

Research article

Critical Factors of Customer Satisfaction in Nigerian Service Sector

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Abstract

The principal objective of this research is to explore Nigerian service sector customer satisfaction levels. This research paper reviewed the pertinent literature on services marketing as well customer satisfaction. Then, through structured questionnaire and in-depth personal interviews with 600 Nigerian telecom, banking and insurance, civil aviation and tourism, and health services customers of both the sexes (300 male and 300 female) in the capital region collected the opinions on service interaction, service delivery process, customer complaint handling procedure, overall satisfaction levels and also customers opinion on improvement on service providers ability in the last five years. This study used both quantitative as well qualitative survey research designs. The study measured customer satisfaction levels with recalled service encounters and the method of data collection was convenience type. The data collected was analyzed with the help of Microsoft Excel software packages. Hypotheses were developed based on literature review and applied to empirical data of Nigerians'. The findings of the analysis showed that 36% customers of Nigerian service sector were dissatisfied with employees' interaction skills. Furthermore another 47% of the customers were also disappointed with service delivery system and 52 and 61% customers were not pleased with the service recovery process and complaint handling procedure, respectively. And 49% of the customers expressed overall dissatisfaction on the services provided by Nigerian service sector. Besides 94% respondents robustly acknowledged Nigerian service sector is improving immensely in providing all kinds of services in the last five years. Because of significant dissatisfaction percentage levels among customers, sector's think tank has the opportunity to seriously evaluate its existing activities, procedures, programs related to service interaction, delivery and recovery process, complaint handling and other areas which crafted unhappiness in the market.

Keywords: Complaint handling procedure, customer satisfaction, Nigerian service sector, service encounter, service recovery, service delivery process.

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1. Introduction

Marketing is one of the dynamic disciplines in the area of management. The market place persistently throws challenges, and the business community should respond swiftly to those challenges. It is not amazing that new marketing thoughts continue mushrooming to meet the new marketplace challenges. Marketing discipline was principally developed in association with physical products such as consumer products, durables and industrial products. Hitherto one of the major mega tendencies has been the exceptional growth of service. A service is any act or performance that one party can offer to another that is essentially intangible and does not result in the ownership of anything (Kotler and Keller, 2006).

The insight of service marketing focuses on selling the services in the best interest of users/customers. It is fretful with a scientific and

planned management of services which makes possible a fair management of the interests of providers as well as the users. Services are vital segment of all economies and they become increasingly more everyday life as economies develop. The size of service sector is increasing day-by day generally in all types of economies in the World and in particular developing economies.

This is an exhilarating time for services development, since new technologies are transforming the services worldwide. These elementary and speedy changes being practiced by services markets throughout the world are brought about among other factors primarily by the technological improvements and by competition oriented reform policies. This creates different anticipation on customers' awareness towards the product or service of the company. In the era of globalization and borderless market,

responsiveness, quality and productivity are essential for the survival and growth of any organization. These factors depend chiefly on the desirability and withholding of customers. Customer satisfaction extensively influences company performance and survival. Thus customer orientation is the most important focal point for any business to flourish in the market.

In this research, the crucial points were to recognize the factual problems of customer dissatisfaction in Nigerian service sector's service delivery from the customers' point of view. This study examined how customers appraise the service delivery process of service firms by recalling the past six month's interaction with various service firms in the process of service delivery. Regrettably no service is superlative all the time particularly in developing and under-developed countries. Throughout the service encounter there are mixed bags of things that can go erroneous. Because the service provisions need authentic performance, customer participation, and people as part of the product greatly increase the chance of service failure. Service failures can be due to unprompted employee actions (e.g., rudeness), failure to respond to specific customer needs or preferences, or core service failures, e.g. unavailable or unreasonably slow service (Bitner, 1990).

These service failures can vary in severity, frequency, and timing, resulting in dissatisfied customers (Kelly and Davis, 1994). Many companies have recognized their customers are valuable assets and take steps to ensure that when service failures do occur, there are processes in place to respond quickly. Service recovery consists of those actions a service provider takes in response to a service failure (Gronroos, 1988). Zemke and Bell (1990) note that a good service recovery enhances customers' perceptions of the firm's competence, the services already purchased, and the value of the organization's other offerings. As such, converting dissatisfied consumers to satisfied (i.e., recovered) customers is an important objective for most companies. Particularly, in competitive environment the types of service recovery strategies companies are using directly impact organizational profitability and future successes. Although the actual performance of services takes place in service encounters at an operational level, services management is crucial to the overall strategic and tactical management of business operations. Services have many typical features: These include the following: service are ephemeral and heterogeneous; their production, distribution, and consumption are simultaneous processes; they are essentially activities or processes; they represent a core value that is created in buyer-seller interactions; customers participate in their production; they cannot be kept in stock; many services are difficult for customers to evaluate; the time factor assumes greater importance; and there is no

