A Conceptual Study on the Relationship between Service Quality towards Customer Satisfaction: Servqual and Gronroos’s Service Quality Model Perspective

Muhammad Sabbir Rahman¹, Abdul Highe Khan² & Md. Mahmudul Haque²

¹ Graduate School of Management, Multimedia University, Cyberjaya, Malaysia
² Faculty of Economics and Management Sciences, International Islamic University Malaysia, Kuala Lumpur, Malaysia

Correspondence: Muhammad Sabbir Rahman, Graduate School of Management, Multimedia University, Persiaran Multimedia, 63100 Cyberjaya, Selangor Darul Ehsan, Malaysia. Tel: 60-19-239-4097. E-mail: sabbiriu@gmail.com

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Abstract

The purpose of this conceptual paper is to study the effect of service quality towards customer’s satisfaction under the perspective of SERVQUAL and Gronroos service quality model. The proposed model focuses on the relationship between functional quality, technical quality, internal, external influences mediated by corporate image and service quality towards customer’s satisfaction. The model also tries to build the relationship between perceived prices by the customers on customer’s satisfaction when service quality plays a mediating role. Suggestions for managers are given on implementing the core concepts from the model.

Keywords: service quality, customers’ satisfaction, technical quality, functional quality, corporate image, perceived price, internal controllable influence, external uncontrollable influence

1. Introduction

Service quality is closely related with customer satisfaction (Kumar et.al. 2008; Zineldin, 2006; Wei and Ramalu, 2011). In the modern competitive environment, the quest of customer’s satisfaction hugely depends on the firms overall service quality (SQ) and is considered to be an essential strategy (Paradise-Tornow, 1991). To measure the service quality researchers used SERVQUAL and Gronroos’s model in various aspects of business environment. Though, the dimension of quality and the measurement approach of the service quality and its relationship with customer’s satisfaction are still been unsettled (Owlia and Aspinwall 1996; Parasuraman et. al., 1993; Cronin, Taylor, 1994; Carman, 1990; Buttle, 1996). In spite of the ongoing debate and development of new theory numerous researchers have agreed the significances of service quality and its impact on customer satisfactions (Arambewela, 2006; Ben, 2007; Boshoff, 2004). However Parasuraman et al., (1985) measure service quality which was based on Oliver's (1980) disconfirmation model which proposed that service quality is a function of the differences between expectation and performance along the quality dimensions. While Oliver (1980) proposed that satisfaction is a function of the disconfirmation of performance from customer's expectation. Oliver (1980) also proposed that both the service and manufacturing industries, quality improvement is the key factor that affects customer satisfaction and increases purchase intention among consumers. Some other theorists also mentioned the same concept that the quality plays a major role on consumer satisfaction (Omar and Schiffman, 1995, Gremler et.al., 2001, Radwin, 2000; Kumar et.al., 2008).

At present, research that directly linked the combine concepts of SERVQUAL and Gronroos’s on customer’s satisfaction is lacking. Not only organization needs empirical data to understand the level of customers’ satisfaction but also they need to understand how to integrate these service quality concepts into managing the customer’s satisfaction. This knowledge gap is where the present conceptual paper wishes to contribute. The present research aims to provide past literature findings of service quality and customers satisfaction intent to develop a conceptual framework for further research. Therefore from this study researchers believe that this conceptual paper will help the management of service providers to better understand their service quality which help them to draw specific guidelines to meet the customer’s expectation.
2. Literature Review

