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IMPACTS OF OUTSOURCING CUSTOMER CARE SERVICES AND ENSURING CUSTOMER SATISFACTION IN TELECOMMUNICATION INDUSTRY: HORIZON CONTACT CENTERS

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The purpose of the study was to find out the factors that contribute to the success of outsourcing customer care services and customer satisfaction for Horizon Contact Centers located in Nairobi, Kenya. Telkom have outsourced its customer care service to Horizon Contact Centers while Safaricom has not, therefore a comparison between the two companies was done to find out which one satisfies customers.

The theories analyzed in the study included outsourcing, customer service, customer satisfaction and methodology for measuring customer satisfaction. Outsourcing was used to find out some of its benefits and challenges. Customer service that is provided by companies was discussed. Also how effective customer service management leads to customer satisfaction hence retention. In customer satisfaction, the factors that lead to customer satisfaction and the factors that lead to customer dissatisfaction were discussed.

In order to investigate the impact of outsourcing on customer care satisfaction, a survey was conducted in which 78 respondents participated 39 from Safaricom and 39 from Telkom in a bid of comparing their opinion on quality, reliability, empathy and responsiveness of the respective customer care services. The quantitative data was collected through online survey, analyzed using SPSS and findings presented in form of tables and narratives. A pilot study was used to ensure validity and reliability of the data collection tool. The study found that Telkom had a comparatively more reliable, empathetic, responsive and reliable customer care service compared to Safaricom. Telkom’s better performance in customer service management.

The study recommendations were that Horizon Contact Center as the largest outsourcing contact center in the entire region needs to have a clear plan for supporting and rewarding the most performing customer care service team members. The company also need to deploy the best modern technology to embark on heavy publicity and promotion of Telkom services and products in a bid to expand Telkom operation. Telecommunication companies need to embark on market research to establish the feasibility of service outsourcing on the organizational performance and cost reduction.
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1 INTRODUCTION

Background

The thesis was done so that Horizon Contact Centers located in Nairobi, Kenya can ensure customer satisfaction by meeting the customer expectations through the customer services offered to the customers. Horizon Contact Centers is a BPO company situated in East and Central Africa but the headquarter is in Nairobi, Kenya. The company mainly deal with ICT services (Website of Horizon Contact Centers 2018). Outsourcing has been a common trend for most companies in Kenya, this is because the companies intend to focus on their core business and outsource the customer service to other companies who can deliver quality customer service. Customer service is the frontline of a business; therefore, they need to meet customer expectations to increases customer satisfaction level because the customers become loyal to the company and the company will be able to retain them and acquire new customers. This results in an increase the revenue of the company. I worked for Horizon Contact Centers as a customer service representative and the company’s aim was to deliver quality service to their customers.

The study will compare the customer service management of Telkom Kenya that has outsourced its customer care services to Horizon Contact Centers and Safaricom telecommunication company that have not outsourced their customer care service.

Purpose of the study

The aim of the thesis is to determine the impact of outsourcing customer service management. From time to time, whenever customers feel stranded with access to telecommunication services, their predictable move has been to reach out to the customer care desk for further assistance. However, at times, the customer care services may turn unreliable; leaving the customers more frustrated but nobody to address their concerns. Since the dependency of the customers on customer care is so high, the outcome of the thesis will suggest how to effectively improve customer service management for improved customer retention and loyalty. In addition, the study will ensure that Horizon
Contact Centers can improve their customer care services to increase customer satisfaction that will result in customer retention. As well as improving the performance of the customer service representatives. To the policy maker, the study outcome will also be significant in formulation of policies for improved customer service management not only in the telecommunication sector, but also in other service-provision sectors such as online retail sector.

Structure of the thesis

The structure of the thesis comprises of different chapters. The first chapter is introduction which includes the background and purpose, the second chapter entails information about telecommunication company in Kenya and the case company. The following chapter is the problem setting and conceptual work used for the study, this followed by the literature review part that comprises of three theories that are outsourcing, customer service and customer satisfaction. The methodology part follows and this describes the different methodologies that are used for the study and the reasons as to why they were chosen are also stated, the validity and reliability used for the study are also stated. The next chapter entails the research findings, the data that had been collected is presented in tables to show the results. The following chapter is the summary and conclusion of the study, after that is the recommendations part that different recommendations are given and finally is the final words.

2 TELECOMMUNICATION INDUSTRY IN KENYA

There has been a rapid growth in the telecommunication industry in Kenya because of the increased number of subscribers that have helped in the economic growth of the country. The ICT sector was the least contributor to Kenya’s GDP of 59.8 billion US dollars in 2015, at 0.9%. However, the government has identified it as the main sector to assist in rapid economic growth. From 2013 the number of subscribers has increased tremendously, mobile increased to 89.25%, internet increased to 87.2%, broadband increased to 18.6 % within the first quarter of 2016 (Website of PR Newswire 2018).
There are different telecommunication companies in Kenya, for instance, Telkom Kenya, Safaricom, Airtel and YU Kenya. The sector is dominated by Telkom Kenya and Safaricom. The sole fixed line provider is Telkom Kenya which is a partially privatized national company and the mobile sector is dominated by Safaricom that has a market share of 65.5%. Safaricom has dominated the market share due to the exit of India’s Essar in 2014 and France’s Orange that sold its Kenyan operation in 2015. Also, Safaricom has a bigger market share because the company has invested in mobile money services. The company introduced the mobile money transfer service known as Mpesa in 2007. This service is used by most Kenyans since they can conduct their transaction using their mobile phones and they do not have to visit Banks or go to ATM machine to collect money or pay bills (Website of Africa Practice 2018). The availability of the Safaricom agents across the country assists customers in transaction of money, sell sim card and recharge cards to them. However, Telkom, Airtel and YU have very few agents across the country. Both Safaricom and Telkom Kenya have invested in the network infrastructure to receive more market share. The present regulatory changes have led to the mobile operators receiving internet service providers (ISPs) that provide services such as broadband, business internet, business internet, fibre to the buildings, satellite and VSAT (Website of PR Newswire 2018).

Case company

The case company that was used for this study is Horizon Contact Centers. The company is an IT-oriented corporate organization that deals with ICT services. The company was founded in November 2008 by members by a group of investors and Business Processing Outsourcing (BPO) consultants and the offices are in East and Central Africa, however, the main office is in Nairobi Kenya (Website of Horizon Contact Centers 2018). The founder’s major concern was to provide competition in the business market field, owing to their track of professional skills as well as service management infrastructure.

The company’s mission is to provide a suitable market for contact center and BPO services in Kenya and its environs (Website of Horizon Contact Centers 2018). To
achieve their mission, Horizon Contact Centre endeavors at offering best products, spotting and nurturing talents to find labor in the industry and massively developing of infrastructures. The company’s vision is to distribute contact centers and BPO services to whole Kenya at large and globally (Website of Horizon Contact Centers 2018). In their business goals, Horizon Contact Centers aims at mobilizing Kenya’s youths and empowering them with the goal of improving the economy to a higher standard.

The Horizon Company’s effective business model mainly relies on the tips that secret to a successful business is to attract customer’s attention and loyalty through effective service delivery. This has led them to devote their infrastructure and skills towards achieving a conducive environment for customer service and contact. For their track of effective customer handling and best quality of customer care services, Horizon boasts of being contracted by multinational corporations such as Telkom (formerly Orange Telecom. Ltd), Resolution Health, Smart TV, and British Child Care among others for outsourcing customer care services (Website of Horizon Contact Centers 2018).

The company engages its customers actively proving to them that they cater to their needs, by so doing good relationship is achieved between the company and the customers. Horizon Contact Centers also assists its clients by providing efficient services and reducing costs for the services that they provide. So far, the company’s officials have trained skilled personnel who have been working with the BPO sector for over 60 years for they have been working in other countries such as UK, US, South Africa, India and Kenya (Website of Horizon Contact Centers 2018).

3 PROBLEM SETTING AND CONCEPTUAL FRAME OF REFERENCE

3.1 Problem setting

Setting a customer-focused business there is a need for orientation. With high-paced globalization, substandard customer service and products have become an intolerable event. Most companies, regardless of their technological sophistication still perceive
customer service through effective outsourcing as a key secret to success. However, outsourcing has for a long period been viewed through a traditional lens in the service provision industry. As the market is increasingly becoming filled with customers who are well informed, effective customer relations have turned to a crucial ingredient for effective business management. Outsourcing is a critical component of the business management and its use has increased over the past few decades; spreading across all sectors. Outsourcing cuts across both products and services with a sole aim of improving customer satisfaction. Based on their stages of maturity, use of outsourcing for improved customer relations is often achieved at different levels in different magnitudes.

