

GSAPS THE SUMMARY OF DOCTORAL THESIS

CONSUMER PROTECTION IN THE TELECOMMUNICATION MARKETS IN THE POST LIBERALIZATION ERA – THE CASE OF TANZANIA

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The telecommunications sector has grown tremendously since the turn of the century (ITU, 2015). This growth has been attributed to massive policy reforms such as the liberalization of markets and the subsequent technological developments. The policy rationales for liberalization include improvement of consumer choices, sovereignty and bargaining power, which should in turn lead to higher perceived consumer satisfaction (Togan, 2010). However, even with the presence of liberalized markets, consumer satisfaction in the telecommunications sector is still low, both in developing and developed countries. Furthermore, it is now evident that competitive markets alone do not necessarily translate to better services, as research shows that even in competitive markets, there can be low quality service providers (Lopez et al. 2015). This is because as competition becomes stiff and profit margins are eroded, service providers have little incentive to increase their investments in providing better quality services, if such decisions do not lead to comparable financial gains. Consequently, consumers are more likely to be exploited in the telecommunication markets, which has raised the need for consumer protection to ensure consumers get value for money and have bargaining power.

In the Tanzanian market, consumers are prone to multiple challenges, from billing problems to poor network quality. Although the Tanzanian regulatory authority has regulations to uphold consumer protection, in most cases regulations are offered ex-post, thus evoked after the consumer has filed his complaints to the responsible entities in accordance with the procedure instituted by the Tanzanian regulator. Thus, consumer protection is pegged against the ability of consumers to discern when their rights have been abused, aware of the complaints procedures and entities that can enable them to pursue redress, and lastly actually file the complaints in accordance with the complaints procedure.

The thesis is guided by the Information Motivation Behavior (IMB) theory by Fisher and Fisher (1992) to understand the consumer behavior of telecommunication users in Tanzania. The IMB theory suggests that information is an important agent, with the ability to alter consumer behavior. Thus, consumers having the correct information are more likely to behave in a positive way and according to social norms. Since consumer protection is offered ex-post, it is crucial that consumers have proper information, to be able to discern negative experiences. In other words, information may offer consumers the ability to discern challenges in the markets, behave accordingly, and hence provides operators and/or the regulator with the opportunity to correct market abuse. The underlining belief is that properly handled consumer complaints have benefits for the industry, as they offer a feedback mechanism to service providers and regulators alike, and thus can be used to improve the service design, management and delivery. Accordingly, this thesis has three specific objectives; first to analyze the level of information among telecommunication consumers; second to determine the antecedent of the level of information among consumers; and third to investigate the effect of information on consumer complaint behavior. To achieve those objectives, the thesis aim to respond three research questions:

- What are the factors that contribute to the consumer knowledge levels on their rights in the telecommunications markets?
- What are the factors that determine consumers' awareness of the complaints procedure in the telecommunications markets
- What is the effect of information on consumer complaint behavior?

For empirical analysis, the thesis uses discrete-choice modeling, particularly binomial and ordered logistic regression to analyze survey data that was collected in Tanzania in 2015.

Key findings

The findings revealed that information (knowledge on consumer rights and awareness of complaint procedures) is crucial for consumers to behave rationally in the market. Further, factors which determine the information level are socio-economic backgrounds (income, type of settlement, and age) and social media usage. Moreover, result suggested that information plays the major on consumer complaint behavior, thus informed consumers are more likely to act rationally when encountering unpleasant experiences.

Implication

First, regulators are recommended to offer education especially to vulnerable consumers, as informed consumers are less likely to be exploited in the markets. Second, when devising policies for consumer protections, mechanisms should be tailored to target the identified vulnerable groups. Second, the regulators are suggested to take social media platform more serious and use as one means for interacting and educating consumers. Third, regulators are recommended to conduct demand-based surveys from time to time to understand challenges facing consumers in the markets. Hence, use as input for consumer protection and empowerment.

Academic contribution

This thesis offers academic contribution by investigating the effect of providing information to consumers, and how information affects consumer behavior in the markets. According to the author knowledge this is the first study to investigate the level of information and its impact to consumer behavior in the Tanzanian telecommunication markets.

References

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