

## Exploration of influencing the service quality on customer satisfaction by the innovation and creativity process approach (Karaj case)

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**Abstract:** In today competitive world, the customers are in the focus of company's attention and their loyalty is the main factor for reaching to competitive advantage in the organizations. The aim for conducting current research is to explore the relationship between customer loyalty and its key variables meaning service quality and confidence and satisfaction are also considered as intermediate variable and role of innovation and creativity in enhancement of customer satisfaction has been evaluated. The current research is descriptive and in order to measure the questionnaire with 7 points Likert scale has been used. The population is the non native tourists of Alborz province and sample volume are amounted 67 persons that for sample selection, the simple random sampling method has been used. The research findings imply a significant and positive relationship between service quality based on creativity and loyalty of customer. In order to be survived in such uncertain environment we need to novel thoughts and ideas. The tools that can be useful in this venue are creativity innovation and entrepreneurship. The creativity is to employ mental capability for creation of a thought or new conception, but innovation is the process for converting such thoughts to practice. The creativity is to employ mental capabilities for creation of a thought or new concept thus findings of this research indicate that confidence and satisfaction variable play the intermediate role in the service quality and loyalty relationship along with innovation and creativity and influence on the loyalty positively and significantly. Generally this research show that there is a positive relationship between service quality with customer satisfaction.

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### Introduction

Today intensification of competition in the service and manufacturing areas throughout the world can be observed. The increasing the competition in the service area in industries like hoteling, banking and insurance is evident and this factor make the customer retaining and increasing their loyalty in such space more difficult. Therefore the service quality is a main and future challenge for the operating companies in this area. The customer satisfaction meeting especially in service area depends on service providing with high quality. Based on researcher's results in the service organization, the service quality is the most important factor in enhancement of customer satisfaction level and as a consequence customer loyalty would be enhanced. In recent years, all kinds of economic firms whether small or international, have understood the customer loyalty important. All of communities for survival need to novel thoughts and opinions. Novel thoughts and opinion are as a soul in the communities flesh and save them from the mortality. In order to be fruitful in such changing and turbulence world for attaining customer and their

satisfaction, we need to innovation and creativity. The customer attraction communities should use variations based on innovation and creativity process. Since over the time, the non creative countries would be discarded from the aggressive economy cycle or should change their procedure. All of them have realized that retaining current customers is more profitable then attracting new customers and as a result, the marketing units give up spending time and cost in the untargeted advertisement and pay attention to techniques for retaining customers

### Research importance and its goals

Generally customer loyalty is very important from the various points of views. The loyal customers help to organization in determination of sale predictable flow and profit increasing. In addition, customers who are familiar with organization commercial name may advise that to their friends and relatives and influence on feedback cycle and product evaluation of organization and these are very important in the today business environment

Due to existence of creativity and innovation field for customer growth about customer loyalty

attraction for organization growth, the recognition of conception and pattern of loyalty is very vital. Not having such recognition may lead to choosing incorrect indicator for the customer loyalty measurement by the service institutions and they are not able to relate the customer loyalty to performance indicators and as a result they would make mistakes in planning loyalty and recognition of correct behavior by the customers. In this article we firstly express and define the conceptions and patterns that are related to loyalty and then explore the relationship between customer loyalties and then define the creativity and innovation and its influence

on quality enhancement and customer attraction and in conclusion one of the key variables meaning service quality has been examined. The role of intermediate variables like confidence and satisfaction has been studied in this relationship.

#### **Background Customer loyalty**

Advent of loyalty concept is rooted in 1940s. This construct indicate 2 separate conceptions meaning trade mark preferences that latter was referred as visional loyalty and market share that is named behavioral loyalty. The evolutionary trajectory of loyalty is shown in chart 1



Chart1: loyalty construct evolutionary trajectory

Loyalty is to create commitment in the customer in order to transact with unique organization and purchasing commodities and services frequently. But there is a total definition about the loyalty too. In this view, the loyalty is a strong commitment toward repurchasing a product or superior service in the future as same product to be purchased by potential marketing efforts.

