

An Analysis of Complaints Management in the Malaysian Business Sector

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ABSTRACT

Customer complaints and compliments are useful performance indicators of a business enterprise. They are feedback that reveals quite the usual and also the unusual character of the business. Customers that are aggrieved and dissatisfied however tend not to file or voice their complaints because of several reasons. These reasons point to some extent, the way management of an enterprise handles or entertains such complaints. Studies in customers' complaints have shown that accessibility to the company will encourage customers to give their prompt feedback regarding service problems or the uncomfortable encounters they may have had with the organization. The advances of Internet technologies are quite appropriate and timely given the advantages they provided to the solving of customers complaints or problems. Spontaneous and immediate respond to complaints are made possible by the accessibility to the management via the e-commerce facilities. Hence, the emphasis on recovery of service underlines the challenges ahead for most business enterprises in Malaysia to effectively manage grievances of their customers. An analysis of procedures to customers' complaints indicated the bureaucratic nature of complaints handling in these enterprises. Customers want their problems to be solved 'there and then' and expected managers to resolve them immediately. It is rather fortunate that e-commerce has provided that opportunity to make it up with these aggrieved customers. A service recovery concept in the modern era of Internet is also suggested as vital means to create value in satisfying the customers.

1.0 INTRODUCTION, PROBLEM STATEMENT AND OBJECTIVE

Customers are quite satisfied if business enterprises met their needs appropriately. Sometimes, they may feel annoyed if those needs are simply ignored or not fulfilled by the proprietors. The art or act of responding to their complaints ensures that the customers kept coming back to the company. Spontaneous and prompt actions of the enterprises and their personnel in solving service or customers problems are considered as significant in winning customers' confidence after such failures or breakdown in service or product delivery. Similarly, making the enterprises more accessible in instances of customer complaints will provide greater opportunity for the enterprises to regain the trust of the aggrieved customers. Moreover, by letting the employees more freedom in making decisions or taking active involvement in solving customer complaints are useful efforts to persuade the enterprises to be more concerned about their customers. Caring about the customers is not only necessary but it is also prerequisites for lasting

relationship with these customers, especially those who are embarrassed with inconveniences caused by the service failures or breakdowns. Service recovery intends to assist management in making it up with the aggrieved or complaining customers through strategic plans to anticipate potential failures or breakdowns, immediate solutions to customer complaints and the prevention of likely hiccups in delivery of the services or products.

Having said the above, the paper is to address the following;

- An Overview of Complaints Management.
- The Customer Rights and Protection in Malaysian Legal System.
- Managing Complaints through Service Recovery Measures: Selected Cases of Malaysian Business Enterprises.
- Managerial Implications of Customer Complaints.

2.0 AN OVERVIEW OF COMPLAINTS MANAGEMENT

Studies of customer dissatisfactions show that only about 5 percent of them complain, while the other 95 percent either feel complaining is not worth the effort, or they do not know how or to whom to complain. Among the complainers, only about 50 percent of them report a satisfactory problem resolution. Customers whose complaints are satisfactorily resolved often become more loyal than customers who were never dissatisfied. Similarly, if the complaint is resolved quickly more than 80 percent of the dissatisfied customers will buy again from the company (Goodman, 1986; Albrecht, 1988; Tax, Brown and Chandrashekar, 1998; Hiebeler, Kelley and Ketteman, 1997).

On the other hand, efforts to remedy consumer problems or their complaints in a satisfactory manner are critical. If complaints are not solved, problems such as negative word-of-mouth and switching will occur. Likewise, a customer with a complaint is likely to tell 20 - 25 other customers and potential customers about his or her complaint. Managing customer complaints or feedback means assessing how well a business organization is meeting its set target and customer promises. Handling customer complaints have indeed become the key aspect in customer service in most business enterprises (Fornell and Wernerfelt, 1987; Wysocki, Kepner and Glasser (2004); Massnick, 1997; Bennet, 1997).

