The Survey Relationship between Service Quality, Customer Satisfaction, and Behavioral Intentions from Viewpoint of Customers in Arak Private Bank Branches

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Abstract: One of the biggest contemporary challenges of management in service industries is providing and maintaining customer satisfaction. Service quality and customer satisfaction have increasingly been identified as key factors in the battle for competitive differentiation and customer retention. Service quality brings many advantages to the company. It allows the company to differentiate itself from its competitors by increasing sales and market shares, providing opportunities for cross-selling, improving customer relations and thus, enhancing the corporate image. It results in the satisfaction and retention of customers and employees, thus reducing turnover rates. The purpose of this research is to survey relationship between service quality, customer satisfaction and behavioral intention in the private banks, to measure service quality we used an adaptation of the SERVQUAL scale. To test hypothesis used structural equation models and LISREL Software. Finally second and third hypothesis are accepted also research results suggest that dominant dimensions of Service Quality in the Private Bank Are: 1) Responsiveness., 2) Knowledge., 3) Tangibles and 4) Recovery.

Keywords: Service Quality, Customer Satisfaction, Behavioral Intentions

1. Introduction

In marketing contexts and activities, the concept of service quality and service satisfaction has been paid a lot of attention during the last decades. Marketing researchers have praised the advantages of satisfaction and quality and have named them as two criteria for competitive advantages of an organization, although the accurate nature of judgment of customers and the relationship between these two criteria are under a shadow of ambiguity. Tendency to offer high quality services has an important role in service industries such as insurance, banking, etc, because service quality is essential for existence and profitability of organizations. Nowadays, in fact, customer satisfaction and service quality are crucial affairs in most of service industries (1). Service quality may help an organization make it distinct among other organizations and achieve a stable competitive advantage. High service quality is a key factor for long-term profitability not only for service companies, but also for productive companies (2).

2. A definition of the subject

Service sector plays a very important role in modern economy. Recent news show that although productive sector in the USA lost its more than 40 job positions for 40 continuous months during the last three months of 2003, but service sector achieved a remarkable profit during the same period. Whereas, service sector has allocated 80 percent of national gross production in 2002 and has attracted about 80 percent of working power in the USA; so, the sector

has been paid a great attention. Consequently, service managers and academic researchers have focused their efforts to understand the perception of customers about service quality and to know more about the way through which, these perceptions change to customer satisfaction and behavioral intentions. According to this orientation, a great interest is expressed to comprehend such these important structures such as service quality, customer satisfaction and behavioral intentions.

Mirral and Kamakura have indicated that behavioral intentions may be accurate forecasting factors for behavior, or may not be such forecasters. But if they are supposed so, the structure and concept of behavioral intentions will be important for service providers. Specifically, whether customer saves its repetitive commercial relation and whether stays with company for a long time or not? (3).

Offering better services to customers repeats purchases and develops positive verbal advertisements toward potential customers. Another direct effect of service quality is to increase the capability of organization to offer services more efficiently and effectively, because the organization has understood requirements and demands of customers, so it has reduced or eliminated unnecessary services. More the efficiency and effectiveness of services, the higher profitability of organization (1). Customer satisfaction is another important aspect of service organizations and enjoys higher relationship with service quality. Improving the quality of services will increase

probability of customer satisfaction. Participating, saving customers, creating bilateral rewarding relationship (link) between service provider and user, increasing customer tolerance toward service problems and positive verbal advertisement to advertize the organization are behavioral results of increasing customer satisfaction. In banking industry, there is also a relationship between service quality and customer satisfaction. Now, bank managers know that providing high quality services for customers is essential for success and existence of banks in competitive environment of today. Increasing the number of private banks and ever-changing and high-competitive environment in which the banks provide their services, are the reasons for bank managers to change their conception about customer satisfaction and optimization of service quality. So, the researcher plans to consider the relationship between service quality, customer satisfaction and behavioral intentions in private banks in Arak.

3. Importance and necessity of research

Customer satisfaction is an explicit factor for a successful marketing, and includes suitability of customer intentions about a service or article and real function of that service or article which includes customer services too. The companies which are able to make their customers satisfied, will be able to change them to loyal customers and will provide the possibility for those customers to buy their requirements from them for a long term (4). It is approved according to studies about behavior of customers that providing customer satisfaction will gradually create a feeling of loyalty and reliance in customers toward the organization. A loyal customer not only refers to his/her favorable organization to enjoy services or to buy requirements more and more, but also acts as a double factor to advertize products and services, and plays an important role to promote the level of profitability and to improve the image of organization in opinion of potential customers by recommending relatives, friends and others. According to studies of a research center, it is defined that 90% of dissatisfy customers will never return to use products and services of that organization. Furthermore, any dissatisfy customer explains his/her problems with that organization for at least 9 other people and 13% of these people continue to tell the subject to more than 20 other ones. Thus, during a very short time, the number of dissatisfy customers increases; some of whom maybe have not even heard the name of unlucky organization. It is obvious that these people will not like to use products and services of mentioned organization (5).In a study about giving-up behavior of customers in service industries, it is

