

Investigation of Relationship between Service Quality Dimensions and Customers' Satisfaction (Case study: Saderat Bank Branches in Tehran City, Iran)

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Abstract

In the past, services were less important than products but today, this is service which receives the most attention by organizations. In advanced countries, economy focus has been shifted from product to service and this is a long-term tendency in today's world. The present research aims to investigate relationship between service quality dimensions and customers' satisfaction and tries to explain customers' satisfaction concept considering the impact of service quality dimensions on customers' satisfaction. The present research is a descriptive-survey study and sampling method was systematic random sampling. 267 questionnaires were distributed among customers of Saderat Bank all over Tehran City. Correlation and regression techniques were used for data analysis. Results of the hypotheses test showed that all dimensions of service quality dimensions have positive and significant relationship with customers' satisfaction.

Keywords: Customers' Satisfaction, Service Quality Dimensions, Trust, Tangibles, Empathy, Responsiveness, Confidence

1. Introduction

Serving customers is the oldest and also the newest issue for any organization. Most researchers believe that for most firms, the most certain way for continuing life and achieving success is to embed service quality in customers' minds. Contrary to products which have special scales like durability and defect for measuring quality, service performance is intangible and inhomogeneous and customers' experience from received services are different. Further, production and consumption of service quality cannot be separated from each other because service is produced by an organization and is consumed by customers (Zitamel and Parasuraman, 2008). In the present world, quality has challenged organizations a lot and it has become very popular in service sector. If service quality makes customers satisfied or excels their expectations, quality level will be considered as high and it will be reflected in the form of customers' satisfaction. In fact, what a customer receives from a service is a share of his or her satisfaction with the service. Considering the importance of customers' satisfaction in receiving services, we try to specify relationship between components of service quality in Saderat Bank and its customers' satisfaction.

2. Theoretical fundamentals

In any organization, whether production or service, customers are the most important factor in organizational conservation and if an organization is not able to attract satisfaction and loyalty, it will damage its long-term growth (Rahnama et al, 2012). It can be said that the most important professional skill of marketers is their ability to create, maintain, protect and promote brand. Marketers believe that determination of brand is the art and base of marketing (Heidarzadeh, Khoshpanjeh and Rahnama, 2011). Competition among firms for acquiring more shares of market and customers' attempt to reach higher levels of satisfaction has made firms to look for achieving prize status in the market and customers to find clues for finding the best suppliers. These two targets have close relationship with two concepts: service quality and customers' satisfaction. Investigation of these two concepts in service markets is of great importance for service companies. It must be noted that loyal customers bring many advantages. These include improvement of organizational profitability, reduction in marketing costs, and increase in corporate sales, low price sensitivity of customers and so on (Rahnama et al, 2012). Within the past few years, high level of service quality provided for customers has been considered as an instrument to reach competitive advantages. In order to have a long-term relationship with customers, banks must know how they can provide high-quality services. In customers' strategy,

customer's loyalty is of strategic importance for any organization. Increase in customers' loyalty is a common subject among university managers and advisors (Haghighi et al, 2012).

3. Service quality definition

Service quality is an important factor for organizational growth and success and is of great strategic importance for management (Sahny et al, 2006). The most complete definition of service quality has been presented by Parasuraman et al: "service quality is a form of attitude towards satisfaction but not exactly the same as satisfaction and is obtained by comparing customers' expectations from services and services performance" (Atafar and SHafiee, 2006).

4. Service quality measurement models

There are different models for measuring service quality. We review two of these models in here.

4.1 Lehtinen and Lehtinen model

These two researchers presented three dimensions for service quality:

Physical quality: physical quality refers to products or supporting items of products and services. Financial products have limited physical dimensions. Therefore, other physical evidences are usually used for evaluation of service quality. For instance, customers evaluate quality using decoration, facilities and equipment inside branches and ...

Interactive quality: interactive quality refers to interactions between customers and service providers. These interactions may occur in different forms, for instance, face to face interaction or via instruments like phone or internet.

Corporate quality: corporate quality refers to general perception and image of an organization and is an intangible dimension. Therefore, perceptions of overall corporate quality are related to the above factors (Harrison, 2000).

