

Customer Loyalty Determinants in Nigerian Telecommunication Industry. A Study of Complaint Handling

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Abstract: The main objective of the study was to determine the effects of complaint handling on customer loyalty. The study was a survey research design. The questionnaire was structured using five point likert scale. The population of the study was 173 subscribers from the different service providers in the south East. The hypotheses was tested using simple regression analysis which was facilitated by statistical package for social sciences (SPSS) version 20. The reliability of the scale was accessed by the use of Cronbach's Apha which yielded 0.86. The findings of the study revealed that complaint handling has significant and positive relationship on customer loyalty. This means that Subscribers will stay with their service providers as long as their complaints are promptly attended to. That failure to attend to their complaints can lead to switching which has adverse effect on the firms' performance. The study recommended that the network providers should develop some complaint handling techniques that will attract and hold subscribers for a long time. Such techniques include offering high quality services, prompt attention to service failures, providing affordable services, and providing customer satisfaction that will improve the firm's services. The provision of such techniques will help those who have been assessing their customer care units to have solution to their complaints whenever such complaints arise. Prompt attention to these objections will bring closer relationship with the subscribers and their service providers. The service providers should intermittently conduct research to identify the various needs of the subscribers to attract, hold and maintain long term relationship with their subscribers.

Keywords: Customer Complaint, Customer Loyalty, Service Provider, Subscribers, Satisfaction.

I. INTRODUCTION

The introduction of the Global System of mobile communication (GSM) in 2001 brought relief to Nigerians but this has its challenges. These challengers ranges from network failure, poor power supply, inadequate infrastructure, rampant switching, multiple taxation and bad network of roads. The aim of the service providers was to provide a hitch free services that will satisfy subscribers' needs but these challenges set back their efforts in providing the desired services. These made subscribers to experience dissatisfaction with the services of the network providers which led to the series of complaints to the service providers. Subscribers whose complaints were not properly handled started switching to other network providers. Madjid (2016)

stated that handling customer complaints begins by identifying the source of the problem that lead to customer's dissatisfaction. This means that the source of the problem should be addressed to avoid a repeat, as the dissatisfaction may be greater if the complaints are not properly handled. Mannaa (2013) equally suggested that it is extremely important for companies to understand the construct of complaint satisfaction as well as to find what complaining customers expect, which aspects of the Company's response they evaluate and which of these evaluated aspects influence their repurchase behavior. Customers' complaints need to be understood to know the aspect of the firms' response that can influence purchase action. Delay in handling a complaint can be seen by subscribers as being incompetent as this has negative effect on the credibility and trust of the firm's services.

Complaint handling should be seen as an opportunity by the organization to address the dissatisfactions customers receive after using their services. These Complaints should be welcomed as it acts as a direct feedback to the organization, thereby giving the organization an opportunity to learn from their mistakes to restore the confidence and trust of their customers. Whenever a complaint is poorly handled, customers will defect to other firms as a result of the tension the situation had created. This means that to increase customer satisfaction, complaint resolution is an important factor to be considered. The importance of having a good customer complaint management system is to increase the operational efficiency of the organization, develop credible policies and increase the effectiveness of the service providers and to achieve competitive advantage in the industry. This will help the service providers to identify the trends and causes of the complaints to resolve it by adopting a customer focused approach in their operations.

Customer loyalty according to Madjid (2016) is often examined from a behavioral point of view by measuring items such as number of repeat purchases, share of wallet and purchase frequency. It is the feelings or attitudes that made customers to consider repurchasing a particular product, service or brand or to revisit a particular company or shop. A subscriber who is satisfied with the services of a particular

network provider will always continue to patronize such a service provider for a long time. Lovelock (1996) defined customer loyalty as the willingness of a customer to continue patronizing a firm's goods and services over a long period of time and on a repeated and preferable exclusive bases, and voluntarily recommending the firm's products to friends and associates. Loyalty provide the foundation for a company's sustained competitive edge. By developing and increasing loyalty, the GSM firms can improve its growth and economic opportunities. Loyalty is therefore, the output of satisfaction, trustworthiness, good image and reputation. Subscribers will be retained when the expected performance are met and will defect when the performance is below their expectations. It is in line with the above that the study is of interest to the researcher to determine the effects of complaint handling on customer loyalty of GSM service providers in the South East states, Nigeria.

