

**THE IMPACT OF CONSUMER COMPLAINTS HANDLING ON COMPLAINANT
SATISFACTION AND BEHAVIORAL OUTCOMES: A STUDY AMONG THE
TELEPHONE SERVICE PROVIDERS IN MOGADISHU, SOMALIA**

by

Bashir Ali Warsame

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DEDICATION

**This dissertation is dedicated to:
My Father Ali Warsame Faarah,
My Mother Halimo Husein Ali,**

And also

My Brothers

And

My Sisters

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ABSTRAK

Dalam persaingan industri perkhidmatan kini, pihak organisasi berusaha sedaya upaya menarik serta mengekalkan pelanggan masing-masing dalam usaha menjamin keselamatan serta pertumbuhan pasaran saham. Kepuasan pelanggan sering menjadi tumpuan utama setiap organisasi. Walau bagaimanapun, kegagalan memberikan perkhidmatan yang memuaskan pelanggan tidak dapat dielakkan dalam mana-mana perkhidmatan yang ditawarkan. Kegagalan yang sedemikian boleh menyebabkan ketidakpuasan pelanggan dan menjejaskan pulangan organisasi. Oleh yang demikian, organisasi perlu memberi respons yang efektif terhadap setiap aduan yang diterima. Objektif utama kajian ini adalah untuk menyiasat impak daripada permohonan maaf (apology), layanan yang diberikan (attentiveness), menebus semula kesilapan (atonement), kemudahan yang disediakan (facilitation), usaha yang digarap (effort), penerangan yang diberikan (explanation) serta tindakan segera (promptness) terhadap aduan pelanggan. Di samping itu, kajian ini juga meneliti hubungan antara kepuasan aduan, kesetiaan, kepercayaan serta ketepatan janji. Sejumlah 400 soal selidik telah diagihkan dalam kalangan pelanggan perkhidmatan telefon di Mogadishu, Somalia. Daripada 400 yang diagihkan, 198 berjaya dikumpul kembali dan dianalisis dengan menggunakan program SPSS. Keputusan menunjukkan bahawa layanan yang diberikan, menebus semula kesilapan, kemudahan yang disediakan, serta permohonan maaf adalah empat respons organisasi terhadap aduan pelanggan, yang secara signifikan mempunyai impak yang positif terhadap kepuasan aduan. Layanan merupakan respons organisasi yang paling ketara. Di samping itu, keputusan kajian juga menunjukkan bahawa kepuasan aduan secara signifikan memberi kesan

yang positif terhadap kesetiaan, kepercayaan serta ketepatan janji. Implikasi, batasan, serta cadangan bagi penyelidikan pada masa depan turut digariskan dalam kajian ini

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ABSTRACT

In today's competitive service industry, organizations are increasingly seeking to attract and retain customers in order to secure market shares and growth. Customer satisfaction was always been the focus of every organization. However, service failures become inevitable part of every service offering. Such failures to provide service right at the first time may contribute to customer dissatisfaction and turnover. As such, organizations need to respond effectively to the consumer complaints that may arise from the service failures. The primary objective of this study is to investigate the impact of apology, attentiveness, atonement, facilitation, effort, explanation and promptness on complainant satisfaction. In addition, this study also aims to examine the relationship between complainant satisfaction, loyalty, trust and positive word of mouth. A total of 400 questionnaires were distributed among the consumers of the telephone service providers in Mogadishu, Somalia. 198 questionnaires were collected and analyzed using the SPSS program. The results revealed that attentiveness, atonement, facilitation and apology are the four organizational responses to complaints that have significant positive impact on complainant satisfaction. Attentiveness was the most influential organizational response to complaints. In addition the results also demonstrated that complainant satisfaction exerts significant positive effects on complainant loyalty, trust and positive word of mouth. Implications, limitations, and recommendations for future research will be presented in this study.

CHAPTER 1

INTRODUCTION

1.1 Introduction

In complex business environments where businesses compete for customers, customer satisfaction can be a key differentiator that is crucial to the survival of any organization (Jamal & Naser, 2002). Kotler and Keller (2006) defined customer satisfaction as “a person’s feelings of pleasure or disappointment resulting from comparing a product’s perceived performance (or outcome) in relation to his or her expectations” (Kotler & Keller, 2006, p. 136). Oliver (1997) also defined customer satisfaction as the customer’s fulfillment response or in other words the consumer’s overall contentment with a product or service experience. Organizations measure customer satisfaction in order to know how well the organization is at providing products or services to the market place. Measuring customer satisfaction enables organizations to identify the gap between customer expectations and the product/service performance. If the perceived product/service performance falls short of customer expectations, customers are likely to feel dissatisfied. Contrary to that if customer expectations are met or exceeded, customers are likely to feel satisfied or delighted and that may create a pool of loyal customers (Kotler & Keller, 2006). Measuring customer satisfaction may also open the way for product or service improvements and it also helps organizations to achieve sustainable competitive advantage (Poon & Low, 2005). In respect to that, customer satisfaction became an important performance indicator for organizations and it is part of the four perspectives of the Balance Scorecard. As such, it is important for organizations to promote customer satisfaction by improving their service quality and reliability (McDougall & Levesque, 2000).

