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JUDUL : THE RELATIONSHIP BETWEEN RELATIONSHIP QUALITY, SATISFACTION AND PERFORMANCE: IN THE CONTEXT OF OF DEALERS AND ACCOUNT MANAGERS IN TELECOMMUNICATION INDUSTRY AT KOTA KINABALU SABAH


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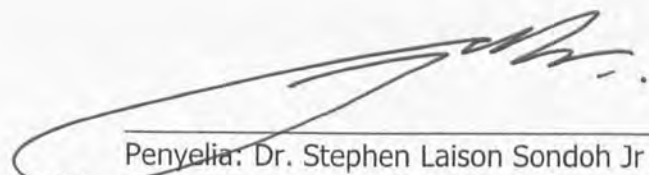
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**THE RELATIONSHIP BETWEEN
RELATIONSHIP QUALITY, SATISFACTION
AND PERFORMANCE: IN THE CONTEXT OF
DEALERS AND ACCOUNT MANAGERS IN
TELECOMMUNICATION INDUSTRY
AT KOTA KINABALU SABAH**

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DECLARATION

This thesis is a presentation of my original research work. Wherever contributions of others are involved, every effort is made to indicate this clearly, with due reference to the literature and acknowledgement of collaborative research and discussions. The work was done under the guidance of Dr. Stephen Laison Sondoh Jr @ Jude at Universiti Malaysia Sabah.

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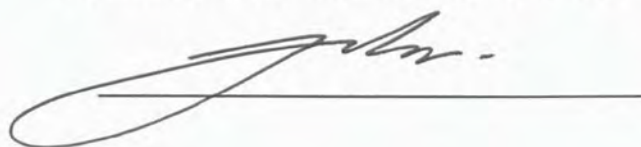


CERTIFICATION

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ABSTRACT

THE RELATIONSHIP BETWEEN RELATIONSHIP QUALITY, SATISFACTION AND PERFORMANCE: IN THE CONTEXT OF DEALERS AND ACCOUNT MANAGERS IN TELECOMMUNICATION INDUSTRY AT KOTA KINABALU SABAH

This study carries the purpose of examining and exploring of the influence of relationship quality between dealers and account managers in Celcom Kota Kinabalu, Sabah. The study was conducted in Kota Kinabalu Metro whereby questionnaires were sent with responses of 140 dealers. The data was collected and analyzed. This study is useful and significant to Celcom to further determine on the linkage and effectiveness of the relationship quality between account managers and dealers which affects on performance with increases in profitability outcomes. Final results can be served as way of improvements towards both parties to continue the relationship. The study proposes a theoretical framework of relationship quality as independent variable, overall satisfaction acts as a mediator and performance as the dependent variable. The findings of this study suggested that relationship quality dimensions (consistency, long-term relationship and communication quality) are having significant relationship with performance with the mediating effect of overall satisfaction. This study also concluded with implications to practice and to dealers of the findings.

Keywords: Relationship, Relationship Quality, Overall Satisfaction, Performance, Account Manager, Dealer



ABSTRAK

Kajian bertujuan untuk menyelidik mengenai pengaruh kualiti hubungan antara wakil-wakil penjual dan "account managers" di dalam industri telekomunikasi di Kota Kinabalu Sabah. Soal-selidik telah diedarkan kepada wakil-wakil penjual dan sebanyak 140 responden sebagai penyampelan kajian. Kajian ini sangat penting kepada industri telekomunikasi ini bagi memastikan hubungkait dan keefektifan akan kualiti hubungan antara kedua-dua belah pihak untuk memastikan prestasi dalam peningkatan keuntungan. Keputusan akhir mengemukakan cara kekonsistenan, hubungan jangka-panjang dan kualiti komunikasi dimana ianya sangat penting dalam perhubungan serta meningkatkan prestasi melalui kepuasacaraan untuk memperbaiki keterusan perhubungan antara wakil-wakil penjual dan "account managers". Kajian ini juga mengutarakan satu rangka teori mengenai kualiti hubungan dan hasil kajian mengusulkan dimensi-dimensi kualiti hubungan iaitu n menyeluruh sebagai "mediator". Hasil kajian juga menyimpulkan implikasi-implikasi praktis kepada pengurusan dan juga implikasi-implikasi kepada wakil-wakil penjual.