#### **Customer satisfaction**

Nowadays the manufacturing or service organizations consider the level of customer satisfaction as main criteria for their work quality measurement and this procedure still is increasing. The satisfaction and customer importance is something that is rooted in competition in the world level. The customer satisfaction is a collective experience for purchasing and consumption of customer. The customer satisfaction is influenced by 2 factors that are expectations and performance of experienced service

The customer satisfaction is a pleasant or discouragement feeling of a person due to comparison of gained result with his or her expectations. Based on researcher's results in the service organizations, the service quality is considered as the most important factors in enhancement of customer satisfaction level and their loyalty. Therefore in this article the next section will explain the service quality in this venue.

#### **Service quality**

As the most efficient experts know, the customers should be exclusive and replacing them is very costly. Keeping the customer loyalty by providing good service is more profitable than

occasionally a newcomer customer to be attained. The customer don't like to be dictated but want to see something in the practice

Customer would be remained loyal not because of marketing and sale promotion plans but because of value that may received. Such value is due the principle and decorization of aspects like quality, product and after sale service and its availability.

The service quality embraces 3 physical positional and behavioral dimensions. In other word KELS believes that service quality is to focus on something that is offered to customers, the position in which service is offered and how the service is offered

The role and importance of creativity and innovation in quality enhancement

1-role and importance of creativity and innovation from the individual point of view

2-creativity and innovation is the growth and prosperity factor of talents and driver for self esteem  
Creativity and innovation is the factor for personal career and social success

Role and importance of creativity and innovation from the organization point of view

The innovation and creativity is the factor for customer genesis

Creativity and innovation is the factor for products and services

Creativity and innovation is the factor for increasing the quantity of product and service diversity

Creativity and innovation is the factor for increasing quality and products and services and success in the competition

Creativity and innovation is the factor for decreasing costs wastes and resource wastes

Creativity and innovation is the factor for increasing the motivation for customer attraction

Creativity and innovation is the factor for increasing the mental health level and customer satisfaction

Creativity and innovation is the factor for increasing productivity and quality

Creativity and innovation is the factor for success in the market

Creativity and innovation is the factor for growth and prosperity in the market

Creativity and innovation is the factor for stimulation and encouragement of competition sense

Entrepreneurship is the process or conception during which entrepreneur create the new business and innovate organizations by new idea and creative ideas and by identifying new opportunities and employing resources and play the main role in customer attraction and enhancement of quality. This affair is accompanied with risk but it often lead to product introduction or service offering to the society. Therefore the entrepreneurs are the factors for change that sometime cause surprising advancement

There are various definitions about the entrepreneurship and perfect realization for this concept and entrepreneurship require informing about the interdisciplinary views. By nature, entrepreneurship is defined by researchers from the psychology, sociology, economy, industry and even history

Term entrepreneurship means commitment. First time the entrepreneurship was regarded by economists and all of economic schools since 16<sup>th</sup> century so far has been explaining the entrepreneurship in their economic theories

The entrepreneurship is a proposition that is considered in all of dimensions of economic and social development from the 20 years so far in business world. Among the entrepreneurship definitions are following

Joseph Schumpeter calls the entrepreneurship process as creative destruction. On the other word the determining characteristic in entrepreneurship is to accomplish new works or to innovate novel methods in current affairs. The novel method is same creative destruction. From his view innovation in each following fields is considered as entrepreneurship

- 1- Offering new and diverse products
- 2- Offering new method in manufacturing method
- 3- Opening new market
- 4- Finding new resources in order to attract customer
- 5- Creating each kind of new arrangements in the market

Entrepreneurship is the process by which people are able to start a new activity or to develop existent activity unbelievably. The entrepreneurship is a trigger for evolution and development of economy culture and society. Growth and learning this phenomenon can be lead to principal transformation and evolution in the national economy. The entrepreneurship is the process during which entrepreneur offer idea and new thought in order to establish new business and accept risk product and new service to customers to market

Richard Kanton was the first one who invents this term in the economy science and defines it as: entrepreneur is someone who purchases the production tool in order to manufacture products to the market. While purchasing, Entrepreneur is not informed about the price

John Baptist consider entrepreneur as someone who is responsible for production and distribution of economy activity

Frank knight: entrepreneur is someone who its expertise is rational and logical making decision about coordination in rare resources. He consider the judgment capability as a common element in all of entrepreneurs

