

Examining the Effects of Services Quality Gap Based on the Customer Loyalty and Satisfaction through SERVQUAL Method (Saadat Poya Teb Company as a Case Study)

Narges Hossein MIRZAI¹

Neda ABOUTALEBI²

^{1,2}University of Sheikh Bahai, Isfahan, Iran, ¹E-mail: n.hossein_mirzaei@yahoo.com

Abstract

In the today's competitive world, the organizations' survive depends on its customers. Indeed, customer loyalty is one of the main factors for achieving competitive advantage. On the other hand, services quality is one of the most important effective factors on the customers' loyalty. Sometimes, there is a difference and gap between actual quality and desirable level of quality. This gap can be effective on the customers' loyalty negatively. This is why that the present study was aimed to examine the effects of services quality gap based on the customer loyalty and satisfaction through SERVQUAL method. This study is a descriptive-survey research from research identity and is a practical research from purpose view. The statistical population of this study includes 40 medical centers that had relationship with Poya Teb Company. In order to collect the research data, library and field study methods have been used. A self-administrated questionnaire has been used for collecting the research data from respondents. For this purpose, 40 supervisors of medical centers were asked to answer the questionnaire. In order to examine and confirm validity of the questionnaire, the sell experts and professionals and academic authors and researchers are asked to review and modify the questionnaire. The final version of the questionnaire has been developed after modifying its draft version. Also Cronbachs' Alpha Coefficient has been used for examining and confirming reliability of the questionnaire. The coefficient was 0.92 for our questionnaire that confirm its reliability. In order to examine the research data and test the research hypotheses, the SPSS software has been used. The results of this study revealed that there is a significant difference between customers' perception and expectation in terms of components of services quality. On the other hand, there is a significant relationship between services quality gap and customers' loyalty and satisfaction. Finally, another part of the results revealed that the customer satisfaction plays a mediating role in this relationship.

Key words

Loyalty, Services Quality Gap, Satisfaction, SERVQUAL Model

DOI: 10.6007/IJARAFMS/v4-i1/587

URL: <http://dx.doi.org/10.6007/IJARAFMS/v4-i1/587>

1. Introduction

Nowadays, increasingly effects of competition in both product and services fields are tangible. It is the factor that maintains the customers and increases their loyalty in such conditions (Allame and Noktedan, 2010). The results of different studies revealed that a large part of investments are done for attracting new customers in comparison to maintaining the existing ones. The results of different studies revealed that the cost of attracting new customers is six to eight times more expensive than maintaining the existing customers (Khorshidi and Kardgar, 2009). In order to attain new customers, the organizations not only large costs, but also need many times for this purpose. This is why that the organizations understand that maintaining the existing customers is cheaper than attaining new ones (Allame and Noktedan, 2010). Quality of services and customers' satisfaction are two main concepts that should be attended by organizations for survive and develop in the competitive environment. In other words, quality of services is an important determinant factor in today's competitive world (Angelova and Zekiri, 2011). On the other hand, Parasurman and *et al.* refer to quality as the difference and gap between customers' expectations from desirable conditions and their perception of the existing conditions (Aghamolaei *et al.*,

2006). Customer satisfaction influences organizations' profitability significantly. Indeed, customer satisfaction makes the customers more loyal toward their organization (Parasurman and *et al.*, 2011).

On the other hand, customer loyalty refers to the conditions that make the relations between customer and organization more explicit. In other words, customer loyalty is an expected result of services quality (Behjati and *et al.*, 2012). Indeed, the loyal customers help their organization in predicting sell and increasing its profit (Allame and Noktedan, 2010). This is why that the present study was aimed to study the relationship between services quality gap and the customers' loyalty and satisfaction. The components of quality have been derived from SERVQUAL model. These include physical and tangible dimensions, reliability, responsibility and accountability, assurance and guarantee, empathy and especial customer care.

2. Literature review

Quality refers to a degree in which a product has consistency with customer's expectations and its compromised characteristics and standards (Rosta *et al.*, 2009). Kotler believes that quality has two main components including technical and performance. The first refers to the outcomes of the products use and the second refers to the quality of processes and procedures in producing and offering services for customer. Generally, performance quality refers to the quality of interaction between employees and customers during process of services delivery (Tabatabaei *et al.*, 2010).

Services quality is the most important competitive factor in today's world (Tabatabaei *et al.*, 2010). This is why that it is necessary to continue quality improvement that leads to competitive advantage for that organization (Akbar *et al.*, 2010). It also is defined as degree of difference between customers' normal expectations for services and their understanding of the services performance (Lo Liang and *et al.* 2010). It can be said that services quality refers to the customers' perception of services employees' interaction and relationship (Saeida Ardakani *et al.*, 2009). With regard to the definitions that have been presented in the past sections, the SERVQUAL model has been used for evaluating services quality.

