

The Relationship Between Employees' Readiness to Provide Service and Customer's Satisfaction in Pasargad Bank

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Abstract

This study examined the relationship between employee's readiness to provide service and customer satisfaction in Pasargad Bank was declared in 2014. A population of 137 customers of Bank Pasargad was considered who opened an account in 2014; the sample size was determined by the Cochran formula and 95 respondents were collected by random sampling approach. A self-administrated questionnaire was used to collect data based on the existing literature to measure customer satisfaction and employee was prepared and the questions were designed according to existing components. The instrument reliability was confirmed by Cronbach's alpha. Similarly, content validity of instrument was also confirmed by relevant experts. Data analysis has been conducted by SPSS software using both descriptive and inferential tests including KS (Kolmogorov-Smirnov) and Pearson correlation test. The results indicated a significant correlation among all employee readiness (with dimensions of scientific, physical and psychological) to provide services and customer satisfaction in Pasargad Bank.

Key words: Employee readiness; Customer satisfaction; Banking industry; Correlation test

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INTRODUCTION

Today, we live in an environment that is increasingly moving towards service-based economy. Services no longer can be considered as a small part of the economy, but it is at the heart of value creation in the economy. Services are one of the most important parts of the country in which have grown considerably in the past decades and a large percentage of the production and economic issues are involved in "professional services". Service quality is referred to product or service readiness for user, which it requires the design quality, compliance, availability of location services (Koyotitz, 2013). Service quality is an issue of marketing that has attracted special attention. Understanding and measuring service quality is one of the management challenges in recent decades. Service quality is a key marketing tool to achieve competitive differentiation and to promote customer loyalty. In different industries, companies are seeking for being differentiated and retaining their customers through providing high quality services. A large number of efforts made to improve the skills of performance management. The efforts indicate that currently satisfaction, maintenance and improvement of loyalty, and enhancement of customer trust in organization is one of the most important factors in determining the success (Delkhah & Divandari, 2005). On the other hand, service quality has a direct influence on customer satisfaction. If service quality can satisfy the customers, it undoubtedly leads to productivity and growth of business. It should be noted that customer needs should be considered in the process of service delivery to achieve better results (Hussain et al., 2014). Given the fact that the most effective indicators of customer satisfaction in banks are: 1) costly and 2) due to legal limitations on the their utilization, it seems that the enhancement of employee readiness level in providing customer service can be seen as an low cost and controllable indicator; it would help to bank management for implementing more effective programs to gain competitive advantage. Hence, this study sought to

investigate the link between employee readiness for service delivery and customer satisfaction of Pasargard Bank.

1. LITERATURE REVIEW

In service engineering, service is defined as an activity that occurs between provider and recipient and changes the state of recipient (Kimita & Shimora, 2009). Following globalization, functional environment of banking industry has become more dynamic and competitive. Banks seeking competitive advantage have focused on the quality of their services so that the competition among banks in the market with same products, the quality of the service has become the major weapon of competition. Aggressive strategies adopted by both traditional and non-traditional institutions would lead to reducing customer. Hence, attraction of new customers is more important than keeping current one. Therefore, understanding customer perceptions of service quality is essential for banks. In other words, the first step to providing high quality services and satisfying customer is to recognize the dimensions of service quality and the importance of each dimensions of service as well as to analyze customer expectations and perceptions on each of dimension. Further, all organizations found that customer satisfaction depends on increasing the quality of goods and services; development of high quality goods and services is one of the main advantages of achieving customer satisfaction. Services include intangible activities and lead to satisfaction or interest but they would not lead to the ownership of anything (Ranjbarian, 2002). Considering customer satisfaction in order to measure and assess service quality, if the financial institutions are able to adapt themselves to it, can be an important factor in providing high quality services to customers. As wide revolutions have been occurred in banking industry, the analysis of service components in developing countries can lead to achieving valuable information in banking industry of other countries. The higher the level of welfare and the higher level of customer expectations, the higher level of quality in banks should serve as a survival factor, not a distinguishing competitive factor. Therefore, banks need to investigate their service quality and to identify their strengths and weaknesses in an attempt to be able to respond to their customer expectations. In addition, customer satisfaction has a significant and direct impact on the establishment of customer loyalty and is an antecedent of customer loyalty (Joe & Lai, 2015).