McCole (2004) stated that customer satisfaction is not only associated with faulty free services but also with what organizations do when something goes wrong (e.g. service recovery or consumer complaints handling). Service failures are often unavoidable due to both human and non-human errors. The intangibility nature of service and the fact that service is produced and consumed simultaneously have made errors to occur at the point of consumption (Lewis & McCann, 2004). Therefore, service providers have little chance for correction with out inconveniencing the consumers. It is a common phenomenon in the service industry to see consumers complaining about services which fall under their expectations. Service providers know that their customers expect services which are of acceptable quality. Consumers also expect organizations to provide fair interpersonal treatment and respond quickly and appropriately to their complaints in the case of service failures. However, it is sometimes difficulty to know what customers are expecting unless they wish to feedback their opinions to their service providers. Consumer complaint can be considered as an important communication a service provider has with its customers. Consumer complaints involve service problems which need to be solved in a timely and spontaneous fashion (Heung and Lam, 2003). Consumer complaints as a feedback should be encouraged and welcomed by service providers in order to know about their customer feelings towards their service offerings (McCole, 2004). But, it is some times possible not to hear from the unhappy consumers who encountered problems. Zetocha (2002) has indicated that average business never hears from 96 percent of its unhappy customers. To utilize from consumer complaints, organizations should have techniques, processes and systems in place that can encourage, facilitate and respond effectively to consumer complaints.

1.2 Somalia

Somalia locates in the Eastern part of Africa, bordering the Gulf of Aden and the Indian Ocean. Somalia has land borders with countries like Kenya, Djibouti and Ethiopia. The population of Somalia is estimated to be 10 million with vast majority of Muslims. Somalia is rich with natural resources like uranium and largely unexploited reserves of iron ore, tin, gypsum, bauxite, copper, salt, natural gas, likely oil reserves.

Since the collapse of the dictatorship rule back in 1991, Somalia has transformed from what Mohamed Siyad Bare (the dictatorship ruler) described as "Scientific Socialism" to a free market economy (CIA World Fact Book). Despite the political instability, Somalia has been able to maintain a healthy informal economy which is based on livestock, remittance/money transfer companies and telecommunications. In Somalia, agriculture is considered to be the most important sector. But, since the nomads and semi-nomads, who are dependent upon livestock for their livelihood make up a large portion of the population, the livestock accounts for about 40% of the GDP and about 65% of export earnings (CIA World Fact Book). After livestock, bananas are the principal export. Sugar, sorghum, maize, and fish are products for the domestic market. The small industrial sector which is based on the processing of agricultural products accounts for 10% of GDP the (CIA World Fact Book).

The telecommunication sector in Somalia grew up rapidly in the past two decades. The growth of the telecommunication sector can be partly attributed to the increased demand of the telecommunication services. During the civil war (1991-1993) millions of Somalis fled to other countries in the world. The need for the Somalis to stay in touch with their relatives and friends abroad has created an opportunity for the telecommunication entrepreneurs to set up their private telecommunication companies. Since then, the telecommunication services became a necessity for the Somali people. Apart from contacting relatives and friends abroad,

other corporate businesses also benefited from the telecommunication services by facilitating their business deals and transaction with the foreign markets. Because of the increased competition in the telecommunication sector in Somalia, companies were constantly offering a variety of choices for the consumers in terms of new service offerings, new service packages and price plans. Most of the consumers of the telecommunication services are the middle and upper class people whose standard of livings are higher compared to the lower class people.

In terms of the complaints behaviors of the Somalis, currently there are no available empirical research studies on the subject matter. But, Gedi (personal communication, June 18, 2008) has pointed out that Somalis are more likely to complain when it comes to telephone service failures/problems. The reason behind that is Somalis consider the telephone services as integral part of their daily lives. As such, when telephone service failures or interruptions occur, they are quick to voice their complaints so that corrective actions could be taken by the service provider.

