Antecedents OF Customer Satisfaction: A Case OF Nepal Telecom Gsm Network

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Abstract: The study sought to understand and analyze the antecedents of customer satisfaction of Nepal Telecom’s global system for mobile (GSM) network. It accompanied descriptive research design with using structured questionnaire survey instrument. The population of this study comprised all GSM customer of Nepal Telecom and the sample consisted 562 customers selected through judgmental sampling techniques. Targeted respondents of the study were: universities faculties, post graduate students, service holders, enterprise folks and freelancers. The survey questionnaire was set in three sections with 43 questions of various types to collect data. Collected data were analyzed with the help of statistical package for the social sciences (SPSS) and analysis of moment structures (AMOS) software. Seven constructs having with six moderator variables were examined as the antecedents of customer satisfaction. Out of them, five constructs (innovation, corporate social responsibilities, network, brand image, and price and services) and one moderator (occupation) were accepted as the antecedents of customer satisfactions of the GSM network. The findings of the study would deliver helpful guidelines for Nepalese GSM industry in appreciation key drivers of customer satisfaction.

Keywords: Brand image, customer satisfaction, innovation, network service.

1. Introduction
Customer satisfaction is generally defined as a feeling or judgment by customers towards products or services after they have used those [1]. It is the customer assessment of a product or service in terms of whether that product or service has met their needs and expectations [2]. It has been described as a superb response, centered on overall product performance in contrast to some pre-purchase preferred during or after consumption. It is the degree to which there is a match between the customers’ expectations and the true overall performance of the product/service. Satisfaction is primarily based on the customer’s previous experiences with the service provider, recommendation of friends and associates, competitors offering and facts from marketers [2]. Customer satisfaction is not a commonplace phenomenon and they do not enjoy the equal service experience by way of consuming a specific commodity, service/idea due to variations of their needs, objectives and past experiences that have an impact on their expectations [3]. Achieving and sustaining success by satisfying customers in today’s hyper-competitive marketplace is an ultimate challenge for any company and business leader especially in service industries like telecommunication services. The intensely competitive market demands a level customers’ satisfaction. Customer satisfaction is not the absolute cure to commercial enterprise challenges, assessing customers’ satisfaction is a valuable instrument for ascertaining how well a company is doing and can be used to design a roadmap for addressing operational gaps [4]. The cell (network) market in Nepal is relatively new but the increase is much faster in comparison to other industries. The network operators in Nepal presently offer voice call, voice message, short message service (SMS), multimedia messaging service (MMS), internet service, international roaming and information services e.g., news, stock quotes, weather, etc. Operators are passionate to promote quality of offerings for customer satisfaction at present and near the future. All of them compete with each other to seize customers by providing wide range of services based on customers’ demand [3]. Therefore, this study is initiated to have a look at antecedents of customer satisfaction of Nepalese GSM industry by taking a case of Nepal Telecom. In the present day telecom scenario, Nepal has turn out to be a progressive and competitive telecom market. Till date there are six telecom operators (Nepal Telecom, Ncell, smartcell, hellonepal, UTL and gramintel) with broad range of technologies. Over the last decade, with the liberalization policies of the Government of Nepal, telecommunication commercial enterprise has drastically leaped and emerge as effortlessly accessible to the widespread public at affordable prices when private sector commenced to encounter government monopoly [5]. This improvement in competitive environment has directly benefitted the end consumers in terms of ease of access to services, quality of services and service charges. Nepal Telecom is a public company having with more than 91 % holding of government of Nepal. The company has with its long history on the way of customer service and nation building. It has constantly put its endeavors in providing its valued customers a quality service since its inception. To achieve this goal, applied sciences pleasant meeting the interest of its customers has constantly been selected. The nationwide reach of the organization, from urban areas to the economically non-practicable most remote locations, is the end result of all these efforts that makes this organization exclusive from others. As per the [6] Nepal Telecom captured 50.22 % of Nepalese GSM market. As competition has escalated among the operators, it is necessary for them to learn about the antecedents of customer satisfaction regarding the price service, customer services, facilities, network and coverage, brand image and loyalty, corporate social responsibilities, innovations etc. [3]. Therefore, this study tries to find answer of the following question: What are the prerequisites of customer satisfaction of Nepalese GSM market? In this regard, the objective of the study is to examine the antecedents of customer satisfaction of Nepalese GSM market by taking a case of Nepal Telecom and initiate some discussions for the enhancement of customer satisfaction from the customers’ standpoint. Modern technological adoption has a significant effect on

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performance of telecommunication firms. The firms must keep abreast with new trends in the industry. Many studies noticed that greater customer satisfaction means greater product quality and greater willingness to purchase the product (share of wallet) and a satisfied customer positively affects the profitability of the company [3]. In response to ongoing modifications in the working environment of this industry, managers of telecom businesses to stay in the competition and providing their offerings at acceptable levels, benefit from new techniques of management in their companies [7].