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CHAPTER 1

INTRODUCTION

1.0 OVERVIEW

This chapter will be highlighting the issues, rational of study and brief profile of the account managers and dealers in Celcom Kota Kinabalu, Sabah. The problem statements, objectives, significance and scope of the study, and also the definition of key variables will be also discussed in this chapter.

1.1 BACKGROUND OF STUDY

Celcom Sabah maintains its No. 1 status with a market share of more than 60% (ecm libra investment research, 2011 Feb. 21). As such Celcom is aggressively engaging sales agency as registered dealers to push sales on prepaid, postpaid and broadband to further penetrate the market share in Sabah. Therefore, Celcom Account Managers are assigned to service and create relationship quality in line with two of Celcom's Vision to build profitable enterprise that maximizes investor returns and to create mutual trust, support and respect to all business partners in a win-win relationship platform. Prior to increase Celcom's market share in Sabah, it is very crucial to penetrate the market by considering of appointing business partners in major town and outskirts in Sabah. Business partners or so called authorised dealers are advantages to all telecommunication service providers whereby they are represent Celcom in the market and direct contact to customers. Meaning that by creating and develop a relationship between celcom, account managers and dealers would actually benefits both parties in focusing future profitability (<http://www.celcom.com.my>).

Hutt, Stafford, Walker & Reinge (2000) indicated the important of building and creating the inter-firm relationship. As for this study, Celcom has account managers as the contact person for these dealers. Their roles and responsibilities are to have relationship quality to influence and maximizing performance outcomes. Differentiation and perceived relation quality can appear in interactions between dealers (customer) and account managers (contact personnel) Vandenbosch & Dawar (2002).



Therefore, for Celcom to achieve excellent and favourable outcomes, this study are necessary to look for findings which proven the important to both of the dealers and key contact person (account managers) in the development and maintenance of relationship. In addition, if other collaboration such as the consistency in perceived the relationship quality can mediate the outcomes of performance by dealers. As mentioned by Palmatier, Scheer, & Steenkamp (2007), perception of one unit of consistency from all collaborators of communications, systems and company effects on relationship results would be greater impact. As resulted from the relationship quality, likelihood the ending is on the revenues, costs and profitability (Holmlund, 2008).

In addition, consistency of people (account managers), system, etc, and communication quality as the human activity that creates and maintain relationship, exchange information with dealers, able to understand each other's codes are crucial to this relationship (Palmatier et al, 2007). The other tool is knowledge transfer between firms in the relationship is very important. Account managers are an actor that able to carry out the tasks to deliver useful knowledge about products, processes, sales target, etc to dealers whenever required.

Furthermore, to be competitive with other operator and to have advantages to the industry, long-term relationship and trust is essential. These factors are to be measured whether in place and have significant effect. When trust is built, dealers will act in the best interest to account manager and Celcom as a whole.

One way to refine a theory is to consider new variable that are potentially powerful in explaining the influence of relationship quality towards performance. Therefore, method can be investigated and developed for Celcom to identify attributes that will increase the relationship outcomes.

1.2 PROBLEM STATEMENTS

Most research has been conducted in an attempt to understand the important factors of relationship quality. By looking from previous researchers' findings namely Alejandro, Thomas Brashear, Souza, Daniela Vilaca & Boles, James S. (2011), Cater, Tomaz & Cater, Barbara (2010), Kong Shin Yee (2008) and Lages, Carmen, Lages, Cristiana Raquel & Lages, Luis Filipe (2005) have shown different results in the dimensions of relationship quality itself. Therefore, this study is to



test the inter-relation on communication quality, knowledge transfer, trust, cooperation, consistency, long-term relationship and satisfaction as the mediators to performance. This relationship have been research by many and attempted to understand how it can be more productive and long lasting. However, what constitutes relationship quality is not consistent and represent by many difference of dimensions. This study is to assist this organization on the effects of relationship would reveals the important roles for both with regard of developing and maintaining relationships.

Existing relationship between dealers and account managers are quite crucial whereby improvements are required to the marketing relationship strategies and increase the sales performance. There are many dimensions that could assist and influence the relationship quality. This relationship quality is considered as a higher order construct made from several related dimensions and distinct. Mohr and Nevin (1990) mentioned that communication difficulties between both parties are a major cause of problems whereby this activity is not mainly for information exchange process but also the ability to understand between both codes.

