

## **Relative importance of Service Encounter Quality dimensions and customer Satisfaction in Meshkin City's Mellat Banks**

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### **Abstract**

In this correlation research, data has collected from 150 customers of Meshkin Shahr's Mellat banks by two questionnaires with study of variables. Service Encounter Quality a questionnaire has 17 items and customer Satisfaction has 4 items. All the reliability and validity of measures has examined. Questionnaires reliability was estimated by calculating Cronbach's Alpha via SPSS software that is shown in the table 2. We used Relative Importance method and Pearson Correlation to analyze the research hypothesis. The results show that four dimensions of Service Encounter Quality explained 15.5 percent of Customer Satisfaction users changes. Employees Friendliness and Competence dimension have the highest priority and the Employees Civility dimension has the lowest priority. Professionalism dimension have 2.9 percent, Civility dimension have 1.6 percent, Friendliness dimension have 5.5 percent, Competence dimension have 5.5 percent relative weights. The findings of research show that there is a relationship between Service Encounter Quality dimensions and Customer Satisfaction. And, also these dimensions have the most relative weight influence on Customer Satisfaction in comparison other Service Encounter Quality dimensions.

*Keywords: Service Encounter Quality, Professionalism, Civility, Friendliness, Competence, Customer Satisfaction*

### **Introduction**

The service sector has seen dramatic growth over the years, to the extent that its contribution to global GNP exceeds that of all other sectors combined (The World Bank 2004). Service quality is an important element in services marketing. The service quality framework varies from service to service, as services are heterogeneous. Researchers argue that the distinctive nature of services requires a distinctive approach in defining and measuring service quality. Researchers suggest that customers do not perceive quality in a unidimensional way (Zeithaml et al. 2008), but they perceive it as multidimensional and at multi-levels (Liu Chu-Mei 2005). Process quality is one of the important dimensions of service quality (Marley, Collier and Goldstein 2004).

Within the service quality domain, the importance of customers' perceptions of service encounters is increasingly recognized (Namasivayam & Hinkin 2003). In the words of Bitner et al (1994, p. 95), "from the customer's point of view, the most immediate evidence of service quality occurs in the service encounter or the „moment of truth“ when the customer interacts with the firm. Thus, one central goal in the pursuit of „zero defects“ in service is to work toward 100% flawless performance

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in service encounters”. Consequently, these encounters can become an integral part of the image that the customer has of the firm and, in turn, will play an influential role in determining the success of the firm (Bitner et al 1990). As Hartline et al (2003, p. 43) point out, customers “base their evaluations on their perceptions of the service encounter”, due to the inter-personal nature of services.

Bitran&Lojo (1993) explain that service encounters are not random events; they can be treated systematically. Scope is thus high for management control over the success or failure of specific service encounters. Accordingly, “the quality of the service encounter has been recognized as a key strategic competitive weapon” (Mattila&Enz 2002, p. 269).

A service encounter is defined as the period of time that a customer interacts with a service (Shostack, 1985). The definition of a service encounter is broad and includes a customer’s interaction with customer-contact employees, machines, automated systems, physical facilities, and any other service provider visible elements. On the Web, customers engage in service encounters with businesses by visiting their Web site, navigating through it, searching for product and service information, communicating with customer service representatives, and perhaps purchasing a product and/or service. Service Encounter Quality dimensions are:

- *Professionalism*: Focus on not being pushy (SEQ06, .874) and Focus on not being condescending in their communication (SEQ21, .918)
- *Civility*: Be coherent in their communication (SEQ17, .837) and Be courteous (SEQ37, .886)
- *Friendliness*: Show familiarity to you during the service encounter (SEQ34, .918) and Build a friendly relationship with you (SEQ35, .745)
- *Competence*: Be informative in their interaction (SEQ01, .938) and Be in possession of the necessary qualifications for conducting the required service (SEQ26, .765)

Researchers (e.g., Czepiel, 1990; Mohr &Bitner, 1995; Collier & Meyer, 1998) believe that the quality of the interaction between customers and service providers during the service encounter is important because it is at this level where customers judge the services provided to them. They also agree that a service encounter is composed of a *service outcome* (i.e., what the customer receives during the exchange) and the *process of service delivery* (i.e., the way through which the outcome is delivered to the customer). They maintain that customer satisfaction with service encounters, also known as *transaction satisfaction*, is a combination of the customer satisfaction with the service outcome and the customer satisfaction with the process of service delivery.

