Factors Which Affecting Customer Satisfaction in the Garment Industry of Bangladesh

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Abstract

Contentment of customer on goods and services of industries are conscientious as the most imperative feature heading towards the competitiveness and accomplishment in global business pursuit. Bangladesh is the largest manufacturer and exporter of global garments product. This manuscript is an endeavor en route for come across the aspects which affecting purchaser satisfaction of garments industry of Bangladesh. The collision of different variables such as Quality of Product, Accepted Quality Level, Production Cost, On Time (Experienced) Shipment, Standard Lead Time, Measurement of Product Security, Proper Sampling, Service and Communication with the Employee, Expertise of the Employee, and Referral of the Factory to customer satisfaction has been scrutinized. The cram has been predestined upon the prime data which is composed from different garments factories of Bangladesh situated in Dhaka, Narayngang, Gazipur, Tongi, Savar & EPZ etc with the prearranged opinion poll. Data investigation was ended with SPSS software. The numerical investigation manner engaged inside this cram is Aspect Investigation. Following the scrutiny, it's originated so as to the most customers of the garments industry of Bangladesh are more sentient about expertise of the employee of the factory to tenacity their problem arose, Referral of the Factory, and Measurement of Product Security Offered by the Factory, and Production Cost Offered by the Factory and Quality of Product Manufactured by the Factory.

Keywords: customer satisfaction, RMG of Bangladesh, business buying, customer satisfaction model

1. Introduction

The export-oriented "Ready Made Garment" sector has ended fundamental involvement to this abovementioned transformation of the Bangladesh financial system. The responsibility of our "Ready Made Garment" entrepreneurs, domestic fiscal and monetary, institutional strategy hold up and incentives place in position by successive governments, substantial "Ready Made Garment" supportive connection actions within the domestic economy and global promote opportunities combined to generate a story which is, to be straightforward and true, unparallel in the emergent world.

Whilst conventional export division could not acquiesced predictable results, the Ready Made Garment zone progressively injected dynamism in the export as well as in the domestic economy though backward and forward linkage economic actions (Center for Policy Dialogue 2002). (Export Promotion Bureau [EPB],2013) data shows that the RMG sector achieved a 2.85 per cent export growth throughout the initial six months of the current Financial Year (FY 2012-13). There are no research work yet to indentify customer satisfaction level and factors which affecting garments industry of Bangladesh.

This manuscript attempts to find out the factors which affecting customer satisfaction of garments industry of Bangladesh. It ought to be eminent that the cram is not exhaustive; and can be supplementary enhanced upon.

2. Critical Literature Review

2.1 Customer Satisfaction

Customer satisfaction is the individual's perception of the performance of the product or service in relation to his or her expectations (Schiffman and Kanuk, 2007-2008). Satisfaction of Consumers with products and services of company is considered as most important factor leading towards competitiveness and success (Hennig-Thurau and Klee, 1997). A study has shown that petite reductions in customer defections fabricate significant amplifies in profits because (1) loyal customers buy more products: (2) loyal customers are less price sensitive and pay less attention to competitors' advertising: (3) servicing existing customers, who are familiar with the firm's offerings and processes: and (4) loyal customers spread positive word-of-mouth and refer other customers'. Furthermore, marketing efforts aimed at attracting new customers are exclusive: certainly, in saturated markets, it may be impossible to find new customers (Schiffman and Kanuk, 2007-2008). Another widely quoted study that linked levels of customer contentment with customer behavior identified several types of customers: utterly satisfied customers who are either loyalists who keep purchasing, or apostles whose experiences exceed their prospects and who provide very positive word-of-mouth about the company to others, "defectors" who feel neutral or merely satisfied and are just as likely to stop doing business with the company, consumer "terrorists" who have had negative experiences with the company and who extend negative word-of-mouth. Hostages" are unhappy customers who stay with the company because of a monopolistic environment or low prices and who are difficult and costly to deal with because of their frequent complaints; mercenaries are very satisfied customers who have no real loyalty to the company and may defect because of a lower price elsewhere or on impulse. Defying the satisfaction-loyalty rationale (Thomas O. Jones and W. Earl Sasser, 1995).