Business organizations have to ensure that steps are taken to prevent potential failures in the service operation and identifying bottlenecks in delivery of the service or products. The managing of complaints can also be more effective if businesses give their employees enough training in handling complaints as well as empowering them in such circumstances. (Blodgett, Wakefield and Barnes, 1995; Mahfood,1993). An effective handling of customer complaints will determine capacity of the business to retain its customer loyalty. By making it easier for customers to complain will encourage more positive word-of-mouth and hence attracting greater interest from other customers. To the extent that the problems are quickly resolved, the aggrieved customers will likely to repeat their purchases and it also give something positive for them to talk about. (Moore, 1995; Williams, 1996; Tax and Brown, 1998; Fox ,2001). Tax and Brown (1998) for instance cite an aspect of service recovery in creating purchase experience that left good impression on hotel guests after having some inconveniences during their stay.

Several procedures in managing customer complaints are identified (Roberstson, 2004; Sorensen,1988; Kearney and Bandle, 1990; Willimas, 1996; Schouten and Raaij, 1990) and they can generally be of the following:

1. Keep an open mind
2. Listen to the problem
3. Apologize – even if nothing wrong was done.
4. Resolve the problems or complaints.
5. Follow-ups.

Specifically, these procedures indicate efforts of the business enterprise to show its caring attitude to the customers who have felt dissatisfied and also of its keen interest to do it right the second time around. The old adage “To err is humane, to recover is divine” is most suitable to reflect this prevailing customer service philosophy. By having an open mind, the organization and its personnel can understand the problems faced by the customers better and are in position to view them objectively, rather than taking a hostile and provocative approach. Next, it is important that the customers know that the management is actually listening to their concerns. Accessibility to the organization is thus important in encouraging customers to voice their feedback or complaints. The business enterprises should not place barriers or making it difficult for customers to complain. The third procedure is to offer apologize even if the organization has done nothing wrong. Apologizing may show to the customers that the management is caring about their difficulties and trying to make them feel happy and comfortable. Immediately resolving the complaints can regain confidence and trust of the customers while at the

same it indicates that the organization is capable of handling the situation. However, if no immediate resolution is possible or in sight, the management should ensure that the matter is investigated and that the customers would be informed of the outcome promptly. The form of resolutions can be in several ways like replacement, refund, fixing, and money off for next purchase. Finally, the organization should ensure follow-ups as they can make the customers feel important and this feeling will in fact make them coming back for a second time or repeating their purchases.

3.0 THE CONSUMER RIGHTS AND PROTECTION IN MALAYSIAN LEGAL SYSTEM

In Malaysia, there are two avenues for customers or the public to file and register their grievances or complaints. In the public sector, the Public Complaints Bureau receives and handles public complaints on matter pertaining to administrative actions of the government agencies and departments. The types of complaints that the public could bring to the Bureau include the following:

- The absence of public services or facilities.
- Delay in taking administrative actions.
- Non-compliance with procedure or rules.
- Abuse of power
- Misconduct of the civil service
- Non-enforcement of certain laws or regulations.
- Unfair actions or decisions.

However, the Public Complaints Bureau does not have jurisdiction regarding matters related to the Special Cabinet Committee on Government Administration; Public Accounts Committee; Anti – Corruption Agency and Legal Aid Bureau. Similarly, public complaints on government policies, personal or family problems, civil actions and complaints against non-governmental bodies or agencies are not included in the Bureau’s responsibilities.

On the other hand, the Tribunal for Consumer Claims is a body established under Section 85, Part XII, of the Consumer Protection Act 1999 which came into force on 15th November 1999. It was established under the Ministry of Domestic Trade and Consumer Affairs and came into operation on 15 November 1999. The Tribunal is an independent body with the primary function of hearing and determining claims lodge by consumers under the Act and subject to the provisions of the Act. Initially, all disputes between a consumer and a supplier or manufacture have to be brought before a civil court that often involve long trials, high legal and other cost and possibly long delays in court proceedings. The main objective of establishing the Tribunal is to provide an alternative channel to a consumer to claim for any loss suffered

in respect of any good or service purchased or acquired in a speedy manner and at a minimal cost. On 1st September 2003, the Tribunal had increased the compensation from RM10, 000 to RM25, 000 to enable it to listen to any claim amounting less than RM25, 000. The procedures relating to the filing, registration and hearing of claims before the Tribunal indicate the protection given to the customers in recognizing their rights in dealing with the suppliers

or traders. The claims are processed within sixty days (60) after its initial filing and registration with the Tribunal.