2. Literature Review

Customer satisfaction as a judgment that a product/service feature, or the product/service itself, offers a pleasant level of consumption related fulfillment. In general, satisfaction is a person’s feelings of pleasure or disappointment that end result from evaluating a product’s perceived performance or effect to the expectation [8]. In case of mobile commerce, customer satisfaction is customer’s post-purchase appraisal and emotional response or reaction to the overall product or service, familiarity in a mobile commerce environment [3]. A customer’s satisfaction is an attitude or belief stemming from a feeling that the product/service has generally delivered on the customer’s expectation of performance [9] in better way than competitors. Based on literature, the most common antecedents that are used in GSM industry to assess the customer satisfaction are discussed as follows:

Price and services

Customer satisfaction are measured based on the favored services and price level they are inclined to pay for. It is closely related with fair pricing on product/service that leads to customer loyalty in the direction of corporation and both price level and price fairness influences on customer satisfaction [3]. Telecommunications offerings are undifferentiated products and therefore, cell phone subscribers will be willing to pay for offerings solely when they are satisfied, otherwise, they will swap to another operator. As a result, the customers will look for their value for the money they are willing to pay for their desired offerings from the cell phone operators. Customers’ understanding is widely different in accordance with the communication exchange quality, call service, facilities, price, customer care and service provider’s attributes [3]. Successful business organizations understand the desires of their customers and provide reliable offerings that lead better customer satisfaction.

Brand image

Brand image is exterior perception of all human and physical resources of an organization, mainly traits as employees’ behaviors, attitudes, communication levels and price tolerance. The image is predicted to have a superb relationship towards the customer expectations, satisfaction and loyalty [3], [10]. Found the empirical evidence between corporate recognition and competitive advantage for the firms efficiently differentiate it from competitors. Similarly, [11] found that an increase in customer satisfaction produces a stronger effect on loyalty among customers who are at the high end of the satisfaction scale. Satisfaction takes precedence in the services sector, especially with regards to those providing services with little differentiations and ones competing in aggressive conditions, for example, the telecommunications sectors [3]. In the meantime, organizational promises and commitment influence the level of trust. They enhance long term relationship and hold customer loyalty [12].

Customer services

Today’s telecommunication industry is no longer technology centric, but it revolves more around customer relationship [13]. Customer service quality is a significant source of distinctive competence and frequently viewed a key success factor in sustaining competitive advantage in service industries [14], [3]. Customer service can also be viewed as a system of activities that comprises customer support systems, complaint processing, speed of complaint processing, ease of reporting complaint and friendliness when reporting grievance [15], [3]. Organizations’ way of reacting to their customers notably have an effect customers’ satisfaction. Value added services of the mobile service industry like prepaid offers on top-up recharge, E-recharge mobile top-up, bonus card, cellphone alert, SMS, MMS, voice call service, SMS alert, caller tunes, limited time free internet use, ring tone services, information service etc. leads to enhance customer satisfaction.

Facilities

Facilities for the customers like convenient recharge, utility bills payments, more friends and families (FNFs), customer care, higher speed in internet service etc. have significant impact on customer satisfaction [3]. The cellphone service subscribers are expecting greater offerings and amenities from their service providers apart from just making or receiving calls from their cellular phones. [16] Concluded that customers’ satisfaction is closely related with product/service diversity. Product diversity and customers’ facility have higher influence on customers, particularly young people, who looks past pricing for the value generated from products/services, additionally depends on distinguishing features of that precise product/service [17].

Corporate social responsibilities

Organizational societal and environmental image is a valuable intangible capital that is tough to imitate, and can help an enterprise to acquire a sustainable and superior social performance. The image is expected to have a positive relationship towards the customer expectations, customer satisfaction and loyalty of customers to the company [3]. Corporate reputation and social responsiveness have enormous competitive advantages [10]. Studies have shown that corporate social responsibility, especially for mobile telecommunication service, encompass social responsiveness, social disclosure, entertainment, environmental disclosure, corporate environmental accountability, electronic waste management, protection of natural beauty and biodiversity etc. [3].

