186 |
| Complaint and Problem Resolution time is speedy | 170 | 1 | 5 | 2.6 | 1.112 | 0.399 | 0.186 |
| The customer contact faculty have the proper item and issue learning to solve your issue | 170 | 1 | 5 | 2.98 | 1.154 | 0.128 | 0.186 |
| Customer support service make rapidly move for the issue to be comprehended after the call's conduction | 170 | 1 | 5 | 2.57 | 1.037 | 0.293 | 0.186 |
| As there are many mobile companies in the market, because of the competition the services are improving | 170 | 1 | 5 | 3.21 | 1.105 | -0.243 | 0.186 |
| Publicizing give you more decision in settling on purchase option | 170 | 1 | 5 | 3.55 | 0.985 | -0.431 | 0.186 |
| The service of network provider is reasonable | 170 | 1 | 5 | 3.66 | 0.974 | -0.748 | 0.186 |
| Operators are adequate to hold customers | 170 | 1 | 5 | 3.44 | 1.109 | -0.533 | 0.186 |
| Value added service will influenced on customer turnover | 170 | 1 | 5 | 3.52 | 1.062 | -0.527 | 0.186 |
| Employees are efficiently able to react on requests | 170 | 1 | 5 | 3.24 | 1.006 | -0.254 | 0.186 |
| Company provides services within the time | 170 | 1 | 5 | 3.38 | 0.948 | -0.145 | 0.186 |
| The behavior of Employees encourage customer to use their services | 170 | 1 | 5 | 3.59 | 0.964 | -0.454 | 0.186 |
| The services offered by company are the reason enough to purchase it | 170 | 1 | 5 | 3.62 | 1.177 | -0.65 | 0.186 |
| Customer contact faculty have the capacity to give the obliged data | 170 | 1 | 5 | 3.48 | 1.147 | -0.313 | 0.186 |
| Service quality of network meet expectations in terms of reliability and responsiveness | 170 | 1 | 5 | 3.24 | 1.144 | -0.029 | 0.186 |
| Service quality is good enough to charge current cost | 170 | 1 | 5 | 3.34 | 1.341 | 0.022 | 0.186 |
| Valid N (listwise) | 170 | | | | | | |

## 4.2 CORRELATION & REGRESSION OF HYPOTHESES

### 1. Hypothesis

| Correlations | | Service rates are moderate as per customers needs | service quality is necessary to enhance customer loyalty |
|---|---|---|---|
| Service rates are moderate as per customers needs | Pearson Correlation | 1 | 0.002 |
| | Sig. (2-tailed) | | 0.982 |
| | N | 170 | 170 |
| service quality is necessary to enhance customer loyalty | Pearson Correlation | 0.002 | 1 |
| | Sig. (2-tailed) | 0.982 | |
| | N | 170 | 170 |

a. Predictors: (Constant), Service rates are moderate as per customers needs

### Coefficients[a]

| Model | | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. |
|---|---|---|---|---|---|---|
| | | B | Std. Error | Beta | | |
| 1 | (Constant) | 3.489 | .223 | | 15.636 | .000 |
| | Service rates are moderate as per customers needs | .002 | .089 | .002 | .023 | .982 |

## 4.3 Analysis 1

In the above table that indicate the relationship between service rates on customer loyalty. As it show the significant value is 0.982 which is greater than 0.05 so this hypothesis is failed to rejected. So from this table it is analyze that there is no relationship between service rates and customer loyalty. Service rates are not reasonable as for every customer need and from service quality it was not necessary that customer loyalty will be enhance

### 2. Hypothesis II

| Correlations | | Customer satisfaction is strongly influencing by network strength | Value added service will influenced on customer turnover |
|---|---|---|---|
| Customer satisfaction is strongly influencing by network strength | Pearson Correlation | 1 | .079 |
| | Sig. (2-tailed) | | .306 |
| | N | 170 | 170 |
| Value added service will influenced on customer turnover | Pearson Correlation | .079 | 1 |
| | Sig. (2-tailed) | .306 | |
| | N | 170 | 170 |

### Coefficients[a]

| Model | | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. |
|---|---|---|---|---|---|---|
| | | B | Std. Error | Beta | | |
| 1 | (Constant) | 3.227 | .294 | | 10.972 | .000 |
| | Customer satisfaction is strongly influencing by network strength | .084 | .082 | .079 | 1.028 | .306 |

a. Dependent Variable: Value added service will influenced on customer turnover

## 4.4 Analysis 2

In the above table indicate that network strength does not have effect on customer turnover. As it show the significant value is 0.306 which is greater than 0.05 so this hypothesis is failed to rejected. So from this table it is analyze that there is no relationship between network strength and customer turnover. Customer satisfaction is not influencing by network strength and value added service will not necessary to develop customer reliability.

## 5 CONCLUSION

This research aims to figure out the impact of service quality on customer satisfaction in telecom sector. From the above empirical evidences and findings it is concluded that satisfaction is not basically relies on upon service quality because the enhancement in the service quality comes from different ways by considering the convenience of the customers. The customer satisfaction is basically the objective which makes to get maximum customer attention. The result shows that service rates are unable to manage the customer's needs because rapid changes in technology will give a relative decrease in telecommunication cost and increased in competition and service rates are not essential to develop customer loyalty because it is not required that a high level of customer satisfaction may result in high customer loyalty.

Furthermore, Service quality not depend on customer satisfaction because if employees not get enough recognitions towards company they not entertain customers properly which turn into deprived service quality and customer satisfaction. Customer satisfaction is not influencing by network strength because in sometime customer did not communicate well because of slow network coverage and it will improved by implementing modern technology.

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