3. The SERVQUAL

The SERVQUAL model consists of five dimensions. These dimensions that can be measured through 22 questions have been indicated in the following section.

1. Physical and tangible dimensions
2. Reliability
3. responsibility and accountability
4. assurance and guarantee
5. empathy and especial customer care

Loyalty

The most famous experts believe that the customer should be attended uniqueness and its replacement is very cost-consuming (Allame and Noktedan, 2010). Maintaining the existing loyal customers can be a determinant factor in every company's profitability. This is true especially if the market is mature. The reason is that the loyal customers will more profitable for organization during time (Erabi and Izadi, 2010). The companies that attend creating customer loyalty consider the importance of customer maintenance in every purchase. Indeed, they consider the customers valuable assets and also expect their employees attempt to make the customers loyal and also promote their loyalty (Rosta *et al.*, 2010). If the companies cannot maintain their customers, they cannot survive in the competitive world. It seems that customer loyalty is one of the main instruments in services quality. When the customers will be loyal toward organization and its products that the customers purchase their products repeatedly and have satisfaction from their purchase. Another sign of loyalty is that the customer attempt to advertise the product without receiving any financial benefits (Al Rousan and *et al.*, 2010).

Satisfaction

In the today's competitive world, the goods and services companies consider satisfaction as an important criterion in measuring quality of their efforts. Customer satisfaction can be defined as the feelings of pleasure or disappointment about perceived quality (Allame and Noktedan, 2010). Indeed,

customer satisfaction is a determinant indicator of consumer autonomous. It has been examined and confirmed in past studies that the services quality influences customers' satisfaction so much that services quality is cause and customer satisfaction is effect (Kui-son Choi and *et al.*, 2004). If the company can offer the services that can meet the customers' needs and wants, then the customers' satisfaction will be accomplished and also their loyalty will be increased.

4. Research methodology

This study was aimed to study the relationship between services quality and customers' loyalty in Poya Teb Company in the city of Isfahan. Indeed, the hospitals that have received services of this company were concentrated in this study. This study is a practical research from purpose view and is a descriptive-survey one from research methodology view. In order to examine the effects of services quality on the customers' loyalty, the fifth model of gap analysis has been used. Indeed, this model is a function of other models and thereby is known as quality gap (Farid *et al.*, 2009). The primary version of services quality that is known as quality gap has been described in the following section. On the other hand it is should be remembered that this model can be measured though SERVQUAL model.

Services quality gap= customers' perceptions- customers' expectations

Also it is should be remembered that all of the customers' perceptions and expectations are evaluated in all of the SERVQUAL components. With regard to this fact that the services quality components have not similar importance from customers' perspective, importance (w_i) of the components have been entered to the model.

Services quality score= components importance (customers' perceptions-customers' expectations)

$SQ = \sum W_i (P_{ij} - E_{ij})$

In order to collect the research data, library and field study methods have been used. A self-administrated questionnaire has been used for collecting the research data. The reliability and validity of the questionnaire has been examined and confirmed in this study. In order to examine and confirm validity, the academic professors and experts viewpoints have been used. Also Cronbachs' Alpha Coefficient has been used for examining and conforming reliability of the questionnaire. The minimum level of Cronbachs' Alpha Coefficient that is acceptable in such studies is 0.75. The coefficient of our questionnaire was 0.92 by which reliability of our questionnaire has been confirmed. In order to examine the fifth gap of services quality, a questionnaire has been used. This questionnaire has been distributed in 40 medical centers and the respondents were asked to answer its questions. The respondents were supervisors of medical instruments in these centers. The P test has been used for examining the research data and testing the research hypotheses in the SPSS.

4.1. Research hypotheses

Main hypothesis: there is a significant difference between customers' expectations and their perceptions of services necessity.

Hypothesis 1: there is a significant difference between customers' expectations and their perceptions of services necessity from physical dimension perspective.

Hypothesis 2: there is a significant difference between customers' expectations and their perceptions of services necessity from system reliability dimension perspective.

Hypothesis 3: there is a significant difference between customers' expectations and their perceptions of services necessity from insurance and assurance dimension perspective.

Hypothesis 4: there is a significant difference between customers' expectations and their perceptions of services necessity from responsibility and accountability dimension perspective.

Hypothesis 5: there is a significant difference between customers' expectations and their perceptions of services necessity from empathy dimension perspective.

4.2. Findings

The findings of this study have been presented in this section of paper.

