



**SERVICE QUALITY AND ITS IMPACT ON CUSTOMER SATISFACTION TOWARDS  
MOBILE SECTOR OF TAMILNADU**

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**ABSTRACT**

*Service quality is crucial factor for customer satisfaction. Customer satisfaction is effected by service quality dimensions. In order to make the customers satisfy every company strives to enhance its quality of services. This research finds out the service quality dimensions and its Impact on customer satisfaction in the telecommunication sector Tamilnadu. A sample of 300 respondents was employed. Research objectives and questions were developed, along with the hypotheses that were further tested and analyzed. Descriptive statistics encompass the simple percentage and means that are used for presenting data and analysis in tabular form. Regression analysis, Pearson correlation coefficient and ANOVA are run to test hypotheses. The study figures out that service quality has an Impact on customer satisfaction and that there exists a positive relationship between service quality dimensions (except price fairness & empathy) and customer satisfaction. This research is concluded by gaining the attraction of service providers towards improving their technical quality to increase customer satisfaction. This article highlights the service quality and its impact on customer satisfaction towards mobile sector of Tamilnadu.*

**KEYWORDS:** Service Quality, Customer Satisfaction. Telecom Sector and Service Providers

## **INTRODUCTION**

Managing services is becoming one of the biggest challenges in the twenty-first century. Unlike goods, many services have characteristics that make them very special. Most services cannot be counted, measured or verified. The world has shifted from a purely goods driven economy into a services driven economy and this trend is evolving all over the world. The telecom industry is becoming one of the most important industries in the world. Telecom industry delivers voice communications, data, graphics, and video at ever increasing speeds. Telecommunication influences the world economy and the competition is also becoming more and sharper. In contemporary environment businesses have to develop different strategies to survive in long run.

To gain long term success in business, main focus is always towards customers. Customer's satisfaction has become first priority of every company to provide quality services to all the customers. Quality service is something providing more than just services.

Customer's satisfaction can only be achieved by providing quality services and quality in services can be improved when all the dimensions of the quality services are taken into account, which include

“Physical aspect”, “Assurance”, “Responsiveness”, “Empathy”, “Reliable”, “Price fairness”, “Technical quality” and “Image”. Maximum service quality can only be delivered when all such dimensions are according to the standard. There is direct relationship between service quality and customer's satisfaction. It means better quality lead satisfying customer but it can never be achieved only by doing it at one time.

For this purpose all the dimension of the service quality must also be fulfilled otherwise it will not lead to achieve the required result (Ishfaq Ahmed, 2010). Telecommunication sector is advancing worldwide.

Use of mobile phones in Tamilnadu has increased and now a day there are fewer trends of landlines. Every day on television we come across various advertisements of the telecom companies. These companies are focusing on giving the better service and affordable packages to their customers. The intense competition among the various telecommunication companies has led to a decrease in the prices of call rates. Also many telecom companies are operating in Tamilnadu; it becomes easy for the customers to choose the network that best satisfy their needs and expectations. Customers seek better quality for the price they paid to those companies. Therefore quality is the most important aspect in terms of services. Dimensions of service quality include “assurance”, “reliability”, “responsiveness”, “empathy” and “tangibility” (parasuraman 1988).

These five dimensions of the service quality directly Impact the customer's satisfaction. Customer's satisfaction then causes customer loyalty. So if a customer is satisfied with the service quality, then it's a long term success for a business. To gain satisfaction of customers, telecom companies “AIRTEL”, “AIRCEL”, “BSNL”, “RELIANCE”, “TATA DOCOMO”, “IDEA”, “VODAFONE”, and “MTS” are continuously striving to gain maximum market share by serving maximum customers with quality services. This is the reason of hyper competition in telecom sector.

The objective of this research is to find out the factors which have impact on service quality and ultimately on customer's satisfaction, moreover to analyze the impact of service quality on customer's satisfaction. For this purpose data is collected by distributing 280 questionnaires among customers having different mobile networks in Chennai city.

