CHAPTER 5

SUMMARY, IMPLICATIONS AND CONCLUSION

5.1   INTRODUCTION

This chapter covers concludes the study by discussing the findings and comparing the research results with earlier research. It also discusses managerial implications as well as limitations and suggestions for future research.

5.2   DISCUSSIONS FROM FINDINGS

The findings from this research provide insights into the interrelationships between service quality, perceived value, customer satisfaction and customer loyalty constructs. In contrast to previous empirical research in which service quality, perceived value and customer satisfaction are separately analyzed as antecedents of customer loyalty in the business-to-customer (B2C) context, this study examines their combined impact on customer loyalty in a single model in the B2C context.

This study is among the first to use SERVPERF in analysing service quality within telco service centres in Malaysia. Support for H1b, H1d and H1e lent further empirical evidence on the importance of reliability, assurance and empathy at the telco service centre. Developing these aspects of service quality

would help the telcos to attain a competitive edge and achieving customer satisfaction. Nevertheless, lack of support for H1a and H1c (tangibility and responsiveness) could be because consumers in Malaysia already regarded tangibility and responsiveness aspects to be common and should be readily available at all telco service centres. The high mean values for these two variables (refer to Table 4.3) indicate these high expectations.

Support for Hypothesis 2 and 3 validates the hypothesis that perceived value positively influences customer satisfaction, while customer satisfaction positively influences customer loyalty. These findings reinforce earlier studies (Fornell, Johnson, Anderson, Cha, and Bryant, 1996; Cronin et al.,2000 and McDougall and Levesque, 2000; Deng, Lu, Wei and Zhang, 2009 and Fornell, 1992).

Findings of mediation relation also show the effect of satisfaction between service quality and loyalty i.e. Hypothesis 4 is supported. From this study, satisfaction strongly predicts the importance of service quality for loyalty of customers. Provision of better service first satisfies customers and then it makes them want to continue to patronize the telco service centres. These findings prove the findings given by Caruana (2002), who concluded that customer satisfaction plays a mediator role in the effect of service quality on service loyalty.

Last but not least, the conceptual model in this study highlights the mediating role of satisfaction in the impact of perceived value on customer loyalty as proven by supported Hypothesis 5. Prior studies have highlighted the linkage

between perceived value and customer satisfaction (Heskett et al. 1997), the relationship between service quality and customer satisfaction (e.g., Rust and Oliver 1994; Spreng and MacKoy 1996), and the linkage between customer satisfaction and customer loyalty (e.g., Oliver 1999; Reichheld and Sasser 1990). Previous studies, however, have either ignored or not formally tested this mediating role, or they have not explained this role thoroughly. All these findings prove that the proposed model shown in Figure 3.1 is an adoptable model.

The attempt to measure service quality in the telco service centres using the SERVPERF model and satisfaction has provided insightful results. Findings revealed that all three service quality dimensions in SERVPERF did affect the level of customer satisfaction and this research also proved that customer satisfaction did have a positive relationship with customer's loyalty to the service provider.

The results of the service quality-customer satisfaction and customer satisfaction-customer loyalty relationships tested were similar to the result shown by Cronin and Taylor (1992). The relationship between perceived value and customer satisfaction was also consistent with suggestions from other research Fornell et al. (1996) and Cronin, Brady and Hult (2000). Last but not least, this paper had shown that perceived value, together with all the five dimensions of service quality, play an important role in determining customer satisfaction in the telecommunication industry.

The findings of this study also confirm that customer satisfaction does act as a mediating role in the relationship between service quality and customer loyalty, as well as between perceived value and loyalty. These results have supported and broadened service quality research literature published in many countries. The findings of this study further suggest that perceived value should be seen as a crucial aspect where positive perceived value strongly induce positive subsequent customer attitudes and behaviours (e.g., satisfaction, and thus loyalty). Thus, it may lead to maintain and support organizational strategy and goals.

