Cultural Influences on Overall Service Quality Expectations: Evidence from Vietnamese Customers

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Abstract

The delivery of superb service quality has captured increasing attention from both academic researchers and practitioners. The purpose of this study is to examine the influence of individual-level cultural values on overall service quality expectations. Results from a sample of 487 Vietnamese customers confirm a significant relationship between service quality expectations and four cultural dimensions of collectivism, uncertainty avoidance, power distance and long-term orientation. Within these cultural values, collectivism is the best predictor that contributes to the variance of service quality expectations, followed by uncertainty avoidance and power distance, respectively. This study extends existing research relating to cultural influences on service quality, and suggests managerial implications that service providers should incorporate customers’ cultural values in the processes of market segmentation, customer relationship management and informational interventions.

Keywords: culture, individual-level cultural values, service quality expectations, Vietnam

1. Introduction

Services sector contributes significantly to the world economy, including transitional economies such as Vietnam. Services have been identified as the growth engine of Vietnam in its transformation into a hybrid economy (Alejandro et al., 2012), and as the key to sustainable growth (UNDP, 2005). According to the General Statistics Office (2014), the sector grew by approximately 6 percent, accounting for 43.4 percent of the GDP in 2014, and it is expected to record an annual growth of 8.5 percent during the period from 2016 to 2020. Key industries include retailing, education, telecommunications, and banking services. High growth rate and intensifying competition lead services providers to attempt to deliver superior service quality. This highlights the importance of research on service quality and its determinants in the context of Vietnam. As such, research findings would contribute to more complete understanding of this important topic; hence they would be beneficial to both academic researchers and practitioners.

Existing literature reveals that service quality has significant influence on behavioral intention (Cronin, Brady, & Hult, 2000), customer satisfaction (de Ruyter, Bloemer, & Peeters, 1997; Laroche, Ueltschy, Abe, Cleveland, & Yannopoulos, 2004), customer retention (Venetis & Ghauri, 2004), and profitability (Lee & Hwan, 2005; Zeithaml, 2000). Numerous studies which explore service quality expectations and perceptions use five dimensions of the SERVQUAL scale (Parasuraman et al., 1988, 1993, 1994), namely tangibles, reliability, responsiveness, assurance, and empathy. Nevertheless, some authors argue that the SERVQUAL exhibits problems relating to its measurement (Brown, Churchill, & Peter, 1993; Cronin & Taylor, 1992) and five-factor structure (Buttle, 1996). One alternative to this issue would be to operationalize service quality as a single construct (e.g., Baker, Grewal, & Parasuraman, 1994; Brady, Cronin, & Brand, 2002; Reimer & Folkes, 2009). Inspired by this suggestion, this current study identifies such construct as overall service quality.

Given the significance of service quality, elucidating its determinants is of paramount importance. Scholars substantially emphasize the impact of culture on service quality. Furrer et al. (2000) demonstrate that customers’ perceptions of service quality are likely to vary across cultural contexts, and that findings about cultural influences would provide input for business strategies and market segmentation. Also, customers with different
cultural values evaluate service quality diversely (Mattila, 1999; Winsted, 1997). Their arguments are supported by the wisdom that culture shapes the way individuals think, feel, and act (Heskett, Sasser, & Hart, 1990; Luna & Gupta, 2001). Most of service quality studies investigate the impact of culture at national level (e.g., Donthu & Yoo, 1998; Laroche et al., 2004; Mok & Armstrong, 1998; Tsikriktsis, 2002), hence use dimensions of national culture developed by Hofstede (1980, 2001). It is, however, argued that examining cultural values at the personal level would be beneficial for two interrelated reasons. Firstly, culture is embedded within every individual, forming a distinctive school of thoughts and practices (Cho, Thyroff, Rapert, Park, & Lee, 2013, p. 1053). Secondly, cultural values may vary significantly across individuals within one culture (McCart & Shrum, 2001). Therefore there is indeed a need for more insights into the role of individual culture values in explaining service quality.

The abovementioned discussion leads to the research question that how cultural values at individual level influence overall service quality expectations in Vietnam. Hence this current study attempts to: (1) explore the relationship between each of individual-level cultural values and overall service quality expectations; and (2) identify the best predictor within these cultural values that contribute to the variance in service quality expectations of Vietnamese consumers.