## **REVIEW OF LITERATURE**

### **Customer Satisfaction**

Satisfaction plays a particularly important role in competitive environments such as mobile services because of its impact on customer loyalty (Lee and Feick 2001).

Customer satisfaction refers to the “customer’s evaluation of a product or service in terms of whether that product or service has met their needs and expectations” (Zeithaml and Bitner 2003).

Besides, customer satisfaction is multifaceted in nature, and factors that drive satisfaction can be explicit customer needs or implicit expectations, while the key for a firm to retain customer is to differentiate itself from competition. In this study, we define satisfaction as the perceived degree of contentment with regard to a customer’s prior purchase experience (Anderson and Srinivasan 2003). Conceptual frameworks on consumer satisfaction have been developed to measure and conceptualize issues related to it (e.g., Cronin and Taylor 1992). Most studies have focused on satisfaction from different dimensions in the telecommunications industry (e.g., Wang and Liao 2007; Woo and Fock 1999).

Woo and Fock (1999) measured satisfaction with three different constructs such as transmission quality, pricing policy and staff competence. Their study revealed that transmission quality played a significant role in improving customer satisfaction, indicating that antecedents on satisfaction depend on the nature of services. Since text messaging and other wireless data services are becoming commonplace (Wegner and Mukharji 2007), Woo and Fock’s study (1999) should be reinvestigated and extended to provide a better understanding of antecedent on satisfaction, which leads to loyalty. Satisfaction is a measure of evaluation through which customer identify either his expectations are fulfilled or not (Shahid zaman khokhar, 2011).

### **Service Quality**

Service quality and customer satisfaction are two distinctive constructs but highly correlated. It is concluded that to achieve high customer satisfaction a business must develop a high perception level about service quality (G.S. Suresh chandar, 2002). Service quality reflect particular behavior that indicates whether customer remain loyal to product or to leave the organization (Mohammad Belal Uddinm, 2012).

Service quality is important factor to motivate customer. In service quality customer makes comparison (Mian Usman Sattar, 2012). Good service quality is the basic factor of attracting and satisfying customers

(Syed Saad Andaleeb, 2006). When a company provides good quality it causes customers’ satisfaction and more satisfaction results in loyal customers which also lead to shrink customer price sensitivity and low operating cost. So, more satisfaction leads to customer’s loyalty and retention (Jawaria Fatima Ali, 2010). Customer’s satisfaction is fulfillment of the customer’s needs and needs are changing continuously and when these changing needs are fulfilled continuously then customer become loyal with that particular product or service (Shahid Zaman Khokhar, 2011).

There are some factors that affect satisfaction in direct selling and these factors are: trust, the availability of the product, the company’s image, the variety of the products, convenience, financial value, customer’s experience with the company, the products and the salesman and the perceived risk (Alturas, Santos and Pereira, 2005).

Customer service and price fairness also have an impact on customer satisfaction. Customer service consists of complaints processing, speed of dealing and solving customer’s problems and price fairness is

charging fair prices. Generally people are price conscious and charging fair prices would increase the customer satisfaction. But on the other hand, people are willing to pay high prices if the service quality is better. (Muzammil Hanif, Sehrish Hafeez, Adnan Riaz, 2010).

Service quality is a key factor that directly influences the customer satisfaction. Service quality has many dimensions that are represented by a scale called as SERVQUAL. Dimensions are “Reliability”, “Responsiveness”, “Assurance”, “Empathy” and “Tangibility” (Parasuraman 1988).

To the dimensions of service quality and customer satisfaction should be the relationship between these dimensions, the dimensions of the model to investigate the Survival is used, the dimensions are:

1. **Tangible:** Status of physical facilities, equipment, staff appearance and means of communication.
2. **Assurance:** ability to perform the services promised to correct and reliable.
3. **Reliability:** Knowledge and skills and competencies of staff and the induction of the trust and customer confidence
4. **Responsibility:** willingness to assist and provide services to their customers without wasting time.
5. **Empathy:** customer intimacy, caring and special attention to his personal efforts to understand customer needs and meet them. Hickman and Guskey (1998) believe customer satisfaction is the ultimate goal of any business.