transfer of ownership. These characteristics reflect the essentially interactive nature of service encounters-that is, services are produced, distributed, and consumed in the interaction between the service provider and the service receiver. The above mentioned characteristics of service are common in the selected service sectors like telecom, banking and insurance, tourism and health services. Even though, there are tangible physical product associated to provide service such as customer premise equipment and cable, the major product is intangible in nature and the production and consumption of the final product take place simultaneously.

These characteristics reflect the essentially interactive nature of service encounters-that is, the selected services for the study are produced, distributed, and consumed in the interaction between the service provider and the service receiver. The extent of customer interaction to service provider varies among service provider. Many service providers most of their activities are automated so that there is less contact to front desk personnel, however, in those companies which do not automate their service provision there is high chance of interaction between service personnel and customers. In the case of Nigerian service sector, there is high degree of person-to-person interaction between front desk employees and customers.

2. Literature review

2.1 Service interaction

Interactions between customers and employees are a decisive component of service quality. This is principally factual for services exemplified by a high degree of person-to-person interaction and by the absence of an exchange of tangible goods. The client comes away from service interaction with feelings of contentment or annoyance. Service encounter is an interpersonal association between the firm's staff and customers. Some service encounters are very succinct and consists of just a few distinct delivery steps, however, other may extend over a long time frame and involve manifold steps. As a result, the service encounter often begins with submitting applications requesting service and placing an order. Contact may take personal swap between customers and service employees or impersonal interaction with machine or computer. It is not easy to perk up service quality and efficiency without complete understanding of customer's involvement in a specified service situation. This study delineates the service encounter as the intact exchange between customer and service provider from the preliminary contact through wrapping up of the exchange.

Hypothesis 1: There is a relationship between service interaction and customer satisfaction.

2.1 Service delivery process

Processes are the construction of services, describing the scheme and sequence in which service operating systems work and how they link together to create the service experiences and outcomes that customers will worth. In high-contact services, customers themselves become an integral part of the operation. Badly designed processes, often result in slow, frustrating, and poor-quality service delivery and are likely to annoy customers. Similarly, poor processes make it difficult for frontline staff to do their jobs well, result in low productivity, and increase the risk of service failures (Lovelock and Wirtz, 2004). Organizations which are implicated in high-contact, people-processing service sector should design highly suitable process outline for both frontline staff as well customers.

This process sketch should clearly prescribes the sequence of actions while service delivery. After completion of this document, organization's middle level management should have the accountability to keep an eye on the service encounter stage just to know the process is executing according to sketch or not. If any divergence they have observed, they should correct it then and there itself. In the mean time organization's think-tank should recognize where things are particularly at jeopardy. From a customer perspective, the most serious fail points should be better to identify and address them with paramount care. Service delivery to customers entails decisions about where, when, and how. At the time of service delivery, there is also the leeway of delays between specific proceedings, requiring the customers to wait.

Very frequently, management should spot those kind of locations and healthier to control the operations which are leading to delays in service delivery. Through both constant official research and on-the-job experience, service managers can find out the nature of customer expectations at every stage of service encounter and bring in required modification in the existing service delivery process to enhance customer satisfaction. If any service firm unsuccessful in identifying the loopholes in their service delivery process, it is an uphill assignment for them to retain the customers even though the firm is scheduling to introduce service recovery as a healing stratagem.

Hypothesis 2: There is a connection between service delivery process and customer satisfaction.

2.3 Service recovery process

Failure to ensure customer satisfaction, both initially and belatedly, through service recovery could lead to a decline in customer confidence, lost customers, negative word-of-mouth, possible negative publicity and the direct cost of re-performing the service (Berry and Parasuraman, 1992). In essence, the

service firm's true test of commitment to service quality and customer satisfaction depends on how it responds after disconfirmation (Zemke and Bell, 1990). Effective managerial responses depend, however, on effective research of the phenomenon. Unfortunately, several limitations in consumer complaint behavior research have been noted.

