Switching Costs In Accounting Services

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Extensive Summary

1. Introduction

In this study, the relationship between small firms and their accountants was examined in terms of switching costs. The points of origin of this study are the variables that are antecedents of switching costs, and consequences of switching costs. These are service importance, service failures, and perceived service quality. Behavioral intentions were chosen as outcome variables. In this study, thus, they were assumed that the importance of accounting services for small firms would increase the switching costs, occurred service failures would decrease switching costs, and provided quality services would increase switching costs. In addition, it was asserted that switching costs would increase re-purchasing and recommend to others intentions. In the literature review, it was determined that switching costs did not discussed in terms of accounting services. In addition, they were detected that service importance variable was discussed for the first time as an antecedent of switching cost, and service failures variable did not handled in the literature. In this study, also, the casual relationship between perceived service quality and switching costs was examined in terms of accounting services. Therefore, it could be said that this study is unique.

2. Methodology

2.1. Aim of the Research

The aim of this study is to investigate the concepts of switching costs (procedural, financial, and relational costs), antecedents of switching costs (service importance, service failures, and perceived service quality), and behavioral intentions (re-purchasing and recommending to others) and relationships between these variables.

2.2. Population and Sample of the Research

In this study, small firms that buy accounting services in centrum of Balıkesir were determined as population. Small firms chosen by considering KOSGEB SME criterion. KOSGEB defines three different firm sizes. In this study, only micro and
small firms considered. The data were gathered by using face-to-face survey method. The sample of the study was determined with convenience sampling method. In the research process, total 405 small firms owners were interviewed.

2.3. Data Collection Tools

Switching costs scale was adapted from the studies of Sharma (2003), Burnham et al. (2003), Jones, Motherbaugh and Beatty (2000), and Vasudevan, Gaur and Shinde (2006) and composed of 15 items. Service importance scale was adapted from the study of Tokman et al. (2007) and composed of 5 items. Service failures were measured by using a 5-items scale that adapted from the studies of Chung-Herrera, Gonzalez and Hoffman (2010), Matos et al. (2009) and Varela-Neira, Vasquez- Casielles and Iglesias (2010). Perceived service quality scale was adapted from Swaen and Chumpitaz (2008)’s study and composed of 3 items. In addition, behavioral intentions scale was adapted from Lam et al. (2004)’s study in the scale, recommending to others was measured with 3 items, and re-purchasing was measured with 2 items.

2.4. Analysis of Data

The effect sizes in the model were tested with basic linear regression. In order to determine the factor structure of the variables, exploratory factor analysis was used, and reliability of the scales were defined by using Cronbach’s Alpha values.

2.5. Research Model

The model of the research was demonstrated below.

According to literature review and the research model, following hypotheses were developed:
H1a: Importance of accounting services affects positively procedural switching cost.
H1b: Importance of accounting services affects positively relational switching cost.
H1c: Importance of accounting services affects positively financial switching cost
H2a: Service failures in accounting services affects negatively procedural switching cost
H2b: Service failures in accounting services affects negatively relational switching cost
H2c: Service failures in accounting services affects negatively financial switching cost
H3a: Perceived service quality in accounting services affects positively procedural switching cost.
H3b: Perceived service quality in accounting services affects positively relational switching cost.
H3c: Perceived service quality in accounting services affects positively financial switching cost.
H4a: Procedural switching cost in accounting services affects positively intention of customer repurchasing.
H4b: Procedural switching cost in accounting services affects positively recommend intention.
H5a: Relational switching cost in accounting services affects positively intention of customer repurchasing.
H5b: Relational switching cost in accounting services affects positively recommend intention.
H6a: Financial switching cost in accounting services affects positively intention of customer repurchasing.
H6b: Financial switching cost in accounting services affects positively recommend intention.

3. Findings

The results of analyses was demonstrated below.

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<tr>
<th>Hypotheses</th>
<th>Results</th>
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<tbody>
<tr>
<td>H1a</td>
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<tr>
<td>H1b</td>
<td>rejected</td>
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<tr>
<td>H1c</td>
<td>rejected</td>
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<tr>
<td>H2a</td>
<td>accepted</td>
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<td>H2b</td>
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<td>H2c</td>
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<td>H3a</td>
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<td>H6b</td>
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4. Discussion

According to results of the research, some suggestions were provided. First, accounting firms should focus on service quality since better service quality increase
switching costs. In addition, accountants should have closer relationships with small firms. These relationships would make difficult small firms’ leaving their accountants. Besides, institutions and chambers should prevent the price competition between accountants. This competition makes switching the accountant easy for small firms.

In this study, the following recommends have been made for researchers.

- Different antecedents may be added to the model
- Different dimensions of the switching cost may be added to the model
- Satisfaction variable may be add among switching cost and behavioral intentions in the model