The Effect of Soft and Extreme Action in Public Complaint Behavior on Satisfaction with Complaint Handling

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ABSTRACT

Malaysia is experiencing a tremendous increase in mobile phone services users. Service providers are providing various complaint channels as one of the ways to improve services. Although complaining provides significant impact to organizations as well as to complainers or consumers, ironically the number of public complaints is insignificant. Based on previous study, two actions in public complaint namely public complaint soft action and public complaint extreme action were used in this study as the exogenous variables and satisfaction with complaint handling (SATCOM) as the endogenous variable. A total of 285 complainers of mobile phone user were selected as respondents. The values for goodness-of-fit, average variance extracted, construct reliability and convergent validity confirmed the measurement model prior proceeding to structural model. The structural model revealed mixed results that provide indication of consumer SATCOM specifically in the mobile phone service industry.

Keywords: Mobile Phone Services, Consumer Complaint Behavior, Public Complaint
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1. INTRODUCTION

It is a practice in Malaysia that the mobile phone service providers provide various complaints channels such as face-to-face, on-line or telephone conversation to their customers. Above and beyond complaining directly to the service provider, mobile phone users are unrestricted to complain to third parties such as the Malaysian Communication and Multimedia Commission (MCMC), National Consumer Complaints Centre (NCCC), any Consumer Associations in Malaysia, Ministry of Domestic Trade Co-operatives and Consumerism, political leaders or the mass media. However, in spite of various complaint channels offered, the number of complaints reported in 2014 was only 5,868 (NCCC, 2015). Ironically, the number of mobile phone services subscribers in 2014 was 44,929,000 (MCMC, 2015). The small percentage of complainers indicates that there are issues need to be resolved

with regard to public complaint and one of the important issues is satisfaction with complaint handling (SATCOM). Therefore, this paper aims to highlight the effect of public complaint or complaints that consumers lodged to service provider on SATCOM in the Malaysian mobile phone services.

2. LITERATURE REVIEW

Consumer complaint behavior (CCB) is commonly defined as a set of multiple responses that are triggered by perceived dissatisfaction towards the service provider. Essentially, the two types of behavioral responses due to dissatisfaction can be divided into two entities; namely, public and private actions. Public action denotes that consumers may complaint, take legal action, and return the item or request for repair to the sellers, manufacturers, service providers, official organizations and associations (Bearden

and Oliver, 1985; Heung and Lam, 2003) while word-of-mouth, boycott or leaving are examples of private action (Day and Landon, 1977; Crie, 2003; Ndubisi and Ling, 2006). Researchers have also described private actions as switching brands and firms, boycotting a firm's products, ceasing to patronize an establishment and negative word-of-mouth communications to friends and relatives (Broadbridge and Marshall, 1995; Kim et al., 2003; Tronvoll, 2011). Adopting Crie (2003) taxonomy on the response of dissatisfaction, our previous study found that CCB consisted of public complaint soft action (PCSA), public complaint extreme action (PCEA), private complaint soft action (PVSA) and private complaint extreme action (PVEA) (Rahman et al., 2015). In this study, we decided to investigate the relationships between PCSA and SATCOM as well as the relationship between PCEA and SATCOM. The other two types of complaint namely PVSA and PVEA were excluded as these two types of complaints do not involve the service provider.

SATCOM is the satisfaction of a complainer with a company's response to his or her complaint. There are several synonyms with regard to SATCOM such as secondary satisfaction (Oliver, 1997; Etzel and Silverman, 1981), complaint response satisfaction (Blodgett and Granbois, 1992), service recovery satisfaction (Boshoff, 1999), satisfaction with complaint resolution (Andreassen, 1999) satisfaction with service recovery (Maxham and Netemeyer, 2002), overall complaint satisfaction (Stauss, 2002), satisfaction with the remedy (Harris et al., 2006) or recovery disconfirmation (McCollough et al., 2000). Despite the linguistic differences, the general framework behind the definitions is the confirmation or disconfirmation of the complaint response (Oliver, 1980) and in all cases, the meaning is the same. This means customers compare their perceptions of the actual performance of the complaint handling procedures with their expectations towards that performance. In the study, the exogenous and endogenous variables for SATCOM were adopted from (Varela-Neira et al., 2010) to indicate complaint satisfaction.

