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An Overview on Customers' Satisfaction and Service Quality of Nepal Airlines Corporation

Bishnu Prasad Jamkatel¹

Lincoln University College, Kualalumpur, Malaysia

Abstract

This paper has focused on studying the status of customers' satisfaction measured on service quality offered by Nepal Airlines. Dependent and independent variables were identified. One hundred copies of structured questionnaires were distributed among the respondents, who travelled with Nepal Airlines from various international destinations at Tribhuvan International Airport. Among the five variables, three were noted as satisfactory but two are in dissatisfactory zone. It is clear that the satisfaction level of customer is not good therefore; Nepal Airlines needs a serious focus for improvement in service quality.

Keywords: Customers' satisfaction; service quality; Nepal Airlines

Introduction

The competitive environment of the Nepalese Civil Aviation market has changed significantly since 1990s, when Nepal government introduced the open-sky policy. The airline companies commenced competing on ticket prices with service quality in order to win their customers. Customers' satisfaction is one of the major measures of performance of business organizations such as airlines. Hence, airlines companies devoted considerable amount of resources in delivering high quality services to raise customers' satisfaction and ultimately improving the revenue and profit (Chow, 2014).

There is little research concerning customers' satisfaction related to the service quality of Nepal airlines. This paper studies service quality factors related to customers' satisfaction that are measured by dependent and independent variables. In order to keep up with the tough competition in airline industry, airline practitioners should make sure that they deliver superior quality of service and meet customers' satisfaction. Satisfaction is not only as customer's goal to be obtained as a result of patronizing a service, but also as a firm's goal as a way to the higher retention rate and a way to make a profit (Cronin *et al.*, 2000). Customers' satisfaction has always been considered

a vital business goal because of its crucial role in the formation of customers' desire for future purchase or tendency to buy more (Mittal & Kamakura, 2001).

Royal Nepal Airlines Corporation was established in 1958s as state-owned national carrier. It was renamed as Nepal Airlines Corporation (NAC) in 2007s after country was formally declared a democratic republic state. Currently, it has been operating with two narrow-bodies Airbus and two Boeing 757 offering flights on eight international destinations and more than thirty domestic stations by Canadian and China made aircraft.

The major concern of this research is to investigate the passengers' perceptions of the Nepal Airlines service quality and its influences on their satisfaction. This research will provide a better understanding of their passengers and will aid them in developing a strategy which can best serve the passengers and the airlines.

Review of Literature

The employee motivation is an important factor influencing customers' satisfaction directly or indirectly. If the employees are well motivated then they perform better job. Moreover, if the employees work efficiently and provide services to the customers then the customers get satisfied. If

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¹*Corresponding author

Bishnu Prasad Jamkatel,
Lincoln University College, Kualalumpur, Malaysia.
Email: jamkatelbp@gmail.com

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the employees behave nicely with the customers, then they feel respected and valued. The employee behavior will be good when they are motivated, healthy pay system and work environment (Ahmad *et al.*, 2012).

In airlines industry customers' complaints play vital role in customers' satisfaction. The researchers focused on two type of complaints: (a) controlled complaints are those which are under control such as fare-related problems, flight delays, misbehavior by the staff etc, and (b) uncontrolled complains are those that cannot controlled such as weather, technical faults etc. So, for solving these problems trained staff is required who can effectively minimize or handle these problems (Mittra, 2010)

An Indian study showed that cuisines, seat comfort, and safety record have an important role in customers' satisfaction. They have also found that customers' satisfaction depends on personal entertainment which is an important factor on passenger's choice on flight. According to their study online seat booking, call centre facilities and reservation are highest influencing factors in flying decision of the passengers (Archana & Subba, 2012).

Customer satisfaction can be defined as customer's fulfillment response which means a judgment that a product or service provides a pleasurable level of consumption. It is an overall attitude to goods and services provided. Satisfaction is the gap between expectations and real experience in consumption of a particular goods or a service, In other words, satisfaction is the difference between what is anticipated and what is really received (Levesque & McDougall, 1996)

Organizations that do satisfy their customers are benefited in many ways. Satisfied customers generate positive word-of-mouth, which translates into more new customers, and they often purchase more products more frequently, and are less likely to be lost to competitors than dissatisfied customers. Customers who are satisfied are often willing to pay more and stay with organization that meet their needs rather than take the risk associated with moving to a lower priced service offering (Reichheld *et al.*, 1990). Research has shown that a dissatisfied customer tells nine other people about their bad experience. The negative word-of-mouth can be very harmful to organizations and can adversely impact the firm's reputation and profitability. The good news for marketers is, however, that if the customer's problem is satisfactory resolved, this customer will spread the news of the treatment received to five others, and they are more likely to do business again with the same company than is the non-complainer (Haffman & Bateson, 2010). In a similar research report conducted for analyzing the service quality of Himalaya airlines, the satisfaction level of the customer was overall high. Out of five variables, only one variable ticket fares satisfaction level was low (Jamkatelsh, 2018).