From the Karland view: the entrepreneur is someone who establish a company for profit and manage is and use it for achieving to personal goals

There or some other definitions

Entrepreneur is someone who is capable to see business opportunities and evaluate them, collect required resource and use them and then plan suitable operation for achieving to the position

Entrepreneurs are people who gain much money by creating products and services that are required by other people. It usually seems that entrepreneurs are mastered in establishing companies any way they create new business from nothing

#### **A review about the research background and theoretical framework**

The researchers provide some various definitions about the service loyalty that are categorized in 3 models A B C. in model A the satisfaction value and quality models, the influence of service quality intermediate factors, quality models and perceived value on loyalty are examined. In model b that is communication quality model the confidence and commitment factors are considered and confirmed that there is a relation between factors and loyalty and its influence on loyalty is explored. And in model C that is relational advantage it was confirmed that the interpersonal advantages that are gained from the service provision and its social affects are related to customer loyalty. (15, 14, 10) categorize the loyalty in 4 levels

Recognition loyalty: it believes that a brand create higher benefits then other brands  
 Sentimental loyalty: it expresses a positive sentiment and belonging feeling toward a brand

Intentional loyalty: it expresses a deeper commitment and tendency to introduction of a brand to others  
 Behavior loyalty: it is about conversion of intents to behavior. In chart 2 these 4 level are shown

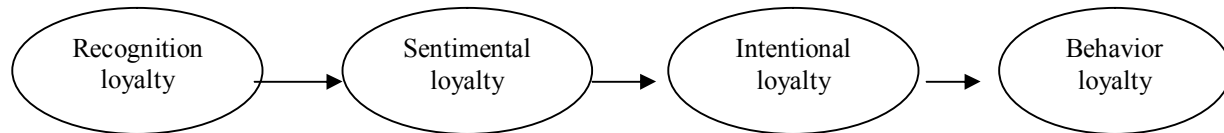


Chart 2: loyalty levels

QVS approaches for communication quality each one in understanding the service loyalty is vital and critical but yet there is failure about combinational model. In this relationship 19 14 9 3 have worked  
 From the done examinations, the comprehensive model has been gained and this model is shown in chart 3

