

**A Study on the Relationship between Service Quality, Customer Satisfaction, Customer Loyalty
Employee Satisfaction and Employee Loyalty in Automotive Industry**

***Mrs. Janet Glory M C**

****Dr.D.Maria Ponreka**

*Assistant Professor, Department of Management Studies, Women's Christian College (Autonomous institution affiliated to university of Madras), Chennai

**Assistant Professor, Department of Business Administration, Sri Meenakshi Govt. Arts College for women (A), Madurai-625002

Abstract

The study is intended to examine the relationship between service quality, customer satisfaction, customer loyalty and employee satisfaction in automotive industry. It deals with the determination of service quality dimensions with reference to the customers and the employees. The research is carried out with the sample size 50. Primary and secondary method of data collection is followed in the research work. Descriptive research design and convenience sampling is adopted.

Keywords

Service, quality, customer, satisfaction, loyalty, employee, automotive, industry

Introduction

At present the automotive industry has become huge all over the world due to the upgraded products in the market day by day. These industries also try to change in the design, development, manufacturing and marketing of the product. For marketing of the product the term customer satisfaction is used. Service Quality is an achievement in customer service. Customers compare the perceived service with the expected service. If the perceived service is less than the expected service then the customer is dissatisfied and disappointed. Service industry cannot survive in this competitive environment until it satisfies its customers by providing good service quality. Service quality is determined from both customers and employees perspective. Lot of researchers shows a correlation between service quality, customer satisfaction and customer loyalty. There is a link between service quality and customer satisfaction. Researchers have also found that high customer satisfaction increases customer loyalty. Customer satisfaction influences purchase intention as well as post-purchase attitude. Therefore, we can assume that there is scientific evidence that the quality of services, customer satisfaction and customer loyalty are related to each other within several industries.

Apart from customers, the employees also have an impact on internal service quality. They also face challenges in to bring up a good service quality to their customers. Employee loyalty and employee satisfaction is vital for attaining the overall service quality. Service Quality is an achievement in customer service and reflects at each service encounter. In general, Customers compare perceived service with expected service in which if the former falls short of the latter the customers are disappointed. The measures of service quality obtained through consumer surveys have become a widely used business performance measurement tool. This is because service quality is related to profitability, costs, customer satisfaction and retention. In services, it is the consumer who defines the quality. Therefore human side of service is key to deliver quality. It can be seen as how well a service satisfies the expectations of customers. Satisfaction understood as emotional state shall be held by people, who are willing to develop successfully personal relations, but has also been of utmost importance in business and professional situations.

The Indian automotive customer today is well tuned to global markets and expects the same levels of quality in products and services. The wide range of models and variants on offer, with little differentiation among products within the same price band, also encourages customers to switch from one brand to another easily.

Objective

- To determine the evaluation of service quality dimensions among the customers and employees of automotive industry
- To analyze the relationship between customer satisfaction and customer loyalty
- To determine the relationship between employee satisfaction and employee loyalty

- To examine the impact of demographic factors of the customers on the overall service quality

Review of Literature

Service quality has been defined as the degree and direction between customer service expectations and perceptions (Newman, 2001). Perceived service quality is defined as the evaluation of the service across the episodes when compared to some explicit or implicit standard (Storbacka et al., 1994). Further, it can be seen as how well a service satisfies the expectations of customers (Bouman and van der Wiele, 1992). The importance of service quality is seen in the effect that it has on the organisation as a whole.

The service quality model is developed by Parasuraman, Zeithaml and Berry in (1985-1988). By using the SERVQUAL model service quality for any service sector can be measured. This model contains 22 items helpful to know customer perceptions and expectations related to the service quality. This model is based on five service quality dimensions i.e. Tangibility, Reliability, Responsiveness, Assurance & Empathy. Berndt, A. (2009) explained five dimensions of SERVQUAL model with respect to automobile service centre and they are as follows:

Reliability: It is the most important dimension of service quality. Dealerships are known to contact the customer promising that the vehicle will be ready for delivery at a specific time.