Methodology

Research Design

A questionnaire was used as the primary data collation tools. The survey was conducted by taking the responses of customers who were involved in travelling from various International destinations which Nepal airlines at different times and different days. The study used both quantitative and qualitative methodologies. The study took the factors like reservation & ticketing, checking procedure & baggage delivery, employees attitude & neat in experiences, timely departure and flight entertainment as independent variables to identify the relation of these factors with customers' satisfaction. Five point Linkert Scale was used to measure the intensity of the satisfaction of the respondents.

Research Sample

The respondents were selected through non-probability based convenient sampling model which, in this case means choosing passengers who are in the best position to provide information required for the study were on priority. An objective convenience structured questionnaire was distributed to the respondents. The sample of the study constituted one hundred air passengers arriving at Tribhuvan International Airport arrival terminal at Kathmandu. The researcher met the respondents and fills up the questionnaire through face-to-face contract and interview.

Reliability of Data

Cronbach's Alpha test is most important part in reliability test. Table 1 presents the reliability of the data. It shows the overall reliability of the data is 0.812, which is high in reliability scale of the collected data.

Table 1: reliability statistic

Service quality	Cronbach's Alpha
Reservation & ticketing	0.812
Checking procedure & baggage delivery	
Employees attitude & neat in experience	
Timely departure	
Flight entertainment	

Source: Calculation based on researcher's survey in November 2017.

Results and Discussion

Customers' Satisfaction on Service Quality

The result in Table 2 has shown that among five variables only three variables were found in satisfaction zone. Two variables named "checking procedure & baggage delivery (mean 1.762, Std. dev. 0.813) and timely departure (mean 1.721, Std. dev 0.833)" were found in dissatisfaction zone. It has disclosed the satisfaction level of the customers for all the five variables representing the service quality of

Nepal Airlines Corporation. Out of hundred passengers, Seventy five have expressed their view on dissatisfaction in “checking procedure & baggage delivery” and Seventy six passengers were dissatisfied in “timely departure”. The mean value is more than 3 which has indicated as high satisfaction level.

Service quality is considered as a critical dimension of competitiveness. Providing excellent service quality then ensuring high level of customers’ satisfaction is extremely

important issue as well as an unexceptional challenge the contemporary service industry and the civil aviation sector. The main objective of conducting the research was to find out the satisfaction level of customer from service quality of Nepal Airlines. Based on data in Table 1, 2, 3, and 4, it is inferred that the customers of the airlines are mainly dissatisfied on “checking procedure & baggage delivery’ (12%) and “timely departure” (9%). Out of five, three variables were found satisfy.

Table 2: satisfaction and dissatisfaction zone

Satisfaction zone	Dissatisfaction zone
Reservation & ticketing Mean 3.217, Standard deviation 0.723	Checking procedure and baggage delivery Mean 1.762, Standard deviation 0.813
Employees attitude & neat in experience Mean 3.653, Standard deviation 0.815	Timely departure Mean 1.721, Standard deviation 0.8
Flight entertainment Mean 3.341, Standard deviation 0.824	

Source: calculation based on researcher’s survey in November 2017.

Table 3: customers’ satisfaction on service quality of NAC

Service quality	Mean	Std. dev.	N	HD	DS	SS	S	HS
Reservation & ticketing	3.217	0.723	100	4	6	18	72	0
Checking procedure & baggage delivery	1.762	0.813	100	40	35	13	12	0
Employees attitude & neat in experience	3.653	0.815	100	7	10	16	67	0
Timely departure	1.721	0.833	100	43	33	15	9	0
Flight entertainment	3.340	0.824	100	10	13	6	71	0
HD: Highly dissatisfied, DS: dissatisfied, SS: somewhat satisfied, S: satisfied, HS: highly satisfied								

Source: calculation based on researcher’s survey in Nov, 2017.

Table 4: customers’ satisfaction level on service quality of NAC

Services	Percentage (%)
Reservation & ticketing	72
Checking procedure & baggage delivery	12*
Employee attitude & neat in experience	67
Timely departure	9*
Flight entertainment	71

Source: calculation based on researcher’s survey in November 2017.

Conclusion

Given the objectives of the study and the findings from the analysis of the result, it is clear that the satisfaction level of the customers is low therefore; Nepal Airlines needs to focus for improvement, and in addition, the findings proved that NAC management team must work hard toward airport services and on time departure.

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