Network

In cellular telecom industry, network and service quality have been considered as the most influential factor. The
key growth drivers of the industry are the introduction of new telecom technologies, explosion of data/video services, roll-out of 4G services, new quality of service (QoS) demands resulting from the increase in call drops, conformity to radiation specifications, spectrum management, etc. [18]. When customers get expected service quality with strong network, it leads to higher satisfaction [3]. Network quality as one of the relevant factors in terms of evaluating service performance quality in determining the overall customer satisfaction [19], [3]. Surveys have shown that network and coverage positively have an effect on consumer’s satisfaction and the image (organizational mental picture) of the organization [20] and consist network quality, single strength; voice quality and calls drops.

Innovation
Product/service, process, competitive and marketing innovation are the fundamental factors especially for the mobile telecommunication service providers to supply best service consistently, dependently and accurately as changes in market compositions. These encompass considerable improvements in technical specifications, components and materials, incorporated software, user friendliness or different practical characteristics [21]. Innovation influences customer satisfaction and customer retention from end user perspective [22]. Technology and information facilitate innovation in competitive markets [23] and improvisation, modification, augmentation or transformation of existing channels of exchange through the use of technology can decrease transaction costs that lead better customer satisfaction [24].

3. Conceptual Framework and Hypotheses
From traditional to contemporary time, core marketing scorecard is measured on maximizing customer satisfaction among others. Customer satisfaction is the individual’s perception of the overall performance of the product/service in relation to his/her expectation [25]; comparative feelings of pleasure or disappointment [26]; measure of difference between perceived service cost and expected service benefit [27]. Satisfaction is both pre and post-consumption experience which compares perceived quality with expected quality [28]. Based on the reviewed literature, the antecedents of the customer satisfaction is based on: price and service, brand image, customer services, facilities, corporate social responsibilities, network, and innovation.

H1: Price and service of Nepal Telecom significantly affect customer satisfaction.

H2: Brand image of Nepal Telecom significantly affect customer satisfaction.

H3: Value added customer services of Nepal Telecom significantly affect customer satisfaction

H4: Facilities provided by Nepal Telecom significantly affect customer satisfaction

H5: Corporate social responsibilities of Nepal Telecom significantly affect customer satisfaction

H6: Network and coverage of Nepal Telecom significantly affect customer satisfaction

H7: Innovation of Nepal Telecom significantly affect customer satisfaction.

The moderating impact of customers’ occupation, sex, connection type (pre-paid or post-paid), age group, geographical location where the customer resides (province) and years of experience were hypothesized as follows:

H8: Customer satisfaction differs as per customer’s occupation.

H9: Customer satisfaction differs as per customer’s sex;

H10: Customer satisfaction differs as per connection type (i.e. pre-paid and post paid);

H11: Customer satisfaction differs as per customer’s age;

H12: Customer satisfaction differs as per geographical location where the customer resides;

H13: Customer satisfaction differs as per length of service use period.

4. Methodology
Quantitative research approach used to extract the facts from the opinion of the targeted respondents and carried out a statistical analysis to take a look at the opinion and draw the conclusion of the study. The quantitative data were obtained using primary survey, financial documents, research articles, websites, etc. Primary data were collected through survey and used structured questionnaire. The study used SPSS version 23 and AMOS version 21 software for analyzing and interpreting the data. The targeted population of the study comprised all the GSM customer of Nepal Telecom which was 18,862,614 as per the management information system report of Nepal Telecommunication Authority, January 2019. The study employed judgmental sampling technique since the sample enterprise has large number of customers having with diverse backgrounds. Targeted respondents of the study were: universities faculties, post graduate students, service holders, business persons etc. A sampling layout was used as proposed by [29]. Thus, the sample size in this study be at least 385 respondents. This sample size was also consistent with [30] generalized
scientific guideline for sample size decision. The designed questionnaire for the survey consisted of 43 items and was organized into three sections. The first section requested for demographic and general information of the respondents and covered 7 questions. The second section requested for customer satisfaction in various dimensions based on literature and included 27 questions. The third section requested for the overall satisfaction and included 9 questions. The final two sections focused on the study variables and series of close ended questions were composed in order to get appropriate information from the respondents. All survey items of the study variables were measured with a 6-point Likert-type scale with 1 = strongly disagree; 2 = disagree; 3 = slightly disagree; 4 = slightly agree; 5 = agree; 6 = strongly agree. The 6-point scale was chosen because it does not include the ambivalent middle rating. The questionnaires distributed through two ways; online survey and field survey. An online survey was done to MBA/MBS passed out students in last five years who are working at different part of Nepal by using data base provided by different colleges/universities. Total of 500 respondents were approached via online survey during 60 days period of January-February 2019. 186 responses were received and recorded in SPSS for further analysis. On the other hand, a field survey was conducted and distributed in Tribhuvan, Kathmandu, Pokhara and Purbanchal Universities’ MBS/MBA students and their faculties. The distribution was for 500 questionnaires and 398 were collected during 60 days of January-February 2019. From collected questionnaires, 22 questionnaires were rejected and 376 questionnaires were valid and entered into SPSS. Therefore, the total valid questionnaires were 562 which used in this study for analyzing.