In other hand, the term service encounter refers to the contact situation between the service customer and the service provider. Service encounter has been described as “the face-to-face interaction between a buyer and a seller in a service setting” (Solomon et. al, 1985), and as “the dyadic interaction between a customer and a service provider” (Suprenant and Solomon, 1987). Both definitions highlight that the interaction between a service provider and a customer is a dyadic process involving two persons (or more), which depend upon the social and personal characteristic of each.

Many service situations, especially those termed “pure” services are characterized by a high degree of person-to-person interaction, such as medical services (Solomon et. al, 1985). This interaction component is essential to the determination of satisfaction with the service encounter, and very important for the evaluation of overall satisfaction with the service, especially for “pure” services. (Bianchi, 2001)

The expectancy disconfirmation model explains customer satisfaction through two processes: customer expectation creation and the disconfirmation of this expectation with provider performance comparisons (Oliver, 1993). However, this research has overlooked the *interaction* between customer and provider in determining customer satisfaction. According to Oliver (1993), satisfaction is an experiential phenomenon unique to the consumer, and differs service quality in that it is relative to situational expectations and involves non-quality dimensions. To address customer satisfaction it is necessary to assess the co-ordinated actions of both participants and one cannot predict customer satisfaction without considering their mutual understanding during the service encounter (Bianchi, 2001).

In one of the earliest studies of service encounters, Bitner and colleagues (1990) sought to identify the antecedents of customer satisfaction with service encounters in the airline, hotel, and restaurant industries from the customer’s perspective. They identify three major categories and 12 subcategories as antecedents of customer satisfaction with the airline, hotel, and restaurant industries. These categories were tested for robustness and validity across different industries: auto care/repair, financial services, educational services, health care, real estate (Gremler&Bitner, 1992), retail setting (Kelley et al., 1993), information technology help desks (Heckman &Guskey, 1998), and the gaming industry (Johnson, 1999).

**Table 1:** *Antecedents of Customer Satisfaction with Service Encounters (Bitner et al.,1990).*

Category	Subcategory
1. Employee response to service delivery system failures	A. Response to unavailable service B. Response to unreasonably slow service C. Response to other core service failures
2. Employee response to customer needs and requests	A. Response to "special needs" customers B. Response to customer preferences C. Response to admitted customer error D. Response to potentially disruptive others
3. Unprompted and unsolicited employee actions	A. Attention paid to customer B. Truly out-of-the-ordinary employee behavior C. Employee behaviors in the context of cultural norms D. Gestalt evaluation E. Performance under adverse circumstances

Subsequently, this study seeks to:

- (1) investigate the relationship between Service Encounter Quality and customer Satisfaction
- (2) investigate the relationship between Professionalism and customer Satisfaction
- (3) investigate the relationship between Civility and customer Satisfaction
- (4) investigate the relationship between Friendliness and customer Satisfaction
- (5) investigate the relationship between Competence and customer Satisfaction
- (6) Investigatethe relative importance of Service Encounter Quality in customer Satisfaction

**METHOD**

In this correlation research, data has collected from 150customers of MeshkinShahr’sMellat banks by two questionnaires with study of variables. Service Encounter Quality a questionnaire has17items and customer Satisfaction has4 items. All the reliability and validity of measures has examined. Questionnaires reliability was estimated by calculating Cronbach’s Alpha via SPSS software that is shown in the table 2.

Table 2.Results of questionnaires reliability

<b>Variables</b>	<b>Cronbach's Alpha</b>
Quality a questionnaire	0.789
customer Satisfaction	0.784

We used Relative Importance method and Pearson Correlation to analyze the research hypothesis.

Regression analyses are typically conducted to capture people’s decision policy. However, when inter-correlation among predictors exists (as is the case in this study), regression coefficients have long been judged inadequate to indicate the relative importance of a predictor because the impact of one predictor cannot be considered when holding the other predictors constant. Currently, there are two preferred methods for determining a predictor’s relative importance: Budescu’s dominance analysis and Johnson’s (2000, 2001) relative weights. According to Johnson and LeBreton (2004), both indices take a predictor’s direct effect and its effect when combined with other predictors into account, and both yield importance weights that represent the proportionate contribution each predictor makes to  $R^2$ . When they are used for analyzing the same data, both indices produce virtually the same results. Here, we computed Johnson’s relative weights per rater (expressed as proportions of  $R^2$ ) because they are easier to compute than Budescu’s dominance analysis.