1.2.1 Telecommunication Sector in Mogadishu, Somalia

Before the civil war in 1991, the telecommunication sector in Somalia was under the control of the ministry of Post and Telecom. The ministry of P&T was the sole provider and the regulatory body of the telecommunication services. During the civil war (1991-1993), the public telecommunication system was almost dismantled. Despite the difficulties faced, Somali private telecommunication companies have successfully reinstalled the telecommunication systems. Although the telecommunication infrastructure in place was poor, initially they coped and rapidly provided better services. The public usage of the services provided by the telecommunication companies has also increased. According to the

World Bank's ICT at glance, the fixed line telephones per 1000 people in Somalia have increased from 4 persons in 2000 to 12 persons in 2005 (World Bank, 2005). The mobile subscribers per 1000 people have also increased from 11 persons in 2000 to 61 persons in 2005 (World Bank, 2005). In 2005 it was estimated that the fixed line telephones in place were numbering 112,000 lines up from 17,000 before 1991 and mobile phone subscribers were estimated to be 50,000 (Tatiana & Tim, 2005). Late in the year 2000, internet services were also introduced to the industry. Somalia is considered to be the last country to access internet in Africa but, the internet usage grew rapidly. In 2006 it was estimated that the internet users were numbering 94,000 (World fact book, 2006). Telecommunication services are now reached all the districts of Mogadishu and also the regional capitals.

The lack of restrictions and regulations in the telecommunication industry made possible by the lack of a powerful and functioning central government has encouraged many private companies to enter the telecommunication industry (Jama, 2002). This privatization has resulted in many benefits: The latest technologies in the world were introduced in the telecommunication industry in Somalia by competing telecommunication companies. Somalia has the latest technologies in the telecommunication industry compared to the neighboring countries (Doherty, 2005). Competition between these telecommunication companies has gradually lowered the prices and that made their services affordable to most of the Somalis. Somalia is now considered to have the cheapest international calls in Africa; the cost is 50 US cents a minute (Hassan, 2006). On the other hand, these telecommunication companies have also contributed to the economy by creating jobs for many people. In total the industry employs 65,000 people (Perry, 2007). These telecommunication companies have also provided sophisticated and better telecommunication services to other corporate businesses in

the economy. Some of these telecommunication companies have also diversified into other industries like real estate.

On the other hand, the competition between these companies in the industry has discouraged some companies which were forced to go out of the industry. At the beginning there were about 9 companies in the industry but due to the fierce competition, the industry became very concentrated. Currently there are about 4 companies operating in the industry and three of them dominate the industry in terms of market share and coverage. The three giants in the industry are Hormuud, Telecom Somalia and Nation link. These companies are headquartered in Mogadishu, the capital city of Somalia and they have also branches and operations in most of the country's southern cities. These companies provide both fixed line and mobile telephone services. Somafone is another emerging mobile operator in Mogadishu which was established in 2003 but, it has not so far witnessed a greater market share in the industry. There are no obvious entry barriers in the telecommunication industry which keep new entrants away from the industry and the nature of the industry is close to oligopoly market form where there is small number of big firms. Collusions can be expected from these companies in the case of new entrants in the industry.

1.4 The Background

In an era of mature and intense competitive pressures, telephone service providers in Mogadishu, Somalia are directing their efforts towards improving customer satisfaction in order to attract and retain customers. The task facing these telephone service providers is how they can identify and focus on those activities that result in meeting or exceeding customer expectations. Increased customer satisfaction can lead to customer loyalty (Bowen & Chen, 2001), positive word of mouth communication, and higher retention rates (Athanasopoulos,

Gounaris & Stathakopoulos, 2001). Telephone service providers in Mogadishu, Somalia are trying to establish effective systems in their organizations in order to make sure that customer satisfaction is increased. People perceive little difference in the services offered by these telephone service providers. Most of these companies provide similar services and even in the case of new service offerings, competitors are quick to match and offer similar services. As such, these telecommunication companies struggle to differentiate their services from their competitors in order to gain more market share. While providing the same services, organizations may differentiate themselves from their competitors by improving their service quality and reliability with the objective of increasing customer satisfaction (Bloemer, Ruyter & Peeters, 1998).

Customer satisfaction comes from a variety of activities which are available to service providers such as improved service quality, service features and effective customer complaints handling (Levesque & McDougall, 1996). Apart from improved service quality and service features, customer satisfaction is also linked to effective consumer complaints handling as perceived by the consumers (Karatepe & Ekis, 2004; Kau & Loh, 2006; Mattile, 2006 and McCole, 2004).

Gedi (personal communication, March 20, 2008) has indicated that customer complaints have increasingly become common among the telephone service providers in Mogadishu, Somalia. Gedi (personal communication, March 20, 2008) has also pointed that some of the mostly complained service problems are but not limited to: poor mobile phone network connections, fixed line telephone break downs and allegedly unfriendly staff in these telephone service providers. Fixed line telephone clients complain about services interruptions. Mobile phone users also complain about network problems which some times

cause them to lose the entire service. Consumers also complain about the way they are treated by the employees of these telephone service providers.