### **Price Fairness:**

Price is one of the most important factors that satisfies or dissatisfies customer because price is indicator to attract customer. Customer must be willing to utilize the services if the price which he pays is according to his expectation (Mian Usman Sattar, 2012). Price is the amount which customer pay against the utilization of product or service .Price has greater influence on economic performance of product. (Mohammad Belaluddin, 2012).

### **Technical Services**

Use the technology which plays its role to minimize the cost of the company and also helpful to serve the customers in best way (Mr. Ken West, Ph.D.) Skilled technicians, & fault diagnosis are influencing parameters that affect customer satisfaction. These all factors lead towards service productivity improvement (Tahir Iqbal, 2011).

### **Image**

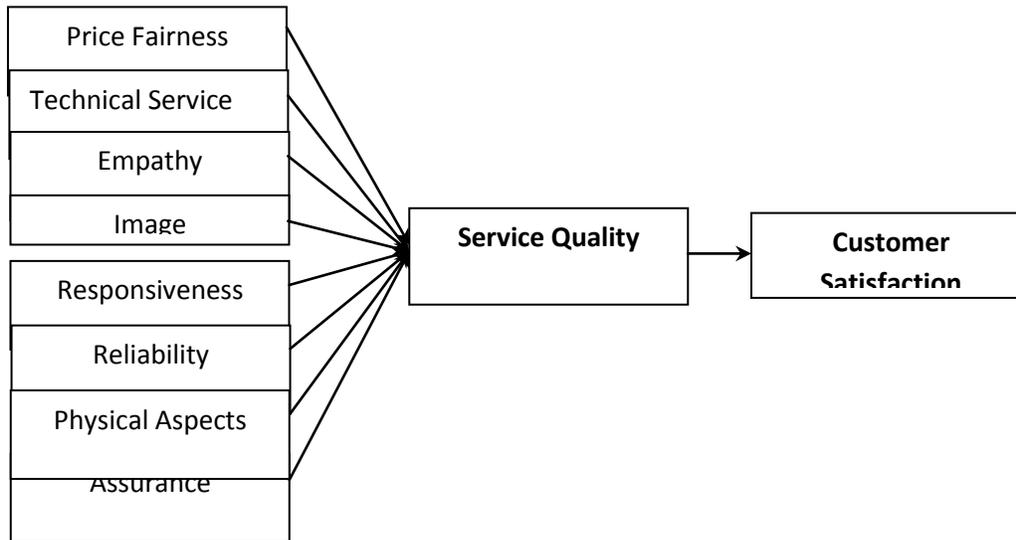
Keeping the existing customers is more profitable than search for the new one. It cost five times more to find the new customer. Existing customers are those whose words of mouth are going to attract the new customer. So, never break up with the existing one. It is helpful to build good image. (Mr. Ken West, Ph.D.)

The only satisfaction in selling products and services not included in the relevant business is to satisfy customer needs. Oliver and Swan (1989) the broad concept that the various department and organizations committed to increasing the efficiency of the entire collection. So forth to prevent the detrimental factors in the quality with minimum cost and increase competitiveness of the entire set of specifications to meet customer. Mittal and Kamakura (2001), third model offered with this level of customer purchase behavior and satisfaction of making, purchasing decisions were re-examined and repurchasing.

## RESEARCH OBJECTIVES

The main objective of the study, which contains a model of service quality and service quality dimensions impact on customer satisfaction. And which dimensions to be consider while customer select mobile service providers.

## THEORATICAL FRAMEWORK



In the above model, “physical aspects”, “assurance”, “empathy”, “responsiveness”, “reliable”, “price fairness”, “technical quality” and “image” are the independent variables which affect service quality. Service quality is the intervening variable which has direct influence on customer's satisfaction, whereas customer's satisfaction is dependent variable. Hence, independent variables lead to increase the service quality (intervening variable) and this ultimately increases customer’s satisfaction (dependent variable). Based on above model following hypothesis are developed.