Customer satisfaction has been endorsed as an overriding necessity for mounting a sustainable competitive advantage in the telecommunication sector. In service intensive industry such as telecommunication, customer satisfaction can be achieved through an effective customer service system. This has received much attention from the stakeholder. Although the nature of quality of customer service has been found to be key in influencing the performance, the quality of customer service management and response to customers’ concerns by most telecommunication industries in Kenya is still questionable. In spite of much attention from the key stakeholders, telecommunication sector has not yet reached full realization of effective customer service management and this limits their sales and returns. Therefore, analysis of the gaps in customer care service within telecommunication industry is critical to improving the performance of network provider firms.

3.2 Research problem

The research problem for this can be defined as follows: How can the company improve the satisfaction of their customers by meeting the expectations of the customers by the services that are offered by the customer service representatives, which will also enable the company to have a long-term relationship with the companies that have outsourced their service to them?
3.3 Research objectives

Based on the research problem the following objectives have been set for the study:

1. To what extent does service delivery influence customer satisfaction in the telecommunication industry?
2. What are the advantages of outsourcing customer care services?
3. What are the disadvantages of outsourcing customer care service?
4. How does company outsource its customer care services?
5. How does Horizon Contact Centers ensure that the customer service representatives perform well to achieve best customer care services?
6. What are the challenges faced in outsourcing?
7. How to meet customer expectations?
8. What does customer care services entail?

3.4 Conceptual framework

The conceptual framework is based on customers’ satisfaction because they are the most important people to the business. The importance of outsourcing customer care services is to enhance customer satisfaction and loyalty. Customer satisfaction is very important and it the starting point to determine whether the customers will be loyal or not as shown in figure 1 below. Customer satisfaction increases when the company is able to understand what their customers want, meet their expectations accordingly, improve the customer value proposition so that they can have a good experience. Customers who are satisfied will become loyal customers and with increased customer loyalty, performance of the business will increase. The business performance has been given a blue shade because it will not be discussed.
4 OUTSOURCING

Outsourcing is defined as the practice of hiring an independent party to provide raw materials, goods and services on behalf of the hiring entity. Over the past 10 years, the market and business trend have emerged due to increased conviction that allows corporations to seek to reduce costs through contracting out services and activities that it otherwise provided within the house or the business premise (Quayle 2005, 1).

4.1 Outsourcing of services

Customer services have been outsourced to help reduce the cost of having an in-house call center, this helps the company reduce their expenditure. Outsourcing of customer service is not done only within a country but it is done internationally whereby a company outsources its customer service to another company situated in other countries. For instance, this is a common practice with the USA companies that outsource their customer services to call centers in countries that the human resource is available and labor is cheap. The countries include India, Philippine, China. This means that when a customer who lives in the USA seeks help from the customer care their issue is solved in a call center situated in another country (Friginal 2009, 15).
Outsourcing customer service has helped to create employment. The call centers that services have been outsourced they hire people, for instance, customer service representatives to deliver service to customers. This has helped to reduce the rate of unemployment in different regions. For instance, USA companies that have outsourced their call center to a country like Philippine has helped in creation of employment. On the other hand, outsourcing of the call center to another country does not provide job opportunities to people living in the USA (Friginal 2009, 16).

Outsourcing of customer service enables the company to have skilled people working for them and this will help in the productivity of the company. The call centers that the customer service have been outsourced to, they normally recruit skilled personnel who can deliver the best customer service and who are enthusiastic at the place of work. For instance, Philippine call center hires skilled people when hiring (Friginal 2009, 15-19). Also, outsourcing customer service enables a company to be able to focus on their core business as they outsource their customer service to a call center (Fluss 2005,131).

4.2 Outsourcing process

Outsourcing process comprises of three phases that is strategic phase, transitional phase and operational phase. Strategic phase explains why firms opt to outsource some activity, the kind of activities that they opt to outsource and the qualification required from the companies that the business activities are being outsourced. After the company identifies the company that they want to outsource their services to, then the transition phase begins. Transitional phase comprises of contract negotiation, project execution and transfer of activities. After the transitional phase has been finalized effectively, then the operational phase begins. In the operational phase, there are two processes: managing the relationship and contract termination (Weele 2010, 166-173).
4.3 Advantages of outsourcing in telecommunication sector

Outsourcing in telecommunication industry has some advantages. The first advantage is that it helps reduce cost because assets are removed from company books, the budget of capital is reduced, overhead and number of employees is reduced. Secondly, the company can focus on their core business and competencies rather than service delivery. Thirdly it helps to reduce start up time because several outsourcing facilities are established and are ready to start the business and lastly the functional management problem is reduced because it is handled by the other company (Fluss 2005, 131).

4.4 Disadvantages of outsourcing in telecommunication sector

Although there are advantages that a company have when they outsource some of their services, on the other hand, there are disadvantages involved in outsourcing. The first disadvantage is that there are new management problems because it is the responsibility of the end user organization as much as direct management is carried out by the third party. Secondly the company losses functional control, thirdly he company is unable to make instant changes to the process. Fourthly, costs at times are underestimated and outsourcing might end up being costly than building and maintaining in-house. Lastly, it can be difficult or expensive if function is taken back to by the company and operated in-house or if function is moved to a different vendor (Fluss 2005, 131).
4.5 Challenges of outsourcing in telecommunication sector:

There are challenges that a company faces when they outsource services. The first challenge is the difference in culture between outsourced and outsourcing company. This a problem when a company has outsourced its services to another country, for instance, USA company outsourcing customer services to a call center in Philippine. The customers in the USA and the company have a different culture with the Philippines, this might lead to misunderstanding one another (Fringinal 2009, 27).

The other issue is difference in accents hindering the flow of communication. For instance, American English accent is different from a Philippine speaking English leading to a problem a communication flow between a Philippine agent and American customer (Fringinal 2009, 27-28).

The weakening of the currency interferes with the payment of employees for example if the dollar weakens it might interfere with the payment of the agents in Philippine (Fringinal 2009, 21).

5 CUSTOMER SERVICE

Customer service is the organization’s activities and systems set up by a company to assist and guide the consumers of their products or services (Buttle 2009, 445).

This chapter contains topics on customer care, call centers, call center performance management and teleservices. The mentioned topics are contained in this chapter because they are connected to customer service.

5.1 Implications of customer service

Customer service for many years has been considered a necessary preoccupation of service-oriented organizations. Likewise, to organizations, customer service is usually
assessed by the consumers when they get the organization’s services as well as after service delivery (Buttle 2009, 445). Customer service can be experienced at any stage of customer relationship management. In customer service management, reputation predisposes customers towards perceiving service quality.

For customers of technology-enhanced company, the quality of customer service is usually integrative (Buttle 2009, 446). Customer service management has six important attributes. The first attribute is pervasive customer service; in which it is every organization’s staff’s responsibility to serve the customers. Second, operations are smoothly run with little or no defect rates, which allows the organization to focus on the best services that please their customers (Buttle 2009, 446). In the third attribute, organizations always look at how to improve customer service management and customers care lies at the heart of the organization's operations. The fourth attribute is building a personal relationship with the customers and lastly, organizations that are IT-oriented employ latest IT systems in customer care to allow convenient communication with their customers in a bid of understanding what the customers need while tracking key processes and services that influence customers’ experience (Buttle 2009, 446).

For a business to emerge successful it should consider coming up with systems that will help acquire customers attention hence providing best customer service that will be effective (DiJulius 2003, 2). In customer service management, there are two non-negotiable ways that enhance creating good customer relation. When it comes to customer services, people expect to get good services for them to keep coming back, and by winning their loyalty the services being offered by an organization become a necessity to them. (DiJulius 2003, 3)

For a business to emerge successful, the quality of the products and their customer service must be outstanding (DiJulius 2003, 72). In addition, good etiquette is very vital when it comes to dealing with customers hence organizations endeavor to source for the best customer services (DiJulius 2003, 73). In an organization, the managers should ensure that the workers undergo a serious training in terms of handling customers for a productive customer service (DiJulius 2003, 74). Customer service should also be delivered at its best to win customers loyalty even at times enticing them with
gift and promotions. By so doing, the customers will keep referring friends, relatives and colleagues to the business (DiJulius 2003, 74).

Customer service to new customers is vital so it is advisable to make the new customers know the truth for they are very sensitive. For this matter, first time customers change his or her attitude if his or her expectations are not met as per the brand marketing (Barlow & Stewart 2006, 46). Customer service can effectively be enhanced by an organization branding its products as a way of communicating to the customers (Barlow & Stewart 2006, 32).

Once the relationship is built and customers understand the brand customer services are effective for strengthening the relationship between clients and the brand (Barlow & Stewart 2006, 34). Customer service builds foundation in many ways for instance when it comes to distribution of brands at the right time and at the right place as per the customer's instructions without delays and unnecessary excuses for the reasons as to why delivery was not done in time. This builds customer trust due to the services offered (Barlow & Stewart 2006, 34).