The elucidation above suggested that the significance to firms of ensuring that if something goes wrong, then there is a mechanism in place to recover it. Of greatest substance in the service recovery process is the assertion that customers have a dedicated means by which they can express their dissatisfaction. A range of techniques must be used to ensure customers have adequate means by which they can register their views. "Self-completion questionnaires" are the most commonly used of these as they are able to identify all potential problems. They may also be completed once the service has been received, either immediately or at a later date. However, if the latter option is taken and a complaint is registered, there is little an organization can do to recover the situation. Therefore a more customer-focused approach is mandatory. Rather than to depend on the service recovery system, it's better to ponder more on curbing the deficiencies in the service delivery process based on old proverb "prevention is better than cure".

To ensure customers are satisfied, staff members can be selected to walk around the service area checking that all needs are being properly met. This ensures that customers can voice their dissatisfaction in an environment where the situation may be considered and rectified. It is here that a professional and efficient service recovery process operates. Successful service recovery strategies can reinstate customer satisfaction and can also manipulate other important organizational outcomes including loyalty, positive and negative word of mouth behavior, and profitability. Poorly executed service recovery tends to exacerbate customer dissatisfaction, may drive customers to competing firms and, at the very least, encourages customers to badmouth the organization.

Hypothesis 3: There is an association between service recovery process and customer satisfaction.

2.4 Customer complaint handling procedure and its outcome

Most of the organizations in these days have treated customer handling procedure as a strategic marketing tool. Service providers are frequently exhorted to strive towards a "zero defects" service; the ability to "get it right first time" is thought to offer significant benefits to organizations in terms of both customer evaluations and costs of delivery (Schaefer and Christine, 2005). If any organization is striving for zero defects, they need not give that much importance for complaint handling sections. In practice, it is often

difficult to imagine how service providers can attain such a goal, not least because of the inherent heterogeneity in service provision and limitations on the extent to which a provider can control the range of different interactions with customers. In general, customers are complaining with four major ideas like to get compensation, find expression for their anger, and help to improve the service and for unselfish reasons. Service organizations should build up the culture of straightforwardly to invite the complaints with a motive to improve the service and with selfless reasons. And at the same time, organizations should be cautious enough about the complaining nature of some consumers with an intention to demand compensation and spoil company image.

Whatever the reason in the customer mind behind the complaining nature, that is irrelevant to the organization. Their main accountability is to genuinely solve the complaint and be successful in explaining the reasons for that in a convincing way. However service businesses in advance clearly recognize the various reasons behind the complaining nature of the market and should devise special strategies to give a legitimate reason and another important element in this aspect, organizations has to develop complaint procedure with minimum of fuss. If customers are treating complaint procedure is too lengthy and clumsy, it will also affect the performance of entire organization. Thus, organizations should be very carefully design the complaint procedure with minimum of paper work. Related to the outcome of the complaints, market has one strong notion i.e., result is always in favor of organization whatever the problem, whoever may be the reason for that. The market is feeling that they are not treated fairly and far away for adequate justice. This kind of belief in the market is more dangerous for any business in the present day's highly cut-throat competitive business world. Therefore, while analyzing the complaints, service firms' complaint handling sections should be more vigilant in finding the legitimate reasons and also the responsibility to provide ample justice to the customers' community. This class of legitimate judgment will give great confidence in the minds of customers while solving their indisputable problems and in turn increase the image of the firm. Finally, service firms should be better to realize the importance of complaint handling procedure and its outcome and also well again to bring into play this one as a strategic marketing tool to accomplish the benefits such as customer satisfaction, customer loyalty, favorable word-of-mouth publicity, and to decrease litigation.

Hypothesis 4: There is a relationship between customer complaint handling process and customer satisfaction.

2.5 Customer satisfaction

The concept of customer satisfaction occupies a central position in marketing thought and practice.

Many companies today are aiming for TCS- Total Customer Satisfaction. Satisfaction is a major outcome of marketing activity and serves to link processes culminating in purchase and consumption with post purchase phenomena such as attitude change, repeat purchase and brand loyalty. Satisfaction is defined as a judgment that a product or service feature, or the product or service itself, provided (or is providing) a pleasurable level of consumption-related fulfillment, including levels of under-or-over-fulfillment (Oliver, 1981).

According to Tse and Wilton (1988), satisfaction is the consumer's response to the evaluation of the perceived discrepancy between prior expectations and the actual performance of the product as perceived after its consumption. Attitude also shapes consumer expectations and expectations are, therefore, either positively or negatively inclined. Expectations, according to the disconfirmation paradigm, exert an important influence on customer satisfaction with the service encounter and thus on service quality perceptions (Bitner, 1990). Customer satisfaction is the individual's perception of the performance of the product or service in relation to his or her expectations. The concept of customer satisfaction is a function of customer expectations.