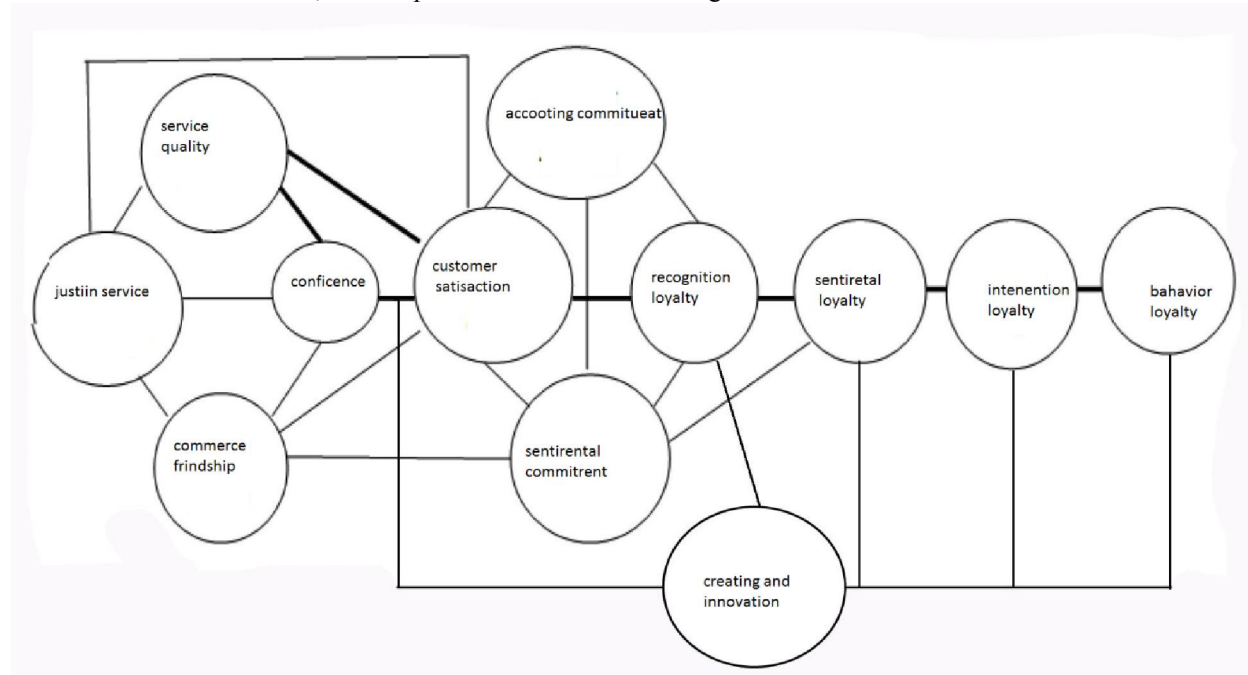


Chart 3: comprehensive model of loyalty

In this model it is suggested that the loyalty is the behavior directly related to intention loyalty and that is related to sentimental loyalty and indirectly it is related to recognition loyalty that is characterized by sentimental and accounting commitment. In this model, the customer satisfaction has been explored comprehensively and it is expected that this factor influence on recognition loyalty thought commitment factors directly and indirectly and is defined by perception of justice in service quality and confidence in commerce. In this model the creativity and innovation prepare the field for growth of customer satisfaction and its subset sentimental, recognition, intention and behavioral loyalty and commerce friendship influence on sentimental commitment.

**Research hypothesis**

The research has 7 main hypothesis and all of them are brought from the past literature and researches  
 The first hypothesis: there is a significant relationship between offered service quality and customer confidence to service providers.  
 Second hypothesis: there is a significant relationship between customers confidence to providers with their satisfaction  
 Third hypothesis: there is a significant relationship between customer satisfaction and their recognition loyalty  
 Fourth hypothesis: there is a significant relationship between recognition loyalty of hotels customers and their sentimental loyalty  
 Fifth hypothesis: there is a significant relationship between customer sentimental loyalty and intentional loyalty

Sixth: there is a significant relationship between customer intentions and behavior loyalty  
The explored hypothesis are shown in chart 4 by bold lines

Seventh: there is a significant relationship between offered service quality and customer satisfaction.

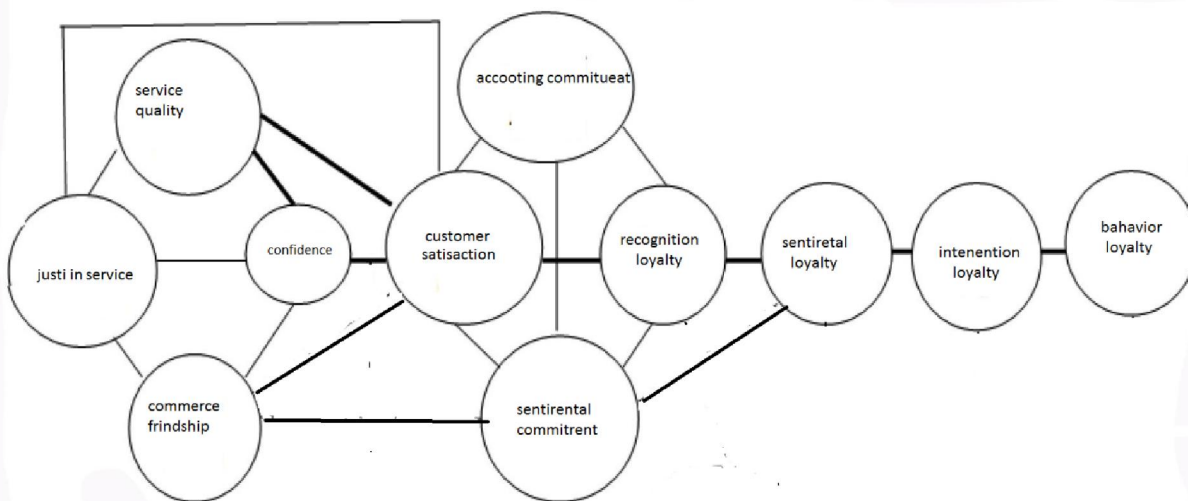


Chart 4: Research conceptual model

**Methods and material**

This research from the research directions, nature and goals view is applicable and from the type, is quantitative and the data collection method is survey.

