



**CUSTOMER SERVICE AND CUSTOMER LOYALTY IN THE  
TELECOMMUNICATION INDUSTRY IN UGANDA: A CASE STUDY OF  
ORANGE UGANDA LIMITED**

**BY**

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**DECLARATION**

I, Dianah Gwosanze, declare that this study is my original work and to the best of my knowledge, never been submitted for award of a degree or any other award in any other institutions of higher learning.

Signature .....

Date .....

**APPROVAL**

This is to certify that this dissertation has been carried out under our supervision and has been submitted for examination with our approval in partial fulfillment for the award of the Masters Degree in Management Studies (Public administration & Management) of Uganda Management Institute.

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Signature .....

## **DEDICATION**

This work is dedicated to my parents, Mr. and Mrs. Bakidde Matovu, for their dedicated and continued support.

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## TABLE OF CONTENTS

Page	
DECLARATION .....	i
APPROVAL .....	ii
DEDICATION .....	iii
ACKNOWLEDGMENT.....	iv
TABLE OF CONTENTS.....	v
LIST OF TABLES .....	x
LIST OF FIGURES .....	xi
ABBREVIATIONS / ACRONYMS.....	xii
ABSTRACT.....	xiii
CHAPTER ONE: INTRODUCTION.....	1
1.0    Introduction .....	1
1.1    Background to the Study .....	1
1.1.1    Historical background .....	1
1.1.2    Theoretical background.....	4
1.1.3    Conceptual background.....	6
1.1.4    Contextual Background.....	9
1.2    Statement of the Problem .....	11
1.3    General Objective.....	12
1.4    Specific Objectives of the Study were; .....	12
1.5    Research Questions .....	12
1.6    Hypothesis of the Study .....	13
1.7    Conceptual Framework .....	14
1.8    Significance of the Study .....	15

1.9	Justification of the Study.....	15
1.10	Scope.....	16
1.11	Operational Definitions of Terms and Concepts.....	17
CHAPTER TWO: LITERATURE REVIEW .....		19
2.0	Introduction.....	19
2.1	Theoretical Review .....	19
2.1.1	Customer service .....	20
2.1.2	Customer loyalty .....	21
2.2	The Relationship between Communication and Customer Loyalty .....	21
2.3	Influence of Service Reliability on Customer Loyalty .....	26
2.4	The Effect of Service Responsiveness on Customer Loyalty .....	29
2.5	Moderator effect of Switching Costs on Relationship between Customer Service and Customer Loyalty .....	33
2.5.1	Customer charter and customer loyalty.....	36
2.6	Summary of Literature Review.....	37
CHAPTER THREE: METHODOLOGY .....		38
3.0	Introduction.....	38
3.1	Research Design.....	38
3.2	Study Population .....	39
3.3	Sample Size and Selection .....	39
3.3.1	Sampling Methods.....	40
3.4	Sources of Data Collection.....	40
3.5	Data Collection Methods.....	41
3.5.1	Questionnaire survey method.....	41
3.5.2	Face-to-face interviews .....	41

3.5.3	Documentary review .....	42
3.6	Data Collection Instruments.....	42
3.6.1	Questionnaires .....	42
3.6.2	Interview guide.....	42
3.6.3	Documentary review checklist.....	42
3.7	Data Collection Controls.....	43
3.7.1	Validity.....	43
3.7.2	Reliability.....	43
3.8	Data Collection Procedure .....	44
3.9	Data Analysis .....	44
3.9.1	Measurement of variables .....	44
3.9.2	Quantitative data analysis.....	45
3.9.3	Qualitative data analysis.....	45
CHAPTER FOUR: PRESENTATION, ANALYSIS AND INTERPRETATION OF		
FINDINGS.....		
4.0	Introduction.....	47
4.1	Response Rate .....	47
4.2	Biodata on Respondents.....	47
4.3	Results about the Relationship between Communication and Customer Loyalty	
	.....	49
4.3.1	Findings about communication .....	49
4.3.2	Findings about customer loyalty .....	51
4.3.3	Relationship between communication and customer loyalty .....	53
4.4	Results about the Influence of Service Reliability on Customer Loyalty.....	54
4.4.1	Findings about service reliability .....	54



4.4.2	Influence of service reliability on customer loyalty .....	56
4.5	Results about the Effect of Service Responsiveness on Customer Loyalty .....	57
4.5.1	Findings about service responsiveness .....	57
4.5.2	Effect of service responsiveness on customer loyalty .....	59
4.6	Moderator Effect of Switching Cost to Other Networks on the Relationship between Customer Service and Customer Loyalty .....	60
 CHAPTER FIVE: SUMMARY, DISCUSSION, CONCLUSIONS AND RECOMMENDATIONS .....		
5.0	Introduction .....	63
5.1	Summary .....	63
5.1.1	The Relationship between Communication and Customer Loyalty .....	63
5.1.2	Influence of service reliability on customer loyalty .....	63
5.1.3	Effect of service responsiveness on customer loyalty .....	64
5.1.4	Moderator effect of switching cost to other networks on the relationship between customer service and customer loyalty .....	64
5.2	Discussion .....	64
5.2.1	The Relationship between Communication and Customer Loyalty .....	64
5.2.2	Influence of service reliability on customer loyalty .....	66
5.2.3	Effect of service responsiveness on customer loyalty .....	68
5.1.4	Moderator effect of switching cost to other networks on the relationship between customer service and customer loyalty .....	71
5.3	Conclusions .....	71
5.3.1	The relationship between communication and customer loyalty .....	71
5.3.2	Influence of service reliability on customer loyalty .....	72
5.3.3	Effect of service responsiveness on customer loyalty .....	72

5.3.4	Moderator effect of switching cost to other networks on the relationship between customer service and customer loyalty .....	72
5.4	Recommendations .....	73
5.4.1	The relationship between communication and customer loyalty .....	73
5.4.2	Influence of service reliability on customer loyalty .....	73
5.4.3	Effect of service responsiveness on customer loyalty .....	74
5.3.4	Moderator effect of switching cost to other networks on the relationship between customer service and customer loyalty .....	74
5.5	Areas for Further Studies .....	74
REFERENCES .....		76
APPENDICES .....		1
	Appendix 1: Questionnaire .....	1
	Appendix 2: Interview checklist.....	1
	Appendix 3: Validity of Questionnaire .....	1
	Appendix 4: Reliability of questionnaire .....	1
	Appendix 5: Distribution of respondents on items about communication .....	1
	Appendix 7: Distribution of respondents on items about customer loyalty .....	1
	Appendix 6: Distribution of respondents on items about service reliability .....	1
	Appendix 9: Distribution of respondents on items about service responsiveness. 1	
	Appendix 10: Table for Determining Sample Size from a Given Population.....	1

## **LIST OF TABLES**

Table 1: Respondents by category and sample .....	40
Table 2: Distribution of respondents on items about biodata .....	48
Table 3: Distribution of respondents on items about communication .....	50
Table 4: Distribution of respondents on items about customer loyalty .....	52
Table 5: Relationship between communication and customer loyalty .....	53
Table 6: Distribution of respondents on items about service reliability .....	55
Table 7: Influence of service reliability on customer loyalty .....	56
Table 8: Distribution of respondents on items about service responsiveness.....	58
Table 9: Effect of service responsiveness on customer loyalty .....	59
Table 10: Moderator Effect of Switching Cost to Other Networks on the Relationship between Customer Service and Customer Loyalty .....	61

## LIST OF FIGURES

Figure 1: A conceptual framework showing the relationship between customer service and customer loyalty .....	14
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## **ABBREVIATIONS / ACRONYMS**

BPR	:	Business Process Re-engineering
CEM	:	Customer Experience Management
CSR	:	Customer Service Representative
CRM	:	Customer Relationship Management
CTO	:	Cellular Telecommunications Operator
CVI	:	Content Validity Index.
ECSI	:	European Customer Satisfaction Index
IMP	:	Interface Message Processor
INDSERV	:	Individual Service
MTN	:	Multinational Telecommunication Network
NTO	:	National Telecommunications Operators
OUL	:	Orange Uganda Ltd
PIP	:	Public Infrastructure Provider
PSP	:	Public Service Provider
SAQs	:	Self Administered Questionnaires
SERVQUAL	:	Service Quality Measure
UCC Uganda	:	Communications Commission

## **ABSTRACT**

M/S Orange Uganda Limited has experienced a decline in the renewal rate for the internet services. The study set out to investigate the relationship between customer service and customer loyalty at Orange Uganda Limited (OUL). The specific objectives were to investigate the relationship between communication and customer loyalty at OUL; assess how service reliability influenced customer loyalty; to find out the extent to which service responsiveness affect customer loyalty; and to examine the moderator effect of switching cost to other networks on the relationship between customer service and customer loyalty of OUL. The study used a case study design, which was cross sectional in nature adopting both quantitative and qualitative approaches. Ninety (90) out of 110 employees representing 81.8% were randomly selected using simple random sampling and purposive sampling. Descriptive statistics were presented using frequency tables which included frequencies and percentages. In addition, Spearman correlation and coefficient of determination analysis tested the hypotheses of the study. The study established that there was a strong positive relationship between communication and customer loyalty. There was a weak positive influence of service reliability on customer loyalty whereby better service reliability was related to more customer loyalty. There was a moderate positive effect of service responsiveness on customer loyalty. Lastly, switching cost to other networks increased the effect on the relationship between communication and customer loyalty and between service reliability and customer loyalty but decreased the relationship between service responsiveness and customer loyalty. The study recommends that communication, service reliability, service responsiveness and switching cost should be made more favorable at OUL to improve customer loyalty.

# **CHAPTER ONE**

## **INTRODUCTION**

### **1.0 Introduction**

This chapter presents the back ground to the study, the problem statement, the purpose of the study, research questions and hypotheses. This study investigated the relationship between customer service and customer loyalty in the telecommunication industry using a case study of Orange Uganda Limited.

### **1.1 Background to the Study**

#### **1.1.1 Historical background**

Customer Relationship Management (CRM) is one of those magnificent concepts that swept the business world in the 1990's with the promise of forever changing the way businesses interacted with their customer bases. In the short term, it proved to be an unwieldy process that was better in theory than in practice for a variety of reasons. First among these was that it was simply so difficult and expensive to track and keep the high volume of records needed accurately and constantly update them. In the last several years, however, newer software systems and advanced tracking features have vastly improved CRM capabilities and the real promise of CRM was becoming a reality. As the price of newer, more customizable Internet solutions have hit the marketplace; competition has driven prices down that even relatively small businesses are reaping benefits of some custom CRM programs.

The 1980's saw the emergence of database marketing, which was simply a catch phrase to define the practice of setting up customer service groups to speak individually to all of a company's customers. In the case of larger key clients, it was a valuable tool for keeping the lines of communication open and tailoring service to the clients needs. In the

1990's companies began to improve on customer service by making it more of a two-way street. Instead of simply gathering data for their own use, they began giving back to their customers not only in terms of the obvious goal of improved customer service, but in incentives, gifts and other perks for customer loyalty. This was the beginning of the now familiar frequent flyer programs, bonus points on credit cards and a host of other resources that were based on CRM tracking of customer activity and spending patterns.

In the current era of hyper competition, marketers were forced to be more concerned with customer retention and customer loyalty (Tracey, 2007). As several researches had found retaining customers was less expensive and more sustainable competitive advantage than acquiring new ones. On the supply side, it paid more to develop closer relationships with a few suppliers than to develop more vendors. Globalization of world marketplace made it necessary to have global account management for the customers. Thus, the nature of competition in the global telecommunications industry seemed to center on market activities that aimed at gaining competitive advantages through strategic combinations of resources and presences in multiple products and geographical areas (Chan, Olmsted & Jamison, 2001). The success of telecommunication industry depended on the efforts and investments. In a competitive market, service providers were expected to compete on both price and quality of services and also necessary for service providers to meet the consumer's requirements and expectations in price and service quality (Melody, 2001).

In Africa, there was a surge of interest from multinational telecom operators who were looking for new opportunities (Djioufack-Zebaze, 2009). Coupled with the rapid development of its mobile telecommunications market, Africa was lured by many large-scale multinational telecom operators to invest in this sector (Djioufack-Zebaze, 2009). On



the other hand, a research conducted by Tracey (2007) found out that telecommunication employees agreed that their companies reward employees for providing excellent customer service, their companies set specific goals for improving customer service and that they had sufficient authority to respond to customer concerns. This not only led to excellent quality of service but also improved organizational performance. In their employee engagement, they found out that employee perceptions of customer service were aligned with customer satisfaction ratings by Tracey (2007). Thus in today's world of intense competition, satisfying the internal customer is one of the major baselines for survival.

The increasing economic importance of telecommunications companies inspired many management scholars to devote more teaching and research attention to this sector (Szyperski & Loebbecke, 1999). Specially in the field of marketing strategies for telecommunications services it was frequently pointed out that once customers had been acquired and connected to the telecommunications network of a particular operator, their long-term links with the focal operator were of greater importance to the success of the company in competitive markets than they were in other industry sectors (Harter, Ripsam & Ruhl, 1997).

Since its liberalization in 1993, the telecommunication industry in Uganda has registered remarkable growth. Uganda was the first country among the East African community member states to liberalize its telecommunications sector and by November 2011, Uganda had seven companies licensed to operate: MTN and Uganda Telecom as National Telecommunications Operator, Airtel, Warid Telecom, Smile communications, i-Tel limited as well as Orange Uganda Limited (OUL), which was launched after the acquisition by France Telecom of a 53% stake in Hits Telecom Uganda in 2008 as new

Public Infrastructure Provide and Public Service Provider operators (Uganda Communications Commission Report, 2009).

The increasing number of telecommunication providers had resulted in stiff competition to attract more customers. This had been due to a boost in the population of Uganda, which was over 32 million people ([www.ugandaatglance.com](http://www.ugandaatglance.com)).

In 2010 there were 11 million mobile subscribers and about 350,000 fixed lines. Around five million people have accessed and used the Internet at least once a month and the actual subscription of people who have bought models, 3G and other packages is about 500,000 (New vision, 2010). The country's tele-density had grown from 15.5% in 2007 to a remarkable 39.0% in 2009 and this was expected to increase from 39 percent in 2009 to 70.7 percent by 2014, prompted by the successful liberalization of the sector and increased competition (Uganda Communications Commission (UCC) Report 2009). However, as the industry continued to boom, it was important for the telecommunication companies in Uganda to understand the perceptions of their current customer base as a way of gauging how successful they had been in addressing the needs of these customers. This was the only means by which the service providers would know where they want to go. In other words, "by knowing where they want to go they would be in a position to determine how to get there".

