

A Critical Review of Conceptual Framework of Service Quality

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Abstract – Presented paper incorporates the gist of extensive conceptual review for a deeper and clear insight in the construct and concept of service quality. Service quality is one of the most researched and lucrative concept of service market research, yet the bequest of the concept is repeatedly debated on certain dubious aspects. Different studies have used variety of overlapping models consisting diverse variables. In fact various terms like service perception, service performance and perceived service quality have been used irrelevantly leading more confusion. In fact there is felt a confusion regarding relevance of measuring service expectations to measure service quality. Such confusion herein addressed in the paper to provide a clearer insight for further researches. Also, the research paper elaborated the widely used and selected five models of service quality in simpler way.

Keywords: Service Quality, Service Expectations, Service Perception and Perceived Service Quality

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INTRODUCTION

World Development Indicators (WTO World Trade Report, 2011) indicate 71% share of services sector in global economy which is escalating at a faster rate than the agriculture and the manufacturing sectors. Furthermore, trade in services is emerging at a faster pace than trade in goods since the 1980s. In 2011, commercial services exports grew 11% to US\$ 4.1 trillion, major share of 29.82% coming from developing countries and 2.85% from transition economies (UNCTAD Handbook of Statistics 2012). At country level, service sector has crucial role in development respective economies. Services make a direct and significant contribution to GDP and job creation, and provides crucial inputs for the rest of the economy, thus having a noteworthy effect on the overall investment climate, which is a vital factor of growth and development. Some service sectors such as health, education, water and sanitation sectors are quite significant in achieving social development objectives. Services play an important role in economic as well as social development of a nation. With such an increasing dominance of services in economies; government, corporates and non-profit organizations have become more concerned about adopting strategic approaches in delivering services to customers and society.

Services and services sector of economy have evolved with consistently growing demand of various kind of services. To ease the life style of customers, service providers are finding newer and newer ways of delivering service benefits. Information technology has revolutionized the economic scenario worldwide. Service delivery processes has now become more customer oriented and comfortable to customers.

Another facet of growing demand is ever increasing competition among service providers. Service providers are finding it tough to attain and retain the customers. In present day cut throat competition, rendering quality service is a key factor for continuation and success in business (Parasuraman et al., 1985; Reichheld & Sasser, 1990; Zeithaml et al., 1990). Cronin and Taylor (1992, 1994), Teas (1993, 1994) and Zeithaml et al. (1996) observed an increasing dominance of service quality research by academia as well as centrifugal point of strategic formulation by service providing concerns.

On the other hand customers have become more informed and complex for marketers. They need to devise new strategies to overcome the competitors and meet customer expectation. Here come the rescuer 'service quality construct' which highly dominates the field of service marketing. Though there is no dearth in literature available in service quality, still there is an utmost requirement to frame the concept in a comprehensive and conclusive manner. Over the past thirty years, researchers have proposed numerous of service quality models. A quantum of studies so far have engrossed on general models (e.g., Cronin & Taylor, 1992; Grönroos, 1988; Parasuraman, Zeithaml, & Berry, 1988); others developed/revised models for particular industries (Aldlaigan & Buttle, 2002; Ko & Pastore, 2004; Lam & Zhang, 1999; Martinez Caro & Martinez Garcia, 2007). Although, service quality is an extensively researched construct but its discussion is not straightforward. Therefore presented paper attempts to outline the concept and construct of service quality in a greater and simpler form to motivate the academia and marketers. The concept is synthetic and any

attempt to discuss it involves the discussion of its components, i.e. service and quality.

UNDERSTANDING SERVICE AND ITS CHARACTERISTICS

Services are processes of activities aiming to provide solutions to customers' problems, with most of other characteristics of services are consequences of the process nature of service. (Gronroos, 2000; 2001). The majority of services are first sold and then simultaneously produced and consumed, very often requiring the physical presence of customers (Berry, 1999). The "inseparability" of production and consumption, prevents services from being subject to a predetermined quality control process or marketed in traditional ways (Gronroos, 2000).

In general services are a result of employee-customer encounters (Drew-Rosen et al., 2003), services are "heterogeneous" as the performance of a human being is not stable. Services are heterogeneous even when delivered through automated channels due to varying customer attitudes towards interacting with "machines".

Services are perceived as bundles containing the "core service" and the "service experience", i.e. "what" the service provides and "how" it is delivered, depending on front-line employees' interactions with customers, the organization and its facilities. A number of "peripheral" services facilitate the offering of the core service (Gronroos, 2000).

Fitzsimmons and Fitzsimmons (2001) define a service bundle as a package of goods and services consisting of supporting facilities, facilitating goods, and explicit services. Gummesson (2007) agrees that services are dynamic activities and processes, whereas 'goods' are static things.