2. Literature Review and Research Hypotheses

2.1 Service Quality Expectations

Service expectations have been defined as “beliefs about service delivery that function as standards or reference points against which performance is judged” (Zeithaml, Berry, & Parasuraman, 1993, p. 2). Zeithaml et al. (1990) suggest that customers draw a comparison between a priori expectations and actual performance of a specific service provider to determine service quality. That is, service quality expectations define the level of service quality, ceteris paribus. The most popular measurement of service quality, perhaps, traces back to the five-dimension SERVQUAL scale which consists of reliability, responsiveness, assurance, empathy and tangibles (Parasuraman et al., 1988, 1993, 1994; Zeithaml et al., 1990, 1993, 2000). As the literature evolves, researchers have extended this scale and proposed various measurements such as the service quality for retail stores (Dabholkar, Thorpe, & Rentz, 1996), the web service quality (WEBQUAL: Tsikriktsis, 2002) and the performance-based quality (SERVPERF: Brady et al., 2002; Cronin & Taylor, 1992). Given that there is no clear consensus on the dimensions of service quality, a growing number of studies seek to investigate the overall service quality in various industries such as retailing, hotel, banks, transportation and food and beverage (Baker et al., 1994; Bolton & Drew, 1991; Brady & Cronin, 2001; Brady et al., 2002; Powpaka, 1996; Reimer & Folkes, 2009). This single construct, which may be measured by either single items or multiple items, indicates customer attitudes or expectations towards service quality delivered by a specific provider.

2.2 Cultural Influences

Culture has been defined as “a collective programing of the mind which distinguishes one group from another” (Hofstede, 1980, p. 25), and it is represented a set of value orientations (Kroeber & Kluckhohn, 1952). Hofstede (2001) postulates five dimensions of national cultures, i.e. power distance, uncertainty avoidance individualism versus collectivism, long- versus short-term orientation, and masculinity versus femininity. Although this cultural framework has been heavily used in social science studies, it fails to address the difference of cultural values at the individual level (Yoo, Donthu, & Lenartowicz, 2011). Hence, researchers have sought to measure personal cultural orientations. For example, while Sharma (2010) proposes a 40-item scale for measuring ten individual cultural orientations, Yoo et al. (2002; 2011) develop 26-item CVSCALE that assesses Hofstede’s five cultural factors. Four dimensions of the CVSCALE (i.e. collectivism, long-term orientation, uncertainty avoidance, and power distance) prove to be significantly associated with service quality expectations (Donthu & Yoo, 1998; Kueh & Voon, 2007). Hence this present study typically focuses on the influence of the aforementioned cultural value orientations.

2.2.1 Power Distance

Power distance describes “the extent to which the less powerful members of institutions and organizations within a country expect and accept that power is distributed unequally” (Hofstede, 2001, p. 98). Accordingly, individuals of high power distance culture are more likely to accept inequalities in wealth and power. They perceive strong pressure to maintain their social position and self-image (Hu, Leeva, Xie, & Zhou, 2008), and are unwilling to disagree with powerful identities (Yoo & Donthu, 2005). It is argued that service providers have certain kind of power over customers in terms of expertise, knowledge, skills, and physical evidence (Emerson, 1962; Kueh & Voon, 2007). Hence high power distance customers would respect service providers and are more likely to find excuses for poor service delivery (Donthu & Yoo, 1998). Consequently, they would develop lower
expectation for service quality. Prior studies confirm a negative relationship between power distance and service quality expectations in fast-food industry (Kueh & Voon, 2007) and retailing banking sector (Donthu & Yoo, 1998; Furrer et al., 2000). In relation to the foregoing discussion, the following hypothesis has been developed:

**H1:** Power distance has a negative influence on overall service quality expectations.

### 2.2.2 Collectivism

Collectivism denotes the conviction that individuals are closely linked as parts of one or more collectives such as family, peers and society (Triandis, 1995). The key concepts of collectivism comprise benevolence, tradition, and conformity (Schwartz et al., 2001). The behavior of collectivists is motivated by group norms and duties (Sharma, 2010). Collectivists are willing to give priority to the goals of groups, e.g. group of customers and providers, over their personal goals as an individual customer (Donthu & Yoo, 1998). As collectivist customers stress maintaining social relationships (Kim & Choi, 2005), they are more likely to be tolerant of services errors and hence develop lower level of service expectations. While Kueh and Voon (2007) find no relationship between collectivism and service quality, Furrer et al. (2000) reveal that customers with a high degree of individualism (i.e. low level of collectivism) place importance on several dimensions of service quality including responsiveness, reliability and tangibles. Donthu and Yoo (1998) reveal that collectivists expect lower overall service quality than individualists. Hence the following has been hypothesized:

