Exploring students’ complaints behaviour and defection for telecommunication industry in Malaysia
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ABSTRACT
As mobile technology continues to diffuse, the numbers of mobile subscribers continue to grow, so as the numbers of complaints toward telecommunication operators in Malaysia (Celcom, Maxis and DiGi). Based on National Consumer Complaint Centre (NCCC) annual report, there is an increase in number of complaints by 30 per cent in year 2007 as compared to previous year. This indicates that consumer are aware more of their rights or the telecommunication operators perform worse in 2007. Therefore, the purpose of this study was to ascertain the relationship between students’ complaint behaviour and defection in Malaysian telecommunication industry. A convenience sampling technique and self administered questionnaires were used to collect data. A total of 366 university students from 18 Malaysian public higher learning institution were recruited to participate in this study. The regression analysis were employed to explore the relationship between the two variables. The study demonstrated that there is a strong positive linear relationship between students’ complaint behavior and defection. The study also found that the influence of private complaint on the defection is much stronger than public complaint which corroborates with the previous study.

Introduction
This study examine the relationship of complaint behaviors, namely public and private complaints, on defection. Previous study has revealed that the results of customer defection include loss of free positive Word-of-Mouth, loss of market share, higher costs of attracting new customers, decrease in revenue, and decrease in employee retention (Colgate and Hedge, 2001). Marketing literature has for long argued that retention of customers is an important issue because losing a customer can be very costly. The key reason for customer defection is factors driven by customer satisfaction and dissatisfaction. All companies experience some degree of customer dissatisfaction (Fisher, Garrett, Arnold, and Ferris, 1999), but not all have a chance to resolve the problem. Organizations are to encourage customer complaints because complaints provide the company opportunities to appease and retain dissatisfied customers (Fornell and Wernerfelt, 1987).

The telecommunication industry in Malaysia is the fastest growing sector, especially in the mobile market. This telecommunication sector contributed much to the nation’s economic development. The growth rate in the usage of telecommunication facilities has increased tremendously, especially in the increasing number of telephone subscribers. The penetration rates have increased gradually from the year 2000 to 2009 (MCMC, 2009).

In mid-2004, the National Consumer Complaint Centre (NCCC) was set up in Malaysia with the joint initiative of Education and Research Association for Consumers of Malaysia (ERA Consumer Malaysia), and the Ministry of Domestic Trade and Consumers’ Affairs. Based on NCCC’s 2007 annual report, there was an increase in the number of complaints NCCC received concerning telecommunication services with a total of 1,728 complaints lodged compared to only 1,297 complaints in 2006. This 30 per cent increase in number of complaints received by the NCCC mean that consumer are aware more of their rights. The majority of complaints were on unsolicited SMS charges or SMS spamming and billing system.

Nowadays, most Malaysian organizations are beginning to realize the importance of handling of complaints based on the cooperation received by NCCC. However, getting Malaysian consumers especially students to submit and file their complaints, even if not directly to the company or relative is not an easy task. Naturally, Malaysian consumers tend to treat consumer issues as trivial and often do not wish to highlight issues, unless they are directly affected or need to seek redress depending on the seriousness of the issues.

Research Objectives
a) To gauge the relationship between students’ complaints behavior and defection.
b) To examine which complaints behavior gives the strongest impact to defection.

Literature Review
Customer Defection
Crie (2003) defines defection as an active and destructive response to dissatisfaction, exhibited by a break of the relation with the object (brand, product, retailer, supplier, and others). According to Colgate and Hedge (2001), defection is the customer’s decision to stop purchasing a particular service or patronizing the service firm completely, which is a gradual dissolution of relationships due to problem(s) encountered over time. Companies with high defection rates are also more likely to lose customers to those service organizations that have identified a need to lower their defection rate and have allocated their resources accordingly Colgate and Stewart (1996). According to Stewart (1998), perceiving all the aspects of the consumer defection process is critical to identify such problems.
early on in the process. Nyer (2000) who investigated the benefits of complaining saw that consumer complaints were useful mechanisms to help companies make strategic and tactical decisions about product and service development.

Complaint Behaviour
Crie (2003) defines consumer complaint behavior as a process that “constitutes a subset of all possible responses to perceived dissatisfaction around a purchase episode, during consumption or during possession of the goods or services”. It is not an instant response, but a process, which does not directly depend on its initiating factors but on evaluation of the situation by the customer and of its evolution over time. Singh (1990a) identifies consumer complaint behavior as the consumer dissatisfaction responses style. Thus, complaint is actually the response following the consumer dissatisfaction.