concluded that near 60 percent of interviewees who had stated that they would restrain themselves to refer to an organization due to bad imagination, have not referred really. Among whom, 25% pointed at imperfect basic preference, 19% pointed at not pleasant confrontation of workers, 10% pointed at lack of favorable reaction of organization to remove imperfection of previous services and 4% pointed at immoral behavior of service providers.mThe companies which have attracted a great share of loyal customers, have increased the level of profitability by various measures such as rate of repurchases, advertisement and oral recommendation for products and less intention to change provider of products. Based on this direct relationship between customer loyalty and profitability of organization, the main attention of many organizations is focused on provision of circumstances to increase loyalty and reliability of customers. Promotion of service quality is an intelligent effort in this direction.

4. A Review on Study Literature:

- Fornell and Wernerfelt have performed a study about the relationship between market share, service costs and customer satisfaction. They understood that investigating critique of customers and effective management of their complaints has an enormous impression to improve customer satisfaction (6). Expanded studies of Buzzell and Gale about the effect of marketing strategies on the profit have provided undeniable evidences about bilateral relationship between service quality and profitability of organization. The studies showed that organizations which enjoy the greatest level in return of equity (ROE), are those organizations which offer services in higher quality.

- Richheld and Sasser assessed the effect of withstanding against losing customers on profitability and defined the value to save more customers for different industries. The researchers showed that saving only 5% of customers will increase annual income of provider company as 25 to 85% (7).

- According to the model of Zeithaml & et al (1996) behavioral intentions can be defined by means of some criteria such as repurchase intention, oral advertisement, loyalty, plaintive behavior and prices. High service quality (in viewpoint of customer) will mostly result in desirable behavioral intentions, but low service quality will result in unpleasant behavioral intentions.

Table 1. According to performed studies, the effect of independent variable of service quality on dependent variable of customer satisfaction is classified as following:

Independent variable	Dependent variable	Relationship	Researchers	Year
Service quality	Customer satisfaction	Positive	Parasuraman & et al	1985
Service quality	Customer satisfaction	Positive	Parasuraman & et al	1988
Service quality	Customer satisfaction	Positive	Cronin & Taylor	1992
Service quality	Customer satisfaction	Positive	Peter & et al	1993
Service quality	Customer satisfaction	Positive	Rust & Oliver	1994
Service quality	Customer satisfaction	Positive	Lee & et al	2000
Service quality	Customer satisfaction	Positive	Sivadas & Baker-Prewitt	2000
Service quality	Customer satisfaction	Positive	Cronin & Taylor	2000
Service quality	Customer satisfaction	Positive	Brady & Robertson	2001
Service quality	Customer satisfaction	Positive	Caruana & Malta	2002
Service quality	Customer satisfaction	Positive	Arasli & et al	2005
Service quality	Customer satisfaction	Positive	Olorunniwo & et al	2006
Service quality	Customer satisfaction	Positive	Gonzalez & et al	2007
Service quality	Customer satisfaction	Positive	Lin & et al	2007

Table 2. The effect of independent variable of customer satisfaction on dependent variable of behavioral intentions is classified as following:

Independent variable	Dependent variable	Relationship	Researchers	Year
Customer satisfaction	Behavioral intentions	Positive	Zeithamel & et al	1996
Customer satisfaction	Behavioral intentions	Positive	Cronin & et al	2000
Customer satisfaction	Behavioral intentions	Positive	Guenzi & Pelloni	2004
Customer satisfaction	Behavioral intentions	Positive	Olorunniwo & et al	2006
Customer satisfaction	Behavioral intentions	Positive	Gonzalez & et al	2007

Zeithaml & et al (1996) emphasized that behavioral intentions will be observable when the customer decides to accompany the organization or leave it (8). Burton & et al (2003) concluded that the experience of customer is related to behavioral intentions. The more positive experience of customer, the higher probability of customer intention to reuse services (9)

5. Theoretical Framework of Research Model

Theoretical framework of this study is derived from the result of studies, some of which have been pointed in study literature.

6. Analytical Model of Research

Analytical model of research is a structural model including some latent variables and causal relationship between them. Each of these latent variables is described by indicators measured by auditing and asking customers. Required data to assess the model is collected by means of a questionnaire and the answers of customers who have been recently users of the bank services. The model, at last, is assessed by structural equations method in

which contemporary relationships between variables are considered in a causal framework.

