Service Quality Dimensions Within Technology-Based Banking Services

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ABSTRACT

Technology-based banking services (TBBS) are quickly expanding and provide cost reductions per transaction, given increasing labor costs. However, TBBS can be very costly if not introduced correctly. It is critical to have a clear understanding regarding how to best implement, manage, and promote TBBS for success. The purpose of this quantitative correlational descriptive research study is to determine if a set of technology-based banking service quality dimensions have an association with customer satisfaction and behavioral intentions toward TBBS in Yemen. Findings revealed evidence that seven service quality dimensions—functionality, enjoyment, security, assurance, design, convenience, and customization—suggested by Lin and Hsieh (2006) were significantly associated with customer satisfaction and behavioral intentions toward TBBS in Yemen. The findings contain descriptive and inferential statistical analysis to describe service quality dimensions and predict customer perceptions of TBBS. The study includes a recommendation that bank leaders focus on service enjoyment and customization to enhance customers’ experience using TBBS. Additional research venues are discussed to improve self-service technologies within the banking industry in Yemen.

Keywords: Business Management, Electronic Commerce, Middle East Banking, Retail Banking, Self-Service Technologies, Service Quality, Technology-Based Banking Services, Yemen

INTRODUCTION

This research, grounded in the service quality literature, addresses the applicability of the service quality model to Yemen consumers using technology based banking systems. Expectancy theory (Vroom, 1964), the hierarchy of needs theory (Maslow, 1954), the expectation-disconfirmation theory (Oliver, 1980), and the service quality conceptual model (Parasuraman et al., 1988) provide the theoretical basis for this research. Vroom’s (1964) expectancy theory indicated that humans feel motivated to perform a task based on the perception that one can do the task and that the task achieves the desired results. Oliver (1980) applied Vroom’s (1964) theory to services and theorized the expectation-disconfirmation theory where customers would perceive service quality to be low if service quality did not meet their expectations, and customers would perceive service quality to be high if service quality did meet their expectations.
NATURE OF SERVICES

The service literature started in the 1970s following a debate between researchers whether service marketing is the same as or different from product marketing (Brown, Fisk, & Bitner, 1994). Gronroos (1978) discussed the relationship between product and service marketing research and described service traits that make services different. Booms and Bitner (1981) described the uniqueness of services that required an expansion of the marketing mix concept. Berry (1981) described internal marketing, with a focus on employees in the service delivery process. Kotler (1994) discussed the interactive marketing concept to link customers, employees, and leaders to market services.

Gronroos (1978) described service as intangible, inseparable, variable or heterogenetic, and perishable. Unlike products, services are intangible and cannot be seen, tasted, felt, heard, or smelled before customers buy them. Services are typically produced and consumed simultaneously and are, therefore, inseparable. In many cases, the customer is part of the service delivery process. Services vary depending on who provides the service to whom and when and where the delivery of the service takes place. Services cannot be stored or inventoried and are perishable. Also Gronroos (1978) reported that product-marketing research had negatively influenced services-marketing research where customer behavior and involvement were critical in service-marketing research (Gronroos, 1978). Although producers send goods to customers after production and quality control, services are performed interactively with customers. Gronroos (1984) distinguished services from products in terms of consumption. Products are outcome consumption while services are process consumption that occurs during the buyer–seller interaction or production–consumption interaction.

Another influence of product-marketing research over service-marketing research was the marketing mix. Traditional marketing literature included the four P’s of marketing: product (or service), promotion, price, and place or distribution (McCarthy, 1964). Booms and Bitner (1981) criticized the four P’s and suggested three additional P’s to reflect the unique service traits of intangibility, inseparability, variability, and perishability: process, physical evidence, and participants. Booms and Bitner (1981) focused on marketing strategies within service organizations and the findings indicated that service providers needed to focus on the three additional P’s to achieve sound performance. Service traits led researchers to rethink services marketing to meet a different array of challenges. During this period of intense theory development in service quality Parasuraman et al. (1985) developed the SERVQUAL model and survey.

SERVICE LANDSCAPE

According to Ojasalo (2009), the focus of current service development is aligning business goals with service design. Service design involves understanding service processes and delivery channels that meet customer needs and requirements (Ojasalo, 2009). To address this business goal/service design alignment, Schmenner (2004) developed a classification model of services: as a service landscape with four quadrants based on relative throughput time and degree of variation (Table 1). The relative throughput time is how quickly a service encounter can be rendered relative to others in the industry (service productivity). The degree of variation is how much customization is necessary for the service provision (service interaction). A high relative throughput time requires intense labor per transaction to provide a high degree of variation such as professional services (law firms and accountants) or a low degree of variation such as mass services (retail banking and wholesaling). According to Schmenner, a low relative throughput time requires less labor per transaction to provide a high degree of variation such as a service shop (hospitals and repair shops) or a low degree of variation such as a service factory (airlines and hotels).
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