**Research variables**

In this section the key variables of the research are introduced and their operational definition would be offered in next section.

- 1- Service quality
- 2- Confidence
- 3- Customer satisfaction
- 4- Recognition loyalty
- 5- Sentimental loyalty
- 6- Intentional loyalty
- 7- Behavioral loyalty

**Variable operational definition**

- 1- Service quality: based on 7 components reliability toward service, exclusiveness of service, offering service professionally, speed of service, service facilitation, appearance and service unit employees behavior and level of employees loving toward customers has been evaluated.
- 2- Confidence: in order to explore the customer confidence of service units 4 general and total questions about the confidence has been used
- 3- Satisfaction: in order to explore the customer satisfactions 5 general and total questions about the satisfaction has been used.
- 4- Loyalty: was explored in 4 levels

- 1- Recognition loyalty:4 questions
- 2- Sentimental loyalty:4 questions
- 3- Intentional loyalty:4 questions
- 4- Behavioral loyalty:4 questions

**Statistical population**

Statistical population of this research include all of internal and external tourists that tour the Karaj city from the summer 90 until autumn 91 and have used from the welfare service of the city.

**Statistical sample**

In order to determine the sample volume for categorized variable the kook ran formula has been used.

$$Z_{.25=1.96}$$

That indicates the test confidence level

$$n = \frac{Z_{\alpha}^2 \times s^2}{d^2}$$

S:is the standard deviation that for calculation it following formula has been used because in this test 7 points likert scale has been used and standard deviation is 6

$$S = 7-6=1.167$$

D is the test error for estimation that following formula has been used. The volume of research sample is as followed

$$n = \frac{(1.96)^2 \times (1.167)^2}{(7 \times .04)^2} \cong 67$$

**Data collection method**

In current research in order to collect information the simple random sampling method has been used questionnaire return rate is as followed

$$\frac{100}{208} = 0.48$$

**Data collection tool**

Data collection tool in this research is questionnaire. This questionnaire is used based on 7points likert scale(very low, low, less low, intermediate, less good, good, very good) that for this reason 70 questionnaire have been distributed among hotels guests in order to calculate the sample volume and 67 attained questionnaire from the guests were analyzed

**Measurement tool validity and reliability**

In order to measure questionnaire validity some questions for each variables of research from the valid resource has been drawn and then was offered

to 5 experts that its validity to be confirmed and in order to measure reliability the Kronbakh alpha has been used. For this, 30 elementary questionnaire were distributed that alpha 0.985 show high coefficient of reliability

**Information analysis**

In order to analysis the research data, because of exploring the relationship between variables, the correlation analysis and correlation coefficient of Pearson has been used. Likewise because the other variables would not be eliminated while calculation and this may affect on relationship between both of them, the partly correlation has been used

**Hypothesis test results**

H0: there is no significant relationship between service quality and customer confidence toward service providers

H1: there is significant relationship between service quality and customer confidence toward service providers.

result	Pearson correlation coefficient	error level	significance level
h0 would be denied	0.810	0.05	0.000

H0: there is no significant correlation between customer confidence toward providers and their satisfaction

H1: there is significant correlation between customer confidence toward providers and their satisfaction

result	Pearson correlation coefficient	error level	significance level
h0 would be denied	0.840	0.05	0.000

H0: there is no significant correlation between customer satisfaction and their recognition loyalty

H1: there is significant correlation between customer satisfaction and recognition loyalty

result	Pearson correlation coefficient	error level	significance level
h0 would be denied	0.679	0.05	0.000

H0: there is no significant correlation between customer recognition loyalty and sentimental loyalty

H1: there is significant correlation between customer recognition loyalty and sentimental loyalty

result	Pearson correlation coefficient	error level	significance level
H0 would be denied	0901	0.05	0.000

H0: there is no significant correlation between customer sentimental loyalty and intentional loyalty

H1: there is significant correlation between customer sentimental loyalty and intentional loyalty.

result	Pearson correlation coefficient	error level	significant level
H0 would be denied	0817	0.05	0.000

H0: there is no significant correlation between customer intention loyalty and behavior loyalty

H1: there is significant correlation between customer intention loyalty and behavior loyalty

result	Pearson correlation coefficient	error level	significant level
H0 would be denied	0839	0.05	0.000

The comprehensive model corroborate significant relationship existence between service quality and confidence among hotel customers and service providers in hotel, confidence between hotel customers and service providers in hotel and

customer satisfaction from the hotel and recognition loyalty and recognition loyalty and sentimental loyalty and sentimental loyalty and behavioral loyalty. The results confirm this relationship statistically. In this research the partly correlation

between service quality confidence and satisfaction is calculated in order to estimate the service quality influence without considering affect confidence on satisfaction.