Based on the challenges experienced after the introduction, the study aimed at finding the effects of complaint handling on customer loyalty as subscribers continued to switch from one network provider to another due to the ineffectiveness of the different customer care units in resolving subscribers' complaints. The inability of these units to resolve these complaints made this research work important.

II. LITERATURE REVIEW

Complaint is a negative expression that can lead to instability in a relationship. A service oriented organization should provide customers with easy access to make their opinions, critics, observations, and suggestions known to the network provider. Customers who are dissatisfied usually complain to their service providers depending on the customer's disposition at the time, though some may not. Those who complain are interested in providing opportunity for the organization to perform better. While those who do not should be seen as a threat as they can either stop patronizing the organization or even go further to dis-credit the organization and its services.

Tjiptono (2007) stated some possibilities of customer responses after purchase and use of a firm's products/services. These possibilities include:

- The customer may not complain to anybody but will not come back to buy again
- The customer will stop buying from the service provider and will go further to deliver negative word of mouth about the service provider to family, friends and relatives.
- The customer may complain through the mass media or government institution that regulates quality of product.
- The customer may do something to hurt the service provider such as destroy the displayed product, hide or remove things/ products from the previous places.

Effective handling of complaints can make unsatisfied customers to become satisfied and loyal to the service provider. The service providers can gain immensely from customers who complain as it will help them to improve their relations with the disappointed customers, prevent negative publicity, understand the aspect of the product that need to be improved, know source of their operational problems and know how to motivate their staff to deliver quality services. Keaveney (1995) as reported by Isiaku (2010) stated two major reasons why customers switch from one service provider to another:

1. Core service failures and
2. Unfavorable service encounter with the firm's staff.

Isiaku (2010) went on to state that customers who do not complain to the firm when they are dissatisfied should be the concern of the management for the following reasons: to restore customer's satisfaction status, to prevent damaging the firm's reputation from negative word-of-mouth to friends, family or other people external to the customer's social circle which may result to loss of prospects as well as current customers. Finally to explain valuable information about the firm's products and services that will help to improve performance to prevent similar occurrence in future.

Conlon and Murray (1996) stated that customers who complain and receive proper response to their service failures are more likely to stay, to buy new products, engage in favorable word of mouth and as well recommend the company's service to others. Such customers also show higher commitment and trust towards the company's offering. Responding to such complaints in their view can build goodwill and as well promote customer satisfaction. The service providers are faced with a lot of challenges which need to be tackled before they can exploit the opportunities in the South- Eastern states. Such challenges include epileptic power supply, insufficient telecommunication infrastructure, multiple taxation, bad network of roads and customs. To achieve a competitive edge, the service provider should provide value and satisfaction to their subscribers through the delivery of quality products/ services at competitive rates.

Prompt attention to customer's complaints can be used by the service providers as a defensive marketing strategy to increase market share and profitability by maximizing customer retention. When customer expectations are met, the customers are satisfied but when the performance exceeds their expectations, the customer is highly satisfied or delighted (Kotler and Keller, 2009). Companies that want to grow and gain competitive advantage should provide quality products and service to their customers to position there services in the minds of the customers so that whenever the need arises, such product or service will come to mind. An improper handling of complaints can lead to customer defection which sends wrong warning signal to the organization.

Customer loyalty is the feelings or attitude that would make a subscriber consider re-purchasing a particular product or

service or brand or revisit a particular shop or company. A subscriber who is satisfied with the services of the network provider will always continue to patronize such a service provider for a long time. Mellroy and Barnette (2000) defined Customer Loyalty “as a customer’s communication to do business with a particular organization purchasing their goods and services repeatedly, and recommending the services and products to friends and associates.

Reichheld (1996) and Lee Cunningham (2001) stated that the perception of a consumer affects his judgement which in turn affect his loyalty towards the products or services. Customer Loyalty is a strategy that creates mutual reward to benefiting firms and customer (Reichheld and Detrick, 2003). When an organization has loyal customers, that organization will maximize their profit as such customers will continue to purchase more frequently, spend less on trying new products or services, recommend to others and give the organization a sincere suggestion that will help them to retain their customers. Customer Loyalty may not be easy to gain or maintain as customers who are satisfied with a service may continue to defect when they believe that they can get a better value, convenience and better quality elsewhere. Customer loyalty occurs when a customer is faithful to a particular business and product brand. This makes the customer to return back to do business even when the marketer do not have the best product, price or even delivery service.