Action taken by a consumer is not only to complaint to the seller, but also include warning families and friends, stopping patronage, diverting to mass media, complaining to consumer council and complaining by writing a letter to management (Heung and Lam, 2003). It is important to know that a consumer may only either involve in one action (the public or private) or will involve in both public and private complaint (Kolodinsky, 1996). This buttresses the two-level hierarchical classification (public or private action used in this study) first proposed by Day and Landon in 1976.

Public Complaint
The public actions that could be taken by customer include verbal complaint to retailer or manufacturer, writing comment card or complaint letters, writing to newspaper or complaining to consumer council (Heung and Lam, 2003). It is also said public actions can be counted as seeking redress directly, seeking a refund from the seller, complaining to the media, investigating legal actions and taking direct complaint actions to the firm or a consumer agency.

According to Schibrowsky and Lapidus (1994), they said that when the consumers are dissatisfied with a purchase, they often contact or tell the retailer or manufacturer from whom they purchased the product to obtain redress for their complaints. They also explain if they are unable to secure a satisfactory response from the company, these consumers can press their complaints further by utilizing third-party complaint handling agencies, such as the government, consumer protection departments, or media-sponsored consumer advocates.

Broadbridge, and Marshall (1995), focusing on consumer complaint behavior, public complaints provide a dual benefit: they alert the distribution channel that a problem with a product and/or related service exists, while they can also provide businesses with a second chance to satisfy a consumer who will continue to patronize their stores. But, if problems are resolved poorly, they are only the beginning of a multitude of “hidden” actions, which evidently do not come to the attention of the business (Broadbridge and Marshall, 1995).

Private Complaint
Private actions generally do not get the direct attention of the seller and thus could have a serious impact on sales and profitability (Heung and Lam, 2003). Bearden and Oliver (1985) point out that “private complaint has no effect on the firm’s responses, but may reinforce negative attitudes through the process of consensual validation whereby individuals seek information of their feelings by exposing themselves to agreeable others”.

A private action would not normally be brought to the attention of the business if private in nature – an action which implies little effort on the behalf of consumers to complain (Broadbridge and Marshall, 1995). Knowledge of the private actions of consumers may be more significant to marketers than the visible actions of those who seek redress or complain about their experiences to others (Landon and Day, 1976).

This is not surprising given that a negative word-of-mouth can have a major influence on the buying behavior of others (Adamson, 1991; Critchlow and Mitchell, 1993; Richens and Verbage, 1985; Brown and Beltramini, 1989; Plymire, 1991). Word-of-mouth refers to the informal communication between consumers about the characteristics of a business or a product (Westbrook, 1987). It provides consumers with information about a firm that assist them to decide if they should patronize it (Lundeen et al, 1995; Zeithaml et al, 1993). In a service setting, it is important that if failure occurs, steps must be taken to pacify the dissatisfied customers. If not, it is highly likely that they will either exit or engaged in negative word-of-mouth to the detriment of the service provider. The end of result would be lost sales and profits (Lundeen et al, 1995; Zeithaml et al, 1993).

Day and Landon’s (1976) statement that “the knowledge of the private actions of consumers may be more significant to marketers”, is one which businesses should be aware. Private action refers to behavior exhibited within a consumer’s own social circle of which the consumer is part. Such behavior can range from warning friends and families not to use that service provider to deciding not to purchase from there again (Singh, 1988). According to Lerman (2006), through private actions, a consumer can express his/her dissatisfaction without directly confronting or publicly humiliating the service provider. It is expected then that consumers will take private actions independent of the propensity to be polite.

Relationships of Consumer Complaint Behavior (Private and Public Complaint), and Defection
Colgate and Hedge (2001) proposed a framework that showed the relationship between complaint or no complaint with exit (defection) behavior in a setting of the retail industry. The framework suggests an important relationship between complaint and defection, in which deflection is the dependent variable. Based on previous studies, albeit there is a strong relationship of public and private complaints with deflection, private complaint is a stronger predictor of deflection than public complaint (Malhotra, 2008). In addition, the researcher also has found significant differences and impacts of demographic variables on consumer complaint. Demographic variables such as education level, and age are found to have consistent impact on consumer complaint (Kolodinsky and Aleong, 1990).

Arnould (2004) pointed out that dissatisfied customers who do not complaint are more likely to discontinue purchase, which means, they are more likely to defect than those who complaint. In other words, majority of customers who complained will continue to buy the product or service, compared to those who are dissatisfied but do not bother to complaint (Sheth, Mittal and Bruce, 1999). Buttle and Burton (2002). Thus, for complaint customer, defection is often the last resort after complaint has failed (Kim et al., 2003; Colgate and Hedge, 2001). In other occasions, customer defection will increase in accordance with complaint.