Complaint handling is also defined as service recovery, which can be construed as remedial measure taken by the service provider on customer's complaint when service failure occurs (Grönroos, 1988; Lu et al., 2010). Essentially, service recovery is a process that organizations do to eliminate customers' dissatisfaction towards the service failure. Undoubtedly, service recovery involves public complaints where the customers meet the service provider to report their dissatisfactions. Customer may also complain about their dissatisfaction to any agency that is responsible in complaints handling. In practice, only consumers who perform public complaints will be able to assess the performance of the complaint resolution and the result is either satisfaction or dissatisfaction.

Literary, study on the relationship between public complaint and SATCOM is scant. Bearden and Oliver (1985) had conducted a study to identify the effect of public complaint action on the resolution satisfaction. Resolution satisfaction can be construed as complaint satisfaction as it includes "satisfaction with complaint resolution" (Andreassen, 1999). Previous study has proven that resolution satisfaction was positively related to public complaining

and negatively related to private complaining (Bearden and Oliver, 1985). From this review it was hypothesized that:

H$_1$: PCSA has significant effect on SATCOM, and,

H$_2$: PCEA has significant effect on SATCOM.

3. METHODOLOGY AND ANALYSIS

This study only involved consumers who reported their dissatisfactions to the service provider. Therefore, the questionnaire used in this study begin with a question asking whether the respondent had made a complaint in the last 2 years in order to categories the respondents into complainers or non-complainers. Part I of the questionnaire consisted of questions seeking the respondent's demographic information. Part II consisted of three statements meant to measure PCSA, four statements to measure PCEA, six statements for PVSA and three statements for PVEA. All items were adapted from previous studies (Ndubisi and Ling, 2006; Rahman et al., 2015; Liu and McClure, 2001; Malhotra et al., 2008). Finally, Part III which consisted of five statements meant to measure SATCOM were adopted from (Varela-Neira et al., 2010). All items were rated on a 5-point Likert scale, which ranges from 1=strongly disagree to 5=strongly agree.

The population for the study was the consumers of mobile phone services from all service providers in the state of Selangor and Wilayah Persekutuan (Kuala Lumpur and Putrajaya) which represented 28.6% (1,945,143) of the total subscribers in Malaysia. Twelve shopping malls were selected as centers for data collection. Using mall-intercept approach, a total of 285 mobile phone services users were chosen and identified as complainers based on their responses whether they have made any complaint to the service provider within the last 2 years. The validity of the models was assessed via confirmatory factory analysis (CFA) by using AMOS version 21 in order to verify the factor structure of observed variables where PCSA and PCEA were used as the exogenous variables and SATCOM as the endogenous variable. The unidimensionality assessment was performed prior to testing the reliability and validity of each construct (Anderson and Gerbing, 1988; Hair et al., 2010) as well as to test the convergent and discriminant validity of factor measurement (Anderson and Gerbing, 1988).

In establishing model fit, the respective cut-off points of the indices have to be satisfied: RMSEA $\leq$ 0.08 (Hair et al., 2010), χ^2/df $\leq$ 5.0 (Fornell and Larcker, 1981) and TLI, NFI, CFI $\geq$ 0.90 (Tseng et al., 2006). The results of CFA show a good fit between the data and the model in Figure 1 with χ^2 = 261.521, df = 111, χ^2/df = 2.356, TLI = 0.939, CFI = 0.951, PNFI = 0.749 and RMSEA = 0.074. The results allow the testing of the structural model to be performed. The results show that the standardized factor loadings for all the items were in the range of 0.60 to 0.99 which exceed the recommended value of 0.5 (Hair et al., 2010). The Cronbach's alpha values were in the range of 0.72-0.99 which exceed the recommended value of 0.70 (Fornell and Larcker, 1981). Composite reliability values, which depict the degree to which the construct indicators reflect the latent construct, are in the range of 0.71-0.91 and exceed the recommended value of 0.7 (Hair et al., 2010), 0.6 (Fornell and Larcker, 1981; Tseng et al., 2006).