Although communication frequently relies on the information and knowledge transfer but if without dealers' gain from the knowledge, its lead to negative effects and therefore, relationships represent an important tool for knowledge transfer between firms (Hakansson & Snehotta, 1995). Lacking in trust and cooperation created unhealthy relationship and gap of closeness between parties. The organization found also that failing to demonstrate those components stated earlier on and not consistency implemented by account managers, system, process, etc could be an implications whether to construct long term or short-term relationship.

Hence, a measure of relationship quality is very crucial in this industry whether could build or destroy the relationship and better understand on handling relationship more efficiently.

1.3 OBJECTIVES OF STUDY

The objectives of study are as follows:

- a. To examine the relationship quality between key contact (account manager) influence customers (dealers) performance

- b. To examine whether overall satisfaction between key account (account manager) and customers (dealers) mediate performance
- c. To examine the effect of relationship quality between individuals and firms influence key customer outcomes

1.4 RESEARCH QUESTIONS

The research questions for this study addresses in line with above research objectives are as follows:

- a. To examine whether relationship quality has relationship with performance
- b. To examine whether there is relationship between relationship quality and overall satisfaction
- c. To examine whether overall satisfaction as the mediating factor in the relationship of overall performance

1.5 SIGNIFICANCE OF STUDY

This study is to be carried out for the purposes of determining the relationship quality on communication quality, knowledge transfer, trust, cooperation consistency and long-term relationship between account managers and dealers in Celcom Kota Kinabalu, Sabah. Celcom is engaging authorised dealers for the past years and continuously looking for potential dealers to penetrate market in selling Celcom's products such as prepaid, postpaid and broadband. In this particular study, all the authorised dealers will be used as the subjects to have reliable findings and create solid results.

It is clearly that Celcom provides services and products to customers and for Celcom to reach the market in depth, the dealers are important in promoting the packages to the market faster. Prior to that, account managers are required to form and develop the relationship as frequent and consistently as possible. In this relation, it is necessary for this study to be conducted to examine whether the relationship quality mentioned is significant and contribute towards performance. The participants' responses in this study would be able to conclude the correlation of all variables which contribute enough to the performance.

1.6 EXPECTED BENEFITS

The findings of this study should benefit both academics and practitioners to understand the relationships quality on communication quality, knowledge transfer, trust, cooperation, consistency and long-term relationship in the context of Celcom as the mobile service providers industry in Sabah. In addition, this study will contribute to business-to-business relationship and performance literature by providing empirical evidence to support the relationships between dimensions from the academic perspective.

However from the executive perspective, the result of this study would serve as a reference for Celcom or other telecommunication companies to further review on their marketing relationship strategies towards the growth of their sales and at the same time to have loyal supporting dealers in the long run. Celcom would find this study useful in identifying their account managers competencies and effectiveness in formation of consistent interactions to dealers and what dealers perceived of the quality of account managers.

1.7 SCOPE OF STUDY

The scope of study for this research is to find out the relationship quality dimensions towards business performance between account managers and dealers in Celcom Kota Kinabalu, Sabah. From the other research it was discovered that the relationship quality dimensions are seemed to be inconsistent and differs from researchers whereby researchers found out that the positive or negative, correlated or insignificant relationship (Alejandro et al (2011), Kong Shin Yee (2008), Cater & Cater (2010 and Lages et al (2005).

Throughout the study, the definition of relationship quality will be further defined and categorized. The relationship quality defined by Cater & Cater (2010) can be categorized into five dimensions and they are product quality, knowledge transfer, adaptation, cooperation and trust. However what was being explained by Lages et al (2005), four dimensions and they are long-term relationship, amount of information and communication quality and as well as relationship's satisfaction.

Alejandro et al (2011) most recent researcher determined three dimensions which is trust, satisfaction and commitment as the relationship quality whereby perceptions of relationship value, influence customer loyalty and performance.

Same goes to Kong Shin Yee (2008), defined three dimensions which is commitment, trust and satisfaction which mediate towards business loyalty.

But with the purpose of generating knowledge and understanding on the entire problems that took place in different business or organizations, it will be treated as basic research (Sekaran & Bogie 2009). Therefore, this research is classified as a basic research whereby can be carried out for the purpose of relationship quality.

The questionnaires will target authorised dealers in Kota Kinabalu area and the questionnaires will be distributed to the respondents with self-administered method. Researcher will personally meet up with the respondents and questionnaires will then be collected on the spot once the respondents have completed them.

1.8 DEFINITION OF KEY VARIABLES

Descriptions and definitions of terminologies used in this study are illustrated below.