Iirms can heighten their customer retention rate, protect against the diffusion of negative word-of-mouth, and minimize disadvantages by effectively managing consumer’s post-purchase dissatisfaction (Tax et al, 1998). Dissatisfied consumers communicate about their negative experience with an average of nine other persons, and 10 to 15 percent of a firm’s sales losses can be accounted for by these dissatisfied consumers (TARP, 1981). The importance of identifying and responding to
consumer complaints cannot be better through the analysis of the determinants of the complaint and dissatisfaction (Blodgett et al., 1997).

Recent research shows that most dissatisfied consumers exhibit indirect behaviors, such as negative word-of-mouth and exit, rather than complaint directly to the firm (TARP, 1986). This makes analyzing the causes of dissatisfaction and identifying opportunities for improvement difficult. Another study suggests that complaining may increase long-term satisfaction by facilitating the venting of the source of dissatisfaction (Nyer, 2000). Thus, a firm needs to both encourage direct complaints from customers and manage the complaint behavior of dissatisfied consumers.

The potential benefits of complaint behavior include include, exchange, or apology, whereas the costs include time, and effort in making the complaint (Singh, 1990). If a consumer believes that complaining to the firm is highly instrumental in achieving some desired consequence and this consequence is perceived to provide desirable value, cognitive consistency will motivate the consumer to engage in higher complaint intention and further voice behavior (Dabholkar, 1994).

Methodology

<table>
<thead>
<tr>
<th>Independent Variables</th>
<th>Dependent Variable</th>
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<tbody>
<tr>
<td>Consumer Dissatisfaction → Dissatisfied Complaint Actions</td>
<td>Student Defection</td>
</tr>
<tr>
<td>1. Public Complaint</td>
<td></td>
</tr>
<tr>
<td>2. Private Complaint</td>
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</tr>
</tbody>
</table>

Figure 2: Theoretical Framework adapted from Oly-Ndubisi, Nelson; Agarwal, James (2008)

Research Hypotheses

Based on the framework, the researcher develops three models of alternative hypotheses.

**H1:** Private complaint is strongly associated to student defection.

**H2:** Public complaint is strongly associated to student defection.

**H3:** Private complaint is more strongly associated with defection than public complaint.

Convenience sampling was the sampling method use in this study. It involves collecting information from members of the population who are conveniently available to provide it (Sekaran, 2003). Thus, a total sample of 400 multi-discipline participants from public institutions of higher learning in Malaysia were chosen to participate in the survey. The data collection instrument was a self-administered questionnaire randomly given to students at 20 public institutions of higher learning in Malaysia namely; University of Malaya (UM), Science University of Malaysia (USM), National University of Malaysia (UKM), Universiti Putra Malaysia (UPM), Universiti Teknologi Malaysia (UTM), International Islamic University Malaysia (IIUM), Universiti Utara Malaysia (UUM), Universiti Malaysia Sarawak (UNIMAS), Universiti Malaysia Sabah (UMS), Universiti Pendidikan Sultan Idris (UPS), Islamic Science University of Malaysia (USIM), Universiti Teknologi MARA (UiTM), University of Malaysia Terengganu (UMT), Tun Hussein Onn University of Malaysia (UTHM), University of Technical Malaysia Melaka (UTEm), University of Malaysia Pahang (UMP), University of Malaysia Perlis (Unimap), Universiti Sultan Zainal Abidin, Universiti Malaysia Kelantan (UMK), Universiti Pertahanan Nasional Malaysia (UPNM).

Prior to data collection, the questionnaires were completed and used in this study. The response rate was 91.5 per cent. The sample comprised 38.1 per cent males and 61.8 per cent females. Malays represented 80.5 per cent of the sample, Chinese 3.8 per cent, Indians 3.6 per cent and other races 12.1 per cent About 63.4 per cent of the respondents surveyed were below 22 years old. Respondents between the ages of 23 and 25 represented 31.1 per cent of the respondents. The other age groups were each represented by less than 10 per cent of the respondents.

In this study, the nominal and interval scale was used. The Cronbach Alpha value for 5 items in private complaint is 0.667, the Cronbach Alpha value for 9 items in public complaint is 0.836, for the 6 items in defection, the value is 0.699 indicating that the measures are reliable (more than 0.60).

In addition, the multiple regression analysis was employed to test the construct relationships between independent and dependent variables. Table 1 shows the results of the regression analysis used to analyse the relationship between dissatisfied complaint actions (public and private complaint) and student defection. The results show that private and public complaints contribute significantly (F = 28.621; p = 0.000) at the 5 per cent significance level and predict 14 per cent of the variations in defection.