1.1 Service Quality Conceptualization

Different definitions have been proposed by authors regarding service quality as following:

Parasuraman et al.: Service quality is defined by the distinctions between customer expectations of provider performance and their evaluations of supplied services (China, 2008).

Koyottis: Service quality refers to the ready-to-use service which in turn requires the design quality, compliance, availability and fitness of service delivery place (Sayed Javadin, 2005). Fitz Simmons & Fitz Simmons: service quality is customer judgment about the reliability, responsiveness, reassurance, empathy and appearance (Fitz Simmons, 2003).

Gefan: Service quality is a mental interpretation of customers about service quality between what they want and what they actually receive (China, 2008).

1.2 Relationship Between Quality and Customer Satisfaction

Nouri Ok Kano is proposed a model in which the relationship between quality and customer satisfaction can be divided into three categories as follows:

A) The stated quality: attributes and characteristics which customer requests them from a supplier. This kind of quality is directly related to customer satisfaction.

B) The expected quality: the attributes which customer does not express them; because it is obvious that the attributes should be included in the good or service.

Lack of this kind of quality leads to extreme dissatisfaction, but providing it does not enhance the level of satisfaction.

C) Exciting quality: the attributes that customers have not expressed them and they have no expectations about them. However, when they observe the quality in the purchased product/service, they would be excited (Soltani, 1991).

Siro Stava and Cowell (2014) believed that the convenience and better social interactions in institutions would be affected by customer experience and satisfaction and implied on the importance of customer satisfaction using all available facilities. Given the importance of service delivery, research has indicated that there is a significant and positive relationship between service delivery and customer satisfaction. Service quality and customer satisfaction are important issues in marketing and management field. A number of studies have been conducted in the area of the two concepts, their measurement and relationships (Atafar & Shafiee, 2009). The following is a review of prior research:

Bnjlva (2011) measured the impact of customer satisfaction on service quality and found that service quality has a positive and significant impact on customer satisfaction. Jayaraman, Shanker, Hrvay (2010) investigated the effect of service quality on customer satisfaction in banking sector of Malaysia and revealed that service quality has a positive and significant impact on customer satisfaction. Sharp et al. (2008) seeks to determine the relationship between customer satisfaction and service quality and showed that this relationship has been established. Taleghani (2013) also conducted a research on the measurement of customer satisfaction with service quality provided by banks. Ghaffari et al. (2012) studied the relationship between service quality and

customer satisfaction in the banking industry. Their results indicated that perceptions of customer from electronic services has a positive impact on customer preferences rather than traditional services and also the customer perceptions of electronic service quality is higher than traditional service quality. Sadeghi and Nemati (2012) in their study of customer satisfaction models of electronic banking services, proposed seven factor including convenience, availability, reliability, security, usefulness, bank image, web site design (speed/design/content) as antecedents of customer satisfaction. Qasemzadeh, Mirklae and Amirnezhad (2011) examined customer satisfaction with service quality provided by the private and public pools in Amol. Their study showed that there is no significant difference in the level of satisfaction in public and private banks reflecting the growth and development of services in public pools in recent years and as a result, the level of customer satisfaction with public pools have been increased. Hosseini et al. (2010) measured service quality and its relationship with customer satisfaction in Tejarat Bank in which the results of their research supported their hypotheses.

