

**SERVICE RESPONSIVENESS ON CUSTOMER SWITCHING
BEHAVIOUR IN BANKING INDUSTRY JAFFNA IN
DISTRICT, SRILANKA**

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ABSTRACT:

In Sri Lanka, Services are rapidly growing into a major contributor to the nation as well as the world economy and to country's GDPs. As such as, it is essential stage to study why customers switch service providers. Such analysis would helpful to guide to actions that must be taken by the service provider to retain it's predict customers. The purpose of this study was to find out why customers switch producers in Service industry in Sri Lanka. The objective of this study is to see in what extent service responsiveness will impact on customers switching. Banking industry is the one of the fastest growing service sector in Sri Lanka. There are number different firms in the industries available in targeted areas. Primary data were collected from the customers through well designed questionnaires. Targeted area is Jaffna district and sample size is 500. Interview and focus group discussion was taken placed to find out the influences on purchasing. Hypothesis has formed as the perceived higher level of service responsiveness negatively correlated switching behavior. Collected data has analyzed by quantitative techniques and Ms excel sheet used to interpretation. It has found out there is a negative relationship between Service Responsiveness and customer switching the firm. Also results expressed that agreed level of Service Responsiveness would increase customer satisfaction leads to less level of switching the same producer. But it can be seen that there are some more factors are influencing in customer switching behavior such as empathy, tangibility, assurance affect switching behavior.

Key Words- responsiveness, switching, satisfaction.

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1.0 INTRODUCTION:

1.0 Background

Service organizations contribute a sufficiently large portion of the world economy and even a larger portion of Sri Lankan economy. This has resulted in a fundamental shift in understanding the role of marketing. The emphasis has shifted from primary offensive (**new customer**) to an extended defensive (**customer retention**/ or reduction in customer switching). To judge this theory or terms in Sri Lankan banking has taken. Banking sector is one of the fastest growing sectors in Sri Lankan Service industry. Services are rapidly growing into a major contributor to the Sri Lankan as well as the world economy, providing an ever increasing proportion to their GDPs.

Customer switching in the service industry is developed incorporating the elements. It proposes that service switching behavior is influenced by customer perception of attitudinal, normative, affective and control factors. Key differences between services and goods have been highlighted in the services marketing literature over the past decade. Four major characteristics have been used to differentiate services from goods. 1) Intangibility refers to the fact that services cannot be seen, tasted and felt etc before they are bought. 2) Inseparability refers to the fact that services are produced and consumed at the same time; 3) Variability refers to the fact that services are variable, since depend on who provides them and when and where they are produced and 4) perishability refers to the fact services cannot be stored.

In addition to goods marketing has tended to focus on the goods end of the spectrum than the consumer. Research on the good marketing emphasizes on four P's as agents responsible for varied behavioural responses on part of the consumers rather than consumers' factors such as their perceived attitudes, perception of quality and satisfaction etc. the effects of the distinctions are twofold. Not only these characteristics greatly affect the design of the marketing programs for services, they are implication for the research efforts directed at consumers' behavior in the service industry.

1.1 Literature Review

Satisfaction with the service, the overall quality of service perceived by the customer, perceived costs, and attitude towards behavior when a customer thinks about switching service providers, are predominant variables that impact service switching decisions of consumers. Switching means the loss of continuing service customer (Keaveney 1995), customer defections (Reichheld and Sasser 1990), Inter-brand substitutability (Bucklin and Srinivasan 1991), brand changing (Holland 1984), movement of buyer from one product to another (Carpenter and Lehmann 1985), curtailing patronage (Yi 1990), changes in choice (Morgan and dev 1994), Non repeat purchase behavior (Kasper 1988), Inconsistency of brand choice from purchase to purchase (Sambandam and Lord 1995).

Customer satisfaction is an evaluative process of perceiving discrepancy between prior expectations and the actual performance of a product/ service after its consumption (cf. Tse and Wilton 1988). Though negative effects of customer switching such as reduced market share, impaired profitability and increased cost has been as area of great concern for service firms (Reichheld and Sasser 1990).

There is a negative relationship between Service Responsiveness and customer switching the producers. Also results expressed that agreed level of Service Responsiveness would increase customer satisfaction leads to less level of switching the same producer.(Kumaradeepan.V & Rajumesh.S, 2011)

The Oxford English Dictionary, second edition, defines switching as changing transferring from one position to another. It implies the act of replacing something that one currently has with another that is available. Hence, for this research service switching will be defined as the act of replacing or exchanging the current service provider with another that is available to the consumer in the market.