**H2:** Collectivism has a negative influence on overall service quality expectations.

### 2.2.3 Long-term Orientation

Long-term orientation, which is initially named as Confucian dynamic, is the “fostering of virtues oriented towards future rewards, in particular, preservation and thrift” (Hofstede, 2001, p. 359). It reflects the extent to which an individual in a society exhibit a pragmatic future-oriented point of view rather a conventional historic or short-term perspective (Furrer et al., 2000; Hofstede, 2001). Interestingly, Bearden et al. (2006) argue that long-term orientation relates to both future planning and tradition. Findings about the impact of such construct on service quality are inconsistent. In a study of food service quality, Kueh and Voon (2007) point out that long-term oriented customers expect higher service quality dimensions than short-term oriented customers. Conversely, other researchers find that long-term orientation is negatively associated with service quality dimensions of assurance and tangibles (Furrer et al., 2000), and with general service quality expectations (Donthu & Yoo, 1998). One possible explanation would be that customers with long-term orientation value long-term relationship with service providers, hence tend to give such providers time to improve service quality (Donthu & Yoo, 1998; Furrer et al., 2000). Hence the following hypothesis has been formulated:

**H3:** Long-term orientation has a negative influence on overall service quality expectations.

### 2.2.4 Uncertainty Avoidance

Hofstede (2001, p. 161) refers to uncertainty avoidance as “the extent to which people feel threatened by ambiguous or an unknown situation.” Uncertainty avoidance associates with risk avoidance and intolerance of ambiguity (de Mooij & Hofstede, 2002). While individuals with high uncertainty avoidance prefer to maintain clarity and avoid uncertain situations, low uncertainty avoiders are more inclined to make risk-taking decisions. As such, high uncertainty avoidance customers are security-seekers characterized by planning and cautious decision making; whereas customers of low uncertainty avoidance culture are risk-takers (Sharma, 2010). A survey demonstrates that customers with different degree of uncertainty differs in their perceptions of service quality (Voss, Roth, Rosenzweig, Blackmon, & Chase, 2004). Additionally, empirical evidence reveals that high uncertainty avoidance is positively associated with SERVQUAL dimensions (Furrer et al., 2000; Kueh & Voon, 2007), and overall service quality expectations (Donthu & Yoo, 1998). Hence from the aforementioned discussion, the following has been hypothesized:

**H4:** Uncertainty avoidance has a positive influence on overall service quality expectations.

### 3. Method

This current exploratory study uses paper-based surveys to collect data from customers in the Vietnamese banking industry. Justifications for the selection of this sector include that the banking sector has entered a period characterized by lower growth rate and challenging environment (KPMG, 2013), and that retail banking services are distributed through either traditional branches or modern channels such as automate teller machines, telephone, mobile phone and the Internet. Hence it is an imperative for banks to understand overall service quality expectations of customers with different cultural background.

#### 3.1 Sample and Procedure
Self-administered questionnaires were distributed to participants by research assistants. To overcome the limitation of relevant studies which collected data from students only (e.g., Furrer et al., 2000; Laroche et al., 2004), questionnaires were delivered in various locations in the city of Hanoi such as bank branches, shopping centers, universities, and residential neighborhoods. Potential participants were presented with the research information and informed consent statement, and asked to voluntarily provide their responses. Out of 819 surveys distributed, a total of 487 completed and usable surveys were returned. The response rate of 60 percent is consistent with the earlier research using the same method (Nguyen, Phan, & Vu, 2015). Fifty-five percent of the participants were female. The median age and monthly household income were 25-30 (ranged: 18-60 years) and 10,000,000-15,000,000 VND, respectively. These figures were compatible with the data from the Statistical Handbook of Vietnam (General Statistics Office, 2014). Also, sixty-two percent of participants lived in the central districts of Hanoi, while thirty-eight percent lived in outer districts.

3.2 Survey Instrument

After two pre-tests using focus groups and semi-structured interviews, the final three-section questionnaire was composed. The first section included 22 items adopted from the CVSCALE (Yoo et al., 2011) for measuring four cultural dimensions at the individual level. The second section contained the measurement scale for overall service quality expectations adapted from Baker et al. (1994). All these measurement items were analyzed using five-point Likert-type scales (Appendix 1). Specifically, the long-term orientation items were on importance scale (1 = “very unimportant” and 5 = “very important”), while others were on agreement scale (1 = “strongly disagree” and 5 = “strongly agree”). The third section gathered demographic data from respondents.

Table 1 describes summary of measures. To validate the construct measures, principal component analysis and reliability analysis were performed. Results of five principal-component analyses with varimax rotation showed that all items’ factor loadings were greater than 0.5. Reliability analyses demonstrated that the Cronbach’s Alpha coefficients ranged from 0.826 to 0.931, which suggest good internal consistency of reliability (Hair, Black, Babin, Anderson, & Tatham, 2006).