One of the potential causes of poor service delivery can be due to the poor infrastructure in place (Jama, 2002). As mentioned in the previous section, the public telecommunication system was almost destroyed by the civil war (Hassan, 2006). The ability of these private telephone service providers to rebuild and restore the destroyed infrastructure from scratch was limited (Jama, 2002). These telephone service providers in Mogadishu, Somalia had to struggle to build the infrastructure from scratch in order to provide their services. To install a fixed line or landline telephone, the telephone service providers normally use telephone cables from the switchboard directly to the client's place. These telephone cables pass through overcrowded wire connection systems which are vulnerable to many damages. The inability of the telephone service providers to install most of the telephone cables under the ground can be another contributing factor to the problems. The telephone cables can be easily damaged by storms, frictions between the cables and also unauthorized people. Since other companies like power and electricity providers are also using the same system, it is even harder for the technicians to get and fix a given problem in a timely manner due to the overcrowded wire connection systems. Apart from the poor infrastructure in the industry, the mobile network problems can be attributed to the possible oversubscriptions in the mobile networks which can also cause service interruptions.

Less skilled or untrained employees in these firms can also contribute to the unsatisfactory experiences inherited by consumers while dealing with these organizations (Andaleeb, 1998; Andaleeb & Conway, 2006). In the case of service failures, employees should have been equipped with the necessary skills and techniques to better address customer problems.

Security is also a major concern in the industry. The lack of reliable security in the city has also affected the telecommunication industry. The telephone service provider's equipments and the whole infrastructure which are important for the continuation of the services are vulnerable to security threats.

Despite these problems faced by the industry, achieving high levels of customer satisfaction and there by increasing customer loyalty is crucial for the survival and the long run success in this industry

1.5 Research Problem

Recognizing the importance of responding effectively to consumer complaints, many service providers have established effective and innovative systems for resolving consumer complaints. Within any industry, those companies with a positive philosophy and a reputation for fair complaint-management are likely to have a competitive edge. Research into the consumer complaints behavior reveals that only a fraction of the dissatisfied consumers complain to firms and, thereby, give organizations the opportunity to correct what has gone wrong (Heung & Lam, 2003; Ndubisi & Ling, 2005 and Phau & Sari, 2004). Some of the unhappy consumers do not simply complain because of their skeptical about the business's willingness or ability to resolve disputes fairly (Blodgett, Wakefield & Barnes, 1995). Consumers simply withdraw their patronage and criticize the company or the service to others (Heung & Lam, 2003 and Ndubisi & Ling, 2005). With respect to these problems faced by many service providers specially the telephone service providers in Mogadishu Somalia, this research aims to examine the effects of organizational responses to complaints (e.g. apology, atonement, attentiveness, facilitation, effort, promptness and explanation) on complainant satisfaction. In addition, this research also aims to explore the relationship between

complainant satisfaction and complainant's behavioral intentions such as loyal, trust and positive word of mouth.

Customer satisfaction can be linked to what organizations do in response to consumer complaints (McCole, 2004). As human beings, service failures are inevitable but, it is important for organizations to take corrective actions with the objective of satisfying offended customers. Regarding the telephone service providers in Mogadishu, Somalia, there has been considerable consumer complaints generated by many problems. These problems include service failures, poor service quality and unfair treatment from the employees in these organizations. Apart from being dissatisfied with the initial problems encountered, many consumers are likely to be unsatisfied with the ways in which their complaints have been addressed. Some times it is not only the initial service failures that cause dissatisfaction but also the service provider's lack of appropriate responses to failures. With regard to this, it is important that organizations have systems, techniques and procedures in place that can effectively respond to consumer complaints.

Although most of the previous studies in this area were carried out in a Western and Asian settings, this study has been undertaken among the consumers of the telephone services provided by the three giants in the telecommunication sector in Mogadishu, Somalia, namely Hormuud telecom, Telecom Somalia and Nation link. Due to the lack of empirical research studies done in Somalia addressing the most important issues faced by many industries like the telecommunication industry, it is seemed timely to conduct this study under such environment so that empirical evidences or a body of knowledge can be generated for both academic and practical purposes.

1.6 Research Objectives

Due to the need for a comprehensive model that can help the telephone service providers in Mogadishu, Somalia to deal with consumer complaints effectively with the intentions of increasing complainant's satisfaction, loyalty, trust and positive word of communication behaviors, this research aims to study and explore the influence of apology, effort, explanation, facilitation, promptness, atonement, attentiveness on complainant satisfaction. In addition, this research also examines the effects of complainant satisfaction on complainant loyalty, trust and word of mouth. Specifically this research aims to:

- 1) Examine the relationship between apology, effort, explanation, facilitation, promptness, atonement, attentiveness and complainant satisfaction.
- 2) Investigate the relationship between complainant satisfaction and complainant's behavioral intentions such as: loyalty, trust and word of mouth.