Customer satisfaction is an evaluate process of perceiving discrepancy between prior expectations and the actual performance of a product/ service after it's consumption (Tse and Wilton 1988). Several responses to customer satisfaction or dissatisfaction have been explored in

the books by various authors, as important one being that of switching from one supplier to another. Specially, dissatisfaction with the present service provider will increase the customer propensity to switch to another and satisfactory experiences will encourage repatronage or Loyalty. (Crosby and Stephens (1987), related customer switching behavior in the insurance industry to their overall dissatisfaction with the insurer, in their wave study, a test of significant contrast showed that the group who retained the same insurer for the next year (internal replacement) had been significantly more satisfied with their current insurer than the group that switch insurers (external replacement). Using cross sectional data on their past switching behavior, Rust and Zahorik (1993) identified customer satisfaction as a key factor influencing customer switching behavior in the banking industry.

The results of the study suggested that one's attitude towards switching behavior, one's perceived control over switching costs and one's perception of satisfaction with the service provider were strongly associated with one's intentions to switch additional services provided by producers. (Kumaradeepan. V & Rajumesh, 2011). Likewise, Lubin (1992) stressed the importance of the link between customer satisfaction and customer retention for the banking industry. In the event of dissatisfaction with a service provider, Singh's (1990) study showed that variables like attitudes towards behavior had an impact on private complaint behavior (Singh 1988) which comprised intentions of non repatronage. The results were fairly consistent in this cross industry study which included service industries such as groceries shopping, automobile, medical care and banking industry

1.2 Rationale for the Study

Services organizations contribute more than 57 percent of the all jobs in Sri Lanka and Sri Lanka are accounted for by the service sector. In addition the percentage of GNP being provided by the service sector is well over 52 percent (central bank report 2010). This has resulted in a fundamental shift in understanding the role of marketing. The emphasis has shifted from a primary offensive (new customer) orientation to an extended defensive (customer retention/reduction in customer switching) perspective essentially as a result of a displacement from the product world to the service world (ibid. 1996). As discussed earlier, the service world differs

from the product world not only in terms of intangibility inseparability variability and perishability

1.2 Objective of the study

The purpose of this study was to find out why customers switch producers in Banking in Jaffna , Sri Lanka. The objective of this study is to find out how the variable as Service Responsiveness impact on Customers Switching.

2.0 METHODOLOGY

There are six (06) major providers considered in targeted areas. There are mainly two state /government Banks and (bank of Ceylon, Peoples' bank) and four private banks (commercial bank, Sampath bank, Seylan bank, Hatton national bank. Primary data were collected from the customers through well designed questionnaires and focused group discussion. Also some decision makers such as Academic teachers, Doctors, Priests and other well-wishers in the area has taken to hold interview and focus group discussion to find out the influences on purchasing. Collected data has analyzed by quantitative techniques and Ms excel sheet used to interpretation.

The target area is Jaffna district customers who use banking services. There are twenty four districts in Sri Lanka including Jaffna. Also there is main number of sectors in industry and only six has seleted (excluding foreign bank and international bank). There are main services provided by the services providers (Services industries) such as call savings, savings deposits, current accounting, Pawning, Loan and so on. All these services may differ based on the capacity and the performance of the services provider.

The six banks have taken commercial bank, Sampath Bank, Seylan Bank, Hatton National Bank, Peoples' Bank and Bank of Ceylon. All these industries are private sector including multinational industries and foreign companies. And the services they offer based on the capacity of the industry, sustainability of the industry, attractive marketing plan, strategic plan, and accessibility.

2.1 Data collection

Banking industry in Sri Lanka is well developed and fast growing sector. There are lots of mass industries contributing their services to public and as well as to the nation's economy. This industry is faster growing sector. So there are only 6 organization has targeted to study the plan.

But the targeted area is Jaffna district in Sri Lanka. Jaffna is located in northern part of the country and majority of the people are Tamil. There are about 16 DS division; DS division is Divisional Secretariat area.

2.2 Population and sample size

Total population of the country is approximately 20 million (2010) and the population of the Jaffna district is approximately 500, 000. And target people are about approximately in the area is 250, 000 who are in the position to use mobile phone. There are about 500 questionnaires were prepared to evaluate the study. Cluster sampling method has taken to decide the sample size. Every 16 Divisional selected and given questionnaires to spread the study which would represent whole Jaffna district. At least 25 questionnaires have given to each DS division. There are only 500 questionnaires were collected from the customers who use mobile phone. Respondent of demographics were measured by sex, age and education level.