Table 1. Summary of measures

<table>
<thead>
<tr>
<th>Variables</th>
<th>Number of items</th>
<th>Mean</th>
<th>Cronbach’s Alpha</th>
</tr>
</thead>
<tbody>
<tr>
<td>Independent variables</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Power distance</td>
<td>5</td>
<td>3.73</td>
<td>0.871</td>
</tr>
<tr>
<td>Collection</td>
<td>6</td>
<td>3.11</td>
<td>0.926</td>
</tr>
<tr>
<td>Long-term orientation</td>
<td>6</td>
<td>2.79</td>
<td>0.890</td>
</tr>
<tr>
<td>Uncertainty avoidance</td>
<td>5</td>
<td>2.83</td>
<td>0.826</td>
</tr>
<tr>
<td>Dependent variable</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Overall service quality expectations</td>
<td>5</td>
<td>3.06</td>
<td>0.931</td>
</tr>
</tbody>
</table>

4. Data Analysis and Results

The first stage of the analysis involved bivariate correlation testing of the proposed hypotheses. Table 2 showed the Pearson’s correlation coefficients ($r$) between construct measures in this study.

Table 2. Correlation matrix between variables

<table>
<thead>
<tr>
<th></th>
<th>1.</th>
<th>2.</th>
<th>3.</th>
<th>4.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Power distance</td>
<td></td>
<td>.307**</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Collectivism</td>
<td></td>
<td></td>
<td>.465**</td>
<td></td>
</tr>
<tr>
<td>3. Long-term orientation</td>
<td></td>
<td>.158**</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. Uncertainty avoidance</td>
<td></td>
<td></td>
<td>-.555**</td>
<td>-.609**</td>
</tr>
<tr>
<td>5. Overall service quality expectations</td>
<td></td>
<td>-.302**</td>
<td>-.129**</td>
<td>-.101**</td>
</tr>
</tbody>
</table>

**. Correlation is significant at the 0.01 level (2-tailed) ; *. Correlation is significant at the 0.05 level (2-tailed).

All correlations were significant at the 0.01 level except for the correlation between long-term orientation and overall service quality expectations which was significant at the 0.05 level. A negative relationship was found between overall service quality expectations and three cultural dimensions: power distance, collectivism, and uncertainty avoidance ($r = -0.129$, -0.387, and -0.101, respectively). By contrast, there was a positive
relationship between service quality expectations and uncertainty avoidance \( (r = .336) \). Hence all hypotheses \( (H1, H2, H3, \) and \( H4) \) were supported.

The second stage of the analysis involved a multiple regression analysis for investigating the relative contribution of predictors \( (i.e. \) power distance, collectivism, long-term orientation, and uncertainty avoidance) in explaining the dependent variable \( (\text{overall service quality expectations}) \). The maximum Mahalanobis distance \( (17.3) \) did not exceed the critical \( \chi^2 (18.5) \), demonstrating the multivariate outliers were not of concern. Possible problems of multicollinearity were eliminated as each predictor had a tolerance value of more than 0.518 and a variance inflation factor \( (\text{VIF}) \) less than two \( (\text{Hair et al., 2006}) \).

Table 3 displayed the summary of the regression model. In combination, four cultural value orientations explained a significant 20.4\% of the variation in overall service quality expectations, \( R^2 = 0.204, F(4,482) = 30.922, p < 0.05 \). The standardized regression coefficients revealed that collectivism \( (\beta = -0.339) \) was the most influential predictor, followed by uncertainty avoidance \( (\beta = 0.299) \) and power distance \( (\beta = -0.234) \) respectively.

Table 3. Summary of regression analysis

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
<th>Durbin-Waston</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.452*</td>
<td>.204</td>
<td>.198</td>
<td>.93074</td>
<td>2.376</td>
</tr>
</tbody>
</table>

ANOVA Table

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Square</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>107.149</td>
<td>4</td>
<td>26.787</td>
<td>30.922</td>
<td>.000*</td>
</tr>
<tr>
<td>Residual</td>
<td>417.548</td>
<td>482</td>
<td>.866</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>524.697</td>
<td>486</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

5. Discussions and Conclusions

This present study enriches the literature about cultural influences on service quality by adopting the CVSSCALE \( \text{Yoo \& Donthu, 2005; Yoo et al., 2011}) to measure individual-level cultural dimensions and by focusing on overall service quality expectations in the context of Vietnam which receives little attention from scholars. The culture values show a quite good match with Hofstede’s national culture scores in terms of collectivism, power distance and long-term orientation. That is, Vietnamese people generally value groups’ dependence and accept a hierarchical order, and they tend to be pragmatic. Nevertheless, noteworthy contradiction relates to uncertainty avoidance. While participants in this study are cautious about uncertain circumstances, the score of such dimension calculated by Hofstede \( (2010) \) is only 30 out of 100, indicating an extremely low preference for avoiding uncertainty. This stresses the need for exploring cultural dimensions by using individual scores rather than national scores.

