

Chapter 3

Application of Service Quality Model and Its Marketing Implications: SME Context

ABSTRACT

In previous chapters, the authors explained small and medium size enterprises (SMEs) services and customer expectations in the context of a developing country. In this chapter, they focus on service quality, customer satisfaction and marketing implication especially in the context of SME. In order to address the service quality and customer satisfaction appropriately, qualitative research is conducted along with an extensive literature review. The study shows perceived service quality depends on functional and technical quality whereas service quality leads to customer satisfaction, and sometimes this relation is mediated through emotion. The study also reveals the value innovation factor as a moderator which strengthens the relationship between service quality and customer satisfaction in the context of SME. Details of the marketing implication have also been addressed appropriately in this chapter.

INTRODUCTION

The right way to start a discussion of service quality is to make an attempt first to differentiate service dimension from customer satisfaction dimension. Most scholars and researchers of services marketing agree that the term customer satisfaction is applicable for a short period, transaction specific measure, whereas service quality ensures through the long-term process and depends on firm's overall performance. A consistent set of satisfying experience can be built through providing the enterprise's high-quality service.

The theory of service quality significantly proposed from two globally renowned schools of service management, the American school view by Parasuraman et al., (1985); and the Nordic school view by Grönroos (1984). The Nordic school enlightens the service quality on two impactful dimensions as functional and technical quality. Whereas, the American school defines service quality or SERVQUAL on five dimensions. First one is 'Tangibles' that represent physical facilities, equipment, and appearance of personnel, second one is 'Reliability' that ensure ability to perform the promised service dependably and accurately, third one is 'Responsiveness' that shows the willingness to help customer and provide prompt service, fourth one is 'Assurance' that confirms knowledge and courtesy of employees and their ability to inspire trust and confidence, the next one is 'Empathy' that means caring and showing individualized attention the firm provides to its customers). Parasuraman et al., (1985) also mentioned the items of SERVQUAL that is a generic one helps to evaluate specific industries service quality. It is also worthy to say that issues of SERVQUAL may differ from one sector to another. Thus, SERVQUAL needs to study appropriately before introducing the factors in the context of the different industry. However, many studies have already been recorded where SERVQUAL instruments have been applied successfully (See Table 1).

This chapter proposing the service quality model particularly for Small and medium enterprises (SMEs), as the role of SMEs will become increasingly vital, not only as an enabler of growth by providing support to large firms but also plays a crucial role to develop a nation's economy in a significant way.

Grönroos (1984, 1990) also suggested a model that highlights the role of technical (or output) quality and functional (or process) quality as occurring before, and resulting in, outcome quality. In this model technical quality refers to what is finally delivered to the customer. For example, complete meal in a

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