A customer whose experience falls below expectations will be dissatisfied. And customers whose expectations are exceeded will be very satisfied or delighted (Schiffman and Kanuk, 2005). Customer satisfaction will occur only through conscious efforts to alter the way the firm's approach to work. Service firms must not only change their attitudes but also change the way they organize their effort. Therefore, organizations must rethink how they do business as customers move from the periphery to center stage, old ways of doing business no longer work. Every company would be wise to measure customer satisfaction regularly because one key to customer retention is customer satisfaction. Understanding what customers expect from a service organization is necessary for service managers, because expectations provide a standard of comparison against which consumers judge an organization's performance. Customers of services have expectations about what they will receive from the delivery system.

Undoubtedly, customer satisfaction is the key to survival and thriving in the competitive time is to win the customer and to keep them in service or product range. Obsession with customer satisfaction is what drives change today particularly in service sector. Customer satisfaction will occur only through conscious efforts to alter the way we approach our service delivery process. Service companies must not only change their attitudes towards market but also change their way in providing services with market expected parameters like quality, reliability, tangible evidences, responsiveness, assurance, empathy, price,

availability, accessibility, etc. Therefore, organizations in general, service firms in particular must rethink how they do business as customers move from the periphery to center stage, old ways of doing business no longer work.

3. Methodology

This study was conducted in the Nigeria's Capital in the first quarter of this year. In view of the fact that customers are the decisive for the success and survival of any organization, bearing in mind the views of customer expectations and satisfaction is an indistinguishable in service delivery for Nigerian service sector. The prime objective of this research is to explore issues related to Nigerian service sector's customers' satisfaction levels from the point view of customers. More specifically, to investigate the causes of customer dissatisfaction across service encounters related to all kinds of services offered by the Nigerian telecom, banking and insurance, civil aviation and tourism, and health sectors.

This study used a quantitative survey recall research design to recognize their satisfaction levels and also used personal interview method just to collect the views about the reasons for their dissatisfaction. Structured questionnaires were used for primary data collection. The questionnaires were translated into local language. Research participants were drawn from existing customers of all services of Nigerian telecom, banking and insurance, civil aviation and tourism, health sectors. The method of data collection was convenience type. The research was conducted only in the capital Administrative Council. The sample frame for this study selected was only the present Ethiopian telecom, banking and insurance, tourism and health services customers which are living in the Nigeria country's capital in the first quarter of this year. The sample size was 600 customers, out of which 300 male and 300 female customers who were proportionately selected from telecom, banking and insurance, civil aviation and tourism, health services. Mostly these were selected based on the issues like willingness and the time allotted by the respondents for the collection of information.

Data was collected at various areas of Nigeria's capital City. The analysis was completely done on the basis of data and information collected from six hundred respondents equally from both the sexes through questionnaires and personal interviews. Statistical analysis techniques frequency was applied to compute percentages and other quantitative data to analyze and interpret the outputs. The analysis was done using frequency distribution and percentages to show which part of the service delivery were more accountable for the dissatisfaction of customers in the selected services. Data manipulation was done by using Microsoft Excel software package.

This research covered only the customer's service delivery areas in the apital Administrative Council. It does not include the point of view of Nigerian service sector employees. This study was unable to include the views of other parts of Nigeria service customers due to time and resource constraints. The research is designed to undertake the point views of customers, therefore, some respondents may probably bias in filling questionnaires.

4. Results and discussion

The customers at different parts of the country's capital were asked to fill questionnaires to evaluate Nigerian service sector's service delivery system. Those who are willing to fill the questionnaire were only approached. The questions which were asked to know the satisfaction levels about employees' interaction, service delivery processes, customer complaint handling procedure and its outcome, overall evaluation of customers' satisfaction and finally about improvement of service quality in the last five years.

Service interaction: Out of 600 respondents only 36% expressed their dissatisfaction about the interactive expertise of the front desk employees of the Ethiopian service sector. One important point in this facet, when compared to female customers, male customers were more dissatisfied about the service interaction skills of the service providers of Nigeria. This means the frontline employees were showing clear variation while interacting with the male customers. This should be curbed by the middle level management with careful introduction of change in the minds of front desk people. In our qualitative research, most of the respondents said employees were more mechanical and straight to the point while clearing or giving information about services. Some of the respondents expressed doubts about the product/service knowledge, interactive and problem solving abilities of the frontline employees of the selected services areas for the study. The hypothesis 1 is valid means there is a relationship between service interaction and customer satisfaction.