### **1.1.2 Theoretical background**

The Integrated Gaps model was used to understand the underlying variables of the research. The integrated gaps model of service quality was first developed by a group of authors; Parasuraman, Zeithaml, Berry, at Texas A&M and North Carolina Universities,

in 1985 Parasuraman, Zeithaml & Berry (1985). Based on exploratory studies of service such as executive interviews and focus groups in four different service businesses, the authors proposed a conceptual model of service quality indicating that consumers' perception towards a service quality depended on the four gaps existing in organization - consumer environments. They further developed in-depth measurement scales for service quality Parasurama et al, (1988). Perceived service quality was defined as the difference between consumers' expectation and perceptions, which eventually depended on the size and the direction of the four gaps concerning the delivery of service quality on the company's side Parasuraman et al, (1985).

Customer Gap = f (Gap 1, Gap 2, Gap 3, Gap 4)

The magnitude and the direction of each gap would affect the service quality. For instance, Gap 3 would be favourable if the delivery of a service exceeded the standards of service required by the organization, and it would be unfavourable when the specifications of the service delivered were not met.

The key points for each gap were summarized as follows: Customer gap: The difference between customer expectations and perceptions - the service quality gap. The difference between the services delivered to customers and the promise of the firm to customers about its service quality. This level of detail allowed powerful analysis of the contributory factors to a perception gap at a practical level. The model showed the importance of marketing, business leadership quality and Human Resource systems in the management of the expectation gap (Zeithaml 1996).

The integrated gaps model clearly determined the two different types of gaps in service marketing, namely the customer gap and the provider gaps. The latter was considered as internal gaps within a service firm. This model really viewed the services as a structured, integrated model which connected external customers to internal services between the different functions in a service organization.

Thus, customers always used 10 dimensions to form the expectation and perceptions of service quality. The model helped predict, generate and identify key factors that caused the gap to be unfavourable to the service firm in meeting customer expectations. The model provided a conceptual framework for academic and business researchers to study the service quality in marketing.

### **1.1.3 Conceptual background**

The concepts constituting this study were customer service and loyalty. The meaning of customer service considerably varies from one company to another (Christopher, Payne & Ballantyne, 1991). A customer is one for whom you satisfy a need and who you delight in respect of their wants (Cartwright, 2000) while service is defined as the deeds, processes, and performances Zeithaml (2009). Services were considered as intangible products, i.e. ones that could be experienced but not seen or touched directly, such as health care or financial services (Cartwright, 2000). Customer service is the service provided in support of a company's core products (Zeithaml, 2009). This often includes answering questions, taking orders, dealing with billing issues, handling complaints and schedule maintenance or repairs.

Customer service is a series of activities designed to enhance the level of customer satisfaction – that is, the feeling that a product or service has met the customer expectation (Scott, 2006). Customer service may be provided by a person (e.g., sales and service representative), or by automated means called self-service like Internet sites.

Customer service is one of the most important ingredients of the marketing mix of products and services (Cartwright, 2000). High quality customer service helps to create customer loyalty. Customers of today are not interested in the product they are being offered but all the additional elements of service that they receive from the greetings they receive when they enter a retail outlet, to the refund and help that they receive when they have a complaint about a faulty product that they paid for. If a customer feels valued, they are more likely to not just stay with you but they will also recommend you to others and the importance of ‘word of mouth’ referrals should never be underestimated by any retail company when it comes to increasing your sales and customer base. It is the service that customers remember.

Customer loyalty on the other hand is defined as “a deeply held commitment to re-buy or repatronize a preferred product/service consistently in the future, thereby causing repetitive same brand or same brand-set purchasing, despite situational influences and marketing efforts having the potential to cause switching behaviour” (Oliver, 1999, p.34).

There are many benefits derived by companies from customer loyalty. Loyal customers are more profitable to a firm (Cartwright, 2000). This profitability is thought to be generated by reduced servicing costs, less price sensitivity, increased spending, and the favorable recommendations passed on to other potential customers by loyal buyers. Add to this the claim that it costs much more to entice a new customer to do business with you than to get a current one to repeat purchase (Pfeifer, 2005) and the strategy of gaining and

maintaining loyalty seems like the source of a sustainable competitive advantage. Essentially, loyal customers build businesses by buying more, paying premium prices, and providing new referrals through positive word of mouth over time (Ganesh et.al. 2001).

Loyalty to a company or product can be thought of as continuing patronage over time. The degree of loyalty can be gauged by tracking customer accounts, over defined time periods and noting the degree of continuity in patronage (Yi & Jeon, 2003). During the past decade, the communication service sector has undergone drastic changes, resulting in a market place which is characterized by intense competition, little growth in primary demand and increased deregulation (Chaudhuri & Halbrook, 2006). The dimensions of customer loyalty include the behavioral perspective, the attitudinal perspective, and composite perspective Bowen & Chen (2001). A study done by Bow Chen (2001), supported the contention that there is a positive correlation between loyal customers and profitability. Firstly, the behavioral perspective looks at repeat purchase behavior based on the customer's purchase history. This approach assumes that preference structure of the customer is reflected in the customer's behavior (Ehrenberg, 1988). In contrast, the attitudinal perspective allows gain in supplemental understanding of loyal behavior (Zins, 2001). Attitude signifies the degree to which a customer's disposition towards a service is favourably inclined (Gremler & Brown, 1996). Some examples of operational measures in attitudinal perspective are preference, buying intention, supplier prioritization and recommendation willingness (Fournier & Yao, 1997). Customer service with reference to the gaps model (Zeithaml, 2000) is conceptualized to include communication, reliability and responsiveness, while customer loyalty with reference to the behaviour and attitudinal

models shall be conceptualized to include churn rate, length of service, and culture of using the service.

#### **1.1.4 Contextual Background**

The world telecommunication shifted from Analogue to digital, narrow band to broad band and access to information and communication technologies continues to grow at high speed (ITU, 2004). Statistics show that the 14% of the world's population that lives in the countries (Canada, France, Germany, Italy, Japan, Russia, UK and the US) accounted for 34% of the world's total mobile users (ITU,2004) this statistics showed that telecommunication industry did not.

Telecommunication industry was experiencing a radical change, generating new opportunities and challenges for infrastructure and service providers. With the increase in production of mobile devices and services as international market, according to the triple play of telecom, entertainment and IT convergence, the global telecommunication market was growing and changing (ITU publications, 2006). In the year 2010, the number of mobile phone subscribers worldwide rose to 5.6 billion. Telecom Industry body, the GSM Association announced that by 2010 mobile networks would cover 90% of the world's population. Governments had earned over 6 billion dollars from the telecoms industry (ITU Publications, 2006). The total number of mobile connections was then equivalent to almost a third of the estimate world population of 6.5 billion (ITU Publications, 2006).

In Uganda, the Telecommunications' (Licensing) Regulations (2005) outlined the importance of quality of service parameters in order to adopt a consumer-oriented approach that focuses on the delivery of quality services to the satisfaction of consumers, and to facilitate the introduction of new, modern services, as well as the expansion of

existing customers into modern and innovative quality service delivered to the satisfaction of customers. Operator's licenses oblige telecommunication companies to improve the quality of services to the satisfaction of consumers.

Orange Uganda Limited (OUL) is an affiliate of France Telecom, which is one of the world's leading telecommunications operators with the brand name of Orange. OUL provides telecommunications services in the semi-urban and rural markets in Uganda. It provides global system for mobile communications (GSM), broadband, international gateway, mobile virtual network operation, and data transmission services. Orange launched mobile telecommunications services in Uganda on 10<sup>th</sup> March 2009 as the fifth mobile operator after Zain Uganda, MTN, Uganda Telecom Ltd (UTL) and Warid Telecom entering a fast-paced and highly competitive business environment. Thus, a customer service strategy underpins the organization's competitive scope and its concept of quality, through a selection of, and positioning, on the fundamental of quality dimensions it wants to compete with (e.g. responsiveness, reliability, communication).

It was the first company to install 3G+ technology, in September 2009 and has clung on to leadership. 3G+ is the fastest mobile internet technology currently available on the market globally. Orange's relatively fast mobile internet is now accessible in all major cities in Uganda. Orange Uganda controls at least 70 percent of the internet market share, with at least 30 percent of the 500,000 Orange mobile phone customers using mobile internet (<http://www.independent.co.ug/business/business-news>). OUL also offers some of the best tariffs in the market for both data and voice with unique national flat rate per second or per minute on voice and SMS, an attractive range of international tariffs and is still the only operator to offer exclusive call-back service free. Orange offers its



customers the best quality of service (Uganda Communication's Commission Service Quality report, 2011).

## **1.2 Statement of the Problem**

The telecommunication sector in Uganda comprises similar services that are differentiated by price and after-sales services given to keep the customers loyal. Orange Uganda Limited(OUL) for one had labored to improve its customer services systems through trainings with a total of 35 trainings of customer service representatives from January to August 2010 (OUL Customer Operations Training Report, 2010). OUL introduced the data renewal method using USSD by loading of airtime and converting it to data in June 2010 (OUL Marketing report, 2010) to reduce on the number of people visiting the shops and also the introduction of the data roll over service to allow customers with unused data to use it when they renewed their data packages after expiration. OUL went further ahead to bring the services closer to the people by opening up more shops across the country to a total of 30 shops in 2010 from 18 shops in 2009(OUL Sales and Distribution Report, 2010). OUL has labored to increase on its presence of the 3G+ network coverage to a total of 79 in major towns. However, it appeared those systems had not been noticed by customers shown in the number of customers not renewed their Internet packages. Out of 47,424 customers who subscribed for Internet Everywhere service (modems) from September 2009 to September 2010, 24,952 customers had not renewed their internet packages (OUL Customer Retention and Loyalty data renewal report, 2010). This implied a 52.6 percent non-renewal rate thus implying low levels of customer loyalty, yet the company expected only a 2% churn rate. This referred to the proportion of contractual customers or subscribers who leave during a

given time period of 6 months (OUL Retention & Loyalty churn management strategy, 2010).

Therefore, there was a need to understand customer loyalty and identify the customer service levels in terms of communication, reliability and responsiveness of the employees of OUL. If this area was not examined there was likely to be a low level of customer loyalty, which would in turn lead to low profitability. To partly fill this knowledge gap, this study investigated the relationship between customer service and customer loyalty at Orange Uganda Ltd.

### **1.3 General Objective**

The general objective of the study was to investigate the relationship between customer service and customer loyalty at Orange Uganda Limited (OUL).

### **1.4 Specific Objectives of the Study were;**

1. To investigate the relationship between communication and customer loyalty at OUL.
2. To assess how service reliability influences customer loyalty at OUL.
3. To find out the extent to which service responsiveness affects customer loyalty at OUL.
4. To examine the moderator effect of switching cost to other networks on the relationship between customer service and customer loyalty at OUL.

### **1.5 Research Questions**

The research sought to answer the following research questions;

2. What is the relationship between communication and customer loyalty at OUL?

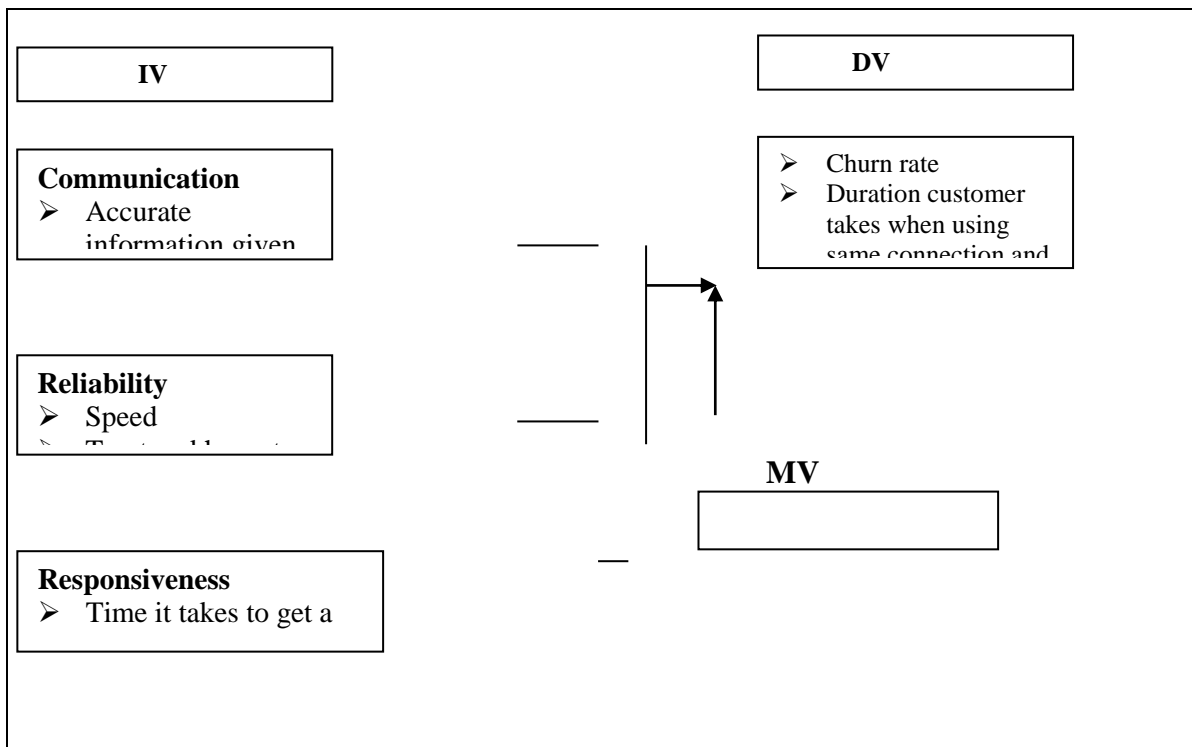
3. How does service reliability affect customer loyalty at OUL?
4. To what extent does service responsiveness affects customer loyalty at OUL?
5. How does switching cost to other networks moderate the relationship between customer service and customer loyalty at OUL.