Table 1. The summary of services quality dimensions

Dimensions	Minimum	Maximum	Average	Standard deviation
Physical and tangible dimensions	12	20	16.20	1.81
Reliability	11	25	18.76	2.32
responsibility and accountability	8	15	12.06	1.80
assurance and guarantee	12	20	15.90	2.43
empathy and especial customer care	15	25	20.06	2.70

The results of table 1 revealed that the range of physical and tangible dimensions scores is between 12 and 20, system reliability is between 11 and 25, insurance and assurance is between 8 and 15, responsibility and accountability is between 12 and 20, and empathy is between 15 and 25.

Table 2. The comparison of scores distribution with normal distribution

Levels	k-s-z	P
Existing level of services	0.963	0.312
Minimum level of expected services	1.26	0.084
Desirable level of expected services	0.846	0.472

As the results of table 2 revealed, k-s-z is not significant ($p \leq 0.05$). Therefore it can be concluded that the distribution of data is normal.

Table 3. The summary of services quality dimensions in the minimum level of expected services

Dimensions	Minimum	Maximum	Average	Standard deviation
Physical and tangible dimensions	10	20	15.67	2.86
Reliability	8	25	18.93	4.30
responsibility and accountability	8	15	11.97	2.46
assurance and guarantee	8	20	15.62	3.28
empathy and especial customer care	15	25	22.69	2.70

The results of table 3 revealed that the range of physical and tangible dimensions scores is between 10 and 20, system reliability is between 8 and 25, insurance and assurance is between 8 and 15, responsibility and accountability is between 8 and 20, and empathy is between 15 and 25.

Table 4. The summary of services quality dimensions in the desirable level of expected services

Dimensions	Minimum	Maximum	Average	Standard deviation
Physical and tangible dimensions	13	20	18.46	1.57
Reliability	16	25	22.83	2.25
responsibility and accountability	11	15	13.97	1.18
assurance and guarantee	13	20	18.34	1.82
empathy and especial customer care	15	25	22.69	2.70

The results of table 4 revealed that the range of physical and tangible dimensions scores is between 13 and 20, system reliability is between 16 and 25, insurance and assurance is between 11 and 15, responsibility and accountability is between 13 and 20, and empathy is between 15 and 25.

Table 5. The results of comparing the average of services quality dimensions in the minimum and desirable level of expected services

Dimensions	Average difference	Sig
Physical and tangible dimensions	0.534	0.163
Reliability	-0.162	0.705
responsibility and accountability	0.093	0.702
assurance and guarantee	0.279	0.441
empathy and especial customer care	0.720	0.178

As the results of table 5 revealed, the gap between services quality dimensions and minimum level of expected services is not significant ($p \leq 0.05$). Therefore, there is not any significant difference between services quality dimensions in the existing level of services with minimum level of expected services.

Table 6. The results of comparing the average of services quality dimensions in the existing and desirable level of expected services

Dimensions	Average difference	Sig
Physical and tangible dimensions	-2.55	0.001
Reliability	-4.06	0.001
responsibility and accountability	-1.90	0.001
assurance and guarantee	-2.44	0.001
empathy and especial customer care	-2.62	0.001

With regard to the results of table 6, the gap between dimensions of services quality at existing level and desirable level of services is significant ($p \leq 0.05$). Therefore, there is a significant difference between dimensions of services quality at existing level and desirable level of services.

Table 7. The results of comparing the average of services quality dimensions in the minimum and desirable level of expected services

Dimensions	Average difference	Sig
Physical and tangible dimensions	-2.79	0.001
Reliability	-3.90	0.001
responsibility and accountability	-2.00	0.001
assurance and guarantee	-2.72	0.001
empathy and especial customer care	-3.34	0.001

With regard to the results of table 7, the gap between dimensions of services quality at minimum level and desirable level of services is significant ($p \leq 0.05$). Therefore, there is a significant difference between dimensions of services quality at minimum level and desirable level of services.

Table 8. The results of comparing the average of services quality dimensions in the minimum and desirable level of expected services

Items	Average difference	Sig
The gap between services quality at existing level and expected services level	2.93	0.151
The gap between services quality at existing level and desirable expected services level	-11.83	0.001
The gap between minimum level of services quality at existing level and desirable expected services level	-14.76	0.001

As the results of table 7 revealed, the gap between services quality at existing level and desirable expected services level ($p \leq 0.05$). Based on these results, it can be said that there is not any significant difference between dimensions of services quality at existing level and minimum level of desirable expected services. On the other hand, the observed t-value revealed that the gap between services quality at existing level and desirable expected level of services and the gap between minimum level of expected services and desirable level of services is significant ($p \leq 0.05$). Therefore, there is a significant difference between services quality at existing level and desirable expected level of services and between minimum level of expected services and desirable expected level of services.