Complaints made by subscribers to the network providers should not be seen from a negative perspective as this is a valuable resource regarding the defects in products and services that would have resulted to low patronage in business transactions and market share. Attending to customers’ complaints and promoting their complaints can assist managers to prevent reputational and market damage, build goodwill, and promote customer satisfaction. Providing quality services by the GSM providers can reduce the risks that may occur from travelling distances and rural migration. The study is important as it will encourage the service providers to see subscribers’ complaints as an important tool for improving the firm’s performance, as failure to give it the desired attention will result to regret at the end of the exercise.

The high hopes of the subscribers in enjoying high quality service delivery from the introduction of global system of mobile communication services was dashed to the mood as there are cases of disloyalty, portability, mistrust, interconnectivity problems, service failure, low service quality, high service cost and customer dissatisfaction witnessed in the industry.

III. METHODOLOGY

3.1 Research design

The study examines the effects of complaint handling on customer loyalty of global system of mobile communication services in Nigeria with particular reference to the south Eastern states. This was a survey research design. The study

was aimed at eliciting information on the characteristics of the subscribers in terms of their personal data; age, gender, occupation, qualification and network provider of their choice.

3.2 Population and Sample

The subscribers of the Global system of mobile Communication in the south eastern states for the functional service providers consisted of the population of the study. The study drew the population from the subscribers to understand how they were treated whenever they complain to their service providers.

Taro Yamane sampling method was used to obtain sample size. The sample size is 173.

3.3 Research Instrument, Analysis and Interpretation.

The study used questionnaire as their research instrument. The questionnaire was structured in 5 likert form. The scale was developed to measure the effects of complaint handling on customer loyalty with responses ranging from 1 to 5, where 1= strongly disagree, 2= disagree, 3 = indifferent, 4 = agree and 5= strongly agree.

The reliability of the scales was assessed using Cronbach's Alpha. The Cronbach's Alpha score for complaint handling and customer loyalty to switch was .886 and .720 respectively. These indicated high reliability of scale between the variables. These scales was based on previous research scale on the respective topics on complaint handling (Mousavi and Esfidani; 2013, Manna and Chudhry; 2013, Albattal; 2017, Ramphal; 2016 and Wernerfelt; 2007), Customer loyalty (Allred and Addams; 2000, Gerrard and Cunningham;1997) and all were measured on five point likert scale. A demographic section was also included in the questionnaire containing questions regarding gender, age, qualification and occupation of the subscribers as well as the name of their service providers along with the number of years the subscribers have been using the services of the service provider (See Appendix A for detailed questionnaire). A total of 173 questionnaires was collected from the subscribers. The data was analyzed using SPSS version 20.

IV. ANALYSIS AND DISCUSSIONS

Table 1 below provides the demographical distribution of the subscribers with regard to the various subscribers and other data.

Table 1: Respondents opinion on their age brackets

| Options | frequency | Percent | Valid percent | Cumulative percent |
|---------------------|-----------|---------|---------------|--------------------|
| Between 18-22 years | 20 | 11.56 | 11.56 | 11.56 |
| Between 23-31 years | 50 | 28.90 | 28.90 | 40.46 |
| Between 32-40 years | 81 | 42.82 | 42.82 | 83.28 |
| Between 41-50 years | 22 | 12.72 | 12.72 | 100.0 |
| Total | 173 | 100.0 | 100.0 | |

Source: Field survey, 2021

The above table revealed that 20 (11.56%) of the respondents were between the ages of 18- 22years, 50 (28.90%) were between the ages of 23- 31years, 81 (42.82%) were between the ages of 32- 40years, and 22 (12.72%) were between the ages of 41-50 years).

Table 2: Respondents opinion on their academic qualification

| Options | Frequency | Percent | Valid percent | Cumulative percent |
|---------------|-----------|---------|---------------|--------------------|
| WAEC | 30 | 17.34 | 17.34 | 17.34 |
| Bsc/Hnd | 90 | 52.03 | 52.03 | 69.37 |
| Post graduate | 30 | 17.34 | 17.34 | 86.71 |
| Others | 23 | 13.29 | 13.29 | 100.0 |
| Total | 173 | 100.0 | 100.0 | |

Source: Field survey, 2021.