## **1.6 Hypothesis of the Study**

1. There is a strong positive relationship between communication and customer loyalty.
2. Service reliability positively affects customer loyalty
3. Service responsiveness does not affect customer loyalty
4. Switching cost to other networks has a moderator effect on the relationship between customer service and customer loyalty in the telecommunication industry

## 1.7 Conceptual Framework

Figure 1:



**Source:** A conceptual framework showing the relationship between customer service and customer loyalty. Adopted and modified from Integrated Gaps model of Zeithaml (1996), Parasuraman A., Zeithaml V. & Berry L. (1985), Berry L., Parasuraman A. & Zeithaml V. (1988), and Cartwright, R (2000) *Mastering Customer Relations*. Macmillan

The conceptual framework above explains that customer service as the independent variable with the dimensions of communication; reliability and responsiveness may affect customer loyalty which is the dependent variable. *Communication* with customers is vital to delivering services because when telecom company staff takes the time to answer questions of concern to customers, it can alleviate many feelings of uncertainty. This component of service is valued highly as reflected in the in-depth interviews and influences customer loyalty levels significantly. Four items were used to measure this variable: accurate information given, interaction and relationship value. *Reliability* is defined as the knowledge and behavior of employees that convey a sense of confidence that service outcomes will match expectations. Two items (speeds received, trust and

honesty) were used to measure this variable and reflected the competence, efficiency and correctness of services provided to customers. *Responsiveness* as an important component of customer service was characterized as the willingness of the staff to be helpful and to provide prompt services. Two items were used to delineate and measure the variable: time it takes to get a response and willingness of staff to respond to customer queries. However, the conceptual framework also show the relationship between communication, reliability and responsiveness and customer loyalty could be moderated by switching costs to other networks.

### **1.8 Significance of the Study**

The results of this study were made available to primary stakeholders such as OUL management, Customer Service Representatives (CSR) of OUL, Retention and loyalty teams, plus secondary stakeholders like telecom companies, academicians and researchers. The study findings high lightened the relationship between customer service and customer loyalty. Further still this study high lightened the salient problems which affected customer loyalty.

To Researchers: Issues raised in this study may lead to the evolvment of various researchers in generating more knowledge from various perspectives. Study findings may form a basis for further research to those interested in finding more on customer loyalty in telecommunication industry.

### **1.9 Justification of the Study**

Due to the advent of computer based communication technologies, communication networks have become an important factor in global interaction. Telephones for example,

provide the basic connection for social interaction between individuals and the linkages both within and among nations. Deutsch (1953) referred this to as “a web of nations”. Today’s communication technology development ignores the global border and makes the world a “global village”. This reform of the communication technology has since been expanded to include the transformation of the traditional voice telecom into an expanded and enhanced information infrastructure, which was capable of communicating to all forms of information.

The telecommunication system has become the electronic infrastructure for transmitting all kinds of information, for instant, voice, data, graphics, video, music. It is a rapidly growing medium of communication all over the world. With the current telecommunication sector experiencing phenomenal global change with the liberalization and privatisation of the sector, the study would increase competition and opportunities for consumers to enjoy choices among the service providers.

It was generally accepted in every organization and at every level that there was need for customer service in order to achieve the objectives and targets. Therefore the relevance of the study was to increase the knowledge of the researcher about the relationship about customer service and customer loyalty on telecom industries.

### **1.10 Scope**

As regards content scope, customer service was the independent variable with the dimensions of communication, reliability and responsiveness. Customer loyalty was the dependent variable while competition from other telecom companies was the moderating variable. Geographically, this study was conducted in Orange Uganda Limited located at

Plot 28-30 Clement Hill Road, Kampala district, Uganda. Respondents included Contact centre agents, Contact centre supervisors, Customer service managers, Customer service representatives of OUL service centers in Kampala and other managers related to the study. The time scope of the study covered periods from September 2009 to September 2010. This was the period when OUL introduced the Internet/ data services. In this scope, the study was limited to the data service customers who use modems: Internet Everywhere (IEW).

### **1.11 Operational Definitions of Terms and Concepts**

**Customer:** The customer is everyone who uses a service or a product of a given company.

**Service quality:** It refers to a focused evaluation that reflects the customer's perception of elements of service such as interaction quality, physical environment quality, and outcome quality.

**Service reliability:** service reliability is the ability to perform the promised service dependably, trustworthily and accurately and can also be defined as the ability of a person or system to perform and maintain its functions in routine circumstances, as well as hostile or unexpected circumstances.

**Service responsiveness:** Service responsiveness is willingness to help customers and provide prompt service. The dimension emphasizes attentiveness and promptness in dealing with customer requests, questions, complaints and problems, the length of time they have to wait for assistance, answers to questions, or attention to problems.

**Customer loyalty** is defined as “a deeply held commitment to re-buy or repatronize a preferred product/service consistently in the future.

**Switching costs** are costs that are incurred by buyers for terminating transaction relationships and initiating a new relation.

**Churn rate:** churn refers to the proportion of contractual customers or subscribers who leave during a given time period of six months.



## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.0 Introduction**

This chapter reviews related literature, which was done according to the objectives of the study. The sub-themes were the theoretical review, conceptual review, Communication and customer loyalty at OUL, service reliability and customer loyalty at OUL, service responsiveness and customer loyalty at OUL, competition from other telecom companies and customer loyalty at OUL, and summary of literature review.

#### **2.1 Theoretical Review**

In this study, the integrated gaps model (Parasuraman, Zeithaml & Berry, 1985) was reviewed. There were four major gaps in the service quality concept, which had a direct relationship with customers and this influenced customer loyalty. Gap1: Customers' expectations versus management perceptions: because of the lack of a marketing research orientation, inadequate upward communication and too many layers of management. Gap2: Management perceptions versus service specifications: because of inadequate commitment to service quality, a perception of unfeasibility, inadequate task standardization and an absence of goal setting. Gap 3: Service specifications versus service delivery: because of role ambiguity and conflict, poor employee-job fit and poor technology-job fit, inappropriate supervisory control systems, lack of perceived control and lack of teamwork. Gap 4: Service delivery versus external communication: because of inadequate horizontal communications and propensity to over-promise.

The integrated gap model is one of the best received and most heuristically valuable contributions to the services literature (Brown & Bond, 1995). By applying the integrated gaps model, the customer was considered to be the true measure of customer service and on which the customer service and customer loyalty had influence. The discrepancy between customer expectations and their perceptions of the service delivered as result of the influences exerted from the customer side and the shortfalls (gaps) on the part of the service provider. Thus, customer expectations are influenced by the extent of personal needs, word of mouth recommendation and past service experiences, which affect customer loyalty.

### **2.1.1 Customer service**

According to Zeithaml & Bitner, (2003), services are deeds, processes and performances. Broadly, services include all economic activities whose output is not a physical product or construction is generally consumed at the time it is produced and provides added value in forms (convenience, amusement, timeliness, comfort or health) that are essentially intangible concerns of its first purchaser (Quinn, Baruch & Paquette, 1987). The Service sector consists of different dimensions and among them, the researcher picked 'wireless communication'. In this study, the focus was on the 'Internet provision at Orange Uganda Ltd as it was one of the parts of integrated wireless communication system.

Customer service is so important that companies have gone to great efforts to evaluate and keep records of service quality levels (Zeithaml, Parasuraman & Berry, 1990). According to Koska (1990) rewards can come in the form of increased market share. Given the importance of service quality to the services sector, Taylor and Baker (1994) encourage further operationalization of service quality. Service quality is defined as how

well the service meets or exceeds the customers' expectations on a consistent basis (Parasuraman et al 1985). The difficulty, however, is that service quality, unlike product quality, is more abstract and elusive, because of features unique to services: intangibility, inseparability, heterogeneity (Parasuraman et al 1985) and perishability (Kasper & Lemmink, 1989) and is therefore difficult to measure.

### **2.1.2 Customer loyalty**

Customer loyalty was used to describe the behavior of repeat customers, as well as those that offer good ratings, reviews, or testimonials. Some customers do a particular company a great service by offering favorable word of mouth publicity regarding a product, telling friends and family, thus adding them to the number of loyal customers. However, customer loyalty includes much more. It's a process, a program, or a group of programs geared towards keeping the a client happy so he or she will provide more business (Stieb, 2006). The ultimate goal of customer loyalty programs is happy customers who will return to purchase again and persuade others to use that company's products or services.

## **2.2 The Relationship between Communication and Customer Loyalty**

Morgan and Hunt (1994) proposed that communication was an antecedent of trust, along with shared values and lack of opportunistic behavior. By communication, we referred to written communications such as personalized letters, direct mail, web site interactions, other machine-mediated interactions, and e-mail, as well as in-person communication with service personnel before, during, and after service transactions. In these communications, "good" is defined as helpful, positive, timely, useful, easy, and pleasant. The service provider, in short, provides information in such a way that the customer

personally benefits with a minimum effort necessary to decode the communication and determine its utility. Such communication is often delivered in a person-to-person format.

Although the inclusion of a communication construct is new in the context of the European Customer Satisfaction Index (ECSI) model, some authors have already provided evidence that can indirectly support this assumption. In particular, findings from Lemon et al. (2001), Jones et al. (2000), Parasuraman et al. (1991) and Allen and Wilburn (2006) provide evidence that support the important role of personal relationship, personalization and customization in obtaining loyalty. In addition, Bruhn and Grund (2000) explicitly consider the construct “customer dialogue”, a conceptual proxy, but not strictly equivalent to communication. Dialogue is two-way, which is a useful way to conceptualize communication. The definition of communication deals with communication from the service provider to the consumer, but not vice versa. The researcher has included some two-way aspects of communication in complaint handling, but our construct of communication is essentially one way. Since communication is considered an independent variable in this study’s model, this is a different approach than the one assumed by authors as Bruhn and Grund where customer dialogue is considered an endogenous variable that is explained by customer satisfaction.

Other marketing scholars agreed that communication is a fundamental aspect of relationship development. Communication is the essence of coordinating behavior in any organizational setting, and marketing relationships are no exception (Hutt & Speh, 1995). Communication was said to be the glue that holds together an inter-organizational channel of distribution (Mohr & Nevin, 1990). In this study, communication was perceived as the human act of transferring a message to others and making it understood

in a meaningful way. This implied that this study focused on the efficacy of communication in producing the desired effect rather than on the frequency or modality of information exchange.

Although the relationship marketing approach emphasizes communication in terms of information exchange, conversation, and customized dialogue in the development and management of market relationships, it tends to play down the role of supplier-initiated marketing communication in the pre-relationship phase and in the phase in which customer relations are established. Moreover, the contributions are, with a few exceptions, of a descriptive or proposition-testing nature, offering little advice to the marketing practitioner. In most cases, communication was seen as an independent or mediating variable for the development of partnership success (Mohr & Spekman, 1994), for establishing trust (Anderson & Narus, 2000) or for mediating a relationship atmosphere (HalleÅn & SandstroČm, 1991).

Morgan and Hunt (1994) on the other hand emphasized that complaint handling was a special case of customer interactions. Improper and slow handling of complaints could reasonably be viewed by customers as opportunistic behavior (Morgan & Hunt, 1994), or as incompetence, thereby having a negative effect on credibility and therefore on trust (Ganesan, 1994). Complaint handling, hereafter referred to as “complaints” was already validated as an antecedent of loyalty in the ECSI model, but it was introduced as an antecedent of trust as well. Trust is logically and experientially a critical variable in relationships, as has been hypothesized and borne out in the marketing literature (Moorman et al., 1993; Morgan & Hunt, 1994). Those who are not willing to trust a vendor in a competitive marketplace are unlikely to be loyal. Trust is sometimes

conceived of having two components, performance or credibility trust and benevolence trust, as Ganesan (1994) pointed out in a business-to-business context. In this context, Ganesan found strong effects for credibility trust on customer loyalty. It was thus vital to ask whether such relationships can be found in Orange Uganda in our local settings.

Trust has been defined as the willingness to rely on an exchange partner in whom one has confidence (Ostrom, 1999) or confidence in an exchange partner's reliability and integrity (Morgan & Hunt, 2004). Chaudhuri and Holbrook (2006) define brand trust as the customer's willingness to rely on the ability of the brand to perform its stated function. Trust causes dedication because it reduces the costs of negotiating agreements (Berry, 2007) and lessens customers' fear of opportunistic behavior by the service provider (Bendapudi & Berry, 1997).

In social psychology, trust is considered to consist of two elements: trust in the partner's honesty, and trust in the partner's benevolence ('Wetzels et al., 1998). Honesty is the belief that a partner stands by his word, while benevolence is the belief that the partner is interested in the customer's welfare, and will not take actions with negative impact on the customer. In the marketing literature, Morgan and Hunt (1994) also suggest that brand trust leads to brand loyalty and commitment because trust creates exchange relationships that are highly-valued.

Communication evaluations and audits, providing performance feedback to suppliers, and supplier certification, should provide both the buyer and supplier with important information exchange that should ultimately help buyers to improve their own performance" (Krause, 2006). Service quality models mostly just observe the one specific

service episode's quality. They do not explain development of customer's perception of service quality over time when the customer keeps on using the service (Liljander & Strandvik, 1995)

Wilson and Jantrania (1995) researched about value of a relationship, which is a very useful contribution in business relationship and its success issue. In a long-term relationship with the supplier, the benefit concept takes a deeper meaning. Safety, credibility, security, continuity, to mention some, altogether increase the trust for the supplier also support and enhance customer loyalty (Ravald & Grönroos, 1996). "The customer-perceived value needs to get a deeper meaning which does not relate only to episodes, but to the expectations of the customer and the company's responsibility to meet these expectations in a long-term relationship" (Ravald & Grönroos, 1996). A company can add value to the offering by reducing the customer-perceived sacrifice (Wilson and Jantrania, 1995). Companies should look at things from the customer's perspective, and this is a core aspect in service. Orange needs a thorough understanding of the customer's value chain in order to be able to reduce the customer-perceived sacrifice. Orange should get close to the customer to be able to understand his needs, preferences and all the activities which constitute his value chain." (Wilson & Jantrania, 1995: 58).

The literature reviewed shows relationships between communication and customer loyalty in other contexts, which are not related to the telecommunication sector. Yet the first objective of this study sought to relationship in the telecommunication sector with reference OUL. Thus this study sought to fill in this gap.

### **2.3 Influence of Service Reliability on Customer Loyalty**

Anderson and Weitz (1989), again in a business-to-business context, found effects of company reputation on trust. The construct of company image includes (stability and firmly established, social contribution for society, concern with customers, reliability of what the firm says and does, innovative and forward looking). In this study, it can be argued that for a possible relationship between image not only between image and trust, on the obvious grounds that trust is to some extent built on reputation, but also for possible direct effects of image on loyalty. Thus, Anderson and Weitz have not highlighted the fact that consumers may be loyal to a firm or brand because it is viewed as having a positive image among other consumers; particularly in credence, goods and this alone may provoke some amount of unwillingness to switch.