Although certain tangible elements may be included, the essence of services is "intangibility" (Zeithaml et al., 1990) that leads customers to perceive services in subjective and often highly abstract ways (Gronroos, 2000). There are significant differences between services and manufactured goods (Fitzgerald, Johnston, Brignall, & Voss, 1993; Ghobadian, Speller, & Jones, 1994), there is a general consensus on distinctive characteristics of services in comparison of products leading peculiar marketing strategies to reach out service customers. Traits like intangibility, inconsistency, inseparability and perishability of services, notably poses challenges in meeting expected level of service delivery. Services are processes and performances which are necessarily intangible in contrast with product which can be observed with senses. This nature of services also bring in nature the inconsistency in customer delivered service experience. Being more an intangible act of employees, it cannot be separated from a service provider. Similarly, services cannot be stored for a prospective consumption like goods.

UNDERSTANDING THE CONCEPT OF SERVICE QUALITY

The American Society for Quality (www.asq.org/), in line with Feigenbaum (1983), views quality as "a subjective term for which each person has his or her own definition" while the international standard ISO 8402 (1994) defines quality as "the totality of characteristics of an entity (product, service, process, activity, system, organization, person) that bear on its ability to satisfy stated and/or implied needs".

The mission of defining quality is more complex in case of services. Services are intangible; this intangibility implies that the criteria for a flawless service are not only less specific than the criteria for a defect-free tangible good (Berry and Parasuraman, 1991) but also exceptionally composite and not easily identifiable. Marketers view service quality as the level needed to make the service acceptable in the market place and try to define service quality in advance.

On the other hand, customers make "during" and "after use" evaluations (Marwa, 2005) comparing the service delivered to them with their previous experiences (Gronroos, 1982, 1984; Lehtinen and Lehtinen, 1982; Lewis and Booms, 1983). The result of this comparison is perceived service quality (Gronroos, 1982; 1984; Takeuchi and Quelch, 1983; Parasuraman et al., 1985; 1988). Hence, services must conform to the wishes of customers rather than to any predetermined set of specifications (Berry et al., 1988). As Lewis (1993) put it, "there is no other fact or reality about service quality but what customers perceive about a service".

Service quality may also be defined as quality received or perceived. Service quality can be better understood as performance of service providers on set of standard promised as well as expected by the customers. The terms like service performance, service perception and perceived service quality actually meant as service quality received by the customers.

MEASUREMENT OF SERVICE QUALITY

For measurement of service quality, initially, in the first decade of conceptual development, two models namely Nordic Model and American Model subjugated the literature. Later on in 1990's some contemporary school of thought refined the traditional approached in to more comprehensive methodologies to measure service quality.

1. Nordic School of Thought

The Nordic approach based on early work of Grönroos (1984), proposes two service quality dimensions - functional quality and technical quality. Technical quality is what the consumers receive as a result of interaction with a service organization, while

functional quality is concerned with how consumers receive services. Technical quality and functional quality are antecedents of corporate image - the third dimension of the model (Grönroos, 1988). Further, following constituent of service quality were identified: (1) Professionalism and Skills, (2) Attitudes and Behavior, (3) Accessibility and Flexibility, (4) Reliability and Trustworthiness, (5) Recovery, and (6) Reputation and Credibility. Professionalism and skills are considered constituents of the technical quality, reputation and credibility as sub-elements of organizational image. Whereas, attitude and behavior, reliability and trustworthiness, recovery constitute the functional quality dimension of service quality.

Though the Nordic model provides conceptual foundation of the concept, Grönroos (2001) criticized the Nordic model for lacking operationalization as it does not help in measuring service quality. This is the major reason why empirical researchers do not follow much on this model of service quality.

However, the abovementioned criticism happens to be a foundation of school of thought on the concept. In the Nordic theory triggered the development of a discipline as opposed to theory acting as an antecedent to hypotheses-testing. It includes constant comparison between new and existing theory and, in certain instances, traditional theory testing (Grönroos & Gummesson, 1985).

2. American School of Thought

American approach service quality purposed by Parasuraman, Zeithaml and Berry (1985) has been researched in almost all kinds of services marketed. Majority of studies measured service quality on the basis of Reliability, Assurance, Tangibles, Empathy and Responsiveness (RATER) dimensions (Buttle, 1996).

In order to develop the SERVQUAL measurement scale, Parasuraman et al. (1988) formulated questions for rating a service on specific attributes reflecting the ten basic components. Consumers were asked to rate the service in terms of both expectations and performance. After analysing and grouping the data, the revised scale was administered to a second sample and questions were tested, with a result of a 22-question (item) scale now measuring five basic dimensions of reliability, responsiveness, empathy, assurance and tangibles, both on expectations and performance. In total, 44 questions were used to rate both expectations and performance (22 questions each). The components of reliability, tangibles and responsiveness remained distinct; the remaining seven components were absorbed into two dimensions - assurance and empathy. These five dimensions represent five conceptually distinct and interrelated facets of service quality (Asubonteng, McCleary, & Swan, 1996).

Although significant criticism of the SERVQUAL's theoretical and operational underpinnings has developed over the years (Andersson, 1992; Babakus & Mangold, 1992; Brady & Cronin, 2001; Buttle, 1996; Cronin & Taylor, 1992; Ekinci & Riley, 1998; Iacobucci, Grayson, & Omstrom, 1994; Martinez Garcia & Martinez Caro, 2010; Teas, 1993), the SERVQUAL model is aimed at understanding general elements of service quality that are common for various services and can be applied within different industries.