Figure 1: Structural model
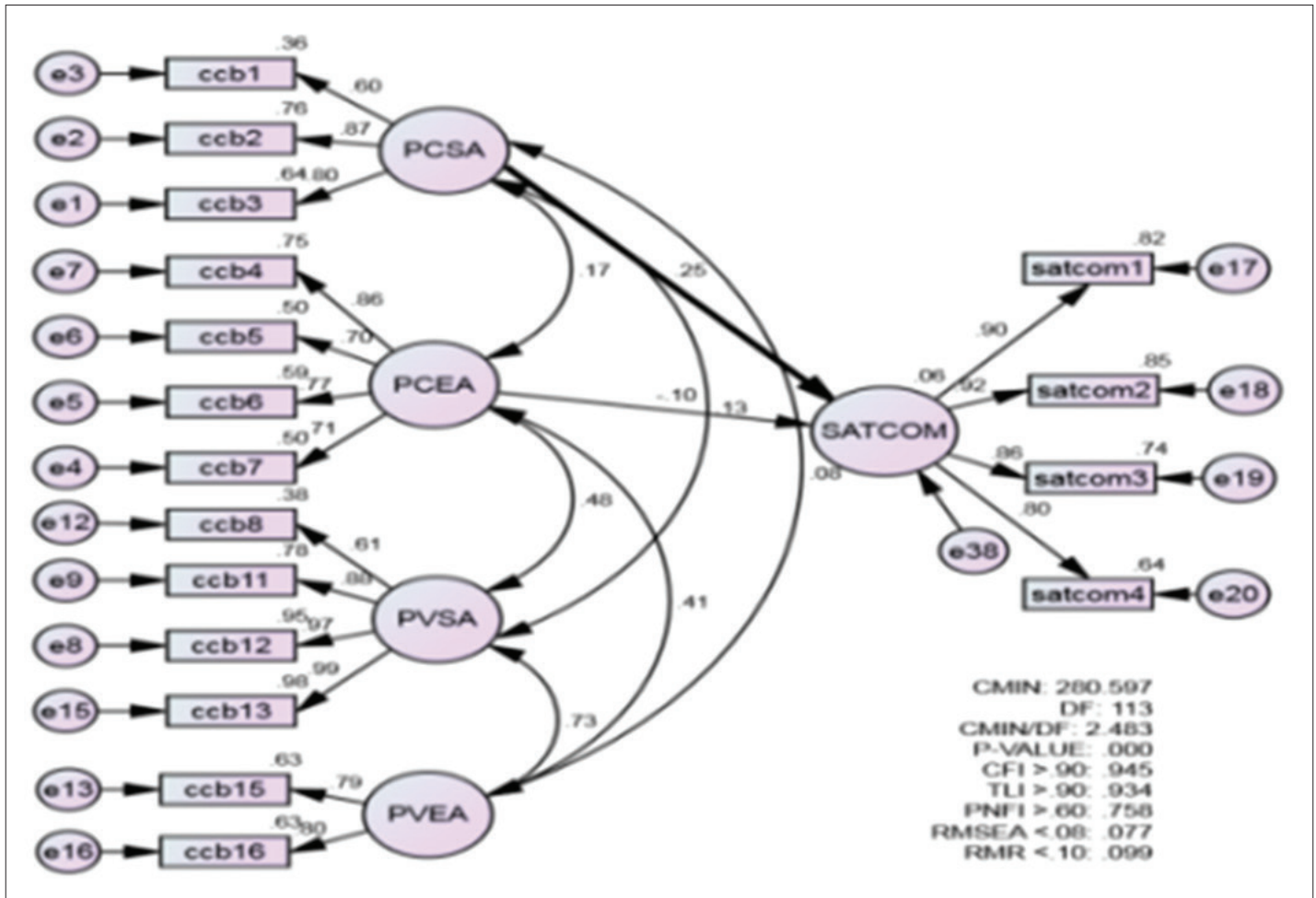
Using the formula introduced by (Fornel and Larcker, 1981) the average variance extracted (AVE) and construct reliability were calculated to confirm the reliability of the construct. Construct validity testifies how well the results obtained from the use of the measure fit the theories (Sekaran and Bougie, 2010) and can be examined through convergent and discriminant validity. Discriminant validity can be tested by comparing the correlations between constructs and the square root of the AVE for a given construct. As shown in Table 1, the correlations for each construct were less than the square root of the AVE by the indicator measuring that construct, indicating adequate discriminant validity. The AVE value, which reflects the overall amount of variance in the indicators as accounted for by the latent construct, are in the range of 0.58-0.77 exceed the recommended value of 0.5 (Hair et al., 2010; Tseng et al., 2006).