Given the perceived importance of services provided by organizations in customer satisfaction, this study seeks to explain the relationship between service delivery and customer satisfaction implying on the readiness of employees as a driving force of services in organizations that has not been addressed in prior research. Hence, the main question of the research can be stated: is there a significant relationship between employee readiness and customer satisfaction? Then, according to the three major roles of personnel readiness to provide services, the following hypotheses are proposed:

H₀: There is a relationship between employee readiness to provide services and customer satisfaction in Pasargad Bank.

H₁. There is a relationship between scientific readiness of employees and customer satisfaction in Pasargad Bank.

H₂. There is a relationship between physical readiness of employees and customer satisfaction in Pasargad Bank.

H₃. There is a relationship between psychological readiness of employees and customer satisfaction in Pasargad Bank.

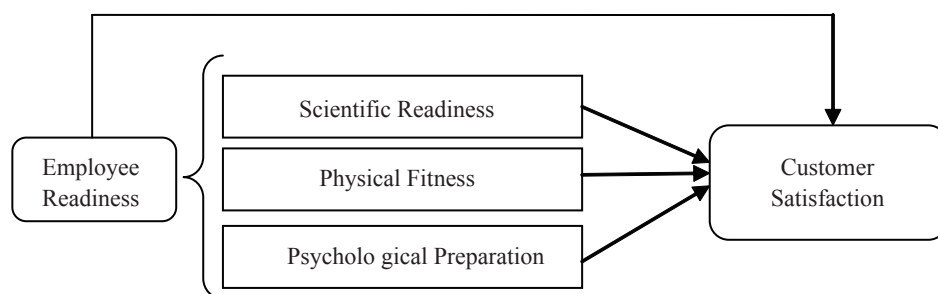


Figure 1
The Conceptual Model

2. RESEARCH METHODOLOGY

Current study examines the relationship between employee rediness to provide service and customer satisfaction in Pasargad Bank. Hence, the research is descriptive survey and correlation. Current study was conducted in Central Branch of Bank Pasargad in Tehran. Population was all new customers of Central Bank Pasargad. Sample was selected by simple random sampling. A simple random sample is usually employed in descriptive, correlational, and experimental surveys. The sample selection is based on the principle that all people are similar to each other or homogeneous (Hafeznia, 2005). In this study, the sample size was determined using Cochran formula.

$$n = \frac{\frac{t^2 \cdot p \cdot q}{d^2}}{1 + \frac{1}{N} \left(\frac{t^2 \cdot p \cdot q}{d^2} \right) - 1}$$

Where N is population size, n is sample size, and T value belongs to the normal distribution of Gauss curve, P indicates the percent of people who have surveyed

attributes of population, q is the percentage of people lacking the attributes, and d is difference in real ratio in population with researcher's estimation for that attribute in the population which the accuracy of sampling depends on it. In statistics we can provide inferences that are deterministic. The maximum value would be achieved if p=q=0.5. Thus, in the confidence level of 95% and error rate of 5%, sample size was calculated (according to population size of 137) size is 95 people.

$$p = q = .5 \quad d = \%5 \quad t = 1.96 \quad N = 137$$

$$n = \frac{\frac{1/96^2 \cdot 0.5 \cdot 0.5}{0.5^2}}{1 + \frac{1}{125} \left(\frac{1/96^2 \cdot 0.5 \cdot 0.5}{0.5^2} \right) - 1} = 95$$

Given the sample size of 95, a total of 100 questionnaires were distributed and finally, 95 questionnaires were collected. The data analysis was performed on 95 questionnaires. The validity and reliability of the instrument was confirmed.

3. FINDINGS

In this section, the frequency tables, graphs, central measures and deviation indices for variables are described.

3.1 Employees' Readiness in Service Delivery

Table 1
Mean and Standard Deviation of Employees' Readiness (n = 95)

Components	Mean	Standard deviation
Scientific Readiness	3.18	0.51
Physical Readiness	3.22	0.44
Psychological Readiness	3.28	0.45
Total	3.23	0.42

Descriptive statistics show that the mean of three components of "readiness of employees to provide services" is above mean value (3). The comparison of standard deviations indicated that the scores of "psychological readiness" component are higher than other components. These results have been shown in the following chart.