## TESTING OF HYPOTHESES

The following hypotheses were framed and tested:

- H<sub>01</sub>:** Physical aspects have significant impact on customer satisfaction.
- H<sub>02</sub>:** Reliability has significant impact on customer satisfaction.
- H<sub>03</sub>:** Responsiveness has significant impact on customer satisfaction.
- H<sub>04</sub>:** Assurance has significant impact on customer satisfaction.
- H<sub>05</sub>:** Empathy has significant impact on customer satisfaction.
- H<sub>06</sub>:** Price fairness has significant impact on customer satisfaction.
- H<sub>07</sub>:** Technical quality has significant impact on customer satisfaction.
- H<sub>08</sub>:** Image has significant impact on customer satisfaction

## **METHODOLOGY**

For research purpose the questionnaire is developed for primary data collection and secondary is collected through books, journals and net surfing.

### **Sample Size**

Sample size consists of 280 mobile Telecom users having different networks in Chennai city. The questionnaire was distributed to the different Mobile network users mainly the businessman/women, job holders and students. The purpose of taking businessman/ women, job holders and students is to see the impact of service quality dimension on customers' satisfaction level with respective network belonging to different background. Moreover, the objective to select the sample size of 280 is to get maximum representation from population.

### **Statistical Tools**

Questionnaire is developed aiming at data collection from Chennai city. Questionnaire includes the profile questions, and structured questions based on 5 likert scale. Where 1 refers to as "Strongly Disagree" and 5 as "Strongly Agree", after this there are few questions regarding the importance of service quality dimension. Again the 5 likert scale is used for it, where 1 refers to as "Not –at-all important" and 5 refers to "Very Important". Basically, data is collected from both the sources, primary and secondary source

### **Primary Data**

Primary data is collected from customer through interviews and questionnaires. One reason for choosing the questionnaire as a data collection tool is that, it is a quicker source of information. By interviews, more in-depth information is gathered from customers.

### **Secondary Data**

While secondary data is gathered through net, booklets, and journals for the literature review.

### **Tests**

The data which is accumulated using questionnaire is processes through SPSS. For statistical analysis many tests are applied for ANOVA, correlation and regression. On the other hand, percentage and descriptive statistics are used to calculated mean & frequencies.

### **Data Analysis**

The objective of this research is to analyze the impact of different service quality dimensions on customer satisfaction in telecom sector of Chennai city, for this purpose different tests are applied. Results for the analysis are as follow

## **RESULTS AND FINDINGS**

### **Frequencies**

300 questionnaires were distributed out of which 280 are useful replies. In 280 valid replies there are 135 male and 145 female responses. Valid percentage of male is 48.2% and female valid percentage is 51.8%. There are three different categories regarding occupation. Job holder category has 7.1%, student has 85.7% and business man/ woman have 7.1% valid percentage. There are total five telecom networks are under consideration in research. Airtel has 23.2%, Aircel has 21.8%, BSNL has 30%, Reliance has 15%, Tata DOCOMO has 10% Respondents in this data collection. Using the following 5 likert scale, frequencies of service quality dimensions are calculated.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
5	4	3	2	1

Results show that for 26.4% respondents, physical aspects (tangibles) are Neutral. The variables like Assurance, responsiveness, empathy, reliability, price fairness & image are Agree for Reflect customer satisfaction the frequencies are 34.6%, 31.1%, 35.4%, 36.1%, 31.1%, & 33.6% respectively. While according to 34.32% respondents technical quality is very important for the customer satisfaction. 50.4% respondents are satisfied meanwhile 5% respondents showed dissatisfaction with their respective networks.