2.2 Business Buying

The business market consists of all individuals and organizations that buy the goods and services for

a. To make further goods and services, b. To resell to other business utilizes or to consumers and c. To conduct the organization's operations (Michael J. Etzel, Bruce J. Walker and William J. Stanton, 2004). Many business buyers desire to buy a total solution to a problem from one seller is called systems buying (Kotler and Keller, 2006).
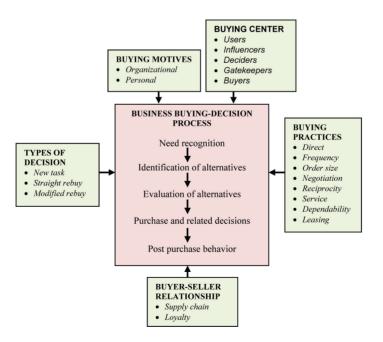

Figure 1. The business buying-decision process and the factors that influence it (adopted from Michael J. Etzel, Bruce J. Walker, William J. Stanton, Marketing, 13th edition)

2.3 The Purchasing Process

Business buyers inquire about to acquire the highest assistance package (economic, technical, service and social)

in relation to a market offering's costs. A Business buyer's incentive to purchase will be greater in promotion to the ratio of perceived benefits to costs (Kotler and Keller, 2006).

Figure 2. Business buyer decision process (adopted from Philip Kotler, Kevin Lane Keller, 12 editions, Marketing management)

Before selecting a supplier, the buying center will specify desired supplier attributes and indicate their relative importance (Kotler and Keller, 2006). The buyer sporadically appraises the performance of the preferred supplier(s). Three schemes are commonly used respectively buyer may ask the end user for their assessment, buyer may evaluate the supplier on several criteria using weighted score method and the buyer might aggregate the cost of poor presentation to come up with adjusted costs of purchase including price. The performance review may lead the buyer to continue, modify, or end a supplier affiliation (Kotler and Keller, 2006).

Some researchers focused that service quality and customer satisfaction, for reasons such as increased competition (Reichheld & Sasser 1990).

The Buyer of Bangladeshi garments factory are mostly influenced by Cheap labor, High production skills, Improving quality, Competitive prices, English speaking (easy communication) (Dr. Sanchita Banerjee Saxena, 2010). Considering the influencing factors and depth interview with the industry expert at micro level 10 variables was found those are – Product Quality, Production cost, Accepted Quality level, shipment, lead time, product security, sample quality, services and communications, expertise of the employees and referral of the factory.

H_1: There is well-built relationship between ten factors and overall satisfaction of customer.

H_2: In attendance the considerable indifference of all the factors upsetting customer satisfaction of garments factory of Bangladesh.

H_3: In attendance the considerable difference of all the factors upsetting customer satisfaction of garments factory of Bangladesh.

3. Research Methodology

Primary and secondary data was used to conduct the research. A depth interview was conducted with people who have specialization on the field to prepare a questionnaire. A questionnaire was designed to get feedback of Ten variables at 10 points scale (Strongly agreed=10, Agreed=9, Less than agreed=8, More than neutral=7, Neutral=6, Disagreed=5, Less than disagreed=4, Trends to disagreed=3, Less than totally disagreed=2, totally disagreed=1) with the results collected from the industry specialized through interview. To trace the magnitude of variables a question was asked after each variable the importance of variable to the respondents. Finally the buyer or buyer representative was asked to give the opinion of the company's performance at 10 points scale. Websites, Articles, Newspapers and Books are used as secondary sources of information.

Sample size is 314 all are collected from the factory which situated Dhaka or adjacent area of Dhaka as most of garments factory of Bangladesh are concentrated within this vicinity. Sampling procedure is non-probability expediency sampling. Data collector seeks the respondents who are willing to answer the questions. SPSS is used as a statistical tools to classify the factors which affecting the customer satisfaction of garments industry of

Bangladesh. To get more accurate result sample size should be extended through out the Bangladesh.

