The Impact of Service Quality and Service Value on Customer Satisfaction through Customer bonding: Evidence from telecommunication Sector

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Abstract

In today's competitive environment customer occupies the central place in business and retaining a satisfied customer can pay more as compared to attracting new one. The main objective of this study is to examine the impact of Service Quality and Service Value on Customer Satisfaction through mediating role of Customer bonding. Self-administered questionnaires were used for collection of data. Questionnaires were distributed among customers of telecommunication companies. Total 420 questionnaires were distributed among students, employees and businessmen. 397 questionnaires were received back out of which 3 questionnaires were rejected due to incomplete information. So, the response rate was 94%. For the purpose of analysis, SPSS and AMOS software have been used and mediation has been tested through online Sobel calculator. The result shows that Service Value and Service Quality have positive significant impact on customer satisfaction and mediation analysis shows that Customer bonding partially mediates the association of Service Quality and Service Value with customer satisfaction. This model may also be applied in banking and other service sectors for increasing the customer satisfaction.

Introduction

Now the word satisfaction is widely used among customers as well as consumers to describe the satisfaction of their needs and value creation. In various definitions of satisfaction, it specifies that this is indispensable factor that firms wants to obtain from consumers for survival in market. The satisfaction idea as long as for a long time produce the particular source that connected with marketing ideas. To explain variations inside satisfaction, the number of antecedents that usually evaluated such as price label quality, service and its expectation. With the passage of time, customer satisfaction landscapes attaining more attention as compared to previous. Beside analysis associated with customer satisfaction and also its specific determinants, these practices are focused on customer satisfaction related results(Helgesen, 2006).A number of definitions presented regarding customer satisfaction, here discuss three general parts regarding customer satisfaction: cognitive, specific concentrate and specific period of time. Laterally, with viewpoint time period, two new methods of satisfaction also accepted: transactional and overall satisfaction. Transactional satisfaction is idea about any purchase related event while overall satisfaction with hoarded knowledge demonstrates the actual customer's get-together imitations for that particular products and services. So these are good predictors connected with customer satisfaction (Ha & Park, 2013). Due to technological changes, competition has increase in telecommunication sector. Hence, provider of services should differentiate their services and loyal customers for service quality and money. This study also help to determine the factors that affect customer satisfaction in this sector. The core objective of current study is to evaluate the impact of Service value and Service Quality on Customer Satisfaction through mediating role of Customer bonding.

Literature review

Customer Satisfaction

The strategic component of customer satisfaction is customer expectations. This component is very important and may compel a customer to have positive or negative feelings towards a particular product or service. Positive expectations show that a customer will be connected or attached emotionally with the product or service and negative expectations will repel the customer. If the relationship is negative, more chances of switch the customer to another supplier (Fraering & Minor, 2013).Satisfaction is the awareness of each person separately. These feelings plagiaristic by comparing expected service with perceived service. (Ratanavaraha et al., 2016).Customer satisfaction is individual person reaction toward particular product when compare the performance of the product with any person expectation(Leong, Hew, Lee, & Ooi, 2015). Customer satisfaction considered psychosomatic state reaction of customer when its emotion about expectations not positive in near future(Chang, 2015). **s**

Service Quality

Service quality is generally finding of services given to consumers. It's depend on the customer judgment. The comparison of expectations next and previous used services is the result of service quality and identifies procedure of the service transfer is known service quality perception(Ganguli & Roy, 2010).From past three decades, debates have exploded about the measurements regarding service quality, whether circumstances (industry) and kinds of service have influence on the service quality perception, service quality evaluation should be done at encounter level, or may be cultures impact and also modify the service quality properties(Orel & Kara, 2014). It is also service quality dimension until SERVQUAL measures do not contemplate it as. Extensive perspective, human perspectives and its origination also service quality measures as these restrictions(Kaura, Durga Prasad, Sharma, Estelami, & Estelami, 2015).Service quality and also customer satisfaction are extremely related to each other. The service quality is a fundamental antecedent that connected with satisfaction. The five dimensions of SERVQUAL explored as huge constructive product on overall satisfaction. (Izogo & Ogba, 2015). Both service quality and customer satisfaction are extremely related. The five SERVQUAL dimensions which were examined had a significant impact on satisfaction (Abu-El Samen, Akroush, & Abu-Lail, 2013).

