

# *Achieving Competitive Advantage through Quality Service Delivery in the Telecommunication Industry in Nigeria*

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## **ABSTRACT**

*This study empirically investigates the role of quality service delivery in achieving competitive advantage in telecommunication industry in Nigeria. It specifically finds out if the attainment of competitive advantage is a function of service quality and examines the relationship between service reliability and competitive advantage. The study was conducted on a total of 115 customers of two leading telecommunication firms in Nigeria (MTN and AIRTEL). Two hypotheses were formulated for the study and were tested using multiple regression analysis. The results revealed that service quality delivery has a direct positive influence on competitive advantage and that through service reliability, firms can gain competitive advantage. The study recommends that strategic Managers in the telecommunication industry should improve on their services; especially in the areas of rate of successfully completed calls, SMS/MMS delivery rate and rate of pre-maturely terminated call.*

**Keywords:** *Service quality, Competitive advantage, Service reliability.*

## **INTRODUCTION**

In an increasingly competitive industry such as the Nigeria telecommunication industry, quality service delivery is key driver of customers' loyalty. Several studies suggest that providing superior service quality and higher level of satisfaction lead to greater customer loyalty, enhance future revenues, reduce the cost of publicity through positive referral, decrease price elasticity and ultimately affect company's bottom line (Anderson, et al, 1997). Service industry in recent years has recorded an unprecedented growth due to it demand in virtually every facet of life. This increase in demand for services has prompted a lot of firms to venture into the service industry. Furthermore, as the new competitive environment changes to more global, technologically oriented and customer driven, as new products get introduced rapidly, as customers continually demand higher service quality, faster response, and greater reliability of service, the emerging world market demands a more innovative and improved services. Consequent upon the foregoing, this study focuses on the role of service quality in achieving competitive advantage in the telecommunication industry in Nigeria. The two hypotheses stated for the study are:

- H<sub>0</sub>1: Achieving competitive advantage in the telecommunication industry is not a function of service quality.
- H<sub>0</sub>2: Service Reliability in the telecommunication industry is not positively related to competitive advantage.

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## Service Quality (SQ) and Competitiveness

Crosby and Philip (2001) define Quality as consistency with fixed specifications. This agrees with Karim and Alan (2006) who define quality as anything that accords with the characteristics of the product to meet the external clients' needs. In addition, the product quality differs from that of a service as the earlier is tangible, whereas the latter is intangible. The American Society for Marketing, for example, defines service as activities or benefits that are offered for sale or that are offered for being related to a particular product. Kotler (2013) defines service as 'any behaviour or act based on a contact between two parties: the provider and the receiver, and the essence of this reciprocal process is intangible. Parasurama, Zeithaml and Berry (2008) say that there exist ten criteria and dimensions through which service quality can be assessed:

- i **Reliability:** The ability of an organization to accurately achieve its services in the proper time and according to the promises it has to its clients.
- ii **Responsiveness:** The tendency and willingness of service providers to help clients and satisfy their needs, immediately reply to their inquiries and solve their problems as quickly as possible.
- iii **Competence:** Having adequate skills and knowledge that enable the employees to perform their jobs properly.
- iv **Accessibility:** Providing easy access to a service in terms of location and through services provided via the telephone, the internet, or any other means of communication.
- v **Courtesy:** Treating clients respectfully in a polite friendly manner, understanding their feelings, and answering their phone calls gently.
- vi **Communication:** This occurs through gentlemanly listening to the client conveying information to them clearly and facilitating external communication with workers.
- vii **Credibility:** This can be achieved through full trust and confidence in the service provider as well as his honesty and straight forwardness.
- viii **Security:** This depends on whether the service is free from risks and hazards, defects or doubts so that it provides bodily safety, financial security as well as privacy.
- ix **Understanding/knowing the customer:** This can be made achievable through the ability to pinpoint the customers' needs as well as understanding their individual problems.
- x **Tangibility:** This includes physical aspects connected with service such as instruments and equipment, persons, physical facilities like building and nice decoration and other observable service facilities.

The above stated ten dimensions have been fused into five. Researchers agreed on the fact that these dimensions are appropriate ones which help reveal the customers' expectations and perception. This new model is called 'SERVQUAL'. This compound word consist of the two words 'Service' and 'Quality', these five dimensions include:

1. **Tangibility:** This includes physical facilities, equipment, and the physical appearance of on employee.

2. Reliability: This refers to the ability to provide the exact required service according to given specifications and conditions.
3. Responsiveness: The inclination and willingness of the employees to serve customer quickly and properly.
4. Assurance: Feeling of trust and confidence in dealing with the organization. This reflects the workers' knowledge and experience and their ability to build self-confidence as well as confidence in the customers themselves.
5. Empathy: Understanding the customers' personal needs, taking care of them individually and showing them all sorts of sympathy and affection, looking at them as close friends and distinguished clients.

