

Impact of Ethical practices on Quality of Services of bile Telecom Companies: Case Study of Pakistan

Maha Syed Ibrahim
Center for Advance Studies in
Engineering, Islamabad
maha.syed@gmail.com

Nausheen Sadiq
Center for Advance Studies in
Engineering, Islamabad
noshi316@gmail.com

Dr. Ali Sajjid
Center for Advance Studies in
Engineering, Islamabad
alisajid61@yahoo.com

Abstract: The mobile telecom industry in Pakistan is blooming and has fierce competition between different cellular service provider companies. Only a company with its better Quality of Service (QoS) can survive. By quality of service, we mean how well a company has designed its processes to meet the customer requirements and satisfaction and which ethical practices are followed by the companies to enhance their customer base. The paper considers factors such as new connections & billing process, branding, marketing, policy on soliciting calls, hidden charges and value added services such as SMS, MMS, GPRS etc. to identify that how ethics are practiced in the mobile telecoms companies in Pakistan. As the value system of each society is different, so paper focus will be on value and ethics system that is being followed in a developing country like Pakistan. It will try to establish the link how ethics help the companies to improve their Quality of Service, hence increase their customer's satisfaction.

Key Words: Pakistan, Telecom, Quality of Service, QoS, Ethics, Customer Satisfaction, Cellular Company

Objective

The objective of this study is to explain relation between the good ethical practices and quality of service for telecom companies in Pakistan. This research will try to figure out

- What ethical practices are followed in Pakistan telecom industry?
- Are there any unethical practices?
- Does being ethical pay reward.

At the end we will provide some suggestions to improve the overall ethical quality of services.

Hypothesis

Telecom sector has lots of collaboration and interaction with customers, which is

why it is very important for them to practice ethics in their organizations. This research wants to determine the impact of ethical practices on the quality of service of a telecom company hence increase in productivity and profitability.

Scope

Our research scope is limited to cellular mobile companies working in Pakistan. And its focus is on the effect of ethics on the service these companies are giving to customers.

Telecom Industry in Pakistan

The mobile telecom industry in Pakistan is blooming. At 2006 year end the total subscribers were 48.2 million. In June 2007 the total mobile users reached over

63 million. Based on numbers published at PTA website for 2007, the total number of subscribers was 76.6 million and has fierce competition between different cellular service provider companies. These companies are competing to capture the market share as much as possible (9). Winner of this combat will be who will have better quality of service supported by ethical practices.



Fig-1 illustrates the basic 8 elements of TQM (11)

Ethics and Quality Relationship

A number of advocates for quality contend that firms who embrace TQM will automatically and naturally act in ethically sound ways. Any organization can achieve excellence with their cost effective solutions, quality of products and services, speed of availability of service and products, value system (3).

According to Nayantara Padhi, (11) *“Ethics are foundation of the TQM philosophy. Organizational ethics establish a business code of ethics that outlines guidelines that all employees are to adhere to in the performance of their work. TQM is built on a foundation of ethics, integrity and trust. It fosters openness, fairness and sincerity and allows involvement by everyone. This is the key to unlocking the ultimate potential of TQM.”*

Ethics play a critical role in the successful application of total quality. Ethical behavior on part of the organization is equally important for example include; honoring warranties, employee treatment, pollution, etc.

Trust and Quality

Ethical behavior builds trust, and trust is an essential ingredient in total quality. The various elements of total quality depend on trust like: communication, interpersonal relationship, conflict management, problem solving, teamwork, employee involvement, empowerment, and customer focus (8).

Value and Quality

Values are those deeply held beliefs that form the very core of any person and even organization. A person’s conscience or internal barometer is based on his values and this guides his behavior. This is true for organizations as well. An organization will not produce quality produce or service unless the organization values quality.

Ethical behavior begins with values. Values that lead to ethical behavior include fairness, dependability, integrity, honesty and truthfulness. Values that lead to peak performance and excellence include achievement, contribution, self-development, creativity, synergy, quality and opportunity (8).

Integrity and Quality

Integrity, as a personal and organizational characteristic, combines honesty and dependability. When there is integrity, ethical behavior automatically follows. Integrity is more than just honesty. People and organization with integrity can be counted to do the right thing, do things right, accomplish tasks thoroughly and completely, complete work on time, and keep promises (8).