Service Value

Service value is such a term which is imperative for every type of marketing activities. Service value explained as global judgments of welfares that consumers received from products. Its depend on thought of consumer about get and given services (Lee, Park, Park, Lee, & Kwon, 2005).Now, there are a number of research studies that anticipate value perhaps a like uni-dimensional concept or meditative multidimensional progress. Most studies consider with different method where structure ends design, though service value in fact demonstrated as high-order confirmative concept. The confirmative concept capacity within range in 2 to 6 (Thuy, 2012).Previous research also constantly decides where service value actually has steady concept with frequently to antecede satisfaction a customers' behavioral intention. These studies understand that customer value perception can effortlessly increase satisfaction, disposition of brand, and also will to purchase products(Brady & Cronin Jr, 2001).Lately, service value has become highlighted due to mediating variable roles between service quality and satisfaction. Further, they support the concept where some kind of an authoritative relation between customer satisfaction and value (Lee, Lee, Lee, Park, & Moon, 2004).

Customer Bonding

Bonding is like a relation of customer with service provider for their personal aims. Here are different bond stages that occur between parties of different nature. Bonding term is important between customer and service provider. Bonding categorized into two different wide categories: social bonding, structural bonding (Dash, Bruning, & Ku Guin, 2009).The objective of customer relationship marketing is developing long time relationships with customer. Both the words bond and bonding are essential conception of customer relationship related research(Smith, 1998). These both words are applied number of ways within numerous educational researches that not essentially but in result that show new substitute design o prominent meaning.

There are many wonders function about bonds that have relationship. Sheth and Parvatlyar (1995), said that any relationship type that efforts to crop value of customer by mode of relating action may show good relationship between consumers and entrepreneur. Bonds proceed energetically through the conversation of people so they continuously include a good location. If consumer provides quantity of bond which has service, this single person agree for diminish service quality grade through seller regardless connected with whether bond from time to time appears as un-satisfactory or satisfactory(Liljander & Strandvik, 1995). Customer bonding is positively associated with customer satisfaction(Juan & Yan, 2009).

Theoretical Framework
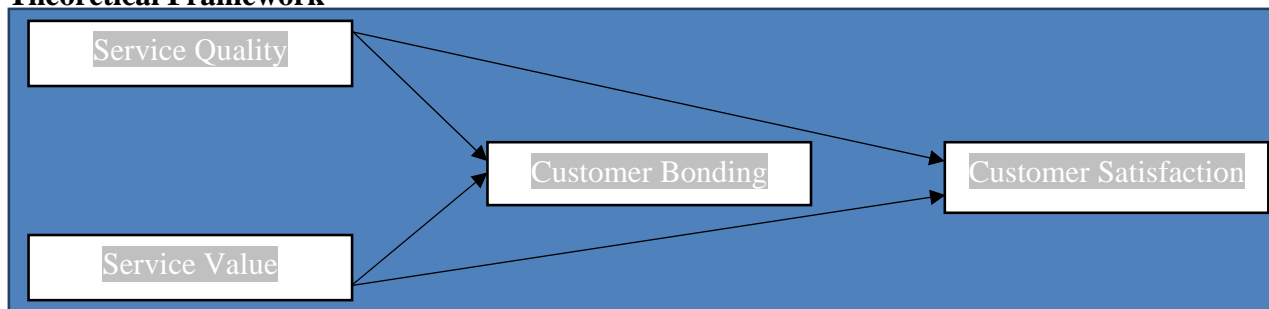
Figure 1: Conceptual Model

Hypotheses Development

Hypotheses of the study are following:

Hypotheses 1a: "Service quality has significant and positive impact on customer satisfaction"

Hypotheses 1b: "Service quality has significant and positive impact on customer bonding"

Hypotheses 2a: "Service value has significant and positive impact on customer satisfaction"

Hypotheses 2b: "Service value has significant and positive impact on customer bonding"

Hypotheses 3a:"Customer bonding has significant and positive impact on customer satisfaction."

Hypotheses 3b: "Customer bonding mediates the relationship between customer satisfaction and service value"

Hypotheses 3c: "Customer bonding mediates the relationship between customer satisfaction service quality"|

Methodology

The main objective of this study is to examine the impact of Service Quality and Service Value on Customer Satisfaction through mediating role of Customer bonding. Data were collected

through questionnaire of 21 items which has been adapted from the previous studies(Muturi, Sagwe, Kipkirong Tarus, & Rabach, 2013).Questionnaires include the following information:

Section one is the demographics section. Section two is designed to record the response of participants about service quality, service value, customer bonding and customer satisfaction. For this study, 5 points Liker scale was utilized constituting strongly disagree (1) to stronglyagree" (5) was used to gather the students' feedback.