2.1 Previous Theory on Service Quality and Customers Satisfaction

Parasuraman et al., (1985, 1988) proposed service quality model for the first time and they said service quality can be measure through functional quality dimension which has five components (tangibility, reliability, responsiveness, assurance, empathy). This model identifies the gaps of service quality of the service organization which describe five gaps during the service expectation till the actual service delivery. First gap is the service providers do not know what the expectations of the customers about the service. Second gap is the service provider does not recognize the standard of service that customer expect. Specifications of the service and delivery of service is the third gap. Forth gap is related with delivery of the service. Last and final gap is the customer’s expectation about the service and the perceived service. In latter part Haywood-Farmer (1988) mentioned that there are three important attributes in a service quality for instance (1) physical facilities and processes (2) people’s behavior (3) professional judgment. However, Brogowicz et al., (1990) developed a model for service quality called synthesized model of service quality. According to their model if the customers influence by the word of mouth by other people or influenced by marketing activities like advertising or media communications, then service quality gap arise into the mind of the customers’. After that Cronin and Taylor (1992) developed different model called performance only model to measure the service quality. They claimed that SERVPERF (service performance) is more suitable and accurate then SERVQUAL. They also claimed that SERVPERF needs fewer items than SERVQUAL to measure of the service quality of any service company and better service quality influence customer satisfaction. In addition, Teas (1993) raised the question about appropriateness of the conventional disconfirmation model and they proposed evaluated performance and normed quality model. Teas argued that in SERVQUAL (Parasuraman et al., 1988) model the conceptual definition is not very clear, theoretical justification of expectation to measure the service quality is not appropriate. In spite of that theory Berkley and Gupta (1994) developed IT (Information Technology) alignment model for service firm where they used IT to provide service to the customers. Using IT makes easy to improve service quality factors (tangibility, responsiveness, reliability etc). They claimed that IT alignment model ensure better service of the company and meet the desired service of the customers. In recent times Ganguli and Roy (2011) mentioned four broad service quality dimensions under the technology-based banking services four instance: customer service, security and information quality, technology convenience, and usage easiness and reliability.

In addition perceived service quality and satisfaction model developed by Spreng and Mackoy (1996). This model is suitable to find the construct of service quality and customer satisfaction. Perceived service quality and satisfaction model is the modification model of service quality and service satisfaction model (Oliver, 1993). This model is measured through ten important attributes of advising and that helps to measure service quality and customer satisfaction of service organization. Philip and Hazlett (1997) developed PCP attribute model. There are three important attribute of this model named (1) the service environment peripheral attributes (2) core attribute and (3) pivotal attributes. An important characteristic of this model is it’s suitability to measure in any field of service. Another necessary characteristic of PCP attribute model is it identifies the weak area of the service and where the service providers need to improve.

However, Sweeney et al. (1997) established retail service quality and perceived value model for measuring service quality and related factors in retail business. They proposed two models related with value perception of the customers. In model one functional service quality and technical service quality play a significance influence on value perception of the customers besides price and quality of the products. On the other hand model two reflects functional quality perception stimuli the technical quality perception and customer’s interest to buy the products.

One important model developed by Oh (1999) is called customer value and customer satisfaction model. This model emphasizes the behavior of the consumers after taking any service. In this model it has shown that perceived service quality is influenced by perceived price and perceptions. On the other hand perceived customers value and customer satisfaction are influenced by the perceived service quality. If the customers get better perceived value relatively cost/ price and they are satisfied with the service then it effects on their repurchase intention. Another important service quality model conceptualized and developed by Dabholker et al. (2000) called antecedents and mediator model. This model helps to understand service quality, its precursors, outcomes, and its mediators. This model depicts the relationship between service quality and customer satisfaction. Internal service quality model is another service quality model developed by Frost and Kumar
The authors followed the GAP model by Parasuraman et al. (1985) which is appropriate to measure the service of front-line staff and support staff of service organization, internal customers (front-line staff) and internal suppliers (support staff) measure the service quality of service firm based on their perception and expectation.

In the same year Soteriou and Stavrinides (2000) developed a model called internal service quality DEA model. DEA refers the data envelope analysis and it is very suitable financial institute like bank. This model identifies what and where are the resources that are not properly used in the firm and it also help to improve the service. This model works with two input (1) consumable resources and (2) amount of accounts in different sorts of service. This model is very popular for banks to improve the service of a bank. In addition Broderick and Vachirapornpuk (2002) developed service quality model for internet banking. This model is different than other models because there is no such human interaction in internet banking. In this model Broderick and Vachirapornpuk introduce five factors that influence service quality of the bank. Factors are customer expectations of the service, customer participation, the image and reputation of the service organization, aspects of the service setting and the actual service encounter.

In addition Zhu et al. (2002) proposed service quality model for IT related business. They Claimed that IT-based services have a direct impact on the reliability, responsiveness and assurance dimensions and an indirect impact on customer satisfaction and perceived service quality IT can help service providers achieve higher level of customer satisfaction. One important model to measure service quality of electronic business called Model of service quality (Santos, 2003). In this model the author propose determinants factors that are related with service quality measurement in e-business.

