

A Study of the Impact of Customer Orientation on the Attraction of Service Market

Shahla Amiri,

Department of Management, Kangavar Branch, Islamic Azad University, Kangavar, Iran
Corresponding Author: Shahla_amiri2010@yahoo.com

MohamadReza Habibi

Department of Management, Payame Noor University, Tehran, Iran.

ABSTRACT – The present paper attempts to analyze customer orientation in Kermanshah private banks in 2013. Out of all bank branches, a total of 19 branches and 114 customers were selected by a simple randomized sampling method as a proper and reliable sample, and required data was analyzed by using SPSS software and questionnaire. This research is applied and performed in a descriptive-survey method. The study results indicated that employee's good behavior results in further attraction of customers and in turn positively influences their loyalty. In addition, effective organizational management policies and procedures and customers' satisfaction with such strategies can lead to a better understanding of service quality and constant loyalty to organization.

KEY WORDS: Customer Orientation; Service Market; Management Policies and Procedures; Service Quality

Introduction

In today's world where mass production of goods and services has led to increase in supply relative to demand, producers have realized that the only way to attract customers is to achieve their satisfaction. Also they have found that and it is no longer feasible to define the scope of market and supply by confined tools. Customer orientation and customer satisfaction are some of the most critical objectives of today's organizations (Ibrahimi Nejad & Schol, 2011:2). High quality service provision in community is feasible only by revising and generating some fundamental changes in the existing areas, especially human resource as the pillar of a firm which has a direct relationship with various strategies and attempts to achieve goals. Human resources in an organization are so critical that the smallest flaw in their provision, maintenance and development can lead to recession and disintegration (Qarmish & Mahmoudifar, 2006: 1-13).

1. Methodology

1.1. Previous Research

Commodity and service market is the first market formed by man. In such market, it is possible to enter cash and also to withdraw it easily. The factor determining the value of commodity and service is demand and supply. In market culture, the customer is an individual with ability and potential to purchase and to select proper service and goods (Haqiqat Talab, 2008). Customer orientation is production and supply of goods with an emphasis on achievement of customers' satisfaction through fulfilling their emotional, rational and applied requirements. Therefore, it is apparent that critical significance of customer is indispensable, and firm to achieve its desired objectives should make customers satisfied through the fulfillment of emotional, rational and applied needs of this group of people (Ravazeh, et al; 2009). Service quality is one measure to determine effectiveness. Quality is a factor to fulfill customers' requirements and obligations and to control interchangeability of a firm which is presented to customers. Also, quality is an adaptation to customers' requirements (Daniali, et al; 2011). Nowadays, the critical factor influencing success of firms in implementation of customer orientation is management policies and procedures adopted by a firm including robust belief in the role and position of clients in job survival and continuance, the attraction of customer-oriented employees, continuous education and finally application of up-to-date technologies. Notably, electronic systems are able to facilitate relationship between banks and customers and also to accelerate service accessibility. Quick service provision in both physical and virtual aspects is one of the most critical facilities in electronic bank systems (Samadi Pour Mahmoudi, 2010). Daniali & Mardani (2009) in their study indicated that there is a significant relationship between quality management indices (customer orientation, critical participation and continuous improvement) and three types of organizational commitments (affective, rational and emotional commitment) proposed by Mier and Allan. Ebrahimi Nejad & Schol (2011) in a study entitled the relationship between business ethics and customer orientation found that there is a positive and significant relationship between business ethics and customer orientation. Sunni & et al (2004) in their study considered six structures including perceptible (appearance or physical conditions, equipment and personnel), content (suitability of product or service), attitude (understanding customer, willingness to provide service, preparedness and social behavior, transfer method (product

support or customization services provided to customers by product or service manufacturers, mutual trust (ability to provide customers with the desired service in an independent and accurate manner), and eligibility (taking privilege of knowledge and skills required to provide service) as the main requirements of internal and external customers. Kengbon et al., (2007) in a study showed that the implementation of national quality management results in the enhancement of group work, customer orientation and job satisfaction of employees in an organization. It is clearly known that there is a direct relationship between customer satisfaction and loyalty, and capital return, sale profit, market stock growth, bank stock price growth, and reduction in costs. Since there has been done little work on private banks and institutions as there are newly established, the present paper seeks to analyze customer orientation in Kermanshah private banks in 2013.

1.2 Hypotheses

This research is an applied and descriptive-survey study. The main objective in an applied research is to acquire necessary understanding and knowledge to determine an instrument by which a determined need could be eliminated (Tabibi et al; 2009, pp. 118-119). The study population is composed of 114 customers out of 19 private bank branches selected in Kermanshah. A simple randomized sampling method is used in the study, and a questionnaire is used to collect data. The measurement scale per item in the relevant questions is Likert Scale. In the present study, to revise and confirm the questionnaire, the opinions of scholars involved in this field are utilized.

The study has three assumptions as follows:

- 1 -Customer’s satisfaction with behavior of employees has a significant and positive impact on perceptions of customer from the quality of service provision
- 2 -Customer’s satisfaction with management policies and procedures significantly and positively impacts customer’s perception of service quality
- 3 -A consistency between service and customer’s demands and requirements has a positive significant impact on customers’ satisfaction with service

1.3. Research Method

Data analysis in the present study is done in an inferential level and appropriate statistical tests are applied. In the present study, to examine the assumptions, t-test is applied. Therefore, the assumption are confirmed or rejected based on $\alpha= 0.05$. To analyze data and the impact of the variables, SPSS software is used. To examine the normality of the questions, the Kolmogorov-Smirnov test is applied which on the basis of SPSS output, the assumed normality of the variables distribution is accepted at $\alpha= 0.05$.