5. Data Presentation and Analysis
The demographic and general information of the respondents was designed at seven variables as presented in table 1.

For achieving the hypothesized rationality, a two-step approach was taken. First, an exploratory factor analysis (EFA) was ran and attained the theoretically expected factor solutions. As per table 2, higher value of KMO i.e. 0.873 (than 0.5) suggests that the relationship between variables had been statistically significant and suitable for EFA to provide a parsimonious set of factors and additionally indicated that the study had adequate sample size for further analysis to proceed. Similarly, significant value of Bartlett’s test of sphericity indicated the correlation among the measurement items were higher than 0.3, therefore suitable for EFA. Second, the confirmatory factor analysis (CFA) was conducted to allow a stricter assessment of construct unidimensionality; the examination of each sub-set of items was internally consistent and validated the constructs on the of measurement models [31].

An internal consistency analysis was performed for each construct suggested by EFA. [32] Suggested that the rule of thumb for a good reliability estimate should 0.7 or higher. The result in table 3 confirmed that the values of Cronbach’s alpha for five constructs were above 0.7 that imply the higher degree of internal consistency of the measurement variables and have uni-dimensional nature. Two constructs had acceptable level of internal consistency having with 0.60 and more.

The constructs suggested by EFA were analyzed against reality, as represented by the sample. A standard multiple regression was carried out between overall customer satisfaction as the dependent variable with price and services, brand image, customer services, facilities, corporate social responsibilities, network, and innovation as independent variables. Table 4 showed the model summary and table 5 showed analysis of variance of the model. The adjusted multiple correlation was significantly different from zero (\( r^2 = 103.266, p > .000 \)) and 56.1 % of the variation in the dependent variable was explained by the set of independent variables. Table 6 reported overall model of the study.
All the independent variables except customer services, and facilities were found to be uniquely and significantly make a contribution to the antecedents of customer satisfaction of Nepalese GSM service. The main contributor independent variables were price and service (β = 0.070, t = 2.723, p = 0.007), brand image (β = 0.135, t = 3.997, p = .000), corporate social responsibilities (β = 0.226, t = 8.042, p = .000), network (β = 0.131, t = 5.472, p = .000) and innovation (β = 0.328, t = 10.732, p = .000). There were no problem of multi-collinearity as the observed values were well below 10.0 for each variable. With respect to the moderating impact of customers’ occupation, sex, connection type (pre-paid or post-paid), age group, geographical location where the customer resides (province) and years of experience; independent samples t-test and one way ANOVA were computed. Summary of the test result presented in table 7.

Analysis of variance showed insignificance of occupation on overall customer satisfaction F (3,558) = 3.908, p = 0.009 having with very weak effect size at 0.02. However, post hoc tests (Tukey HSD) indicated that the mean for students’ satisfaction was significantly differ from other occupational groups’ satisfaction. Nepalese students were more satisfied with Nepal Telecom than service holders, business person and freelancer. An independent-samples t-test was conducted to evaluate the customer satisfaction differs as per their sex. The female customers satisfaction (mean = 4.18, sd = 0.689) was not significantly different (t = 2.195, df = 560, two-tailed p = 0.029) from that of male customers satisfaction (mean = 4.06, sd = 0.682). The effect size, d = 0.185 implied a very weak effect. Similarly, Levene’s test of equality of variance for female and male customers were also not significantly different (sig. = 0.920). With regard to connection type, analysis of variance exhibited insignificant results (F 2,559 = 2.033, p = 0.132) with very weak effect (d = 0.007). In the same direction, post hoc tests also showed customer satisfaction was not differ as per the connection type (sig. = 0.107). Analysis of variance of customers’ age group exhibited insignificant results (F 4,557 = 1.304, p = 0.267) with very weak effect (d = 0.0093) and post hoc tests also showed customer satisfaction was not differ as per the age group of the customers (sig. = 0.872). With regard to province (geographical location of the customers whey they reside), analysis of variance revealed insignificant results (F 6,555 = 1.512, p = 0.172) with very weak effect (d = 0.0161) and post hoc tests also displayed customer satisfaction was not differ as per the province (sig. = 0.224). At last, analysis of variance of years of experience of the customers also showed insignificant results (F 4,557 = 1.304, p = 0.267) with very weak effect (d = 0.0098). In the same direction, post hoc tests also showed customer satisfaction was not differ as per the years of experience of the customers (sig. = 0.786).