The aforementioned dimensions became the main criticism of the SERVQUAL model. Thus, a lack of discriminant validity between SERVQUAL's dimensions was identified by empirical studies, whereas content validity is not certain as the conceptual definitions of some dimensions overlap (Buttle, 1996). In terms of the content, the dimensions of 'empathy' and 'reliability' were found confusing, and also the dimension of 'reliability' was found to overlap with 'technical quality' offered by the Nordic model (Lapierre & Filiatrault, 1996). The dimensions of 'tangibles' and 'reliability' were supported to be distinct dimensions, however the rest of the dimensions represented a single dimension (Getty & Thompson, 1994). Some authors (Durvasula, Lysonski, & Mehta, 1999; Kang, 2006; Kang & James, 2004) suggested that SERVQUAL should be restructured into a model with two or three dimensions, as it would consider functional quality and, therefore, be a more adequate service quality model.

3. Contemporary School of Thought

SERVPERF Model:

Subsequent appraisal of the American model led to the rise of the SERVPERF model (Cronin and Taylor, 1992). Whereas the Nordic approach prompted the development of a three-component model (Rust and Oliver, 1994). Unlike SERVQUAL, SERVPERF is a performance-only measure of service quality and excludes consumer expectations due to them being consistently high. Cronin and Taylor (1992) suggested that long-term service quality attitudes are better reflected by performance-based measures only. They tested a performance-based measure of service quality in four industries and found that this measure explained more of the variance in an overall measure of service quality than SERVQUAL did. The new measurement SERVPERF model halved the number of items that must be measured (44 items to 22 items), making it easier to use.

Along with Cronin and Taylor (1992), who supported the theoretical superiority of the SERVPERF scale, the empirical study on the advertising industry by Quester and Romaniuk (1997) showed that SERVPERF outperformed one of the modifications of SERVQUAL measurement. Another reason that supported the SERVPERF is ever high expectation

customers. In contrast, customer also fails to ascertain the level of expectation in case high credence services. The two factors indicate wasteful measurement of customer expectations.

Three Component Model:

Work by Grönroos (1982) and Bitner (1992) became the basis for the three component model developed by Rust and Oliver (1994) (Figure 4). Its focus was the relationships that exist between service quality, service value and customer satisfaction.

Three distinct components - service product, service delivery and service environment - were proposed as essential elements of service quality. The service product element consists of what consumers get as a result of service (i.e., outcome) and also of the consumer's perception of the service. The service delivery element stands for the consumption process with any relevant events that occur during the service act. The service environment element represents the internal and external atmosphere in which a service takes place.

Five Component Model:

Though, all the model discussed have been instrumental in improving service marketing strategies, yet for a more comprehensive assessment Sureshchandar, Rajendran and Kamalanabhan (2001) purposed another five dimension model. This construct measures service quality on following five dynamics: (1) Core Product/ Service. (2) Human Elements of Service Delivery (3) Systemization (Non-human element) of service delivery (4) Tangibles of Services (5) Social Responsibility.

The core service refers to the essence of a service. In a service sector the service features offered are as important as how they are delivered. Human element of service delivery refers to all aspects (reliability, responsiveness, assurance empathy, moments of truth, critical incident and recovery) that will fall under the domain of the human element in the service delivery. The non-human element in the service delivery is in contrast to the human element. Service delivery processes should be perfectly standardized, streamlined, and simplified so that customers can receive the service without any hassles. The tangible of the service facility refers to the equipment, machinery, employee appearance etc., or the man-made physical environment, popularly known as the "servicescapes". The social responsibility is the obligation of organization management to make decision and take actions that will enhance the welfare and interests of society as well as the organization. When an organization shows enough evidence on its Social responsibility it is natural to attract more customers.

In present day marketing practices globally, importance of core services, automation and social responsibility cannot be overlooked, the same is true for life

insurance services. Therefore a customized scale was developed to measure the level of perceived service quality based upon the service quality model purposed by Sureshchandar et al. (2001).

CONCLUSION

A comprehensive review of starting from early work in 1980's to till date pin points towards a constant interest of academia and industry. Growing dominance of services over goods has ensured ample opportunities for marketers. Marketers are finding newer ways to deliver higher service quality to customers. Apart from providing functional and transactional quality, now focus is on multi- faceted service quality. All human elements like Reliability, Assurance, Tangibles, Empathy and Responsiveness (RATER), non- human elements like delivery processes, servicescapes all are together improve the level of service quality perception of customer. SERVQUAL and SERVPERF model to measure service quality has emerged with terms like service expectations and service performance which should be understood as customer expected service quality and customer perceived service quality. Traditional, Nordic and American School of thought have remarkable worked as foundation of many researches and service marketing constructs, but a substantive criticism led to improvement of these approaches in to more comprehensive and conclusive contemporary approaches. Though SERVQUAL continues to be favorite of researchers yet some of recent researches can be noticed being oriented towards contemporary models with increased emphasis on SERVPERF approach to measure customer delivered service quality. Prospective researches are advised to adopt an approach only after by proper investigation in existing literature and nature of service to be investigated.

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