Assurance: The main source of assurance is with the service Adviser, their knowledge and manner of interaction with the customer inspires trust in the organization.

Tangibles: Tangible cues that form part of this dimension include the signage, parking and layout of the dealership itself.

Empathy: This can be seen in the interactions between the organization and the customer, and the nature of this interaction.

Responsiveness: Changes that have been observed in service hours from just being workdays to include weekend and night services, due to the changes in the needs of customers.

Asadollahi, A. et al. (2011) studied service quality and customer satisfaction in automobile after sales services in two Indian companies and one foreign company. The research methodology defined in this study is performed in two phases. In the first phase customer satisfaction is determined from after sales service and in second phase comparative research methodology is used. Jhanshahi, A.A. et al. (2011) stated that the automotive industry in India is one of the largest in the world and one of the fast growing globally. Customer satisfaction and loyalty are the most important factors that affect the automotive industry. On the other hand, Customer service can be considered as an innate element of industrial products. Customer service quality, product quality, customer satisfaction and loyalty can be measured at different stages.

Service providers are primarily focused on delivering superior service quality to achieve high levels of customer satisfaction and loyalty. Loyal customers can increase company's income (Reichheld, 1993); they are more likely to purchase additional products and services (Reichheld, 1996) and they often generate new businesses for the company through word - of - mouth recommendation (Reichheld, 1996). Loyalty is more prevalent among consumers of services than among consumers of goods (Zeithaml et al., 1996). Under the severe competition in the automobile industry, defensive strategies to retain existing customers and to build long term relationship with them are becoming common business tactics. The competitiveness and search for differentiation have called for more attention toward customer satisfaction and increased the researcher's interest on the topic of service quality.

Loyalty is only expressed psychological predisposition toward purchasing and/or using a particular product/service once again, however it does not guarantee a success to an organization measured as customer retention. In other words, loyalty is a high perceived or expressed likelihood of repurchase or willingness to pay a higher price, but does not mean, that customer will repurchase from an organization (Johnson, M.D., 1996). It is the retention, which is ultimate consequence of satisfaction and which is the actual act of repurchase.

Research Methodology

Data Collection Method: Primary Method of data collection through questionnaire

Research Design: Descriptive Research Design

Sampling Technique: Convenience Sampling

Sample Size: 50

Statistical Tools: Correlation, Regression, Chi square

Analysis and Interpretation

Evaluation of service quality dimensions among customers

Co efficient(overall service quality)	Unstandardised coefficients	Standard error	Standardized coefficients	t	Sig.
Modern looking equipment	0.05	0.32	0.04	0.14	0.878
Visually appealing	0.14	0.22	0.14	0.53	0.535
Neat in appearance	0.73	0.34	0.62	1.14	0.048
Do in certain time	0.13	0.25	0.17	0.32	0.609
Sincere interest in problem solving	0.39	0.32	0.47	0.40	0.245
Right in first time	0.14	0.22	0.21	0.46	0.515
Exactly when services be performed	0.11	0.32	0.18	0.32	0.732
Prompt services	0.09	0.22	0.14	0.36	0.705
Willing to help customers	0.19	0.16	0.33	1.23	0.732
Behavior instills confidence	0.25	0.16	0.40	0.51	0.724
Safe in their dealings	0.36	0.24	0.38	0.7	0.760
Courteous with customers	0.12	0.23	0.14	1.21	0.615
Give individual attention	0.04	0.27	0.05	0.24	0.884
Have individual attention	0.11	0.28	0.12	0.38	0.697
Staff with individual attention	0.26	0.23	0.28	1.12	0.266

From the table we see that the dimensions like modern looking equipment (tangibles), exactly when services be performed (responsiveness), prompt services (responsiveness), give individual attention (empathy) has a greater impact on service quality with the significant values 0.878, 0.732, 0.705, 0.884 respectively.