Data were collected from customers of telecommunication companies. For the present study, total 220 questionnaires were distributed among students, 100 questionnaires were distributed among employees and 100 were distributed among businessman. 397 questionnaires were received back out of which 3 questionnaires were rejected due to incomplete information, thus comprising of 394 (94%) useable responses. Stratified random sampling technique was used to distribute the questionnaires among the customers of telecommunication companies. Cronbach's α statistical technique was used to measure the reliability of the overall data and the reliability of the each variable. Regression analysis has been used to check the impact of service quality and service value on customer satisfaction. Mediation has been examined through online Sobel calculator.

Data Analysis and results

Reliability means to measure the inter consistency (Reliability) of the questionnaire. The reliability analysis showed that the alpha values (α) were within the acceptable range. Correlation between the service value, customer satisfaction, service quality, and customer bonding is positive and significant. Mean and standard deviation values are presented below in the table.

Table 1 descriptive reliability and correlation statistics

Variables	Mean	SD	Reliability α	SQ	SV	CS	CB
Service Quality	3.3380	.64986	**.58**	1			
Service value	3.4207	.88656	**.47**	.430**	1		
Customer Satisfaction	3.4395	.89054	**.62**	.347**	.259**	1	
Customer Bonding	3.3568	.69621	**.69**	.407**	.308**	.286**	1

**= Significant at 0.05, SQ= Service Quality, SV= Service Value, CS= Customer Satisfaction, CB= Customer Bonding
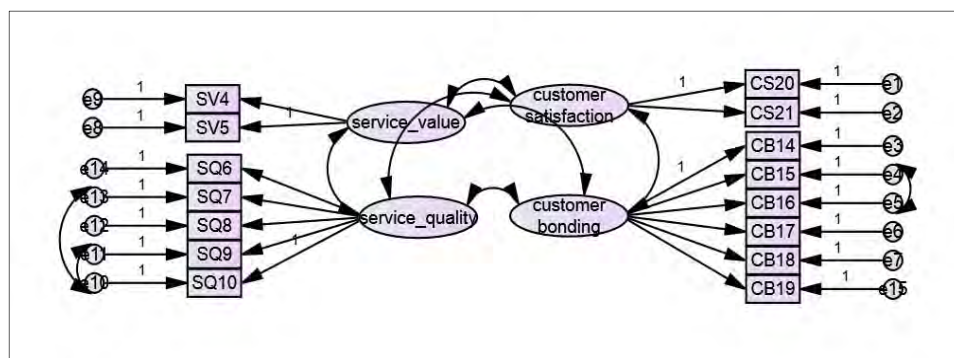

Figure 2: Measurement Model

Table 2: Model Fitness Summary

Indices	Fitness values
CMIN/DF	2.06
CFI	.910
GFI	.945
AGFI	.919
RMSEA	.052

Structural Model

Structural model was developed and the model fitness summary of this model constituting CFI (.910), GFI (.945), RMR (0.05) RMESA (.052) and AGFI (.919) shows the model is best fit. The association between service value and customer satisfaction, service value and customer bonding, service quality and customer bonding is positive and significant while the relationship between Service quality and customer satisfaction is insignificant.
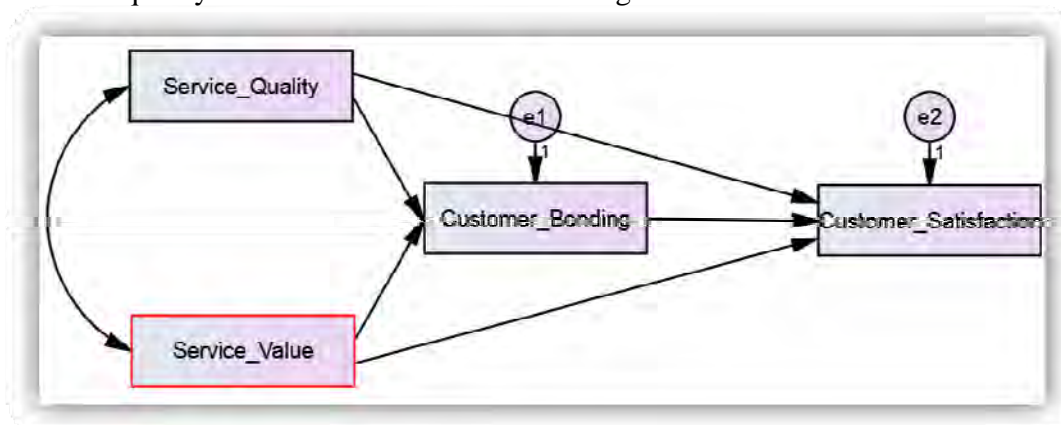
Figure 3: Structural Model