1.7 Research Questions

In order to achieve the above objectives, the following questions are posed for this study:

- 1) How do apology, effort, explanation, facilitation, promptness, atonement and attentiveness influence complainant satisfaction?
- 2) How does complainant satisfaction influence complainant loyalty, trust and word of mouth?
- 3) What is the relative magnitude of each independent variable in the model? Does one exert more influence on complainant satisfaction than the others?

1.8 Significance and Scope of the Study

Regarding the increasing competition faced by many service providers specially the telephone service providers in Mogadishu Somalia, this study shed light on a potential source of customer satisfaction. Effective consumer complaints handling as perceived by the consumers is found to have a significant positive impact on complainant satisfaction (Karatepe & Ekis, 2004; Kau & Loh, 2006; Mattile, 2006 and McCole, 2004). As outlined in the previous sections, customer complaint is a common phenomenon among the telephone service providers in Mogadishu, Somalia. The possibility of complainants becoming more dissatisfied with the telephone service provider's responses to their complaints is also present. Therefore, this research aimed to recommend for these companies a comprehensive complaint management system that can help them deal with consumer complaints more effectively. The objective of such system is to make sure that complainant satisfaction is increased and thereby, complainant loyalty, trust and positive word of mouth.

Unlike the past studies conducted mainly in the West and Asia, this study was undertaken in the telecommunication sector in Mogadishu, Somalia where there is actually a limited research studies concerning the subject matter of this study. As such, this study will contribute to the existing literature and help the generalizability of the previous studies' findings into other service settings with underlying cultural and social differences.

This study targeted the consumers of the telephone service providers in Mogadishu, Somalia. Specifically, this study targeted those who have encountered service failures/problems and complained to their service providers. Data was collected from individual consumers who are using the telephone services provided by these telecommunication companies.

1.9 Definition of Key Terms

1.9.1 Service Recovery: refers to the actions taken by the service provider to address a consumer complaint regarding a perceived service failure (Kau & Loh, 2006).

1.9.2 Attentiveness: refers to the interactions and communications between complainants and the organization's employees (Karatepe & Ekis, 2004).

1.9.3 Atonement: refers to the actual outcomes customers receive in return to their complaints (Karatepe & Ekis, 2004).

1.9.4 Apology: is psychological compensation that acknowledges the inconveniences and the problems faced by customers (Karatepe & Ekis, 2004).

1.9.5 Facilitation: As cited by Karatepe and Ekis (2004) from Davidow (2000), facilitation refers to "the policies, procedures and tools that a company has in place to support customer complaints.

1.9.6 Effort: refers to the energy put into and displayed by the employees while resolving the consumer problems/complaints (Karatepe & Ekis, 2004).

1.9.7 Explanation: refers to the information given by the service provider regarding to the causes of the service failure (Ekis & Arasli, 2007).

1.9.8 Promptness: refers to the organization' ability of responding to customer problems/complaints in a timely manner (Ekis & Arasli, 2007).

1.9.9 Complainant Satisfaction: refers to the complainant's over all contentment with the service recovery efforts or the complaints handling activities (Stauss, 2002).

1.10 Organization of Chapters

There are five chapters in this study:

Chapter One – Introduction

This is an overview chapter of the study. It begins with a general introduction followed by a brief introduction about Somalia and the industry under study. The background, research problem, research objectives, research questions, scope and significance of the study are also presented in this chapter. Lastly this chapter ends with the organization of chapters.

Chapter Two – Literature Review

This chapter explores the related and the relevant previous studies conducted in this area. It focuses on what the previous studies have said about the organizational responses to consumer complaints and their impacts on complainant's satisfaction and also the relationship between complainant satisfaction, loyalty, trust, and word o mouth. It also highlights the theories behind the concepts and the arguments in this study. In this chapter, the theoretical framework and the research hypotheses are also provided.

Chapter Three – Research Methodology

This chapter explains the research methods that were followed in order to conduct this study. It explains the research design, variables, population/sample design, data collection procedures, and selection of measures followed by a brief explanation of the data analysis techniques used.

Chapter Four – Research Results

This chapter presents the overall findings of the study. It summarizes the statistics of the respondents, results of the statistical analysis and it also provides the results of the hypothesis testing.

Chapter Five – Conclusion and Recommendations

This chapter will conclude the study by summarizing the findings. It will also provide the implications of this study for managers in these companies. Recommendations for future research are also suggested in this chapter.