H0: there is no significant correlation between provided service quality in the hotels and customer satisfaction in the hotels

H1: there is significant correlation between provided service quality in the hotels and customer satisfaction in the hotels

result	Pearson correlation coefficient	error level	significance level
H0 would be denied	0.729	0.05	0.000

As the comprehensive model of loyalty would corroborate the significant relationship between service quality and satisfaction the results of research confirm this relationship statistically.

#### Findings and conclusion

Findings analysis for hypothesis 1 indicated that correlation coefficient between 2 provided service quality and customer confidence toward service providers at error level has been significant. The correlation level between 2 service quality variables  $P \leq 0.05$  of customers was 0.810 that indicate there is strong linear correlation between both variables. Findings analysis for hypothesis 2 showed that there is significant relationship between 2 variables customer confidence toward service providers and their satisfaction at  $P \leq 0.05$  level. Based on output from the Pearson test that  $r$  is equaled with 0.840 we can say that these variable are correlated each other strongly and positively and this indicate that if hotel authorities create the confidence among customers can increase their satisfaction. Findings analysis about the hypothesis 3 indicate that there is a significant correlation between customer satisfaction and recognition loyalty in  $p < 0.05$  level. The correlation level between both variables is 0.679 and this indicate there is strong and direct correlation between both variables and the result show that by increasing customer satisfaction, customer recognition loyalty that indicate awareness about hotel equipment and facilities would be increased. Finding analysis about the forth hypothesis show that there is significant relationship between recognition loyalty and sentimental loyalty in error level 0.005. the amount of correlation coefficient between recognition loyalty and sentimental loyalty is 0.971 that indicate there is strong and linear correlation between both of them and prove that by increasing recognition and information acquiring and recognition loyalty increasing, customer sentimental loyalty that imply positive feeling of them toward hotel and belonging feeling toward it would be increased

Findings analysis about fifth hypothesis shows that there is a significant correlation between sentimental loyalty and customer intention loyalty in error level 0.005. Pearson correlation coefficient amount between both variables is 0.817 that indicate

strong and linear correlation between them. The result indicate that by increasing the belonging feeling toward hotel in order to create sentimental loyalty ,intention loyalty that indicate customer aim to advise hotel to others and to experience the hotel again in latter travels of theirs would be increased. The findings analysis about sixth hypothesis indicate that there is significant relationship between customer intention loyalty and behavioral loyalty in 0.005 error level and correlation coefficient of 0.839 indicate strong correlation between them that show by increasing customer tendency to refer to this hotel and its suggestion to friends and relatives, behavior loyalty that is highest level of loyalty and indicate that their unique choosing in the next travels would be this hotel would enhanced.

Finding analysis about seventh hypothesis of research show that there is significant relationship between service quality and satisfaction without considering confidence influence in 0.005 error level and correlation coefficient level of 0.729 imply there is strong correlation between then and by increasing the service quality of hotel the customer satisfaction can be increased

#### Suggestions

Due to this fact the research findings imply on significant relationship between service quality and customer loyalty and due this fact the in current research service quality is explored from the reliability toward service, exclusiveness of services , providing service professionally ,speed of service providing , service facilitation, appearance and behavior of employees, and level of employees loving to customers point view, therefore it is suggested that due to changing of customers needs and wanting during the time managers should measure customer loyalty regularly. Likewise managers should coordinate the employee's appearance so that all of them to be clean and tidy. It is required that a department to be established in order to examine and research about the new service provision that lead to increase service diversity and its exclusiveness. Finally it is suggested that managers try to educate employees in order to internalize the same communicative behavior with all of customers.

**Resource:**

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