The Effect of Service Quality on Appliance Sales in Iran (Case Study: B&O Co)

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ARTICLE INFO

Article history:
Received 25 September 2014
Accepted 15 December 2014
Available online 25 December 2014

Keywords:
quality, service quality.

ABSTRACT

Considering the short history of measuring service quality in service companies and organizations and demands of Islamic Azad University for recognizing the effective factors on increasing the customer satisfaction and its effect on improving the service quality and also lack of a fixed framework for increasing the service quality, the present study aims to determine the gap between the expectations and understandings of the customers based on Servoqual model so that university can step toward increasing the customer satisfaction and finally the earning quality. Independent variables of the present study include the reliability, responsibility, guarantee and empathy which are compared in two dimensions of expectations and understandings and includes the dependent variable of the earning quality. Research methodology is practical considering the objective and correlational descriptive in terms of data collection. The research population includes 950 customers and research sample includes 274 customer from B&O Co. The information bank of financial unit, books and professional journals and also interviews and Servoqual questionnaire were used to collect the data. Data were analyzed using t-test and it was defined that all the hypotheses were meaningful at 95% confidence level. Therefore, there was no difference between the Customer’ expectations and understandings in all dimensions. Then using the Pearson Correlation Coefficient, it was determined that there is a meaningful relationship between service and earning quality in B&O Co, Parand Branch.

INTRODUCTION

Considering the highly volatile current market, sanctions and also changes in customers’ behavior specially in service section, the importance of considering service quality and improving it has been clearly identified by the service providers. Competition is taking a new form everyday and organizations and services has to create competitive advantage in order to maintain their present condition and probably improve their condition in the market. Competition in service section is similar to the football league where the actors are like the football teams which are trying to collect more scores or in other words have more market share and if possible, outshine the rivals in the field and leave the field if their share is lower than the defined limit.

Servoql is a model comprising 22 different components which evaluate the service quality of an organization from five different dimensions including:
1. the appearance and facilities of the organization or physical dimensions
2. reliability of the offered services
3. responsibility of the organization
4. how to guarantee the service quality
5. sympathy with or understanding the customer

The model of analyzing the quality gap and Servoql scale can help the managers as a proper device to systematically recognize the deficiencies of service quality (Bayat and Alizade Sani, 2005, p. 21). The present study tries to show the gap between the perceptions and expectations of B&O in order to provide the condition for investigating the negative gap and removing it and if possible, changing it into the positive gap (exciting quality) and also provide customer satisfaction and higher brand credibility.

Statement of Problem and Significance of the Study:

In 1983, three researchers called Parasuraman, Zeithame and Berry did vast field studies on the service quality. They concluded that evaluating service quality compared to the product is much harder for the customers since customers do not evaluate the output based on a process but their evaluation is important all
over the service provision process. These researchers also mentioned that the factor which is used in evaluating the service quality can only be determined by the customers and other evaluations are in valid and unrelated. Parasuraman and colleagues invented a research instrument called Servqual to evaluate the five dimensions of service quality. This questionnaire is in fact including 22 pair components, half of which are related to the customers’ expectation level and the other half is related to their perception about services which is defined from the difference between the score of the related level: Service quality - perception - expectation (Zeithamel, 1996). Servqual has been widely used in private institutes and a limited number of state organization and has changed in light of the experimental and theoretical findings, a lot of usage was suggested for the instruments but the most important use of it is tracing the process of service quality of an organization which are obtained through the periodic measurement of the customers. On the other hand, servqual can be used in marketing studies for comparing a service or same services of the rivals and recognizing the higher or weak service quality dimension, the deficiencies are removed and services are continuously improved (Parasuraman et al., 1988).

Therefore, generally, it can be said that today all the organizations whether state or private need a type of performance evaluation system to develop, grow and stabilize in the competition to measure their efficiency and effectiveness of the organization plans, processes and human forces (Alvani, Reyhani, 2004). Considering the fact, the present research tries to use the servqual instrument in order to analyze the quality and quantity of the services provided B&O Co.

A review of concepts and definitions related to service quality:

**Service:**

Is an activity or advantage which one party offers to the other which is basically impalpable and does not include the ownership of something and the result can be a physical or non-physical product.

**Quality:**

It is the product conformity with the needs or features

**Service quality:**

Service is a process including a series of activities which naturally but not always happen in the interactions between the customers and staff or the physical sources or products or service providing services to be a solution for customers’ problems [5].