**H1:** Private complaint is strongly associated to student defection.

Based on table 1, the beta coefficient for private complaint was 0.258, with a significance value of 0.000 (p < 0.05). Thus,
hypothesis 1 is accepted. These readings indicate that private complaint is strongly associated to student defection (t = 5.114; p = 0.000).

H2: Public complaint is strongly associated to student defection. asked on table 1, the beta coefficient was 0.207, with a significance value of 0.000 (p < 0.05). Thus, hypothesis 2 is accepted. These readings indicate that the public complaint is positively associated to student defection (t = 4.107; p = 0.000).

H3: Private complaint is more strongly associated with defection than public complaint. Based on table 1, the beta coefficient for private complaint was 0.258 and 0.207 for public complaint. From the beta estimates, it is observed that private complaint is more strongly associated with defection than public complaint. Thus, hypothesis 3 is accepted. This indicates that the Malaysian university students are more likely to complaint to family and friends instead of towards the respective telco operator. As observed from the result, private complaint action (i.e. complaint to the telco operator) predicts defection better than public complaint.

Table 1: Private and public complaints and defection

<table>
<thead>
<tr>
<th>Independent variables</th>
<th>Beta coefficients</th>
<th>t-value</th>
<th>p-value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Private Complaints</td>
<td>0.258</td>
<td>5.114</td>
<td>0.000</td>
</tr>
<tr>
<td>Public Complaints</td>
<td>0.207</td>
<td>4.107</td>
<td>0.000</td>
</tr>
</tbody>
</table>

Notes: R = 0.369 R2 = 0.136 F = 28.621 Sig. F = 0.000

Conclusion

The theoretical implications of the findings are as follows. There is a strong linear relationship between complaint behavior and defection. This result corroborates the finding of Malhotra (2008) which remarked the same relationship exists between the variables. The complaint behavior (public and private) explained 13.6 per cent of total variance in defection. Thus, dissatisfied students may defect and lodge a complaint either publicly or privately. They may voiced the issues directly to the telco operators or choose to share it among their close relatives, and they may defect if the source of dissatisfaction is not resolved.

The Beta coefficient for private complaint is 0.258 and public complaint is 0.207. These results indicate that the influence of private complaint on the defection is much stronger than public complaint. In other words, students were preferred to complaint directly to their family and friends rather than towards the telco operators before defecting. This finding corroborates with the previous studies, Ndubisi (2005) and Malhotra (2008) revealed that dissatisfied customers may not complaint to the service provider, instead they may blame the company when served poorly, and rather than complaint directly to the company, they typically patronize another (choose to defect).

The managerial implications of the findings are explained next. It is known that innovation in the telecommunications industry is rapid and easily duplicated as it soon becomes an industry standard. This has created greater competition among the industry players. In addition, most telco operators’ customers in Malaysia can easily afford to change to other service providers without the company concerns. Many, could switch and not complaining to the telco operators (public complaint), instead they preferred to share it among their family and friends (private complaint).

Next, telco operators should understand that zero complaint is not a good indicator of customer satisfaction because dissatisfied customer will lodged a complaint directly to their family and friends instead of sharing it with the company. Thus, the telco operators may not aware that customers were currently dissatisfied until they defect and switch to other operators, at which point it is too late to take any corrective measure.

Since Malaysian customer preferred to complaint privately than publicly, this behaviour leads to negative word-of-mouth that could damage the telco operator’s reputation. Thus, the telco operators should take into consideration of this situation before it ruins the company image. In order to solve this problem, the telco operators should encourage customers to lodge a public complaint (direct to the company) using any channel (i.e. telephone, email and letters) that available to the customers.

Telco operators must also viewed complaints positively in order to improve its performance. According to Watkins and Liu (1996), positive customer perceptions of supplier responses to complaints lead to repurchase intentions. Therefore, instead of refusal to actions the telco operators should show appreciation for customers (students) who choose to complaint. Such proactive measures could results in continuous service improvement and quality. Since the cost of maintaining current customers is lower than attracting new customer (Ndubisi, 2005), every effort within the organization should take into account in order to minimize if not eliminate defection.

In conclusion, the paper focuses on Malaysian university students’ post purchase behaviour in telecommunication industry, and unveils the important relationship that exists between complaint behaviour and defection. Both private and public complaints among students can explain defection and the impact of private complaint on defection is stronger than that of public complaints. This revealed that Malaysian students generally are inclined to defect without complaint than complaint and then switch to other telco operators. As for the telco operators, they should welcome and encourage customers to complaint directly to them in order to improve their service in total.

References


Day, R.L., and Landon, E.L Jr (1976), ”Collecting comprehensive consumer complaint data by survey research” in