7. Study Theories

Theory 1- Service quality has a direct effect on behavioral intentions.

Theory 2- Service quality has a direct effect on satisfaction.

Theory 3- Satisfaction has an indirect effect on behavioral intentions.

8. Study Method

Whereas, the goal of this study is to achieve the relationship between variables in a multi-variable model and their effect on customer satisfaction; so, the study is a correlation study, and is also a measuring study because data is collected by sampling among society to consider distribution of qualifications of statistical society. The goal of study is research-application. Statistical Society, Sample and Sampling Method: Statistical society in this study includes all customers of private banks in Arak. But because data collecting among the entire statistical society is actually impossible, a sample of statistical society was selected (even if possible, it was not

economical because of spent time, cost and other feasibilities). In this study, proportional classification sampling was the method to take sample. In this method, a random sample is selected in any sampling unit, proportional with the volume of unit. Indication guarantee according to qualifications as the base of classification of units is an advantage of this sampling method (10). Whereas, modeling methodology for structural equations is similar to some aspects of multi-variable regression to a great extent, it is possible to use definition principles of sample volume in multi-variable regression analysis to define sample volume in structural equation modeling (11). In multi-variable regression analysis the ratio of the number of samples (observations) to independent variables should not be less than 5. Otherwise, the results of regression equation will not be extendable. Proposed by Halinski & Feldt (1970) and Miller & Kunce (1973), the more conservative ratio is 10 observations for each independent variable and is (12).

In viewpoint of James Stevens, 15 observations for each forecasting variable in multi-regression analysis by ordinary the least standard squares method will be a good tiptoe principle (11). So, generally sample volume in modeling methodology of structural equations can be defined between 5 and 15 observations for each measured variable.   In which: 5q≤n≤15q. Where, q is the number of observed variables (indicators of questionnaire) and n is sample volume.

The questionnaire includes 19 indicators. So, if we consider even 10 observations for each indicator, at most 190 required samples will be calculated.

9. Data Collection Tool

A nameless questionnaire has been used to collect data for the goals of this study. The questionnaire is completed by customers of private banks in Arak. Study questions are set as the questions of questionnaire. Based on the main goal and designed questions and also replies to questions, each indicator of questionnaire is a step to provide main goal of study. The questionnaire includes 19 questions in this study.

10. Validity and Reliability of Measuring Tool

Regarding that international questionnaires – approved and used by well-known experts and researchers of marketing and management – are used to prepare the questionnaire of this study; so, the used questionnaire as the tool to collect information has enough validity and is valid. To be assured of validity of questionnaire, it was offered to some experts such as management and commercial professors and also supreme managers and experts in banks, whose opinion confirmed the validity of questionnaire.

The "reliability index" indicator was used to assess reliability of questionnaire, which amplitude was between zero and one. Reliability index equal with zero refers to unreliability and reliability index equal with one refers to complete reliability. Reliability is the rate of capability of a measuring tool to save stability during the time. The most important method for status scales (systematic) is Cronbach method or observation-meter method which is studied and offered by three researchers: Cronbach, Rajaratnam and Glazer, but it is known only in the name of Cronbach, and not only reveals an indicator to confirm measurement of groups and people, but also defines extendibility of these measures to other sizes (13). With initial distribution of 20 questionnaires, reliability index for questionnaire with 19 questions was calculated as 0.96. Regarding that the least reliability index for research questionnaires is 0.70, it is considered that the obtained Cronbach's Alpha is higher.

11. Data Analysis Method:

Current research model is represented in figure 1. The model is a structural model including some latent variables and causal relationship among them. Any of these latent variables are described by indicators, measured through auditing and asking customers. At last, two groups of index are assessed between latent variables in methodology of structural equations:

First: Gamma (γ) which refers to correlation coefficient between an exogenous latent variable and an endogenous latent variable.
Second: Beta (β) which refers to correlation coefficient between an endogenous latent variable and another endogenous latent variable. Moreover, T-Statistics which refers to significance of relationship between latent variables, will be calculated and achieved during analysis of structural equations.

If T-Statistics between two variables is greater than 1.96 in 95% reliability level, zero hypothesis is rejected which refers to no relationship between two latent variables, and substitute hypothesis is accepted which refers to significant relationship between two latent variables.