For an effective customer service, good customer relationship must be keenly put into practice for every customer interaction; whether direct or indirect, that can build or completely break the brand (Barlow & Stewart 2006, 39). Organization should also ensure there is high customer service contact while selling their products; including meeting customers’ expectations by delivering brands the same as the ones being advertised (Barlow & Stewart 2006, 43).

Meeting customers’ expectations and fulfilling their needs way much better than the competitors in the market in a unique way strengthens customer’s loyalty; making them feel comfortable. However, being strict to customers and showing attitudes towards them will only ruin the business (Leventhal 2006, 399).

In the modern world, there are factors to consider when targeting customers to maintain their relationship. Such factors include prices -whether they are overpriced or not- and location of the shop as well as the ability for products distribution. These factors make a business earn potential customers quite easily (Leventhal 2006, 394). Commitments towards customers are also vital for winning their trust; resulting to a long-term
relationship between customers and retailers (Leventhal 2006, 389). To achieve customers’ relationship, retailers should also create a friendly environment for interaction with the customers and commitment should be greatly put into practice to maintain a long-term relationship (Leventhal 2006, 38).

A business that aims and persists in offering the customers what they want eventually acquires many merits in the competitive market. This also improves customer relationship for they get the products that they want and not what a business is offering (Raab et al 2010, 40). Customer service is vital and so a firm should first identify the product they want to sell and their ability to provide a long-term relationship without disappointing the customers (Raab et al 2010, 3). A business should also establish a system where customers’ complaints are responded to so swiftly; giving necessary feedback concerning the raised issues. By so doing, the customers readily feel appreciated and this improves customer relationship. (Raab et al 2010, 7).

Customer satisfaction is as a result of quality customer service and enhances business success. Hence, customer satisfaction that goes hand in hand commensurate with quality of a product being sold is promising and fulfilling (Barlow & Stewart 2006, 73). Managers should also work on training workers on best customer services activities so as to satisfy the clients (Barlow & Stewart 2006, 88) Customer service systems should be effectively be managed so that there will be no complaints from customers about them being mishandled (Barlow & Stewart 2006, 88). Business success is enhanced by superior customer services that eventually lead to loyal customers making referrals to their friends and relatives. The success of a business solely depends on the quality product of the service offered as this leads to improved service delivery hence customer’s satisfaction (Barlow & Stewart 2006, 90). In addition, well trained customer care team give the best customer service to customers. Therefore, a firm should heavily invest in training its workers on professional skills on how to interact with customers in a friendly manner (Barlow & Stewart 2006, 88). Customer service is also very critical when it comes to delivering quality and attaining customer’s satisfaction (Barlow & Stewart 2006, 85).

In every business, what builds a relationship between the brand and the customer is effective customer service (Gerson 1993, 33). Companies should consider delivering
the best quality of products and meeting customer expectations this enhance good cus-
tomer service leading to business expansion. Customer service can be perfectly enhan-
ced if the product as a way of communication to consumers from an organization. 
Customer service can build the relationship between the brand and the customer. 
Complaints made by customers should be rectified and the business should struggle to 
improve their customer service by fully addressing the complaints raised by the custo-
mers and letting the customers know that their complaints are being worked on. Effect 
of customer management in a business can be irresistible if products are put well in a 
display and organization handle customer related problems responsibly in case there 
is any without putting blame on anyone to maintain trust (Gerson 1993, 45).

Striving towards maintaining perfect services to customers with an aim of retaining 
them should also be on the lookout for there are some benefits that go hand in hand 
with quality services (Kumar et al 2012, 165). However, for the customer service to 
be delivered as per the customer expectations, the business must emphasize and col-
laborate with the suppliers; not only giving quality service (Kumar et al 2012, 213). 
Customer relation is what matters in an organization thus organization should recog-
nize and take it’s a vital fixed asset for the relationship is what enhance rapid growth 
(Kumar et al 2012, 164).

5.2 Customer care

Customer care is a direct contact that customer has with employees in different organ-
ization when they have an inquiry to make or complaint to be resolved. The employees 
are also referred to as service employees or frontline employees. The interaction be-
tween the customer and employee can be face to face, through a phone call, email, fax 
or letter. Frontline employees are important for the company and depend on them than 
other resources. Frontline employees can know the customers’ demands by asking 
them questions and responding to what they require (Grönroos 2015, 391).
5.3 Call center

Call center is viewed as an important link between the business and customers. Call centers employee customer service representatives who address customer inquiries and resolve their complaints. Companies use call centers as a strategy to ensure customer satisfaction and demonstrate that they concerned more than their competitors because they can operate more hours than their competitors, therefore customers are able to access the company when they need help. The emergence of toll-free number enables customers to access companies easily and no cost incurred. The advances in telecommunications technology have made companies to handle high call volumes. Due to the increased competition, it is important for a business to ensure customers satisfaction than their competitors, this is made possible because the customers can easily reach the company after purchasing a product or service because the company has a call center that operates 24 hours daily. This becomes a competitive advantage to the business. The advancement in technology has enabled integration and different customer contact points that which: telephone, email and internet to increase customer service and satisfaction (Feinberg, Ruyter & Bennington, 2003,1-4). Call centers are used in customer care process although they change as organizations change through the different stages (Brown 1999, 133).

5.4 Teleservices

Many companies use teleservices to acquire new customers and retain existing ones. Teleservices are used in customer service through different phases such as pre-sales, sales and post-sales. For instance, in presales companies can know the need of customers for product or services by letting them know the benefits. In sales phase, customer service representatives inform customers about products and services. For instance, about the delivery of goods, product usage. In post-sales phase, customer service representatives handle customer complaints requests and give support for product in billing (Brown 1999, 131-134).
5.5 Call center performance management in customer service

Call center performance management is a method used to measure call center ability to inside and outside the performance standards. There are best practices, tools and applications used to assist to make the scorecards and real-time dashboards that assist to make even the call center Key Performance Indicators and metrics with appropriate goals (Fluss 2005, 27).

![Call Center Key Performance Indicators](image)

Figure 3. Call center Key Performance Indicators (Fluss 2005, 28)

Call centers thrive at maximizing the productivity of the call center agents and this should not be the only goal for companies they need to also optimize the performance of the call center agents there should be a balance between productivity, performance, quality and customer satisfaction. A call center that focuses on rewarding productivity only, this leaves quality and performance to suffer leading to customer dissatisfaction. It is vital for a call center to determine the right mix of the following components: productivity (calls and emails every hour, average handling time), performance (save rates, closed sales) and quality (Fluss 2005, 28).
At times the marketing department create new programs and sales department start a new campaign to sell the service, however, the call center is not informed about the new campaign they are only ambushed by the customers who inquire about the new campaign. Therefore, it is important for the call center agents to be updated on any new campaign and the various departments should work closely with each other (Fluss 2005, 28).

6 CUSTOMER SATISFACTION

Customer satisfaction is defined as the degree of satisfaction provided by the services of a company in terms number of repeat customers. In customer service management, customer satisfaction is vital for organizational efficiency increase in revenue (Schierholz 2007, 8).

6.1 Significance of customer satisfaction

Customer satisfaction can only be achieved when a business develops an interest to get to know their customers and offer to them excellent services (Schierholz 2007, 9). A firm should consider having different modes of payment, for instance, mobile banking and mobile money. This gives their customer full satisfaction for there are risks that are related when carrying cash at hand while purchasing goods (Schierholz 2007, 12).

Effective customer satisfaction significantly benefits a business only if the workers are giving efficiency and effective services such as informing customers via mobile phones of new stock or updating them when they will be restocking products that are out of stock (Schierholz 2007, 18). By firm gives the best customer service and good quality or develops a specific mode of payment, this gives a customer satisfaction and also fraud cases become very rare (Schierholz 2007, 18).
For a firm to create and maintain competition in the market, it should first identify a product that consumers need then be able to provide the said product for a long-term period. This improves customer satisfaction and an added advantage affirm wins customer trust (Raab, Ajami, Gargeya, & Goddard 2010, 2). When a business increases their level of customer satisfaction by providing quality services which are long-term, customers also commit to that company thus strengthening the company’s customer loyalty (Raab et al 2010, 8).

Effective customer orientation also leads to customer satisfaction. Contented customers tend to visit a business repeatedly and even refer others. With effective customer orientation, customers do not react negatively in case the price of a product goes high neither do they take competing offers from different companies (Raab et al 2010, 15). On the other hand, superiors in a business should actively involve employees, motivating and encouraging them on ways of addressing customers, as a result, they will openly interact with customers making them satisfied for they answer every question they need an answer concerning a product (Raab et al 2010, 20).