Table 2 above revealed that 30 (17.34%) of the respondents had WASC, 90 (52.03%) had Bsc/Hnd, 30 (17.34%) had post graduate certificate while 23 (13.29%) had other qualifications.

Table 3: Gender of the respondents

| Gender | Frequency | Percent | Valid Percent | Cumulative percent |
|--------|-----------|---------|---------------|--------------------|
| Female | 110 | 63.58 | 63.58 | 63.58 |
| Male | 63 | 36.42 | 36.42 | 100.0 |
| Total | 173 | 100.0 | 100.0 | |

Source: Field survey, 2021

The above table revealed that 110 (63.58%) were females while 63 (36.42%) were males.

H01: There is no significant relationship between complaint handling and customer loyalty in Global system of mobile communication in Nigeria.

Table 4: Liner relationship between complaint handling and customer loyalty

Model summary

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
|-------|-------|----------|-------------------|----------------------------|
| 1 | .985a | .969 | .969 | .16534 |

Source: SPSS Version 20

| Model | Sum of Squares | DF | Mean Square | F | Sig. |
|------------|----------------|-----|-------------|----------|-------|
| Regression | 147.527 | 1 | 147.527 | 5396.728 | .000a |
| Residual | 4.675 | 171 | .027 | | |
| Total | 152.202 | 172 | | | |

Source: SPSS Version 20

Table 4 above revealed that in the model summary table, the R value is (0.985), R square (0.969), adjusted R square (0.969) and the standard error of estimate is (0.16534). The large value of R revealed a strong relationship between the

obtained result and the expected values of the variables. Also, the F calculated value of (5396.728) is greater than the tabulated value of (3.90) which indicated signification relationship. Again, the significant value of P (0.000) is smaller than (0.05) which revealed that the independent variable (complaint handling) to a high extent accounted for the variations in the dependent variable customer loyalty.

On the other hand, the R value depict customer loyalty accounted for (98.5%) change in complaint handling while R square is the proportion of variation in the dependent variable explained by the regression model. Therefore, the large value of R square (96.9%) revealed that the model properly fits the data or population. Also, the value of adjusted R (0.969) indicated that the value of square more closely reflect the goodness of fit of the model in the population. Furthermore, the analysis of variance table (Anova) revealed regression sum of square value of (147.527) which is higher than the residual sum of square value of (4.675). This means that the model accounted for most of the variations in the dependent variable. The study therefore suggested that there is signification relationship existing between customer loyalty and complaint handling.

V. DISCUSSION OF THE FINDINGS

The analysis from the table above revealed that the result supported the opinion of Isiaku (2010) who stated the two major reasons why subscribers switch from one service provider to another to include core service failure and unfavorable service encounter with the firms’ staff. He went further to state that a subscriber who do not complain after being dissatisfied should be the concern of management. This is to restore customers’ satisfaction, build goodwill, help the service provider to improve performance, prevent damaging the firms’ image and reputations from negative word of mouth to friends, family and external people. The analysis revealed that proper handling of subscribers’ complaints will lead customers’ trust, commitment, patronage and loyal to the services of the network provider

VI. CONCLUSION

Complaint handling is very important as it provides information that can improve the firm services in resolving issues of dissatisfaction. Ineffective handling of customers’ complaint can destroy customers’ loyalty as it increases dissatisfaction. A successful implementation of service recovery strategies such as complaint handling can prevent the subscribers from defecting from one service provider to another. Complaint is a natural phenomenon as mistakes are bound to occur even in the use of a service. Complaints made by subscribers should be seen as an opportunity to strengthen their bonds with the service providers as this can help to ensure that their customers are satisfied to achieve customer loyalty. To survive and grow in a competitive market like the GSM industry, the service providers should try to provide unique and attractive services that will attract, hold and retain the subscribers for a long time.

VII. RECOMMENDATIONS

The study recommended that they:

1. Network providers should respond promptly to the complaints of their subscribers to prevent porting from one network to another.
2. Should offer quality services to their subscribers to attract, hold, and retain them as loyal customers
3. Should constantly monitor the strategies used by their competitors to improve on their performance to avoid been thrown out of business.
4. Should create an enabling environment that will make subscribers to provider update of the current market demand to enable them make good policies and programs that will stand the taste of time.

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