1.11 Summery

This chapter introduced the research topic by describing the background of the study. This chapter has also provided a brief information about Somalia and the telecommunication sector in Mogadishu, Somalia which is the industry under study. The problem statement was discussed, followed by a discussion of the research objectives and questions. This chapter also discussed the practical significance of the study.

CHAPTER 2

LITERATURE REVIEW

2.1 Introduction

This chapter explores the relevant existing literature that provides the basis of this research. There has been extensive research conducted on customer satisfaction and customer loyalty. These research studies have looked at the subject matter from different angles to better understand and explain the determinants of customer satisfaction and loyalty. For the purpose of this study, I have looked into customer complaints handling as a source of complainant satisfaction. I have also examined the relationship between complainant satisfaction and its behavioral outcomes such as loyalty, trust and word of mouth in this particular service setting in Somalia.

This chapter consists of five sections. Section 1 presents the introduction of the chapter. Sections 2 constitutes a review of the past literature on complainant satisfaction, loyalty, trust, word of mouth and also the seven predictors of complainant satisfaction that I have considered in this study namely apology, attentiveness, effort, explanation, atonement, facilitation, and promptness. Section 3 depicts the theoretical framework of this study and it explains how these seven predictors influence complainant satisfaction. In addition the theoretical framework also depicts how complainant satisfaction influences complainant loyalty, trust, and word of mouth. Section 4 outlines the hypothesis of this study. The last section (section 5) summarizes this chapter.

2.2 Review of the literature

2.2.1 Customer Loyalty

Customer loyalty is defined as a customer's intention or predisposition to repurchase from the same firm again (Edvardsson, Johnson, Gustafsson & Strandvik, 2000). As such, it encompasses an affective component as well as a behavioral dimension. As an affective state, loyalty represents a psychological reaction and conviction to a product or service experience. The behavioral dimension is simply a manifestation of that affective state, which is sometimes equated with customer retention. In other words, loyalty encompasses intended behavior and whether or not the intended behavior actually occurs (Gustafsson & Johnson, 2002). Customer satisfaction is found to be highly correlated with customer loyalty and it is considered to be the most influential indicator of customer loyalty (Bowen & Chen, 2001; Gronholdt, Martensen & Kristensen 2000; Jones & Suh, 2000).

Research studies in the service recovery area have demonstrated that satisfactory or unsatisfactory service recovery activities may affect the complainant's intentions to repatronize to the same service provider or switch to other competitors (Kau & Loh, 2006 and Blodgett, Wakefield & Barnes, 1995). Jones and Farquhar (2007) stated that complainants demonstrate higher levels of loyalty when they feel satisfied with the ways in which their service problems have been addressed. It is likely to convert the inconvenienced customers into more loyal customers if the service recovery efforts which follow the initial service failures are satisfying (Bitner, Blooms & Tetreault, 1990). Past studies have shown that there is a strong positive relationship between complainants' over all satisfaction with service recovery and complainant's loyalty (Karatepe & Ekis, 2004; Kau & Loh, 2006). Stauss (2002) also stated that complainant satisfaction is a necessary prerequisite for complainant retention. It is therefore important for organizations to reinstall satisfaction among the inconvenienced

consumers in order to retain them. Organization's responses to complaints in terms of service recovery activities should alter the negative attitudes that complainants may hold and subsequently convert the inconvenienced customers in to satisfied and loyal customers (Blodgett et al., 1995). Developing and maintaining a loyal customer base is also viewed as the single most important driver of long-term financial performance (Reichheld & Sasser, 1990). As such, organizations that understand the importance of customer loyalty will be likely to succeed in today's business environments. As competition has tightened in the telecommunication industry in Mogadishu, Somalia, maintaining a pool of loyal customers is crucial for the long term survival of every organization in the industry. It is therefore important for the telephone service providers in Somalia to develop a well-designed complaint handling systems in order to increase complainant satisfaction and thereby complainant loyalty and commitment.

2.2.2 Customer Trust

To sustain a good relationship with customers, it is important for organizations to create trust and confidence among their customers. As cited by Kau and Loh (2006) from Morgan and Hunt (1994, p.23) trust exists when "one party has confidence in an exchange partner's reliability and integrity". Trust can be considered as the foundation of the relationship marketing (Kau and Loh, 2006). Ndubisi (2007) argued that Trust is an important ingredient in firm-customer relationships and ultimately influences the development of customer loyalty. Ndubisi and Chan (2005) also demonstrated that there is a significant positive relationship between conflict handling and customer loyalty indirectly through trust and perceived relationship quality. In organizational context, there must be a satisfying relationship between the organization and its customers in order to retain them. When trust is build, the likelihood of either party terminating the relationship is reduced (Ranaweera &