The reasons for providing higher quality service by the organizations are summarized below:

The necessity of considering service quality [9].

**Earning quality:**

The presence of proper condition for “handling the earnings” due to benefit conflict and also natural limitations of accounting including 1) deficiencies in prediction and future estimation and 2) the possibility of using different accounting methods which causes the difference between the real earning and the reported earnings of an enterprise.

Stability means the ability of an enterprise to maintain the earning in long run. In other words, the present earning can well illustrates the future earnings. Some defined earning quality as offering the correct events and economic affairs and some others tried to define service quality through investigating the relationship between the accruals and cash flow.

**Research Hypotheses:**

- there is a significant relationship between the service quality and earning quality in B&O Co
- there is a significant relationship between the customer expectations and offered services in B&O Co in terms of perceptible
• there is a significant relationship between the customer expectations and offered services in B&O Co in terms of reliability
• there is a significant relationship between the customer expectations and offered services in B&O Co in terms of response
• there is a significant relationship between the customer expectations and offered services in B&O Co in terms of guaranty
• there is a significant relationship between the customer expectations and offered services in B&O Co in terms of reliability in terms of sympathy

Methodology:
The present study is a practical and descriptive survey.

Participants:
Research population includes 100 customer of B&O Co from March to September in 2014. The probable multi-stage (clustering and stage) sampling was used and the questionnaire was completed by 80 customer.

Technical features of measuring instruments:
Validity:
In order to obtain the validity of the test in this research, the opinions and guidance of some scholars were used to remove the ambiguities and then factor analysis was used to test the content validity of the questionnaire which was at a proper level.

Reliability:
In general, the expectation questionnaire had the Alpha Cronbach of 89.1% and perception questionnaire had the reliability of 88.3% which shows the internal consistency of the questionnaire. In order to calculate the Cronbach alpha, first the variance of the scores for each question and then the questionnaire was calculated. Then the following formula was used to calculate alpha:

\[ \alpha = \frac{J}{J-1} \left( 1 - \frac{\sum s_j^2}{S^2} \right) \]

Data Analysis:
Paired t-test was used to analyze the data due to the following reasons:

T-test:
The aim of the test is to compare two independent mean which helps the researcher to make decision. Considering the hypotheses, t-test helps the researcher to decide about rejecting the null hypothesis that is no difference between two groups. Since no one can reject the hypothesis completely, therefore, the decision would be with error. Then the main issue is that the possibility of difference in two groups is same as the observed difference between the means of two groups.

Correlation Analysis:
Correlation analysis is an instrument to define the type and degree of relationship between a quantitative variable and another quantitative variable. Correlation coefficient is one of the variables used in defining correlation. Correlation coefficient shows the type of relation (direct or reverse). This coefficient is between 1 to -1 and in case of no relationship, it is zero.

Pearson Correlation Coefficient:
Since the measuring the variables is ordinal and the variables are qualitative, Pearson correlation coefficient was used. It is calculated as below:

\[ r_s = 1 - \frac{6 \sum d_i^2}{n(n^2 - 1)} \]

Where

The difference between two feature \( d_i \) =
\nNumber of pairs in sample
\nIt should be mentioned that the measurement was based on a Likert scale.

\[ H_0: \mu_s = 0 \]
\[ H_1: \mu_s \neq 0 \]
As it is seen above, for 80 data, the correlation coefficient is 79.9% which shows the correlation between service quality and earning quality.

**Results:**

The Servqual model was used in order to study the service quality in B&O Co of Parand. This model has five dimensions including 22 sub-components. First in order to define the condition of service quality the Servqual was used through the expectation and perception questionnaire. Customers select the options from low to very high to express their expectations and perceptions about the quality components. As the table analysis shows, B&O Co had positive gap in terms of three dimensions of probability, reliability and guarantee, that is the customers' perceptions has been more than their expectations and services had exciting quality for them but in terms of responsibility and sympathy they have been lagging behind customers' expectations.

**Suggestions:**

1. Continuous training of management teams
2. Enriching the staff
3. Installing the office automation
4. Annual targeting and rewarding the staff
5. Receiving global standard CRM from reliable universities
6. Intention to get higher rank among the regional branches
7. Empowering the unit networks and holding training courses

**REFERENCE**