5. Conclusions

Based on the results of our study, it can be concluded that there is a significant difference between customers' expectations and perceptions in terms of services quality dimensions. Also the results of our study revealed that the gap between services quality is confirmed. The review of literature in this area revealed that the results of our study are supported by the results of others studies. Therefore it is suggested that the company attempt to contact a good relationship with its customers. Also it is suggested that the company seek to collect the data about its customers. This information can be helpful for organization in improving its products and services so much that increase the customers' satisfaction and loyalty.

References

1. Akbar, Sher. Puad Mat Som, Ahmad. Wadood, Fazli. Jamil Alzaidiyeen, Naser. (June 2010). Revitalization of Service Quality to Gain Customer Satisfaction and Loyalty. *International Journal of Business and Management*. Vol. 5, No. 6.
2. Al-Rousan, M. Ramzi. Badaruddin, Mohamed. (2010). Customer Loyalty and the Impacts of Service Quality. *International Journal of Human and Social*.
3. Allame, Sayyed Mohamad, Noktedan, Iman, (2010), examines the effect of services quality on the customers' loyalty, *Journal of commercial management*, Vo. 2, Issue 5, pp. 109-124.
4. Angelova, Biljana. Zekiri, Jusuf. (October 2011). Measuring Customer Satisfaction with Service Quality Using American Customer Satisfaction Model (ACSI Model). *International Journal of Academic Research in Business and Social Sciences*. Vol. 1, No. 3/ISSN: 2222-6990.
5. Aghamolaei, Teymor, Zare, Shahram, Abedini, Seddighe, (2006), the gap between quality of educational services from students' perspective in Hormozgan university of medical sciences, *Journal of Medical sciences center*, Vol. 3, Issue 3, pp. 78-85.
6. Behjati, Saeed. Nahich, Mohammad. Othaman, Siti Norezam. (2012). Interrelation between E-service Quality and E-satisfaction and Loyalty. *European Journal of Business and Management*. ISSN 2222-1905 (Paper) ISSN 2222-2839 (Online). Vol. 4, No.9.
7. Curry, A. (1999). Innovation in public service management. *Managing Service Quality*. Vol.9, No.3, pp. 180-190.
8. Erabi, Sayyed Mohamad, Esfandiari, Shahram, determination and measurement of services quality criteria of SERVQUAL, *journal of industrial management*, Vol. 2.
9. Farid, Daryoush, Zare Mohamadabadi, Habib, Dehghan Tafti, Mohamad Ali, Bioki, Rohallahkhan, (2009), analyzing the services quality of Stock broker through SERVQUAL model, *Journal of management explores*, Vol. 1, Issue 2.
10. Kui-Son, Choi. Woo-Hyun, Chob. Sunhee, Leec. Hanjoon, Leed. Chankon, Kime. (2004). the relationships among quality, value, satisfaction and behavioral Intention in health care provider choice: A South Korean study. *Journal of Business Research*.
11. Khorshidi, Gholam Hoseyn, Kardgar, Mohamad Javad, (2009), identification and ranking the most important effective factors on the customers' loyalty, *Journal of management perspective*, Vol. 33, pp. 177-191.
12. Lo Liang, Kheng. Osman, Mahamad. T.Ramayah. Mosahab, Rahim. (November 2010). The Impact of Service Quality on Customer Loyalty, Malaysia. *International Journal of Marketing Studies*. Vol. 2, No. 2.

13. Luk, S.T.K. and Layton, R. (2002). Perception Gaps in customer expectations: Managers versus service providers and customers. *The Service Industries Journal*, Vol. 22, No. 2, April, pp. 109-128.
14. Parasuraman, A. Zeithaml, V.A. and Berry, L.L. (1985). A conceptual model of service quality and its implication. *Journal of marketing*. Vol.49, fall, pp. 41-50.
15. Rosta, Ahmad, Venus, Davar, Ebrahimi, Abdolhamid, (2009), internal marketing, SAMT publications.
16. Tabatabaei Hanzani, Sayyed Vali, Akhavan, Nima, (2010), examines the relationship between internal marketing and services quality, national conference on management and leadership interests in the Iranian universities, Isfahan Branch, Islamic Azad University.
17. Saeida Ardakani, Saeid, Mirfakhreddini, Sayyed Heydar, Zareian, Mohamad, (2009), evaluation of the banking services and determining its priority for offering solutions for its promotion through gap analysis model, *Journal of commercial management*, Vol. 1, Issue 3, pp. 107-124.
18. Vaker, C., et al., (2010), marketing strategies, translated by Sayyed Mohamad Erabi and Davood Izadi to Persian, Tehran, Iran.
19. Shahin, A. (2006).SERVQUAL and model of service quality gaps: A framework for determining and prioritizing critical factors in delivering quality service, in: *Service quality An introduction*, Partha Sarathy V. (ed), 1st edition, Andhra Pradesh, India: ICFAI University Press. pp. 117-131.