4. RESULTS AND DISCUSSIONS

Demographically, the results show that 141 male respondents (49.5%) and 144 female respondents (50.%). Most of the respondents were in the age range between 21 and 30 years old (49.6%) and in terms of marital status, married respondents were slightly higher (53.0%). Majority of the respondents (74%) were Malay, followed by 16.5% Chinese, 6.0% Indian and 3.5% from other races. In terms of education, 35.8% of the respondents hold

Table 1: Discriminant validity of constructs

	1	2	3
1. PCSA	0.586		
2. PCEA	0.167	0.582	
3. SATCOM	0.234	−0.033	0.767

Diagonals are the square root of the AVE; the off-diagonals are the correlations.
PCSA: Public complaint soft action, PCEA: Public complaint extreme action,
SATCOM: Satisfaction with complaint handling, AVE: Average variance extracted

tertiary level of education, 33.0% possess the diploma/higher school certificate, 29.5% with secondary school certificate and 1.8% said that they have other types of academic qualifications. On gross monthly income, 28.1% of the respondents earned less than RM2000, 19.3% with no income, 18.6% in the range of RM2001 to RM3000, 14.7% in the range of RM3001 to RM4000, 7.4% in the range of RM4001 to RM5000, 5.6% in the range of RM5001 to RM6000 and the rest earned more than RM6001. Evidently, education level and age are found to have consistent impact on complaints. Complainers are found to be relatively younger and more educated (Singh, 1989; Warland and Herman, 1975). One possible reason for the younger consumers to complain more could be the channel provided for complaining nowadays are more technologically advanced and suitable for the technology savvy generation. In terms of race, the result is consistent with the survey conducted by the Consumer Forum of Malaysia where the Malay

Table 2: The effect of consumer complaint behavior on SATCOM

Structural R-ship	US P estimate	SE	t-value	S P estimate	Support
PCSA➔SATCOM	0.263	0.076	3.446***	0.246	Yes
PCEA➔SATCOM	−0.115	0.081	−1.426	−0.100	No

***Significant at P≤0.001. US P estimate: Unstandardized parameter estimate, S P estimate: Standardized parameter estimate, PCSA: Public complaint soft action, PCEA: Public complaint extreme action, SATCOM: Satisfaction with complaint handling

subscribers complain more compared to Chinese and Indian (CFM, 2015) however it is inconsistent with the suggestion by (Malhotra et al., 2008) that organization in Malaysia should acknowledge complaint as race-neutral. Other variable such as monthly income, the result is inconsistent with the national scenario because of different scale of income used (MCMC, 2015).

The results of the final structural model show a good fit between the data and the model with $\chi^2 = 280.597$, df = 113, $\chi^2/df = 2.483$, CFI = 0.945, TLI = 0.934, PNFI = 0.758 and RMSEA = 0.077. Thus, the result indicates that CCB (PCSA) has positive significant relationship with SATCOM. However, CCB (PCEA) does not have significant relationship with SATCOM. The results were confirmed by $\beta = 0.246$, P = 0.001 for PCSA and $\beta = −0.100$, P = 0.154 for PCEA respectively as shown in Table 2.

This study has revealed that consumer complaint behavior has significant effect on SATCOM. However, only PCSA has positive significant effect on SATCOM, whereas PCEA on the other hand resulted in negative non-significant effect on SATCOM. Notably, extreme actions include write officially to the service provider, take legal action and switch to other service provider demonstrate the consumers' dissatisfaction toward the service provider. Therefore, additional dissatisfaction with regard to complaints management resulted in negative effect which indicates unbearable situation to the consumers.

5. CONCLUSION

Evidently, the study has proven the effect of public complaint on SATCOM although not all actions in public complaint have significant effect. The effect of PCSA on SATCOM indicates that public complaint is an important area that should not be neglected by the service providers or the organizations that handle consumers' complaints. The negative effect of PCEA on SATCOM denotes that extreme actions in PCEA such as write a letter to a local newspaper or mass media, report the problem to a consumer agency, complain to a government agency or politician and take legal action against the service provider developed dissatisfaction to the consumers with regard to complaints handling because consumers think the organization is unable to handle their dissatisfaction. This could be one of the reasons for the consumers were reluctant to lodge their complaints that made the number of complaints was insignificant. Thus, the result of H_2 conveys a message that the relationship between the consumer and the service provider is no longer necessary. It is also an important note to the service providers to improve the quality of their complaint resolution process before losing the customers. The results of this study also provide significant implications to service providers to recover their services specifically in managing the consumers' complaints for long term business sustainability especially when

the number of competitors and challenges in terms of technology development are arising from time to time. As the mobile phone services industry involves a huge number of Malaysian population this issue should become the principal focus to the parties that are responsible in protecting the consumers. This is to ensure that the consumers are given excellent services so that they receive the value of their monthly contributions to the service provider.

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