Responsibility and Quality

Part of ethical behavior is accepting responsibility. It is important to the today world litigious society that, as a rule, shuns responsibility. People want to blame others for their own shortcomings and failures. Passing blame has become commonplace. And this is not ethical. In a total quality setting people are responsible for their actions and accountable for their performance. Accepting responsibility helps build trust and integrity. (8)

Ethics Implementation for Quality

Implementation of ethics is responsibility of organizations top management. Managers have 3 main responsibilities for setting an example of ethical behavior, helping employees make ethical choices and finally helping employees follow ethical behavior.

Managers can use three approaches to carry out their responsibilities. **Best Ratio approach** says that People are basically good, hence create appropriate conditions. **Black and White Approach** argues that Right is right, wrong is

wrong, hence make ethical decisions and carry them out **Full-Potential Approach** demands that People are responsible for realizing their full potential; hence decisions made should focus achieving this potential. (8).

Quality of Service in Telecom Industry

‘Quality of Service’ (QoS) is the main indicator of the performance of a telephone network and of the degree to which the network conforms to the stipulated norms (12). Telcos must keep improving their quality of service to retain their loyal customers and in order to increase their brand share and profitability (13). It is a known fact that long term customers spend more, refer new clients and are less costly to do business with.

It is claimed by Reichheld and Sasser (1990) that a 5% improvement in customer retention can cause an increase in profitability between 25% and 85% (in terms of net present value) depending upon the industry

The subscriber’s perception of the QoS is determined by a number of performance factors, these are:

Mobile Network Performance, Reliability & Availability

We can determine quality of service of a mobile network by various parameters such as phone working & always available, making & receiving calls easily, getting clear voice quality of phone, less calls drops during conversation, less breakdowns/faults in phone. [13]

Billing System

Accuracy of bill, Timeliness of bill to help plan payment and Clarity of bill are the key parameters for Telco's billing system [13]. We can quantify the efficiency of billing system by measuring billing complaints per 100 bills issued, period of billing complaint resolution, period of refund to customers.

Hidden Charges

Clarity of Bill, pre information of all charges to the customer, Taxes explanation should be considered the parameters for hidden charges.

Customer Services

Easy complaint registration process, quality of repair service, Operator promptness and behavior of operators are key parameters to determine customer service competence. [13]

Marketing and Advertising Campaigns

Accuracy of information, clarity of message in advertisements and simplicity and conformance to local cultural values improves the brand image of the companies.

Privacy of Customer Information

Safety of customer's content is it shared with some authorities if so, does customer have knowledge about it. Does company share the customer information for various marketing campaigns? These are all the parameters that can question the ethics of a cellular company.

Service Provision

Ease of applying and time taken to get phone improves the quality of service of a mobile company. Customers are much delighted with the companies whose processes are simple and non bureaucratic. (13)

Unsolicited Calls

No. of complaints of obnoxious calls and message from customer, provision to block the unwanted callers can improve the service quality of a company.

Data Collection Method

For this research, we have designed two types of survey forms. One for the employees of the targeted telecom companies and other for the customers of these telecom companies

Employee Opinion

We have further divided the employees of telecom companies into higher management, customer services personals and field workers.

Customer Opinion

For the customer questionnaire, intended audience is all the general public who are using the telecom services, ranging in different age groups, gender, and professions.

Data Collection

For our research 80 people responded of which 50 people from the telecom companies and 30 persons as their customers.

Amongst the 50 employees of the telecom companied 10 were higher

managers, 25 were customer service representative and 15 were field workers.

Research Limitations

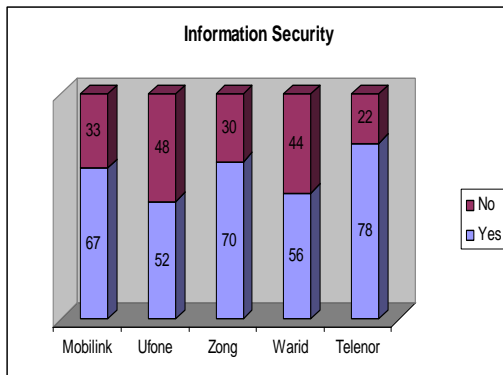
Primary focus is Pakistan telecom industry, so all the research work will be limited to the northern region of Pakistan including the Capital city only.

