

# Identifying Service Provider Gaps in Bharat Sanchar Nigam Limited, Kashmir - A Step towards Improving Customer Retention

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## ABSTRACT

Telecommunication services all over India are facing huge competition. This can be mainly an outcome of the entry of many new players following Liberalization, Globalization and Privatization. This major increase in the teledensity is worrying the already existing service providers not only to retain their share in the market but also increase it. Since the customer has many alternatives of choosing amongst the service providers, customer retention has become indispensable for the service providers. This however depends upon how well the customer is satisfied with the service provider which in turn is depends on service quality. The service quality gap model propounds five gaps in any service organization. This paper studies the gaps involved in a service sector with special reference to Bharat Sanchar Nigam Limited in Kashmir Division. The experience of the customers with the service governs their perception of service quality which eventually determines customer retention. This paper identifies the service provider's gaps in the context of BSNL and also provides recommendations to narrow down these gaps. The curtailment of all the gaps will itself amplify the customer's experience and hence the retention of the customer.

**Keywords:** Customer Retention, Gap Analysis, Satisfaction, Service Quality, Telecommunication

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## 1. INTRODUCTION

Managing Customer Retention has become a salient aspect of organizations in the face of increasing competition. Customer expects good quality in any service or product. In today's competitive scenario service quality comes up as a key differentiating factor because all service providers are giving almost similar services at nearly similar tariffs. Service quality is the entire experience which the customer goes through with the organization and its service. When the expectations of a customer are met by the service provider, the customer is satisfied by the service. This is the key for the service providers. Any service provider who wants to retain their customers or to attain new ones must meet the expectations of the customer and satisfy them. The satisfaction of customers is ultimate way to retain them. This study carries out gap analysis in Bharat Sanchar Nigam Limited (BSNL)-one of the largest telecommunication service providers in the country with special reference to Kashmir region for refinement of service quality which in turn aims at improvement in customer retention and provides suggestions for managing the different service quality gaps. With the emerging cut throat competition in the telecom sector, and customers willing to explore more than one service provider it is essential for BSNL to undertake a gap analysis and work on its shortcomings to retain and enhance its customer base.

## 2. LITERATURE REVIEW:

With the increase in the cost of attainment of new customers, cellular mobile companies repeatedly strive for new ways to acquire, maintain and expand their customer base. Thus the ability to retain prevailing customers is increasingly critical in this industry (Joshi et al., 2010).

Service quality has been defined as the extent to which a service meets customer's requirement or expectations (Lewis and Mitchell, 1990). Shehzad khan (2012) has defined quality, that free from flaws as known as quality. Quality is believed to have a direct impact on customer satisfaction.

Service quality is much more difficult to examine or assess than good quality. Quality concept evolves from the expectation of a customer and the perception of actual service. Service qualities are discerned from the “gap” between what customer expected and realization of the customer about the services (Hirmukhe, 2012). Service quality is an essential strategy for winning and retaining customers (Zeithaml, 2000).

Satisfaction of customers is regarded as an important factor leading towards prosperity (Hennig-Thurau and Klee, 1997). Customer retention might be defined that the customer proposes to stay with the service provider for the subsequent years (Ranaweera and Prabhu 2003). From the past few years, almost all the companies have realized that the retention of consumer is an utmost important topic of their marketing and management resolutions (Van den Poel & Lariviev're, 2005.)

The intent to satisfy customer by giving quality in the service sector is becoming essential to customer retention (Brown and Gulycz, 2001). Service industry relies on continuous cycle of repurchase so companies have to strive hard to retain customers (Anderson et al., 1994). Customer retention has a substantial impact on the market position of any business organization (Steenkamp, 1989). Canadian scholar Barnes (1997) study has accentuated that faithful customer would keep endorsing to others, which helps the organization to acquire more customers.

Researchers have identified the factual connection between quality, satisfaction and retention. For example, Palkar (2004) specified that quality leads to customer satisfaction. Likewise, Bolton and Drew (1991) reaffirmed the association by stating that satisfaction puts influence on professed quality. Fornell (1992) has acknowledged that satisfaction facilitates retention of customers.