Once customer satisfaction is improved and customer loyalty is maintained a firm attracts and retains customers leading to profit increase (Kumar, Petersen, Kumar & Petersen 2012, 3). Customer satisfaction rapidly increases profit margins for many referrals are made and confidence in the company’s products are raised (Kumar et al 2012, 30). Customer satisfaction can also effectively be achieved by increasing product and improving the service quality; leading to retaining of customers enhancing great business performance. (Kumar et al 2012, 64). Companies should conduct loyalty programs regularly, aiming to increase the level of customer’s loyalty by consulting customers on which products should be stocked and encouraging them to purchase more products and by this customers satisfaction is put into place (Kumar et al 2012, 68).

Willingness of employees to work and their positive response towards customers is what that builds customer satisfaction (Scott 2000, 22). On daily basis, employees should work on treating every customer hospitably as this enhances cooperation and beneficially improve the ability to handle customers. Hospitality in customer service management also results in customer satisfaction for the service offered (Scott 2000, 44). A company should also work precisely to improve their ability to deliver and interact with customers in a good manner build confidence and both the customer and
the seller get satisfied (Scott 2000, 47). Having in mind that customer is always right it is very important in applying and achieving professional skills while solving and addressing customer complaints without putting blame on either the customer. By this every stakeholder will feel better and satisfied (Scott 2000, 57).

Research has shown that a positive incident satisfies a customer while negative incident has negative impact to customers behavior; leading to high rise of complains and dissatisfactions (Emerald 2005, 166). The type of service given to customers, the customers’ trust on a firm builds over time and leads to their satisfaction only if all their concerns are sufficiently addressed at the right time (Emerald 2005, 166). Giving immediate feedback to customers, understanding them and at times giving them discounts and even freely having contact with employees also improve satisfaction in service industry (Emerald 2005, 167). Therefore, management of a company must endeavor to ensure that level of services delivered to a customer is of good quality and customer satisfaction provided to customers is quite good. They should also chip in on matters regarding delivery by ensuring it is of high standards as well as rewarding their customer service team accordingly (Emerald 2005, 170).

6.2 The relevance of customers satisfaction

To satisfy customers a company need to be aware of the expectations of the customer what they like and what they do not like. When the customers are satisfied it leads to a long-term relationship with the company. If the number complaints are low it means that majority of the customers are satisfied with the services. At times this is not the case because from the previous experiences it has been found out that four percent of dissatisfied customers complain while 96 percent do not complain they instead switch to other companies. The American service providers use 30 percent of their expenses for improvement they are making (Raab et al 2010, 59-60).

When the customers are satisfied with the services it leads to cross-selling of products and services in the company, they tend not to care much about the price so long as they receive the best service or product, they help in positive advertising of the company’s product or services and the customers become committed to the company. However, dissatisfaction of the customers leads to switching to use another product or service,
negative advertising by word of mouth to other people, raising complaints to the company (Raab et al 2010, 64-65).

There is a relationship between product and service quality and overall customer satisfaction. If a company provides the best quality of product or service majority of its customers will be satisfied. When the customer satisfaction is increased it leads to success of the company as shown in the figure below (Allen 2004,1).

![Fundamental assumption driving customer satisfaction measurement](image)

Figure 4. Fundamental assumption driving customer satisfaction measurement (Allen 2004,2)

6.3 Perceived service quality

Good perceived quality is acquired when the customers’ expectations are met, in case the expectations are not reasonable then the total perceived quality is low. Expected quality operates in many factors that comprise of: marketing communication for instance advertising, direct sales, sales promotion. The other is internet communication and sales campaign that is controlled by the company and this includes image (customers previous experience, social media and word of mouth, however public relations are not directly controlled by companies. Customer needs and values also have an impact on their expectations. The level of total perceived service quality is obtained from the gap between expected and experienced quality, not the technical or functional quality. Quality programs should also involve external marketing and marketing communication. Image is vital for a company because it plays a major role in customer perception of service quality (Grönroos 20015, 98).
6.4 Service quality determinants and the SERVQUAL instrument

The mid-1980s Berry, Parasuraman and Zeithaml studied the service quality determinants and the evaluation by the customers on the quality of service depending on the perceived service quality concept. There were ten determinants which were reduced to five determinants of quality of service:

1. Tangibles. Involves the appeal of facilities, equipment’s used by the service company and the appearance of the service staff.
2. Reliability. Service company ensures that provide customers with appropriate service well and deliver service without failure.
3. Responsiveness. Employees of a service company can help customers and respond to their requests and tell customer when they will receive service and providing quick and immediate feedback.
4. Assurance. The way employees behave makes the customer believe in the company since they feel safe. This implies that employees are knowledgeable to address customers inquiries.
5. Empathy. Company understand the problems of the customers and they can resolve the problems by providing each of them with personal attention and providing convenient hours.
(Grönroos 2001,75-76)

The SERVQUAL is an instrument used to measure how customers perceive the quality of a service. The five determinants are used to compare the customer expectation on how the service should be provided and their experience when the service was offered (disconfirmation or confirmation of expectations). 22 attributes are normally used to describe the five determinants and respondents are asked required to give feedback based on a seven-point scale from "Strongly agree" to "Strongly disagree" what they expected from the service and perception towards the service. The overall score is calculated based on differences between expectations and experiences. The higher the score indicates that experiences are below expectations the lower the perceived quality (Grönroos 2001,76).

6.5 Gap analysis

Berry, Parasuraman, Zeithaml developed a gap analysis model that is helpful to analyze the origin of quality problems and assist managers on how they can improve the quality of service that they are offering to their customers. The model illustrates how service quality begins. The upper part shows factors related to the customer while the lower part shows factors related to service provider. Service experienced that is referred to as the perceived service in the model. Management perceptions of customer expectations help in decision making on the service quality specification that a company needs to have when service delivery occurs. Marketing communication plays an important role in the perceived and expected service. The structure illustrates the steps that need to take place when a company analyses and plans service quality. The five problems between different elements in the model are referred to as the quality gaps. The gaps are due to absence of quality management process (Grönroos 2015, 129-130).
6.6 Dimensions of customer loyalty

Loyalty is the attitude that a customer has about a product or service that making them have a long-term relationship with the company and eventually leads to customer retention (Allen 2004, 14).

There are two dimensions of customer loyalty affective dimension and cognitive drivers. Affective dimension which involves the emotional attachment that the buyer has towards the product or service. Emotional ties may be due to the relationship the customer has with the brand, the image and the staff. However, the cognitive drivers which are more reasonable and involves customer important assessment or even relationship with supplier. The evaluation entails attitudes towards supplier’s product quality, price, problem resolution or distribution structure. Attitudinal loyalty is less dynamic than customer satisfaction. Customer satisfaction may go up and down depending on the service or product quality experiences, however, customer loyalty changes very slowly (Allen 2004, 16-17). Customer loyalty, customer satisfaction, customer value perception and brand image they have an impact on repurchase that is
useful for the financial performance of the company as shown in the figure below (Allen 2004, 17).

![Diagram](image)

Figure 7. Quality and its effect on customer retention (Allen 2004, 17)

7 CUSTOMER SATISFACTION MEASUREMENT

When it comes to customer satisfaction measurements issues are vital and should be considered (Hayes 2008, 35). Customer view about the level of quality product or rather the service offered the organization should ensure that the measurements are real, having no errors (Hayes 2008, 35). In order to achieve classical measurement, customer should be involved and probably answer the questions being asked then it is from the answer given that the organization will be able to know level of customer satisfaction and what the need to improve on (Hayes 2008, 36).

In classical measurement theory, there is an equation that describes the connection between observed scores, true score and error (Hayes 2008, 36). Measurement process can be one of the factors leading to deviation in levels of customer satisfaction (Hayes 2008, 38). When errors are detected during customer satisfaction measurements, the outcome of the score is less reliable when it comes to getting the actual underlying score (Hayes 2008, 35). Such errors in measurements may lead to different score on
the administration test (Hayes 2008, 39). An organization should also have large number of items as it benefits someone when it comes to measuring customer’s views and responses they give (Hayes 2008, 53).

A business should measure everything that operates in it also should measure what it offers to its customers. Through this they are able to get views from the customers on matters concerning quality then finally measures it and get to know what is required of them in order to achieve customer satisfaction (Barlow & Stewart 2006, 93). Managers in a business should be able to measure the service quality of the employers in order to see how they can improve to satisfy customers by meeting their expectations (Barlow & Stewart 2006, 87). For example, managers have Key Performance Indicators for the employees.