Customer service goal was to provide increased value to the customer and results in a lifetime value for the service provider. The reason was due to the fact that, higher customer's value would raise customer satisfaction; thereby customer loyalty would be instilling; which, in turn, creates higher profit due to increased volume resulting from positive word-of-mouth and repeat purchases (Liu et al., 2000). "Customer value creation is at the heart of relationships between services recipients and service providers" (Batiz-Lazo, 2001). In order to build up a lasting and successful customer relationship the provider needs to have a deep understanding of the customer's business activities in which the customer creates value for himself (Helander & Hirvonen, 2001). The basic idea in the value creation approach was that by knowing the customer's value creation process the provider can better identify the problems that the customer has faced in his business activities (Helander & Hirvonen, 2001).



In fact, the provider can even notice above mentioned problems and concerns that the customer himself cannot see (Storbacka, Blomqvist, Dahl & Haeger 1999; cited by Helander & Hirvonen, 2001). By providing a solution to these problems, the provider can offer a more valuable relationship to the customer than other competitive providers can (Helander & Hirvonen, 2001). They introduced an analytical framework that is based on the ideas of the value creation approach. The three-phase model, the provider first needs to identify his customer's value creation process before he can aim at supporting it. This supporting should be done in a profitable way so that both the provider and the customer could benefit from that relationship (Helander & Hirvonen, 2001).

Attraction as a driver of customer commitment means something that makes the service provider interested to a given customer or the other way round so attraction can be based on financial, technology or social constructs. Consequently, even social contacts that are highly appreciated may form a source of attraction that can lead to a business relationship. If attraction exists between two parties, the basis for a relationship is developing. Indeed, understanding the role of attraction in a customer commitment decision is the key issue that little attention has been paid on it the service-marketing area (Grönroos, 2001). The firm can create trust by means of signals sent to the market: warranty, reputation, service quality or advertising and promotions (Izquierdo et al., 2003) and according to Morgan and Hunt (1994), trust will initiate relationship in consumer market.

In the service marketing literature, corporate image was first identified as an important factor in the overall evaluation of the service and the company (Bitner, 1991; Grönroos, 1984; Andreassen et al., 1998). Except image as a function of accumulation of

purchasing/consumption experience over time, most organizations also provides complex and noisy informational environments such as advertising, direct marketing in order to attract new and maintain existing customers. In the Perceived Quality Model (Andreassen et al, 1998) perceived quality is a function of expected quality (generated from market communication, image, word-of-mouth, and customer needs) and experienced quality (generated from technical quality and functional quality). Corporate image is a filter, which influences the perception of the operation of the company (Andreassen et al, 1998: 17). Customer satisfaction toward the received service, improved their attitude toward the company. This attitude will then affect the consumers' satisfaction with the organization (Andreassen et al, 1998). It is thus important to admit that image is an important factor that shapes the customer perception about the firm.

In various studies the relationship between service quality (taken in this study to imply service reliability) and customer preference loyalty had been examined (Boulding, Kalra, Staelin, & Zeithaml, 1993; Cronin & Taylor, 1992). In their study, Cronin and Taylor (1992) focused solely on repurchase intentions, whereas Boulding et al. (1993) focused on the elements of repurchasing as well as the willingness to recommend. In the study by Cronin and Taylor service quality did not appear to have a significant (positive) effect on repurchase intentions (in contrast to the significant positive impact of satisfaction on repurchase intention), whereas Boulding et al. (1993) found positive relationships between service quality and repurchase intentions and willingness to recommend.

The literature reviewed shows relationships between service reliability and customer loyalty in other contexts, which are not related to the telecommunication sector. Yet the

first objective of this study sought to relationship in the telecommunication sector with reference OUL. Thus this study sought to fill in this gap.

#### **2.4 The Effect of Service Responsiveness on Customer Loyalty**

Gilbert (1996) suggested that quality should play role of the chief facilitator to achieve the objectives of service responsiveness, such as commitment to the brand, emotional involvement, and active interaction. Service quality definitions revolve around the idea, which is the result of the comparison that customers make between their expectations about a service and their perception of the way the service has been performed (Lewis and Booms, 1983; Parasuraman et al., 1994; cited by Caruana et al., 2000). At a higher level, and from a customer's perspective, they see quality as being two-dimensional, consisting of process and output quality (Caruana et al., 2000).

Researchers have carried out a number of studies on the service quality measurement and the majority has been implied on the consumer sector by using Parasuraman's instrument modified in 1991 and some other alternatives (Gounaris, 2005). Some studies conducted service quality on the B2B context but most failed and shows that SERVQUAL is not a suitable measure for measuring service quality in the business-to-business context.

Achieving management's preferred communications objectives with each audience is the purpose of promotion in the marketing program Izquierdo et al (2005). In addition, personalized relationships as the value that customer gives to a friendly relationship with employees, to personalized treatment and to confidence on employees. Promotion strategy consists of a group of connected communications activities. it combines advertising, personal selling, sale promotion, direct marketing and public relations into an

integrated program for communicating with buyers and others who influence purchasing decisions (Cravens et al., 2003).

Marketing managers should develop creative ways to attract new customers and keep them for a long run. One of the most popular marketing tools used for this purpose is a loyalty instrument, which is found in every industry. These loyalty instruments can vary anywhere and upgrades to customers who accumulate certain levels of points to that offer in-store cards and give discounts on selected items within the store (Kumar & Petersen, 2005).

Loyalty has been largely studied in the consumer context (Dick & Basu 1994, Fournier, 1998; Oliver, Rust & Varki, 1997; Rauyruen, 2005) and service market (Fisher 2001; cited by Rauyruen, 2005). There are three main streams of research in loyalty: behavioral loyalty (Tellis 1988 cited by Rauyruen, 2005), attitudinal loyalty (Rauyruen, 2005) and composite loyalty (Rauyruen, 2005). In an early school of thought (Tucker, 1964 cited by Rauyruen, 2005) argued that behavior (past purchases of the brand/product) completely accounts for loyalty.

Consistent with this viewpoint, Rauyruen (2005) observed that in behavioral loyalty studies the focus was on interpreting patterns of repeat purchasing in primarily panel data as a manifestation of loyalty. Loyalty in this behavioral manner is believed to be stochastic not deterministic (Rauyruen, 2005). On the other hand, attitudinal concepts can be defined as providing positive word of mouth (Zeithaml et al., 1996) recommending the service to others (Zeithaml et al., 1996), and encouraging others to use the service (Bettencourt & Brown, 1997 cited by Rauyruen, 2005). There was a need to extend

classical definitions and measurement approaches of loyalty (Rauyruen, 2005). It was suggested that the attitudinal components for additional understanding of the representation of behavioral loyalty should be studied (Rauyruen, 2005).

Commitment to customers and service qualities enhance satisfaction, which leads to close and successful relationships. If we admit that, it is more profitable holding on to existing customers than winning new customers (Berry, 1995; Izquierdo et al, 2004), the company will try to achieve the satisfaction of their existing customers providing them inducement such as discounts, free products or fidelity cards. These loyalty programs are structured marketing attempts, which reward, and therefore encourage, loyal behavior.

Reinartz and Kumar (2006) advice that successful loyalty programs need to make offers to encourage customers to continue to make purchases from the company, but more important, successful loyalty programs need to manage loyalty and profitability properly. However many managers in the past have felt that the most profitable customers in the firm are the loyal ones. A recent article (Reinartz & Kumar, 2006; cited by Kumar & Peterson, 2005) shows that the most loyal customers are not necessarily the most profitable. It is a wonder if this study can conclude from the literature that loyal customers cost less to serve, loyal customers pay higher prices for the same goods, and loyal customers do more marketing on behalf of the company. These results are shown below where customers are divided into four different categories: Low profitability and short tenure, High profitability and short tenure, Low profitability and long tenure, and High profitability and long tenure (Kumar & Peterson, 2005).

One of the activities which will shape customers' long relationship is giving bonus. When the customers gain something more than what they expect it results in value and repeat-purchase rates be increased, used frequency to be loyal will be increased. Bonus includes the offer of price reductions, gifts or free services to existing customers (Izquierdo et. al, 2005). Earlier, the focus of loyalty was brand loyalty with respect to tangible goods (Cunningham, 1956, KostECKI, 1994, Tucker, 1964 cited by Caruana, 2006). Brand loyalty is defined as the proportion of a purchase of a household devoted to a brand it purchase most often.

Few studies have discussed on customer loyalty of services (Caruana, 2006). It can be said that from previous studies, commitment to customers and service quality will enhance satisfaction, which leads to close and successful relationships. If we admit that it is more profitable holding on to existing customers than winning new customers, the firm will try to achieve the satisfaction of their existing customers with providing incentives for them such as discounts, free of charge consultancy, and providing customization on service. These loyalty programs are structured marketing efforts, which reward and encourage loyal behavior (Izquierdo et al., 2005). In this study, these loyalty programs are used: Bonus, Personal Contact, Satisfaction and Complaint (Izquierdo et al.).

The literature reviewed shows relationships between service responsiveness and customer loyalty in other contexts, which are not related to the telecommunication sector. Yet the first objective of this study sought to relationship in the telecommunication sector with reference OUL. Thus this study sought to fill in this gap.

## **2.5 Moderator effect of Switching Costs on Relationship between Customer Service and Customer Loyalty**

Switching costs are costs that are incurred by buyers for terminating transaction relationships and initiating a new relation. Porter (1980) defined Switching cost as a onetime cost facing a buyer wishing to switch from one service provider to another. Jackson (1985), however, defined switching cost as the psychological, physical and economic costs a customer faces in changing a supplier. Jackson's definition reflects the multi-dimensional nature of switching cost, especially as relates to the telecommunication industry.

In the telecommunication sector, there are a number of critical costs that must be considered when switching. These include the costs of informing others of the change (friends, colleagues and business associates), the cost of acquiring new lines, cost associated with breaking long standing relationships with a service provider, cost of learning any new procedures in dealing with the new service provider and cost of finding new service provider with comparable or higher value than the existing firm. Apart from these, there is time and psychological effort of facing uncertainty with the new service provider (Dick and Basu, 1994; Guiltina, 1989).

Consequently, switching cost is more pronounced in mobile telecommunication because mobile telecommunication companies spread high fixed costs over an installed customer base. Departing customer, therefore, lowers future revenue streams, but not fixed costs. Even for new customers, it is argued that it costs more to acquire new customers than to prevent them from defecting (Zeithaml, Berry and Parasuraman, 1996). An inquiry into customers' deflection and its attendants cost promised to be a profitable exercise.

It is argued that switching is related to reaction to high price (Gerrard & Cunningham, 2004); and customer satisfaction (Bowen & Chen, 2001). Some other researchers, however, had different argument. There is an argument in literature of the benefits of switching cost to prevent consumers from switching service providers (Keaveney & Parthasarathy, 2001).

In terms of classification, Burnham, Frels and Mahajan (2003), classified switching cost as procedural, financial, and relational switching costs. These costs were found to be negatively correlated to consumers' intention to switch service providers. The effect of customers' defection or switching could be significant on revenues and service continuity. Therefore, to reduce the level of customers switching to other service providers in a dynamic competitive environment, service providers develop strategies to respond to consumers' switching cost (Zauberan, 2003).

More importantly, time is found to be a critical factor that influence consumers' switching costs and lock-in (Zauberan, 2003). Empirical evidence, however, showed that reducing customer defections by five per cent increased profit by seventy five per cent and that defections have a stronger impact on profitability than market share, unit costs and many other factors usually associated with competitive advantages (Reichheld & Sasser, 1990). Furthermore, a number of factors have been identified in literature as determinants of switching costs some of these are: poor service quality; price; customer dissatisfaction (Bowen & Chen, 2001).



Cunningham (2004) however found that price has an overwhelming effect on switching cost in insurance and banking industries. Brand trust is also found to increase customers' commitment and this makes customers' propensity to switch weaker (Morgan & Hunt, 1994). Other reasons identified in literature to influence switching cost include seeking variety, impulse and situational context.

Jones, Mothersbaugh and Beatty (2000) suggested that switching costs are determinants themselves in determining switching. Whereas, Bumham et al (2003) investigation in cross- industry indicate that switching cost such as monetary loss and uncertainties with the new service provider deter consumers from switching to other service providers despite dissatisfaction. Reference and peer group expectations, norms and pressure for conformity could also discourage customers from switching through peers, expectation, norms and conformity (Yi & Jeon, 2003).

### **2.5.1 Customer charter and customer loyalty**

A customer charter sets the standards for a company regarding customer service (Johnson, 2008; Meadows, 2009). A charter is shared with all employees so they work under the customer charter to ensure the best customer service possible. It explains different areas customers can expect service. Customer service goes beyond listening and helping customers, but to other sectors such as information and privacy (Meadows, 2009). Johnson (2008) argues that all customers of a company have access to the customer charter. This may be through online or a physical copy. Regardless, customers expect the information laid out in the customer charter and it is a company's responsibility to comply. A customer service charter is a framework of how businesses work with customers in terms of excellence, payment, response times and overall standards. Companies always have competing entities, and the customer service charter is something that allows them to stand out over the competition.

Customer service charters often begin with an overview of the company and its mission. This is when the company states what its goals are and how they relate to the customer. They are reassurance for customers that the company will deliver exemplary service and refund money when there is a legitimate dispute about quality of a product or service (Meadows, (2009). These charters are usually posted on company websites and made available in stores where customers physically go to buy.

The literature reviewed shows effects between switching cost on the relationship between customer service and customer loyalty in other contexts, which are not related to the telecommunication sector. Yet the first objective of this study sought to relationship in the telecommunication sector with reference OUL. Thus this study sought to fill in this gap.

## **2.6 Summary of Literature Review**

The literature has shown that one common characteristic was that most studies were gathered from the top tier marketing journals. Studies in telecom-related research in Africa were very few. Moreover, studies analyzed the US, British, French, Iranian, Chinese and other Asian markets. Studies also analyzed one domestic market thus, it was difficult to generalize literature across countries. The common characteristic of all studies was that the main research question addressed was the conceptualization of customer satisfaction and/or its antecedents and consequences.

The studies reviewed endogenous variables. The role of exogenous variables, such as the level of competition, geographical location of the firm or other macro-economic conditions that could affect the ability of both customer relationship sides to develop quality relationships, are not considered by customer service studies. Additionally many studies stress the importance of variables such as trust, commitment, communication and responsiveness. They however do not show how these variables specifically affect customer loyalty particularly to telecom products or services. Customers are always loyal to their brands or organizations based on different reasons. Therefore the researcher's area of concern was to investigate the relationship between customer service and customer loyalty by the organization of their choice.