Survey Results

Customer Response

Information security

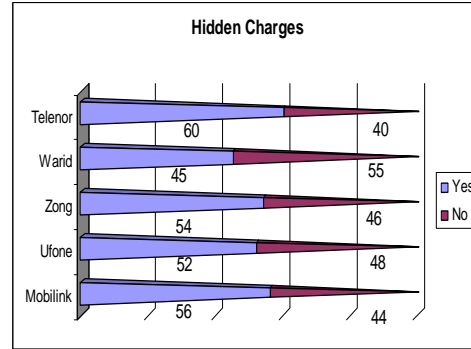
Below graph shows the customers response about their concern about their privacy and information security.



The graph depicts that majority of the customers are concerned about the security of their informational details.

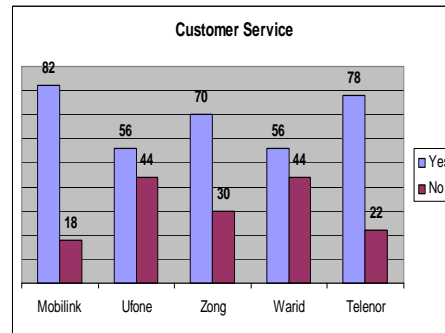
Hidden Charges

The following graph shows the customers response about the hidden charges on various packages by these mobile companies.



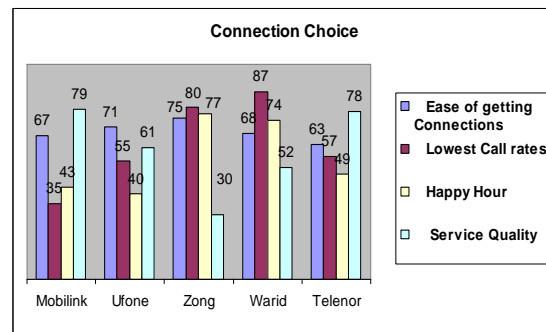
The graph clearly depicts that about 50% of the customers are ignorant of the hidden charges they pay.

Customer Service



The graph clearly depicts that only the leading telecom companies are the ones which have better customer service solutions, for their customers.

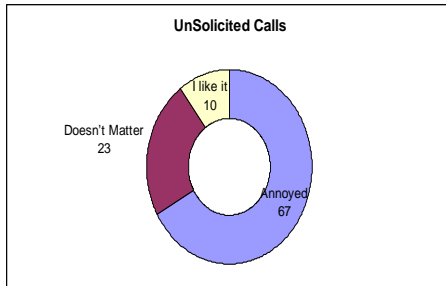
Service preference parameters



This graph has distinctively shown that apart from affordable mobile charges being a factor, companies chose the leading companies mainly due to the quality of service they provide.

Unsolicited Calls

Following graph shows that customers view point on this issue.

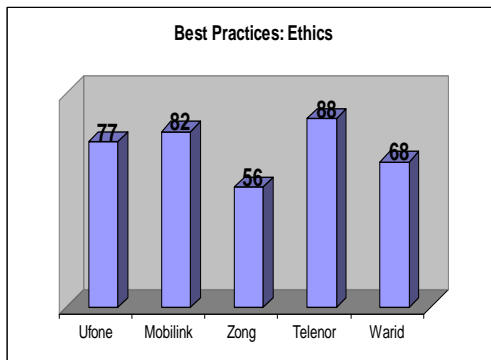


This graph shows that 67% customers are annoyed by unsolicited calls, while 23% are not bothered but 10 % of the customers like receiving unsolicited calls

Employees Response

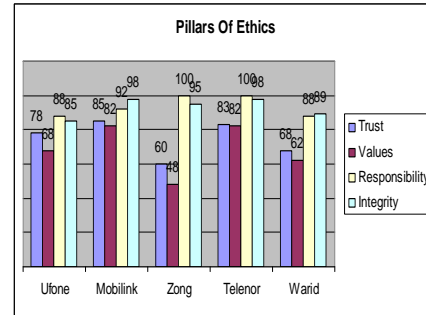
Ethical practices in companies

Below graph presents how much telecom companies value ethical practices.