Relationship Quality

According to Dwyer, Schurr, and Oh (1987) describes relationship quality as the transactional exchange of distinct transactions at the beginning with short duration and ending by performance and relational exchanges from the traces of commencement of earlier agreements with longer duration and reflects an ongoing process.

Communication Quality

Menon et al (1999) defines communication quality as the permanent interaction between parties by reflecting the nature of delivery of informal and formal communications during strategy making process.

Knowledge Transfer

Kuenzel & Krolikowska (2008) defines the knowledge gained by customers from supplier should give improvements in their nature of business including procedures, products and processes that involved during the activity.

Trust

Wilson (1995) defines trust as an essential model in building relationship and a belief that one partner act in the best interest of the other partner.

Cooperation

Metcalf, Frear & Krishnan (1992) defines cooperation as the extent of work coordination between seller and buyer.

Consistency

According to Palmatier et al (2007), consistency is a standard act or coherent way by all company personnel which effects and related to customer's perception.

Long-term Relationship

Long-term relationship is related to maximizing profits along several and single transaction with concerns of achieving future goals. It is also defines as the perception of mutual dependence of outcomes in such a way that joint relationship outcomes with the expectation of gaining profit from the relationship in long run (Ganesan, 1994)

Overall Satisfaction

According to Anderson, Fornell, & Lehmann (1994), overall satisfaction is a summing or cumulative satisfaction with various facets and can be distinguished from the total purchase and consumptions experience with a good or service over time (Anderson, Fornell, and Lehmann, 1994).

Performance

There are many definition of performance. For this study, we focus on the seller's evaluation of success and performance, financial gain and margin as stated by Palmatier et al (2007) which also mentioned on customer share, price premium and sales growth.

1.9 SUMMARY

This chapter is briefly explained on the background of the study and profile of account managers and registered dealers in Kota Kinabalu, Sabah. Both problem statements and the objectives are being highlighted as well as the significant, scope and expected benefits from this study. In addition, the research questions and also the definition of key terms are also being briefly explained.



CHAPTER 2

LITERATURE REVIEW

2.0 INTRODUCTION

This chapter will provides an in-depth of literature review that relevant to the present research objectives and questions. A collaboration of Cater & Cater (2010), Alejandro et al (2011) and Lages et al (2005) studies was used to determine the framework shown in later in this chapter. The framework is developed to show the influence of relationship quality on mediating performance.

The constitution of relationship quality literature is not consistent. For example, Cater & Carter (2010), consider adaptation, knowledge transfer, product quality, cooperation and trust as components of relationship quality. Alejandro et al (2011), use only consistency and investment. Lages et al (2005), defines relationship quality involving communication quality, long-term relationship orientation, amount of information sharing and satisfaction. Other research like Kong Shin Yee (2008), De Wulf, Odekerken- Schroder and Lacobucci (2001) viewed relationship quality with the elements of commitment, trust and satisfaction.

A comparison of conceptualize on five elements of relationship quality will further discuss in this study.

2.1 RELATIONSHIP QUALITY

Relationship quality is an ultimate goal to strengthen existing strong relationship into a loyal partner (Berry & Parasuraman, 1991). Relationship Quality is also defines as a degree of appropriateness of a relationship to fulfil the needs of customers' associated with the relationship (Henning-Thurau & Klee, 1997). There are many definitions and dimensions on relationship quality. In this study, relationship quality dimensions examined in this study are communication quality, knowledge transfer, trust, cooperation, consistency and long-term relationship. This relationship quality is a combined adaptation framework from previous researcher: Alejandro et al, (2011), Cater & cater (2010), Kong Shin Yee (2008) and Lages et al, (2005). Details of dimensions of Relationship Quality as follows:



2.1.1 Communication Quality

Communication is very important in a human activity and has its difficulties. Communication difficulties as identified by Mohr & Nevin (1990) as major problems among relationship parties. Communication occurs when people exchange information and able to decipher each other's codes. Duncan and Moriarty (1998) explained that in communication required two-way exchange prior to achieve shared understanding. Hence, understanding on the information sharing much depends on the amount frequently shared, how long and how often both parties being open to contact with one another (Farace et al 1977).

Communication considered as the most important element in successful relationship where failure to communicate efficiently and misinterpretation may lead to conflict and dissatisfaction (Edgar, 1979). Therefore, Menon et al (1999) indicates that communication quality reflects the nature and extent of informal and formal communications during the strategy process. In this study, communication quality is a highly interactive, permanent interaction, maintain and develop strong relationship and to the performance of the firm (Calantone and Schatzel, 2000).