## **CHAPTER THREE**

### **METHODOLOGY**

#### **3.0 Introduction**

This chapter reviews the methodology which was used to carry out the study. It discusses the research design, the study population and the data collection methods, procedure of data collection methods, data collection instruments, data analysis and measurement of variables.

#### **3.1 Research Design**

The study used a case study research design, which was cross sectional in nature. A case study was adopted because according to Amin (2005), it allows the researcher to focus on one unit of the study, which in this study was OUL, to enable an in-depth study of issues being investigated. This study used a cross sectional survey because according to Amin (2005), with this survey, a large group of respondents can be targeted to obtain the required information without making a follow up of the respondents once information from them is obtained. The study adopted both quantitative and qualitative approaches, which were triangulated. Quantitative approach was used to quantify incidences in order to describe current conditions and to investigate the relationship between the independent and dependent variables based on the information gathered from the questionnaire. The qualitative approach helped to get textual data, which was used to complement the quantitative data from questionnaires and thus enriched the interpretation of findings (Amin, 2005).

### **3.2 Study Population**

The population was heterogeneous in nature comprising of both male and female respondents. Total population at the point of study was 110 people (OUL Human Resource Manual, 2009). These included staff of OUL in Kampala district like contact centre agents, contact centre supervisors, customer service managers, customer service representatives who had face to face interactions with the customers and other managers related to the study. The population was divided into mutually exclusive groups that were relevant, appropriate and meaningful in context of the study (Sarantakos, 2005). The population of interest was defined as the top managers, business managers or marketing managers of OUL departments, which provided Internet service.

### **3.3 Sample Size and Selection**

A sample is a subset of population (Senkaran, 2003). Ninety (90) out of 110 employees representing 81.8% were selected. The key informants were purposively selected. Using purposive sampling technique, the researcher chose informants that were thought to have the desired information with respect to the objectives of the study. As noted by Serakan (2003), a sample is selected using a scientific approach by considering the population and a sampling error of  $\pm 5\%$ . These included top managers, supervisors, department heads and marketing staff related to the study by virtue of their designation and experience. Using snowball sampling, the researcher involved key informants to name other people who were contacted to give better understanding of aspects in this study.

**Table 1: Respondents by category and sample**

<b>Category</b>	<b>Population</b>	<b>Sample</b>	<b>Sampling method</b>
Contact centre agents	65	56	Simple random
Customer service representatives	25	24	Purposive sampling
Customer service managers	10	10	Census
Marketing staff	10	10	Census
<b>Total</b>	<b>110</b>	<b>90</b>	

**Source:** Adopted and modified from Krejcie & Morgan (1970) table for determining a sample size in a given population cited in Amin (2005).

### **3.3.1 Sampling Methods**

The study used simple-random sampling to select the contract center agents to participate in the study. Simple random sampling was used for this category of respondents because their population was too big and thus each individual was chosen entirely by chance and each had an equal chance of being included in the sample. This helped to avoid bias in their selection given that every contract center agent had the same chance of selection. Marketing staff and customer service managers were selected by census. This was because their population was too small and thus the entire population for these category of respondents was selected. Twenty four Customer service representatives were selected using purposive sampling technique because it only included people of interest and excluded those who did not suit the purpose.

### **3.4 Sources of Data Collection**

The study utilized both primary and secondary sources of data in qualitative and quantitative methods. The primary source provided first hand data directly from respondent through questionnaires, interviews, and observations while secondary source provided secondary data from records of OUL, other records in other libraries and use of

documentary review, which helped to back up data from primary sources in order for the researcher to draw valid conclusions and recommendations.

### **3.5 Data Collection Methods**

Two types of data collection methods were used in the study. These included quantitative and qualitative data collection methods. The quantitative and qualitative data collection methods relied on structured data collection instruments and these mainly constituted survey and face-to-face interviews, which are briefly explained in the following subsections:

#### **3.5.1 Questionnaire survey method**

Self-administered questionnaires (SAQs) were used to collect quantitative data from the agents, customer service representatives and marketing staff at OUL. SAQs were used for these category of respondents to save on time given that they were many and thus could not be interviewed and because they could read and write in English and thus fill in the questionnaires by themselves without any assistance.

#### **3.5.2 Face-to-face interviews**

Face-to-face interviews were used to collect data from managers because they enabled the researcher to establish rapport with the respondents and therefore gain their cooperation. They also allowed the researcher to clarify ambiguous answers and obtain in-depth information through probing.

### **3.5.3 Documentary review**

Several documents containing information related to the area of study were reviewed to obtain as much information as possible. Literature was reviewed based on the objectives of the study. Some of the documents reviewed included journals, textbooks, reports and research papers (Amin, 2005).

## **3.6 Data Collection Instruments**

### **3.6.1 Questionnaires**

Questionnaires were administered in different ways depending on the amount of contact with the respondents. In this study, 90 questionnaires were administered. The questionnaires were self-administered and contained closed-ended questions. In other words, the questionnaire contained a list of all possible alternatives from which respondents selected answers that best suits the situation (Mugenda & Mugenda, 1999).

### **3.6.2 Interview guide**

A semi structured interview guide was used to conduct face to-face interviews with key informants in order to allow them further express themselves in a more detailed way and it helped to complement results from the questionnaire. It was mainly guided by questions with probes in order to gather qualitative information.

### **3.6.3 Documentary review checklist**

The check list consisted of key words which assisted in locating the necessary documents in the library, internet, and at OUL offices.



### 3.7 Data Collection Controls

#### 3.7.1 Validity

Validity of an instrument refers to the extent to which it measures what it claims to measure (Mugenda & Mugenda, 2003). In this study, face validity and content validity of the instruments were considered. The validity of the questionnaire was checked using Content Validity Index (CVI). The CVI of the questionnaire was 0.75 (see appendix 4), which was above the recommended CVI of 0.70 (Amin, 2005). Thus, the questionnaire was considered suitable for collecting data.

#### 3.7.2 Reliability

Reliability can be defined as the degree to which measurements give consistent results. In other words, reliability concerns the extent to which an experiment, test, or any measuring procedure yields the same results on repeated trials (Carmines & Zeller, 1979). The researcher established the reliability of the questionnaire by pilot-testing the questionnaires using 20 respondents and the data was subjected to reliability using Cronbach alpha method as shown in Table 2 as extracted from appendix 4.

**Table 2: Reliability of the questionnaire**

<b>Variables</b>	<b>Alpha</b>	<b>No. of items</b>
Communication variable	.759	5
Reliability variable	.675	5
Responsiveness	.60	4
Customer loyalty	.824	4

Since the reliability coefficients were above the recommended Cronbach's Alpha Coefficient at 0.6 (Chinn, 1991), the questionnaire was considered reliable for data collection.

As for qualitative, the consistency of data was achieved when the steps of the research were verified through examination of such raw data, data reduction, and process notes (Campbell, 1996).

### **3.8 Data Collection Procedure**

The researcher started the study after seeking and obtaining permission from Uganda Management Institute to conduct research at Orange Uganda Ltd. The researcher then contacted the Chief Operations Officer to be allowed to carry out the research in the company. The sampled departments were visited and the heads of department plus employees were informed about the study. The purpose of the study was explained and confidentiality was observed and assured to the respondents. The questionnaires were self-administered to the respondents and were collected after respondents filled them. In addition, interviews were scheduled and the interview guide was used on the key informants after explaining to them the purpose of the study.

### **3.9 Data Analysis**

#### **3.9.1 Measurement of variables**

The study used the likert scale in the questionnaire (1 - Strongly agree, 2 - Agree, 3 - Not sure, 4 - Disagree, 5 - Strongly disagree) to evaluate the study variables. Triangulation technique that facilitates validation of data through cross verification of more than two sources was employed. The purpose of triangulation in both quantitative and qualitative data was to increase credibility and validity of results.

### **3.9.2 Quantitative data analysis**

#### **Descriptive statistic**

Raw data was collected, sorted, coded, edited and condensed into systematically comparable data. Data analysis was done using the Statistical Package for Social Scientists (SPSS), which helped to summarize the coded data and this facilitated quick interpretation of the results. Descriptive statistics were presented using frequency tables and included frequencies and percentages.

#### **Inferential statistics**

The study adopted Spearman correlation analysis to establish the relationships between two or more variables or sets of variables (Cohen & Cohen, 1983). In this study, bivariate correlations were used to establish significance, direction, and magnitude of the relationship in the variables. A correlation coefficient of +1 indicates that two variables are perfectly related in a positive linear sense, a correlation coefficient of -1 indicates that two variables are perfectly related in a negative linear sense and a coefficient of 0 indicates that there is no linear relationship between the two variables. In addition, to the correlation coefficient, a coefficient of determination was computed where the cause effect was required, that is hypothesis 2 and 3.

### **3.9.3 Qualitative data analysis**

In qualitative data, an objective coding scheme was applied to data in the process commonly known as Content Analysis. Potential themes, categories, and patterns were closely examined to see how they actually emerged from the data in relation to the objectives of the study. Qualitative data analysis utilized words to make narrative statements on how categories or themes of data were related. Once the themes, categories

and patterns were established, data was evaluated and analyzed to determine the adequacy, credibility, usefulness and consistency of the information.

## **CHAPTER FOUR**

### **PRESENTATION, ANALYSIS AND INTERPRETATION OF FINDINGS**

#### **4.0 Introduction**

This chapter reviews the results of the study. It is divided into four major sections. The first section presents results about the biodata of respondents. The second section presents results about the relationship between communication and customer loyalty at OUL. The third section presents results about the influence of service reliability on customer loyalty at OUL. The fourth section presents results about the effect of service responsiveness on customer loyalty at OUL.

#### **4.1 Response Rate**

The percentage of people who respond to a study is called the response rate. This rate is important, and should not be left to chance. High study response rates help to ensure that the study produces accurate, useful results. Out of 90 respondents, 89 participated in this study. Thus, the response rate was 99%, which implied that findings obtained from the sample were representative and useful results.

#### **4.2 Biodata on Respondents**

The biodata that was presented to the respondents included their age, sex, period they had been associated with OUL and whether OUL had customer care programmes. The importance of this biodata information was to establish whether the sample that participated in this study was representative of the population from which it was drawn. This helped to justify the findings of the sample were representative of that population from which the sample was drawn. Findings are presented in Table 1 followed with an analysis and interpretation of the results.

**Table 3: Distribution of respondents on items about biodata**

<b>Age Bracket of respondents</b>	<b>Frequency</b>	<b>Percent</b>
Under 25 years	41	46
25-30 years	23	26
31-40 years	17	19
above 40 years	8	9
Total	89	100
<b>Sex of respondents</b>	<b>Frequency</b>	<b>Percent</b>
Male	46	52
Female	43	48
Total	89	100
<b>Period respondents have been associated with OUL</b>	<b>Frequency</b>	<b>Percent</b>
Less than 1 year	40	45
1-2 years	37	42
Above 2 years	12	13
Total	89	100
<b>Orange Uganda has customer care programmes</b>	<b>Frequency</b>	<b>Percent</b>
Strongly agree	52	58
Agree	34	38
Not sure	3	3
Disagree	0	0
Total	89	100

*Source: Field*

From Table 1, it is shown that nearly half of the respondents (46%) were aged under 25 years. This implies that over half of the respondents were aged 25 years and above. These findings reflected that the age distribution of employees at OUL where most of the employees are aged 25 years and above. According to OUL Human Resource Manual (2009) most of the contact centre agents are fresh graduates and these are usually aged 25 years and below. They constituted the biggest proportion of the targeted sample and thus explained why nearly half of the respondents were aged under 25 years. Given that most respondents were aged 25 years and above, they were mature and thus were able to understand the questions about the study variables and provide the required information. Relating to the sex of respondents, findings show that there were more male respondents

(52%) who participated in the study compared to female respondents (48%). These findings reflected the composition of employees at OUL and therefore findings obtained from the sample were not gender biased. Thus, information obtained from the respondents about the study variables was not gender biased. As for the period respondents had been associated with OUL, findings showed that most respondents (87%) had been associated with OUL for a period not more than 2 years. This was likely to compromise the findings of this study in that most respondents were not knowledgeable about the issues that the study sought. However, when asked whether OUL had customer care programmes, findings rested this fear as most respondents (96%) responded positively indicating that they were knowledgeable about the issues the study sought with regard to the study objectives.

### **4.3 Results about the Relationship between Communication and Customer Loyalty**

#### **4.3.1 Findings about communication**

Five items about communication were presented to the respondents and were requested to indicate their response using the following five-point Likert scale: “Strongly agree”, “Agree”, “Not sure”, “Disagree”, and “Strongly disagree”. The items were presented in the first column of Table 3 and the proportion of the respondents to the responses on each of the items was presented in form of frequencies and percentages in columns 2 to 6. The last column presented the total number and percentage of respondents on each of the items. The analysis and interpretation of the findings about communication followed the presentation of findings in Table 3 extracted from appendix 6.

**Table 4: Distribution of respondents on items about communication**

<b>Items about communication</b>	<b>Concurred</b>	<b>Not sure</b>	<b>Opposed</b>	<b>Total</b>
1. Customer service representatives provide accurate information	71 (79%)	12 (13%)	6 (7%)	89 (100%)
2. When OUL promises to do something by a certain time, they do it	66 (74%)	21 (24%)	2 (2%)	89 (100%)
3. OUL communicates when there's a service breakdown	58 (65%)	24 (27%)	7 (8%)	89 (100%)
4. OUL conducts market survey to determine what customers require	46 (51%)	31 (35%)	12 (14%)	89 (100%)
5. We receive warning sms before disconnection	44 (49%)	35 (39%)	10 (11%)	89 (100%)

*Source: Field*

To analyze the findings, respondents who strongly agreed and those who agreed were combined into one category of respondents who “concurred” with the items. In addition, respondents who strongly disagreed and those who disagreed were combined into another category of respondents who “opposed” the items. Thus, three categories of respondents were compared, that is “respondents who concurred with the items”, respondents who were not sure about the items” and respondents who opposed the items. The proportions of these categories were compared to for interpretation.