4.2 Servqual model

This service quality model was introduced by Parasuraman et al in 1985 and is now considered as a standard instrument for measuring service quality. This instrument is called SERVQUAL in service quality literature. In its general and primary form, this model has 22 pairs of items. Half of these items measure expected level of quality by respondents and the other half evaluate perceived quality level. This may be attributed to internal simplicity of relationship between service quality perception and internal organizational factors. After doing basic studies in the field of service quality, standards were combined to form Servqual model. Service quality or Servqual is made up of two words: service and quality. In this model, after investigation of customers' expectations of service quality, we determine and measure gaps between factors affecting service quality (management perception, service quality characteristics, quality of service offered to customers, relationship with customers) and identified expectations in the first stage (Akbariyan, 2004). Managers must have potential competencies, knowledge and long-term experience and socio-communicational skills and an effective management starts from objectives. Further, managers must rely on resources and especially human force.

5. Service quality dimensions

Five dimensions of service quality are listed in table 1. These dimensions were derived after doing some studies by Servqual model in service industries like universities, banks, credit cards, overhaul, maintenance and communications.

tangibles	Tangibles: equipment and facilities, personnel, organizational environment and ...
reliability	Reliability: ability to serve customers properly
responsiveness	Responsiveness: tendency to help customers and serve them on time.
Security confidence polite behavior competency	Confidence: employees' knowledge and skill in promotion and inspiration of trust in customers
accessibility communications customers' understanding	Empathy: employees' attention and care about customers' when serving them

6. Customer's satisfaction definition

Many definitions have been presented for customers' satisfaction in marketing literature. Here are several definitions:

- Customers' satisfaction is usually considered as a sense or judgment about a product or service after consumption by customers (Jamal & Nasser, 2002).
- Customer's satisfaction means a favorable or unfavorable feeling of a person which forms as a result of

comparing mental performance with expectations (Kotler, 2010).

- Customer's satisfaction is a result of comparing expected performance before purchase and real perceived performance after purchase (Beerli, Martin & Quintana, 2004).

Satisfaction is a positive response and is resulted from an expectable experience. Before a new purchase, customers compare their expectations with previous experience (Vazifehdoost, Rahnama & Mousavian, 2014).

7. Research background

There are many studies indicating significant relationship between service quality and customers' satisfaction. A summary of these studies are listed in table (1).

Table 1: a summary of internal and external studies conducted on research subject

year	researcher	country	title	results
2011	Sobhanifard and Kharraziyan	Iran	Determination of strategic priority in order to improve bank customers' service quality	In addition to introduction of indices for measuring service quality offered to customers, their results showed that 8 indices out of 24 indices of service quality evaluation are in top priority and therefore banks must improve them. These 8 indices are as follows: Coverage of every kind of bank need, possibility of adding special options for special cases, information offering using personal profile, provision of appropriate information at work and standby, rapid account loading, appropriate feedback service, special services for special individuals (children, the old, non-Persians, the disabled)
2010	Adel Azar and Ali MOhammadlou	Iran	Design of service quality model in supply chain: explanation of mutual service quality concept	Results showed that there is a significant gap between suppliers' procurement performance targets and their understanding of performance. The difference between procurement performance perceived by central company and what is perceived by suppliers was significantly negative. This means that suppliers' perception of their performance was more than that of the central company's.
2010	Adel Azar et al	Iran	Evaluation of public sector service quality using fuzzy data	They observed that relative proximity index obtained for customers' expectations and perceptions of services showed that there was a significant difference between these two items. This shows inadequacy of service quality from customers' viewpoints. There was also a gap between customers' expectations and employees' perceptions. This may be resulted from an improper understanding of customers' expectations.
2012	Hamidzadeh and Ibrahimi	Iran	Development of a model for evaluation of the quality of hardware and software in banking industry	Results of this research showed that hardware and software dimensions are important components for service quality. Moreover, hardware dimension had a greater weight in forming bank service quality concept in comparison with software dimension.
2010	Seyyed Javadin Et al	Iran	A model for evaluation of impact of service quality on sports services customers' loyalty	Results of this research showed that gyms service quality and sports complexes service quality and customers' satisfaction influence on loyalty. Further, results of this research showed that loyal behaviors are multi-dimensional and none of the indices can predict customers' loyalty on its own.
2010	Shahin and Abolhasani	Iran	Evaluation of difference between service quality characteristics and service offering in insurance industry (case study: Iran insurance Company branches in Isfahan City).	The magnitude of internal gap in service quality in Iranian Insurance Company in Isfahan City was equal to 2.2359. Therefore, in order to decrease this gap, they recommended paying higher salaries and rewards like financial awards and promotions to employees who serve customers well.
2012	Agbor	Sweden	Relationship between customers' satisfaction and service quality: case study: three service companies in Omea	This research showed that there are different results obtained from investigation of relationship between service quality dimensions and service quality/customers' satisfaction. Further, results showed that flexibility, empathy and reliability dimensions of service quality are significant. Reliability and empathy for customers' satisfaction was significant but flexibility for customers' satisfaction was not significant. In the end, results showed that service quality had a significant relationship with customers' satisfaction.
2014	Dinh & Pickler	Vietnam	Investigation of service quality and customers' satisfaction in Vietnam's banking industry	Results of this research showed that demographic nature and banking features have significant relationship with perceived service quality. Moreover, results showed that the five dimensions of quality have significant relationships with each other and explain 38.6% of relationship between service quality and customers' satisfaction in Vietnamese banking industry.
2014	Navaratnaseelan & Elangkumaran	Serilanka	Impact of service quality on customers' satisfaction: case study: customers of commercial banks of Trinkofinancial region	Pearson correlation coefficient showed that there is a positive and significant relationship between service quality and customers' satisfaction. Further, this research showed that service quality has a significant impact on customers' satisfaction.
2011	Alhamadani & Mohammad	Jordan	Investigation of service quality and customers' satisfaction in Jordan's banking industry	Results showed that service quality has a lot of impacts on customers' satisfaction.

