

THE IMPACT OF SERVICE QUALITY ON CUSTOMER SWITCHING IN TELECOMMUNICATION INDUSTRY JAFFNA DISTRICT, SRILANKA

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ABSTRACT

Services are rapidly growing into a major contributor to the Sri Lankan as well as the world economy, providing an ever increasing proportion to their GDPs. In this no exaggeration, then to say, that will be the key to long term economic success. As such as, it is essential stage to study why customers switch service providers. Such analysis would helpful to guide to actions that must be taken by the service provider to retain its predict customers. The purpose of this study was to find out why customers switch producers in telecommunication industry in Sri Lanka. The objective of this study is to find out how the variable service quality will leads on customers switching. Telecommunication industry is one of the fastest growing sectors in Sri Lankan Service industry. There are Five major industries available in targeted areas. Primary data were collected from the customers through well designed questionnaires. Also focus group discussion and some of interview taken placed to justify the findings. Targeted area is Jaffna district and sample size is 300 questionnaires. Interview and focus group discussion have taken place to find out the influences on purchasing. Hypothesis has formed as perceived higher level of service quality negatively correlated switching behavior. Collected data has analyzed by quantitative techniques and Ms excel sheet used to interpretation. It has found out there is a negative relationship between Service quality and customer switching the producers. Also results expressed that agreed level of service quality would increase customer satisfaction leads to less level of switching the same producer. But it can be seen that there are some more factors are influencing in customer switching behavior. Future researches have highlighted as to study additional variable such as reliability, empathy, tangibility affect switching behavior.

KEYWORDS: Service quality, switching, telecommunication.

1.0 INTRODUCTION

1.0 BACKGROUND

Service organizations contribute a sufficiently large portion of the world economy and even a larger portion of Sri Lankan economy. This has resulted in a fundamental shift in understanding the role of marketing. Customer switching in the service industry is developed incorporating the elements. It proposes that service switching behavior is influenced by customer perception of attitudinal, normative, affective and control factors. The emphasis has shifted from primary offensive (new customer) to an extended defensive (customer retention/ or reduction in customer

switching). To judge this theory or terms in Sri Lankan Telecommunication has taken. Telecommunication industry is one of the fastest growing sectors in Sri Lankan Service industry. Services are rapidly growing into a major contributor to the Sri Lankan as well as the world economy, providing an ever increasing proportion to their GDPs.

Research on the good marketing emphasizes on four P s as agents responsible for varied behavioural responses on part of the consumers rather than consumers' factors such as their perceived attitudes, perception of quality and satisfaction etc. the effects of the distinctions are twofold. Not only these characteristic greatly affect the design of the marketing programs for services, they are implication for the research efforts directed at consumers' behavior in the service industry. Key differences between services and goods have been highlighted in the services marketing literature over the past decade. Four major characterizes have been used to differentiate services from goods. 1) Intangibility refers to the fact that services cannot be seen, tasted and felt etc before they are bought. 2) Inseparability refers to the fact that services are produced and consumed at the same time; 3) Variability refers to the fact that services are variable, since depend on who provides then and when and where they are produced and 4) perishability refers to the fact services cannot be stored. In addition to goods marketing has tended to focus on the goods end of the spectrum than the consumer.

1.1 LITERATURE REVIEW

Customer satisfaction with the service, the overall quality of service perceived by the customer, perceived costs, and attitude towards behavior when a customer thinks about switching service providers, are predominant variables that impact service switching decisions of consumers. Switching means the loss of continuing service customer (Keaveney 1995), customer defections (Reichheld and Sasser 1990), Inter-brand substitutability (Bucklin and Srinivasan 1991), brand changing (Holland 1984), movement of buyer from one product to another (Carpenter and Lehmann1985), curtailing patronage (Yi 1990), changes in choice (Morgan and dev 1994), Non repeat purchase behavior (Kasper 1988), Inconsistency of brand choice from purchase to purchase (Sambandam and Lord 1995). Customer satisfaction is an evaluative process of perceiving discrepancy between prior expectations and the actual performance of a product/ service after its consumption (cf. Tse and Wilton 1988). Though negative effects of customer switching such as reduced market share, impaired profitability and increased cost has been as area of great concern for service firms (Reichheld and Sasser 1990)

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Services include such activities as banking, medical care, consulting, transportation, etc. Kotler (1991) further suggests that all market offerings fall in the continuum of a) pure goods such as soap and toothpaste, b) tangible goods with accompanying services such as cars and computer, c) major services with accompanying minor goods and services such as transportation and banking d) pure services such as consulting. The Oxford English Dictionary, second edition, defines switching as changing transferring from one position to another. It implies the act of replacing something that one currently has with another that is available. Hence, for this research service switching will be defined as the act of replacing or exchanging the current service provider with another that is available to the consumer in the market.