To measure the service quality of service firm, Groˇnroos, (1984) proposed technical and functional quality model. In this model he describes technical quality, functional quality, and company image which are significant elements to justify the service quality of a service firm. Technical quality refers what outcomes consumer receives from service organization and functional quality refers how service organization provides that service to the consumers. Image creates favorable attitudes to the service providers. Combinations of all three attributes make a positive attitude towards a service organization.

The most widely accepted customer satisfaction concept is the expectancy disconfirmation theory proposed that satisfaction level is a result of the difference between expected and perceived performance (Barsky, 1992; Oh and Parks, 1997; McQuitty, Finn and Wiley, 2000, Oliver 1980). Previous studies also reflect that customer satisfaction may have impact on customer satisfaction and perceived service quality IT can help service providers achieve higher level of customer satisfaction. One important model to measure service quality of electronic business called Model of e-service quality (Santos, 2003). In this model the author propose determinants factors that are related with satisfaction for instance: customer needs, emotions, product and service features (Churchill and Surprenant, 1982; Oliver, 1980; Barsky, 1995; Zeithaml and Bitner, 2003). More specifically on hotel industry’s perspective Atkinson (1988) and Knutson (1988) found out that cleanliness and comfort, security, value for money, convenience of location, prompt service, safety and security, and friendliness of employees are important and courtesy of staff determine customer satisfaction.

3. Conceptual Framework Development

Customer satisfaction is generally defined as a post consumption evaluative judgment concerning a specific product or service (Gundersen et.al; 1996). It is the result of an evaluative process that contrasts repurchase expectations with perceptions of performance during and after the consumption experience (Oliver, 1980). According to Boulding et al., (1993) customer satisfaction can be conceptualized in two perspective transaction-specific satisfaction and cumulative satisfaction. Cook et.al, (2000) define transaction-specific satisfaction as assessment on the experience and consumer’s reactions to a specific company’s encounter. Whereas Tahir and Abu-Bakar (2007) found that cumulative satisfaction refers to customers overall evaluation of patronage experience from inception to date. Specifically in service industry service quality the delivery of services need to be performed carefully so that the ultimate customers are delighted by the service delivery (Oyeniyi and Joachim, 2008; Kim et al. 2008; Cronin et. al., 2000; Choi et.al.2004; Badri et. al.,2007; Scotti, Harmon and Behson, 2007; Lee et al. (2010) and Yesilada and Direktör (2010). Gronroos (1993) modify his model and develop service quality model with three dimensions, functional quality, technical quality and image. According to (Grönroos, 2000) service qualities are categorized in two broad areas technical quality and functional quality. Technical quality refers five relevant factors namely employees’ technical ability, employees’ knowledge, technical solutions, computerized systems, and machine quality. On the other hand functional quality
denotes the overall process of the service. There are seven factors which are related with functional quality, behavior, attitude, accessibility, appearance, customer contact, internal relationship and service-mindedness (Akhtar, 2011). Another important element of this model is image of the service organization. Image has a direct and close relation with service quality of a service firm (Gronroos, 1990; Lehtinen and Lehtinen, 1991). Gronroos's service quality model highlighted that functional and technical qualities are closely related with the image of a service firm. According to Hansemark and Albisson (2004), “satisfaction is an overall customer attitude towards a service provider, or an emotional reaction to the difference between what customers anticipate and what they receive, regarding the fulfillment of some need, goal or desire”. The success or failure of a business organization depends on whether customers are satisfied or not. Anderson and Fornell (1994) define customer satisfaction is the evaluation of product or service based on the expected service. Gustafsson et.al. (2005) also explain that the customers satisfaction is the measurement of how customers measure the service of business organization. That is why Hekkert et al., (2009); Wu (2011); Aiello et al. (2003); Zavare et al. (2010) satisfied customers are the ambassador for an enterprise because their satisfaction can influence word of mouth effect for that particular enterprise which ultimately bring more customers for the company.

3.1 Perceived Price and Service Quality

Technically price refers to the exchange of money for acquiring the ownership of any products or services (Kotler and Amstrong 2010; Hanif et al., 2010). In recent times it has been observed that price is closely related with the service quality of a business enterprise. If consumers are getting expected service comparing with the money they spend then they are happy with the service and retaining with that organization (Grewal et al., 2000; Cui et al., 2009; Lockyer, 2003; Petrick, 2002, Mersha and Adlakha, 1992; Nusair et al., 2010; Ganguli & Roy, 2010).