8. Research conceptual model

Servqual model was used for evaluation of service quality and satisfaction of customers. This model was presented by Parasuraman et al (1980) for evaluation of service quality. This model tries to measure service quality in environments in which service quality is considered as a must for understanding customers. Figure 1 presents research conceptual model.

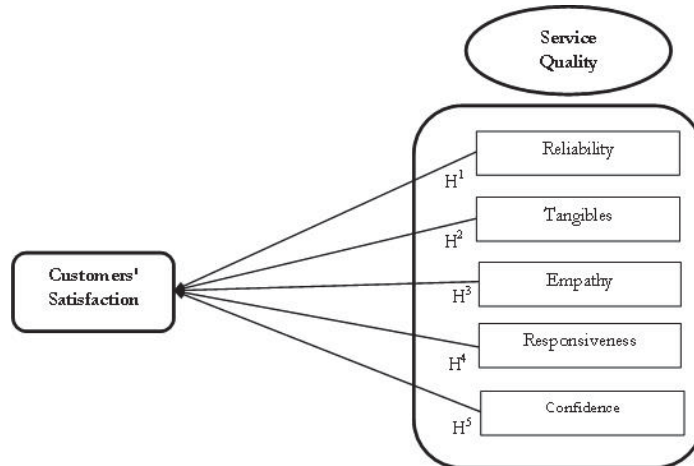


Figure 1: research conceptual model

Considering research conceptual model, research hypotheses are as follows:

- There is a significant relationship between customers' perception of reliability dimension of services provided by Tehran City Saderat Bank branches and customers' satisfaction.
- There is a significant relationship between customers' perception of tangibles dimension of services provided by Tehran City Saderat Bank branches and customers' satisfaction.
- There is a significant relationship between customers' perception of empathy dimension of services provided by Tehran City Saderat Bank branches and customers' satisfaction.
- There is a significant relationship between customers' perception of responsiveness dimension of services provided by Tehran City Saderat Bank branches and customers' satisfaction.
- There is a significant relationship between customers' perception of confidence dimension of services provided by Tehran City Saderat Bank branches and customers' satisfaction.

9. Materials and methods

9.1 The questionnaire

Questionnaire was used as data collection instrument. The questions were designed according to Likert's five-point scale from "completely disagree" to "completely agree". After preparation of the questionnaire, 30 questions were distributed among customers as a pretest and for testing reliability. Cronbach's alpha was used for investigation of reliability. Results showed that Cronbach's alpha coefficient for total questionnaire was above 0.7. Further, reliability of the questionnaire was verified by experts. Therefore, the questionnaire had acceptable reliability and validity.