Measurement systems that run a business should be well analyzed so that everyone can understand them clearly all the key indicators of customer satisfaction (Barlow & Stewart 2006, 81). When measuring customer’s satisfaction level which can be done via using of ratios and percentages, it is necessary to note every aspect to detect areas of improvement (Barlow & Stewart 2006, 80). Once customer satisfaction level is measured a business should analyze the outcome so that they get to know on areas to improve on in order to maintain their customers (Barlow & Stewart 2006, 79).

There are various customer satisfaction measurements methods such as interviews or telephone surveys by this a business is able to gather information regarding the service and product quality and give appropriate feedback (Barlow & Stewart 2006, 78). When a firm applies these measurements, a business will have a perfect customer satisfaction. Customer satisfaction should consistently be measured (Barlow & Stewart 2006, 74). Customer satisfaction measurement is also not all about feedback that a customer gives towards the quality of a product, but the company must also know what a customer wants from you and the reason as to why they need a certain product (Barlow & Stewart 2006, 26).

Effective customer satisfaction measurement program gives immediate feedback and one is able to observe and rate what he or she does at the moment. Through effective customer satisfaction management, one can also view out what can be done to improve
on that particular measurement (Barlow & Stewart 2006, 37). For a staff to feel accomplished and feel that he or she has done an excellent job, there must be a hit a certain measurement target (Barlow & Stewart 2006, 31).

7.1 The goal of measuring customer satisfaction

The aim of customer satisfaction is for the company to be able to receive more profit. The aim of customer satisfaction research is for a company to be able to address customer well. The basic standards of measurement to be employed. The standards need to be employed systematically, regularly, objectively and pervasively (Raab et al 2010, 73).

7.2 Significance of customer satisfaction measurement

In the analysis of customer satisfaction, a customer can share their goals, needs and wishes. An organization is given the room to what it offers to meet the expectation and perception of the customers. The company can then have a long-term relationship with the customers by acting upon the feedback received from the customers. Also, a company should compare its service with what the competitors offer to maintain a good relationship with the company since they offer better products or services than others. It is important for a company not only to use satisfaction studies for purposes leading to satisfaction or dissatisfaction but also use to compare product and service quality for a given duration. There is a need for innovation and strategic changes results in early achievement of customer satisfaction. Teamwork spirit helps achieve goals and the products and services can meet customers’ expectations (Raab et al 2010, 73-74).

7.3 Eight phases of measuring customer satisfaction

The first phase is establishment of the study’s subject matter and goals. There needs to be a clarification on who need to be surveyed this may be present customers, customers who left and competition customers. Since the groups are different then there should different research goals. The second phase is exploratory phase, this involves
discussion with customers for the company to find out the customers standards and expectations for the product or service. After the analysis, the company will find out issues that assist to select and design required study methods. The third phase is choice and design of study methods, the decisions are made regarding the type of survey which can be complete or sample survey, survey method for instance telephone survey, written survey or interviews and format of questions which can either be open or closed questions. Type of survey depends on the total population being surveyed in case it is large then a sample can be used (Raab et al 2010, 74).

The fourth phase is pretest, selected study method needs to be selected to a small number of customers. If there are faults then the method should be done again. An organization can save time and money by including a test phase. The fifth phase is implementation of the study, the study is conducted before the survey is conducted the customer needs to be notified of what to expect through a letter this increases cooperation. Customer feedback should be encouraged after the study. The sixth phase is analysis of data, there are different ways to analyze data, the first one is the descriptive analysis that processes data graphically which include average value, modal value and median. The second is univariate and bivariate procedures that reveal correlations or differences between one or two variables, for instance, the relationship between price and sales volume. Lastly, the multivariate procedures that help to study several variables, for instance, regression or cluster analysis. The aim of interpretation of data to find out the weak points and remove them through improvement efforts (Raab et al 2010, 74-75).

The seventh phase is formulation of plans of actions, after the evaluation of data action needs to be taken by using different approaches for continuous customer satisfaction. The criterion survey has an impact on customer satisfaction on different levels, therefore, improvement of measures should be carried out that have a huge impact on customer satisfaction. The eighth is phase is implementation of plans of action, there should be frequent review and analyses of customer satisfaction to find out the success or whether there no success and the weak points need to be found out early for them to be fixed (Raab et al 2010, 75).
8 METHODOLOGY

8.1 Research Design

The study deployed the descriptive study design to meet its objectives. Descriptive research design is study design that endeavors to provide a true picture of a study problem as it is in its natural format (Mackey & Gass 2005, 19). It is a research design that is concerned with the conditions, structures, practices, relationships and differences of a phenomenon. Descriptive design was used in this study to justify the current customer care practices while making judgment on how they contribute to customer satisfaction. Some of the key benefits of using descriptive research design include: it reduces biasness since the participants are interviewed or observed in their natural environment. Secondly, through descriptive design, it is easy to identify variables that can be tested (Kothari 2004, 37). Through quantitative survey, it also allows in-depth gathering of information from many respondents over a short period of time (Mackey & Gass 2005, 153). Lastly, descriptive study design is cost-effective in terms of lesser time and resources, compared to exploratory design (Kothari 2004, 52). However, with descriptive design, there is likelihood of respondents not behaving in their natural manner when they know they are being observed or interviewed.

Exploratory design is a research design that the main aim is to formulate a problem for an investigation or to develop a working hypothesis. The research design should be flexible as it works towards finding out ideas and insights. However causal design is a research design that the researcher tests the causal relationships between two variables. The research design is helpful in reducing biasness while increasing reliability (Kothari 2004, 35-39).

8.2 Research Method

The study deployed quantitative research method, which is a research method that deals with numbers and any variable that is quantifiable in a systematic manner. The questions that were used where close questions which took less time for the respondents to answer. The questionnaire used was the self-administered questionnaire that
involved sending the questions online to the respondents and they could give feedback online based on sent questionnaire it (Saunders, Lewis & Thornbill 2007, 358).

Quantitative research is often used to answer questions on relationships between measurable variables with aim of explaining predicting and controlling a phenomenon (Mackey & Gass 2005, 143). The data collected through quantitative method are usually analyzable using statistics. Quantitative research is beneficial for it allows for formulation of hypotheses that are statistically sound (Walter & Andersen 2013, 63-65). The method also enables a faster and accurate automation and evaluation of multiple datasets compared to qualitative method. However, it requires constant monitoring which will be achieved in this study in multiple ways including pretesting of tools and double checking the survey responses for errors.

Qualitative research refers to research that is interested in finding out the attitude, opinions and behavior. This depends on the researcher insights and impressions. Techniques used are focused group interviews, projective techniques and depth interviews (Kothari 2004,5). Qualitative data is the non-numerical data or that are not quantifiable. This can be found from response from open-ended questions from online survey questionnaire or in-depth interviews. Qualitative data analysis assists in developing theory from data, however, it is time consuming to analyze the data (Saunders, Lewis & Thornbill 2007, 470-474)

8.3 Study Population and Sample

A sample is drawn from a large population during a research whereby the research is conducted not to the entire population but to a portion of the population by the researcher. Sampling help to save time because there is fewer data to enter and the results are found faster. It also encourages accuracy and collection of data is more accurate (Saunders, Lewis & Thornbill 2007, 206-207).

There are two types of sample that are probability sample and non-probability sample. In probability sample, the case chosen from the population is normally known and is equivalent for every case and it is possible to answer the research questions to meet the objective that a helpful in the estimation of characteristics of the population from
sample statistically. Probability sample is mostly used in survey and research strategies. In non-probability sample the case chosen from the population is normally not known and it is not possible to answer the research questions to meet the objective that a helpful in the estimation of characteristics of the population from sample statistically. It is possible to generalize but not statistically. Non-probability sample is mostly used in case study strategy (Saunders, Lewis & Thornbill 2007, 207).

The study population for this study consisted of any Kenyan citizen aged eighteen years and above that had a mobile phone and was either a Safaricom or Telkom subscriber. Since both mobile network providers have millions of subscribers across the country, a study sample of 40 Safaricom users and 40 Telkom were randomly drawn from the mobile users’ data base across the country to avoid uniformity of the responses and to have the opinion of various subscribers in different parts of the country. Upon drawing of the study sample, the 80 subscribers of both service providers were asked questions on customer satisfaction and responses used as data for the study. Further, the responses from the users of the two network providers were comparatively analyzed to determine association of outsourcing on customer service management.

8.4 Making the questionnaire

There are different types of questions that self-administered and interview questionnaire. Self-administered questionnaires are answered by the respondents this can be done electronically by using the internet or intranet. The other one is sending questionnaires by post to the respondents and they send it back by post after finishing to answer the questions. The questionnaire can be taken by the researcher to the respondent and then upon completion by the respondent the researcher takes it (Lewis, Saunders, Lewis & Thornbill 2007, 358-359).