**RESULTSAND CONCLUSION**

*1- Descriptive Analysis*

The data gathered from questionnaires shows that, sixty four percent are male and thirty six are female. 65.3 percent of responder is married and 34.7 are single. The responder’s degree is 4.7 percent MA or upper, 20 percent BA, 25.3 percent AD, and 20.7 percent DA and 29.3 percent have under DA degree. It means that the most of the customersdon’t have university degree. (Table 3)

Table3- Responders degree

Valid	Degree	Frequency	Percent
	Under DA	44	29.3
	DA	31	20.7
	AD	38	25.3
	BA	3	20
	MA or upper	7	4.7

	Total	155	100.0
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Table 4 shows customers' age of the responders. According to table 4, from the precedence point of view about 17.3percent of responders have less than 20 years' old, and 34 percent have between 21-30, 21.3 percent 31-40 and finally 27.3 percent have more than 41 years of managing experience.

Table 4- customers' age of the responders

Valid		Frequency	Percent
	Under 20	26	17.3
	21-30	51	34
	31-40	32	21.3
	More than 41	41	27.3
	Total	150	100.0

Table 5 shows customers experience of the responders. According to table 3, from the precedence point of view about 36.7 percent of responders have less than 2 years' customers experience, 30 percent have between 2-5, and finally 33.3 percent have more than 5 years of experience. It shows that customers with less experience are less than 5 years.

Table 5- customers Experience of the responders

Customers Experience			
		Frequency	Percent
Valid	<2	55	36.7
	2-5	45	30
	>5	50	33.3
Total		150	100.0

## 2- Hypothetical Analysis

Table 6, shows that the correlation coefficients between the independent and dependent variables.

As can be seen in the table 5:

- There is a significant relationship between Professionalism and customer Satisfaction at Mellat Bank with **0.206**.
- There is a significant relationship between Civility and customer Satisfaction at Mellat Bank with 0.210.
- There is a significant relationship between Friendliness and customer Satisfaction at Mellat Bank with 0.305.

- There is a significant relationship between Competence and customer Satisfaction at Mellat Bank with 0.267.

Table 6, correlation coefficients between the independent and dependent variables

Research Variables		Customer Satisfaction	Professionalism	Civility	Friendliness	Competence
Customer Satisfaction	Pearson Correlation	1.000				
	Sig	.				
	N	150				
Employees Professionalism	Pearson Correlation	.206**	1.000			
	Sig	.011	.			
	N	150	150			
Employees Civility	Pearson Correlation	.210 **	.304**	1.000		
	Sig	.010	.000	.		
	N	150	150	150		
Employees Friendliness	Pearson Correlation	.305**	.222**	.554**	1.000	
	Sig	.000	.006	.000	.	
	N	150	150	150	150	
Competence	Pearson Correlation	.267**	.025**	.138**	.242**	1.000
	Sig	.011	.762	.092	.003	.000
	N	150	150	150	150	150

The results of above table shows, that there is a correlation between the independent variables and also they have significant correlation dependent variable. Therefore, in such cases, using a method such as regression to find the net effect of Service Encounter Quality dimensions on the Customer Satisfaction is not suitable.

Given the correlation between the independent variables, we have calculated the combined effects and weighted share of Service Encounter Quality four dimensions in influencing to Customer Satisfaction with used of relative importance technique.

Table 6. Service Encounter Quality dimensions relative importance / weight to influence Customer Satisfaction with using Johnson model

Service Encounter Quality dimensions	Net weight of each variable	relative weight of each variable with 100%	N
Employees	2.9%	18.4%	150

( $R^2 \div$  Net weight of each variable)

Professionalism			
Employees Civility	1.6%	10.6%	150
Employees Friendliness	5.5%	35.7%	150
Employees Competence	5.5%	35.7%	150
Total	R <sup>2</sup> = 15.5%	100%	150

The results show that four dimensions of Service Encounter Quality explained 15.5 percent of Customer Satisfaction users changes. Employees Friendliness and Competence dimension have the highest priority and the Employees Civility dimension has the lowest priority. Professionalism dimension have 2.9 percent, Civility dimension have 1.6 percent, Friendliness dimension have 5.5 percent, Competence dimension have 5.5 percent relative weights.

The findings of research show that there is a relationship between Service Encounter Quality dimensions and Customer Satisfaction. And, also these dimensions have the most relative weight influence on Customer Satisfaction in comparison other Service Encounter Quality dimensions.

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