2.1.2 Knowledge Transfer

Hakansson & Snehota (1995), defines knowledge is a soft resource in business-to-business relationship and not embedded in physical products and also mentioned that relationship represents an important tool for knowledge transfers between firms. Customers acquire useful knowledge from other suppliers due to they feel the need to continue relationship. From this relationship, they get value (Wilson, 1995).

2.1.3 Trust

Many disciplines offer unique insights to the nature of trust and the definitions. Most researcher explores the importance of trust and the customers can trust the supplier firm, salesperson or both which suggested in their literature in the industrial buying context. In other words for this study, the primary contact like the account manager with the buying firms, provide consultation and valuable information to the member of buying center, celcom registered dealers. Kumar, Steenkamp and Scheer (1995), define trust as the extent of firm's belief and

exchange partner honesty and benevolent. Whereby according to Moorman et al (1992) and Doney and Cannon (1997) two components of trust which is benevolence and credibility. Benevolence reflects the extent of customer's belief on the supplier's attention and motives beneficial to customer. Credibility reflected as customer's belief that supplier has enough expertise to perform the job reliably and effectively (Ganesan, 1994).

Firm belief resulted from confidence on the trusting party, reliable on the trustworthy with high integrity and associated with qualities such as consistent, competent, honest, fair, responsible, helpful and benevolent as suggested by Dawler & Lagace (1986); Larzelere & Huston (1980); Roller (1971), Altman & Taylor (1973). Other like Wilson (1995), trust is an essential in building relationship and as a belief that one party will act in the best interests of the other parties.

2.1.4 Cooperation

According to Metcaff, Frear & Krishnan (1992), cooperation refers to the extent that the work of the buyer and seller is co-ordinated. Smith & Barclay (1999) added that cooperation aims on both maintaining long-term relationship and achieving mutual goals. Again by Metcalf et al (1992) further explains on the willingness to engage in a cooperative behaviour in order to continue a relationship which viewed as being mutually beneficial. Mavondo & Rodrigo (2001) and Sharma et al (2006), suggested that affective commitment of customers in a relationship is higher with the cooperative atmosphere. Therefore, in this relationship suppliers and customers cooperate can improve business processes.

2.1.5 Consistency

Consistency is importance and close evaluations of a player's action seem to follow in the similar pattern. The level of consistency will be higher if the level of behaviours focused on the partner is also higher. Palmatier et al (2007) suggested that consistency to be used as a moderator of relationship as enhancing elements and loyalty outcomes. He also suggested that consistency is related to the perception of customer that there is a standard way to act by all company personnel. In summary, firms will be evaluated as consistent when high level of relationship quality and this reflect the higher level of future expectations.

2.1.6 Long-Term relationship

Long-term relationship is important when dealing to firms. The underlying assumption of the relation will evolve goal sharing, risk sharing and cooperation. The desires to develop the relationship will benefit both in the long run in terms of profitability. Ganesan (1994) defines long-term relationship is the perception of mutual dependence of outcomes in such a way and the expectation of profit from the relationship in the long run. Anderson & Weitz (1989,1992) concentrated mainly on developing long-term relationship through dependence and by locking in channel partners by getting them to invest in transaction of specific assets. Furthermore, long-term relationship is not sufficient if element not enough trust and why is that so, because trust is necessary ingredient that shift the focus to future conditions.

2.2 SATISFACTION

Various researches conduct has prove that the interpersonal quality interaction between customer and contact employee significantly affects customer satisfaction particularly in buyer and seller industry. It is suggested that expectancy-disconfirmation is vastly accepted and applied conceptuality in the study of customer satisfaction after it has been critically review (Oh & Parks, 1997).

The firms and account managers should come in term that having satisfied customers alone is not equivalently good as compared to having extreme satisfaction from the customers. A conventional definition of customer satisfaction is as the paradigm from the satisfaction or dissatisfaction of the consumer is the result of interaction between the consumer's pre-purchase expectations and post-purchase evaluation. Vavra (1997) mentioned that customer satisfaction is the leading criteria for determining the quality delivered to customers through the service or product and other accompanying services.

2.3 PERFORMANCE

Relationship quality has strong effects on performance as suggested from most research. Huntley (2006) belief that the relationship quality is associated with the increases in profitability on sales of product and services, seller objective is performance (Palmatier et al, 2006). In addition, relationship quality has positive



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