Interview administered questionnaire are recorded by the interview according to the response of every respondent. Telephone questionnaire in this case is used and the respondents give feedback via the telephone. There is also the structured interview whereby the respondents give feedback to the researcher face to face (Saunders, Lewis & Thornbill 2007, 358-359).
The study used a standardized online survey questionnaire. Keen consideration was taken in designing of the survey questionnaire. First, a preliminary research was done to come up with simple yet informative responses on customer service management; upon which most questions were given responses that are simple and easy to understand. The general language of the questionnaire was simple for the respondent’s understanding. The questionnaire was not lengthy and could be answered within 5-10 minutes while the respondent’s concentration and participation is still optimal.

The study used Likert scale rating questions on a scale of 1=strongly disagree, 2=strongly agree, 3=neither agree nor disagree, 4=agree and 5=strongly agree to collect respondents’ opinion on the study variables. The questions were about quality, empathy, reliability and responsiveness that were used to find out customer satisfaction. The Likert scale mostly used for comparative purposes of the study and to come up with various analysis. The statements used should be in the same order to prevent confusion. The statements should be both positive and negative to make sure that the respondents read carefully the questions so that they think before they give their answers (Saunders, Lewis & Thornbill 2007, 372).

8.5 Data collection and analysis

Upon formulation of the questionnaire, an introductory letter along with the questionnaire was sent to both network providers explaining in detailed the intention of my survey and requesting for the provision of their subscribers’ mobile numbers across the country, before the actual data collection. The actual data collection began on 29.03.2018 to 19.04.2018. The data was electronically collected using a digital survey tool and in this case, is the Google form. The questions were sent to both mobile network subscribers residing in Kenya, attached with a small introductory letter explaining the relevance or purpose of the survey and assuring them of the confidentiality of the information obtained from them and that the information obtained from them will be strictly used for academic purpose only. Follow up was made by sending reminders to the respondents to participate in the survey, this was possible because of the availability of their contacts. Digital questionnaire is beneficial because it is fast, accurate
and can reach people at different places. The responses were entered and posted to a secure online server on the spot and this also safeguards the data from intrusion and loss in the process of transportation. Using digital questionnaire for data collection is also economical and eco-friendly as less paper work and associated reproduction cost is involved. Using digital survey tool for data collection is less cumbersome compared to printed survey. The collected data was run on Statistical Package for Social Scientists (SPSS version 21). SPSS was used to analyze quantitative data and served as the best, comprehensive and integrated computer programme for managing, analyzing and displaying data. The SPSS software was used for coding, editing, classification of data and tabulation for quantitative analysis. The mean, standard deviation, frequency and percentage were used in the analysis. The results were presented using tables.

8.6 Validity and reliability

To ensure validity and reliability of the study, a pilot survey was conducted with about ten respondents with varied socio-demographic profiles to pre-test whether the questionnaire is universally understandable by all the respondents. The gaps and unclear questions were then reviewed and addressed prior to the main study. The pilot survey conducted helped to ensure the validity of the study before the actual survey was done. The pilot test helps to make sure that the questions are understood by the respondents before the actual survey is conducted and problems related to the questions are also fixed. It also ensures that there is no problem when the data will be recorded (Saunders, Lewis & Thornbill).

It is important for a researcher to be able to identify the validity of the research which can be done by sending question to other respondents before the actual research is done to ensure that the questions are well understood and the layout is good and the duration taken to answer the questions, the questions that were not easy to answer. Validity of a questionnaire entails content validity, criterion related validity and construct validity. Content validity this refers to how the measurement questions in the questionnaire provide enough coverage to investigate questions. Criterion related validity refers to the ability of measures or questions to have precise prediction. Construct validity refers
to how measurement questions measure the constructs that where to be measured (Saunders, Lewis & Thornbill 2007, 366-367).

Reliability means consistency, for the questions to be valid they first need to be reliable. There are three approaches to find out the reliability. The first approach is the test re-test estimates of reliability found from corelating data that has been gathered from similar questionnaire that used for the same set up or condition. The questionnaire is sent twice to respondents and the respondent is required to give feedback twice which might be cumbersome for them. Also, if the duration that the respondent is sent to the second questionnaire is long then chances of giving the same answer are low. The method should be used as a supplement to other methods. The second approach is the internal consistency it entails correlating every response in the questionnaires to other questions in the questionnaires. It is helpful to find out the consistency of the response to all questions in the questionnaire. The final approach is alternative form whereby sense of reliability is found out through the questionnaire by comparison of responses to alternative forms from the similar questions or sub group of questions. In case questions are involved then the questionnaire becomes longer and they are referred to as check questions. It is not easy to ensure equivalence of the questions. It is tiresome for the respondents since they are required to make the questionairre longer and they might come across same question and refer to the previous answer (Saunders, Lewis & Thornbill 2007, 367-368).

In this study, Cronbach’s alpha was used to test the reliability of the data, as indicated in table 1, the closer of Cronbach’s alpha to 1.0 the more the data is reliable. For this study 0.875 indicates that our data is more reliable and can be used for the analysis.

Table 1. Reliability Statistics

<table>
<thead>
<tr>
<th>Cronbach's Alpha</th>
<th>Cronbach's Alpha Based on Standardized Items</th>
<th>N of Items</th>
</tr>
</thead>
<tbody>
<tr>
<td>.875</td>
<td>.866</td>
<td>18</td>
</tr>
</tbody>
</table>
9 RESEARCH FINDINGS

The research findings were based on the 78 respondents of which 39 of the respondents were using Telkom as their service provider and the other 39 were users of Safaricom. The research findings were based on the survey conducted that comprised of the socio-demographic profile and customer service management of the users. The customer service management survey comprised of the service provider: quality, reliability, responsiveness and empathy.

The survey was conducted for a duration of three weeks to receive feedback from the respondents and conduct appropriate comparison between Telkom and Safaricom which was very essential for the research.
Table 2. Socio demographic profile

<table>
<thead>
<tr>
<th>Variable</th>
<th>Frequency (n)</th>
<th>Percentage (%)</th>
<th>Cumulative Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1. Gender</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Female</td>
<td>41</td>
<td>52.4</td>
<td>52.4</td>
</tr>
<tr>
<td>Male</td>
<td>37</td>
<td>47.6</td>
<td>100.0</td>
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<tr>
<td><strong>2. Marital Status</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Single</td>
<td>34</td>
<td>43.6</td>
<td>43.6</td>
</tr>
<tr>
<td>Married</td>
<td>33</td>
<td>42.3</td>
<td>85.9</td>
</tr>
<tr>
<td>Other</td>
<td>11</td>
<td>14.1</td>
<td>100</td>
</tr>
<tr>
<td><strong>3. Age Group</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>18-24 Years</td>
<td>18</td>
<td>23.1</td>
<td>23.1</td>
</tr>
<tr>
<td>25-34 Years</td>
<td>18</td>
<td>23.1</td>
<td>46.2</td>
</tr>
<tr>
<td>35-44 Years</td>
<td>20</td>
<td>25.6</td>
<td>71.8</td>
</tr>
<tr>
<td>45-54 Years</td>
<td>11</td>
<td>14.1</td>
<td>85.9</td>
</tr>
<tr>
<td>55-64 Years</td>
<td>8</td>
<td>10.3</td>
<td>96.2</td>
</tr>
<tr>
<td>65 Years and above</td>
<td>3</td>
<td>3.8</td>
<td>100.0</td>
</tr>
<tr>
<td><strong>4. Education</strong></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Bachelor’s Degree</td>
<td>28</td>
<td>35.9</td>
<td>35.9</td>
</tr>
<tr>
<td>Diploma</td>
<td>28</td>
<td>35.9</td>
<td>71.8</td>
</tr>
<tr>
<td>Master Degree or Higher</td>
<td>11</td>
<td>14.1</td>
<td>85.9</td>
</tr>
<tr>
<td>Secondary School</td>
<td>11</td>
<td>14.1</td>
<td>100</td>
</tr>
<tr>
<td><strong>5. Occupation</strong></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Employee</td>
<td>27</td>
<td>34.6</td>
<td>34.6</td>
</tr>
<tr>
<td>Manager or Professional</td>
<td>Frequency</td>
<td>Percentage</td>
<td>Cumulative Percentage</td>
</tr>
<tr>
<td>-------------------------</td>
<td>-----------</td>
<td>------------</td>
<td>-----------------------</td>
</tr>
<tr>
<td>Retired</td>
<td>2</td>
<td>2.6</td>
<td>50</td>
</tr>
<tr>
<td>Self-employed</td>
<td>32</td>
<td>41.0</td>
<td>91.0</td>
</tr>
<tr>
<td>Student</td>
<td>7</td>
<td>9.0</td>
<td>100.0</td>
</tr>
</tbody>
</table>