Findings show that more respondents (79%) concurred that customer service representatives provide accurate information compared to 7% who opposed and 13% who were not sure. In addition, more respondents (74%) concurred that when OUL promised to do something by a certain time, they would do it compared to 2% who opposed and 24% who were not sure. Furthermore, more respondents (65%) concurred that OUL communicates when there is a service breakdown compared to 8% who opposed and 27% who were not sure. Findings also show that more respondents (51%) concurred that OUL conducts market survey to determine what customers required compared to 14% who opposed and 35% who were not sure. Lastly, more respondents (49%) concurred that they



received warning sms before disconnection compared to 11% who opposed and 39% who were not sure.

Apart from the findings from the questionnaire, the following findings were from the interviews when interviewees were asked whether staff were regularly trained on customer service management. In response, one Customer Service Manager had this to say:

Services are heavily people-based, requiring various interactions with the customers. In addition, since provision and consumption of services are taking place at the same time, little or no possibility of supervision exists before the service delivery. Due to those unique characteristics of services, training in of staff in communicating with customers has central in OUL.

Interviews from the Customer Service Manager and three Marketing staff expressed similar negative views about communication at OUL. As regarding customer service OUL provided in respect to communication, service reliability and service responsiveness, and this is what the second Customer Service Manager had to say:

One of the main hurdles in streamlining service provision is that the customer initiates most communication. However, the response to the customer has been disappointing in that because sometimes customers call to get feedback in vain. The more times a customer has to call to resolve a problem or obtain information, the more he or she becomes frustrated or dissatisfied with the business.

Thus, from the above results, the following was the interpretation of the results. Given that some respondents held a positive view of communication while others held a negative view, this implied that communication at OUL was not effective.

#### **4.3.2 Findings about customer loyalty**

Four items about customer loyalty were presented to the respondents who were requested to respond using the following five-point Likert scale: “Strongly agree”, “Agree”, “Not sure”, “Disagree”, and “Strongly disagree”. The items were presented in the first column

of Table 4 and the proportion of the respondents to the responses on each of the items was presented in form of frequencies and percentages in columns 2 to 6. The last column presented the total number and percentage of respondents on each of the items. The analysis and interpretation of the findings about customer loyalty followed the presentation of findings in Table 4 extracted from appendix 7.

**Table 5: Distribution of respondents on items about customer loyalty**

Items about customer loyalty	Concurred	Not sure	Opposed	Total
1. Most of the OUL customers have spent a short time using the company's services	71 (79%)	12 (13%)	6 (7%)	89 (100%)
2. OUL has lost many customers to competing companies	68 (76%)	11 (12%)	10 (11%)	89 (100%)
3. Most OUL customers spend little time on its network	71 (79%)	15 (17%)	3 (3%)	89 (100%)
4. Most customers are likely to repurchase OUL services	3 (3%)	14 (16%)	72 (81%)	89 (100%)

*Source: Field*

Findings revealed that more respondents (79%) concurred that most of the OUL customers have spent a short time using the company's services compared to 7% who opposed and 13% who were not sure. Furthermore, more respondents (76%) concurred that OUL had lost many customers to competing companies compared to 11% who opposed and 12% who were not sure. In addition, more respondents (79%) concurred that most OUL customers spent little time on the network compared to 3% who opposed and 17% who were not sure. Lastly, Few respondents (3%) concurred that most customers were likely to repurchase OUL services compared to 81% who opposed and 16% who were not sure. The following was obtained from the interview with a third Customer Service Manager when asked what he had to say about customer loyalty at OUL responded thus;

Customers are not satisfied with the services provided by the OUL as promised and handling speed of solving the problem. Customers are not confident that OUL will fulfill the customers' interests.

Three other Customer Service Manager and five Marketing staff also held a similar view. Thus, the above findings showed that most of the time there was high customer loyalty for OUL's services although this was sometimes compromised given that some respondents held a negative view on questions related to customer loyalty.

A further analysis was conducted to establish whether the two variables i.e. Customer service and Customer Loyalty were related to one another. Findings are presented in the following sub section.

#### 4.3.3 Relationship between communication and customer loyalty

The first hypothesis stated, "*There is a strong positive relationship between communication and customer loyalty*". Spearman correlation coefficient (*rho*) was used to determine the strength of the relationship between communication and customer loyalty. The sign of the coefficient (positive or negative sign) was used to determine the change in direction in the relationship between communication and customer loyalty. Lastly, the significance of the coefficient (p) was used to test the relationship between communication and customer loyalty by comparing it to the critical significance level at (0.05). Table 5 presented the test results.

**Table 6: Relationship between communication and customer loyalty**

	Communication
Customer loyalty	$\rho = .846^{**}$ $p = .000$ $n = 89$

\*\* Correlation is significant at the 0.01 level (2-tailed).

**Source:** Field

Findings show that there was a very strong positive correlation ( $r = .846$ ) between communication and customer loyalty. These findings were subjected to a test of significance ( $p$ ) and it is shown that the significance of the correlation ( $p = .000$ ) is less than the recommended critical significance at 0.05. Thus, then the relationship was significant. Because of this, the hypothesis “*There is a strong positive relationship between communication and customer loyalty*” was accepted. This implies that communication was positively and strongly related to customer loyalty.

The very strong correlation implied that a change in communication was related to a very big change in customer loyalty. The positive nature of the correlation implied that the change in communication and customer loyalty was in the same direction whereby better communication was related to more customer loyalty and vice versa.

#### **4.4 Results about the Influence of Service Reliability on Customer Loyalty**

Descriptive findings in the form of frequencies and percentages on service reliability were presented first before statistical testing.

##### **4.4.1 Findings about service reliability**

Five items about service reliability were presented to the respondents who were requested to respond using the following five-point Likert scale: “Strongly agree”, “Agree”, “Not sure”, “Disagree”, and “Strongly disagree”. The items were presented in the first column of Table 6 and the proportion of the respondents to the responses on each of the items was presented in form of frequencies and percentages in columns 2 to 6. The last column presented the total number and percentage of respondents on each of the items. The

analysis and interpretation of the findings about service reliability followed the presentation of findings in Table 6 extracted from appendix 8.

**Table 7: Distribution of respondents on items about service reliability**

Items about service reliability	Concurred	Not sure	Opposed	Total
1. OUL provides fast internet speeds	83 (93%)	6 (7%)	0 (0%)	89 (100%)
2. OUL network is reliable	87 (98%)	2 (2%)	0 (0%)	89 (100%)
3. OUL has ability to offer assured data services	65 (73%)	24 (27%)	0 (0%)	89 (100%)
4. OUL is honest and trustworthy	69 (78%)	19 (21%)	1 (1%)	89 (100%)
5. We are accessible at all touch points	46 (51%)	23 (26%)	20 (22%)	89 (100%)

*Source: Field*

Table 6 shows that more respondents (93%) concurred that OUL provides fast internet speeds compared to 0% who opposed and 7% who were not sure. In addition, more respondents (98%) concurred that OUL network was reliable compared to 0% who opposed and 2% who were not sure. Furthermore, more respondents (73%) concurred that OUL has ability to offer assured data services compared to 0% who opposed and 27% who were not sure. Findings also shown that more respondents (78%) concurred that OUL was honest and trustworthy compared to 1% who opposed and 21% who were not sure. Lastly, more respondents (51%) concurred that they were accessible at all touch points compared to 22% who opposed and 26% who were not sure.

Thus, from the findings, it revealed that more respondents had a positive opinion about all items related to service reliability. The implication of these findings was that although in most cases there was service reliability, there were few instances where it was

compromised. Having established service reliability at OUL, the next step was to determine whether it influenced customer loyalty. Findings are presented in the following sub section.

#### 4.4.2 Influence of service reliability on customer loyalty

The second hypothesis stated, “*Service reliability positively affects customer loyalty*”. Spearman correlation coefficient ( $\rho$ ) was used to determine the strength of the relationship between service reliability and customer loyalty. The sign of the coefficient (positive or negative sign) was used to determine the change in direction in the relationship between service reliability and customer loyalty. The significance of the coefficient (p) was used to test the relationship between service reliability and customer loyalty by comparing it to the critical significance level at (0.05). The n represents the sample size used in computing the significance of the correlation. Lastly, the coefficient of determination ( $\rho^2$ ) was used to determine the influence of service reliability on customer loyalty. Table 7 presents the test results.

**Table 8: Influence of service reliability on customer loyalty**

	Service reliability
Customer loyalty	$\rho = .250^*$ p = .018 n = 89
	$\rho^2 = .063$

\* Correlation is significant at the 0.05 level (2-tailed).

**Source:** Field

Findings revealed that there was a weak positive correlation ( $r = .250$ ) between service reliability and customer loyalty. Since the correlation does not indicate causal effect in terms of the percentage variance in the dependent variable caused by the independent variable, a coefficient of determination ( $\rho^2 = .063$ ), which is a square of the correlation

coefficient was computed. The coefficient of determination was expressed into percentage to determine the effect of service reliability on customer loyalty. This revealed that service reliability accounted for 6.3% of variance in customer loyalty.

These findings were subjected to a test of significance ( $p$ ) and it is shown that the significance of the correlation ( $p = .018$ ) is less than the recommended critical significance at 0.05. Thus, then the effect of service reliability on customer loyalty was significant. Because of this, the hypothesis “*Service reliability positively affects customer loyalty*” was accepted. Thus, it can be concluded that service reliability accounted for 6.3% of variance in customer loyalty.

The weak correlation implied that a change in service reliability was related to a small change in customer loyalty. The positive nature of the correlation implied that the change in service reliability and customer loyalty was in the same direction whereby better service reliability was related to more customer loyalty and vice versa.

#### **4.5 Results about the Effect of Service Responsiveness on Customer Loyalty**

Descriptive findings in the form of frequencies and percentages on service responsiveness were presented first before statistical testing.

##### **4.5.1 Findings about service responsiveness**

Four items about service responsiveness were presented to the respondents who were requested to respond using the following five-point Likert scale: “Strongly agree”, “Agree”, “Not sure”, “Disagree”, and “Strongly disagree”. The items are presented in the first column of Table 8 and the proportion of the respondents to the responses on each of

the items is presented in form of frequencies and percentages in columns 2 to 6. The last column presented the total number and percentage of respondents on each of the items. The analysis and interpretation of the findings about service responsiveness followed the presentation of findings in Table 8 extracted from appendix 9.

**Table 9: Distribution of respondents on items about service responsiveness**

Items about service responsiveness	Concurred	Not sure	Opposed	Total
1. When customers have problems, customer service representatives are sympathetic and reassuring	68 (76%)	11 (12%)	10 (11%)	89 (100%)
2. Employees are always willing to help customers	71 (80%)	15 (17%)	3 (3%)	89 (100%)
3. Employees of OUL are too busy to respond to customer requests promptly	3 (3%)	14 (16%)	72 (81%)	89 (100%)
4. Customers are provided with timely feedback	68 (76%)	15 (17%)	6 (6%)	89 (100%)

*Source: Field*

Findings show that more respondents (76%) concurred that when customers have problems, customer service representatives are sympathetic and reassuring compared to 11% who opposed and 12% who were not sure. In addition, more respondents (80%) concurred that employees were always willing to help customers compared to 3% who opposed and 17% who were not sure. However, fewer respondents (3%) concurred that employees of OUL are too busy to respond to customer requests promptly compared to 81% who opposed and 16% who were not sure. Lastly, more respondents (76%) concurred that customers are provided with timely feedback compared to 6% who opposed and 17% who were not sure.

Therefore, these findings reveal that more respondents held a positive view on items about service responsiveness at OUL. Despite this, it can be deduced that although service responsiveness at OUL was better, there were few instances where it was



compromised. Having established this, an analysis was conducted to establish if service responsiveness affected customer loyalty at OUL. Findings were presented in the following sub section.

#### 4.5.2 Effect of service responsiveness on customer loyalty

The third hypothesis stated, “*Service responsiveness does not affect customer loyalty*”. Spearman correlation coefficient ( $\rho$ ) was used to determine the strength of the relationship between service responsiveness and customer loyalty. The sign of the coefficient (positive or negative sign) was used to determine the change in direction in the relationship between service responsiveness and customer loyalty. The significance of the coefficient ( $p$ ) was used to test the relationship between service responsiveness and customer loyalty by comparing it to the critical significance level at (0.05). The  $n$  represents the sample size used in computing the significance of the correlation. The  $n$  represents the sample size used in computing the significance of the correlation. Lastly, the coefficient of determination ( $\rho^2$ ) was used to determine the influence of service responsiveness on customer loyalty. Table 8 presents the test results.

**Table 10: Effect of service responsiveness on customer loyalty**

	Service responsiveness
Customer loyalty	$\rho = .451^*$ $p = .000$ $n = 89$
	$\rho^2 = .203$

\* Correlation is significant at the 0.05 level (2-tailed).

**Source:** Field

Findings show that there was a moderate positive correlation ( $r = .451$ ) between service responsiveness and customer loyalty. Since the correlation does not indicate causal effect in terms of the percentage variance in the dependent variable caused by the independent

variable, a coefficient of determination ( $\rho^2 = .203$ ), which was a square of the correlation coefficient was computed. The coefficient of determination was expressed into percentage to determine the effect of service responsiveness on customer loyalty. This revealed that service responsiveness accounted for 20.3% of variance in customer loyalty.

These findings were subjected to a test of significance (p) and it was shown that the significance of the correlation ( $p = .000$ ) was less than the recommended critical significance at 0.05. Thus, then the effect of service responsiveness on customer loyalty was significant. Because of this, the hypothesis “*Service responsiveness does not affect customer loyalty*” was rejected. Thus, it can be concluded that service responsiveness accounted for 20.3% of variance in customer loyalty.

The moderate correlation implied that a change in service responsiveness was related to a moderate change in customer loyalty. The positive nature of the correlation implied that the change in service responsiveness and customer loyalty was in the same direction whereby better service responsiveness was related to more customer loyalty and vice versa.

#### **4.6 Moderator Effect of Switching Cost to Other Networks on the Relationship between Customer Service and Customer Loyalty**

The fourth hypothesis stated, “*Switching cost to other networks have a moderator effect on the relationship between customer service and customer loyalty in the telecommunication industry*”. A partial correlation coefficient (r) was used to determine the strength of the relationship between service responsiveness and customer loyalty. The

sign of the coefficient (positive or negative sign) was used to determine the change in direction in the relationship between service responsiveness and customer loyalty. The significance of the coefficient (p) was used to test the relationship between service responsiveness and customer loyalty by comparing it to the critical significance level at (0.05). The df represents the degree of freedom used in computing the significance of the correlation. Lastly, the coefficient of determination ( $r^2$ ) was used to determine the influence of service responsiveness on customer loyalty. Table 9 presents the test results.