### **3. OBJECTIVES**

- To identify the service quality gaps in BSNL, Kashmir.
- To provide suggestions to reduce the gap, improve service quality and customer retention

### **4. SERVICE QUALITY GAP MODEL**

Parasuraman et al propose gap model as the five gaps between the perception of service quality and the tasks related with service delivery. These gaps have to be lessened in order to give the customer the expected high service quality. The gap model proposed by them is shown below:

- Gap 1 is the difference between what customers anticipate and what managers think they anticipate – survey research is a key way to lessen this gap.
- Gap 2 is between management perception and the actual experience of the customer - Managers need to make sure the organization is specifying the level of service they think is needed.
- Gap 3 is from the experience specification to the delivery of the experience - Managers need to inspect the customer experience that their organization currently delivers.
- Gap 4 is the gap between what is delivered to the customer and what was communicated to customers – Organizations should not exaggerate what will be provided to customers, raising customer expectations and harming their perceptions.
- Finally, Gap 5 is the gap between the perception of the customer of the experience and the customer's expectation of the service – The expectations of customers are shaped by word of mouth, their personal needs and their own past experiences. In order to measure customer perceptions of service organizations should take routine transactional services.

Accordingly, the Hypothesis of this study is proposed as:

H1 Lesser the magnitude of Service Provider Gaps, higher will be Customer Retention

- a) Lesser the magnitude of Service Provider Gaps with reference to Reliability, higher will be Customer Retention
- b) Lesser the magnitude of Service Provider Gaps with reference to Assurance, higher will be Customer Retention
- c) Lesser the magnitude of Service Provider Gaps with reference to Tangibility, higher will be Customer Retention
- d) Lesser the magnitude of Service Provider Gaps with reference to Empathy, higher will be Customer Retention
- e) Lesser the magnitude of Service Provider Gaps with reference to Responsiveness, higher will be Customer Retention.

To ascertain the service provider gaps in BSNL, Stratified sampling was used wherein each strata was made on the basis of geographical location and random sampling was used within each strata. Primary data was collected from 200 customers of the firm in four districts of Kashmir. A total of 200 survey instruments were distributed, out of which, as many as 172 were received and found usable for the final analysis. The customers were requested to react to a survey instrument to share their perceptions about various parameters of customer retention. Regression Statistical tool was used to analyze the data.

### 5. ANALYSIS

Table 1 shows the co relation between the various dimensions and Table 2 shows the difference between perceived and expected values of the dimensions.

**Table 1: Inter Variable Correlation Of Alpha Values**

		<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>
<b>1</b>	Reliability	1					
<b>2</b>	Assurance	0.32*	1				
<b>3</b>	Tangibility	0.28*	0.26*	1			
<b>4</b>	Empathy	0.29*	0.28*	0.29*	1		
<b>5</b>	Responsiveness	0.31*	0.40*	0.34*	0.31*	1	
<b>6</b>	Customer Retention	0.21*	0.29*	0.28*	0.31*	0.21*	1
	<b>CRONBACH ALPHA</b>	<b>0.71</b>	<b>0.73</b>	<b>0.72</b>	<b>0.69</b>	<b>0.78</b>	<b>0.71</b>

\*P < 0.05

As per Table 2, the highest gap in the Reliability Dimension is -1.31 and lowest is -0.12 of appearance of the employees and use of advanced technology respectively. Whereas the customers are satisfied with the latest equipment being provided by BSNL, at the same time they seem to be unhappy dissatisfied with the tangible aspects of employee appearance. A proper dress code can be maintained to improve this tangibility dimension.

As per Table 2, the highest gap in the Assurance Dimension is -1.97 and lowest is -0.18 of BSNL providing service at promised time and keeping records respectively. For example, if an employee of BSNL promises that fault in the cable will be restored in three days; the customer should be informed by the support staff that it would take maximum three days in restoration. However, the staff will try to fix it as soon as possible. In case staff responsible for it does not ensure its restoration in time it leads to dissatisfaction of the customer. Sometimes the gap can be as a result of unavoidable circumstances. In BSNL for Example, there can be a breakdown of cables during instances of road widening, water pipe laying, etc. Also there can be instances where network restoration and routine fault maintenance have to take place at the same time. In such situations priority is given network restoration over routine fault maintenance. Here service delivery gaps occur but the customer support team should be responsive to the customer enquiries to reduce dissatisfaction amongst customers. Many a time's customers book the complaint but are unavailable at their premises where the connection is located. The staff should properly look for optimal solutions in such situations in order to avoid service gaps which eventually lead to customer retention.