Customer service delivery process: Forty seven 47% respondents articulated their displeasure on service delivery process. They treated the service delivery process has lot of complications and clumsiness in the areas of applying, receiving services, and bill payments etc. This means market is expecting certain changes in the service delivery process of Nigerian service sector. Based on the expectations of the market, Nigerian service sector's think tank should better study the clumsy parts of the existing service delivery process and if they observe any duplication at any area, it is better to get rid of that kind of activity to save the time and effort of both their employees as well customers. The hypothesis 2 is also applicable.

Service recovery process: Related to the service recovery process strategies introduced by the Ethiopian service sector, only 48% are pleased and the remaining 52% of customers were uttered their discontentment. Most of the Nigerian customers whispered straight away pessimistically about the service recovery mechanism introduced by the service industry in Ethiopia. And at the same time, there is no proper follow-up in get rid of the discontentment of the affected customers by clearing the doubts about the service and its delivery process. In this state of affairs, the top and middle level executives of the companies should develop proper professional mechanism to service recovery process and also educate their employees to properly listen their customers' problems in the first phase and then advocate best customer-oriented solution which furnishes reciprocal benefit. There is an apparent relationship between service recovery process and customer satisfaction which means hypothesis 3 is pertinent.

Customer complaint handling procedure and its outcome: Significantly 61 % of customers uttered their unhappiness about this issue. They were thinking complaint handling procedure was lengthy and time taking, most of the times the outcome is also in favor of service provider. The Nigerian services market was feeling that they were not treated fairly and far away for adequate justice while handling their complaints. This means a serious thinking is required from the top officials on complaint handling procedure and its outcome to regain the confidence among the customers as well to bring in the benefits like customer satisfaction, customer loyalty, and positive publicity and also to minimize litigations. Finally, it provide evidence there is a strong relationship between customer complaint handling procedure and its outcome and customer satisfaction means hypothesis 4 is too appropriate.

Overall satisfaction level: As mentioned in Table 1, about 49% respondents conveyed their disappointment on the overall performance of the service sector activities of Ethiopia. This means it should be healthier to identify the areas which led to this kind of dissatisfaction and introduce complete overhaul to recover the situation. The researcher identified some areas of dissatisfaction particularly service quality, tariff structure, service encounter, service delivery process, bill payment areas, complaint handling procedure, after sales service etc. through his qualitative research. The Nigerian service sector has already working on above areas which has led to great customer dissatisfaction with the support of overhauling of most of the existing plans, procedures, programs, strategies, policies and even budgets also.

Service providing ability: In the entire 600 respondents, 92% expressed confident opinion about the improvement of service providing ability of the country's service sector in the last five years. The

majority of the customers even now has treated Nigerian service sector operations are far better than so many African countries. But some respondents opined that the pace of improvement in providing quality service is not sufficient when compared to the World changes. Most of the Nigerian service sector's customers are totally in high spirits with the way the service firms improve its infrastructure, service quality, service recovery strategies for maximizing their customer satisfaction levels. In their feelings, Nigerian service sector is immaculate and number one service provider in the entire African continent. Thus whatever the hypotheses selected for the study is absolutely valid and highlights the association between service interaction, delivery process, recovery process and customer complaint handling and customer satisfaction.

Managerial implication: The present study offers insight to service firms' senior officials about the customer dissatisfaction areas in delivering quality services. Since noteworthy dissatisfaction percentage levels among customers, service firms' top officials need to seriously appraise its customer service delivery system in the first phase. Principally, the service delivery processes require more attention from the top officials and it will need to undertake redesigning just to speeding up processes and weeding out unnecessary steps to avoid wastage of time and effort of both employees as well customers and in the second phase, Ethiopian service sector has to concentrate on staffing and training of frontline employees and their interactive skills. Furthermore, it is better to initiate absolute changes in customer complaint handling system and its outcome by giving clear cut instructions to the concerned sections for legitimate evaluations on customer complaints. Finally, this sector is also supposed to assign a paramount priority to the Total Quality Management that focuses on quality technologies, quality employees, quality maintenance, and quality environmental conditions at work to achieve Total Customer Satisfaction.

5. Conclusion

In light of the above, each and every employee in the organization from the board member to the technical core are required to assign due weightage to the areas of dissatisfaction and introduce fundamental changes in their existing practices for meeting the telecom, banking and insurance, tourism and health needs of the country. Just like world service giants in different sectors, Ethiopian Service Sector also better to make every effort for Total Customer Satisfaction (TCS) by expecting the clear attitudinal changes among the existing customers for retaining them. For this they have to once again rededicate themselves and review their existing plans, policies, procedures, programs, strategies, and even budgets for offering confident and market expected services to win the hearts of the 80 plus million Nigerians.

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