6. Discussion and Conclusion

Literature review of the study recognized seven major construct as the antecedents of customer satisfaction of Nepalese GSM service. Out of them, five constructs: innovation, corporate social responsibilities, network, brand image, and price and service were observed as the antecedents of customer satisfaction of Nepalese GSM service. The study also showed that customer services (like responsive service, prompt services, value added services etc.) and facilities to customers (like easy payment and other facilities) had insignificant effect on customer satisfaction. Figure 2 depicted the antecedents of customer satisfaction in order to customers’ preference.
‘Innovation’ was one of the most significant antecedent (β = 0.364, p = 0.000, AVE = 0.367) of customer satisfaction of Nepalese GSM service having with the highest importance. According to [33] innovation fulfill customers through converting the invention or idea into product/service and improved firm value at acceptable risk. Business is a part of society; social responsiveness of service provider creates tremendous smooth nook in the inner mind of customer and leads higher satisfaction. This study proved that ‘corporate social responsibilities’ used to be one of the predominant antecedents of customer satisfaction (β = 0.263, p = 0.000, AVE = 0.407) of Nepalese GSM service. Surveys have also proven that both signal quality and network coverage had been positive impact on the consumer satisfaction and the image of the company [20]. The construct ‘network’ (β = 0.173, p = 0.000, AVE = 0.475) had significant effect on customer satisfaction. Studies on customer satisfaction of the telecom industry emphasized the impact of positive words that helps in the establishment of good institutional reputation of a brand. Satisfied customers set up stronger bonds with the service which proves to be profitable for the brand in the long run. In the line of the preceding studies [10], [34], [35], [36], the construct ‘brand image’ (β = 0.144, p = 0.000, AVE = 0.286) had positive effect on customer satisfaction at Nepalese GSM industry. Other factors that have emerged as significant are price fairness, good services, fulfillment of commitment by the brands which fosters the emotional attachment of the customers with their brand of cellular company [37]. In steady with past studies [38], [39], [3], customer satisfaction with Nepalese mobile telecommunication service was closely associated with fair price, service quality and service reliability (β = 0.093, P = 0.007, AVE = 0.466). As presented in figure 2, the ultimate model of the antecedents of customer satisfaction of Nepalese GSM industry consisted 5 endogenous variables and 22 observed variables. Various standards were also observed to take a look at the goodness-of-fit of the model. Good values of the chi-square (χ²) = 369.083, Normed chi-square (χ²/df) = 1.902 and probability, (p) = 0.000 revealed the absolute and parsimonious fit of the model. Values of root mean-square residuals (RMR) = 0.051, root mean-square error of approximation (RMSEA) = 0.040 and goodness of fit index (GFI) = 0.944 further proved the absolute fit of the model. Values of adjusted goodness of fit index (AGFI) = 0.927, comparative fit index (CFI) = 0.951, normed fit index (NFI) = 0.903 and Tucker Lewis index (TLI) = 0.942 supported the incremental fit of the model. All the fit indices were good than the cut-off values set developed by [31], [40], [41], [42].

7. Limitations and Implications
Research in customer satisfaction spans diverse fields and methodological approaches vary greatly. It was very difficult to survey the research exhaustively. So, this study cited representative research rather than attempting to be exhaustive. The reliability of the findings of the study that may be contingent on the number of participants could have been enhanced further by a larger sample. A larger sample size for the analytical survey would have augmented the validity and generality of the findings. The outcomes of the study would grant helpful recommendations in understanding key drivers and provide valuable information concerning strategic areas of customer satisfaction for Nepalese GSM industry.

References