5.3   MANAGERIAL IMPLICATIONS

The result on the value-satisfaction link suggests that to enhance customer satisfaction, telco service centres can spend its effort on improving the value perceived by customers. Methodology employed in this study allows a service provider to identify its strengths and weaknesses on the value components relative to its competitors. By focusing on attributes with high importance rating, telco service centres can tackle those critical weaknesses that severely hamper its effort to enhance customer value. By working on those weaknesses, telco service centres could improve customer value and hence customer satisfaction.

The affect of service quality on customer loyalty indicates that telco service centres in Malaysia should measure customers behavioural intentions and monitor their sensitivity to changes in service performance, thus, gain valuable insight on how to invest in service improvement. Behavioural intentions can be

viewed as positive or negative consequences of service quality such as saying positive things about the telco service centre, recommending the telco's services to others, spending more for services offered by the telco and remaining loyal.

The confirmation of the mediating role of customer satisfaction has an important implication to management. It suggests that for the sake of customer acquisition, it is more essential for management to monitor changes in customer satisfaction scores than customer perceived value scores, since customer satisfaction rather than perceived value directly affects their loyalty. Thus, enhancing customer satisfaction can be seen as an important strategy to promote customer loyalty.

5.4   LIMITATIONS AND FUTURE RESEARCH

The main limitation of this study, although it may be overcome in future research, is that all the data were gathered from only two key states in Malaysia - Wilayah Persekutuan Kuala Lumpur and Selangor. Therefore, it would be interesting and more value-added to replicate the study on a national scale. Second, concerns exist due to the convenience approach used for data collection. Non-sampling error may be present due to the use of this approach. As half of the surveys were distributed via email invitation, one might argue that the representativeness of the sample and data quality may introduce errors due to environment interference. However, because of the limitation of resources, this has been a cost-effective mode of data collection that helps to attain better response rates.

Next, this study covers only the "human element" of telecommunication sector, which is their service centres. Other service sectors in the industry can be assessed with regard to the provision of services and outcomes they reap in return. Also, replication of this research in different business and service settings in both cross-sectional and longitudinal studies could also help extend the validity of these findings.

5.5   CONCLUSION

As discussed earlier, this research aims to explore how service quality dimensions at the telco service centres and customer perceived value relate to customer satisfaction; to examine the relationship between customer satisfaction and customer loyalty; to investigate whether satisfaction serves as the mediating effect in the relationship between service quality and loyalty; and also to investigate whether satisfaction serves as the mediating effect in the relationship between perceived value and loyalty. In this research, the proposed model was adopted from previous model with some modifications done and the data used in the analyses was collected from 441 respondents in Klang Valley. The results obtained from various statistical analyses are put into conclusion that a number of the hypotheses established are supported, where overall service quality at the telco service centre affect customer satisfaction; perceived value positively influences customer satisfaction, and customer satisfaction positively influences customer loyalty. Nevertheless, two of the hypotheses were not supported; tangibility and responsiveness aspects of the telco service centres do not affect

customer satisfaction. Table 5.1 shows the summary of research findings in this study.

Table 5.1: Summary of Research Findings

	Relationship	Conclusion
H1	Service quality has a positive effect on customer satisfaction	Supported
H1a	Tangibility has a positive effect on customer satisfaction	Not Supported
H1b	Reliability has a positive effect on customer satisfaction	Supported
H1c	Responsiveness has a positive effect on customer satisfaction	Not Supported
H1d	Assurance has a positive effect on customer satisfaction	Supported
H1e	Empathy has a positive effect on customer satisfaction	Supported
H2	Perceived value has a positive effect on customer satisfaction	Supported
H3	Customer satisfaction has a positive effect on customer loyalty	Supported
H4	Customer satisfaction mediates relationship between service quality and loyalty	Supported
H5	Customer satisfaction mediates relationship between perceived value and loyalty	Supported