The Table below shows the yearly statements of claims from January to September 2004 as recorded by the Ministry of Domestic Trade and Consumer Affairs.

Table 1: Yearly Statements of Claims (Jan – Sept 2004)

Region	No. of Claims	Claims Settlements	Unsettle Claims
Northern	496	355	141
Central	1685	1263	422
Southern	427	321	106
Eastern	195	131	64
Sabah/Labuan/Sarawak	177	121	56
Total	2980	2191	789

Source: Consumer Claims Tribunal, Ministry of Domestic Trade and Consumer Affairs (Jan – September 2004)

The Table shows that the Tribunal had settled more than 74 percent of the consumer claims. The settlements of claims consist of proceeding through the court, negotiation as well as cancellation of some of the claims. Unsettled claims were pending their hearing before the court as both the consumers and traders have failed to reach a compromise on the settlements and compensations.

Apart from the above Tribunal, there are Small Claims Tribunal or Consumer Court in every state to hear claims involving amounts of RM7,500 and below. Several other avenues for customer complaints or claims for compensation can be found in the customer service bureau of respective business or industrial sectors. For example, homebuyer can register their claim with the Tribunal for Homebuyer Claims – the Housing Developers (Control and Licensing (Amendment) Act 2001). Others include the Banking Mediation Bureau; Insurance Mediation Bureau; Motor Insurance Bureau of Peninsular Malaysia; Better Business Bureau Malaysia; Complaint Bureau of Bursa Malaysia and in the hotel industry, the Malaysia Association of Hotels (MAH) also handle customer complaints regarding service offered by the hotels. In fact, the cooperative societies in this country is regulated and protected by its own Cooperative Tribunal which is established under the Cooperative Societies Act 1993.

Thus, consumers in Malaysia are well protected in terms of their rights and they are able to claims for compensations as a result of business dealing that may caused injury and damages. However, the art of pleasing the customers by the individual business enterprises after a purchase that turned bad or bring discomforts to the customers is the cornerstone of their survival in the sector or industries. This bring us to the next section that analyzed the strategies used by a selected business enterprises in Malaysia in

handling complaints of the customers and the measures taken to win back the dissatisfied ones.

4.0 MANAGING COMPLAINTS THROUGH SERVICE RECOVERY MEASURES: SELECTED CASES OF MALAYSIAN BUSINESS ENTERPRISES

According to Broadbridge and Marshall (1995), understanding the consumer complaints behavior (CCB) requires organization to place greater emphasis on effective systems to handle those grievances. They argue that if effective systems are in place, those dissatisfied customers who previously took the purchases elsewhere will now start to complain and provide feedbacks that are useful to the enterprises. The discrepancy between expectations of the customers and the actual performance of the service or products can then be closed by the handling those information or complaints of the customers. Spontaneous response and ‘there and then’ solution of these complaints are hallmarks of service recovery measures. The empowerment of employees or those that deals directly with the customers are assisting management to deliver good services as they are in a better position to understand complaints of the customers.

Moreover, the capacity of business enterprise to entertain customer complaints reflects its readiness in providing access of these complaints to the management. With an open mind and a keen interest to solve problems of the customers go along way to create a proactive entity that is caring about its customers. The nature of responding to the complaints tells so much difference in the way the organization wins back the aggrieved customers. Likewise, employees who perform beyond the normal course of duty tend to captivate the hearts and minds

of the customers as if there were no problems in the first place!

The following enterprises are analysed to determine the mechanisms used by them in encouraging or handling customer complaints. Specifically, the service recovery ideals that are in place within these organizations so that it provides effective indicators in assuring confidence of the customers when they are receiving services or products that are not as promised. A particular reference to tools or methods in handling complaints through information and communication technology (ICT) such as electronic mailing solutions indicates propensity of the organizations to adopt cost-effective approach in

complaints management. On the other hand, the use of suggestion form or box reflects the more conventional way of encouraging complaints in some of the approach taken by these enterprises. Generally, most of them have certain procedures in solving complaints of the customers. However, the procedures may hinder quick solution to the customer complaints or problems if management tends to follow them rigidly without some amount of flexibility such as empowering the employees to determine the appropriate resolution of the grievances. Nevertheless, empowerment would require management support in terms of providing sufficient information and the means for the employees in making the right decisions.