9.2 The sample

Statistical population of the research included all customers who used Saderat Bank services across Tehran City. 300 questionnaires were randomly distributed among customers. 268 usable questionnaires were returned. Return rate of the questionnaires was therefore equal to 0.89 (268/300).

10. Data analysis

10.1 Investigation of normality of data distribution

Kolmogrov-Smearnov test was used to investigate normality of data distribution. Results of this test are summarized in table 2.

Table 2: investigation of normality of data distribution

Significance level	Degree of freedom	statistic	variables
000.0	267	130.0	reliability
000.0	267	124.0	tangibles
000.0	267	111.0	empathy
000.0	267	113.0	responsiveness
000.0	267	099.0	confidence
000.0	267	127.0	satisfaction

As it can be seen, all variables have non-normal distribution because significance levels of the variables are below 0.05. Consequently, non-parametric tests were used for testing the hypotheses.

Investigation of Saderat bank customers' satisfaction

Non-parametric binomial test was used for investigation of customers' satisfaction because data distribution was not normal. Results are summarized in table 3.

Table 3: binomial test of customers' satisfaction

	Category	N	Observed Prop.	Test Prop.	Exact Sig. (1-tailed)
Satisfaction	Group 1 <= 3	64	.2	.5	.000 ^a
	Group 2 > 3	203	.8		
Total		267	1.0		

a. Alternative hypothesis states that the proportion of cases in the first group < .4.

Considering the results of binomial test, Sig value is smaller than $\alpha=0.05$. therefore, in 95% certainty level, it can be said that Saderat Bank is in good status in terms of customers' satisfaction (above average(3)).

Research hypotheses test

Correlation test was used for testing research hypotheses. Considering the non-normal distribution of the variables, Spearman correlation test was used. Results of testing research hypotheses using Spearman correlation coefficient are summarized in table 4.

Table 4: research hypotheses test

Significance	Correlation	Hypothesis
0.000	0.566	There is a significant relationship between reliability of service quality of Saderat Bank in Tehran City and customers' satisfaction.
0.000	0.534	There is a significant relationship between tangibles of service quality of Saderat Bank in Tehran City and customers' satisfaction.
0.000	0.473	There is a significant relationship between empathy of service quality of Saderat Bank in Tehran City and customers' satisfaction.
0.000	0.523	There is a significant relationship between responsiveness of service quality of Saderat Bank in Tehran City and customers' satisfaction.
0.000	0.425	There is a significant relationship between confidence of service quality of Saderat Bank in Tehran City and customers' satisfaction.

Investigation of research hypotheses shows that all research hypotheses are verified. Further, reliability dimensions

(factor loading=0.566 and significance number=0.000) has the strongest relationship with customers' satisfaction. Further, confidence dimension has the weakest relationship with customers' satisfaction.

11. Conclusion and discussion

Evaluation of customers' satisfaction is of great importance in today's business world. Customers' satisfaction is a feeling and it must be quantified in order to be able to measure and improve it. Customers' satisfaction models are solutions for this process. Data collection for these models is conducted using questionnaires. Results of studies conducted by Samadi and Eskandari (2010), SalehiKordabadi (2010), Naseriyan et al (2010), Agbor (2011), Din and Piklerdez (2014), Navart and Elang (2014), Ravi Shendran (2010), Mohammad and Alhamdani (2011), Navart and Elang (2014) also showed that there is a significant relationship between reliability dimension and customers' satisfaction. Therefore, result of this hypothesis test in this research conforms to the results of previous similar studies. Fortunately, Saderat Bank has adopted acceptable policies in this regard but still requires more attempts. Since this bank is new to Iranian banking industry in comparison with old banks like Melli and Mellat, it is necessary to establish long-term relationships with customers and obtain more shares of the market and create loyal customers. Of course, it must be noted that banks and financial institutes must emphasize on differentiation of their services because customers of banks are result-oriented and function-oriented. Profitable companies are those that evaluate their customers' satisfaction efficiently and continuously and try to improve it. This makes customers' satisfaction value clear. Considering the results of the research and customers' satisfaction, we can understand the importance and the role of service quality in increasing customers' satisfaction. Results of this research showed that there is a significant relationship between reliability, tangibles, responsiveness, empathy and reliability dimensions and customers' satisfaction in Saderat Bank. As final conclusion, as it was said before, results of this research showed that there is a positive and significant relationship between service quality of Saderat bank and customers' satisfaction.

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