Customer satisfaction is an evaluate process of perceiving discrepancy between prior expectations and the actual performance of a product/ service after it's consumption (Tse and Wilton 1988). Several responses to customer satisfaction or dissatisfaction have been explored in the books by various authors, as important one being that of switching from one supplier to another. Specially, dissatisfaction with the present service provider will increase the customer propensity to switch to another and satisfactory experiences will encourage repatronage or Loyalty. (Crosby and Stephens (1987), related customer switching behavior in the insurance industry to their overall dissatisfaction with the insurer, in their wave study, a test of significant contrast showed that the group who retained the same insurer for the next year (internal replacement) had been significantly more satisfied with their current insurer than the group that switch insurers (external replacement). Using cross sectional data on their past switching behavior, Rust and Zahorik (1993) identified customer satisfaction as a key factor influencing customer switching behavior in the banking industry.

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1.2 OBJECTIVE OF THE STUDY

The purpose of this study was to find out why customers switch producers in telecommunication industry in Sri Lanka. The objective of this study is to find out how the variable as Service Quality will leads on Customers Switching.

2.0 METHODOLOGY

There are five major industries available in targeted areas. Primary data were collected from the customers through well designed questionnaires. Also some decision makers such as Academic teachers, Doctors, Priests and other well-wishers in the area has taken to hold interview and focus group discussion to find out the influences on purchasing. Collected data has analyzed by quantitative techniques and Ms excel sheet used to interpretation.

The target area is Jaffna district customers who use mobile phone for their communication purposes. There are twenty four districts in Sri Lanka including Jaffna. Also there are main five main telecommunication industries (excluding Sri Lanka Telecom) who offer GSM facilities to the customers. It means digital network system without wire cable instruments. There are main services provided by the services providers (Services industries) such as outgoing call creating, incoming call, short message services, multimedia message services, GPRS, Bluetooth sharing, conference call, etc. all these services may differ based on the capacity and the performance of the services provider.

The five main telecommunication industries are Dialog GSM, Mobitel, Etisalat, Hutch, Airtel. All these industries are private sector including multinational industries and foreign companies. And the services they offer based on the capacity of the industry, sustainability of the industry, attractive marketing plan, strategic plan, and coverage availability. The coverage means the signal facility which is create network waves with air. The waves would function the mobile phone without wire cable. The coverage might vary to industry to industry base on the size of the tower they hold, technology they used.

2.1 DATA COLLECTION

Telecommunication industry in Sri Lanka is well developed and fast growing sector. There are five main mass industries contributing their services to public and as well as to the nation's economy. This industry is faster growing sector and included Sri Lankan telecom which is public own / government sector which never offer GSM network services. So there are only 5 organization has targeted to study the plan.

But the targeted area is Jaffna district in Sri Lanka. Jaffna is located in northern part of the country and majority of the people are Tamil. There are about 16 DS division; DS division is Divisional Secretariat area.

2.2 POPULATION AND SAMPLE SIZE

Total population of the country is approximately 20 million (2010) and the population of the Jaffna district is approximately 500, 000. And target people are about approximately in the area is 250, 000 who are in the position to use mobile phone. There are about 300 questionnaires were prepared to evaluate the study. Cluster sampling method has taken to decide the sample size. Every 16 Divisional selected and given questionnaires to spread the study which would represent whole Jaffna district. At least 25 questionnaires have given to each DS division. There are only 500 questionnaires were collected from the customers who use mobile phone. Respondent of demographics were measured by sex, age and education level.

56.2 % of the respondents were male and remaining 43.5 % were female. 3.1 % of final sample were less than 19 years old, 51.9 % were between 20 to 35 years old, 23.7% were between age 36- 50 years and remain were above 51 years old. 6.3 % of the respondent were not completed their advance level, 32 % were completed advance level and following higher studies and working without entering universities and 37.8 % were undergraduate students of university of Jaffna and other university who lived in Jaffna, 10.2% were employed after with graduation and rest were professional.

2.3 HYPOTHESIS

H1: perceived higher level of Service Quality of providers negatively correlated switching behavior

Here the mini model has suggested that as Service Quality leads to Switching behavior. Switching behaviour has depended variable and Service Quality as Independent variable. The main objective of the study is to find out how far the behaviours / service Quality would impact on Customer switching.

3.0 DISCUSSION

There is no explicit test of the association between satisfaction and intentions to switch, it differentiated the two and proposed summary causal relationship between the two. Mainly it has taken that quality of the service will leads customer satisfaction. Measurement of the study concept involved a combination of new and existing scales. Scales for perceived service quality, perceived overall service quality, perceived satisfaction, attitude towards switching, switching intentions and subjective norms were adapted from existing scales. New scales were developed for measuring perceived relevance. Perceived service quality was measured using modification of an existing scale. Zeithaml, Parasuraman and Berry (1990), there are 22 item scales for measuring perceptions of performance and features of a service provider. Based on questionnaire, it represents the tangible dimension of service quality.