Table 2: The Handling of Customer Complaints in Selected Business Enterprises

Business Enterprise	Potential Points of Failure or Complaints	Mechanism in Encouraging or Handling Complaints
Telekom Malaysia Bhd	Installation, service operation, billing	Formal complaint procedure
Kentucky Fried Chicken	Restaurant, service, side dishes, foods	Refer to superior, suggestion form
Jaya Jusco	Shopping environment (Paying counters, staff friendliness, merchandise)	Formal complaint procedure
Malaysian Airline	Baggage, reservation, delays	Formal complaint procedure, website enquiries / feedback
Keretapi Tanah Melayu	Scheduling, punctuality, ticketing	Formal complaint procedure
Celcom / TM Touch	Purchase of recharge, broadband, coverage	Formal complaint procedure, 'E-Careline'

5.0 MANAGERIAL IMPLICATIONS OF CUSTOMER COMPLAINTS

Customer complaints and compliments are useful performance indicators of a business enterprise. They are feedback that reveals quite the usual and also the unusual character of the business. The ability of business firm to solicit complaints and inviting customers to complain underline its concern to provide the best for its customers. Complaint solicitations require accessibility of the customers to voice and register their complaints. The management should encourage feedback either in the forms of these complaints or compliments so that it can identify, prevent or anticipate potential failure points in the delivery of service or products.

It is imperative for the enterprise to respond quickly to the customer complaints. Nothing is most precious to the customers than to have their complaints or problems fix in no time. A spontaneous and immediate solution to the complaints is only possible if management allows a certain amount of freedom to the employees in making decisions at the frontline. On the other hand, empowerment can also be successful if employees are willing to be accountable for the outcomes of their decisions. Thus, training in

leadership, communication and relationship skills must be provided to the employees. Similarly, the enterprise should ensure that it recruits and hires the best for the customer service jobs. The leadership ability and the right attitude and personality combine to produce employees who really understand problems of the customers better and take own initiatives to immediately solved the complaints or problems. Customers keep coming back to the company because the employees respond to their needs beyond the normal call of duty. A service is no longer a task or a job but it now becomes a calling.

Having said the above, it can be posited that service recovery is the corrective arm of a caring and concerned enterprise of its customers. Since most of the encounters that customers made with the firm involve human interactions, the enterprise must realize the importance of customer care. Customers will remain loyal because of the personal care the management had in providing the service or products and the concerned when things go wrong. Even though quality signifies right the first time, but it takes sincere efforts to make it up with customers the second time around to diffuse or prevent those service failures.

Effective complaints management again underlines the functions of customer relations of a business enterprise. The availability of consumer tribunals for hearing claims and settling compensations is an appropriate channel for customers to voice and protect their rights, but the anus is on the customer service department to avoid consumers resorting to the tribunals. The emphasis on customer relationships indicates developing a better understanding with the customers. Profitability and continuity of business growth often influence strategic decisions of the business, so too the interest of these customers. Regaining confidence and trust of the customers after failure or breakdowns only works when promises made are finally mend and met to the satisfaction of the customers.

6.0 CONCLUSION

It can be concluded that:

- Effective management of complaints guarantees customer loyalty and lasting relationship.
- By encouraging customers to complain, necessitates a change in the way customer accessibility is allowed in the organization.
- Immediate and quick resolution to customer complaints will influence future decisions of customers and their interest with the enterprise.
- Through emphasizing service recovery measures, business enterprises are better able to identify, anticipate and prevent potential failures in delivery of their services or products.
- Customer care and relationships ensure mutual existence and dependence between customers and the business enterprises.
- The presence of Tribunals is the protection of customers' rights, but the availability of responses to their grievances is the guardian of their peace and mind.

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