4. Overview of Garments Industry of Bangladesh

The RMG industry is the only multi-billion-dollar manufacturing and export industry in Bangladesh. Whereas the industry contributed only 0.001 percent to the country's total export earnings in 1976, its share increased to about 75 per cent of those earnings in 2005 (Ziaul Haider, 2007). According to the record of BGMEA, Bangladesh has 6000 garments factory where as 1550 are compliance. As well as the export earning from the textile of Bangladesh is growing trend.
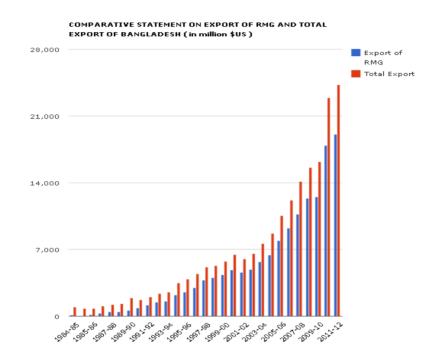

Figure 3. Comparative export earning of RMG and total export earning of Bangladesh

Table 1. Top 10 textile export countries (exports during April to December $mn)

	2011	2012	%chg
US	4083.4	4054.3	-0.7
China PRP	2460.8	2103.9	-14.5
UAE	1603.3	1563.8	-2.5
UK	1478.4	1451.5	-1.8
Bangladesh	758.7	1137.0	49.9
Germany	1392.0	1063.7	-23.6
France	734.1	547.0	-25.5
Spain	564.8	504.3	-10.7
Italy	705.1	492.1	-30.2
Netherlands	522.0	411.9	-21.1

Source: Textile Ministry.

Table 2. Inter-Country comparative average hourly wage in the RMG industry

No	Country	Wage / Hour (US $)
1	Germany	25.00
2	USA	16.00
3	Mexico	2.40
4	Poland	1.40
5	Sri Lanka	0.45
6	China	0.50
7	India	0.35
8	Indonesia	0.40
9	Nepal	0.30
10	Bangladesh	0.15
11	Vietnam	0.85
12	Turkey	7.3
13	Pakistan	0.41
14	Cambodia	0.32
15	Thailand	1.75
16	South Korea	5.00

Source: The Financial Express, Dhaka, 15 June 1995 and VINATEX and Türk Harb-İş Sendikası, May 2005, Cambodian Ministry of Commerce; USITC (2004) and Source: Islam S. (2001). The Textile and clothing Industry of Bangladesh in a changing World Economy; Cambodian Ministry of Commerce, 2007

5. Data Analysis

With the result of depth interview with the expert in garments industry of Bangladesh following satisfaction model prepared. To test the Hypothesis 1, linear regression analysis was conducted. The result of regression analysis (Table 3) with significant level (p=0.000) indicate there is strong relationship between 10 factors and overall satisfaction. 14.70% of variation at overall satisfaction can be concluded.

Table 3. Relationship between ten factors and overall satisfaction of customer

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.417	.174	.147	1.2359

ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	97.478	10	9.748	6.382	.000
	Residual	462.805	303	1.527		
	Total	560.283	313			

a. Predictors: (Constant), REFERRAL, PRODSEC, AQL, QUAPROD, SERVICE, SHIPMENT, SAMPLE, LEAD, EXPERTIS, PRODCOST.
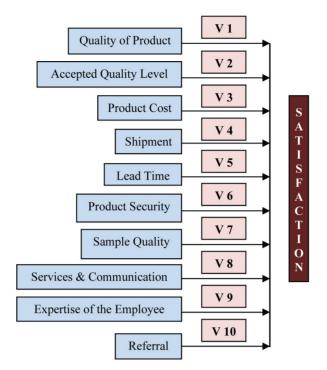
b. Dependent Variable: OSTIF.

Figure 4. Satisfaction model of garments industry of Bangladesh

Factor investigation has been executed to identify the key magnitude affecting customer satisfaction of garments factory. The respondent ratings are focus to principle axis factoring with Varimax rotation to reduce potential multi-collinearity among the variables and to improve reliability on the data. Ten factors are concise to three factors dimensions which explained 57.512% of the overall variance demonstrating that the variance of innovative values is well confined by these three factors.

Table 4. KMO and Bartlett's test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy		.803
Bartlett's Test of Sphericity	Approx. Chi-Square	637.509
	df	45
	Sig.	.000

From the Table 4, it is observed that KMO is .083 that is more than the required value of .083. It indicates that there is no error in 80.30% of the sample and in the residual 19.70%, there may be some sort of error. Barlett's test of puerility indicates that potency of relationship among variables is strong. It designates good idea to ensue to factor analysis for the data.