TABLE: RESULTS FOR THE CONFIRMATORY FACTOR ANALYSIS

Construct	Internal Consistency	Items Questionnaire	Factor Loadings	Squared Multiple correlations
Service Quality	0.86	B1	0.83	0.68
		B2	0.69	0.47
		B5	0.94	0.89
Satisfaction	0.98	C1	0.94	0.88
		C2a	0.94	0.89
		C2b	0.97	0.94
		C2c	0.92	0.85
		C24	0.97	0.94
Attitude towards switching	0.96	D1a	0.93	0.87
		D1b	0.92	0.85

	D1c	0.93	0.86
	D1d	0.94	0.88
	D1e	0.86	0.74
	D1f	0.93	0.86
	D2	0.86	0.69

The analysis indicated significance loadings for item on its latent construct ($p \leq 0.05$ in all cases)

The question of what makes a consumer switch from one service provider to another can be examined by looking at factors influencing the immediate antecedent to switching, the intentions to switch. The theory planned behavior offers a comprehensive model of the factors influencing one's behavioural intentions. In the context of switching, one's attitude towards switching, one's subjective norms and the perceived costs that one faces in a switching situation affect one's intention's to switch. Further satisfaction with the service provider has also been known to affect one's intentions to switch. As super ordinate construct to satisfaction, service quality is another important variable incorporated into the model. Quality of the service has been conceptualized as an attitudinal construct, and then a mechanism to link the global attitude to the specific attitude of one's attitude towards switching is required. For this, the principle of perceived relevance of the service quality attitude is employed in telecommunication industry. quality is measured as politeness of the sales man, greeting of front office staff etc.

TABLE 2: SUMMARY OF DISCRIMINATED VALIDITY TESTS FOR SERVICE QUALITY PAIRED WITH

Construct	Correlation	X2 difference test
Satisfaction	0.95	49.66
Attitude towards switching	-0.63	348.13
Switching Intention	-0.61	369.11

TABLE 3: SUMMARY OF DISCRIMINATED VALIDITY TESTS FOR SATISFACTION PAIRED WITH

Construct	Correlation	X2 difference test
Attitude towards switching	-0.61	264.67
Switching Intention	-0.52	1136.12

Analysis indicated significant loadings for each item on its latent construct. Its express $p \leq 0.05$. but the other constructs such as Attitude towards switching, switching intention seems negative indicator

4.0 FINDINGS

It has found out there is a negative relationship between Service quality of service provider and customer switching the producers. The results of the study suggested that one's attitude towards switching behavior, one's perceived control over switching costs and one's perception of satisfaction with the service provider were strongly associated with one's intentions to switch additional services provided by producers.

Specifically test the hypothesis of intention to repatronize as a function of the satisfaction .The results of the study suggested that one's attitude towards switching behavior in telecommunication industry, one's perceived control over switching costs and one's perception of satisfaction with the service provider (telecommunication industry) were strongly associated with one's intentions to switch additional services provided by producers. One's subjective norms, one's perceived relevance of the service quality and perception of service quality offered by their telecommunication industry were strong predictors of one's attitude towards switching. A customer's attitude towards switching appears to be an important determinant of a customer's intention to switch service provider, with higher levels of this factor being associated with a higher propensity to switch service providers.

Also it found that in the service sector, there has also been empirical evidence that customer satisfaction judgments are immediate antecedents to switching intention. This relationship between switching intention and satisfaction as a building block for developing a mathematical framework that linked customer satisfaction to individual loyalty, aggregate retention rate, market share and profit. The assumption is that propensity to be loyal to the firm results from satisfaction on the loyalty factors and dissatisfaction leads to greater likelihood that a customer will switch. Also the Quality of the service provider is very important and became an important factor in the competitive environment.

5.0 MANAGERIAL IMPLICATION

It is clear from this study that service quality and Empathy of the provider is extremely important. The results of the study suggest to the service provider that not only is it instrumental in changing the perception of satisfaction, it is also an agent of attitude (towards switching) change. If increased customer satisfaction, change in attitude towards switching and customer intentions.

Is indeed the goal, then it is pragmatic that the managers focus their efforts on activities that enhances the level of service responsiveness and service quality of the firm. However, there is one caveat, since, the relationship between service responsiveness and customer satisfaction can also depend on the type of the service offered by an organization. There should be an explicit recognition of the relationship between service responsiveness and customers in their service industry.

6.0 CONCLUSION

In conclusion, this study present factors of customer switching behavior in service industry. Given financial implication of customer switching for the service providers and the paucity of research in this critical area, the study contributes by bringing in knowledge from diverse streams to enhance our understanding of this phenomenon.

6.0 LIMITATION AND FUTURE RESEARCH

Here it has only taken service industry in Sri Lanka. It would better if manufacturing industry would take as their purchasing duration is very low. So the Fast moving goods might better industry to study the switching intention and satisfaction. Also there are lots of variable would determine the switching intention. And the target area is not enough to represented whole country.

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