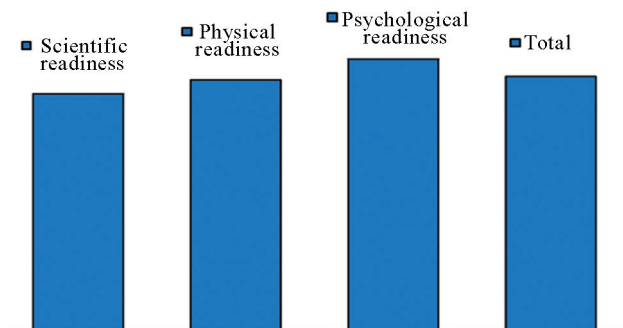


Figure 1
Comparison of the Components of Employees' Readiness

3.2 Customer Satisfaction

Table 2
Statistical Characteristics of Customer Satisfaction (n = 95)

Variable	Mean	Standard deviation	Skewness	Elongation
Customer Satisfaction	78.6	13.9	-0.37	0.08

The above results showed that respondents' mean score for customer satisfaction has been 78.6 with the standard deviation of 13.9. Low skewness and kurtosis coefficients represent a single exponential distribution.

4. NORMALIZATION

In order to assess data normality, Kolmogorov–Smirnov test was used. The summary of results is reflected in the below table. According to the above information, the significant level of variables is upper than 0.05. In other words, the data on the components employees' readiness and customer satisfaction follows a normal distribution.

Table 3
Summary KS Test (n = 95)

Variable	Statistic	Significant level
Scientific readiness	0.95	0.32
Physical readiness	0.75	0.63
Psychological readiness	0.89	0.41
Customer satisfaction	0.85	0.47

5. TESTING HYPOTHESES

In this section, each research hypotheses would be tested by statistical tests.

H1-1. There is a relationship between scientific readiness of employees and customer satisfaction in Pasargad Bank.

$$H_0 : \rho = 0$$

$$H_1 : \rho > 0$$

Given the normality of each variable, the first hypothesis was tested using Pearson correlation test. The results are summarized in the below table:

Table 4
Correlation Matrix Between Scientific Readiness and Customer Satisfaction (n = 95)

	Scientific readiness	Customer satisfaction
Scientific readiness	1	R=0.854 P=0.01
Customer satisfaction	R=0.854 P=0.01	1

As shown in the above table, the relationship between the two variables is significant at the level of 0.01. ($p = 0.01 \leq 0.05$, $r = 0.584$). Therefore, the null hypothesis is rejected at the confidence level of 99%. It can be concluded that the scientific readiness of employees and customer satisfaction in Pasargad Bank have a significant and positive correlation. The more scientific readiness of employees, the more customer satisfaction with Pasargad Bank.

H1-2. There is a relationship between physical readiness of employees and customer satisfaction in Pasargad Bank.

$$H_0 : \rho = 0$$

$$H_1 : \rho > 0$$

Given the normality of each variable, the second hypothesis was tested using Pearson correlation test. The results are summarized in the below table:

Table 5
Correlation Matrix Between Physical Readiness and Customer Satisfaction (n = 95)

	Physical readiness	Customer satisfaction
Physical readiness	1	R=0.502 P=0.01
Customer satisfaction	R=0.502 P=0.01	1

As shown in the above table, the relationship between the two variables is significant at the level of 0.01. ($p = 0.01 \leq 0.05$, $r = 0.502$). Therefore, the null hypothesis is rejected at the confidence level of 99%. It can be concluded that the physical readiness of employees and customer satisfaction in Pasargad Bank have a significant and positive correlation. The more physical readiness of employees, the more customer satisfaction with Pasargad Bank.