Evaluation of service quality dimensions among employees

Co efficient(overall service quality)	Unstandardised coefficients	Standard error	Standardized coefficients	t	Sig.
Modern looking equipment	0.03	0.52	0.01	0.16	0.825
Visually appealing	0.24	0.12	0.12	0.63	0.625
Neat in appearance	0.72	0.39	0.66	2.12	0.748
Do in certain time	0.16	0.55	0.12	0.52	0.609
Sincere interest in problem solving	0.31	0.37	0.45	1.20	0.735
Right in first time	0.34	0.26	0.20	0.66	0.683
Exactly when services be performed	0.31	0.35	0.14	0.35	0.652
Prompt services	0.59	0.29	0.14	0.38	0.655
Willing to help customers	0.19	0.18	0.35	1.24	0.832
Behavior instills confidence	0.45	0.18	0.41	1.61	0.724
Safe in their dealings	0.46	0.54	0.35	1.47	0.860
Courteous with customers	0.32	0.28	0.12	0.51	0.815
Give individual attention	0.52	0.26	0.05	0.15	0.754
Have individual attention	0.18	0.28	0.16	0.40	0.757
Staff with individual attention	0.82	0.26	0.26	1.15	0.766

From the table we see that all the dimensions like tangibles, reliability, responsiveness, assurance and empathy has a higher impact on service quality. By comparing the evaluation of service quality dimensions among employees and customers we see that a gap arises between them in service quality dimensions.

Relationship between customer satisfaction and customer loyalty

		Customer loyalty	Customer satisfaction
Customer loyalty	Pearson correlation	1.00	0.06
	Sig.(2 tailed)		0.747
	N	35	35
Customer satisfaction	Pearson correlation	1.00	0.06
	Sig.(2 tailed)		0.747
	N	35	35

From the table we see that there is a positive correlation between customer satisfaction and customer loyalty since the significant value is positive (0.747)

Relationship between employee satisfaction and employee loyalty

		Employee satisfaction	Employee loyalty
Employee satisfaction	Pearson correlation	1.00	0.16
	Sig.(2 tailed)		0.362
	N	35	34
Employee loyalty	Pearson correlation	0.16	1.00
	Sig.(2 tailed)	0.362	
	N	34	35

From the table we see that there is a positive correlation between employee satisfaction and employee loyalty since the significant value is positive (0.362)

Impact of demographic factors of the customers on the overall service quality

	age	Overall service quality
Chi square	10.94	30.91
df	23	2
Asymp.Sig	0.984	0.002

Ho: There is no significant difference between age of the respondent and overall service quality

H1: There is a significant difference between age of the respondent and overall service quality

If the significant value is less than 0.05 then reject the null hypothesis

If the significant value is greater than 0.05 then accept the null hypothesis

From the table we see that the significant value is 0.002 which is less than 0.05

So reject the null hypothesis

Therefore there is a significant difference between age of the respondent and overall service quality

Findings

The dimensions like modern looking equipment (tangibles), exactly when services are performed (responsiveness), prompt services (responsiveness), and gives individual attention (empathy) has a greater impact on service quality with the significant values 0.878, 0.732, 0.705, 0.884 respectively.

The dimensions like tangibles, reliability, responsiveness, assurance and empathy has a higher impact on service quality. By comparing the evaluation of service quality dimensions among customers and employees we see that a gap arises between them.

There is a positive correlation between customer satisfaction and customer loyalty since the significant value is positive (0.747)

There is a positive correlation between employee satisfaction and employee loyalty since the significant value is positive (0.362)

There is a significant difference between age of the respondent and overall service quality

Conclusion

The paper concludes that the dimensions of service quality have an impact on the employees and customers of automotive industry. Customer service is the most important part of any industry. It is important to focus on customer satisfaction which enhances customer loyalty. This paper also focuses on employee satisfaction and employee loyalty. In the future research the gap in service quality between the employees and customers can be determined.

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