H₂: In attendance the considerable indifference of all the factors upsetting customer satisfaction of garments factory of Bangladesh.

H₃: In attendance the considerable difference of all the factors upsetting customer satisfaction of garments factory of Bangladesh.

Chi-square test value is (637.509 with significance level .000) signifies the rejection of hypothesis 2 **(H₂)**. It indicates that there is a considerable difference between the factors which affecting customer satisfaction of garments factory of Bangladesh. The variance being shared or common by other statements indicated with the Communality of each statement. It is noticed that the communality of each variable, V1 to V10 is 1.0 through the communalities (the appendix).

According to the table 5, the Eigen values for the factors are, as anticipated, in declining order of extent as going

from Factor or Component 1 to Factor or Component 10.

Eigen values for a factor designates the total variance attributed for each factor. The total variance accounted for all 10 factors is 10, which is equal to the number of variables.

The Eigen value of Factor 1, Factor 2, and Factor 3 are consecutively 3.328, 1.349 and 1.074, which is more than the obligatory value of 1.

Table 5. Total variance explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	3.328	33.282	33.282	3.328	33.282	33.282	2.105	21.055	21.055
2	1.349	13.487	46.769	1.349	13.487	46.769	1.919	19.190	40.245
3	1.074	10.744	57.512	1.074	10.744	57.512	1.727	17.267	57.512
4	.803	8.033	65.545						
5	.718	7.184	72.730						
6	.699	6.986	79.715						
7	.562	5.617	85.332						
8	.530	5.305	90.637						
9	.477	4.775	95.411						
10	.459	4.589	100.000						

Note: Extraction Method: Principal Component Analysis

Factor 1 stands for a variance of 3.328 which means 33.28% of the Total Variances.

Factor 2 stands for a variance of 1.349 which means 13.49% of the Total Variances.

Factor 3 stands for a variance of 1.074which means 10.74% of the Total Variances.

The10 variables are now condensed to 3 Components or Factors donating 57.512% of the Total Variance, which defines that these 3 factors are much closed to the required level of 60% cumulative variance.

Researcher can just envisage 3 Factors are condensed with Eigen value greater than 1.000 according to the Scree Plot (the Appendix). Tables 6 specify the factors loadings for each variable on the unrotated components or factors. Each number communicates to the correlation between the item and the unrotated factor.

This correlation facilitates to prepare and interpretation of the factors or components. Widespread thread among the variables that have hefty loadings for a meticulous factor or components is made to get termination.

Table 6. Component matrix

	Component		
	1	2	3
QUAPROD	.465	-.490	.269
AQL	.556	-.429	.147
PRODCOST	.655	-.423	-.107
SHIPMENT	.633	-.377	-7.857E-02
LEAD	.604	.184	-.341
PRODSEC	.594	.121	-.529
SAMPLE	.571	.378	-.282
SERVICE	.567	.341	.113
EXPERTIS	.532	.500	.385
REFERRAL	.570	.215	.571

Note: Extraction Method: Principal Component Analysis (a 3 components extracted)

Table 7. Rotated component matrix

	Component		
	1	2	3
QUAPROD	**.707**	-8.044E-02	.147
AQL	**.698**	8.352E-02	.144
PRODCOST	**.714**	.329	2.761E-02
SHIPMENT	**.670**	.311	6.029E-02
LEAD	.180	**.673**	.176
PRODSEC	.192	**.781**	1.056E-02
SAMPLE	1.973E-02	**.675**	.305
SERVICE	.108	.373	**.547**
EXPERTIS	7.687E-03	.209	**.799**
REFERRAL	.280	1.033E-04	**.786**

Note: Extraction Method: Principal Component Analysis. Rotation Method: Varimax with Kaiser Normalizati (A Rotation converged in 6 iterations)

It is observed that several items with large loading on the unrotated factors, which make difficult interpretation. The correlation value of each variable for factor 1, 2 and 3 are more than required value (0.30) according to Table 6 which is difficult to draw the conclusion on variables. Rotated solution can be helpful to resolve the problem aroused. The Table 7 which is rotated factor matrix makes it simple for captivating decision.