Unlike earlier studies which explore service quality as different dimensions in Vietnamese banking industry \( \text{e.g., Dinh \& Pickler, 2012; Wang, Nguyen, \& Tran, 2014})\), this study successfully investigates service quality as one construct, namely overall service quality expectations. Accordingly, Vietnamese customers show an average level of expectations for service quality \( (3.06 \text{ out of } 5) \). Consistent with previous research \( \text{Donthu \& Yoo, 1998})\), this current study confirms that each of cultural value orientations is significantly associated with service quality expectations. More specifically, customers with lower collectivism, short-term orientation, lower acceptance of power inequality and higher uncertainty avoidance have higher expectations for overall service quality. Notably, these findings partly contradict with the research of Kueh and Voon \( (2007) \), indicating no association between collectivism and service quality expectations and that consumers with higher Confucian Dynamism \( (i.e. \text{long-term orientation}) \) expect higher service quality. Possible explanations include that they focus on examining the Generation Y and their study is conducted in a different cultural context. Furthermore, this study extends prior research by identifying the most influential factor within four cultural orientations that predict service quality expectations. The results indicate that collectivism is the most powerful predictor, followed by uncertainty avoidance and power distance respectively. Interestingly, long-term orientation does not play a significant integral role in service quality expectations. It could be that customers with high uncertainty avoidance are less sensitive to future benefits as they seek for security by analyzing existing tangible evidence \( \text{Donthu \& Yoo, 1998})\).

In addition to theoretical contributions, the research findings have practical implications for retailing banks.
Firstly, given that service quality expectations vary across individuals in a country, banks should carefully segment their targeted customers. Secondly, customer relationship management should be considered as this helps to strengthen customers’ belief that they and banks are closely linked as a group. Thirdly, informational interventions should be implemented to reduce customers’ uncertainty about services and banks. Finally, employees should deal with customers’ complaints and solve their problems in an effective manner to enhance banks’ power. Altogether, these would increase customers’ satisfaction and make them more loyal to banks.

6. Future Research

Although this study successfully achieves its objectives, it has several limitations. Firstly, given that it did not examine all of cultural orientations, future studies should incorporate other cultural dimensions such as masculinity and indulgence. Secondly, in order to facilitate market segmentation process, future research should take into consideration the role of demographics and psychographics in addition to culture values. Thirdly, longitudinal studies which clarify how customers compare service quality expectations and actual service performance would be beneficial. Finally, collecting data from different regions could highlight cultural differences among customers.

References


Appendix

Scale Items

*Individual-level Cultural Values* (Yoo & Donthu, 2005; Yoo et al., 2011)

**Power Distance**

People in higher positions should make most decisions without consulting people in lower positions.
People in higher positions should avoid social interaction with people in lower positions.
People in higher positions should not ask the opinions of people in lower positions too frequently.
People in lower positions should not disagree with decisions by people in higher positions.
People in higher positions should not delegate important tasks to people in lower positions.

**Collectivism**

Individuals should sacrifice self-interest for the group.
Individuals should stick with the group even through difficulties.
Group welfare is more important than individual rewards.
Group success is more important than individual success.
Individuals should only pursue their goals after considering the welfare of the group.
Group loyalty should be encouraged even if individual goals suffer.

**Uncertainty Avoidance**

It is important to have instructions spelled out in detail so that I always know what I’m expected to do.
It is important to closely follow instructions and procedures.
Rules and regulations are important because they inform me of what is expected of me.
Standardized work procedures are helpful.
Instructions for operations are important.

**Long-term Orientation**

Careful management of money (Thrift)
Going on resolutely in spite of opposition (Persistence)
Personal steadiness and stability
Long-term planning
Giving up today’s fun for success in the future
Working hard for success in the future

**Overall Service Quality Expectations** (Baker et al., 1994)

Customers could expect to be treated well in this bank.
Employees of this bank could be expected to give customers personal attention.
This bank's employees would be willing to help customers.
This bank would offer high-quality service.
Employees of this bank would not be too busy to respond to customers' requests promptly.

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