**6. Monthly Household Income**

| Below 10000             | 10        | 12.2       | 12.2                  |
| 10000 to 19999          | 11        | 14.6       | 26.8                  |
| 20000 to 29999          | 9         | 11.0       | 37.8                  |
| 30000 to 39999          | 27        | 35.4       | 73.2                  |
| 40000 to 49999          | 7         | 8.5        | 81.7                  |
| 50000 and above         | 14        | 18.3       | 100                   |

Table 3. Customer service management

<table>
<thead>
<tr>
<th>Variable</th>
<th>Frequency (n)</th>
<th>Percentage (%)</th>
<th>Cumulative Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1. Network Provider</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Safaricom</td>
<td>39</td>
<td>50</td>
<td>50</td>
</tr>
<tr>
<td>Telkom</td>
<td>39</td>
<td>50</td>
<td>100</td>
</tr>
<tr>
<td><strong>2. Duration with the network line</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Less than 2 years</td>
<td>28</td>
<td>35.4</td>
<td>35.4</td>
</tr>
<tr>
<td>2 to 4 years</td>
<td>29</td>
<td>37.2</td>
<td>72.6</td>
</tr>
<tr>
<td>4 to 6 years</td>
<td>11</td>
<td>14.6</td>
<td>87.2</td>
</tr>
</tbody>
</table>
The analysis reveals that majority (52.4%) of the respondents are female while 42.7% of them are single. Most of them fall between the age gaps of 35-44 which accounts for 25.6% of the age groups represented. The age distribution depicts a young population that largely seek the services of network service providers to fulfill the quest for uninterrupted telecommunication and digital connection.

Network providers such as Safaricom and Telkom being the primary and the most sought after internet service providers, most of the respondents also seek customer care services mainly over internet connection concerns. Another reason attributable to increased customer care services by clients is increased subscription to network-based cash transfer services and promotions alike. In addition, degree holders who participated in the study is the same as diploma holders; depicting a relatively high literacy level in Kenya. High literacy is essential in discerning the quality of customer care service. A significant percentage (41.0%) were self-employed with the highest household income ranging between 30000 and 39999, with most of the respondents having used either Safaricom or Telkom network between 2 to 4 years, the likelihood of a client having contacted a customer care of their respective network provider were relatively high.

9.1 Customer Service Management

This section deals with the Customers service management practiced by both Safaricom and Telkom mobile service providers, such as; quality, reliability, responsiveness and empathy. The respondents were asked to rate each statement under the four items in the linked-scale of; 1=strongly disagree, 2=disagree, 3=neither agree nor disagree, 4=agree, 5=strongly agree.
9.1.1 Quality

Table 4. Quality of services of Safaricom and Telkom

<table>
<thead>
<tr>
<th>Details</th>
<th>Safaricom (N=39)</th>
<th>Telkom (N=39)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Sum</td>
<td>Mean</td>
</tr>
<tr>
<td>The physical facilities at my network provider are usually appealing.</td>
<td>106</td>
<td>2.718</td>
</tr>
<tr>
<td>Materials associated with my provider [posters, brochures, TV and radio</td>
<td>102</td>
<td>2.615</td>
</tr>
<tr>
<td>Employees at my network provider are neat-appealing.</td>
<td>100</td>
<td>2.564</td>
</tr>
<tr>
<td>I like my network provider because they have modern-looking equipment.</td>
<td>93</td>
<td>2.385</td>
</tr>
<tr>
<td>Average</td>
<td>100.23</td>
<td>2.571</td>
</tr>
</tbody>
</table>

From the analysis on the table above, the study findings reveal that Telkom network providers generally offer better quality services as compared to Safaricom. This is illustrated by the overall high mean scores for Telkom which is 4.186 as compared to 2.571 overall mean of Safaricom which is below average. Telkom almost led in every variable under quality with a mean of 4.231 neat appearing, 4.205 appealing physical facilities, with both advertisement materials such posters and modern looking equipment having each having a mean of 4.154. On the other hand, Safaricom has slightly low mean score in terms of modern looking equipment (2.385) as well as employees
neat appearing (2.564). Though Safaricom is seen to have heavily invested on infrastructure, most of there customers were slightly satisfied with there physical appearance and modern equipment they are using with a mean score of 2.718 and 2.615 respectively. This shows that physical appearance and equipment plays a very important role in customers’ perceptions of quality assurance. Knowing this with the competition which comes from other mobile network providers, Telkom management has recently invested heavily on the infrastructure in order to fight for space in the market.

9.1.2 Reliability

Table 5. Reliability of Safaricom and Telkom

<table>
<thead>
<tr>
<th>Details</th>
<th>Safaricom (N=39)</th>
<th>Telkom (N=39)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sum</td>
<td>Mean</td>
<td>Standard Error</td>
</tr>
<tr>
<td>When my network provider promises to do something by a certain time, they do so.</td>
<td>81.00</td>
<td>2.076</td>
</tr>
<tr>
<td>When customers have a problem, my network provider does show a sincere interest in solving it.</td>
<td>83.00</td>
<td>2.128</td>
</tr>
<tr>
<td>My network provider does provide their services at time they promise.</td>
<td>80.00</td>
<td>2.051</td>
</tr>
</tbody>
</table>
The findings reveal that Telkom’s customer care service is more reliable (overall mean score of 3.959) as compared to Safaricom with overall mean score of 2.123. Especially in error free records, performs the service right the first time, providing services at promised time, fulfill their promises and shows sincere interest in solving customer’s problem whenever a customer has a problem with a mean score of 4.205, 4.128, 4.026, 3.744 and 3.692 respectively. However, Safaricom performed worst in terms of reliability, especially in error free records, performs the service at the right time, providing services at promised time, fulfill their promises and shows sincere interest in solving customer’s problem, with a mean of 2.205, 2.154, 2.051, 2.076 and 2.128 respectively. Telkom’s better rating in terms of reliability is attributable to their relatively smaller market share compared to Safaricom, hence less customer care contacts. In addition, with outsourcing of customer service, Telkom’s customer care team most probably have seen the value of timely and sincere follow up for customer retention and satisfaction. Such follow up by calling back must also be sufficiently justified. Performing service right for the first time and in a right way has also helped Telkom attract customer loyalty. This points to the positive impact of outsourcing of customer care services in the telecommunication industry.
9.1.3 Responsiveness

Table 6. Responsiveness of Safaricom and Telkom

<table>
<thead>
<tr>
<th>Details</th>
<th>Safaricom (N=39)</th>
<th>Telkom (N=39)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Sum</td>
<td>Mean</td>
</tr>
<tr>
<td>My network provider employees tell customers exactly when services will be performed.</td>
<td>85.00</td>
<td>2.179</td>
</tr>
<tr>
<td>Employees at my network provider give prompt service to customers.</td>
<td>83.00</td>
<td>2.128</td>
</tr>
<tr>
<td>Employees at my network provider are always willing to help customers.</td>
<td>85.00</td>
<td>2.179</td>
</tr>
<tr>
<td>Employees of my network provider are never too busy to respond to customers' request.</td>
<td>81.00</td>
<td>2.076</td>
</tr>
<tr>
<td><strong>Average</strong></td>
<td><strong>83.5</strong></td>
<td><strong>2.141</strong></td>
</tr>
</tbody>
</table>

According to table 5, the study found out that Telkom is more responsiveness to its customers with an overall mean score of 4.007 as compared to Safaricom with overall
mean score of 2.141. With majority of the respondents (mean value of 4.154) that subscribe to Telkom agree that employees at their network provider are always willing to help customers and are never too busy to respond to customers’ requests (mean value of 4.13), as compared to Safaricom subscribers who disagree with the statements at a mean of 2.179 and 2.076 respectively. Slightly high number of Telcom subscribers also agree that their network provider always tells customers exactly when services will be performed with a mean of 3.897 and always give prompt service to customers (2.87). These are key indicators of fulfilling customer care that necessitates customer loyalty, satisfaction and retaining ability for Telkom. In contrast, Safaricom having overall mean score values of 2.141 for responsiveness to customers’ requests this suggests that clients are not as comfortable and therefore there is a need for the service providers to improve on that.