H1-3. There is a relationship between psychological readiness of employees and customer satisfaction in Pasargad Bank.

$$H_0 : \rho = 0$$

$$H_1 : \rho > 0$$

Given the normality of each variable, the third hypothesis was tested using Pearson correlation test. The results are summarized in the below table:

Table 6
Correlation Matrix Between Psychological Readiness and Customer Satisfaction (n = 95)

	Psychological readiness	Customer satisfaction
Psychological readiness	1	R=0.586 P=0.01
Customer satisfaction	R=0.586 P=0.01	1

As shown in the above table, the relationship between the two variables is significant at the level of 0.01. ($p=0.01 \leq 0.05$, $r=0.586$). Therefore, the null hypothesis is rejected at the confidence level of 99%. It can be concluded that the psychological readiness of employees and customer satisfaction in Pasargad Bank have a significant and positive correlation. The more psychological readiness of employees, the more customer satisfaction with Pasargad Bank.

DISCUSSION AND CONCLUSION

Overall, today's world includes various complexities that growth and development of economic system and banking industry confronted with multiple problems and bank managers at all levels as planners, organizers and leaders have been faced with are frequent challenges. Due to certain limitations of Iran, it is more difficult to use employees' readiness dimensions (scientific, physical and psychological) for achievement of customer satisfaction. In the next section, the obtained results would be interpreted. We found that there is a positive and significant relationship between scientific readiness of employees and customer satisfaction in Pasargad Bank (First hypothesis). The findings confirmed the relationship between scientific employee readiness to provide services and customer satisfaction. It is obvious that the employees who have more expert and technical information would be respond to the problems and ambiguities of bank customers. Our study revealed that there is a positive and significant

relationship between physical readiness of employees and customer satisfaction in Pasargad Bank (second hypothesis). According to the finding, the employee who has physical health would be exhausted later and is more efficient. Physical readiness is important for banks because of job nature and the extended amount of physical activities; hence, employee should have suitable physical readiness to respond effectively to the bank customers. Finally, we found that there is a positive and significant relationship between the psychological readiness of employees and customer satisfaction in Pasargad Bank. Psychological readiness focuses on providing high quality services in an attempt to make customers satisfied it should be noted that recently the expectations of customers have been grown. Finally, with respect to the confirmation of sub-hypotheses, it can be concluded that there are significant relationship between all aspects of employees' readiness (scientific, physical and psychological) to provide services and customer satisfaction with Pasargad Bank. Given to the extreme competition among public and private banks to attract more customers and achieve their loyalty and satisfaction, considering employees' readiness to provide services can lead to competitive advantage for the banks. It would help to survive in chaotic environment and to predict future changes.

MANAGERIAL IMPLICATIONS

As indicated, there was found significant relationships among the three dimensions of employees' readiness (including scientific, physical and psychological) to provide high quality services and customer satisfaction with the Pasargad Bank. Hence, the following implications are proposed to the bank managers. First, bank managers should select appropriate employees. That is, the selection should be based on the balance of scientific, physical and psychological readiness. Each new employee should have the three criteria for replacement in an attempt to satisfy customers. Second, detailed knowledge about customer needs would help to satisfy them by providing the services that can be met them (response to the needs in time). Third, employees with high readiness are flexible and they can enhance the efficiency of input sources to the banks. Fourth, bank managers should be flexible in variety and frequency of services in accordance with attending employees' abilities. Fifth, given the scientific, physical and psychological readiness of employees, bank managers should communicate and respond to implement appropriate slogan customer oriented. Sixth, managers can track and respond customer complaints from employees' readiness to reduce conflict. Seventh, bank managers should consider the items in which lead to the commitment and satisfaction of customers. Finally, due to the cost of attracting new customers, managers should try to maintain their customers. In this setting, we can

overcome the existing environment challenges. We should act actively not reaction. If we do not have a function, we have to wait for the system to influence and then we solve the problem. Of course, we would face with problem in the future.

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