As per Table 2, the highest gap in the Tangibility Dimension is -2.19 and lowest is -0.95 of employees providing prompt service and employees showing willingness to help customers respectively. Every customer expects that a new connection should be giving as soon as requested. Similarly, all customers expect immediate grievance redressal. Considering the customer base of BSNL, it is no doubt a very strenuous task to ensure satisfaction of all customers. It becomes very difficult to cater the needs of all customers at a quick pace. This is can be mainly because of the lack of personnel's our resources. In addition to the quick service customers expect, they also compare the service with other service providers. The way of minimizing this gap is to regularly maintain and evaluate service. The customers can be kept informed and aware of their service status like restoration time etc which can minimize their dissatisfaction.

As per Table 2, the highest gap in the Empathy Dimension is -1.07 and lowest is -0.34 of firm providing sincere information and capabilities of employees in dealing complaints respectively. BSNL employees do not provide sincere information to customers.

As per Table 2, the highest gap in the Responsiveness Dimension is -2.13 and lowest is -1.02 of employees knowing the needs of customers and convenient working hours respectively. The customers are dissatisfied with the employees about knowing their needs. This can be solved by surveying about the needs of the customers. In BSNL many a time's situations arise when some customers would like to avail wireline broadband service. However, this needs allotment of telephone number, etc for which the broadband has to be necessarily availed along with the landline connection even if the customer

wants to use only broadband. Although he customer has choices either to pay for landline plus broadband plan charges or opt for combo plans. But eventually the customer ends up feeling he is being overcharged because the customer's requirement was only for broadband. Such gaps can be minimized by BSNL through formulating teams specifically for this type of market research. Such teams can have research members both at corporate level and smaller teams working with local heads at lower levels. These teams can carry out surveys or hold consumer meetings to inspect the preference of the customers regarding the facilities or the mode of delivery, etc to get a clearer view of their expectation so that discrepancies can be reduced to a greater extend. Multiple plans can be formulated as per the requirements of the customer's rather than trying to accommodate them in the existing choices available.

**Table 2: Expectations V/S Actual Perceptions Based On Customer Responses**

PARAMETERS	S.NO	ITEM	PERCEIVED SCORE (P)		EXPECTED SCORE (E)		GAP (P-E)	
			Mean score	% of Mean score	Mean score	% of Mean score	Mean score	% of Mean score
<b>RELIABILITY</b>	1	The firm has up-to-date equipment and new technologies.	3.89	77.8	4.01	80.2	-0.12	-2.4
	2	The physical outlet facilities are comfortable and visually appealing.	2.01	40.2	4.11	82.2	-2.1	-42
	3	The employees are well dressed and appear neat.	2.78	55.6	4.09	81.8	-1.31	-26.2
	4	The material elements and documentation associated with the service offered are visually appealing.	3.01	60.2	4.17	83.4	-1.16	-23.2
<u>Overall Reliability</u>			<u>2.92</u>	<u>58.45</u>	<u>4.09</u>	<u>81.9</u>	<u>-1.17</u>	<u>-23.45</u>
<b>ASSURANCE</b>	1	When the service provider promises to do something by a certain time, they do so.	3.06	61.2	4.08	81.6	-1.02	-20.4
	2	When customers have a problem, the firm shows sincere interest in resolving it.	3.78	75.6	4.13	82.6	-0.35	-7
	3	The firm performs good service well habitually.	3.07	61.4	4.17	83.4	-1.1	-22
	4	The firm performs the service at the agreed time.	2.11	42.2	4.08	81.6	-1.97	-39.4
	5	The firm keeps their records accurately.	3.98	79.6	4.16	83.2	-0.18	-3.6
<u>Overall Assurance</u>			<u>3.2</u>	<u>64</u>	<u>4.124</u>	<u>82.44</u>	<u>-0.62</u>	<u>-18.48</u>
<b>TANGIBILITY</b>	1	The firm provides sincere information.	3.01	60.2	4.08	81.6	-1.07	-21.4
	2	All employees provide prompt service.	2.01	40.2	4.2	84	-2.19	-43.8
	3	Employees are always willing to help customers.	3.11	62.2	4.06	81.2	-0.95	-19
	4	Employees are easily contactable.	3.01	60.2	4.03	80.6	-1.02	-20.4
<u>Overall Tangibility</u>			<u>2.78</u>	<u>55.7</u>	<u>4.09</u>	<u>81.85</u>	<u>-1.30</u>	<u>-26.15</u>
<b>EMPATHY</b>	1	Employees have good capabilities in dealing complaints.	3.67	73.4	4.01	80.2	-0.34	-6.8
	2	Employees have good knowledge about processing of documents.	3.21	64.2	4.18	83.6	-0.97	-19.4
	3	Employees ensure data security of customers.	3.09	61.8	4.16	83.2	-1.07	-21.4
	4	Customers are able to trust employees of the firm.	3.11	62.2	4.09	81.8	-0.98	-19.6