9.1.4 Empathy

Table 7. Empathy of Safaricom and Telkom

<table>
<thead>
<tr>
<th>Details</th>
<th>Safaricom (N=39)</th>
<th>Telkom (N=39)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Sum</td>
<td>Mean</td>
</tr>
<tr>
<td>My network provider gives customers individual attention.</td>
<td>67.00</td>
<td>1.717</td>
</tr>
<tr>
<td>My network provider has operating hours</td>
<td>85.00</td>
<td>2.179</td>
</tr>
<tr>
<td>Statement</td>
<td>Score1</td>
<td>Score2</td>
</tr>
<tr>
<td>--------------------------------------------------------------------------</td>
<td>--------</td>
<td>--------</td>
</tr>
<tr>
<td>My network provider has employees who give customers personal attention.</td>
<td>85.00</td>
<td>2.179</td>
</tr>
<tr>
<td>My network provider has customers’ best interest at heart.</td>
<td>83.00</td>
<td>2.128</td>
</tr>
<tr>
<td>My network provider understands the specific needs of their customers.</td>
<td>89.00</td>
<td>2.282</td>
</tr>
<tr>
<td>Average</td>
<td>81.8</td>
<td>2.097</td>
</tr>
</tbody>
</table>

Generally, respondents seem to be very satisfied with the individual attention given by Telkom providers (overall mean score of 4.153) and very disappointed with the individual attention given by Safaricom providers (overall mean of 2.097). Most of the Telcom subscribers agreed that their network provider give personal attention to their customers, has customers’ interest at heart, understand specific needs of their customers, and their operating hours are convenient to their customers with a mean of 4.256, 4.23, 4.128 and 4.128 respectively. The analysis also shows that Safaricom is weak in
giving customers individual attention as indicated by a mean value of 1.71 which is very low compared to Telkom mean value of 4.02 for the same variable. This is a vital indicator towards better service provision as clients anticipate customer care to have a personal touch with them.

10SUMMARY AND CONCLUSIONS

Outsourcing of customer care services is vital for improved organizational performance. In a bid of cost reduction, most of corporates are now actively resorting to outsourcing of services, especially customer care services. Telkom being one of the companies outsourcing customer care services, the positive impact of outsourcing to customer satisfaction has been confirmed by the study findings. Outsourcing is also essential in reduction of cost of production as well as other overhead costs. Going forward, Telkom is strongly mounting a sustainable competitive advantage over other actors in telecommunication industry thanks to service outsourcing. The study has found that there is a significant relationship between outsourcing and reliability of customer care services in a comparative analysis between Telkom (service outsourcers) and Safaricom (non-outsourcers).

Customer service management heavily relies on reputation which predisposes customers towards perceiving service quality. This has been the case with Telkom; having been known by the customers for empathetic customer care service team. Telkom through outsourcing of customer management team has significantly achieved a pervasive customer care team that is always zealous to improve the quality of their services. In their quest for success in the telecommunication industry, Telkom’s customer service team has also been seen to be significantly responsive to the needs and concerns of their customers; thanks to outsourcing. Performing service right for the first time and in a right way has significantly helped Telkom attract customer loyalty. Lastly, by giving their customers individual attention, Telkom has significantly achieved customer retention and loyalty compared to Safaricom and the impact can be directly linked to outsourcing of customer care services. From the findings, the study
concludes that outsourcing of customer service has a significantly positive impact on customer satisfaction, retention and organization’s performance in the long run.

11RECOMMENDATIONS

Having found out the positive impact of outsourcing customer care service, telecommunication companies should heavily embark on market research to establish the feasibility of service outsourcing on the organizational performance and cost reduction. Outsourcing should be practically and meticulously evaluated by linking the cost to the returns (returns on investment). Horizon Contact Centers as the largest outsourcing contact center in the entire region needs to have a clear plan for supporting and rewarding the most performing customer care service team members. The company needs to also deploy the best modern technology to embark on heavy publicity and promotion of Telkom services and products in a bid to expand Telkom operation.

12FINAL WORDS

When writing the thesis, I could learn more from theories and research and that enabled me to expand my knowledge. I would like to thank everyone played a role in this research plan, the respondents who were able to give their honest opinion, as well as Horizon Contact Center which was used as the case company. I would like to thank my supervisor for his support.
REFERENCES


APPENDIX 1

Survey Questions

My name is Donata Oyuga, a student at Satakunta University of Applied Sciences, taking Bachelor’s Degree in International Business. This is a questionnaire for an academic study on **Impacts of Outsourcing Customer Care Services and Ensuring Customer Satisfaction in Telecommunication Industry**. Your consent to answer the questions I will ask you will be highly appreciated. The information you provide will be kept anonymous and confidential and used only for the purpose of this study.

Date of Interview…………………… County………………………………………

**SECTION A: SOCIO-DEMOGRAPHIC INFORMATION**

<table>
<thead>
<tr>
<th>1. Gender</th>
<th>2. Marital Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
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</tr>
<tr>
<td>Female</td>
<td>{ }</td>
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<table>
<thead>
<tr>
<th>3. Age Group</th>
<th>4. Education</th>
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<tr>
<td>18-24</td>
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<td>25-34</td>
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<td>35-44</td>
<td>{ }</td>
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<td>45-54</td>
<td>{ }</td>
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<tr>
<td>55-64</td>
<td>{ }</td>
</tr>
<tr>
<td>65 and above</td>
<td>{ }</td>
</tr>
</tbody>
</table>

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<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Student</td>
<td>{ }</td>
</tr>
<tr>
<td>Employee</td>
<td>{ }</td>
</tr>
<tr>
<td>Self-employed</td>
<td>{ }</td>
</tr>
<tr>
<td>Manager or professional</td>
<td>{ }</td>
</tr>
<tr>
<td>Retired</td>
<td>{ }</td>
</tr>
<tr>
<td></td>
<td>Below 10000</td>
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<tr>
<td></td>
<td>10000 to 19999</td>
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<td>20000 to 29999</td>
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<td></td>
<td>30000 to 39999</td>
</tr>
<tr>
<td></td>
<td>40000 to 49999</td>
</tr>
<tr>
<td></td>
<td>50000 and above</td>
</tr>
</tbody>
</table>
SECTION B: CUSTOMER SERVICE MANAGEMENT

1. Network Provider:
   Telkom [ ]
   Safaricom [ ]

2. For how long have you been a subscriber to your network provider?
   Less than 2 years [ ]
   2 to 4 years [ ]
   4 to 6 years [ ]
   Above 6 years [ ]

In a scale of 1 to 5 (where 1= Strongly Disagree; 2= Disagree; 3= Neither agree nor disagree; 4= Agree and; 5=Strongly Agree), do you agree with the following statements on quality, reliability, responsiveness and empathy of your network provider.

<table>
<thead>
<tr>
<th>STATEMENT</th>
<th>ALTERNATIVES</th>
</tr>
</thead>
<tbody>
<tr>
<td>a. Quality</td>
<td>1 2 3 4 5</td>
</tr>
<tr>
<td>3. I like my network provider because they have modern-looking equipment.</td>
<td></td>
</tr>
<tr>
<td>4. The physical facilities at my network provider are usually appealing.</td>
<td></td>
</tr>
<tr>
<td>5. Employees at my network provider are neat-appearing</td>
<td></td>
</tr>
<tr>
<td>6. Materials associated with my provider [posters, brochures, TV and radio adverts] are usually appealing.</td>
<td></td>
</tr>
<tr>
<td>b. Reliability</td>
<td>1 2 3 4 5</td>
</tr>
<tr>
<td>7. When my network provider promises to do something by a certain time, they do so.</td>
<td></td>
</tr>
<tr>
<td>8. When customers have a problem, my network provider does show a sincere interest in solving it.</td>
<td></td>
</tr>
<tr>
<td>9. My network provider does provide their services at time they promise.</td>
<td></td>
</tr>
<tr>
<td>10. My network provider performs the service right the first time.</td>
<td></td>
</tr>
<tr>
<td>11. My network provider normally insists on error-free records.</td>
<td></td>
</tr>
<tr>
<td>c. Responsiveness</td>
<td>1 2 3 4 5</td>
</tr>
<tr>
<td>12. My network provider employees tell customers exactly when services will be performed.</td>
<td></td>
</tr>
<tr>
<td>13. Employees at my network provider give prompt service to customers.</td>
<td></td>
</tr>
<tr>
<td>14. Employees at my network provider are always willing to help customers.</td>
<td></td>
</tr>
<tr>
<td>15. Employees of my network provider are never too busy to respond to customers' request.</td>
<td></td>
</tr>
<tr>
<td>d. Empathy</td>
<td>1 2 3 4 5</td>
</tr>
<tr>
<td>16. My network provider gives customers individual attention.</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>17.</td>
<td>My network provider has operating hours convenient to all their customers.</td>
</tr>
<tr>
<td>18.</td>
<td>My network provider has employees who give customers personal attention.</td>
</tr>
<tr>
<td>19.</td>
<td>My network provider has customers' best interest at heart.</td>
</tr>
<tr>
<td>20.</td>
<td>My network provider understands the specific needs of their customers</td>
</tr>
</tbody>
</table>

21. What are your suggestion(s) for improving customer care if any?

------------------------------------------------------------------------------------
------------------------------------------------------------------------------------
------------------------------------------------------------------------------------
------------------------------------------------------------------------------------
------------------------------------------------------------------------------------