3.2 Corporate Image and Service Quality

Corporate image an intangible and hidden asset of the service organization. Corporate image refers to the perception of the customers towards the business firm which ultimately influence the customer to buy the products or services from an organization (Keller, 1993). If any organization can create positive image with their customers then they can get favor in many aspects (Lehtinen and Lehtinen, 1982; Gronroos, 2001). For example according to Nguyen and Leblanc (1998; 2001) corporate image of the firm is connected with the firm’s overall service delivery, quality of the services, and image of the firm. In addition if any service organization has favorable corporate image then the customers’ expect their service quality is better compared with other players in the same industry (Cabral, 2000). In conclusion corporate image is not only ensuring desire service quality but also make customers satisfied and loyal towards the service providers (Rahman, 2012). From past literature it has been revealed that firm’s corporate image is influenced by internal controllable and external uncontrollable factors for instance Corporate Personality and Corporate Identity; Brand image, Frontline Employees Behavior; Word-of-mouth. Furthermore, corporate personality refers to the overall characteristics of the service enterprise, for instance type of service, corporate culture, size of the enterprise that are influencing corporate image of the service firm (LeBlanc and Nguyen, 1996; Sirgy, 1982). Sattur (2006) highlighted that reputation of a firm cannot be explained by only one experience dimension by the targeted consumers rather reputation consists of sub dimensions for instance trust and service quality, repeat purchase. If the corporate personality of a service firm is accepted to the customers then it helps to build strong corporate image. Besides that corporate identity refers the ideal self-image of a service firm. Ideal self-image means how customers perceive the service firm in their mind (Worcester, 1986). In addition, brand image is also influenced the development of corporate image which is the combination of feelings, perception of customers to any specific brand and their expressive attitude towards that brand. A firm can apply advertising to build a brand of service firm that ultimately enhance the familiarity and the corporate image of an enterprise (Park et al., 1986; Lewis, 1988). Furthermore, the behavior of the frontline employees with the customers helps to build up the corporate image for the service enterprise (LeBlanc and Nguyen, 1996; Dowling, 1986). In addition word of mouth can play a significant role for a service industry (Zeithaml et al. 1985; Schiffman, &Kanuk, 1987; Cornelissen, 2000).

Based on the past literature review; this research concentrates on conceptual framework of customers satisfaction combining with Gronroos's and SERVQUAL service quality model. This framework emphasizes variables like technical quality; functional quality; internal and external influence; corporate image; service quality; perceived price. These independent variables are positively related to the customer’s satisfaction for an organization. The diagram framework is given below:
The following proposition researchers can draw which were already highlighted in the conceptual framework later on.

**P1**: Technical qualities play a significant role on customer’s satisfaction where corporate image and service quality plays a mediating variable.

**P2**: Internal controllable factors strongly influences with customer’s satisfaction when corporate image and service quality plays a mediating variable.

**P3**: External controllable factors play a significant role on customers’ satisfaction where corporate image and service quality plays a mediating variable.

**P4**: Functional quality is strongly related with customer’s satisfaction when service quality plays a mediating variable.

**P5**: Technical quality is strongly related with customer’s satisfaction where service quality plays a mediating variable.

**P6**: Perceived price by the customer’s is strongly related with their satisfaction where service quality plays a mediating role.

**4. Conclusion and Recommendation**

This conceptual paper has outlined the crucial steps of service quality and its relationship with customer’s satisfaction. In particular, there are several implications for managers and supervisors that attempt to bring about changes in the organization’s overall service delivery. Researchers recommend that while top; middle and frontline management should provide a framework by formalizing the service quality practices that will enhance their ability to satisfy the ultimate customers.

It must be noted that these factors are dynamic in nature and the relationships between them continuously evolve and change. Researchers stress that the relationship between these major elements be given careful thought and consideration if customers satisfaction are desired to attain by the company. Furthermore, it is also important to remember these relationships on the proposed model do not stand alone; for example, technical quality or functional quality or even better pricing alone will not lead to significant impact on customer’s satisfaction. Additionally, further research is required to measure the factors proposed in this model empirically to test the relationship so that managers will get a comprehensive framework to understand the factors that are influencing service quality and customers satisfaction.

**References**