Factor 1 has profound relationship with variable 1, 2, 3 and 4;

Factor 2 has profound relationship with variable 5, 6 and 7;

Factor 3 has profound relationship with variable 8, 9 and 10.

After analyzing Table 8, factors can be categorized depending upon the factor loadings with highest loading of variable.

Table 8. Factors

Factor 1:
•   V1: Quality of Product Manufactured by the Factory
•   V2: Accepted Quality Level Assured by the Factory
•   V3: Production Cost Offered by the Factory
•   V4: On time (Experienced) Shipment of the Factory
Factor 2:
•   V5: Standard Lead Time Offered by the Factory
•   V6: Measurement of Product Security Offered by the Factory
•   V7: Proper Sampling Ensured by the Factory
Factor 3:
•   V8: Service and Communication with the Employee of the Factory
•   V9: Expertise of the Employee of the Factory to Resolve Problem Arose
•   V10: Referral of the Factory to others

Factor 1 includes Quality of Product Manufactured by the Factory, Accepted Quality Level Assured by the Factory, Production Cost Offered by the Factory and on time (Experienced) Shipment of the Factory. Factor 2 includes Standard Lead Time Offered by the Factory, Measurement of Product Security Offered by the Factory and Proper Sampling Ensured by the Factory and Factor 3 includes Service and Communication with the Employee of the Factory, Expertise of the Employee of the Factory to Resolve Problem Arose and Referral of the Factory to others. Nevertheless, it is noticed that customers are more influenced respectively by the Expertise of the Employee of the Factory to Resolve Problem Arose, Referral of the Factory, Measurement of Product Security Offered by the Factory, Production Cost Offered by the Factory and Quality of Product Manufactured by the Factory.

6. Conclusions and Recommendations

As we observed and the entire statistics already illustrated that the Bangladesh Labor Cost is astonishingly very

low all over the world which ultimately ensure the minimized product cost, so that the Foreign Buyers (Customers) are attracted by the Bangladesh Manufacturer drastically. Without this, the Bangladesh Product (Garments) Quality is up to the mark which is by now proven by the several standards like ISO, WRAP etc. Now a day Local Authority is seriously functioning and monitoring to maintain the proper lead time and on time shipment which are also giving the contentment to the Customers.

On the contrary, Most Customers of garments industry of Bangladesh are more aware about expertise of the Employee of the Factory to resolve their Problem Arose, Referral of the Factory, Measurement of Product Security Offered by the Factory, Production Cost Offered by the Factory and Quality of Product Manufactured by the Factory. More emphasis on appointing expert employee and arrange workshop or on training is needed to make the employee more fitting to handle customer requirements and expectation, while Customer is also more influenced with the reference of other people. Extensive effort is needed to develop good image of garments industry of Bangladesh toward the customers and potential customers or other referral groups. Newly developed technology and techniques should be included to reduce production cost and ensure product security measurement.
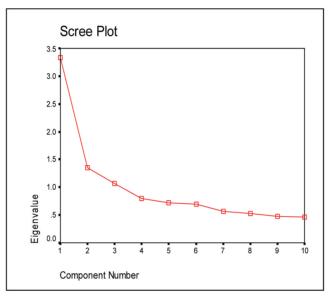
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Appendix

Communalities

	Initial	Extraction
QUAPROD	1.000	.528
AQL	1.000	.514
PRODCOST	1.000	.619
SHIPMENT	1.000	.549
LEAD	1.000	.516
PRODSEC	1.000	.647
SAMPLE	1.000	.549
SERVICE	1.000	.450
EXPERTIS	1.000	.682
REFERRAL	1.000	.697

Extraction Method: Principal Component Analysis.

Questionnaire

No	Questions	Opinion Pole										
		Entirely Diverge	1	2	3	4	5	Impartial	7	8	9	Entirely Concur
1	Contentment for the Quality Products											
2	Gratification on AQL											
3	Contentment for the Production Cost											
4	Appreciation for on Time Shipment											
5	Comfortable Lead Time											
6	Awareness about Product Security											
7	Standardization of Sample Quality											
8	Merchandisers' Service Efficiency											
9	Expertise of Employee Activities											
10	Agreed to Enthusiastic Referral											
11	Overall Contentment											

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