**Table 1 Frequency of Service Quality Dimensions**

<b>Variables</b>	<b>N</b>	<b>Mean</b>	<b>Std. Deviation</b>
Overall satisfaction	280	3.64	1.041
Image	280	3.64	1.156
Empathy	280	3.64	1.144
Technical Quality	280	3.63	1.266
Price Fairness	280	3.59	1.261
Assurance	280	3.58	1.111
Reliability	280	3.56	1.159
responsiveness	280	3.52	1.139
Physical Aspects	280	2.93	1.219

**Source:** Computed from Primary data

The Table 1 shows that mean scores and standard deviation of service quality dimensions & customer satisfaction. Using the 5 likert scales where 1 represents “Strongly Disagree” while 5 represents “Strongly Agree”. The mean value for the image & empathy is 3.64, while technical quality means score is 3.63. It indicates that these dimensions (image, empathy, technical quality) are more important for the customer satisfaction. Furthermore, physical aspects are least important. Correlation among service dimensions & customer satisfaction is given below:

**Correlation**

To test the correlation, Pearson correlation coefficient is applied. The relationship is significant at 0.01. Results indicate that “assurance”, “responsiveness”, “reliability”, “technical quality” & “image” have positive and significant relationship with customer satisfaction. It means that these factors can increase the customer satisfaction level. Other factors like “physical aspects”, “empathy” & “price fairness” have positive but not significant relationship with customer satisfaction. Among all dimensions Pearson correlation coefficient value is stronger for technical quality, so technical quality is major contributor of customer satisfaction. Pearson correlation coefficient does not support hypothesis H<sub>01</sub>, H<sub>05</sub>, & H<sub>06</sub>. All other hypothesis H<sub>02</sub>, H<sub>03</sub>, H<sub>04</sub>, H<sub>07</sub>, and H<sub>08</sub> are accepted.

**Regression Analysis**

Table indicates that the percentage of the variation in customer satisfaction is described by the variables putting in the equation (R square=10.8%, Adjusted R-square=8.1%). Hence 8.1% variation in the customer satisfaction is explained by the service quality which is measured by using 8 dimensions.

**Table 2 Regression Analysis**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.328a	0.108	0.081	0.998

The F ratio shows significant relation as indicated in the Table 2. The other values are also given below:

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	32.568	8	4.071	4.090	0.000a
	Residual	269.718	271	0.995	-	-
	<b>Total</b>	<b>302.286</b>	<b>279</b>			

**Table 3 Regression Analysis F Value**

Model	Coefficients			t	Sig.
	Unstandardized	Coefficients Std. Error	Standardized Coefficients Beta		
(Constant)	2.174	.307		7.092	.000
Physical aspects	.000	.053	.00	.008	.994
Assurance	.071	.063	.075	1.124	.262
Responsiveness	.085	.062	.093	1.372	.171
Empathy	-.044	.062	-.048	-.707	.480
Reliable	.028	.060	.032	.471	.638
Price fairness	-.018	.055	-.022	-.323	.747
Technical quality	.126	.058	.154	2.183	.030
Image	.159	.058	.177	2.727	.007
<b>a. Dependent Variable: Overall Satisfaction</b>					

Table 3 Regression Analysis: Customer Satisfaction as Dependent Variables, the results of regression also confirm that empathy and price fairness has no Impact with customer satisfaction. Hence, the hypothesis H<sub>04</sub> & H<sub>07</sub> were rejected.

**ANOVA**

Results of ANOVA indicate that physical aspects, empathy, & price fairness have not found any Impact with customer satisfaction. Hence, the hypotheses  $H_{01}$ ,  $H_{05}$ , and  $H_{06}$  were rejected.

**CONCLUSION**

This research analyzes the Impact of Service quality on customer satisfaction by considering its major dimensions e.g. “physical aspects”, “assurance”, “reliability”, “responsiveness”, “empathy”, “price fairness”, “technical quality”, & “image”.

This study indicates that mean scores of image and empathy are greatest to all dimensions. Meanwhile, least mean scores are carried by physical aspects. It shows that physical aspects are rather less important to customer satisfaction than other dimensions.

Results of ANOVA indicate that physical aspects, empathy, & price fairness have no Impact on customer satisfaction.

Moreover, results of Pearson correlation coefficient and regression are consistent by finding no relationship of empathy and price fairness with customer satisfaction. Descriptive statistics shows that reliability, empathy and technical quality respectively are more important to customer than other dimensions. So service providers must focus on improving these dimensions for enhancing the customer satisfaction. 95% customers are satisfied with their respective networks.

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