



**DETERMINANTS OF CUSTOMER SWITCHING  
BEHAVIOR IN TELECOMMUNICATION  
INDUSTRY - SRI LANKAN CONTEXT**

BY

R.Kumaresh

Supervised By

Prof.Gihan Dias

The dissertation was submitted to the department of Civil Engineering of the  
University of Moratuwa in partial fulfillment of the requirement for the  
Degree of Master of Business Administration.

Department of Civil Engineering

University of Moratuwa

2009

92388



## Abstract

Sri Lankan telecommunication industry is fastly growing and there are number of operators engaged in huge competition, also there are new comers coming into the market in recent past. Since the competition is increasing and market growth is reaching saturation in the operators prospective they need to sustain their customers at the same time attract others customers. In this study we have tried to find the influencing factors of customers switching behavior in Sri Lankan telecommunication market. This study will give an idea to the operators why customers switch from one operator to another and what are determents of their behaviors. Also as a secondary objective we studies the idea of Mobile Number Portability concept in our local market.

Referring previous literatures it was found that price, switching cost, service quality and trust on operator are the determents. These factors are determined by number of variables. As this study had a limited time and resource availability, this study has been done on Sri Lankan middle income middle managerial level working group by conducting a questioner survey. The propositions taken in this study are the switching cost, price, service quality and trust are determines of switching behavior. Several variable measures are considered under each of this constructs.

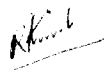
Descriptive statistical analysis has done to test the proposition. And the result showed most of the proposition are accepted. It has been observed in mobile and fixed line segment the determents are slightly different. Switching cost is not a determinant in mobile sector. Whereas price structure and service quality are determines. In the fixed line segment price, switching cost and service quality are found to be determinants. In any case trust on operator is not a determinant Also there was a correlation among service quality variables. Additional survey has done among customers regarding their interest in Mobile Number portability. This surveyed group seems that they have not much interested on this option. It is recommended to the mobile operators to increase the switching cost in order to retain



their customers as the mobile sector not showing the switching cost as barrier for switching.

## Declaration

I do hereby declare that this dissertation is my own work and this is not a reproduction of any other dissertation. Also I declare that this has not been submitted for any other academic qualification at any institute.

  
.....

R.Kumaresh

This is to certify that this thesis submitted by R.Kumaresh is a record of the candidate's own work carried out by him under my supervision. The matter embedded in this thesis is original and has not been submitted for any award of other degrees.

**UOM Verified Signature**  
.....



University of Moratuwa, Sri Lanka.  
Electronic Theses & Dissertations  
[www.lib.mrt.ac.lk](http://www.lib.mrt.ac.lk)

Prof. Gihan Dias

Department of Computer Science & Engineering

Faculty of Engineering

University of Moratuwa

## **Acknowledgement**

I take this moment to thank supervisor Prof.Gihan Dias, Department of Computer Science & Engineering, University of Moratuwa for his kind support and direction given to me throughout the project.

Also I am much grateful to the course coordinator, research coordinator of the MBA program and all the staff members of Construction Management Unit, Department of Civil Engineering, University of Moratuwa for their support and guidance on this project.

Also I am thankful to my friends who helped me in data collection and officer in charge of institutions who gave their support for me to do the survey on their institutional staff.

Kumaresh.R



University of Moratuwa, Sri Lanka.  
Electronic Theses & Dissertations  
[www.lib.mrt.ac.lk](http://www.lib.mrt.ac.lk)



# Table of Contents

Abbreviations .....	i
List of Tables .....	i
List of Figures .....	ii
<b>1.1 Telecommunication Industry .....</b>	<b>1</b>
1.2 Competition .....	3
1.3 Customer switching and loyalty .....	3
1.4 The research problem.....	4
1.5 Objectives .....	5
1.6 Methodology.....	6
1.6 Scope.....	7
1.7 Outcome.....	8
<b>2.0 Literature Review .....</b>	<b>9</b>
2.1 Price .....	10
2.2 Switching cost.....	11
2.3 Service Quality .....	13
2.4 Trust.....	15
2.5 Other Factors .....	16
2.6 Propositions .....	20
<b>3.0 Methodology .....</b>	<b>22</b>
3.1 Sample .....	22
3.2 Measures .....	24
3.3 Questioner Design.....	26
3.3 Analysis .....	29
<b>4.0 Data and Analysis .....</b>	<b>31</b>
4.1 General Information of Respondents .....	31
4.2 Switchers and non switchers .....	35
4.3 Behaviors of Switchers .....	37
4.4 Behaviors of Non switchers .....	40
4.4 Dependency of Critical Variables among Switchers and non switchers .....	43
4.5 Variable Correlations .....	44
<b>5. Results and Discussion .....</b>	<b>47</b>

5.1	Reliability of Sample .....	47
5.2	Switching Behaviors and determents .....	48
5.3	Behavior of Switchers .....	48
5.4	Behavior of Non switchers.....	49
5.5	Behavior on Purchasing additional Service .....	52
5.6	Mobile Number Portability .....	53
<b>6.</b>	<b>Limitation and Further Directions .....</b>	<b>54</b>
<b>7.</b>	<b>Conclusion and Recommendation .....</b>	<b>55</b>
	<b>List of References.....</b>	<b>57</b>
	<b>Appendix.....</b>	<b>59</b>



University of Moratuwa, Sri Lanka.  
 Electronic Theses & Dissertations  
[www.lib.mrt.ac.lk](http://www.lib.mrt.ac.lk)

## Abbreviations

TRC	Telecommunication Regulatory Commission
SLT	Sri Lanka Telecom PLC
CDMA	Code Division Multiple Access
SIM	Subscriber Identity Module
MNP	Mobile Number Portability

## List of Tables

Table 1.1	Licensed operators in different Services of Telecommunication sector
Table 3.1	Measurement of variables
Table 3.2	Relevancy of measures with Questioner questions for switchers
Table 3.3	Measures and questioner questions for non switchers
Table 4.1	Age distribution
Table 4.2	Gender response
Table 4.3	Response Service types
Table 4.4	Monthly usage pattern of Fixed line and Mobile respondents
Table 4.5	Customer switching behavior
Table 4.6	Response to price scheme change within operator in Mobile segment
Table 4.7	Response of switchers and Results- Mobile customers
Table 4.8	Response of non switchers and Results- Mobile customers
Table 4.9	Response of non switchers and Results- Fixed line customers
Table 4.10	Dependency of critical variables with switching behavior
Table 4.11	Correlation Matrix of switchers
Table 4.12	Correlation Matrix of Non switchers
Table 5.1	Result of Switchers
Table 5.2	Result of Non switchers



## List of Figures

Fig 2.1 Driving mechanism of customer loyalty

Fig 2.2 Structured model on customer loyalty

Fig 3.1 Fixed Phone distribution- provincial

Fig 4.1 Age group of Survey

Fig 4.2 Gender distribution

Fig 4.3 Service types of Respondents

Fig 4.4 Income level distribution of Sample



University of Moratuwa, Sri Lanka.  
Electronic Theses & Dissertations  
[www.lib.mrt.ac.lk](http://www.lib.mrt.ac.lk)