56.2 % of the respondents were male and remaining 43.5 % were female. 3.1 % of final sample were less than 19 years old, 51.9 % were between 20 to 35 years old, 23.7% were between age 36- 50 years and remain were above 51 years old. 6.3 % of the respondent were not completed their advance level, 32 % were completed advance level and following higher studies and working without entering universities and 37.8 % were undergraduate students of university of Jaffna and other university who lived in Jaffna, 10.2% were employed after with graduation and rest were professional.

2.3 Hypothesis

H1: perceived higher level of Service Responsiveness negatively correlated switching behavior

The main objective of the study is to find out how far the behaviours / service providers responsiveness would impact on Customer switching.

3.0DISCUSSION

Scales for perceived service quality, service providers' responsiveness, perceived overall service quality, perceived satisfaction, attitude towards switching, switching intentions and subjective norms were adapted from existing scales. New scales were developed for measuring perceived relevance and the responsiveness of the service provider of customers. Perceived service quality was measured using modification of an existing scale. Zeithaml, Parasuraman and Berry (1990), there are 22 item scales for measuring perceptions of performance and features of a service provider.

Based on questionnaire, it represents the responsiveness of the consumers of the quality. The variables which are expected to influence switching intentions namely as Perceived service quality of the service provider, customer satisfaction with the service provider, consumer attitude towards service switching, responsiveness of the service provider of every circumstance, perceived switching costs faced by the consumer in the event switching and consumer subjective norms. The question of what makes a consumer switch from one service provider to another can be examined by looking at factors influencing the immediate antecedent to switching, the intentions to switch. The theory planned behavior offers a comprehensive model of the factors influencing one's behavioural intentions.

In the context of switching, one's attitude towards switching, one's subjective norms and the perceived costs that one faces in a switching situation affect one's intention's to switch. Further satisfaction with the service provider has also been known to affect one's intentions to switch. As super ordinate construct to satisfaction, service quality is another important variable incorporated into the model. Since responsiveness of the provider has been conceptualized as an attitudinal construct, and then a mechanism to link the global attitude to the specific attitude of one's attitude towards switching is required.

4.0 FINDINGS

Based on the results of sample size 500 questionnaires, there was significance negative relationship between bankers's responsiveness and customer switching in banking sector in the industry. The researcher has not test directly the relationship between the intention to switch and satisfaction level through responsiveness. It has found out there is a negative relationship between Service Responsiveness of the banking industry and customer switching the producers.

The results of the analysis expressed that a negative path between satisfaction and intention to switch off the current service provider. However, these intentions to switch were combined with other measures of complain the behaviour to form an index of complain activity. Specifically test the hypothesis of intention to repatronize as a function of the satisfaction level. Summarily in banking industry, higher levels of customer satisfaction should predict strong intentions to deal with the same service provider/ sale person on their next purchase.

The results showed that the satisfaction was related very strongly to the intention to switch off, as hypothesized. The results of the study suggested that one's attitude towards switching behavior in telecommunication industry, one's perceived control over switching costs and one's perception of satisfaction with the service provider were strongly associated with one's intentions to switch additional services provided by producers. One's subjective norms, one's perceived relevance of the service quality and perception of service quality offered by their banking industry were strong predictors of one's attitude towards switching.

A customer's attitude towards switching appears to be an important determinant of a customer's intention to switch service provider, with higher levels of this factor being associated with a higher propensity to switch service providers. Also it found that in the service sector, there has also been empirical evidence that customer satisfaction judgments are immediate antecedents to switching intention.

5.0 MANAGERIAL IMPLICATION

It is clear from this study that service quality and responsiveness of the provider is extremely important. The results of the study suggest to the service provider that not only is it instrumental

in changing the perception of satisfaction, it is also an agent of attitude (towards switching) change. If increased customer satisfaction, change in attitude towards switching and customer intentions. Is indeed the goal, then it is pragmatic that the managers focus their efforts on activities that enhances the level of service responsiveness and service quality of the firm.

However, there is one caveat, since, the relationship between service responsiveness and customer satisfaction can also depend on the type of the service offered by an organization. There should be an explicit recognition of the relationship between service responsiveness and customers in their service industry.

5.0 Conclusion

Given financial implication of customer switching for the service providers and the paucity of research in this critical area, the study contributes by bringing in knowledge from diverse streams to enhance our understanding of this phenomenon. Since the study is one of the early attempts at understanding behavior from a customer's perspective, additional factors and their interrelationships that might influence a customer's decision making in the context of switching service providers need to be identified and explored.

6.0 Limitation and Future research

Here it has only taken service industry in Sri Lanka. It would better if manufacturing industry would take as their purchasing duration is very low. So the Fast moving goods might better industry to study the switching intention and satisfaction. Also there are lots of variable would determine the switching intention. And the target area is not enough to represented whole country. So, future researchers are welcome to study in broad way.

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