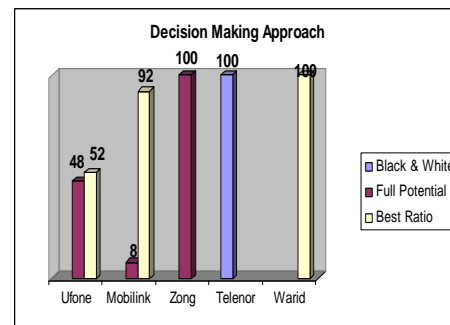


Implementation of Ethical Practices

Following graph shows which ethical components are more followed by the telecom companies.



Decision Making Approach



Data Analysis and Findings

Our survey results show that general customers are concerned about their privacy and security of content they are sending over mobile networks. Wrong billing is common. [10] Customers have complaints regarding their bills and unawareness about hidden charges.

Call dropouts are a problem for the cellular phone customers, calls doesn't connect at peak hours.

Customers are not happy about obnoxious calls and promotional SMS, The Pakistan Telecommunication Authority cites that complaints related to obnoxious calls and spam SMS continued unabated. The mobile companies had been asked by the authority to warn their subscribers and in some cases block the numbers. Most of

these calls originated from unregistered Sims. (6)

Almost all of the telecom companies have defined a code of conduct for their employees, which bound them to act properly for the sheer interest of the customer.

Survey results show that companies believe in integrity and take responsibility of their actions. Most companies take decision in the best interest of company and employee rather than considering right and wrong.

Being Ethical pays rewards:

Our study shows that being ethical pays rewards, if a company has defined good ethical practices, it has better processes, customer is satisfied, and at the end company earns huge bucks.

Ethics & Competitive Advantage

Companies with good ethical practices have competitive advantage over their competitors; due to the fact that good ethical practices in place yield productive employees and which result in productive processes that results in increased customer satisfaction providing the competitive advantage.

Impact of Ethics on Employee Performance

When sound ethical practices are in place, they inculcate the sense of responsibility among employees resulting in full ownership of company values by employees; a relationship of trust and loyalty seeds between the employer and employee, increase the employee satisfaction level, thus results

in enhancement of employee performance and productivity.

Impact of Ethics on Quality of Service

Ethical practices improve all the key parameters of Quality of service mentioned above.

Impact of Ethics on Overall Business Growth

Ethical practices result in contented employees, delighted customers and this result in overall business growth and profitability.

Recommendations

It is important for cellular mobile companies in Pakistan to confine themselves strictly with ethical practices to improve their quality of service. Action needed by telecom companies can be summarized as (not in priority order)

1. Companies should make their new connection processes customer friendly.
2. Customer should be pre informed about all the liabilities hence knowledge about all the taxes and service charges.
3. Companies should take permission from customer before sending any promotional messages and ads to him.
4. Customer information should not be shared with any third party.
5. Companies billing processes should be improved.
6. All the complaints regarding billing should be handled as soon as possible.

7. Customer service and marketing staff should provide proper information about different packages offered by the companies.
8. Advertising campaigns should be made considering the cultural norms of the country
9. Customers should have provision to block unwanted numbers
10. Companies must define a code of conduct and follow it properly
11. Top management should show their commitment to improve ethical practices of the company
12. Top management should set self example of ethical decision
13. Companies should improve and enhance their network infrastructure to improve their service quality.
14. Companies should train their staff about importance of ethics and their values in life
15. Companies should introduce some reward for the employees who perform ethically.
16. Companies should registered all the SIMS its customers are using
17. Companies should enhance their networks for the peak hour terrific to avoid customer's frustration.
18. Customer Service dept. should be trained to handle customer's complaints more effectively.

Conclusion

Ethics are foundation of quality practices; Pakistani telecom companies that have implemented good ethical practices have more well defined processes, their customers are happy, and they are making profits. Companies can improve their quality of service,

productivity and profitability by implementing good ethical practices in their organizations. A firm commitment is required by the top management to promote ethics with in organizations. This study has shown that companies who have more strong ethical practices are able to retain their customer and also able to grab new customers as well.

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