**Table 11: Moderator Effect of Switching Cost to Other Networks on the Relationship between Customer Service and Customer Loyalty**

	Communication after controlling for the moderating variable	Service reliability after controlling for the moderating variable	Responsiveness after controlling for the moderating variable
Customer loyalty	r = .913** p = .000 df = 86	r = .382** p = .000 df = 86	r = .427** p = .000 df = 86
	$r^2 = .834$	$r^2 = .146$	$r^2 = .182$

\* Correlation is significant at the 0.05 level (2-tailed).

*Source: Field*

Findings show that controlling the moderating variable, the correlation between communication and customer loyalty increased from .846 (see Table 4) to .913 and that between service reliability and customer loyalty increased from .250 (see Table 6) to .382. However, the correlation between service responsiveness and customer loyalty decreased from .451 (see Table 8) to .427.

All these findings were significant given the significant values (p = 000) were all less than the recommended critical significance at 0.05. Thus, it the fourth hypothesis that “Switching cost to other networks have a moderator effect on the relationship between customer service and customer loyalty in the telecommunication industry” was accepted.

In other words, switching cost to other networks have increased the effect on the relationship between communication and customer loyalty and between service reliability and customer loyalty but decreased the relationship between service responsiveness and customer loyalty.

## **CHAPTER FIVE**

### **SUMMARY, DISCUSSION, CONCLUSIONS AND RECOMMENDATIONS**

#### **5.0 Introduction**

This chapter presents the summary, discussion, conclusions and recommendations. It is divided into three major sections. The first section presents the summary according to the objectives of the study. The second section presents the discussions according to the objectives of the study. The third section presents conclusions drawn from findings and discussions. The four section presents the recommendations.

#### **5.1 Summary**

##### **5.1.1 The Relationship between Communication and Customer Loyalty**

The study established that there was a strong positive relationship between communication and customer loyalty, whereby better communication was related to more customer loyalty and vice versa. In particular, the study established that although communication OUL was effective it had some problems. This explained why customer loyalty to OUL's services was not very high.

##### **5.1.2 Influence of service reliability on customer loyalty**

There was a weak positive relationship between service reliability and customer loyalty whereby better service reliability was related to more customer loyalty and vice versa. Service reliability accounted for 6.3% of variance in customer loyalty. In particular, the study found out that although in most cases there was service reliability, there were a few instances where it was compromised. Because of this, it reduced customer loyalty.

### **5.1.3 Effect of service responsiveness on customer loyalty**

There was a moderate positive relationship between service responsiveness and customer loyalty whereby better service responsiveness was related to more customer loyalty and vice versa. Service responsiveness accounted for 20.3% of variance in customer loyalty. Specifically, findings of this study revealed that although service responsiveness at OUL was better, there few instances where it was compromised. This explained why customer loyalty was reduced.

### **5.1.4 Moderator effect of switching cost to other networks on the relationship between customer service and customer loyalty**

Findings showed that controlling the moderating variable (switching cost to other networks), the relationship between communication and customer loyalty increased and that between service reliability and customer loyalty increased. However, the relationship between service responsiveness and customer loyalty decreased. In other words, switching cost to other networks increased the effect on the relationship between communication and customer loyalty and between service reliability and customer loyalty but decreased the relationship between service responsiveness and customer loyalty.

## **5.2 Discussion**

### **5.2.1 The Relationship between Communication and Customer Loyalty**

The positive relationship between communication and customer loyalty that this study established supports Lemon et al. (2001), Jones et al. (2000), Parasuraman et al. (1991) and Allen and Wilburn (2006) who provided evidence that support the important role of communication in obtaining loyalty. In addition, this study's findings supported other

marketing scholars who agreed that communication was a fundamental aspect of relationship development such as in coordinating behavior (Hutt & Speh, 1995).

Findings of this study showed that communication is an important aspect in marketing whereby it can be used to enhance customer loyalty, and particularly in respect to customer relationship management. This study shows that customer loyalty can be explained to a substantial degree by communication. This was similar to the argument that Dwayne, Coelho and Machás (2004) in respect to the role of communication and trust in explaining customer loyalty.

The findings of this study supported Limakrisna (2008) whose study was about marketing communication and customer relation effect on customer loyalty. Results of his study indicated that marketing communication was found to partially and simultaneously affect customer loyalty. Findings of this study showed that communication was one of the critical factors to building profitable customer loyalty and this argument was in line with Burnett (2008).

The findings of this study supported marketing scholars who agreed that communication was a fundamental aspect of relationship development. In the present study, communication was perceived as the human act of transferring a message to others and making it understood in a meaningful way.

This study showed that communication was one of the most important factors that could lead to success given that it was positively related to customer loyalty. Therefore, business should never use bad quality communication tools for running their business.

They should make sure that they use the best communication devices that can provide excellent communication for all needs. For marketing and promotion, communication device is absolutely crucial.

In this study it was argued basing on the findings that for increased customer loyalty, high quality communication tool was needed. It is also important to use high quality communication devices that will help companies reach their customers closely. This would build a good image as a professional company that is willing to serve their customers with the best service. For business management, communication device is important. Companies will not be able to apply excellent management with bad quality communication and this will lead low customer loyalty.

### **5.2.2 Influence of service reliability on customer loyalty**

The findings of this about the positive relationship between service reliability and customer loyalty concur with scholar who suggested that customers who are members of a firm's ``social network'' or are in situations where ``relationship closeness'' exists are more likely to be loyal to the firm (Gremler, Gwinner & Brown, 2001).

The results of this study support the idea that service reliability fosters customer loyalty. Thus, the findings of this study support relevant literature that reported that high quality service helps to generate customer loyalty (Lewis, 1993; Andereson, Fornell, & Lehmann, 1994). High quality service is in itself service reliability to the customer as shown in the following definitions. Traditionally, service quality has been conceptualized as the difference between customer expectations regarding a service to be received and perceptions of the service being received (Grönroos, 2001). In some earlier studies,



service quality has been referred as the extent to which a service meets customers' needs or expectations (Lewis & Mitchell, 1990; Dotchin & Oakland, 1994). It is also conceptualized as the consumer's overall impression of the relative inferiority or superiority of the services (Zeithaml, Berry, & Parasuraman, 1990). Parasuraman et al. (1988) identified five dimensions of service quality (viz. reliability, responsiveness, assurance, empathy, and tangibles) that link specific service characteristics to consumers' expectations. Thus in this study, to think of service quality in terms of service reliability and to argue that findings of this study support literature that high quality service helps to generate customer loyalty is acceptable.

The findings of this study are similar to some results that exist in this area such as Salmen and Muir (2003). The findings of this study support Anderson and Weitz (1989) who highlighted the fact that consumers may be loyal to a firm or brand because it is viewed as having a positive image among other consumers and thus consider the firm's service as reliable. In addition, the findings of this study support Liu et al (2000) on the issue of higher customer's value raising customer satisfaction and thus thereby instilling customer loyalty. Furthermore, the findings of this study support Boulding et al. (1993) who found positive relationships between service quality and customer loyalty in terms of repurchase intentions and willingness to recommend. Customer value in this context raises the issue of service reliability. The argument here and in reference to the findings of this study is that customers will consider a highly reliable service as having a higher value and because of this, their loyalty to the service will be higher. Batiz-Lazo (2001) and Helander and Hirvonen (2001) argued similarly.

Findings of this study concur with researchers who suppose that the delivery of high customer value (Kotler & Keller, 2006) or exceed expectations of customers by what is important to them especially on value, service, dealing with complaints (Gould, 1995) are the key to loyal customers. This is because high customer value and exceeding expectation in this study are interpreted to have an element of service reliability that organizations offer to customers. When a product or service is perceived to have high value to or exceeding expectations of a customer, it is reliable to that customer.

The findings of this study regarding a weak influence of service reliability on customer loyalty are similar to some authors such as Kumar and Reinartz (2006) who stated that service reliability does not have high but are contrary to authors such as Oliver (1997) who stated that service reliability does not have any impact on customer loyalty. The findings of this study are also contrary to Cronin and Taylor (1992) whose study established that service quality did not appear to have a significant (positive) effect on repurchase intentions.

### **5.2.3 Effect of service responsiveness on customer loyalty**

The findings of this study about the positive relationship between service responsiveness and customer loyalty are similar to other study findings. From the findings of this study it can be deduced that the telecommunication customers in Uganda prefer a friendly telecommunication, which is willing to help in their telecommunication operations. Willingness to help customers is likely to have an important and positive effect on customer loyalty in the telecommunication sector in Uganda.

These findings are similar to findings of ample research (such as Carrillat, Jaramillo & Mulki 2009; Ha & Jang 2010) who found that service quality dimensions such as service responsiveness among others, significantly affect customer loyalty. Consequently, providing high levels of service responsiveness can be regarded as the most important goal for businesses in order to gain customer loyalty.

The reason why service responsiveness positively affected customer loyalty in this study can be argued from Chebat and Slusarczyk's (2005) observation that from a managerial point of view, a good understanding of how fairly complaining customers are treated is a matter of profitable management. Given the high cost (e.g. loss both current and potential customers due to negative word of mouth) associated with poor service responsiveness, managers seek to mitigate the negative consequences associated with failures in service firm-customer exchanges. From a customers' viewpoint, if service responsiveness efforts are successful, customers tend to become even more satisfied and more loyal than they would have been in the first place (Ha & Jang, 2009).

The findings of this study also support Izquierdo et. al (2005) who emphasized that when the customers gain something more than what they expect it results in increased value and repeat-purchase rates and thus increased loyalty. The findings of this study also support Kim and Kandampully (2007) who observed that effective service responsiveness can have a positive impact on both organizations and customers. However, the findings of this study are contrary to Kawpong and Suvenus (2010) whose regression results about restaurants in Taiwan revealed that responsiveness ( $\beta = .07$ ,  $r = .94$ ,  $p > .7$ ) did not. The latter findings suggest that the study context in terms of culture or country could play an important role in determining the relative importance of service responsiveness. The

culture in Thailand is different from that of Uganda, which shares some cultures with the western countries in which findings were similar to the findings of this study. According to Donthu and Yoo (1998), customers from high power distance cultures place less emphasis on responsiveness. As Thailand is high power distant, it is probable that the roles of responsiveness will be downplayed.

Findings of this study are similar to Akbar1 and Parvez (2009) findings where responsiveness was found to be significantly and positively correlated with customer loyalty ( $r = 0.35$ ,  $p < .01$ ). The only difference is between the strength of the correlation between service responsiveness and customer loyalty, where in this study it was moderate while Akbar1 and Parvez's (2009) study it was weak. In addition, findings of this study are similar to Liu, L. (2008), who investigated the relationship between service responsiveness and customer loyalty in Telecom Enterprises. Liu study revealed the whole infection to customer loyalty, and illustrated that service responsiveness in the form of attention given to customers, response to complaints, and efficiency in providing services all had either direct or indirect impact on customer loyalty.

Furthermore, the findings of this support a meta-analysis of service quality studies by Carrillat, Jaramillo and Mulki (2009) that revealed that service responsiveness is plays an important role in eliciting customer loyalty. In addition, findings of this study support Ladhari (2009) who found that customers who receive high level of service responsiveness are likely to be more loyal with the organization compared to those who receive low level of service responsiveness.

#### **5.1.4 Moderator effect of switching cost to other networks on the relationship between customer service and customer loyalty**

Switching costs are costs that are incurred by buyers for terminating transaction relationships and initiating a new relation. The findings of this study suggest that switching costs force OUL to put more attention on communication and service reliability but less attention on service responsiveness.

The literature on the benefits of switching cost to prevent consumers from switching service providers (Keaveney & Parthasarathy, 2001) supports this study's findings about switching cost to other networks decreasing the relationship between service responsiveness and customer loyalty. Findings further support literature about the effect of switch costs on the relationship between customer service and customer loyalty. For example, it support literature where it is argued that switching is related to poor service quality (Benkenstein & Stuhlreier, 2004); reaction to high price and customer loyalty (Bowen & Chen, 2001). However, it also supports some other researchers who argue for the benefits of switching cost to prevent consumers from switching service providers (Ganesh, Arnold and Reynolds, 2000; Keaveney and Parthasarathy, 2001) and this is in relation to this study's findings related to the increment in the strength of the relationship between communication and customer loyalty and between service reliability and customer loyalty.

### **5.3 Conclusions**

#### **5.3.1 The relationship between communication and customer loyalty**

The study established that there was a strong positive relationship between communication and customer loyalty. This study shows that customer loyalty can be

explained to a substantial degree by communication. The communication indicators that affected customer loyalty at OUL were accurate of information, interaction and relationship value.

### **5.3.2 Influence of service reliability on customer loyalty**

There was a weak positive influence of service reliability on customer loyalty whereby better service reliability was related to more customer loyalty. The service reliability indicators that affected customer loyalty at OUL included speed, trust and honesty and network coverage.

### **5.3.3 Effect of service responsiveness on customer loyalty**

There was a moderate positive effect of service responsiveness on customer loyalty. The service responsiveness indicators that affected customer loyalty at OUL included time it takes to get a response and willingness of staff to respond to customers' queries.

### **5.3.4 Moderator effect of switching cost to other networks on the relationship between customer service and customer loyalty**

The study established that switching cost to other networks increased the effect on the relationship between communication and customer loyalty and between service reliability and customer loyalty but decreased the relationship between service responsiveness and customer loyalty.

Although the present investigation provides some insights into the areas of service marketing and consumer behavior, the findings of this study have to be interpreted considering few limitations. First, data were collected only from the employees of one

private telecommunication company (OUL); so the results might not hold true for other telecommunication companies. Second, data collection was limited to the employees of that private telecommunication company who live in Kampala district; so the findings should not be generalized for all the employees of the entire country.

## **5.4 Recommendations**

### **5.4.1 The relationship between communication and customer loyalty**

Given that communication was positively related to customer loyalty in this study, it is recommended that OUL considers all aspects of improving its communication. Thus, OUL should engage customers by utilizing online conversation to reach customers. It can take advantage by providing meaningful and relevant information through whichever technology and online locations preferred by its customer. Communication is an integral part of marketing. Providing multiple avenues for the receipt of information will provide new opportunities for proactive customer care. OUL should also train its staff in effective and efficient communication.

### **5.4.2 Influence of service reliability on customer loyalty**

Ugandans are more concerned about the telecommunication service reliability as they want to make sure that they get their money's worth. Thus, telecommunication operators must consistently ensure that their services are relevant to their customers' requirements. This can be achieved through customer feedback programs from time to time. Training of telecommunication employees is needed to upgrade the delivery of quality services to telecommunication customers with various backgrounds Reisinger and Turner (2003). This move will also allow the employees to improve in terms of service productivity in the workplace.