Prabhu, 2003). Developing and maintaining a satisfactory relationship with customers can result in many benefits. Satisfactory customer relationship can help reduce perceived risk, transaction costs, increase loyalty and customer retention and also impact organizational performance (Bejou, Ennew & Palmer, 1998). In the service recovery area, a research has shown that there is a significant positive relationship between complainant's satisfaction with the service recovery efforts and complainant's level of trust (Kau & Loh, 2006). Tax, Brown and Chandrashekar (1998) also found that satisfying service recovery results in increased trust and commitment among complainants. As such it is important for service providers to make sure that complainant satisfaction is increased in order to reinstall the damaged consumer trust. Increased customer trust is particularly important for the telephone service providers in Somalia as it has strong positive effects on customer retention (Ranaweera & Prabhu, 2003). Ranaweera and Prabhu (2003) also stated that when consumers have trust in their service providers, they may not easily switch to competitors and they are likely to be retained.

2.2.3 Word of Mouth

Service providers should put effective complaint management systems in place in order to address customer complaints/problems and reduce the detrimental consequences of service failures. Not only do satisfied customers conduct repeat business, but they also act as advocates for their organizations (Lewis & McCann, 2004). Consumers are likely to share their experiences with other people. If consumer's attitudes towards a particular organization are positive, they are likely to praise that organization and disseminate a positive word of mouth (Zeithaml, Parasuraman & Berry, 1985). If consumers had unsatisfactory experiences with a company, they may distribute a negative word of mouth by sharing those experiences with other people (Richins, 1983). Spreading positive word of mouth by consumers has many

benefits for organizations. Without incurring any extra costs for attracting new customers, an organization can do so via the distribution of positive word of mouth communication by its customers. Kau and Loh (2006) stated that positive word of mouth communication not only helps organizations to attract new customers but also build positive image about the firm. On the other hand, disseminating negative word of mouth has detrimental consequences on organizations (Hocutt, Bowers and Donavan, 2006). This can damage the image of the concerned firm and hence, distance the organization from its potential customers. In the case of service failures, if consumers become dissatisfied as a result of a service failure and the subsequent service recovery, reactions to this dissatisfaction may include negative word-of-mouth (Richins, 1983). Previous research has shown that successful recovery will have a positive impact on post recovery satisfaction, future purchase intentions and WOM (Spreng, Harrell & Mackoy, 1995). Stauss (2002) stated that complainant satisfaction with the service recovery leads to positive word of mouth communication. Research has also demonstrated that complainants may engage a positive word of mouth communication if the concerned organization takes the necessary steps to correct what has gone wrong (Lewis & McCann, 2004). If the service recovery and the strategies used are perceived to be ineffective (e.g. complainant dissatisfaction), then this dissatisfaction may lead to loss of customer confidence together with the spread of negative word of mouth communication (Lewis & McCann, 2004). Kau and Loh (2006) also found that complainant's satisfaction with service recovery results in positive word of mouth communication. On the other hand, Stauss (2002) indicated that complainant dissatisfaction leads to negative word of mouth and that may also drive customers to competitors. Another research also suggested that successful service recovery can increase customer satisfaction as well as positive word of mouth communications (Swanson and Kelley, 2001). Ranaweera and Prabhu, (2003) proposed that the more

dissatisfied customers become, the more likely they are to use negative WOM to express their displeasure. As such satisfaction with the service recovery or the complaints handling would encourage positive word of mouth communication.

2.2.4 Complainant Satisfaction

Customer satisfaction has always been the focus of every organization. Customer satisfaction generally means customer reaction to the state of fulfillment, and customer judgment of the fulfilled state (Oliver, 1997). Customer satisfaction is a widely researched subject. There are many benefits for a company to obtain high levels of customer satisfaction. Customer satisfaction may lead to customer loyalty, lower customers' price sensitivity, reduce the costs of failed marketing and of new customer creation, reduce operating costs due to customer number increases, improve the effectiveness of advertising, and enhance business reputation (Fornell, 1992). On the other hand, Complainant satisfaction can be defined as the satisfaction of complainant with his/her complaints outcomes or the service recovery activities (Stauss, 2002). It is often difficult for organizations to provide 100% error free products or services. Errors are a critical and inevitable part of every service offering. In the case of service failures, organization should take satisfying corrective actions in order to address the consumer complaints/problems. Stauss (2002) stated that complainant satisfaction may lead to positive attitude change, positive word of mouth and increased readiness to buy from the same supplier again. Other research studies have also indicated that there are strong positive relationships between complainant satisfaction and loyalty complainant satisfaction, loyalty, trust and positive word of mouth communications (Kau & Loh, 2006; Karatepe & Ekis, 2004). Ekis and Arasli (2007) also found that complainant satisfaction exerts a significant

positive effect on repurchase intentions and negative effects on negative word of mouth communications.