As far as 'Empathy' is concerned, it includes elements like providing service in terms of place, time, communication, and to what extent the service provider understands the beneficiary. Gronroos (2000), however, believes that tangibility, assurance and empathy can be classified as being functional dimensions of service quality, while responsiveness and reliability can be classified as being technical dimensions.

### **Competitive Advantage**

Competitive advantage is defined as the "capability of an organization to create a defensible position over its competitors" (Li *et al.*, 2006). Tracey, Vonderemle and Lim (1999) argue that competitive advantage comprises of distinctive competencies that sets an organization apart from competitors, thus giving them an edge in the marketplace. They further add that it is an outcome of critical management decisions. Today, however, competition is considered a "war of movement" that depends on anticipating and quickly responding to changing market needs (Stalk, Evans and Shulman, 1992). Competitive advantage emerges from the creation of superior competencies that are leveraged to create customer value and achieve cost and/or differentiation advantages, resulting in market share and profitability performance (Barney, 1991; Coyne, 1986; Day and Wensley, 1988; Prahalad and Hamel, 1990). Sustaining competitive advantage requires that firms set up barriers that make imitation difficult through continual investment to improve the advantage, making this a long-run cyclical process (Day and Wensley, 1988). Most managers agree that cost and quality will continue to remain the competitive advantage dimensions of a firm (D' Souza and Williams, 2000). The five dimensions of competitive advantage construct used in this study are: Tangibility, reliability, responsiveness, assurance and empathy.

## **METHOD**

The research investigation was carried out in Ekiti State, Nigeria and was conducted on a total of 115 customers of two leading telecommunication firms in Nigeria, they are MTN and Airtel. The study sample was selected through multi-stage cluster sampling technique. Ekiti State was first divided in five- Ekiti North, Ekiti Central, Ekiti West South and Ekiti East. Furthermore, simple random sampling was used to select 23 respondents from each of the zones. Two hypotheses were formulated and were tested using multiple regression analysis.

## RESULTS AND DISCUSSION

As shown on table 1, R Square value is 0.277. This means that the research model explains 28.5 percent of the variance in service quality responsiveness and the model reaches statistical significance. Hypothesis 1 was tested by regressing SQD on CA. results suggest that the higher the level of service quality, the higher the competitive advantage, therefore hypothesis 1 was accepted. In other words, SQD of a firm has a direct positive influence on competitive advantage. This finding is in consonance with the study by Yusuf, Adeleye and Sivayonganathan (2003) which shows high correlation between service quality delivery and firm's competitive advantage. Firms competitive advantage (CA) was regressed on service reliability (SR) to empirically test hypothesis 2. The model in table 3 above shows that 20 percent of the variance in competitive advantage with a statistical significance. Table 4 shows that the main effects of CA and SR were insignificant. However, the main effect of SR is significant, thus, hypothesis 2 was supported. This result agrees with the findings of Li *et al* (2005), that by service reliability, firms can gain greater competitive advantage.

**Table 1:** Model summary of regression on service quality versus competitive advantage

Model	R	R <sup>2</sup>	Adjusted R <sup>2</sup>	Std. Error of Estimate	F value	Sig.
1	.534 <sup>a</sup>	.285	.277	2.321	15.703	.000 <sup>a</sup>

**Table 2:** Coefficient of Regression of service quality delivery

Model		Unstandardized coefficients		Standardized coefficients		t	Sig
		B	Std error	Beta			
1	constant	.281	1.260	.223	.824		
		.866	.270	.328	3.281	.001	
		.551	.251	.234	2.244	.027	
		.041	.239	.017	.172	.864	

**Table 3:** Model summary regression of competitive advantage (CA) versus Service Reliability

Model	R	R <sup>2</sup>	Adjusted R <sup>2</sup>	Std. Error of Estimate	F value	Sig.
1	.448 <sup>a</sup>	.201	.198	1.020	9.482	.000 <sup>a</sup>

**Table 4:** Coefficient of Regression of competitive advantage

Model		Unstandardized coefficients		Standardized coefficients		t	Sig
		B	Std error	Beta			
1	constant	.993	.553		1.797	.075	
		.214	.119	1.803	.074		
		.119	.114	.116	1.048	.297	
		.245	.105	.222	2.337	.021	

## CONCLUSION AND RECOMMENDATIONS

This study has empirically investigated the role of service quality delivery in achieving competitive advantage in the telecommunication industry in Nigeria. The findings from the study revealed that service quality delivery is an essential ingredient for any organization who desire to achieve competitive edge in a highly competitive industry. Since organization

have multiple objectives like enhanced competitiveness, better customer service and increased profitability, they seek these objectives by employing various business performance improvement approaches. Based on the findings, it is recommended that:

- i. Strategic managers in the telecommunication industry should improve on their services; especially in the areas of rate of successfully completed calls, answer seizure rate, rate of pre – maturely terminated calls, honesty in terms of billing, access to customer care centre, access to customer complaint centre and waiting time at complaint centre.
- ii. Government on its own part should establish a minimum service quality standard for all the firms in the telecommunication industry and enforce compliance. This will enhance reliability and dependability on the part of clients who patronize these services.

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