On the other hand, the measuring model describes the relationships between measured variables and latent variables used for approximate assessments. There are some indicators in measuring model for each latent variable.
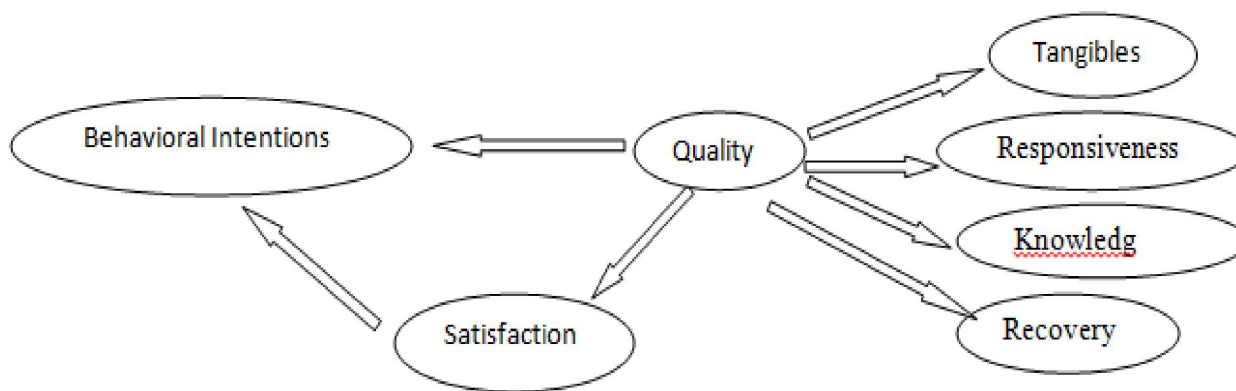
Figure 1. Analytical Model of Study

In methodology of structural equations, coefficient λ is evaluated for each indicator. The coefficient is λ_x for exogenous latent variables and is λ_y for endogenous latent variables and introduces effective load between indicator x and related exogenous latent variable. Effective load shows a ratio of variance of indicator x, described by related exogenous latent variable. On the other hand, λ_y introduces an effective load between indicator y and related endogenous latent variable. In addition, T-Statistics shows the significance of λ_x and λ_y. Figure 2 illustrates the measuring model and an assessment of study models.

12. Suitability of Study Model:

"Suitability" is fitness and efficiency of data for under examination model, namely if indicators of suitability show that the model is befitting, the data will be sufficient and enough to analyze and assess the relations in the model. During previous decade, various suitability tests are presented for structural equation models. Although different kinds of test, generally called suitability indicators, are being compared, developed and completed continually, but there is not yet any total agreement for even one optimum test and these indicators are classified by various methods (11). Table 1 shows suitability indicators for this study model.

13. Test of Study Theories:

As it was mentioned in analysis method of data, the theories of study are tested in methodology of structural equations and by means of Gamma.

Table 1. Suitability Indicators

Chi-Square	241.97
Root Mean Square Error of Approximation (RMSEA)	0.067
Normed Fit Index (NFI)	0.94
Non-Normed Fit Index (NNFI)	0.95
Comparative Fit Index (CFI)	0.96
Goodness of Fit Index (GFI)	0.86
Adjusted Goodness of Fit Index (AGFI)	0.83
$P < 0.05$	

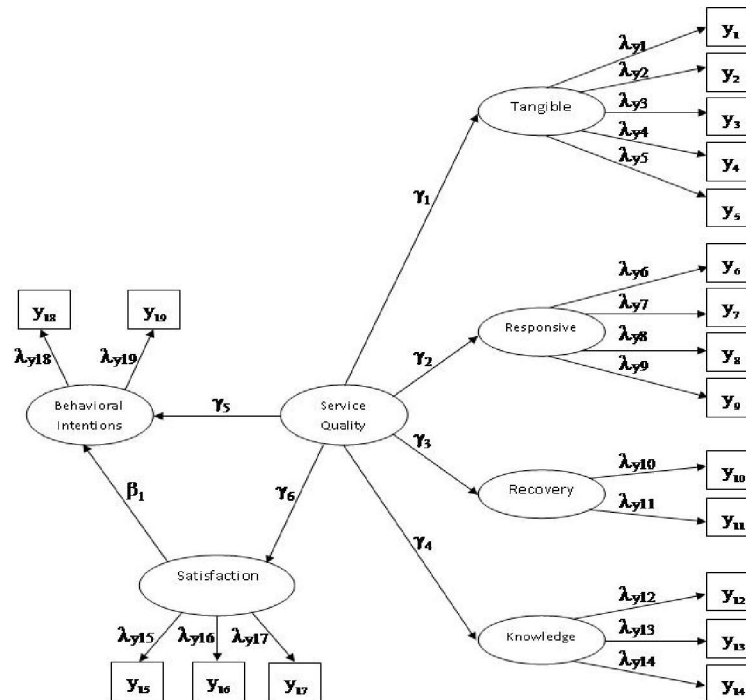| Theory	T-Statistics	Result
Service quality has direct effects on behavioral intentions	1.85	Rejected
Service quality has direct effects on satisfaction	2.09	Approved
Satisfaction has indirect effects on behavioral intentions	6.95	Approved

Figure 2. Structural and Measuring Model of Study

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