Customer satisfaction can be associated to both what organizations do and how they do when service failures/problems happen (McCole, 2004; Wirtz & Mattila, 2004). A service failure occurs when the service delivery falls short of customers' expectations (Bell & Zemke, 1987). When such failures are encountered, some of the unhappy consumers are likely to complain to their service providers. Consumers who take the decision to complain expect from their service providers to take steps in response to their complaints. The service provider's responses to complaints may result in complainant satisfaction if the service recovery efforts are perceived to be effective by consumers (Maxham, 2001). Service recovery can also be poor and ineffective with the consequences that the customer is dissatisfied second time. This dissatisfaction may lead to loss of confidence in the organization, possible defection and the likelihood of spreading negative word of mouth (Lewis & McCann, 2004). Zemke (1993) stated the objective of service recovery efforts is to move a customer from a state of dissatisfaction to a state of satisfaction. By investigating the factors that influence complainant satisfaction with service recovery, research findings revealed that most of the dissatisfying service encounters were the results of inappropriate employee responses to complaints (Bitner, Booms & Mohr, 1994). Other research findings also reported that service recovery efforts would be seen favorable if the employees display the necessary efforts and techniques while resolving the problems (Swanson & Kelley, 2001). Bell and Zemke (1987) stated that the most important determinants of successful service recovery are apology, empathy, atonement, urgent reinstatement and follow-up. Other research findings consider employees been pleasant, helpful, attentive and courteous; act quickly and be flexible as the important ingredients of successful service recovery efforts

(Johnston, 1995). Considering the relative impacts of these elements on successful service recover, most of the previous studies in the service recovery area used the three dimensions of justice theory (distributive, procedural, and interactional) in order to examine the consumer evaluations of the recovery efforts. The justice theory is from Adam's equity theory which focuses on the individual's perceptions of the fairness of the situation or the decision (McCole, 2004).

Kau and Loh (2006) stated that Adams' equity theory (1965) has been applied in the service recovery area through perceived justice. Perceived justice was further divided into three components namely distributive justice, procedural justice and interactional justice. As defined by McCole (2004) distributive justice refers to the perceived fairness of the actual outcome of the firm's recovery efforts. Procedural justice refers to whether the procedures, or criteria used in making the decisions to arrive at the outcome are perceived as fair by the complainants (Kau & Loh, 2006). Interactional justice refers to the fairness of the interpersonal treatment people receive during the enactment of procedures (McCole, 2004). Kau & Loh (2006) stated that consumers normally use the equity theory to evaluate the fairness of their complaint outcomes. Research studies in the service recovery area have demonstrated that both what is done and how it is done affect consumer's perceptions of the service recovery efforts (Wirtz & Mattila, 2004; Levesque & McDougall, 2000). Karatepe and Ekis (2004) also supported the proposition which says that customers evaluate service recovery activities based on the perceived justices. The relevance of the equity theory in the service recovery process is that consumers evaluate the service recovery efforts based on the perceived fairness of the complaint resolution procedure, the interpersonal communications and behaviors employees demonstrate, and the actual outcome presented to the complaints (Schoefer & Ennew, 2005). Research findings have indicated that distributive justice and

interactional justice influence complainant satisfaction (McCullough, Berry & Yadav, 2000). Kau & Loh (2006) also found that complainant's satisfaction with service recovery is significantly affected by the three dimensions of perceived justice (e.g. procedural, interactional and distributive justice). In this study, seven potential predictors of complainant satisfaction with service recovery efforts or complaints handling processes were considered namely apology, attentiveness, atonement, effort, explanation, facilitation and promptness. These seven variables are the elements of the three components of the perceived justices.

2.2.5 Apology

Service failures/problems are often inevitable. It is therefore the responsibility of the service providers to take steps when something goes wrong in order to reduce the potential damages to consumers (McCole, 2004). An apology and correcting the problems are usually necessary elements of every successful service recovery (Lewis & McCann, 2004). Apology is one of the important organizational responses to complaints (Karatepe & Ekis, 2004). As cited by Karatepe and Ekis (2004) from Davidow (2000) Apology refers to a psychological compensation that helps consumers to restore in equilibrium. Offering an apology to the complainants shows that the organization understands the inconveniences faced and that it is going to solve the problems (Karatepe & Ekis, 2004). If organizations do not give any form of apology towards the problems, consumers are likely to feel dissatisfied and this may have an adverse affects on the consumer's future intentions (McCole, 2004). Boshoff and Leong (1998) demonstrated that apology as a first step to recognize the inconveniences faced by customer is significantly associated with complainant satisfaction. Karatepe and Ekis (2004) found that apology has a significant positive relationship with complainant satisfaction and loyalty. Karatepe and Ekis, (2004) also stated that apology should be provided as part of the