1.4. Hypotheses Testing

Hypotheses 1: customer satisfaction with the behavior of employees significantly impacts customer’s perception of service quality. The results from the assumption t-test indicate that the average score in the sub-scale of employees’ behavior is 22.38. As the significance level obtained in Table (1-4) is 0.00, it could be concluded that proper employee’s behavior plays significant roles in attracting customers and making customers loyal to bank; therefore, the above assumption is confirmed.

Table 1 t-test for the first hypothesis

Index variable	Number	Mean	T	Freedom Degree	Significance Level	Mean Error	Standard Deviation	Lower Bound	Upper Bound
Employee’s Behavior	114	23.48	30.117	113	0.00	0.74	7.93	20.913	23.858

Hypotheses 2: customer satisfaction with management’s policies and procedures has a significant and positive impact on customer’s perception of service quality.

Based on Table (2-4) the mean obtained in the sub-scale of management policies and procedures is 11.04. Since the significance level obtained in Table (2-4) is 0.00, it could be concluded that policies and procedures of firm’s management can significantly and positively impact customers’ satisfaction with service quality. Therefore, the above assumption is confirmed.

Table 2 T-test for the second assumption

Index variable	Number	Mean	T	Freedom Degree	Significance Level	Mean Error	Standard Deviation	Lower Bound	Upper Bound
Employee’s Behavior	114	11.04	36.60	113	0.00	11.04	3.22	10.44	11.64

Hypotheses 3: the consistency between service and customer’s demands and requirements has a positive and significant impact on customers’ satisfaction with service provided. Based on the results obtained from Table (3-4), it could be said that the mean of the consistency between service and customer’s demands and requirements is 7.3947. As the significance level obtained in Table 3-4 is 0.00, it could be concluded that banks which provide customers with higher quality service are more successful than other banks in attracting new customers.

Table 3 T-test for the third assumption

Index variable	Number	Mean	T	Freedom Degree	Significanc e Level	Mean Error	Standard Deviation	Lower Bound	Upper Bound
Employee's Behavior	114	7.3947	34.63	113	0.00	7.39	2.279	6.97	7.81

Conclusion

In the present study, three assumptions are presented which their results are as follows:

The first assumption claimed that customer satisfaction can influence customers' perception of the service quality of private banks. According to the results obtained, it was indicated that employees' behavior can attract or repel customers. Employees' good behavior toward customers can result in the further attraction of new customers and persistence of customers' loyalty to bank. Consequently, more benefit is generated (value generation) by lower costs, so that maintaining old customers can double obtainable profits and it is valuable as a highly profitable marketing source. The second assumption reinstates that customer satisfaction with management's policies and procedures has a significant and positive impact on customer's perception of service quality. The results from the data analysis indicated that the policies and procedures adopted by private banks managers and their management method can play significant roles in the attraction of customers in such banks. Therefore, the policies and procedures adopted by managers can enhance the quality of service provided for customers, and in turn they can achieve a better understanding of the quality of services provided. The management policies and processes can bring about successful results only when a firm first takes actions to establish a mutual trustable relationship with customer, and also understand role and position of customer and client in survival and continuance of firm. And one of the most significant factors which should be taken into account in management policies are use of electronic technologies, so that the existence of electronic systems in a bank can facilitate relationship with customers and result in a faster accessibility to service. The third assumption claimed that the consistency between service and customer's demands and requirements has a positive and significant impact on customers' satisfaction with service provided. Based on the results, it was indicated that in private banks, due to the consistency between service and customer's demands and requirements, customers of private banks frequently use such bank services. So when service provided for customers is in consistency with customers' needs, banks can attract more customers and are able to better make them loyal.

References

1. Daniali DehHouz, M., Khabiri, M., Mardani, A; Ansari, M., Rahmani, H; 2009. "A study of national quality management indices higher educations of private sectors"; Business management, 68:45.
2. Daniali DehHouz, M., Khabiri, M., Mardani, A; Ansari, M., Rahmani, H; 2011. "A case study the relationship between customer orientation, national quality management and organizational commitment proposed by Mier Allan"; Izeh Islamic Azad University; Beyond Management; Fall 18(5), 53-79.
3. Dikouva, A.Berrio. Janet L Henderson., 1998. "Assessing customer orientation in public, non-profit organizations": A profit of OHIO State University Extension, Journal of Agricultural Education, and vol. 39. No. 4, pp.11-15.
4. Ebrahiminejad, M.Schol, A., 2002. "A study of the relationship between good business ethics and customer orientation (Kashi Almas Kavor Co.
5. Haqiqat Talab, M; 2009". Psychology Techniques, Almas Danesh Publication Center. Summer".
6. Latifi Farmish, K., Mahmoudifar, Y; 2007. "A comparison of Takrim Plan Content and principles of customer orientation"; Health Management Scientific & Research Quarterly; Serial No. 9; 70(26).
7. Maqsudi, M, H., 2002. "the relationship between customer satisfaction and effectiveness of processes", Proceedings of the Fourth Conference of Quality Managers
8. Ravazeh, A I, Hamidi, M., Khabiri, M., 2009. "A study & analysis of customer orientation management in Olympic & Paralympic National Academy"; Journal of Physical Education and Sports Science (2nd Year, Issue 6)
9. Taiebi, J; 2001".National quality management in health & treatment system"; 1stEd., electronic and notification throughout the world.
10. Venus, D., Safai'ian, M., 2002. "The applied methods of bank marketing and service for Iranian banks", Negah Danesh Publications.