<u>Overall Empathy</u>			<u>3.27</u>	<u>65.4</u>	<u>4.11</u>	<u>328.8</u>	<u>-0.84</u>	<u>-16.8</u>
<b>RESPONSIVENESS</b>	1	Employees understand the needs of the public as service users.	3.01	60.2	4.09	81.8	-1.08	-21.6
	2	Employees have a sooth in responding to community requests. Employees are friendly and courteous.	2.11	42.2	4.01	80.2	-1.9	-38
	3	Employees give the same service, regardless of social status.	2.01	40.2	4.14	82.8	-2.13	-42.6
	4	The firm has operating hours convenient to all customers.	3.01	60.2	4.03	80.6	-1.02	-20.4
	5	Employees know what your needs are.	2.01	40.2	4.14	82.8	-2.13	-42.6
<u>Overall Responsiveness</u>			<u>1.21</u>	<u>48.6</u>	<u>4.08</u>	<u>65.28</u>	<u>-1.436</u>	<u>-16.68</u>
<b>OVERALL GAP</b>			<b>2.67</b>		<b>4.09</b>		<b>-1.42</b>	

**Table 3: Impact Of Service Provider Gaps On Customer Retention**

	<b>Service Provider Gaps</b>	<b>Dependent Variable (Customer Retention)</b>
Independent Variables	Reliability	-0.28*
	Assurance	-0.21*
	Tangibles	-0.31*
	Empathy	-0.19*
	Responsiveness	-0.14*
	R <sup>2</sup>	-0.21 or 21%

\* <0.001

Table 3 shows the impact of service providers gaps on customer retention. Both have an inverse relationship with each other. Higher the service provider gaps, lower will be customer retention and vice versa. This means that BSNL must lower these gaps as much as possible in order to retain its customers.

### CONCLUSION

Service quality and customer retention are dependent on the customer’s perception of the overall service delivered. Both Customer’s perception and expectation can vary but the gap between these two can be minimized by the service organizations by managing the gaps which lead towards building up the customer’s perception and expectation of a service. The five gaps as per the service quality gap model have been ascertained and examined with reference to BSNL, which is one of the telecom service providers in Kashmir region. The service quality gap can be reduced by controlling the management’s perception gap, the specification translation gap, the service delivery gap and the media communication gap which involves reducing the disparities at every stage. Based on results of the analysis of data and calculations through the perception and expectation levels we can conclude that the hypothesis is supported by the relevant data and therefore accepted. After analyzing the gaps following recommendations for the improvement of service quality and customer retention have also been summarized: -

1. Considering every customer grievance as an opportunity to improve the system.
2. All employees should be trained and made aware of the company’s service quality goals.
3. Trained and skilled employees at the front end where customer communication takes place so that more responsive interaction takes place.
4. All the employees should be taken in right proportion with respect to technical knowledge for serving to the customer base of enterprise data services such as MPLS VPN, internet leased line, etc.
5. Trained manpower in the right proportion with IT skills for executing and serving to the IT related service requirements such as web hosting, internet data Centre, Business mail service(SaaS), etc. of customers.
6. Incisive and accurate advertisements so that there is no scope for misinterpretation.

7. The company's websites/portals should be made more customers friendly.
8. Marketing survey should be carried out often in order to judge the customer's expectation in the face of competition.
9. Making proper complaint redress mechanism and also Educating customers about them.

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