Table 3: Standardized Regression Weights

	Estimates	P value
Service Quality → customer bonding	1.249	***
Service Quality → service value	0.448	***
customer bonding → customer satisfaction	0.189	0.011
customer satisfaction → Service Quality	0.131	0.369
customer satisfaction → service value	0.334	0.004

Mediation Analysis

Mediation has been examined through Sobel test. The results of regression analysis of customer satisfaction and customer bonding were $\beta = .365$, S.E = .062, estimates of service value and customer Bonding were $\beta = .260$, S.E = .038. The Sobel test's value was 4.3. Thus, Customer bonding partially mediates the relation of service value and customer satisfaction. The results of regression analysis of "customer satisfaction on bonding" are $\beta = .365$, S.E = .062 and estimates of "customer satisfaction on service quality" were $\beta = .509$, S.E = .047. The Sobel test value was 5.2. So, Customer bonding partially mediates the relation between service quality and customer satisfaction because direct relationship is also significant.

Table 4 :Statistics of Sobel Test

Variables	Sobel Test values	Direct β	P-value (2 tailed)	Observed Mediation
"Service value"	4.4	0.259	0.00001359	Partial
"Service Quality"	5.1	0.465	0.00000203	Partial

Two tailed p values which are less than 0.01 and the p values of service value and service quailty lie in the 1-10 ranged as proposed by (Preacher & Hayes, 2004), so the customer bonding mediatesthis relationship.

Results

Total 394 questionnaires have been used for the present study. Among total respondents, males were dominant about 62%. Fourty five percent of the respondents were within the age group of 21 to 24 years. 77% were using prepaid network. Mojority of the respondents were the customer of Mobilink company.Mean and standard deviation and Pearson correlation coefficients arepresented in Table 1. The mean value of service value (3.4207) with standard deviation 0.88656and service quality has mean value (M=3.3380) with standard deviation 0.64986. All the variables are strongly correlated with each other. There was no evidence of multicollinearity. Regression estimates showed significant and positive impact of service quality on customer satisfaction. The value of F-test showed that the model was best fit. Regression estimate also showed that there is positive and significant relation between customer bonding and customer satisfaction with the value of R square 0.286.The overall Cronbach's alpha value was 0.823 which was within the acceptable range. The value of Cronbach's alpha for variable of Customer satisfaction 0.62,service value 0.47, service quality 0.58 and for Customer bonding 0.69. The mediating variable of the study is Customer bonding. Online Sobel test applied to determine the mediation. Both relationships service value and customer satisfaction and service quality and customer satisfaction partialy mediate by the customer bonding. Hypothesis 3b proposed the relationship of service value and customer satisfaction thatpartially mediates by customer bonding. The signifcance level is $p<0.01$ so the customer bonding partially facilitate the relationship. So this hypothesis is accepted which results eloborate customer bonding positive affects on the both variables service value and customer satisfaction.Hypothesis 3c is accepted due to the signifcance level is $p<0.01$ which suggest there is relationship among service quality and customer satisfaction which partially facilitate or mediates by customer bonding. So this hypothesis explore the mediating role, results eloborate customer bonding positive affects on the both variables service quality and customer satisfaction

Conclusion

Competitive environment in the telecommunication sector in Pakistan contributes to find out the factors that affect customers. Service provider's needs to find out that which factors impact so they improve those issues which will lead to satisfied customers. Even though there is number of studies that cover every aspect of telecom. This study help to solve the academic issues as well provide practical implications for the telecommunication sector of Pakistan. It is concluded from the results that service quality and service value has significant influence on customer satisfaction and Results also indicate a positive significant relationship among all variables. According to results, it is also concluded that independent variables service value and service quality influence the customer satisfaction and this relationship partially mediated by customer bonding. The customers, of telecom

organizations which have good service value, service quality and relationship management are more satisfied to their service provider. Customers of telecom sector are socially influenced and the effect of customer bonding on mobile service satisfaction is high.

Limitations and Future Implications

Data collection is limited to one city and youth was targeted more. This study was targeted population from three segments; different segments related population can be targeted, for example entrepreneurs, engineer, and managers. To increase reliability and validity sample size could be increased. Excluding these variables service value, service quality which studied there are numerous other factors that affect customer satisfaction in telecom sector, additionally this model can be applied to several other service sectors like stock exchange and banking sector.

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