### **5.4.3 Effect of service responsiveness on customer loyalty**

As with service responsiveness, in order for OUL to protect its long-term interest in maintaining its customers, it should seek ways to forge and to maintain an on-going health relationship with their customers. It should respond fast by addressing customer problems. Long-term superiority of a service is dictated by the organization's ability to maintain their relationship with the customer by demonstration of the organization's commitment to provide fast response to its clients' needs and expectations.

### **5.3.4 Moderator effect of switching cost to other networks on the relationship between customer service and customer loyalty**

As for switching cost to other network, OUL should minimize these costs. This will help it retain its customers and even attract more customers. To achieve this, OUL should purchase low cost inputs.

## **5.5 Areas for Further Studies**

This study was a cross-sectional study but to determine the causal paths of the studied variables a longitudinal study would have been more appropriate (Poon, 2004). Secondly, the current study not being an experimental one it was not possible to eliminate or withhold the influence of unidentified and undesired extraneous variables from the study. Hence, future researchers might consider the recommended studies to draw causal inferences more confidently and safely. Finally, theoretically other variables like price perception, corporate image, etc. influence customer loyalty, and including such



variable(s) in the study would have made the research models more robust and interesting. In future research, additional variables should be incorporated.

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## APPENDICES

### Appendix 1: Questionnaire

**Dear respondent,**

I am carrying out a research to find out the relationship between customer service and customer loyalty in the telecom sector in Uganda as part of an educational research leading to the award of Masters Degree in Public Administration. Therefore I kindly request you to respond to each question to your ability and truthfully for the success of the research and all information given will be treated with utmost confidentiality. Thank you very much for your assistance.

**Yours truly,**

**Gwosanze Dianah**

#### SECTION A: BIO DATA (*Tick the appropriate response*)

1. Which age bracket do you belong?

a) Under 25 years                       b) 26 -30 years

c) 31-40 years                       d) above 46 years

2. What is your sex?

a) Male                       b. Female

3. How long have you been associated with Orange Uganda?

a) Less than 1 year                       b) 1-2 years

b) Above 2 years

4. Orange Uganda has customer care programmes?

a) Strongly agree                       b) Agree

c) Not sure                       d) disagree

## B) Communication

**B 1: Use the appropriate scale to answer the questions below by circling.**

1-Strongly agree, 2-Agree, 3- Not sure ,4-Disagree, 5 –Strongly disagree					
Statements	1	2	3	4	5
5. Customer service representatives provide accurate information					
6. When OUL promise to do something by a certain time, they do it					
7. OUL communicates when there's a service breakdown					
8. In your opinion OUL conducts market survey to determine what customers require					
9. You receive warning sms before disconnection					

## C) Reliability

**C 1: Use the appropriate scale to answer the questions below by circling**

1-Strongly agree, 2-Agree, 3- Not sure ,4-Disagree, 5 –Strongly disagree					
Statements	1	2	3	4	5
10. OUL provides fast internet speeds					
11. OUL network is reliable					
12. Ability to offer assured data services					
13. OUL is honest and trustworthy					
14. We are accessible at all touch points					

## D) Responsiveness

**D 1: Use the appropriate scale to answer the questions below by circling**

1-Strongly agree, 2-Agree, 3- Not sure ,4-Disagree, 5 –Strongly disagree					
Statements	1	2	3	4	5
15. When customers have problems, customer service representatives are sympathetic and reassuring					
16. Employees are always willing to help customers					
17. Employees of OUL are too busy to respond to customer requests promptly					
18. Customers are provided with timely feedback					



**E: Customer loyalty**

**E 1: Use the appropriate scale to answer the questions below by circling**

**1-Strongly agree, 2-Agree, 3- Not sure ,4-Disagree, 5 –Strongly disagree**

<b>Statements</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
Most OUL customers spend little time on its network					
Few customers are likely to repurchase OUL services					
Switching costs to other networks a high					
Switching costs to other networks have caused OUL to loose customers					

**Thank you for completing this survey. I recognize that your time is limited and we value your participation.**

## **Appendix 2: Interview checklist**

1. Does OUL provide customer service? If yes, how would describe OUL customer service in respect to communication, service reliability and service responsiveness. If no, what is the reason?
2. Are the staff regularly trained on customer service management, especially in communication an service responsiveness?
3. Are customer given priority / attended to appropriately?
4. Are customers involved in decision making and how often?
5. Do customers freely interact with staff?
6. How is feedback treated?
7. How do have to say about customer loyalty at OUL?

### Appendix 3: Validity of Questionnaire

<b>Raters</b>	<b>Relevant items</b>	<b>Not relevant items</b>	<b>Total</b>
Rater 1	13	5	18
Rater 2	14	4	18
Total	27	9	36

$$CVI = \frac{\text{Total of items rated relevant}}{\text{Total number of items rated}} = \frac{27}{36} = .75$$

## Appendix 4: Reliability of questionnaire

### Communication variable

<b>Item Statistics</b>				
	Mean	Std. Deviation	N	
Customer service representatives provide accurate information	2	0.86	20	
When OUL promise to do something by a certain time, they do it	2.2	0.62	20	
OUL communicates when there's a service breakdown	2.25	0.85	20	
In your opinion OUL conducts market survey to determine what customers require	2.35	0.59	20	
You receive warning sms before disconnection	2.7	0.92	20	
<b>Scale Statistics</b>				
Mean	Variance	Std. Deviation	N of Items	
11.5	7.74	2.78	5	
<b>Item-Total Statistics</b>				
	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
Customer service representatives provide accurate information	9.5	5.737	0.307	0.799
When OUL promise to do something by a certain time, they do it	9.3	5.800	0.525	0.722
OUL communicates when there's a service breakdown	9.25	4.724	0.619	0.680
In your opinion OUL conducts market survey to determine what customers require	9.15	5.608	0.642	0.693
You receive warning sms before disconnection	8.8	4.379	0.648	0.668
<b>Reliability Statistics</b>				
Cronbach's Alpha	N of Items			
0.759	5			

Reliability variable

<b>Item Statistics</b>				
	Mean	Std. Deviation	N	
OUL provides fast internet speeds	1.5	0.69	20	
OUL network is reliable	1.5	0.51	20	
Ability to offer assured data services	2.05	0.69	20	
OUL is honest and trustworthy	2	0.86	20	
We are accessible at all touch points	2.2	0.95	20	
<b>Scale Statistics</b>				
Mean	Variance	Std. Deviation	N of Items	
9.25	6.20	2.49	5	
<b>Item-Total Statistics</b>				
	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
OUL provides fast internet speeds	7.75	4.513	0.414	0.631
OUL network is reliable	7.75	4.724	0.543	0.603
Ability to offer assured data services	7.2	3.958	0.648	0.532
OUL is honest and trustworthy	7.25	3.355	0.669	0.494
We are accessible at all touch points	7.05	4.892	0.095	0.803
<b>Reliability Statistics</b>				
Cronbach's Alpha	N of Items			
0.675	5			

**Responsiveness variable**

<b>Item Statistics</b>				
	Mean	Std. Deviation	N	
When customers have problems, customer service representatives are sympathetic and reassuring	2.05	0.83	20	
Employees are always willing to help customers	2.15	0.59	20	
Employees of OUL are too busy to respond to customer requests promptly	2.4	0.99	20	
Customers are provided with timely feedback	2.25	0.55	20	
<b>Scale Statistics</b>				
Mean	Variance	Std. Deviation	N of Items	
8.85	4.24	2.06	4	
<b>Item-Total Statistics</b>				
	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
When customers have problems, customer service representatives are sympathetic and reassuring	6.8	2.695	0.318	0.589
Employees are always willing to help customers	6.7	2.958	0.464	0.499
Employees of OUL are too busy to respond to customer requests promptly	6.45	2.366	0.289	0.657
Customers are provided with timely feedback	6.6	2.779	0.631	0.412
<b>Reliability Statistics</b>				
Cronbach's Alpha	N of Items			
0.60	4			

**Customer loyalty variable**

Item Statistics				
	Mean	Std. Deviation	N	
Most OUL customers spend little time on its network	1.6	0.75	20	
Few customers are likely to repurchase OUL services	1.6	0.60	20	
Switching costs to other networks a high	2.05	0.69	20	
Switching costs to other networks have caused OUL to loose customers	2.2	1.06	20	
Scale Statistics				
Mean	Variance	Std. Deviation	N of Items	
7.45	6.58	2.56	4	
Item-Total Statistics				
	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
Most OUL customers spend little time on its network	5.85	4.134	0.611	0.794
Few customers are likely to repurchase OUL services	5.85	4.239	0.803	0.737
Switching costs to other networks a high	5.4	4.147	0.700	0.761
Switching costs to other networks have caused OUL to loose customers	5.25	3.145	0.618	0.833
Reliability Statistics				
Cronbach's Alpha	N of Items			
0.824	4			

### Switching cost variable

<b>Item Statistics</b>				
	Mean	Std. Deviation	N	
Switching to other companies	2.8	1.40	20	
Switching to products of other companies	2	1.17	20	
<b>Scale Statistics</b>				
Mean	Variance	Std. Deviation	N of Items	
4.8	4.8	2.19	2	
<b>Item-Total Statistics</b>				
	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
Switching to other companies	2	1.368	0.450	0.913
Switching to products of other companies	2.8	1.958	0.450	0.789
<b>Reliability Statistics</b>				
Cronbach's Alpha	N of Items			
0.614	2			



### Appendix 5: Distribution of respondents on items about communication

Items about communication	Strongly agree	Agree	Not sure	Disagree	Strongly disagree	Total
6. Customer service representatives provide accurate information	20 (22%)	51 (57%)	12 (13%)	6 (7%)	0 (0%)	89 (100%)
7. When OUL promise to do something by a certain time, they do it	16 (18%)	50 (56%)	21 (24%)	2 (2%)	0 (0%)	89 (100%)
8. OUL communicates when there's a service breakdown	16 (18%)	42 (47%)	24 (27%)	7 (8%)	0 (0%)	89 (100%)
9. In your opinion OUL conducts market survey to determine what customers require	12 (13%)	34 (38%)	31 (35%)	7 (8%)	5 (6%)	89 (100%)
10. You receive warning sms before disconnection	11 (12%)	33 (37%)	35 (39%)	8 (9%)	2 (2%)	89 (100%)

*Source: Field*

**Appendix 7: Distribution of respondents on items about customer loyalty**

<b>Items about customer loyalty</b>	<b>Strongly agree</b>	<b>Agree</b>	<b>Not sure</b>	<b>Disagree</b>	<b>Strongly disagree</b>	<b>Total</b>
5. Most of the OUL customers have spent a short time using the company's services	20 (22%)	51 (57%)	12 (13%)	6 (7%)	0 (0%)	89 (100%)
6. OUL has lost many customers to competing companies	8 (9%)	60 (67%)	11 (12%)	10 (11%)	0 (0%)	89 (100%)
7. Most OUL customers spend little time on its network	11 (12%)	60 (67%)	15 (17%)	3 (3%)	0 (0%)	89 (100%)
8. Most customers are likely to repurchase OUL services	1 (1%)	2 (2%)	14 (16%)	40 (45%)	32 (36%)	89 (100%)

*Source: Field*

**Appendix 6: Distribution of respondents on items about service reliability**

<b>Items about service reliability</b>	<b>Strongly agree</b>	<b>Agree</b>	<b>Not sure</b>	<b>Disagree</b>	<b>Strongly disagree</b>	<b>Total</b>
6. OUL provides fast internet speeds	43 (48%)	40 (45%)	6 (7%)	0 (0%)	0 (0%)	89 (100%)
7. OUL network is reliable	39 (44%)	48 (54%)	2 (2%)	0 (0%)	0 (0%)	89 (100%)
8. OUL has ability to offer assured data services	19 (21%)	46 (52%)	24 (27%)	0 (0%)	0 (0%)	89 (100%)
9. OUL is honest and trustworthy	24 (27%)	45 (51%)	19 (21%)	1 (1%)	0 (0%)	89 (100%)
10. We are accessible at all touch points	11 (12%)	35 (39%)	23 (26%)	17 (19%)	3 (3%)	89 (100%)

*Source: Field*

**Appendix 9: Distribution of respondents on items about service responsiveness**

<b>Items about service responsiveness</b>	<b>Strongly agree</b>	<b>Agree</b>	<b>Not sure</b>	<b>Disagree</b>	<b>Strongly disagree</b>	<b>Total</b>
5. When customers have problems, customer service representatives are sympathetic and reassuring	8 (9%)	60 (67%)	11 (12%)	10 (11%)	0 (0%)	89 (100%)
6. Employees are always willing to help customers	11 (12%)	60 (68%)	15 (17%)	3 (3%)	0 (0%)	89 (100%)
7. Employees of OUL are too busy to respond to customer requests promptly	1 (1%)	2 (2%)	14 (16%)	40 (45%)	32 (36%)	89 (100%)
8. Customers are provided with timely feedback	11 (12%)	57 (64%)	15 (17%)	4 (4%)	2 (2%)	89 (100%)

*Source: Field*

**Appendix 10: Table for Determining Sample Size from a Given Population**

N	S	N	S	N	S	N	S	N	S
10	10	100	80	280	162	800	260	2800	338
15	14	110	86	290	165	850	265	3000	341
20	19	120	92	300	169	900	269	3500	246
25	24	130	97	320	175	950	274	4000	351
30	28	140	103	340	181	1000	278	4500	351
35	32	150	108	360	186	1100	285	5000	357
40	36	160	113	380	181	1200	291	6000	361
45	40	180	118	400	196	1300	297	7000	364
50	44	190	123	420	201	1400	302	8000	367
55	48	200	127	440	205	1500	306	9000	368
60	52	210	132	460	210	1600	310	10000	373
65	56	220	136	480	214	1700	313	15000	375
70	59	<b>230</b>	<b>140</b>	500	217	1800	317	20000	377
75	63	240	144	550	225	1900	320	30000	379
80	66	250	148	600	234	2000	322	40000	380
85	70	260	152	650	242	2200	327	50000	381
90	73	270	155	700	248	2400	331	75000	382
95	76	270	159	750	256	2600	335	100000	384

Note: “N” is population size

“S” is sample size.

Note : From Krejcie, R. V. & Morgan, D W (1970), Determining Sample Size for Research Activities, Educational and Psychological Measurement, 30,68, Sage Publications.